RWS

ANNUAL REPORT
2020

RWS

Welcome to our 2020 annual report.

Notwithstanding the ongoing global pandemic, RWS ended the year with a strong cash position and together with our recent acquisitions, we remain confident about our future growth prospects.

Contents

RWS is a world-leading provider of intellectual property support solutions, localisation, language technology and translation services.

Group Overview

RWS is a world-leading provider of translation and localisation, intellectual property (IP) support solutions and life sciences language services.

Our specialist teams combine the latest technology, proven processes and highly skilled staff to deliver complex services at each stage of the product life cycle to meet the diverse needs of a global, blue-chip client base.

Our services are delivered in accordance with ISO 9001, ISO 14001, ISO 17100, ISO 13485 and ISO 27001 and are trusted by world-leading companies across a range of sectors including technology, pharmaceutical, medical, chemical, automotive and telecommunications.

Over the last 62 years, we have built a reputation for quality, reliability and flexibility with our global team of linguists, searchers and technical experts.

With headquarters in the UK, we have 36 offices worldwide and are publicly listed on the Alternative Investment Market (AIM), a London Stock Exchange regulated market.

IP SERVICES

The IP Services division delivers high quality patent translations, seamless patent filing and unmatched IP research capability.

Our clients benefit from expert and experienced translators supported by innovative language technology which lowers costs and increases consistency. We offer the most robust intellectual property research services and tools available, from traditional to crowd based search.

IP Services enjoys a reputation for delivering solutions that support strategic decision-making throughout the IP lifecycle.

LIFE SCIENCES

The Life Sciences division provides a full suite of language services and solutions for the world's leading pharmaceutical, medical device and clinical research organisations.

This includes language solutions throughout the entire product life cycle, including translation of clinical content, the linguistic validation of Clinical Outcomes Assessments (COAs), regulatory affairs and labelling, product marketing, manufacturing, product safety and training programmes.

MORAVIA

The Moravia division works primarily with global technology companies to help them provide high-quality, localised products and content to their clients worldwide. The ability to maintain quality at scale is a key differentiator for RWS in the market place.

Our "Go Global Model" offers a holistic approach to localisation that ensures even the most complex products and content succeed in all locations, at scale. Its five-phase system is designed to offer flexibility while powering our customers' international expansion.

Financial and Performance Highlights

£58.7m
Profit before tax ("PBT")

16.9p
Basic earnings per ordinary share

£37.9m
Net debt including lease liabilities

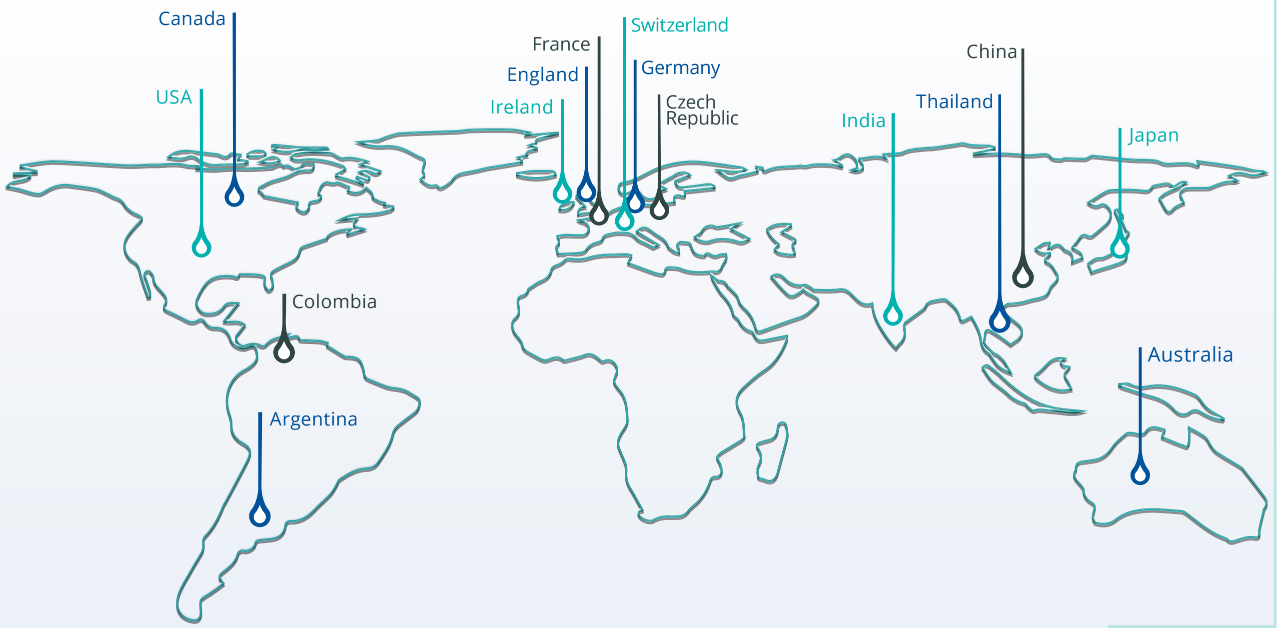
3,095
FTE employees

Note: Unless otherwise indicated, all figures relate to FY 2020 (1 October 2019 – 30 September 2020).

REVENUE £355.8m	+0.02% -1.17% underlying[1] 2019: £355.7m
ADJUSTED PBT[2] £70.2m	- 5.5% - 2.7% underlying[1] 2019: £74.2m
ADJUSTED EPS[2] 19.9p	- 6.6% 2019: 21.3p
CASH £51.4m	+ 9.4% 2019: £47.0m
PROPOSED FINAL DIVIDEND 7.25p	+ 3.6% 2019: 7.0p
NET DEBT[3] £15.1m	0.22x 2020 Adjusted PBT 2019: £36.8m

[1] Excluding the impact of acquisitions and assumes constant currency.
[2] Adjusted profit before tax or Adjusted PBT – is stated before amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items (Refer to Note 4).
[3] Net debt comprises loans less cash and cash equivalents excluding lease liabilities (refer to Note 17).

OUR GEOGRAPHICAL REACH



US$10 trillion

Global health care spending is projected to reach US$10 trillion by 2022, worldwide prescription drug sales to increase at an average of 7.25% year on year from 2021 - 2024 and the global medical device market to reach US$425.5 billion by 2025.
(Source: Deloitte, 2020 Global Life Sciences Outlook)

US$57 billion

Global language services market estimated to reach US$57 billion in 2020 (6.2% CAGR)
(Source: The Nimdzi 100, 2020)

5.2% increase

in worldwide patent applications filed under the Patent Cooperation Treaty (PCT) in 2019 (Source: Patent Cooperations Treaty Yearly Review 2020)

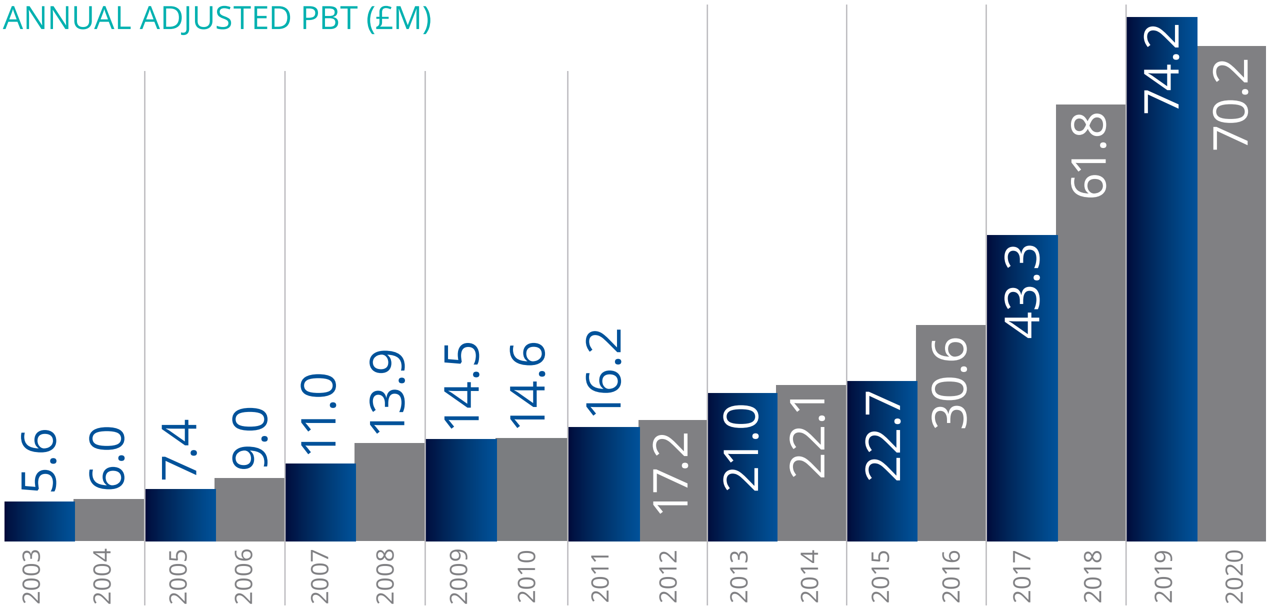
REVENUE

IP Services
112.8m
-10.0%

Life sciences
69.5m
+6.1%

Moravia
173.6m
+5.2%

ANNUAL ADJUSTED PBT (£M)



ANNUAL REVENUE (£M)

2003	27.3m
2005	35.9m
2007	46.2m
2009	55.7m
2011	65.4m
2013	77.4m
2015	95.2m
2017	164.0m
2019	355.7m
2020	355.8m

Chairman's Statement

INTRODUCTION

RWS celebrated its 62nd year in business in 2020 and has grown to become the world's leading provider of language services. Later in this statement, I provide details of a most significant post balance sheet event, the acquisition by RWS of SDL plc ("SDL"), which creates the world's leading language services and technology group.

We announced two acquisitions in June 2020, namely Iconic Translation Machines Ltd ("Iconic"), based in Dublin, a specialist in the development of best in class neural machine translation and AI solutions, and Webdunia.com (India) Private Limited ("Webdunia"), a leader in translation, localisation and technology services, based in India. Iconic and Webdunia have settled in well as valuable additions to the RWS Group.

PERFORMANCE

The Group achieved revenues of £355.8m for the year, in line with 2019 (£355.7m). Life Sciences and Moravia delivered good revenue growth and resilience in the face of Covid-19. IP Services experienced some disruption as it adapted to the working from home environment and suffered additional headwinds.

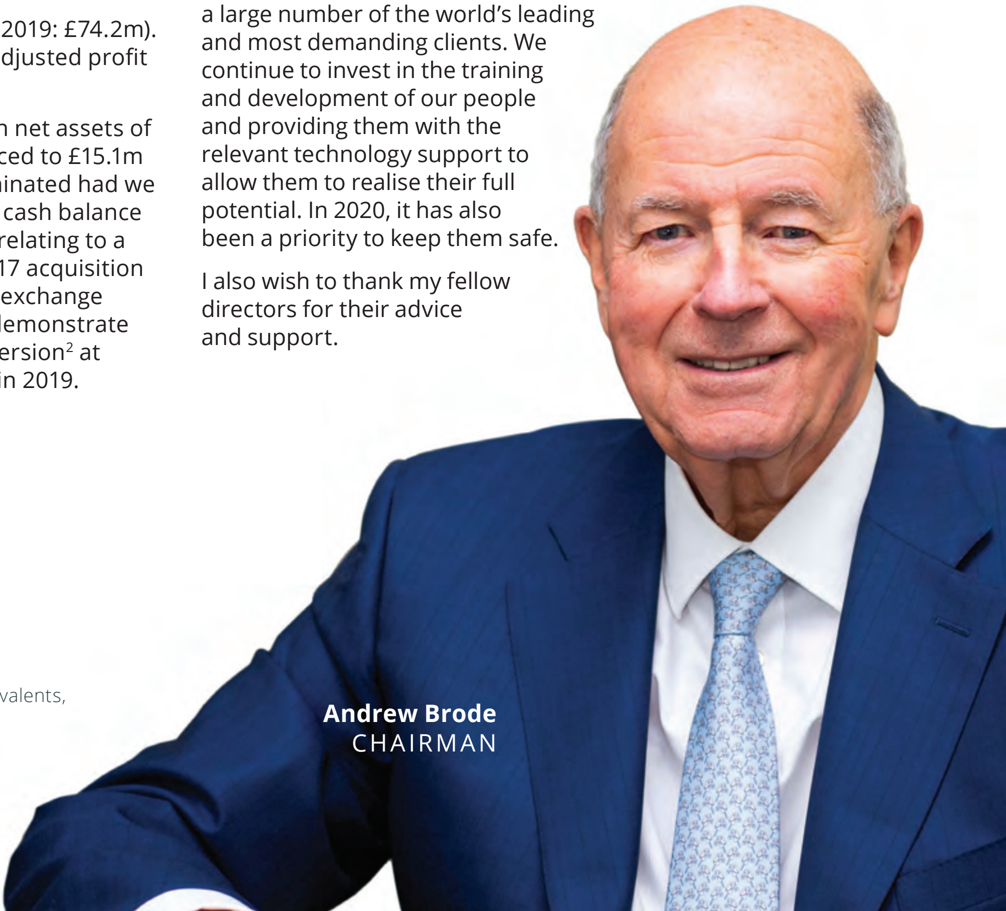
Adjusted profit before tax fell to £70.2m (2019: £74.2m). On an organic, constant currency basis, adjusted profit before tax was down £2.0m.

The Group's balance sheet expanded with net assets of £408.8m (2019: £397.5m). Net debt[1] reduced to £15.1m (2019: £36.8m) and would have been eliminated had we not purchased Iconic and Webdunia. Our cash balance also benefited from the receipt of £9.0m relating to a warranty claim in connection with the 2017 acquisition of Moravia. Despite Covid-19 and foreign exchange headwinds, the Group has continued to demonstrate high levels of cash generation. Cash conversion[2] at 100.1% improved on the 94.6% recorded in 2019.

PEOPLE AND BOARD

In what has been a very challenging year, particularly so in the second half, I am proud to salute the contribution of our colleagues, most of whom have adapted extremely well to the requirements of working from home. RWS is very much a "people" business, providing a superior quality of service to a large number of the world's leading and most demanding clients. We continue to invest in the training and development of our people and providing them with the relevant technology support to allow them to realise their full potential. In 2020, it has also been a priority to keep them safe.

I also wish to thank my fellow directors for their advice and support.



Andrew Brode
CHAIRMAN

[1] Net debt comprises loans less cash and cash equivalents, excluding lease liabilities (refer to Note 17)
[2] Cash conversion - please see glossary

As the level of external scrutiny and regulation rises inexorably, the role of a non-executive director becomes more onerous.

I would like to extend special thanks to Elisabeth Lucas and Tomáš Kratochvíl, who stepped down from the RWS Board on 4 November, when the merger with SDL plc became effective. Elisabeth has devoted 43 years to the Group with her full-time involvement culminating as CEO from 1999 – 2011. She was appointed as a Non-Executive Director upon her retirement as CEO, and I have relied upon her dedication and professionalism for over 25 years.

Tomáš joined the board in March 2018, following the acquisition of Moravia, which he helped build to a market-leading localisation provider. The Group is grateful for his independence of thought and wide industry knowledge.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

RWS adopted the QCA Corporate Governance Code in 2018. In 2020 the Group also committed to the United Nations Global Compact Initiative.

We have continued to devote significant resources towards improving our environmental impact and reducing our carbon emissions globally. Electricity consumption accounts for the highest proportion of RWS's total GHG emissions. Where possible, we will move to purchasing renewable energy; replacing existing lighting with energy efficient LED lighting; ensuring energy efficient lighting and motion sensors are installed in our larger sites; and updating air-conditioning to ensure effectiveness and efficiency. We also gained ISO 14001:2015 certification at our head office, which we are now seeking to roll out to our other offices. We have also planted 2,500 trees to offset our carbon emissions and launched a Green Agenda intranet to educate, inform and engage with our employees.

Our CEO has been extremely active, particularly during the extensive Covid-19 lock-down, in engaging and communicating with the Group's worldwide staff via virtual meetings. Our relationship with the University of Manchester to provide scholarships for modern language students from underprivileged backgrounds has been successful, albeit restricted by the Covid-19 impact. Similarly, we have been encouraged by our sponsorship of students participating in Outward Bound Trust events, as well as the related mentoring by RWS staff. We are actively engaging with potential partners who can assist us in promoting diversity both within the Group and externally.

DIVIDEND

Since flotation in November 2003, RWS has pursued a progressive dividend policy. Our highly cash generative business model and modest capital expenditure requirements have underpinned rapid debt repayment, acquisitions, continued organic investment in the business and an increasing dividend.

We announced in August that the monies received from the UK government in respect of furloughed employees had been repaid and that we had not taken any other form of government support.

The Board is, therefore, pleased to recommend a final dividend of 7.25 per share which, together with the interim dividend of 1.75p per share, will result in a total dividend for the year ended 30 September 2020 of 9.00p per share, an increase of 2.9% compared to 2019. Subject to shareholder approval at the next AGM, the final dividend will be paid on 19 February 2021, to shareholders on the register as at 22 January 2021.

POST BALANCE SHEET EVENT

Prior to our year-end, on 27 August, we announced an agreed all-share offer for SDL plc, a UK listed competitor focused on language technology, through a scheme of arrangement, which became effective on 4 November 2020. The enlarged RWS Group combines RWS's specialist technical language services with SDL's leading language technology expertise and created the world's leading language services and technology group, with over 7,000 employees and global coverage. The successful integration of SDL's operations into the RWS Group will be management's key focus in the year ahead.

SUMMARY AND OUTLOOK

RWS has delivered a resilient performance against the unique background of the Covid-19 pandemic. We have adjusted well to the new requirements of working from home.

The acquisition of SDL offers an unrivalled opportunity to consolidate the Group's world-leading language services offering and provide our extensive blue-chip client base with best in class solutions for all of their language requirements.

The new financial year has begun positively, slightly ahead of our expectation. We have no net debt and a strong balance sheet, placing us in pole position to compete for the most attractive acquisition opportunities.

Despite global economic and political uncertainty, I am proud to chair a fast-expanding Group competing in a growing business environment.

Andrew Brode
CHAIRMAN

9 December 2020

Chief Executive Officer's Review

Following the acquisition of SDL, RWS is now the world's leading provider of language services and language technology, focusing on key market segments where the quality and scale of its services combined with its market leading technology is of critical importance to its clients.

The Group has a blue-chip multinational client base spanning Europe, North and South America and Asia Pacific.

Richard Thompson
CHIEF EXECUTIVE OFFICER

SDL was acquired on 4 November 2020 and its results are not therefore consolidated within this Annual Report; however it has been included within this strategic report to provide a full analysis of the RWS Group's strategy.

The results of Webdunia, which was acquired in June 2020, are consolidated with the results for the Moravia division. The results from Iconic Translation Machines, also acquired in June 2020, whilst immaterial to the consolidated 2020 results, are consolidated within the Life Sciences division.

It should also be noted that with effect from 1 October 2019, RWS Language Solutions was merged into RWS Moravia. As a result, the Group operated as three divisions throughout the 12 months ended 30 September 2020:

> RWS IP Services is a leading supplier of patent translations and filing solutions, offering a seamless global patent filing experience and a wide range of cutting-edge intellectual property (IP) search services. RWS differentiates itself from the competition through the quality of its translations, its high level of intellectual property expertise, its customer service and its use of technology, including:

  > inovia, its international web-based patent filing platform;

  > PatBase, one of the world's largest searchable commercial patent databases, designed by professional searchers for professional searchers; and

  > AOP Connect™ our global connection to our Crowd of +39,000 researchers, allowing customers to store, review, search full-text, rank, highlight and organise intellectual property all in one central location.

- RWS Life Sciences focuses solely on the language service needs of the life sciences market, providing technical translations and linguistic validation to large pharmaceutical companies, clinical research organisations and medical device manufacturers in North America, Europe and Asia. This division was formed on 1 October 2017 following the integration of two acquired businesses, CTi and LUZ.
- RWS Moravia (including RWS Language Solutions) works with many of the world's largest publicly traded technology companies to manage their complex localisation needs and ensure brand consistency on a global scale. This includes the adaptation of content, software, websites, applications, marketing materials and audio/video for hundreds of languages and geographies. Moravia was acquired in November 2017. The division includes the Webdunia business, which provides the Group with additional translation and IT capabilities in India and the Asia Pacific region.

SDL was acquired after the RWS year end and is clearly an important part of the RWS business and strategy going forward. SDL is the world's leading language technology business and one of the world's largest language services businesses.

2 billion
words translated by RWS translators

260
languages supported

78 billion
words processed with machine translation

OUR STRATEGY

We are focused on providing an increasing range of services to existing and new clients to drive organic growth. This growth is supplemented by selective acquisitions that are complementary to our existing business and either add additional services or increase RWS's geographical coverage to support our clients and enhance shareholder value.

The acquisition of SDL enables the enlarged RWS business to drive improved operational synergies through better utilisation of SDL's language technology, streamlining of back office procedures and operations, and increased cross selling opportunities for IP Services and Language Technology.

The Group is already making progress integrating the SDL business and achieving the significant synergies and operational improvements that have been identified. The detailed three-month review referred to in the Group's Circular, published in connection with the acquisition of SDL, is underway. This will provide the basis for a detailed integration programme designed to optimise the Group's structure, making the most of its expanded scale, footprint and capabilities, and to deliver the expected opportunities and benefits of the acquisition for the Group's stakeholders, whilst minimising disruption to customers and employees.

In addition to the integration work, the Group will continue to drive the growth of the business.

Organic growth will be driven by:

- the expected demand for language services and language technology, driven by globalisation and international trade
- the historic trend in worldwide patent filing activities of existing multinational clients
- the development of new drugs by the pharmaceutical industry
- the growth in digital content generated internationally and requiring quality localisation
- the Group's use of technology that enables it to provide customers with a world-leading augmented translation service, incorporating the latest IT developments for the language service sector
- the increasing market concerns for data security where RWS's and SDL's quality services and language technology can provide a totally secure localisation environment
- the Group's ability to grow market share and attract new clients due to its leading position, reputation, scale and range of capabilities in a fragmented sector
- the Group's ability to expand into new or existing but growing geographies
- an increase in cross divisional selling of the Group's suite of services

Strategic Report (continued)

In a highly fragmented market, where technology is playing an increasingly important role, customers look for suppliers with the scale and capacity to invest. RWS is in an ideal position to capitalise on this opportunity.

Whilst we are highly focused on the integration of SDL, we will continue to look for selective acquisition opportunities in the intellectual property services, specialist language services and language technology spaces, and we have the benefit of a strong balance sheet. We seek businesses capable of delivering above average industry levels of profitability, or that are highly complementary, and can therefore reinforce the Group's leading position in language services and technology.

We are pleased to have been able to demonstrate our progress against this strategy with strong growth in revenues and profits since flotation.

PEOPLE

Due to the impact of Covid-19, 2020 has been a truly challenging year for many people around the globe.

RWS's number one priority has always been the safety and well-being of its staff. This has been particularly important in 2020 as the entire organisation rapidly and efficiently pivoted to a 'work from home' operational environment. I would like to congratulate and thank all the RWS staff for the brilliant manner in which they achieved this.

Of course, working from home is not for everyone as it can create different stresses which impact upon mental health. As a result, we have increased our efforts to ensure the well-being of our teams, through:

> Enhanced communications via virtual coffee mornings, emails, and virtual Town Hall meetings
> An enlarged and enhanced Group intranet with special sections dedicated to supporting staff working from home
> Special events, such as "Well-being week" that provide a range of activities for staff ranging from mental health to nutrition and exercise

RWS aims to continually make improvements to create a better environment for all our teams; we are expanding our staff environmental initiatives, will increase other employee initiatives including the 'Well-being' weeks, and will increase and expand our 'Inclusivity' programme; our partnerships with the Outward Bound Trust and Urban Synergy charity are just part of this commitment.

OPERATING REVIEW

RWS IP SERVICES

The Group's IP Services division represented 32% of Group sales in the year and revenues declined by 10% to £112.8m (2019: £125.2m). This performance reflects several factors. Firstly, there was a strong comparative result in 2019 during which the European Patent Office changed its procedures leading to a one-off surge in European patent work in the prior period. Secondly, the 2020 results were adversely affected by the full year impact of a major client lost in the second half of 2019, and another large client selling a large part of its business. Finally, the adverse effect of Covid-19, where lockdowns of markets, businesses and many patent offices around the world led to reduced filing activity. The Covid-19 impact was particularly pronounced within the Group's automotive, aerospace and oil and gas customers, which sought to save costs by reducing the number of patents filed or the number of territories in which they protect their intellectual property and certain clients in other industries that also looked to reduce their IP spend.

Despite the problems caused by the pandemic, the division achieved several new client wins, including a large telecoms business based in the Asia Pacific region and our sales team continues to work hard to drive and convert opportunities. However, it is clear that Covid-19 is continuing to have an adverse impact through lengthening sales cycles and in the time taken to on-board new clients.

The Asia Pacific ("APAC") market continues to be a key strategic focus for the division's longer-term revenue growth ambitions, with the region continuing to attract North American and European enterprises seeking patent protection in APAC territories. In addition, the IP Services division is seeing strong growth in the local Asian market as we successfully develop new business with both local companies and patent attorneys and it was pleasing to see revenue from the Chinese and Japanese IP Services businesses increasing by 7% and 13% respectively over the prior year.

Revenue at the start of the new financial year has been ahead of expectations but does reflect the ongoing impact of cautious customer spend arising from the impact of Covid-19.

The division's lower revenue resulted in a lower adjusted operating profit[1] of £30.2m (2019: £36.1m). Overheads were lower in 2020 but the move to 'working from home' affected the operational efficiency of the division, as several processes were initially more labour intensive in the home environment, as the division correctly maintained IP translation and filing quality levels.

RWS LIFE SCIENCES

The Group's Life Sciences division accounted for 19% of the Group's sales in the year. Revenue of £69.5m represented an increase of 6% over the prior period (2019: £65.5m).

Following the change in divisional leadership in the second half of the prior financial year, the business has grown strongly in all key areas, led by sales of the division's higher margin Linguistic Validation ("LV") offering, which grew by 8% in constant currency terms. This increase is particularly pleasing, as it demonstrates the benefits of previous investment in extra resources for this part of the business.

Sales to the division's largest customer also grew significantly in constant currency, helped by the global rollout of a project to increase its usage of machine translation.

Sales of other Life Science services increased by 3% in constant currency, reflecting several factors including the actions taken by the new management team to improve the focus on sales and marketing activities.

The impact of Covid-19 on this division was mixed, but overall slightly positive. There was growth driven by extra work associated with clinical trials and translation work for vaccines, anti-viral medications and antibody testing equipment, but this was largely offset by delays in other clinical trial areas and the postponement of elective surgeries.

The division increased adjusted operating profit by 3% over the prior year to £20.9m (2019: £20.3m). This result was driven by increased revenue, along with strong gross margins, in line with prior years, despite previous investment in staffing to support LV's growth, offset by higher overheads largely arising from a full year of senior management costs and further investment in sales resource and management to support future growth in the LV business.

We have seen positive trading in the initial months of the new financial year. The outlook for the division is encouraging, with continued good opportunities in LV, good progress with Machine Translation opportunities and ongoing growth in the Medical Device sector, where we are continuing to see a positive impact on work volumes arising from the European Union Medical Device requirements.

[1] Adjusted operating profit is stated before interest, amortisation of acquired intangibles, share based payment expense, acquisition costs and exceptional items.

Strategic Report (continued)

RWS MORAVIA (INCLUDING RWS LANGUAGE SOLUTIONS)

The RWS Moravia division accounted for 49% of Group sales, with revenue of £173.6m (2019: £164.9m), a 5% increase over the prior period. The growth was driven by strong sales to several of the division's major technology customers, particularly during the initial Covid-19 lockdown period, when accurate messaging across social media platforms was extremely important. Sales to the Group's largest client were higher than anticipated, reflecting the new service development work that was delivered during the last year, albeit total revenue with the client was lower than the prior year.

Growth outside the 'top six' major clients (excluding the former RWS Language Solutions business) was even stronger, up by 6% in constant currency, with increasing revenue from a range of sectors and companies, including financial services, online sales platforms and web services providers.

The division's 5% revenue growth was achieved despite a significant reduction in sales volumes within the smaller, former RWS Language Solutions business, which was integrated into RWS Moravia during the year. This business provides more general translation services to a range of businesses but with a real focus on the automotive and renewable energy sectors, both of which substantially reduced their translation volumes during the lockdown period.

Moravia's adjusted operating profit increased by 8% excluding an adverse exchange rate movement of £3.4m, largely caused by the impact of the weaker USD on RWS Moravia's balance sheet. Including this movement, the division recorded an adjusted operating profit of £24.8m a decrease of 5% over the prior period (2019: £26.2m).

Trading in the first couple of months of the new financial year has been slightly ahead of our expectations, reflecting ongoing growth with the division's major customers who continue to value Moravia's technical expertise and global reach.

SDL INTEGRATION

Despite having completed the transaction to acquire SDL only a few weeks ago, the integration process has started well with the new RWS Senior Leadership team and revised operational structure having been announced.

The enlarged RWS Group will operate as four divisions, which will be rebranded in 2021, and which comprise:

- RWS IP Services
- RWS Life Sciences and SDL Regulated Industries
- RWS Moravia and SDL Commercial Enterprise
- SDL Language Technology and SDL Content Technologies

Each division will be led by a Managing Director ("MD") who will be responsible and accountable for the results of their respective businesses.

In addition, each MD will play a pivotal role in the integration process for their division's workstream as we simplify and optimise our operational structure.

Azad Ootam (former Chief Technology Officer at SDL) will take control of IT and R&D across the enlarged Group, to build upon SDL's vision for language technology. In addition, Azad will also work with the rest of the management team to streamline the Group's product offerings, allowing the business to focus on key areas of market growth going forward.

The detailed planning for the integration is well underway and significant synergy opportunities, in excess of the previously announced £15m, have already been identified. The new leadership team will be working to finalise the integration plan over the coming weeks, with a view to rolling it out early in 2021. Given our track record in integrating acquisitions, our proven integration formula, and our experienced management team, we expect to deliver a significantly improved operational performance over the coming 12-18 months.

SUMMARY

The Group has delivered a highly resilient performance in a year of unprecedented turmoil, whilst continuing to broaden the Group's capabilities and reach with the acquisition of SDL creating the world's leading language services and technology group.

We are confident that the Group's enhanced client proposition, strong balance sheet and experienced management team leaves it well placed to build on its track record of profitable, cash generative growth.

Richard Thompson
CHIEF EXECUTIVE OFFICER

9 December 2020

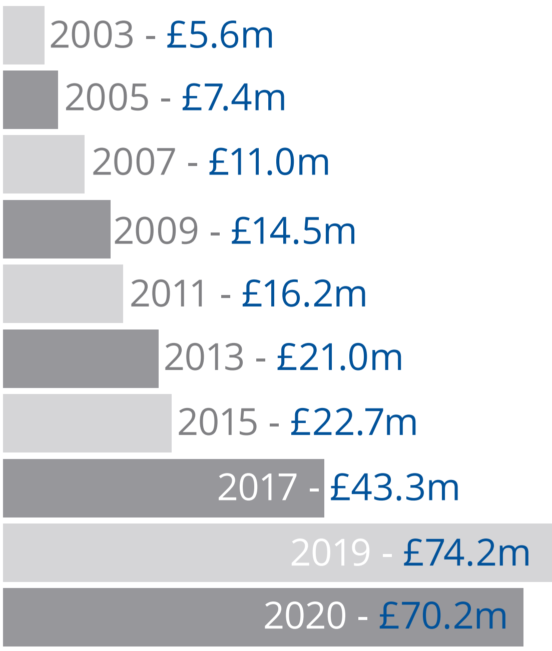
£58.7m
Profit before tax ("PBT")

2,951 clients

874 new clients

ANNUAL REVENUE (£355.8M)

ANNUAL ADJUSTED PBT (£70.2M)



Our Business Model

Creating value for our stakeholders

Quality - we were the first company in the translation industry to receive ISO 9001 accreditation and follow stringent checking, monitoring and feedback procedures for all of our work

Solutions - we offer a full range of translation, interpreting, localisation and language support services to help businesses communicate globally

Technology - we place great importance on leveraging cutting-edge technology to streamline process, create efficiencies and ensure high-quality services

People - we combine a large in-house team of translators with highly-qualified freelance linguists to provide extensive subject and language coverage, greater capacity and faster delivery

Market Overview

GLOBAL LANGUAGE SERVICES MARKET

In mid-March 2020, Nimdzi published its 2020 Language Services Industry Market Report. This year it is estimated the Language Services market will reach US$57 billion. Clearly the Covid-19 pandemic has created uncertainty when it comes to forecasting future market growth but using a CAGR of 6.2%, Nimdzi's five-year projection is that the market will reach US$77 billion in 2025.

Data showed that the five most dominant services provided by Language Service Providers ("LSPs") are translation (36.2%), localisation (20.8%), interpreting (20.1%), transcreation (2.6%), and subtitling (2.1%). (Source: The Nimdzi 100, 2020).

GLOBAL LIFE SCIENCES MARKET

Global health care spending is projected to reach US$10 trillion by 2022. Worldwide prescription drug sales are expected to increase at an average of 7.25% year-on-year from 2021–2024, a considerable rise from 2.9% in 2013–2017. This increase partly reflects the accelerated and rising number of drug approvals, and a growing portion of sales from oncology therapies. The global medical device market was valued at US$425.5 billion in 2018 and is expected to reach US$612.7 billion by 2025, growing at a CAGR of 5.4% over the period. (Source: Deloitte, 2020 Global Life Sciences Outlook).

Health care spending in 2021 will likely be driven by: ageing and growing populations, developing market expansion and clinical and technology advances. In addition, the trend towards universal health care is expected to continue, with more countries expanding or deepening their public health care systems.

For pharmaceutical/biotechnology, medical device companies and contract research organisations, this will mean more content that needs to be translated.

A major challenge for the biopharma segment is recruiting trial participants from important demographic groups, including racial and ethnic minorities, women, and the elderly. This means it will become more important to provide patient-centric study resources in the patient's native language. Linguistic validation services will thus become even more important for ensuring study rigor regardless of language. (Source: Deloitte, 2020 Global Life Sciences Outlook).

PATENT FILING STATISTICS

The World Intellectual Property Organisation (WIPO) has published figures showing a 5.2% worldwide increase in patent applications filed under the Patent Cooperation Treaty (PCT) in 2019. This is the tenth consecutive year of growth, with an estimated 265,800 applications being filed. Since the PCT system became operational in 1978, almost 4 million PCT applications have been filed.

The largest number of patent filers in 2019 were located in China where 58,990 PCT applications were filed (10.6% growth), just nudging ahead of the United States for the first time (57,840 PCT applications filed). The number of applications from other countries in Asia has continued to grow, most notably from the Republic of Korea (12.8%) and Japan (5.9%).

The European Patent Office (EPO) reports European patent applications remained at record levels with 181,406 received in 2019 - an increase of 4%. Nearly half of all European patent applications (45%) came from 38 EPO member states. The top country of origin remained the United States followed by Germany, Japan, China and France. (Source: Patent Cooperation Treaty Yearly Review 2020).

Global health care spending is projected to reach

US$10 trillion

by 2022

Global language services market is estimated to reach

US$57 billion

in 2020

Chief Financial Officer's Review

INTRODUCTION

2020 has been an unprecedented year but we enter the new fiscal period with renewed confidence. Having navigated the initial phases of the ongoing global pandemic we have seen resilience in demand for our services across all three divisions, particularly in our key life sciences and technology markets.

We have also been reassured, particularly given the challenging economic backdrop, by the strength and stability of our balance sheet that supports our low capex, high growth business model and has enabled us to complete multiple acquisitions during the period as well as the transformational acquisition of SDL plc in November 2020, shortly after the end of our financial year. We are confident that in financial year 2021 we will continue to build our business organically and successfully progress the integration of SDL into our operations to enable further growth throughout our divisional portfolio, while at the same time remaining focused on margins.

We have remained focused on retaining our strong balance sheet and improving the flexibility of our financing options. On 10 February 2020, the Group completed a refinancing of its term loan and entered into a revised agreement with its banking syndicate, on improved terms, which amended our existing US$160m term loan maturing on 18 October 2022 into a US$120m revolving credit facility maturing on 10 February 2024, with an option to extend maturity until 10 February 2025, subject to lender approvals. The revised agreement also provides for a US$80m uncommitted accordion facility.

The Group's enhanced financial position helped to facilitate the acquisitions of both Iconic and Webdunia in June 2020. Iconic was purchased for an initial consideration of US$10m with additional contingent consideration of up to US$10m in RWS shares, subject to future performance conditions, while Webdunia was purchased for a total cash consideration of US$21m. Prior to these acquisitions, the Group was on course to complete the financial year in a net cash position. Net debt at 30 September 2020 was £15.1m, a significant reduction, despite the Group's acquisitions, from the net debt position at the end of the previous financial year of £36.8m. Following the transition to IFRS 16, the Group's net debt including lease liabilities is £37.9m. The acquisition of SDL, post balance sheet, has strengthened our balance sheet and further reduced our leverage position.

The adoption of IFRS 16 from 1 October 2019 has had a small impact on our financial results for the period. The impact on the statement of comprehensive income is an increase in operating profit of approximately £0.5m and an increase in finance costs of £0.7m resulting in a decrease in adjusted profit before tax of £0.2m.

Des Glass
GROUP CHIEF FINANCIAL OFFICER

REVENUE

Group revenue increased to £355.8m in line with the prior financial year. On an underlying[1] basis, Group revenue is 1% down. The growth in revenue was partly due to the contribution of post-acquisition revenues from both Iconic and Webdunia. Revenue in the second half of the financial year increased to £186.1m compared to first half revenues of £169.7m, an increase of £16.4m or 9.7%, and represent a 1.5% increase on the comparative revenues in the second half of FY 2019. Overall, this led to a slight increase in revenue weighting towards the second half of the year and now makes up 52.3% of full year revenues, up from 51.5% in the comparative financial year.

In terms of divisional revenues, RWS Moravia recorded revenues of £173.6m, an increase of 5.1% on the prior financial year, and benefitted from both the incremental contribution of post-acquisition revenues from Webdunia, and also increased activity from certain technology customers. RWS Life Sciences also experienced increased demand for their services and posted revenues of £69.5m, an increase of 6% year on year, partially as a result of additional work related to Covid-19. Increased revenue in these two divisions was offset by RWS IP Services which recorded revenues of £112.8m, a reduction of 10%. This division faced strong comparatives and was more exposed to changes in demand consequent to the ongoing global pandemic.

Group revenue, categorised by client location, continues to migrate towards the US market which now accounts for 54% of group revenue, an increase of £2.3m over the year ended 30 September 2019. Similar to the prior financial year, only one client accounted for more than 10% of Group turnover. This client was part of the RWS Moravia reporting segment.

GROSS PROFIT

Gross profit decreased by 2% to £139.6m resulting in a gross margin of 39.2%. Group gross margin has fallen from 40.1% in the prior year primarily as a result of both the change in revenue mix as a result of the relatively lower margin RWS Moravia revenues accounting for 49% of group revenue this year compared to 46% in the prior financial year and a slightly lower achieved gross margin at RWS Moravia in the year.

ADMINISTRATIVE EXPENSES

Administrative expenses, excluding amortisation of acquired intangibles, acquisition costs, share based payment expense, and restructuring costs, increased by £2.6m to £66.7m, an increase of 4.1%. As a result of revenue remaining in line with prior year, in combination with inflationary increases to overheads and foreign exchange losses due to a strengthening of the Czech Koruna against the US dollar, adjusted administrative expenses as a percentage of revenue have increased from 18.0% in the financial year ended 30 September 2019 to 18.7% for the financial year ended 30 September 2020.

NET FINANCE COSTS

Net finance costs were £1.5m (2019: £4.2m). Net finance costs have decreased year on year due primarily to reduced bank interest payable which has fallen by £2.2m as a result of lower financing costs consequent to the Group's term loan refinancing and reduced level of debt. In addition, there was a net gain of £1.2m recognised as an exceptional item as a result of the Group refinancing its term loan into a revolving credit facility. The introduction of IFRS 16 has resulted in recording £0.7m of finance costs on lease liabilities with no prior period comparative.

ADJUSTED PROFIT BEFORE TAX

Adjusted profit before tax is stated before amortisation of acquired intangibles, share based payment expense, acquisition costs and exceptional items. The Group uses adjusted results as a key performance indicator, as the Directors believe that these provide a more consistent and meaningful measure of the Group's performance across financial periods. Adjusted profit before tax of £70.2m recorded in the period has fallen from £74.2m in the financial year ended 30 September 2019, a reduction of 5.5%. This reduction reflects the slightly lower gross margin achieved along with increased adjusted administrative expenses while Group revenue has remained in line with the comparative period. On an organic, constant currency basis, adjusted profit before tax was down £2.0m. Adjusted profit before tax margin has decreased from 20.9% in the prior period to 19.7% (19.8% on a like for like basis pre IFRS 16) for the financial year ended 30 September 2020.

TAX CHARGE

The Group's tax charge for the year was £12.2m (2019: £12.6m) representing an effective tax rate on Profit before tax of 20.9% compared to 21.8% in the prior financial year. The corporate income tax rates in the overseas countries in which the Group operates continue to be higher than the UK corporate income tax rate of 19% which results in a higher effective rate than the headline UK rate.

[1]Underlying - please see glossary

Chief Financial Officer's review (continued)

EARNINGS PER SHARE

Basic earnings per share for the financial year increased from 16.5p to 16.9p, an increase of 2.4%, while adjusted basic earnings per share decreased from 21.3p to 19.9p. The weighted average number of ordinary shares in issue for basic and adjusted basic earnings increased from 273.6m to 275.0m principally due to new ordinary shares issued in connection with share options exercised.

BALANCE SHEET AND WORKING CAPITAL

Net assets at 30 September 2020 increased by £11.4m to £408.8m. Non-current assets at 30 September 2020 increased by £11.7m to £456.5m primarily due to additions to net assets as a result of the acquisitions of Webdunia and Iconic and the establishment of Right-of-use assets under IFRS 16 of £20.1m.

Current assets at 30 September 2020 of £134.1m have increased by £1.6m on the prior financial year. Cash balances of £51.4m have increased by £4.4m while there has been a significant reduction in trade receivables of £8.5m. This reduction has been due in part to an increase in accrued income balances but mainly due to an improvement in our days' sales outstanding measure, (the calculation of which measures the number of days' billings in trade receivables) from 51 days outstanding in the prior financial year to just over 44 days outstanding for the year ended 30 September 2020 as a result of a greater focus on credit and collections procedures across the Group. Current liabilities have reduced by £25.4m from £89.9m at 30 September 2019 to £64.5m at 30 September 2020. This reduction reflects the fact that, following the refinancing transaction, loan balances of £25.7m previously classified as current liabilities are now reclassified as non-current liabilities. Trade payables have reduced by £0.7m as the Group has maintained payment terms to our supplier base during the global pandemic, while deferred income has increased by £2.1m to £5.2m at 30 September 2020.

CASH FLOW

Cash generated from operations was £94.5m, an improvement from the prior financial year of £12.7m or 15.5%. Free cash flow has also increased, from £58.3m to £59.1m for the year ended 30 September 2020. Free cash flow is calculated as cash generated from operations, less the proceeds from a warranty claim, capital expenditure, debt servicing cost, and income taxes paid and represents the surplus cash generated by the Group available for debt repayments, mergers and acquisitions or dividend payments. This increase in free cash flow has been achieved primarily as the Group was able to improve cash collections, despite the impact of Covid-19, reflecting the Group's blue-chip client base. The strength of the Group's continued ability to generate significant free cash flow is demonstrated by an increase in cash conversion from the 94.6% recorded in the last financial year up to a level of 100.1% in the current financial year.

Significant cash flows from investing activities included outflows of £23m, net of cash acquired, in connection with the acquisitions of Iconic and Webdunia in June 2020.

Cash flows from financing activities included £29.4m in repaid debt and dividends paid within the financial year ended 30 September 2020 of £24m, representing the final dividend related to the financial year ended 30 September 2019 of £19.2m or 7.00 pence per share, along with the interim dividend paid for the current period of £4.8m equivalent to 1.75 pence per share.

Cash balances at the financial year end amounted to £51.4m with external borrowings of £66.5m, excluding lease liabilities, resulting in a net debt position of £15.1m (2019: £47m cash and external borrowings of £83.7m, resulting in net debt of £36.7m).

POST BALANCE SHEET EVENTS

On 27 August 2020, the Group announced that it had reached agreement with SDL for an all share combination, pursuant to which RWS acquired the entire issued and to be issued share capital of SDL by means of a court-sanctioned scheme of arrangement which became effective on 4 November 2020. Accordingly, 113,338,511 new ordinary shares were issued by the parent company of RWS as consideration to acquire 100% of the shares in SDL.

Given the size, complexity and close proximity of this transformative acquisition to the date of approval of the financial statements it has not yet been possible to complete a purchase price allocation to determine provisional fair values. Therefore, fair values of identifiable assets and liabilities and the amount attributable to goodwill has not been disclosed.

No other significant events have occurred between the balance sheet date and the date of authorising these financial statements.

Des Glass
GROUP CHIEF FINANCIAL OFFICER

9 December 2020

"We have seen resilience in demand for our services across all three divisions, particularly in our key life sciences and technology markets."

Key Performance Indicators

Our business is focused on six objectives and these are used to focus management conversations on future outcomes and performance improvements.

STRATEGIC OBJECTIVES

- **Profit** – achieve target operating budget
- **Revenue** – focus on growing revenue, both from new and existing clients as well as incremental growth from acquisitions
- **Quality** – be the world's best Language Service Provider
- **Solutions** – be the leader in solutions in our target segments
- **Technology** – be the leader in Language and Content Technologies
- **People** – be an employer of choice
- **Clients** – build strong relationships with our clients

GROUP REVENUE

£355.8m

2020	£355.8m
2019	£355.7m
2018	£306.0m

Description

Reflects the total value of work sold during the financial year.

GROSS MARGIN

39.2%

2020	39.2%
2019	40.1%
2018	38.8%

Description

Reflects gross profits, being revenues less costs directly incurred in generating revenues, expressed as a percentage of revenues.

ADJUSTED BASIC EARNINGS PER SHARE

19.90p

2020	19.90p
2019	21.30p
2018	17.40p

Description

Adjusted basic earnings per share is calculated as adjusted earnings (calculated as profit for the year less amortisation of acquired intangible assets, acquisition costs, share based payment expense and exceptional items, net of any associated tax effects) divided by the weighted average number of ordinary shares in issue during the financial year.

ADJUSTED PROFIT BEFORE TAX

£70.2m

2020	£70.2m
2019	£74.2m
2018	£61.8m

Description

Adjusted profit before tax is profit before tax before amortisation of acquired intangible assets, acquisition costs, share based payment expense and exceptional items. The Directors believe this alternative performance measure provides a more consistent measure of the Group's performance.

CASH CONVERSION

100.1%

2020	100.1%
2019	94.6%
2018	68.9%

Description

Cash conversion is calculated as free cash flow divided by adjusted net income. This is viewed by the Group as a key alternative performance measure to understand the how much of the Group's profits have been converted into cash flow available for dividends, debt repayment and acquisitions.

STAFF TURNOVER

18.90%

2020	18.90%
2019	25.90%

Description

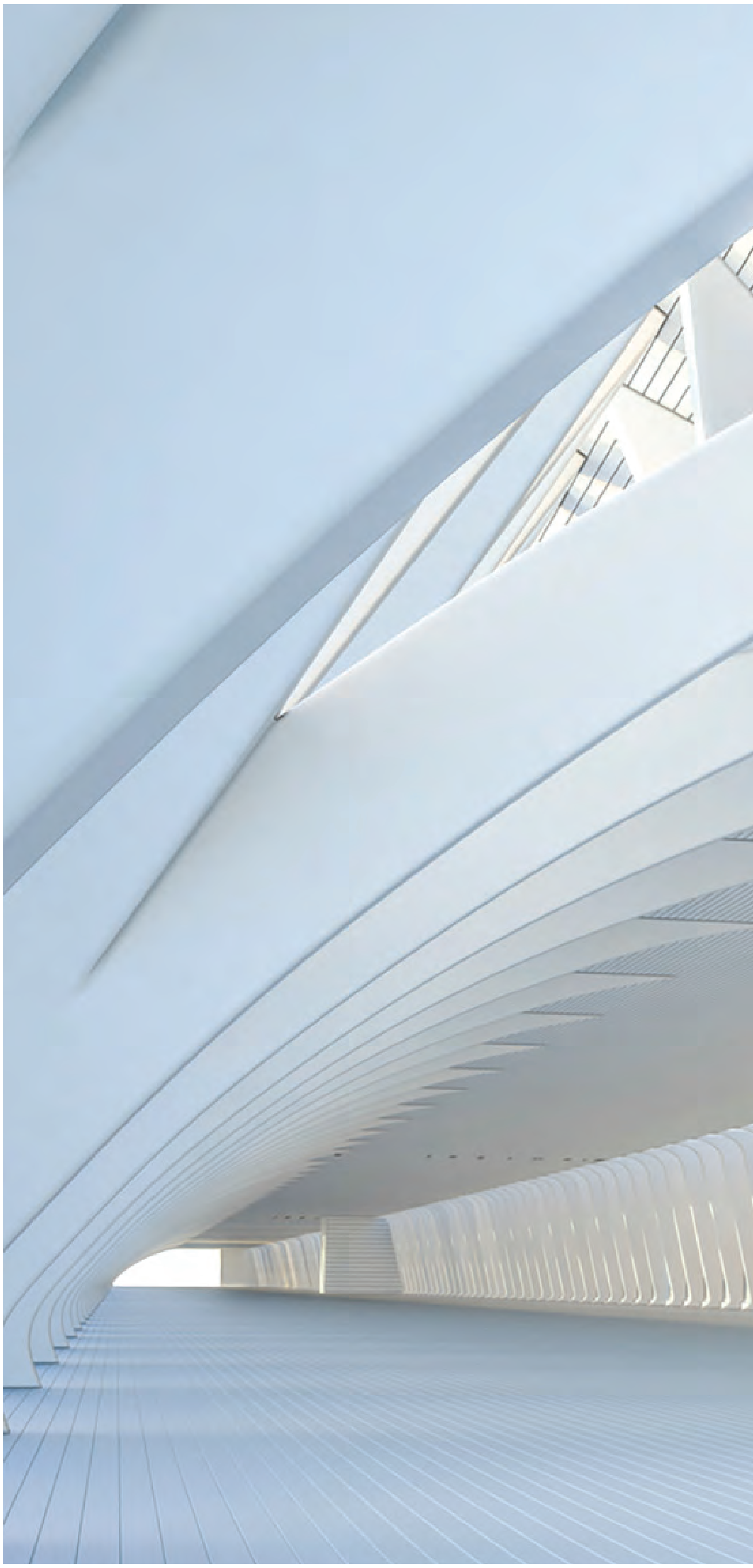
Staff turnover is calculated by the number of leavers during the financial year and the average number of FTE's during the year. The turnover includes Moravia's Managed Services' employees where the fluctuation is much higher as it is driven by client needs. If Managed Services' turnover is excluded, the Group figure falls to 13.1% for 2020.

Section 172 Statement

The Board of Directors understands how crucial strong stakeholder engagement is to the sustained long-term success of the Group and therefore ensures that stakeholders are a central part of the Board's discussions and decision-making process.

Sections of the Corporate Governance, Remuneration and Directors' Report explain how we have taken account of stakeholder views and met the requirements of s172 of the Companies Act. Commentary can be found on our duty to promote the long-term success of RWS throughout this 2020 report as follows:

- Our strategy on page 11
- Our business model on page 16
- Principal risks and uncertainties on pages 26 to 27
- Our stakeholder engagement on pages 32 to 33
- Our people on pages 38 to 39
- Corporate governance section on pages 29 to 59
- Our environment on pages 36 to 38
- Directors' emoluments and share interests on pages 54 and 55



Principal Risks and Uncertainties

The risks outlined below are those that the Board considers material to the Group. They are not presented in any order of priority. There may be other risks that are either currently unknown, or considered by the Board to be immaterial, which could adversely affect the Group's business, results of operation or financial condition.

The Board routinely monitors risks that could materially and adversely affect the Group's ability to achieve strategic goals, its financial condition and the results of its operations. The Board is supported by senior management personnel who collectively play a key role in risk management and regularly report to the Board.

Risk category	Description	Mitigation
OPERATIONAL		
Pandemics and natural disasters	Risks to RWS resulting from specific events such as the Covid-19 pandemic or natural disasters which may impact our operations.	Staff welfare and well-being are the Group's #1 priority and our HR teams are in contact with our employees and communicating advice regularly. The Group has followed local Government guidance consistently and systems have been put in place to enable everyone to work from home. All office locations have been assessed and adapted to provide a safe and clean working environment for any staff wishing to return to the office. RWS's business model utilises freelancers which provides cost scalability in line with changes in demand. The Group is well diversified geographically, by markets, services and clients. RWS performs financial modelling to stress test our financial resources to ensure our continued ability to absorb changes in demand as a result of Covid-19.
Climate change	Risks to RWS resulting from long-term climate change.	We have a role to play in limiting global warming by improving our energy management and reducing our carbon emissions. Growing awareness of climate change and internal sustainability targets will provide impetus for operational improvements within RWS and we will work with our clients and suppliers to increase efficiencies, and reduce energy use and carbon emissions. In our view climate change does not represent a material uncertainty for RWS, however we consider it is an issue where we need and want to take action. For further details see the Sustainability section of the Corporate Governance Report.
Mergers and acquisitions	Failure to integrate acquired businesses successfully.	The experience and knowledge gained, and integration frameworks developed from acquisitions in recent years, will continue to be utilised on future acquisitions such as that of SDL. Integration is considered as part of any acquisition process. A broad understanding of how the acquisition target will operate within the RWS Group is established at the time an indicative offer is submitted. This view is validated during due diligence and detailed integration plans and related timetables are established following completion of the acquisition. The Group's integration plan/process is under continuous review.
Systems	Systems need to be reviewed continually and, where necessary, updated to manage the increasingly complex business and data analysis needs of our clients.	Ongoing reviews of internal systems are undertaken, fully utilising existing internal IT resources and third party experts when necessary. RWS is working on an update of existing workflow practices which will enable the Group to strengthen and further automate the production environment which will allow for more efficient enterprise resource planning investment, streamlining the workflow process.
Quality	Failings in service provision arising as a result of human error.	RWS was the first language services provider and the first search company to adopt ISO certification. The Group also has extensive ISO certified processes in its divisions and invests in exhaustive and regularly updated procedures to minimise the risk of error, leading to consistently high levels of accuracy. The Group continues to invest in the automation process to reduce human error. In addition, the Group carries substantial professional indemnity insurance.
FINANCIAL		
Brexit	The impact of Brexit on the business remains under review.	RWS continuously reviews the macro situation to ensure that the company follows all relevant UK Government advice. The Group has established good lines of communication with staff to regularly reinforce our support for them and our strong desire to ensure continued employment within the Group for EU Nationals. The Group continues to liaise with clients throughout the sales process to ensure they are fully aware of RWS's ability to deliver their requirements from other locations within the EU. The acquisition of SDL has enhanced the Group's European footprint.
Currency	A significant proportion of the Group's revenues and profits are generated in foreign currencies which mean these amounts, in GBP, will fluctuate depending on prevailing exchange rates.	The Group regularly performs currency analyses on both its revenues and expenses to ensure that adequate transactional hedging measures are in place to minimise financial volatility and to validate the overall currency exposures within the Group.

Risk category	Description	Mitigation
Taxation	Incorrect or inefficient funding arrangements/tax treatment of overseas companies results in a higher than necessary tax charge and potential penalties.	The Group seeks external professional advice on its group structuring, including in particular in relation to its acquisitions and transfer pricing framework but does not participate in aggressive tax planning strategies.
TECHNOLOGY		
Data security	RWS may be adversely affected by activities such as system intrusions, denial of service attacks, virus spreading and phishing.	The Group has in place data recovery and systems recovery procedures, security measures and business continuity plans in the event of failure or disruption or damage to the Group's technology or systems. In addition the Group carries out third party penetration testing, trains staff on data security risks and holds significant cyber crime insurance.
New technology	RWS has always embraced new translation technologies, such as translation memory. The emergence of NMT and other technologies presents familiar risks and opportunities.	There is continuous review of the technology available and full consideration of its implications and potential benefits for RWS. The acquisition of SDL and Iconic Translation Machines significantly strengthens the Group's NMT offering and provides additional sales opportunities for the RWS Group. The quality of NMT will improve over time and, as the leader in language services and language technology, we will continue to differentiate ourselves by focusing on the opportunities this creates.
PEOPLE		
Reliance on key personnel	The Group's future success depends on the continued service of senior management and key technical personnel, the retention of whom cannot be guaranteed.	The Group has a performance evaluation system to identify key talent and ensure that key personnel are appropriately rewarded and incentivised. This is through a mixture of annual bonuses and long-term incentive programmes.
Services and talent	The quality of services provided by RWS is fundamentally derived from the quality of our people. Our performance could therefore be adversely affected if we are unable to recruit, train and retain key talent in the Group's businesses and at the Group level.	Retention of key people is supported by a competitive salary structure, good working environment, clear communication of role requirements, career planning opportunities and RWS's role in promoting ESG activities. With regard to Covid-19, the Group implemented work from home policies to protect our people and ensure continuity of service for our clients. We have regular communication forums with all staff focusing on the health and well-being of our people.
LEGAL AND REGULATORY RISKS		
Legislative changes	Legislative changes (e.g. unitary patent / medical device regulations / the FDA approval process that simplifies the linguistic validation process) that reduce the need for RWS services.	The Group has pursued an acquisition strategy that has diversified revenue streams and reduced the risk of individual regulatory issues.
GDPR compliance	Breach of EU GDPR regulations and risk of large financial penalties for non compliance.	The Group has developed guidelines for compliance with data privacy laws in the territories in which it operates and has structured its service offerings around a core of compliance with data protection and privacy laws. The Group ensures that its people are properly trained on the implications of applicable data privacy legislation.

MAPPING OUR RISKS

The Group categorises risks according to the likelihood of occurrence and the potential impact on the Group.

The Directors consider the following to be the principal risks and uncertainties facing the Group.

OPERATIONAL

1 Pandemics and natural disasters
2 Climate change
3 Mergers and acquisitions
4 Systems
5 Quality

FINANCIAL

6 Brexit
7 Currency
8 Taxation

TECHNOLOGY

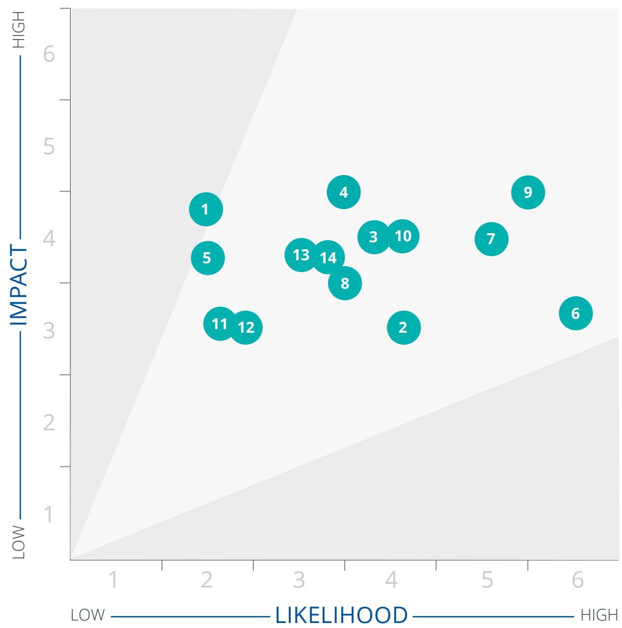
9 Data security
10 New technology

PEOPLE

11 Reliance on key personnel
12 Services and talent

LEGAL AND REGULATORY RISKS

13 Legislative changes
14 GDPR compliance



Corporate Governance Statement

INTRODUCTION FROM OUR CHAIRMAN

We are strongly committed to upholding the values of good corporate governance and accountability to all the Group's stakeholders including shareholders, staff, clients, suppliers and our local communities. We believe that good corporate governance, which includes environmental and social issues, is important for the long-term success of the business.

Our company values of integrity, innovation, agility and cooperation lie at the heart of everything we do. We have a long tradition of respecting and reinforcing the core values instilled by our founders in the 1950s and these continue to guide the way we work and underpin our success in the industry.

We believe that success should be pursued without detriment to others or our environment. We are committed to generating prosperity for our shareholders and employees, the clients we serve, the suppliers we engage and the communities in which we operate.

Our values, which are championed by the Group's Executive Directors and monitored by the Board, are aligned with good corporate governance to allow for the continued international expansion and growth of the business, while enhancing the interests of all of the Group's stakeholders. The Board understands that upholding good corporate governance is a significant factor in achieving this growth, while at the same time mitigating risks for the long-term benefit of the business.

At RWS, the Chairman and CEO roles are separate. As Chairman, I lead the Board and have overall responsibility for corporate governance and promoting the values of the Group, both internally to employees and externally to the broader stakeholder group. I am involved in developing strategy for the Group and overseeing investor relations and communication between the Group and its shareholders. A key part of the Board's commitment to high standards of governance is active dialogue with its shareholders. I am also involved in the evaluation of potential acquisition targets that fit within prescribed selective criteria, to further grow the Group. All of the day-to-day operations of the Group are managed by the CEO and his leadership team.

As part of our commitment to high standards of governance, the Board recognises the importance of having Non-Executive Directors who are independent in character and judgment, and free from relationships which may affect, or could appear to affect their judgment. Following the SDL acquisition, I took the opportunity to appoint three new Non-Executive Directors to the RWS Board - Frances Earl, Gordon Stuart and David Clayton, who are all independent and add a wide range of experience.

The Board believes that it complies with all the principles of the QCA Corporate Governance Code.

Andrew Brode
CHAIRMAN

9 December 2020

Board of Directors

As at 30 September 2020 the Board comprised of the Chairman, Andrew Brode, two Executive Directors, Richard Thompson and Desmond Glass, and four Non-Executive Directors, David Shrimpton, as Senior Independent Non-Executive Director, Elisabeth Lucas, Lara Boro and Tomáš Kratochvíl. The Directors are listed here, as well as their biographies.

ANDREW BRODE
CHAIRMAN

Andrew was appointed to the Board of Directors on 10 April 2000 and is a Member of the Remuneration Committee. Andrew led the management buy-in of RWS Group and is a substantial shareholder in the Company. He is the Non-Executive Chairman of Learning Technologies Group plc and GRC plc, both AIM listed companies. Andrew is also a Non-Executive Director of a number of other private companies.

RICHARD THOMPSON
CHIEF EXECUTIVE OFFICER

Richard was appointed as CEO on 31 March 2017 having joined RWS on 28 November 2012 as CFO and Company Secretary. During his time as CFO and CEO, Richard has played a pivotal role in RWS's move into life sciences translations, spearheading the acquisitions of CTi and LUZ, and latterly localisation services with the acquisitions of SDL, Iconic Translation Machines, Webdunia and Moravia.

DESMOND GLASS
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Desmond was appointed as CFO and Company Secretary on 6 November 2017. He previously worked for GAN plc, the AIM listed internet gaming software company, where he held the role of CFO for nine years. Desmond was instrumental in preparing GAN plc for its successful AIM public listing in November 2013, and subsequently expanding the company's operations and delivery capability across the United States and Europe. Desmond is a Fellow of the Institute of Chartered Accountants in Ireland.

DAVID SHRIMPTON
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR AND DEPUTY CHAIRMAN

David was appointed to the Board of Directors on 1 January 2010. He is Chair of the Audit Committee and a Member of the Remuneration Committee. David is also a Non-Executive Director of a number of private companies. During his time with BDO LLP, David played a significant role in establishing BDO as a top-ranking firm through his involvement in both the Management Committee and Partnership Council. David will not seek re-election at the Annual General Meeting in February 2021 having completed more than ten years on the Board.

g

ELISABETH LUCAS
NON-EXECUTIVE DIRECTOR

Appointed to the Board of Directors on 11 November 2003, Elisabeth was Chair of the Remuneration Committee and a Member of the Audit Committee until her resignation on 4 November 2020. Elisabeth joined RWS Group in 1977, was Managing Director of the Translations Division from 1992 and CEO from 1999 to 2011. In her role as CEO, Elisabeth led the business through its successful initial public offering (IPO) on AIM and successfully managed the business post-IPO through eight consecutive years of growth in sales and profits.

LARA BORO
INDEPENDENT NON-EXECUTIVE DIRECTOR

Lara was appointed to the Board of Directors on 20 September 2017. She is a Member of the Remuneration Committee. After the 2021 AGM, Lara will become Senior Independent Director. Lara is currently Chief Executive of The Economist Group. Prior to that Lara was CEO of Informa Plc's Intelligence division.

TOMÁŠ KRATOCHVÍL
NON-EXECUTIVE DIRECTOR

Tomáš was appointed to the Board of Directors on 28 March 2018. He was a Member of the Remuneration Committee until his resignation on 4 November 2020. Tomáš is the former CEO of Moravia, acquired by RWS in November 2017, having held this position for eight years during which time he led the company to become a premier provider of localisation services. Tomáš is a long-term member of the CEO Collaborative Forum.

Following the combination of RWS Holdings plc and SDL plc on 4 November 2020, Elisabeth Lucas and Tomáš Kratochvíl have resigned as directors of RWS. Joining the Board of Directors are the following new directors:

GORDON STUART
INDEPENDENT NON-EXECUTIVE DIRECTOR

Gordon was appointed to the Board of Directors on 4 November 2020. Gordon currently serves as the CFO of Unit4, a global provider of people-centric enterprise cloud applications for ERP and HCM to midmarket service sector organisations. Previous roles include CFO of TMF Group and CFO at Alexander Mann Solutions. He has held senior positions with a number of UK listed businesses including Group Finance Director of Xansa plc and Group Finance Director of London Bridge Software Holdings plc. He has also held Non-Executive roles at SDL plc, Sepura plc and Intec Telecom Systems plc.

FRANCES EARL
INDEPENDENT NON-EXECUTIVE DIRECTOR

Frances was appointed to the Board of Directors on 4 November 2020. Frances was a Managing Director at Accenture and held a number of senior HR Director positions in the UK and Ireland, and globally. She served on the Accenture UK and Ireland Executive Board, the Products Operating Group Executive Board and the Financial Services Operating Group Executive Board as HR Director. Frances was Global Recruitment Director for all Executive and Partner Recruitment across 50 countries.

DAVID CLAYTON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board of Directors on 4 November 2020, David is a former Non-Executive Chairman of SDL plc. He is currently Chairman of Forensic and Compliance Systems and Chairman of the Board of Trustees of the charity Changing Faces. David is also on the boards of FCS (UK) Limited, Solar Archive Ltd, Albora Technologies Ltd and a trustee of Changing Faces and Dixons Academies Charitable Trust Ltd.

Gordon Stuart, Frances Earl and David Clayton are deemed by the Board to be independent and are free from any associations or relationships with the Group, with the exception of the fees that they receive as Directors.

Corporate Governance Report

RWS's corporate responsibility policy encompasses the way we do business and interact with our people, our clients, our community and the environment around us. Our commitment to corporate responsibility is underpinned by our core values of integrity, innovation, agility and cooperation and aims to deliver continual improvement in our economic, social and environmental performance.

RWS is committed to achieving and maintaining high standards of corporate responsibility in its business activities and presents its corporate responsibility strategy to the Board annually.

During the last year RWS has joined the United Nations Global Compact Initiative, a voluntary leadership platform for the development, implementation and disclosure of responsible business practices.

Our commitment to sustainability is channelled through specific goals which underpin our actions, operations and reputation and are aligned with the United Nations' Sustainable Development Goals (SDGs).

To identify RWS's sustainability goals and actions we first identified our key stakeholders via a Stakeholder Framework. This was followed by discussions with these stakeholders to identify their concerns in relation to RWS's sustainability, after which we assessed the materiality of these concerns.

WE SUPPORT UN GLOBAL COMPACT

Once completed, a sustainability plan was developed, based on materiality, to address the concerns with targeted goals for each. The activities were separated into four groups or pillars. This process is described in more detail below.

RWS's FOUR PILLARS TO SUSTAINABILITY

OUR ENVIRONMENT

- Reduce energy consumption and emissions
- Reduce waste, increasing re-use and recycling
- Take actions to improve the environment

OUR PEOPLE

- Education and career opportunities
- Diversity and inclusion
- Health and well-being

OUR COMMUNITY

- Positively contribute to the communities in which we operate
- Partnerships to support and empower young people through education

OUR GOVERNANCE

- High ethical standards
- High standard of client service

STAKEHOLDER FRAMEWORK

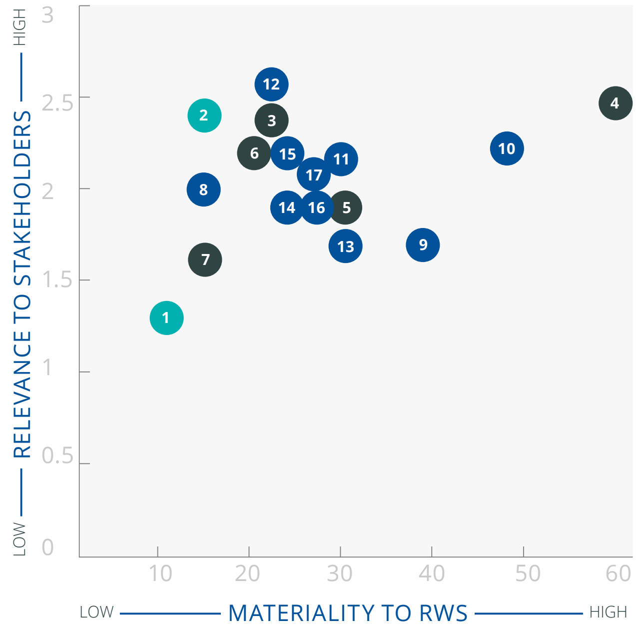
Initiating and maintaining dialogue with our stakeholders enables the Group to align our sustainability initiatives and business model to their concerns. This feedback is important during our decision-making processes and enables us to develop the four pillars of our sustainability strategy.

We recognise three different levels of RWS stakeholders in our framework, with our clients, employees and investors being the central stakeholders for the Group.

MATERIALITY ANALYSIS

RWS discussed and reviewed areas of concern of key stakeholders before ranking and prioritising them in terms of materiality to the RWS Group.

The matrix shows the materiality of issues raised.



FULL LIST OF SUSTAINABILITY CONCERNS

ENVIRONMENT

1. **Biodiversity impacts**
   Practices to preserve species and ecosystems.
2. **Climate change and natural resource management**
   Commitment and practices for the reduction of energy consumption and GHG emissions.

PEOPLE

3. **Health and Safety**
   Practices to guarantee our employees' health and safety.
4. **Human capital practices**
   Practices to attract, support and retain skilled employees.
5. **Diversity, inclusion and equality**
   Fair opportunities, recognition, treatment and remuneration for all employees.

COMMUNITY

6. **Human rights**
   Practices to promote and protect human rights in our operations, including suppliers.
7. **Community impacts**
   Impacts on and relations with local communities in which we operate.

GOVERNANCE

8. **Risk management**
   Risk assessment and management procedures.
9. **Corporate governance**
   Rules, practices and processes by which our company is run.
10. **Innovation**
    Innovation for developing our services.
11. **Client satisfaction**
    Overall performance of our services and client experience.
12. **Economic performance**
    Strategic objectives linked to growth and margin.
13. **Financial transparency**
    Timely, meaningful and reliable disclosures about RWS's performance.
14. **Reputation risk**
    Strategy regarding our image and credibility.
15. **Business ethics**
    Integrity and responsibility by which we run our operations and make decisions.
16. **Bribery and corruption**
    It is the policy of RWS to conduct its business in accordance with the highest professional and ethical standards.
17. **Stakeholder engagement**
    Dialogue and commitment with our stakeholders.

Corporate Governance Report (continued)

FOUR PILLARS OF SUSTAINABILITY

For each of the four pillars identified from the materiality index, a set of policies and guidelines were established to structure RWS's activities in each area.

RESPONSIBILITY FOR THE ENVIRONMENT

> By providing policies and management systems based on environmental best practices, we ensure active prevention and limitation of potential impacts on climate change and the environment caused by our operations. (SDG 13)

> RWS is an office-based business services operation and has little exposure to harmful and hazardous materials. Nevertheless, we have defined strict controls to manage, handle, store and dispose of harmful and hazardous substances to minimise the environmental release-risks according to local guidelines and regulations. (SDG 13)

> Conform to a series of environmental rules, implemented at Group level covering all RWS operations globally, focused on waste minimisation, emission reduction and use optimisation of natural and clean energy resources. (SDG 12)

> Provide innovative services which are delivered in a manner which does not compromise the environmental impact of our clients' operations in the communities where they operate. (SDG 11)

> Established employee-led environment teams to suggest and action local initiatives to improve the environment. Such initiatives include wild flower meadow planting, tree planting (the Group purchased 2,500 trees, one for each employee) as part of the UK National Forest planting scheme, local litter picking, succulent planting and an eco-bottle initiative where plastic bottles filled with non-recyclable plastic waste, were donated for use as bricks in construction. (SDG 11)

> Encouraged the Group to move to green energy sources where available and commenced roll out of LED lighting in offices. (SDG 7)

RESPONSIBILITY TO OUR PEOPLE

> Foster working conditions which support effective health and safety programmes, non-discrimination principles as well as human and labour rights. (SDG 3, SDG 5, SDG 10)

> Health and Safety for our employees is extremely important and our operations are therefore reviewed and monitored regularly; RWS is committed at the highest level to a robust health and safety policy. (SDG 3)

> During the Covid-19 pandemic, all staff have worked from home for various periods of time. The senior management team has been in regular communication with staff globally, both through virtual meetings and through an enhanced group intranet which has provided information and advice on how to cope with working from home to ensure the mental and physical well-being of our teams. (SDG 3)

> Provide an environment that allows good career and professional-development opportunities and enables all RWS employees to fulfil their potential, therefore allowing the Group to retain and attract highly talented professionals. (SDG 4, SDG 8)

> Foster diversity among our teams based on the Group's Equality, Diversity and Inclusion Policy. (SDG 5, SDG 10)

> Train our professionals to improve existing skills and develop new capacities. (SDG 4)

RESPONSIBILITY FOR OUR COMMUNITY

- RWS has established a set of corporate rules, policies and processes that define our current corporate governance model and ensure our long-term vision is seen through the lens of excellent governance. (SDG 16)
- We are sensitive to changes in laws and trends in this area, and we are committed to transparency in all areas of activity. (SDG 10, SDG 16)
- Our commitment to business ethics is managed by the Board through the CEO and the CFO to ensure ethical behaviour is integrated across all our teams and geographies through our Corporate Governance Code and associated policies, which are all visible on the Group's intranet. (SDG 16)
- We ensure disclosure and promote observance of our Corporate Governance Code across all divisions, suppliers and contractors. (SDG 16)
- RWS has a zero tolerance against corruption, and therefore we require suppliers and partners to observe professional and honest business practices. (Aligned to the UK's Bribery Act 2010). (SDG 8, SDG 16)
- As a socially responsible company, we are an active and positive participant in local matters in the communities in which we operate. (SDG 4)
- A risk to RWS is the future availability of linguists. We have taken steps to encourage young people to study languages and consider a career in the language profession. We have done this through the sponsorship of language students at the University of Manchester and activities at schools that have evidenced a passion for teaching languages. In this way we hope to be able to help in the growth and development of tomorrow's industry leading translators. (SDG 4)
- All of RWS's corporate sponsorship is in line with the Group's Charitable Giving, Sponsorship and Collections policy and is aimed towards promoting the learning of languages by young people from non-privileged backgrounds. (SDG 4)

RESPONSIBILITY FOR STRONG GOVERNANCE

- We focus our business through a client-oriented strategy based on close communication enabling us to understand and foresee our clients' needs and fulfil their expectations. The acquisition of SDL plc in November 2020 is an example of this with clients enquiring increasingly about machine translation services. (SDG 9)
- We ensure the implementation of procedures to maintain the quality of our services across all geographies and teams while keeping high service standards and high-quality procedures across all of the Group's divisions. Similarly, SDL's leading language technology will enhance RWS's procedures which, combined with ongoing staff training both on the job and via third parties, will ensure that RWS maintains its position as the world's premier translation and localisation business. (SDG 9)
- We continuously improve our services and business management (through ethics, innovation, safety and environmentally sympathetic conduct) to maintain our reputation as a trusted business partner. (SDG 9)
- We develop our own investor relations strategy that aims to ensure compliance with legal and market practice responsibilities. (SDG 8)
- We maintain clear communication channels with stakeholders and potential stakeholders to provide quick and effective responses to their requirements. (SDG 9)
- We create a working environment for staff that nurtures innovation and provide the resources to facilitate this. (SDG 8)

Corporate Governance Report (continued)

RWS SUSTAINABILITY ACTION PLAN

As described below, each of the four sustainability pillars has a targeted action plan to ensure steps are taken to both improve RWS's business operations and make progress towards the UN's SDGs.

ENVIRONMENT

RWS employees have indicated that they are concerned about the environment and any possible impact of RWS's operations. RWS is committed to reviewing and improving the environmental aspects and impacts of our operations by preventing pollution, protecting the environment and enhancing positive impacts wherever reasonably practicable. These actions improve the environment as well as RWS's attractiveness as a place to work, reducing staff turnover, and they are a mitigation factor offsetting one of the Group's key risks, namely attracting and retaining good quality staff.

The CEO has overall responsibility for all climate-related issues and the CFO is responsible for managing climate-related risks across the Group. Both the CEO and CFO sit on RWS's Board and climate-related issues are presented and considered by the Board bi-annually.

We measure and monitor our principal environmental impacts and have set objectives and targets for their reduction.

Our targets have been set as a reduction of 2% year-on-year, for the following:

> Natural resources and consumables
> Carbon footprint
> Electricity KwHr/measured by employee and turnover
> Commercial waste
> Landfill waste/measured by employee and turnover
> Waste/measured by employee and turnover

We also strive to have no environmental incidents.

Environmental performance is reviewed six-monthly in line with our environmental policy and reviewed against our objectives and targets.

We have implemented ISO 14001:2015 Environmental Management Standard at our head office in Chalfont St Peter and have committed to:

> The continual improvement of our environmental management systems globally
> Comply with the spirit as well as the letter of all applicable environmental legislation, approved codes of practice and any other requirements not codified by law to which we subscribe
> Co-operate fully and maintain open relationships with all regulatory authorities
> Comply with the environmental requirements of the company's clients

ENERGY AND GREENHOUSE GAS REPORT

As part of the Streamlined Energy and Carbon Reporting (SECR) requirement, RWS is required to report its energy and Greenhouse Gas (GHG) Emissions within its Directors' Report.

RWS appointed Carbon Footprint Ltd to independently assess the Group's GHG emissions in accordance with the UK Government's SECR guidance.

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2020 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The operational control approach has been used.

The table below summarises the GHG emissions for reporting year: 1 October 2019 to 30 September 2020.

Activity	Tonnes CO_2e
Scope 1	
Site gas	99.08
Company car travel	4.96
Diesel	8.32
Total Scope 1	**112.36**
Scope 2	
Electricity (generation and transmission & distribution)	1,567.20
Heat and steam	47.76
Total Scope 2	**1,614.96**
Scope 3	
Employee owned car travel (grey fleet)	11.77
Flights	537.65
Rail travel	12.67
Water	22.37
Waste	68.65
Taxi travel	8.54
Bus travel	0.02
Total Scope 3	**661.67**
Scope 1 & 2 tonnes of CO_2e	**1,727.32**
Total tonnes of CO_2e	**2,388.99**
Tonnes of CO_2e per FTE	**0.76**
Total Global Energy Consumption (kWh)*	**4,493.297**
Total UK Energy Consumption (kWh)*	**1,296,067**

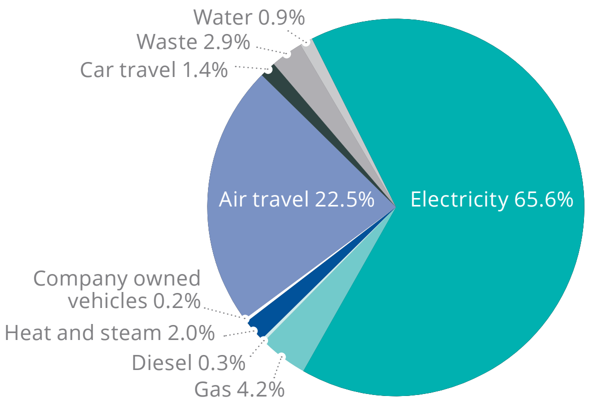
*Total Energy consumption includes Electricity, Natural Gas, Diesel Hear and Steam and Company Car Fuel Consumption.

The UK energy consumption accounts for 19% of RWS's total Scope 1 and 2 carbon emissions and 29% of RWS's total global energy consumption (kWh).

This is the second assessment that RWS has completed of its emissions and we have provided the base year assessment results for comparison.

Activity	Baseline Year 2018/19	Current Year 2019/20
Total tonnes of CO_2e	**3,770.58**	**2,388.99**

RWS CARBON FOOTPRINT 2019/20



ENERGY USE

As can be seen in the above charts, energy is a key driver of carbon emissions across the Group and we are committed to reducing our energy consumption across our operations.

RWS's total carbon footprint was 2,388.99 tCO2e for FY20. Of these emissions, 72.1% were from energy, 65.6% of which was electricity, 4.2% natural gas, 0.3% diesel and 2.0% from heat and steam; the remaining 27.9% was from business travel, waste and water.

MANAGING ENERGY USE

As energy accounts for 72.1% of our emissions, we recognise the importance of investing in energy efficient offices and renewable energy.

In 2020, the Group took several measures to reduce energy use and emissions. These included:

> A move to purchasing only renewable electricity across all offices wherever possible

> Replacing existing lighting with energy efficient LED lighting

> Ensuring energy efficient lighting and motion sensors are installed in our larger sites or as we open new offices such as Moravia's head office in Brno

> Implemented various energy efficiency actions such as: a "closed-door" policy to avoid unnecessary energy consumption for heating/cooling; and a "switch off at night" policy

> Updated the Group's head office air-conditioning to ensure effectiveness and energy efficiency

> Launched a Green Agenda intranet to educate, inform, engage and advise employees on energy consumption

Traditionally, the Group's second biggest cause of emissions is air travel. Clearly the Covid-19 pandemic has reduced the amount of travel in this financial year and carbon emissions have therefore reduced accordingly.

The Group has taken the opportunity to utilise software to hold virtual meetings and these will continue to be promoted as a way to curtail the number of flights in the future.

With many of our initiatives, we recognise that what is good for the environment is also good for business. Energy savings, for example, reduce our emissions output while cutting costs.

Each division within RWS tracks and monitors energy use, in line with our Group-wide commitment to reduce emissions and to reach RWS's annual target to reduce energy use across its operations.

MINIMISING WASTE

Waste management is not a significant issue for RWS as being a service-based company our waste is low. However, we do consider waste to be an important issue and have set company targets to reduce general waste and increase recycling across the Group.

In managing waste, we strive to engage employees to take ownership and create more efficient operations and practices.

In 2020, the Group took several measures to reduce waste. These included:

> Liaising with landlords regarding waste measurement and management

> Liaising with suppliers to get more accurate reports detailing waste and recycling

> Launching a Green Agenda intranet to educate, inform and engage employees around waste and recycling

At present, due to some of our offices being in managed buildings, we are unable to measure all our waste effectively and this is something we are working to improve moving forward.


RWS Moravia staff plogging (a combination of jogging with picking up litter) in Argentina

Corporate Governance Report (continued)

RWS IP Services staff tree planting in Leicestershire

CARBON OFFSET

As part of its commitment to helping reduce carbon emissions, RWS purchased 2,500 trees for the National Forest; one for each employee of the RWS Group. The UK employees were able to select what species of tree they preferred and then many employees travelled to the Queen Elizabeth Diamond Jubilee Wood, in Leicestershire, England to help plant some of the trees.

New research estimates that a worldwide planting program could remove two-thirds of all the emissions from human activities that remain in the atmosphere today.

If you wish to see the area where our trees were planted, you can do so by going to www.what3words.com and typing in value.august.fruit

PEOPLE

As previously mentioned, one of the key risks to RWS is our ability to attract, recruit and retain good quality staff as our activities are highly reliant upon the skills, dedication and passion of all of our employees and contractors, who are expected to meet our clients' demand for excellent quality and timely delivery.

In order to mitigate this risk RWS aims to be the 'Employer of choice'.

GOALS

We aim to be the employer of choice through providing:

- a workplace where our employees feel valued, supported and safe
- work that is engaging, stimulating and challenging
- a competitive remuneration and benefits package
- an opportunity for good career development through training, mentoring and career path planning
- equal opportunities and inclusivity
- open communications at all levels, so that staff have a voice
- opportunities and encouragement for staff to be involved with or lead RWS environmental, social and external community initiatives

HEALTH AND WELL-BEING

RWS is fully committed to supporting the physical and mental health of our employees to enable them to thrive in their professional and personal lives.

During this period we have established a range of activities across our global offices to encourage well-being including mindfulness sessions, pilates and yoga classes, lunch time jogging clubs, and walking clubs. In addition, we enlarged the Group intranet with a site dedicated to the physical and mental challenges of working remotely.

DIVERSITY AND INCLUSION

RWS aims to build a workforce made up of people who reflect the diversity of the Group's communities in which we operate and reinforce our ethical values and behaviours. No discrimination is tolerated. We have policies and practices to keep out discrimination. We have provided staff with links to learn more about diversity and racial prejudice. We recognise that we have more to do in this area, particularly in terms of the racial diversity within our main offices and we are introducing steps to address this across the Group. In addition, we are delighted to be working with Urban Synergy as described on page 43.

PERSONAL DEVELOPMENT

Maximising the potential of our employees is central to our growth. We have implemented initiatives globally to help our employees develop their careers. These include personal skills, business management and leadership training. Appraisals are held for employees to discuss performance, challenges and future career opportunities.

EMPLOYEE ENGAGEMENT

Communication and dialogue is vital within RWS. At heart, we are a people business and therefore we have to talk; it improves business, is good for morale and is good for well-being. Communication within RWS is encouraged at all levels and it takes place at Group, divisional and local level. It includes all types of communication and consultation between RWS employees on all manner of topics including, operational matters, business performance, social issues, environmental concerns, well-being issues and various other areas of common interest.

Dialogue is encouraged and is promoted through internal surveys and 'pulse checks', regular town hall meetings, group 'virtual coffee calls' with the CEO and divisional briefings, together with management team updates and newsletters. Our aim is to keep our colleagues informed about the business operations and our activities.

We also encourage RWS staff to get involved with all activities and, as you will see in this report, we provide opportunities for staff to be involved in tree planting, wild flower planting, recycling programs, litter picking, student mentoring, keep fit activities, etc. This not only improves teamwork, communication and camaraderie but can also help staff develop their organisational and management skills.

HEALTH AND SAFETY

RWS is committed to providing a safe environment for its employees. Whilst we recognise that the nature of our business is low risk in relation to health and safety, we strive to expand our approach, driving continuing improvements to ensure we meet, or exceed, legislative requirements. All our divisions and cross-divisional functions have formal governance processes in place for health and safety matters in the business operations for which they are responsible.

STAFF TURNOVER

We are pleased to see the positive impact of the actions we have taken in our reduced staff turnover rates, although we need to continue to improve our actions in this area.

Staff turnover[1]	19/20	18/19
IP Services	12.90%	20.70%
Life Sciences	12.40%	21.80%
Moravia[2]	22.30%	29.30%
Group	18.90%	25.90%

[1] staff turnover = number of FTE leavers during the financial year/ average number of FTEs during the year.
[2] includes Managed Services' employees where the fluctuation is much higher as driven by client needs. If Managed Services' 2020 turnover is excluded, the Moravia divisional staff turnover figure falls to 13.4% and the Group figure falls to 13.1%.

Diversity of our employees globally (including office-based and remote workers) as at 30 September 2020:

Age

<30	30-50	>50
35%	57%	8%

Gender

Male	Female	Undisclosed
48%	52%	0%

Employee status

Permanent	Non-permanent
88%	12%

Employee category

	Male	Female	Total
Manager	57%	43%	6%
Non-manager	47%	53%	94%

Years of service

Number of employees with less than a years' service	Number of employees between 1 and 5 years' service	Number of employees over 5 years' service
16%	55%	29%

Corporate Governance Report (continued)

COMMUNITY

We provide an active programme of matched funding charitable support to charities proposed by our employees. We also promote foreign language learning actively through school and university partnership programmes. Three of our initiatives this year have been the RWS Scholarship Programme with The University of Manchester, working with the Outward Bound Trust and a new initiative with Urban Synergy.

RWS SCHOLARSHIP PROGRAMME WITH THE UNIVERSITY OF MANCHESTER

As one of the world's largest language services providers, we see the growing demand for translation services required to support our clients' global business goals whilst witnessing a decline in the number of students studying languages at university. As a large employer of language graduates, we believe we have a role to play in encouraging the next generation to consider a degree in languages and support those who may not have the financial means to complete their studies.

Last year we launched a scholarship programme in collaboration with The University of Manchester to encourage students from lower income families to complete a degree in modern languages. Named after RWS's Chairman, Andrew Brode, the 'RWS Brode Scholarship Programme' supports a total of 50 undergraduate students who join the university between 2019 and 2021 from a state school.

As part of the scholarship programme, our staff, many of whom are linguists, act as mentors to the students, offering support with their studies and guidance on future career opportunities. When Covid-19 permits, we will be offering students first-hand experience of working in the language services industry through summer internships and work placements, with the potential for full-time graduate roles on completion of their studies.

We share the first-year experiences of four RWS Brode scholars and we are delighted to be able to help them. They are leading the way for future cohorts of RWS Brode Scholars and we wish them all well with their future studies.

Rozerin Demirci

BA (Hons) Spanish and Portuguese

I have experienced so many new things in my first year. Starting to learn Portuguese from scratch, alongside learning Spanish, has at times been challenging but it has also been very enjoyable.

I am eternally grateful for the support RWS has given me this year, which has enabled me to gain new experiences that would otherwise have been out of my reach.

Jonathan Millward

BA (Hons) Italian and Spanish

This has been a milestone year for me: moving to a different city, starting at a world-class university and beginning a new course - it makes all the hours of study prior to university worth it. I have also enjoyed the social aspect of university life - I tried rock climbing this year, something I had never attempted before.

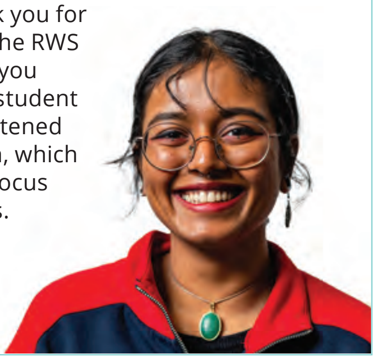
Thank you again for providing the funds that have enabled this scholarship and helped make my first year so enjoyable. I intend to continue pushing beyond 'normal' in my academic life.

Akasha Perera

BA (Hons) French and Spanish

This year has been a very positive experience for me. I found this year's course units and modules fascinating and inspiring from the very beginning. I particularly enjoyed 'Themes in Spanish and Latin American Studies'.

I would like to thank you for providing me with the RWS Brode Scholarship, you have improved my student experience and lightened my financial burden, which has allowed me to focus more on my studies.



Oscar Seecharan

BA (Hons) Russian and Chinese

It has been a very engaging and challenging step up from sixth form to higher education - the academic work is more intense, and the students and teachers are highly engaged. Excitingly, I have been asked to become a PASS teacher for Russian language, i.e. teach course-specific content to first-year students.

With the financial support you have given me, I was intending to travel to Russia for a work placement but unfortunately, due to Covid-19, this was cancelled. However, I am now even more determined to go next year.

Corporate Governance Report (continued)

RWS AND THE OUTWARD BOUND TRUST

The Outward Bound Trust was established in 1941, and is a leading educational charity that uses the great outdoors to help young people from all walks of life develop. They provide adventurous learning courses for young people to learn the social and emotional skills that will play a pivotal role in how they navigate the challenges of adolescence and beyond. The aim is for young people to return home with a stronger sense of self-belief, and empowered with the attitudes, skills and behaviours they need to make positive change in their lives.

RWS's financial support enables a number of young people from less privileged backgrounds to go on a five-day residential course, helping them to develop through outdoor activities. RWS's involvement also includes our employees who act as ambassadors and participate in the activities, acting as mentors to the students.

Earlier this year, several of our employees volunteered to be Employee Ambassadors. Between them, they visited three of the Outward Bound residential centres in Snowdonia, Aberdovey and Ullswater, and supported pupils from three inner London schools (some of whom had never been outside London before) to participate in activities such as mountain hiking, canoeing, camping and "jetty jumping".

The overwhelming consensus from the Employee Ambassadors upon return from the centres was that it had been "such a rewarding experience". Before attending the residential courses Employee Ambassadors also visited their selected schools and presented an "Introduction to Languages in Business" session.

The schools RWS selects to work with are in lower economic areas and were chosen only if they evidenced a firm commitment towards teaching languages.

Unfortunately, due to the Covid-19 pandemic, schools across the UK are not currently allowed to run residential programmes. This is having a hugely detrimental impact on charities such as the Outward Bound Trust which has had to cancel its summer Adventures Programme this year.

The Outward Bound Trust hopes to increase its operations in 2021.

URBAN SYNERGY

As part of our endeavours to support education and diversity, RWS is now actively supporting and involved with Urban Synergy.

Founded in 2007 by Leila Thomas, Urban Synergy aims to improve the talents of young people. Working closely with students, schools, local councils and corporate sponsors, Urban Synergy provides a tailored mentoring scheme to raise the confidence and achievement of young people.

This initiative is based in Lewisham (London) where young people face many challenges including high levels of deprivation, a lack of accessible positive role models and restricted employment opportunities.

RWS employees are able to work with Urban Synergy by volunteering for both e-mentor and e-seminar opportunities. The e-mentor volunteers will help the students with presentation skills, updating and completing their CVs, mock interviews, etc. The e-seminars are presentations to young students with the aim of providing professional role models and insight into the qualities required to succeed.

GOVERNANCE

RWS strives to satisfy its clients' needs by providing services that meet and/or exceed their expectations. Our clients rely on our expertise, integrity and creativity to help them overcome their translation challenges and keep their businesses moving forward in a global environment. Our employees are aware of the role they play in achieving this which is reflected in improving and optimising existing processes and controls, striving for:

- On-time delivery
- Right first time
- Client satisfaction

The maintenance of a well-managed supply chain is a priority to RWS. Our suppliers are selected on quality, service and cost criteria as part of our responsible procurement practices. We are mindful of our obligations under the Modern Slavery Act, 2015 and our commitment to eliminate slavery and human trafficking in our supply chain.

RWS is a supporter of the Prompt Payment Code.

Corporate Governance Report (continued)

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

BUSINESS ETHICS

We take a zero-tolerance approach to bribery, corruption, and other financial crime.

TAX TRANSPARENCY

RWS is committed to being a responsible corporate citizen within each jurisdiction in which it operates, and does not use "tax haven" countries or other tax avoidance arrangements as part of its tax planning.

RWS is straightforward, transparent and cooperative in all its dealings with tax authorities, ensuring that it is in compliance with all local taxation legislation and meets all applicable filing and payment deadlines.

As an employer of more than 3,000 employees across 15 countries and 36 offices globally, RWS also makes significant tax payments in respect of payroll taxes, value-added taxes and business/premises taxes.

THE BOARD

The Board is committed to providing an environment and opportunities that encourage and reinforce the corporate culture of the Group. It is committed to extending the values that it promotes to include all stakeholder groups. The Board recognises the importance of, and is committed to, ensuring that effective corporate governance procedures are in place that are appropriate for a public company of RWS's size and complexity.

The Board is committed to providing specific training to Directors, be it internally sourced or via external advisers, to ensure their skillset remains relevant for the Group's requirements.

During the reporting period, the Board comprised the CEO and CFO as Executive Directors, the Chairman and four Non-Executive Directors. The Executive Directors have direct responsibility for business operations, whilst the independent Non-Executive Directors have a responsibility to bring independent, objective judgement to bear on Board decisions.

The Board considers that all of the Non-Executive Directors are independent in character and that there are no relationships or circumstances which are likely to affect their independent judgement.

The Board believes that, as a collective, the Directors have the necessary blend of sector, financial and public market skills and experience, along with an effective balance of personal qualities and capabilities. Directors keep their skillset up-to-date in a number of ways: through active membership of professional organisations and institutes through fulfilment of associated continuing professional development (CPD) requirements; through specific training; by participating in business network groups; through holding Non-Executive positions with other public and private companies; and by maintaining active and highly relevant full-time employment.

A summary of the relevant experience of each of the Directors can be found on pages 30 to 31.

EXECUTIVE ROLES AND RESPONSIBILITIES

The Chairman, Andrew Brode, leads and chairs the Board. Further details of the Chairman's role can be found in the Chairman's corporate governance introduction on page 29.

The CEO, Richard Thompson, provides leadership and management to the Group and its Senior Management team. The CEO drives the development of objectives, strategies and performance standards whilst also overseeing key risks across all divisions of the Group. The CEO also plays a lead role in devising and implementing the Group's corporate development strategy and in investor relations to ensure that communications with the Group's shareholders and financial institutions are maintained.

The CFO, Desmond Glass, is responsible for shaping and executing the financial strategy of the Group. In this role he also supports the Group's investor relations programme and corporate development efforts. The CFO also has responsibility for identifying the broad market-related risks and collating specific potential risks from the divisional Managing Directors for further assessment via the established risk management framework. Due to his prior relevant experience, the CFO also serves as the Company Secretary and is charged with ensuring the delivery of clear and accurate management information to the Board to allow for timely deliberation and subsequent communication of agreed actions.

BOARD AND COMMITTEE COMPOSITION

1 Chairman

2 Executive Directors

4 Independent Non-Executive Directors

The Board

The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually.

Committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities.

The Committee terms of reference are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.

Audit Committee

The Audit Committee has responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is measured and reported accurately.

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment.

Corporate Governance Report (continued)

BOARD COMMITMENTS

The Board held seven scheduled board meetings in the year. The Board is tasked with developing the overall structure and direction of the business, ensuring that appropriate delegations of authority are communicated throughout the Group, monitoring Executive Director performance, reviewing the monthly operational and financial performance of the Group and formally approving the annual budget and audited financial statements of the Group. The Board also reviews and approves the formal risk register presented by the CFO bi-annually. Various members of the Group's Senior Management team are invited to certain Board meetings to report on their particular areas of responsibility.

Each Board meeting is preceded by a clear agenda and relevant information is provided to Directors in advance of the meeting. The Chairman and the Company Secretary have responsibility to ensure that all Directors receive relevant Board papers in a timely fashion, to facilitate a full and effective discussion of matters during Board meetings.

The Non-Executive Directors are expected to dedicate not less than one day per month to fulfil their duties. This includes, but is not limited to, preparation and attendance of Board meetings of the Company and, where agreed, other Group companies and the general meeting of the shareholders of the Company.

The Group believes it has effective procedures in place to monitor and deal with potential conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed by the rest of the Board.

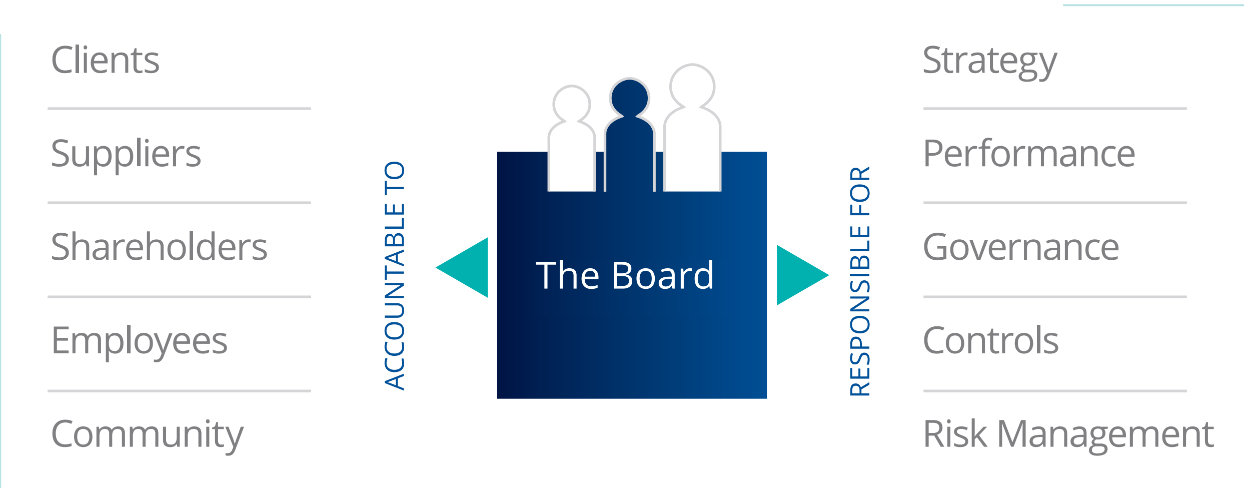
KEY BOARD ACTIONS DURING THE YEAR

- reviewed and approved acquisitions of Iconic Translation Machines Ltd and Webdunia.com (India) Private Limited
- negotiation of terms for the acquisition of SDL, which was completed November 2020, post-financial year end
- reviewed and approved proposed budget and business plan for fiscal year 2021
- reviewed and prioritised ESG initiatives across the Group
- published updated gender pay gap report
- developed, reviewed and approved new community initiatives focused on language education partnership programmes at secondary schools
- reviewed continued compliance with the QCA Corporate Governance Code
- conducted bi-annual review and approval of Group risk register
- approved the re-financing of the Group debt facility
- in response to the Covid-19 epidemic, performed financial and operational scenario planning analysis to ensure the business's continued resilience to significant unplanned changes in demand

An effective Board is critical to the success of RWS. In order to ensure that the Board continues to operate as efficiently as possible, the Board will commission, as appropriate, a full independent appraisal of the Board's capabilities, to confirm that the Board is capable and effective in undertaking its responsibilities and duties. The Board has committed to continue to seek independent reviews to ensure its ongoing effectiveness. The last review was performed in 2019.

The Board continues to hold formal annual performance assessments for the CEO (led by the Chairman) and CFO (led by the CEO). Factors considered in the evaluation process include, but are not limited to, commitment

GOVERNANCE FRAMEWORK



to the long-term development of the Group; attendance at formal meetings; meaningful and varied contributions at Board meetings; personal interaction and relationship building with the Executive Directors, shareholders, other professional advisers to the Group and the Senior Management team.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company's Annual General Meeting (AGM) will be held in London (or virtually) on 10 February 2021.

Notwithstanding that neither the Company's Articles of Association nor the QCA Guidelines (the corporate governance code to which the Company adheres) require them to do so, all of the Directors, except for David Shrimpton who has served for over nine years, are standing for re-election as has increasingly become the market practice and standard of good corporate governance.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall responsibility for the Group's system of internal controls. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors believe that the Group has internal control systems in place appropriate to the size and nature of the business. The key elements are: bi-monthly Group Board meetings with reports from and discussions with Senior Executives on performance and key risk areas in the business; monthly financial reporting, for the Group and each division, of actual performance compared to budget and previous year; annual budget setting; and a defined organisational structure with appropriate delegation of authority.

In addition, bi-annually, the Board assesses the risks facing the business and approves the steps and timetable Senior Management has established to mitigate those risks.

OUR GOVERNANCE MODEL

As an AIM listed company, RWS has chosen to implement The Quoted Companies Alliance Corporate Governance Code (the QCA Code). The principles and disclosures laid out by the QCA Code provides a framework to ensure we have the appropriate corporate governance arrangements in place. The Board considers that RWS does not depart from any of the principles of the QCA Code and pages 48 to 49 include details of our compliance, which is reviewed annually in line with the requirements of the QCA Code.

MEMBERS AND ATTENDANCE

Board meetings

	Eligible to attend	Attended
Andrew Brode	7	7
Richard Thompson	7	7
Desmond Glass	7	7
David Shrimpton	7	7
Elisabeth Lucas	7	7
Lara Boro	7	7
Tomáš Kratochvíl	7	7

Committee meetings AUDIT

	Eligible to attend	Attended
David Shrimpton	2	2
Elisabeth Lucas	2	1
Lara Boro	2	2

Committee meetings REMUNERATION

	Eligible to attend	Attended
Andrew Brode	2	2
David Shrimpton	2	2
Elisabeth Lucas	2	2
Lara Boro	2	2
Tomáš Kratochvíl	2	2

Corporate Governance Report (continued)

	Governance principles	Compliant	Explanation	Further reading
DELIVER GROWTH				
1	**Establish a strategy and business model which promote long-term value for shareholders**	✓	The strategy for RWS is decided by the Board and progress towards delivering against objectives is tracked and debated by the Board and the Senior Management team. Our objective is to continue to increase shareholder value in the medium- to long-term by growing the Group's revenue and profit before tax. Our strategy to achieve this is focused on providing an increasing range of complementary specialist translation, localisation, language technology and broader language services to existing and new clients, and hence drive organic growth. This is supplemented by selective acquisitions, providing these are complementary to our existing business, enhance shareholder value and allow the Group to maintain conservative debt leverage within existing covenant requirements.	See pages 11 and 12 of the Chief Executive's Report and the Business Model on page 16
2	**Seek to understand and meet shareholders' needs and expectations**	✓	Investor relations is a priority for RWS and we strive to ensure that both the investor and analyst communities understand our strategy, business model and financial and operational performance. Regular meetings are held with investors and analysts, mainly at investor roadshows and conferences. Our AGM is our main forum to meet and communicate with our wider shareholder base. Decision-making at the Board takes into consideration how its decisions would impact our shareholders.	See page 58 of the Directors' Report
3	**Take into account wider stakeholder and social responsibilities and their implications for long-term success**	✓	The Board has identified the main stakeholders in the business as its shareholders, employees, clients and the community in which it operates. Decision-making takes account of how our various stakeholders may be affected by our decisions and developments. We pride ourselves on transparency and open communication. We take our corporate responsibilities seriously and aim to incorporate best practice in all our initiatives and actions.	See Section 172 Statement on page 24 and pages 29, and 32 to 33 of the Corporate Governance Report
4	**Embed effective risk management, considering both opportunities and threats, throughout the organisation**	✓	RWS considers a risk management framework a vital tool to ensure existing and potential risks to the business are identified and mitigating actions are considered in full. The CFO is responsible for reviewing the risks and reports to the Board bi-annually on these as well as new risks, and the processes to mitigate and contain them. Whilst the CFO is responsible for risk, all Board members and Divisional MDs are also empowered to manage risk effectively.	See Principal Risks and Uncertainties on pages 26 and 27
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK				
5	**Maintain the Board as a well-functioning, balanced team led by the Chairman**	✓	During the reporting period, our Board consisted of our Chairman, CEO, CFO as well as four Non-Executive Directors. Our Board works well bringing together its wealth of experience on strategy, operations and financial matters. Open communication, debate and thought leadership are encouraged and new proposals are challenged rigorously.	See Board of Directors pages 30 and 31, and 44 to 47 of the Corporate Governance Report

	Governance principles	Compliant	Explanation	Further reading
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK				
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	✓	The Board believes that as a collective, the Directors have the necessary blend of sector, financial and public market skills and experience, along with an effective balance of personal qualities and capabilities. All members of the Board keep their skillsets current in a variety of ways. Their skills and expertise are reviewed on an annual basis.	See pages 44 and 45 of the Corporate Governance Report
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓	Performance is reviewed regularly. During the review, initiatives and improvements are measured against that of the previous review. New and updated actions are agreed.	See page 46 of the Corporate Governance Report
8	Promote a corporate culture that is based on ethical values and behaviours	✓	The Board is committed to providing an environment and opportunities that encourage and reinforce the corporate culture of the Group. The Board is also committed to extending the values that it promotes, to include all stakeholder groups. RWS's corporate responsibility policy encompasses the way we do business, our people, our clients, our community and the environment around us. Our commitment to corporate responsibility is underpinned by our core values of integrity, innovation, agility and cooperation and aims to deliver continual improvement in our economic, social and environmental performance.	See pages 29 and 44 to 47 of the Corporate Governance Report
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	✓	The Board recognises the importance of, and is committed to, ensuring that effective corporate governance procedures are in place that are appropriate for a public company of RWS's size and complexity. Each Board meeting is preceded by a clear agenda and relevant information is provided to Directors in advance of the meeting. The Group has properly constituted Remuneration and Audit Committees of the Board with formally delegated duties and responsibilities. In addition, various members of the Group's Senior Management team are invited to certain Board meetings to report on their particular areas of responsibility.	See pages 44 to 47 of the Corporate Governance Report
BUILD TRUST				
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓	We pride ourselves on having open communication with a range of stakeholders. This includes investor roadshows and conferences, employee briefings and one-on-one meetings with clients and suppliers, and the annual report.	See pages 29 to 47 of the Corporate Governance Report

Audit Committee Report

DAVID SHRIMPTON - COMMITTEE CHAIR

The members of the audit committee are all independent Non-Executive Directors. The Board is satisfied that the Committee Chair, David Shrimpton, has recent and relevant financial experience. He is a Chartered Accountant and was a member of both the Management Committee and Partnership Council at BDO LLP. The Committee's other members have both played an active role at Committee meetings held throughout the year.

The membership of the committee throughout the period comprised the Committee Chair David Shrimpton, Lara Boro and Elisabeth Lucas, and from 4 November 2020, Gordon Stuart, David Clayton and Frances Earl. On 4 November 2020, Lara Boro stepped down from the Committee and Elisabeth Lucas resigned as a director.

MEMBERS OF THE AUDIT COMMITTEE

David Shrimpton (Committee Chair)
Lara Boro (stood down 4 November 2020)
Elisabeth Lucas (resigned 4 November 2020)
Gordon Stuart (appointed 4 November 2020)
David Clayton (appointed 4 November 2020)
Frances Earl (appointed 4 November 2020)

MEMBERS AND ATTENDANCE

Members	Attendance
David Shrimpton	2 / 2
Elisabeth Lucas	1 / 2
Lara Boro	2 / 2

Although not a member of the Audit Committee, the CFO is invited to attend meetings. The Committee has engaged PricewaterhouseCoopers LLP ('PwC') to act as external auditors and they are also invited to attend Committee meetings. During the year, the Committee met twice and the members' attendance record at Committee meetings during the financial year is set out on this page.

RESPONSIBILITIES

The Committee reviews and makes recommendations to the Board on:

- any change in accounting policies
- decisions requiring a major element of financial judgement and risk
- compliance with accounting standards and legal and regulatory requirements
- disclosures in the annual report and financial statements
- reviewing the effectiveness of the Group's financial and internal controls
- any significant concerns of the external auditor about the conduct, results or overall outcome of the annual audit of the Group
- any matters that may affect the independence of the external auditor

In addition, the Committee has oversight of the external audit process and reviews its effectiveness and approves any non-audit services provided.

EXTERNAL AUDIT

The external auditors, PwC, were first appointed in the financial year to 30 September 2014. The fee to PwC for the financial year to 30 September 2020 is £350,000. The Audit Committee undertakes a comprehensive review of the quality, effectiveness, value and independence of the audit provided by PwC each year, seeking the views of the wider Board, together with relevant members of the Senior Management team.

SIGNIFICANT FINANCIAL JUDGEMENTS

The Audit Committee considered the following significant issues regarding the financial statements, and having done so, were satisfied that they are appropriately stated:

> Covid-19 and going concern – Covid-19 has not led to a heightened going concern risk for the Group on the basis of interim financial performance, undrawn financial facilities and cash flows generated from operations. We continue to monitor the risks of impairment of goodwill and trade receivables as well as any other assets or liabilities potentially adversely impacted by Covid-19.

> The acquisition accounting for Iconic Translation Machines, Ltd and Webdunia.com (India) Private Limited, including the valuation of goodwill and intangible assets. Fair value adjustments associated with the acquisition accounting is a judgmental area and inherently complex.

> Impairment of goodwill and intangible assets – There is a significant Group goodwill balance which is required to be assessed annually for impairment through a value in use calculation, while the Group intangible assets are also assessed for impairment when an indicator of impairment is determined. Performing value-in-use calculations requires judgement; operating cash flows for each cash generating unit (CGU) are to be estimated and discounted at an appropriate discount rate that reflects both market assessments of the time value of money and the risks specific to the CGU.

> Leases – From 1 October 2019, the Group adopted IFRS 16 Leases which requires the Group to recognise a right of use asset and a related lease liability in respect of leases that were previously accounted for as operating leases.

> Foreign exchange – The Group is exposed to volatility in foreign exchange markets with significant exposure to the US dollar. This has increased the complexity of the accounting for foreign exchange transactions in terms of the application of hedge accounting.

On behalf of the Board

David Shrimpton

9 December 2020

Directors' Remuneration Report

With the exception of Andrew Brode, the members of the Remuneration Committee are Non-Executive Directors. The Board believes that Andrew Brode's interests, as the Group's largest shareholder, are closely aligned with those of all shareholders and are therefore of the opinion that he plays an important role as a member of the Remuneration Committee.

The Remuneration Committee meets at least once a year and was chaired by Elisabeth Lucas, until her resignation on 4 November 2020. The membership of the committee, in addition to the Chairman, comprises David Shrimpton, Lara Boro, and from 4 November 2020, Frances Earl (Committee Chair), Gordon Stuart and David Clayton. Tomáš Kratochvíl was a member of the Committee until his resignation on 4 November 2020.

MEMBERS OF THE REMUNERATION COMMITTEE

- Frances Earl (Committee Chair, appointed 4 November 2020)
- Elisabeth Lucas (resigned 4 November 2020)
- David Shrimpton
- Lara Boro
- Tomáš Kratochvíl (resigned 4 November 2020)
- Andrew Brode
- Gordon Stuart (appointed 4 November 2020)
- David Clayton (appointed 4 November 2020)

MEMBERS AND ATTENDANCE

Members	Attendance
Andrew Brode	2 / 2
David Shrimpton	2 / 2
Elisabeth Lucas	2 / 2
Lara Boro	2 / 2
Tomáš Kratochvíl	2 / 2

Our remuneration policy applies to the Chairman, Executive Directors and our Senior Management team.

We aim to offer competitive remuneration packages which are designed with a significant weighting towards performance-based components. Our policy is to provide a structure which attracts and, as importantly, retains key talent in a highly competitive international marketplace.

REMUNERATION POLICY OBJECTIVES

In order to deliver the Group's strategy, the primary objectives of our remuneration policy are:

- to have a transparent, simple and effective remuneration structure which encourages the delivery of Group targets in accordance with our business plan
- to motivate and retain the best people of the highest calibre by providing appropriate short- and long-term variable pay which is dependent upon challenging performance conditions
- to promote the long-term success of the Group and ensure that our policy is aligned with the interests of, and feedback from, our shareholders
- to have a competitive remuneration structure which will attract new appropriately skilled executives to complement our teams worldwide

The Remuneration Committee follows the principles of good corporate governance in relation to the structure of its remuneration policy and, accordingly, takes account of the QCA Corporate Governance Code as adopted by the Board.

The remit of the Committee is primarily to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors and the Senior Managers of the Group. The remuneration of Non-Executive Directors is a matter for the Board, excluding the Non-Executive Directors. The remuneration of the Chairman is a matter for the Remuneration Committee, excluding Andrew Brode. No Director or Senior Executive is involved in any discussion or decision about his or her own remuneration. During the year, the Committee met twice, and the members' attendance is set out on page 52.

The Board has confirmed that the Group's overall remuneration policy is designed to attract and retain the best people and provide appropriate incentives to encourage enhanced performance and create growth in shareholder value.

INDIVIDUAL ELEMENTS OF REMUNERATION

For Executive Directors and Senior Executives, the components contained in the total remuneration package are base salary, performance related annual bonus, long term incentive plan and other customary benefits such as holidays, health and sickness benefits and pension contributions. The performance-related annual bonus and share option schemes do not apply to the Chairman. For Non-Executive Directors there is only one component, a base fee.

For the CEO, performance bonus is based solely on an adjusted profit before tax target. The CFO's performance bonus is based on an adjusted profit before tax target and personal targets.

2020 ANNUAL BONUS

The maximum bonus opportunity during the year ended 30 September 2020 was capped at 100% of base salary for the CEO and 50% for the CFO. No profit-related bonus is payable if adjusted profit before tax was below a profit threshold.

As the profit target was not met in the period, the bonus payout was nil. The bonus payments detailed on page 54 represents a discretionary bonus for the CEO and a combination of discretionary bonus and achievement of personal objectives for the CFO. The discretionary bonuses reflects additional work performed by the Executive Directors on the acquisitions of Iconic, Webdunia and SDL.

EXECUTIVE SHARE OPTION PLAN ("ESOP") AND SAVE AS YOU EARN ("SAYE") SCHEME

On 22 January 2020, the RWS Board approved a grant of options over 2,956,776 ordinary shares at an exercise price of 615 pence (being the closing mid-market price on the 21 January 2020, the business day preceding the date of grant) to executives and selected senior management. This represents approximately 1.08 per cent of the Company's issued share capital.

On 13 May 2019 the Board also approved the grant of options over 1,230,946 ordinary shares at an exercise price of 601 pence (being the closing mid-market price on 9 May 2019).

These options will normally vest on the third anniversary of the grant date, subject to the rules of the plan, continued employment and achievement of performance conditions. The performance conditions applicable to the options are based on the Group achieving stretched EPS targets, each option being split into three equal tranches, each subject to an EPS target for a specific reporting year of the vesting period, set annually in advance by RWS's Remuneration Committee.

Vested options are exercisable however, if exercised before the fifth anniversary of the grant date, recipients are not permitted to sell ordinary shares until the fifth anniversary of the grant date. All share options will lapse on the tenth anniversary of the grant date and are subject to defined malus and claw-back provisions.

On 19 February 2019 the Company adopted an HMRC-approved SAYE scheme ("SAYE scheme") for all UK based employees. Under the terms of the SAYE scheme, the Board grants options to purchase ordinary shares in the Company to eligible employees who enter into the SAYE scheme for a term of three years. Options are granted at up to a 10% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the three-year term. These option grants are settled on exercise via the issue of new shares.

The Remuneration Committee has responsibility for supervising the scheme and the grant of options under its terms.

SHARE OPTION PLAN IN 2020

As the stretched EPS target set by the Remuneration Committee was not achieved by the Group in 2020, the Executive Directors' earnings in the period from the ESOP were nil.

The financial statements show a charge for share based payments in this period as they require the ESOP to be measured under IFRS2.

Directors’ Remuneration Report (continued)

SERVICE CONTRACTS

The Non-Executive Directors do not have service contracts. Their appointments will continue unless and until terminated by either party giving not less than 30 days’ notice.

The service contracts of the Chairman and the Executive Directors continue unless and until terminated by either party giving at least six months’ notice.

The date of the Chairman’s service contract is 30 October 2003, and the service contracts of Richard Thompson and Desmond Glass are dated 1 November 2012 and 6 November 2017 respectively. In the event of early termination, the Chairman’s and the Executive Directors’ service contracts provide for compensation up to a maximum of the total benefits which they would have received during the notice period.

DIRECTORS’ EMOLUMENTS AND PENSION CONTRIBUTIONS

The aggregate remuneration, including pension contributions - paid or accrued - for the Directors of the Company for service in all capacities during the year ended 30 September 2020 was £1,416,000 (2019: £1,797,000). The remuneration of individual Directors and the pension contributions paid by the Group to their personal pension schemes during the year were as follows:

Remuneration and pension contributions of individual Directors	Salary or fees £’000	Bonus £’000	Taxable benefits £’000	2020 Pension contributions	2020 Total £’000	2019 Total £’000
Andrew Brode	263	-	2	-	265	266
Richard Thompson	450	100	-	23	573	922
Desmond Glass	300	58	-	15	373	409
Elisabeth Lucas	55	-	-	-	55	54
David Shrimpton	50	-	-	-	50	48
Lara Boro	50	-	-	-	50	48
Tomáš Kratochvíl	50	-	-	-	50	50
	1,218	**158**	**2**	**38**	**1,416**	**1,797**

DIRECTORS’ INTEREST IN SHARES

The interests of the Directors as at 30 September 2020 (including the interests of their families and related trusts), all of which were beneficial, in the ordinary shares of the Company were:

The interests of the Directors in the ordinary shares	Ordinary shares of 1 pence
Andrew Brode	90,174,060
Elisabeth Lucas	50,000
Richard Thompson	282,480
Lara Boro	2,600
	90,509,140

The interests of Directors at the year end in options to subscribe for ordinary shares of the Company, together with details of any options granted during the year, are included in the following table. All options were granted at market value at the date of grant.

Share option schemes	At 1 October 2019	Issued in the year	Lapsed during the year	Exercised in the year	At 30 September 2020	Exercise price pence	First date exercisable	Last date exercisable
Richard Thompson	1,246,265	-	-	(1,246,265)	-	129.20	03.04.15	03.04.21
	23,215	-	-	(23,215)	-	129.20	03.04.16	03.04.21
	478,701	-	(157,903)	-	320,798	601.00	13.05.22	13.05.29
	-	861,661	(287,220)	-	574,441	615.00	22.01.23	22.01.30
Desmond Glass	170,965	-	(55,325)	-	115,640	601.00	13.05.22	13.05.29
	-	369,283	(123,094)	-	246,189	615.00	22.01.23	22.01.30

During the year, Richard Thompson exercised his options granted under the original 3 April 2013 scheme and as per the rules of this scheme paid the Class 1 employers national insurance contribution that arose from the exercise.

The options granted under the 2019 scheme on 13 May 2019 will be exercisable at the mid-market price of 601.0p. The options granted on 22 January 2020 will be exercisable at the mid-market price of 615.0p.

The market price of the Company's shares as at 30 September 2020 and the highest and lowest market prices during the year were as follows:

30 September 2020	565.0 pence
Highest Market Price	747.0 pence
Lowest Market Price	413.0 pence

As the stretched EPS target was not achieved in the year, the share options associated with the second tranche of the 2019 award and the first tranche of the 2020 award lapsed.

TRANSACTIONS WITH DIRECTORS

During the year, there were no material transactions between the Company and the Directors, other than their emoluments.

On behalf of the Board

Andrew Brode
CHAIRMAN

9 December 2020

Directors' Report

INTRODUCTION

The Directors present their annual report together with the audited consolidated financial statements for the year ended 30 September 2020.

Substantial shareholdings

At 6 November 2020, the following were substantial shareholders:

Substantial shareholders	% holding
Andrew Brode (Director)	23.2
Liontrust Asset Management	8.0
Aberdeen Standard Investments	5.1
Canaccord Genuity	4.1
Octopus Investments	3.5

GENERAL INFORMATION

RWS Holdings plc is the ultimate parent company of the RWS Group which operates internationally. RWS Holdings plc is registered in England and Wales (company number 03002645). The principal activities of the Group and its subsidiaries are described in the Strategic Report on pages 10 to 15.

BUSINESS PERFORMANCE AND RISKS

The review of the business, operations, principal risks and outlook is dealt with in the Strategic Report on pages 10 to 27. The key performance indicators of the Group are revenues and adjusted pre-tax profit before amortisation of acquired intangibles, share-based payment expenses, acquisition costs and exceptional items.

DIVIDENDS

The Directors recommend a final dividend of 7.25 pence per ordinary share (see note 10) to be paid on 19 February 2021 to shareholders on the register at 22 January 2021, which, together with the interim dividend of 1.75 pence paid in July 2020, makes a total dividend for the year of 9.00 pence (2019: 8.75 pence).

The final dividend will be reflected in the financial statements for the year ending 30 September 2021. The proposed total dividend per share is 1.9 times (2019: 1.9 times) covered by basic earnings per share.

GOING CONCERN ACCOUNTING BASIS

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing these financial statements, a range of scenarios have been prepared. The assumptions modelled include reasonable downside scenarios, as well as taking into consideration the potential impact of Covid-19 across the Group over the period until March 2022.

The range of scenarios consider the impact of reductions to the Group's revenues and corresponding cash flows, with mitigating actions by management limited to equivalent reductions in the Group's controllable cost base. No significant structural changes to the business have been assumed in any of the scenarios modelled with all mitigating actions wholly within management's control.

Subsequent to 30 September 2020, the Group's all-share acquisition of SDL plc completed and at the date of acquisition SDL had significant cash reserves and no outstanding debt, thereby further strengthening the Group's balance sheet and liquidity.

For the year ended 30 September 2020, the Group's revenue has been in line with the prior year. The Group's Life Sciences and Moravia divisions have seen revenue growth compared to the prior year, with revenues growing at a faster rate during the second half of the financial year, when Covid-19 restrictions were tighter than as at the date of authorising these financial statements. Revenues in the IP Services division have fallen 10% compared with the prior year, as set out on page 13 of the Strategic Report.

As at 30 September 2020, the Group's balance sheet reflects a net asset position of £408.8 million and the liquidity of the Group remains strong with £51.4m of cash reserves. During the year we refinanced our debt into a US$120 million revolving credit facility (RCF) with a maturity date of February 2024, which is extendable for a further year subject to lender consent. At year end US$31.1 million is undrawn, while the RCF also offers an accordion facility of US$80 million, subject to lender consent, however in all scenarios modelled the Group's liquidity requirements are within the US$120 million RCF.

At 30 September 2020, our net debt position excluding lease liabilities is £15.1m (see note 17), and the Group's two debt covenants under its RCF being the ratio of Net Debt to trailing 12-month Adjusted EBITDA (as defined in the RCF agreement) and trailing 12-month EBITDA to Finance Charges (as defined in the RCF agreement) are 0.23:1 and 44.97:1, respectively. Both are well within the covenant limits permitted by the Group's RCF. The Group has assessed its forecast compliance with these covenants at 31 March 2021, 30 September 2021 and 31 March 2022 and concluded that even in the most severe but plausible scenario modelled, the Group will continue to comply with its covenants.

On the basis set out above, the Directors consider it appropriate to conclude that the Group has adequate resources to continue as a going concern for the foreseeable future and for a period of at least 12 months from the date of authorising these financial statements. Therefore, the Group continues to adopt the going concern basis for preparing its financial statements.

SUBSEQUENT EVENTS

On 27 August 2020, the Parent Company announced it had reached agreement with SDL plc ("SDL") for an all-share combination, pursuant to which RWS would acquire the entire issued and to be issued share capital of SDL by means of a court-sanctioned scheme of arrangement.

Subsequent to 30 September 2020, following the shareholders of both SDL and the Parent Company voting in favour of the proposed all-share combination, a court-sanctioned scheme of arrangement became effective on 4 November 2020. Accordingly, 113,338,511 new ordinary shares were issued by the Parent Company as consideration to acquire 100% control of SDL.

FINANCIAL INSTRUMENTS

Information about the use of financial instruments by the Group is given in note 21 to the financial statements.

DIRECTORS

Details of members of the Board at the date of signing this report are set out on pages 30 to 31.

Further information on Board composition, responsibilities, commitments and re-election/election can be found on pages 44 to 47 of the Corporate Governance Report.

The interests of the Directors in shares during the year are set out on pages 54 and 55 in the Directors' Remuneration Report.

DIRECTORS' INDEMNITIES

As permitted in its articles of association, the Directors have the benefit of an indemnity - which is a third-party indemnity provision - as defined in section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors and Officers liability insurance in respect of itself and its Directors.

CORPORATE GOVERNANCE

Further information about the Audit and Remuneration Committees and details of the Company's remuneration policy are set out on pages 50 to 55.

EMPLOYMENT OF DISABLED PERSONS

It is Company policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. People with disabilities, depending on their skills and abilities, enjoy the same career prospects as other employees and the same scope for realising their potential.

EMPLOYEE INVOLVEMENT

The Company's policy is to consult and discuss with employees matters likely to affect employee interests. The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability irrespective of age, sex, race or religion. All group companies endeavour to provide equal opportunities in recruiting, training, promoting and developing the careers of all employees.

Directors' Report (continued)

FOSTERING GOOD RELATIONSHIPS

Understanding what matters to our stakeholders is achieved by building strong, constructive relationships and engaging regularly. We value the diverse perspectives that our broad range of stakeholders bring to our decision making. We recognise that engagement with stakeholders is a vital part in the execution of our long-term strategy. Our shareholders, staff, clients, suppliers and our local communities are our key stakeholder groups.

We rely on our shareholders to finance our activities and the continuing expansion of our business. As such, engagement with them, creating value for them and shaping our future decisions based on the results of our engagement with them is critical to the long-term success of the Group.

Our clients are at the core of our strategic thinking. It is in response to their needs that we seek to provide quality, efficient solutions. We are acutely focused on how their needs continue to develop in the 24/7 digital world we all now inhabit.

It is the talent, passion and hard work of our people that enable us to deliver the most effective and innovative solutions for our clients.

The relationships we build with stakeholders are subject to sound governance to ensure insights are taken into consideration in decision-making at management and Board level. This has been demonstrated by how we responded to the Covid-19 pandemic: our teams migrated to working from home successfully and efficiently, helping with clinical trials for new Covid-19 vaccines, translated training material for Covid-19 related antibody testing devices and providing additional services to the Group's technology customers.

AUTHORITY TO ALLOT

Under section 549 of the Companies Act 2006, the Directors are prevented, subject to certain exceptions, from allotting shares in the Company or from granting rights to subscribe for or to convert any security into shares in the Company without the authority of the shareholders in General Meeting. An ordinary resolution will be proposed at the 10 February 2021 AGM which renews, for the period ending 13 May 2022, or, if earlier, the date of the 2022 AGM, the authority previously granted to the Directors to allot shares, and to grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £1,295,090, representing approximately one third of the share capital of the Company in issue at 9 December 2020.

The Directors have no immediate plans to make use of this authority, except in respect of the issue of shares under the employee share option scheme. As at the date of this report, the Company does not hold any ordinary shares in the capital of the Company in treasury.

STATUTORY PRE-EMPTION RIGHTS

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. A special resolution will be proposed at the 10 February 2021 AGM which renews, for the period ending on 13 May 2022 or, if earlier, the date of the 2022 Annual General Meeting, the authorities previously granted to the Directors to:

(a) allot shares of the Company in connection with a rights issue, or other pre-emptive offer; and

(b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £194,264 (representing in accordance with institutional investor guidelines, approximately 5% of the share capital in issue as at 9 December 2020). The second resolution will request a further authority for the Directors to allot shares up to an aggregate nominal value of £194,264, in respect of an acquisition or capital investment. Both resolutions will ask for approval, as if the pre-emption rights of section 561 of the Act did not apply.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information relevant to the audit and established that the auditors are aware of that information. As far as each of the Directors is aware, the auditors have been provided with all relevant information.

PwC has expressed its willingness to continue in office and a resolution to reappoint them will be proposed at the 10 February 2021 AGM.

On behalf of the Board

Richard Thompson
CHIEF EXECUTIVE OFFICER

9 December 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 Group and the Parent Company, and of the profit or loss of the Group and the Parent Company for that period.

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

> select suitable accounting policies and then apply them consistently;

> state whether applicable IFRSs, as adopted by the European Union, have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;

> make judgements and accounting estimates that are reasonable and prudent; and

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and the Parent Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Parent Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and the Parent Company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATION

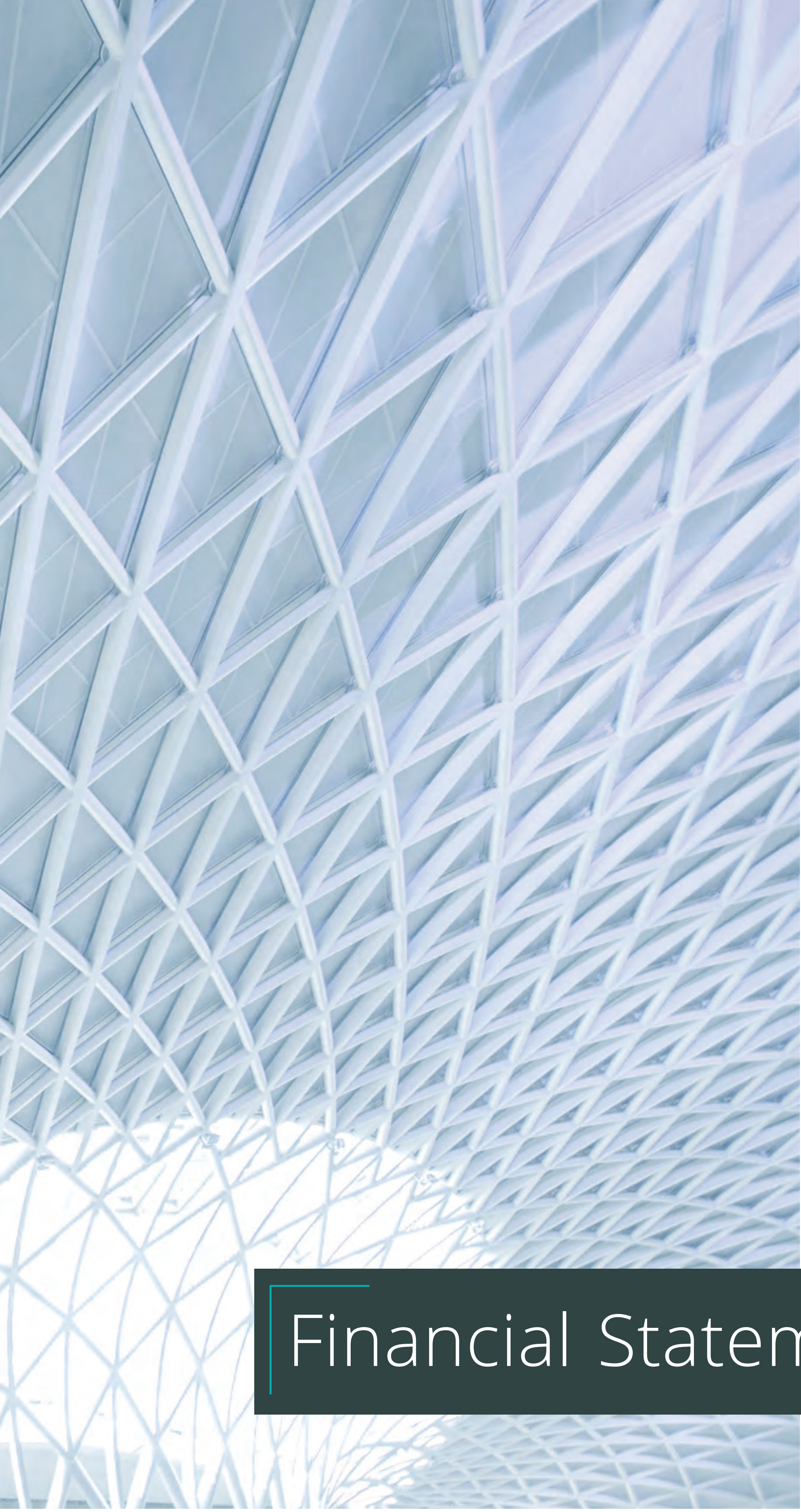
The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's position and performance, business model and strategy.

On behalf of the Board

Richard Thompson
CHIEF EXECUTIVE OFFICER

9 December 2020

f



Financial Statements

Independent Auditors' Report to the Members of RWS Holdings plc

Report on the audit of the financial statements

OPINION

In our opinion:

- RWS Holdings plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2020 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Company Statements of Financial Position as at 30 September 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

- Overall Group materiality: £3.5 million (2019: £3.7 million), based on 5% of profit before tax adjusted for amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items.
- Overall Parent Company materiality: £2.9 million (2019: £3.0 million), based on 1% of total assets.

- We performed full scope audits over the complete financial information for the Life Sciences and Moravia divisions and for the Translations business within the IP Services division (each being a "component"). In addition, we conducted specific audit procedures on certain balances and transactions in respect of centralised functions; this included work on Group-wide estimates and judgments and the consolidation. Analytical review procedures were performed on a further three components.
- This accounted for approximately 90% (2019: 93%) of the Group's revenue and 86% (2019: 90%) of the Group's adjusted profit before taxation.

- Impairment of goodwill and intangible assets – Group
- Acquisition accounting for Iconic Translation Machines Ltd and Webdunia.com (India) Private Limited – Group
- Consideration of the impact of COVID-19 – Group and Company

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of goodwill and intangible assets - Group *Refer to Note 1 (Accounting policies), Note 2 (Critical judgements and accounting estimates in applying the Group's accounting policies), Note 12 (Goodwill) and Note 13 (Intangible assets).* The Group has goodwill amounting to £253.9 million (2019: £249.4m) and intangible assets with a net book value of £157.8 million (2019: £169.1 million) as at 30 September 2020. IAS 36 'Impairment of Assets' requires that goodwill is subject to an impairment assessment at least annually, or more frequently when there is evidence of a trigger event. Impairment assessments are required to be performed at the cash generating unit ('CGU') level and therefore include an assessment of the carrying value of the Group's intangible assets and other non financial assets. Specific disclosures in respect of the impairment assessment are also required in the financial statements. Impairment assessments require significant estimation and there is the risk that the carrying value of the assets may not be supported by their recoverable amount, determined by management through a value in use calculation. As such, this was a key area of focus for our audit due to the material nature of the respective balances and the significant degree of estimation involved in the discounted cash flow used to determine value in use. The Directors' impairment assessment concluded that there was headroom over the carrying amounts of each of the CGUs and that there were no impairments to goodwill or intangible assets. The key assumptions in this assessment included the forecast revenue growth, the discount rate and the perpetuity growth rate.	Our audit procedures comprised the following: > Evaluating the Directors' designation of the CGUs as being in compliance with IAS 36; > Obtaining the impairment assessments performed by management and comparing the carrying value of each CGU (as defined in Note 12) with the recoverable amount determined by management; > Assessing the appropriateness of the methodology built into the model and the mathematical accuracy of the calculations built into the model; > Agreeing forecast financial information to budgets and forecasts approved by senior management and the Board; and > Challenging management over the reasonableness of the key assumptions inherent in the model. In order to assess each of the key assumptions in the impairment assessment, we performed the following: > Compared the reasonableness of forecast revenue growth rates, margins and the corresponding cash flows against management's strategic plans and third party analyst reports; > Evaluated the reliability of management's forecasting by comparing actual results with previous years' forecasts; > Assessed the appropriateness of the discount rate assumption by using experts to derive an independent view on the rate. We agreed the inputs into management's calculation to third party data; > Assessed the appropriateness of the long term growth rate by using experts to derive an independent view on the rate. We also compared management's rates to independent external publications; and > Performed sensitivity analyses on the key assumptions in the model. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired for the CGU, we considered the likelihood of such a movement in those key assumptions arising. We also considered the appropriateness of the related disclosures in note 12 to the financial statements. We challenged management on the sensitivity to reasonable changes in the key assumptions. We found the sensitivity disclosures in relation to the discount rate for the Moravia CGU to be appropriate and in compliance with the requirements of IAS 36.

Independent Auditors' Report to the Members of RWS Holdings plc (continued)

Key audit matter	*How our audit addressed the key audit matter*
Acquisition accounting for Iconic Translation Machines Ltd and Webdunia.com (India) Private Limited - Group *Refer to Note 1 (Accounting policies) , Note 2 (Critical judgements and accounting estimates in applying the Group's accounting policies) and Note 25 (Acquisitions).* The Group completed two acquisitions in June 2020: > Iconic Translation Machines Ltd ("Iconic") for cash consideration of $10m with a further contingent consideration of up to $10m; and > Webdunia.com (India) Private Limited for cash consideration of $21m. Both transactions are considered to be business combinations under IFRS 3. Accounting for business combinations is complex and involves judgement including around the determination of the fair value of consideration paid and payable, and assessment of the fair value of assets and liabilities acquired. The valuation of identified intangibles can be a subjective process and there is a risk that the accounting treatment may be incorrect and as such this was an area of focus for us. *Iconic* Management conducted its initial provisional purchase price allocation for Iconic within which it identified intangible assets of £1.5m in respect of Iconic's client relationships and supplier database, resulting in Goodwill of £8.2m. Determining the fair value of the identified intangible assets includes the application of valuation techniques that require estimation of client attrition rates, growth rates for existing client revenues, forecast profitability levels and an appropriate discount rate. Management utilised an external valuation expert to assist in the identification and valuation of intangible assets. The valuation of the contingent consideration is also subjective and requires judgements as to whether financial targets are expected to be met. *Webdunia* The provisional fair value of assets and liabilities has been recorded as equal to their book value with the surplus to the purchase price recorded as goodwill. Management will finalise the purchase price allocation for Webdunia within 12 months of the acquisition date in accordance with IFRS 3.	Our audit procedures in respect of both acquisitions comprised the following: > Reading the SPA agreement and other documents including due diligence reports; > Ensuring the accounting is in accordance with IFRS 3 Business Combinations, in particular that the acquisition meets the definition of a business; > Agreeing cash consideration to bank statements; and > Examining the related disclosures in note 25 of the financial statements including the disclosure of fair values as provisional and consider these disclosures to be reasonable. *Iconic* Specifically in respect of the Iconic acquisition, our audit procedures also comprised: > Performing audit procedures on the acquired opening balance sheet, which included vouching material assets and liabilities back to supporting documentation; > Assessing the calculation of and the accounting for the contingent consideration, which included understanding the ongoing involvement of certain Iconic shareholders; and > Assessing the reasonableness of the contingent consideration recognised at the date of acquisition by understanding the financial metrics for the earn-out and the range of possible outcomes together with vouching to internal and external forecasts. In relation to the intangible assets identified in respect of Iconic's client relationships and software, we utilised our valuations experts and performed the following: > Assessed the results of the purchase price allocation exercise conducted by management's own experts. This included an assessment of the valuation methodology and confirming its mathematical accuracy; > Assessed the appropriateness of the assumptions in the underlying model, including client attrition rates, growth rates for existing client revenues and forecast profitability levels; > Performed a benchmarking exercise to assess the appropriateness of the software asset recognised; and > Considered the appropriateness of the discount rate used. Based on our audit procedures performed, we consider management's accounting for the acquisitions for Iconic and Webdunia, the provisional purchase price allocations and the related disclosures to be reasonable.

Key audit matter	*How our audit addressed the key audit matter*
Consideration of the impact of COVID-19 – Group and Company *Refer to the Directors' Report and note 1 of the financial statements which contain disclosure of the risk to the Group of Covid-19 and management's conclusions on going concern.* As with all businesses, the Group and Company have felt the impact of the pandemic with certain areas of the business being more impacted than others. Given the significance of the impact of the pandemic on the global economy, we considered this an important area of focus, particularly with respect to future cash flow projections in the context of impairment assessments (see above) and the appropriateness of the going concern basis of preparation as well as consideration of the recoverability of accounts receivable and contract assets. Management has performed its going concern assessment which has included modelling multiple scenarios including a severe but plausible downside, having given consideration to its trading since March 2020. Management's assessment has also considered the liquidity position and forecasts of SDL following completion of the acquisition in November 2020. The result of management's assessment is that the Group expects to be solvent and to continue to meet all banking covenant requirements for a period no less than 12 months from the date of this report. The Directors have therefore prepared the financial statements on a going concern basis with no material uncertainty identified.	With respect to the appropriateness of the going concern basis of preparation, our audit procedures comprised the following: > Obtaining management's going concern paper and supporting model and testing the accuracy of key sources of information by agreeing them to the underlying books and records subject to our other audit procedures; > Testing the mathematical accuracy of the model; > Agreeing the forecasts to the Board approved budget for the financial year ended 30 September 2021 and management's forecasts for the six month period beyond that; > Comparing the forecasts used in the going concern model to other sources, in particular those used for management's impairment assessment; and > Assessing the appropriateness of the cash flow forecasts and evaluating the Directors' downside sensitivities against these forecasts. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below. Regarding impairment, our procedures performed are as detailed in the above key audit matter. We considered other potential areas of the statement of Financial Position which could be impacted, specifically in respect of recoverability of accounts receivable and contract assets and the appropriateness of the expected credit loss ratio applied. We concluded that there were no indicators of material misstatement in relation to accounts receivables or contract assets. We reviewed management's disclosures in relation to the potential impact of COVID-19 and concluded they are appropriate given our audit work and knowledge.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at a divisional level by us, as the Group audit team, or through involvement of component auditors.

The Group audit team performed the work over the Life Sciences division and the Translations business within the IP Services division. We instructed our component audit team in the Czech Republic to perform an audit of the complete financial information of the Moravia division.

Where work was performed by our component auditors in the Czech Republic, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As Covid-19 prevented travel to the Czech Republic, we were unable to make a site visit during our FY20 audit. We conducted site visits and met with local management and with our component audit team during the prior year audit. For the FY20 audit, we instead conducted our oversight of our component team through conference calls, video conferencing and other forms of communication as considered necessary as well as remote working paper reviews to satisfy ourselves as to the appropriateness of audit work performed by our component team. We also attended key meetings with local management with our component team.

In addition, the Group audit team conducted specific audit procedures on certain balances and transactions in respect of centralised functions; this included work on Group-wide estimates and judgments and the consolidation. Analytical review procedures were performed on a further three components by the Group audit team.

Our scope gave us coverage of approximately 90% (2019: 93%) of the Group's revenue and 86% (2019: 90%) of the Group's adjusted profit before taxation and as a whole, gave us the evidence we needed for our opinion on the Group financial statements.

Independent Auditors' Report to the Members of RWS Holdings plc (continued)

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	£3.5 million (2019: £3.7 million).	£2.9 million (2019: £3.0 million).
How we determined it	5% of profit before tax adjusted for amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items.	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, we believe that adjusted profit before tax is the primary measure used by the shareholders in assessing the performance of the Group, as a reflection of the underlying performance of the Group. It is the key performance indicator utilised by the users of the financial statements.	We believe that Total Assets is the primary measure used by the shareholders in assessing the performance of the entity and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £2.3 million to £3.2 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £175,000 (Group audit) (2019: £185,000) and £145,000 (Parent Company audit) (2019: £150,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

> the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

> the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Timothy McAllister
(SENIOR STATUTORY AUDITOR)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

10 December 2020

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Revenue	3	355,783	355,696
Cost of sales		(216,180)	(213,210)
Gross profit		139,603	142,486
Proceeds from warranty claim	6	9,017	-
Administrative expenses		(88,419)	(80,606)
Operating profit	5	60,201	61,880
Analysed as:			
Adjusted operating profit:	4	72,881	78,396
Amortisation of acquired intangibles	13	(15,317)	(15,414)
Acquisition costs		(4,112)	(791)
Share based payment expense	23	(1,057)	(311)
Exceptional items	6	7,806	-
Operating profit		60,201	61,880
Finance income	8	50	105
Net gain on debt modification	6	1,193	-
Finance costs	8	(2,770)	(4,268)
Profit before tax		58,674	57,717
Taxation	9	(12,243)	(12,577)
Profit for the year		46,431	45,140
Other comprehensive (expense)/income*			
(Loss)/gain on retranslation of foreign operations		(14,214)	20,141
Gain/(loss) on cash flow hedges		1,864	(2,661)
Total other comprehensive (expense)/income		(12,350)	17,480
Total comprehensive income attributable to:			
Owners of the Parent		34,081	62,620
Basic earnings per ordinary share (pence per share)	11	16.9	16.5
Diluted earnings per ordinary share (pence per share)	11	16.9	16.4

*Other comprehensive (expense)/income includes only items that will be subsequently reclassified to profit before tax when specific conditions are met.

The notes on pages 72 to 107 form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 September 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Goodwill	12	253,908	249,421
Intangible assets	13	157,813	169,109
Property, plant and equipment	14	22,791	22,888
Right-of-use assets	19	20,084	-
Deferred tax assets	15	1,939	3,371
		456,535	444,789
Current assets			
Trade and other receivables	16	82,086	85,543
Foreign exchange derivatives	21	601	-
Cash and cash equivalents	24	51,380	46,974
		134,067	132,517
Total assets	3	590,602	577,306
Liabilities			
Current liabilities			
Loans	17	-	25,681
Trade and other payables	18	57,576	57,343
Lease liabilities	19	3,207	-
Foreign exchange derivatives	21	103	824
Income tax payable		3,561	5,969
Provisions	20	87	87
		64,534	89,904
Non-current liabilities			
Loans	17	66,515	58,045
Lease liabilities	19	19,571	-
Trade and other payables	18	357	318
Provisions	20	2,368	843
Deferred tax liabilities	15	28,409	30,700
		117,220	89,906
Total liabilities	3	181,754	179,810
Total net assets		408,848	397,496
Equity			
Capital and reserves attributable to owners of the Parent			
Share capital	22	2,752	2,737
Share premium		53,634	51,757
Share based payment reserve		1,389	662
Reverse acquisition reserve		(8,483)	(8,483)
Foreign currency reserve		14,868	29,082
Hedge reserve		(389)	(2,253)
Retained earnings		345,077	323,994
Total equity		408,848	397,496

The notes on pages 72 to 107 form part of these financial statements.

The financial statements on pages 68 to 107 were approved by the Board of Directors and authorised for issue on 9 December 2020 and were signed on its behalf by:

Andrew Brode
DIRECTOR

Consolidated Statement of Changes in Equity

for the year ended 30 September 2020

	Notes	Share capital £'000	Share premium account £'000	Other reserves (see below) £'000	Retained earnings £'000	Total attributable to owners of Parent £'000
At 1 October 2018		2,735	51,549	1,250	299,745	355,279
Profit for the year		-	-	-	45,140	45,140
Loss on cash flow hedges		-	-	(2,661)	-	(2,661)
Gain on retranslation of foreign operations		-	-	20,141	-	20,141
Total comprehensive income for the year		**-**	**-**	**17,480**	**45,140**	**62,620**
Issue of shares		2	208	-	-	210
Deferred tax on unexercised share options	15	-	-	-	145	145
Income tax on unexercised share options		-	-	-	131	131
Dividends	10	-	-	-	(21,200)	(21,200)
Exercise of share options		-	-	(33)	33	-
Equity settled share based payments		-	-	311	-	311
At 30 September 2019		**2,737**	**51,757**	**19,008**	**323,994**	**397,496**
Adjusted on initial application of IFRS 16 (net of tax)		-	-	-	(504)	(504)
Restated balance at 1 October 2019		**2,737**	**51,757**	**19,008**	**323,490**	**396,992**
Profit for the year		-	-	-	46,431	46,431
Gain on cash flow hedges		-	-	1,864	-	1,864
Loss on retranslation of foreign operations		-	-	(14,214)	-	(14,214)
Total comprehensive income for the year		**-**	**-**	**(12,350)**	**46,431**	**34,081**
Issue of shares		15	1,877	-	-	1,892
Deferred tax on unexercised share options	15	-	-	-	(1,100)	(1,100)
Dividends	10	-	-	-	(24,063)	(24,063)
Exercise of share options		-	-	(319)	319	-
Equity-settled share based payments	23	-	-	1,046	-	1,046
At 30 September 2020		**2,752**	**53,634**	**7,385**	**345,077**	**408,848**

Other reserves	Share based payment reserve £'000	Reverse acquisition reserve £'000	Hedge reserve £'000	Foreign currency reserve £'000	Total other reserves £'000
At 1 October 2018	384	(8,483)	408	8,941	1,250
Other comprehensive income for the year	-	-	(2,661)	20,141	17,480
Exercise of share options	(33)	-	-	-	(33)
Equity-settled share based payments	311	-	-	-	311
At 30 September 2019	**662**	**(8,483)**	**(2,253)**	**29,082**	**19,008**
Other comprehensive expense for the year	-	-	1,864	(14,214)	(12,350)
Exercise of share options	(319)	-	-	-	(319)
Equity-settled share based payments	1,046	-	-	-	1,046
At 30 September 2020	**1,389**	**(8,483)**	**(389)**	**14,868**	**7,385**

Consolidated Statement of Cash Flows

for the year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Profit before tax		58,674	57,717
Adjustments for:			
Depreciation of property, plant and equipment	14	2,951	3,025
Amortisation of intangible assets	13	18,731	18,364
Depreciation of right-of-use assets	19	4,492	-
Share-based payment expense	23	1,057	311
Finance income	8	(50)	(105)
Net gain on debt modification	6	(1,193)	-
Finance costs	8	2,770	4,268
Operating cash flow before movements in working capital and provisions		87,432	83,580
Decrease/(increase) in trade and other receivables		5,374	(11,523)
Increase in trade and other payables and provisions		1,723	9,770
Cash generated from operations		94,529	81,827
Income tax paid		(15,164)	(11,464)
Net cash inflow from operating activities		79,365	**70,363**
Cash flows from investing activities			
Interest received		50	105
Acquisition of subsidiary, net of cash acquired	25	(22,973)	(4,536)
Purchases of property, plant and equipment	14	(2,942)	(3,844)
Purchases of intangibles (software)	13	(5,119)	(4,170)
Net cash outflow from investing activities		(30,984)	**(12,445)**
Cash flows from financing activities			
Proceeds from borrowings		15,711	-
Repayment of borrowings		(29,417)	(25,057)
Transaction costs relating to debt refinancing		(615)	-
Interest paid		(3,189)	(4,125)
Lease liability payments		(4,094)	-
Proceeds from the issue of share capital		1,892	210
Dividends paid	10	(24,063)	(21,200)
Net cash outflow from financing activities		(43,775)	**(50,172)**
Net increase in cash and cash equivalents		4,606	**7,746**
Cash and cash equivalents at beginning of the year		46,974	38,155
Exchange (losses)/gains on cash and cash equivalents		(200)	1,073
Cash and cash equivalents at end of the year	24	51,380	**46,974**
Free cash flow - Non-GAAP measure			
Analysis of free cash flow			
Cash generated from operations		94,529	81,827
Proceeds from warranty claim		(9,017)	-
Net interest paid		(3,139)	(4,020)
Income tax paid		(15,164)	(11,464)
Purchases of property, plant and equipment		(2,942)	(3,844)
Purchases of intangibles (software)		(5,119)	(4,170)
Free cash flow	4	59,148	**58,329**

Free cash flow excludes proceeds from warranty claim of £9.0 million (2019: £nil).

Notes to the Consolidated Financial Statements

1. ACCOUNTING POLICIES

Basis of accounting and preparation of financial statements

RWS Holdings plc ("the Parent Company") is a public company, limited by shares, incorporated and domiciled in England and Wales whose shares are publicly traded on AIM, the London Stock Exchange regulated market.

The consolidated financial statements consolidate those of the Company and its subsidiaries ("the Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS IC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention as modified, where applicable, by the revaluation of financial assets and financial liabilities held at fair value through profit or loss or through other comprehensive income.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to both years presented, unless otherwise stated.

New accounting standards, amendment and interpretations

IFRS 16 "Leases" – (Effective from 1 October 2019)

The Group has adopted IFRS 16 from 1 October 2019 and applied the modified retrospective approach. IFRS 16 provides a single on-balance sheet accounting model for lessees which recognises a right-of-use asset, representing its right to use the underlying asset, and lease liability, representing the Group's obligation to make payments for the use of the underlying asset. The distinction between finance and operating leases has been removed for lessees. Comparatives for the prior period have not been restated and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 October 2019 as follows:

	1 October 2019 £'000
Non-Current assets	
Right-of-use assets	23,650
Deferred tax asset	140
Trade and other receivables	(14)
Total assets	**23,776**
Current liabilities	
Trade and other payables	(682)
Lease liabilities	5,261
Non-Current liabilities	
Lease liabilities	19,701
Total liabilities	**24,280**
Total movement in retained earnings as at 1 October 2019	**(504)**

The Group has predominantly office leases, which were all previously accounted for under IAS 17 as operating leases. These leases have a variety of lease terms and some include scheduled rent reviews, break options, extension options or rent increases based on future indices (e.g. CPI).

At transition, the Group recognised lease liabilities for leases which had previously been classified as operating leases by measuring the present value of the remaining lease payments, discounted by an incremental borrowing rate. The Group's weighted average incremental borrowing rate at 1 October 2019 was 2.9%.

In regard to right-of-use assets, these were measured at either:

> Their carrying amount as if IFRS 16 had applied since the lease commencement date (or where subsidiaries holding these leases were acquired by the Group), discounted by the relevant incremental borrowing rate as at 1 October 2019. The Group has applied this transition methodology where sufficient historical information has been available; or

> An amount equal to the lease liability. This approach has been applied to a small number of property and non-property leases where either historical information was unavailable or where these leases were not considered to be material.

Reconciliation of lease commitments to opening lease liability balance	£'000
Operating lease commitments as disclosed at 30 September 2019	**24,687**
Effect of discounting using the Group's incremental borrowing rate	(2,292)
Short term leases with less than 12 months to expiry not recognised as a liability	(188)
Low value leases not recognised as a liability	(58)
Recognition differences relating to lease extension options and lease term assumptions	2,813
Lease liability recognised as at 1 October 2019	**24,962**

Practical expedients applied

On adoption of IFRS 16, the Group has used the following practical expedients permitted by the standard:

- Used a single incremental borrowing rate for similar leases exposed to similar risks
- Excluded initial direct costs for the measurement of right-of-use assets at the date of the initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- Excluded long-term leases with less than 12 months remaining until expiry.

Additionally, on transition the Group elected not to reassess whether a contract is, or contains, a lease, instead relying on the assessment already made applying IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

Impact on the statement of comprehensive income

The impact on the statement of comprehensive income for the year ended 30 September 2020 is an increase in operating profit of approximately £0.5m and an increase in finance costs of £0.7m resulting in a decrease in profit before tax of £0.2m.

Impact on the statement of cash flows

There has been a change to the classification of cash flows in the statement of cash flows with operating lease payments previously categorised as cash flows from operating activities now being disclosed within financing activities. In the 12 months to 30 September 2020 there are £4.1 million of lease payments within financing activities comprising £3.4 million of the repayment of lease liabilities and £0.7 million of interest paid. There were no changes to the net cash flows related to leases.

Accounting policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

Payments associated with short term leases or low-value assets are recognised on a straight-line basis as an expense in the income statement. Short term leases are leases with a term of 12 months or less.

The Group's activities as a lessor are currently not material.

There were no other new IFRSs or IFRS IC interpretations that are not yet effective that are expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and subsidiaries controlled by the Parent Company, drawn up to 30 September 2020. Control is regarded as the power to govern the financial and operating policies of the entity, so as to benefit from its activities. The financial results of subsidiaries are consolidated from the date control is obtained, until the date that control ceases.

All intra-group transactions are eliminated as part of the consolidation process.

Going concern

As part of the Director's consideration of the appropriateness of adopting the going concern basis in preparing these financial statements, a range of scenarios have been prepared. The assumptions modelled include reasonable downside scenarios, as well as taking into consideration the potential impact of Covid-19 across the Group over the period until March 2022.

The range of scenarios consider the impact of reductions to the Group's revenues and corresponding cash flows, with mitigating actions by management limited to equivalent reductions in the Group's controllable cost base. No significant structural changes to the business have been assumed in any of the scenarios modelled with all mitigating actions wholly within management's control.

Subsequent to 30 September 2020, the Group's all-share acquisition of SDL plc completed and at the date of acquisition SDL had significant cash reserves and no outstanding debt, thereby further strengthening the Group's balance sheet and liquidity.

For the year ended 30 September 2020, the Group's revenue has been in line with the prior year. The Group's Life Sciences and Moravia divisions have seen revenue growth compared to the prior year, with revenues growing at a faster rate during the second half of the financial year, when Covid-19 restrictions were tighter than as at the date of authorising these financial statements. Revenues in the IP Services division have fallen 10% compared with the prior year, as set out on page 13 of the Strategic Report.

Notes to the Consolidated Financial Statements (continued)

As at 30 September 2020, the Group's balance sheet reflects a net asset position of £408.8 million and the liquidity of the Group remains strong with £51.4m of cash reserves. During the year the Group refinanced debt into a US$120 million revolving credit facility (RCF) with a maturity date of February 2024, which is extendable for a further year subject to lender consent. At year end US$31.1 million is undrawn, while the RCF also offers an accordion facility of US$80 million, subject to lender consent, however in all scenarios modelled the Group's liquidity requirements are within the US$120 million RCF.

At 30 September 2020, net debt excluding lease liabilities is £15.1m (see note 17), and the Group's two debt covenants under its RCF being the ratio of Net Debt to trailing 12-month Adjusted EBITDA (as defined in the RCF agreement) and trailing 12-month EBITDA to Finance Charges (as defined in the RCF agreement) are 0.23:1 and 44.97:1, respectively. Both are well within the covenant limits permitted by the Group's RCF. The Group has assessed its forecast compliance with these covenants at 31 March 2021, 30 September 2021 and 31 March 2022 and concluded that even in the most severe but plausible scenario modelled, the Group will continue to comply with its covenants.

On the basis set out above, the Directors consider it appropriate to conclude that the Group has adequate resources to continue as a going concern for the foreseeable future and for a period of at least 12 months from the date of authorising these financial statements. Therefore, the Group continues to adopt the going concern basis for preparing its financial statements.

Business combinations

Under the requirements of IFRS 3 (revised), all business combinations are accounted for using the acquisition method (acquisition accounting). The cost of a business acquisition is the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer. Costs directly attributable to business combinations are expensed. The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. The excess of the cost of the acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill.

Provisional fair values are provided when there has been insufficient time to finalise a purchase price allocation process. IFRS 3 allows a period of 12 months from the date of acquisition for provisional fair values to be revised.

Any contingent consideration, which is classified as a provision, is measured at fair value at the date of acquisition and subsequently remeasured to fair value at each reporting date, until the contingency is settled. Any changes in the fair value of contingent consideration are recognised in profit or loss.

Goodwill and other intangible assets

Goodwill and other intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. All intangible assets are subject to an impairment review when there is an indication that the carrying value may not be recoverable, while goodwill is subject to an annual impairment review. Intangible assets, excluding goodwill, that have suffered an impairment previously, are reviewed for possible reversal of this impairment at each reporting date or if an indicator of reversal exists.

Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable. At the date of acquisition, goodwill is allocated at the lowest levels for which there are separately identifiable cash inflows, for the purpose of impairment testing.

Other intangible assets, separately identified from goodwill and acquired as part of a business combination, are initially stated at fair value, subject to meeting the definition under IAS 38 "Intangible assets". The fair value attributable is determined by discounting the expected future cash flows to be generated from that asset at the risk adjusted weighted average cost of capital appropriate to that intangible asset.

Other intangible assets are amortised using the straight -line method over their estimated useful lives as follows:

Trade names	Five to eight years
Clinician database	10 years
Supplier database	13 years
Technology	Five years
Non-compete clauses	Five years
Trademarks	Five years
Client relationships	Seven to 20 years

Acquired computer software licences are capitalised on the basis of the 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 one to five years.

The Group has chosen to capitalise some internally generated software projects. These capitalised development costs which also include staff costs are being recorded as intangible assets, subject to the conditions of IAS 38 being met, and amortised from the point at which they are available for use. These assets are being amortised using the straight-line method over their estimated useful lives of up to three years.

Revenue recognition

Group revenue represents the fair value of the consideration expected to be received or receivable for the rendering of services, net of value added tax and other similar sales-based taxes, rebates, discounts and third-party licences, and after eliminating inter-company sales.

For contractual arrangements containing one performance obligation, revenue is recognised at a point in time, once the sole performance obligation is satisfied, when the benefits of control of the services performed are delivered to the client, typically when a translation, filing, search or localisation deliverable has been completed and delivered to the client.

Where contracts are partially completed, the revenue recognised is based on work performed and delivered to the client. Accrued income represents the full expected receivable value of work performed and delivered to date, less any amounts already invoiced.

For contractual arrangements within IP Services where more than one performance obligation exists, such as a translation and filing deliverable, revenue is allocated to each performance obligation, at a point in time, based on either the contracted stand-alone selling price, if any, or the fair value of that performance obligation.

A proportion of the Group's contractual arrangements within Life Sciences, Moravia and IP Services contain performance obligations that are recognised over time. In Life Sciences, income is recognised over time on a stage of completion basis, calculated on the basis of costs incurred. In Moravia, revenues from managed services are recognised over time based on an hourly rate, will in IP Services subscription revenue is recognised on a straight-line basis over the relevant contractual subscription period.

Foreign currencies

The functional and presentation currency of the Group is British Pounds Sterling.

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rate on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are normally recognised in the statement of comprehensive income.

The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated using average exchange rates, which approximate to actual rates, for the relevant accounting period. Exchange differences arising, if any, are classified as other comprehensive income and recognised in the foreign currency reserve in the consolidated statement of financial position.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing on the reporting date. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling-denominated assets and liabilities.

Segment information

Segment information reflects how the Group's Board of Directors (the Group's chief operating decision maker) controls the business, which is primarily on a divisional basis. The assets and liabilities of the segments reflect the assets and liabilities of the underlying companies within each segment.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, where cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for intended use. The Group depreciates the cost of each item of property, plant and equipment (less its estimated residual value) using the straight-line method over their estimated useful lives as follows:

Freehold land	Nil
Buildings	50 years
Leasehold land, buildings and improvements	Shorter of useful economic life and lease term
Furniture and equipment	Three to 10 years
Motor vehicles	Six years

All items of property, plant and equipment are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the statement of comprehensive income. Any assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The gain or loss on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in the statement of comprehensive income.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to manage its exposure to foreign exchange volatility arising from operational activities.

Derivative financial instruments are initially measured at fair value (with direct transaction costs being included in the statement of comprehensive income as an expense) and are subsequently remeasured to fair value at each reporting date. Changes in the carrying value are also recognised in the statement of comprehensive income.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and certain non-derivative liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

Notes to the Consolidated Financial Statements (continued)

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in the hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of comprehensive income.

The amount accumulated in the hedging reserve is reclassified to the statement of comprehensive income in the same period or periods during which the hedged expected future cash flows affect the Group's profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. If the hedged future cash flows are no longer expected to occur, then the amount accumulated in the hedge reserve is reclassified to the statement of comprehensive income immediately.

The Group hedges the net investment in certain foreign operations by borrowing in the currency of the operations' net assets. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. Gains and losses accumulated in equity are included in the consolidated statement of comprehensive income when the foreign operation is partially disposed of or sold.

Trade and other receivables and accrued income

Trade receivables represent amounts due from clients in the normal course of business.

Accrued income represents the expected receivable value of work performed and delivered to date, less any amounts already invoiced.

Both trade receivables and accrued income amounts are initially stated at fair value and subsequently at amortised cost using the effective interest method less an estimate made for expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. In order to estimate the expected credit losses, the Group reviews outstanding amounts at year end based on historical rates of default adjusted for forward looking information where material.

Other receivables represent security deposits held in respect of office leases and recoverable taxes.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and highly liquid investments with original maturities of three months or less.

Taxation

Tax expense comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items that are not taxable or deductible. The Group's current tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Employee benefits

The Group operates a defined contribution pension plan and has no further obligations once the contributions have been paid. Payments to the plan are recognised in the statement of comprehensive income as they fall due.

Paid holidays are regarded as an employee benefit and as such are charged to the statement of comprehensive income as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not yet taken.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, from which it is probable that it will result in an outflow of economic benefits that can reasonably be estimated.

Share capital

Equity issued by the Parent Company is recorded as the proceeds received net of direct share issue costs.

Loans

Loans are recognised initially at fair value, less directly attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost using the effective interest method. Loans are classified as current, unless the Group has the discretion to roll over an obligation for a period of at least 12 months under an existing loan facility.

Directly attributable transaction costs are capitalised into the loans to which they relate and are amortised using the effective interest rate method.

Leases

Leases are now accounted for under IFRS 16. In prior years under IAS 17, where the lessor retained substantially all the risks and benefits of ownership of the asset they were classified as operating leases. Operating lease rental payments were recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The benefit of lease incentives was spread over the term of the lease.

Share based payments

The Group and Parent Company provide benefits to certain employees (including certain Executive Directors), in the form of share-based payment transactions whereby employees render services in exchange for either share options (equity-settled) or cash options (cash-settled).

The equity-settled share-based transactions are measured as the fair value of the share option at the grant date. Details regarding the determination of the fair value of these share options can be seen in note 23. The fair value determined at the grant date of the share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of share options that will vest.

At each balance sheet date, the Group revises its estimate of the number of options expected to vest as a result of the effect on non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of comprehensive income, such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserves.

For cash-settled share-based transactions, an expense is recognised, with a corresponding increase in liabilities, over the period during which employees become entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the cash options. Any changes in the liability are recognised in profit or loss.

Dividends

Dividends payable to the Parent Company's shareholders are recognised as a liability in the Group's financial statements in the period in which dividends are approved by the Parent Company's shareholders.

Exceptional items

When items of income or expense are material or they are one-off or non-recurring in nature, they are disclosed separately within the financial statements. Such exceptional items include reorganisation costs, proceeds from warranty claims, and net gains from debt modifications.

Proceeds from warranty claims have been classified as operating activities in the Group's statement of cash flows.

2. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. They are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Impairment of goodwill and intangible assets

An impairment test of goodwill (performed annually) and other intangible assets (when an indicator of impairment exists), requires estimation of the value in use of the CGUs to which goodwill and other intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, for which the Group considers revenue growth rates to be a significant estimate. The estimated future cash flows derived are discounted to their present value using a pre-tax discount rate that reflects estimates of market risk premium, asset betas, the time value of money and the risks specific to the CGU. See Note 12 and 13 for further details.

Notes to the Consolidated Financial Statements (continued)

Acquisition accounting

Judgement is often required in determining the identifiable intangible assets acquired as part of a business combination that must be recognised as an asset in the Group's consolidated financial statements. Estimation is required in determining both the fair value of all identified assets, liabilities acquired, any contingent consideration and in particular intangible assets. In determining these fair values a range of assumptions are used, including forecast revenue, discount rates, and attrition rates that are specifically related to the intangible asset being valued. The useful economic lives of these assets is estimated using management's best estimates and reassessed annually. If the useful economic lives of the Group intangible assets were one year shorter, the impact on the income statement would be a reduction of £1.8 million to profit before tax.

Accounting for leases

The Group has applied significant judgement to the determination of the expected lease term over which to recognise a lease liability. The Group's sole lease with a break clause expires in May 2030 with a one-time break clause exercisable in May 2025. Whether this break clause will be triggered is not reasonably certain at either transition or 30 September 2020, but will be reassessed at each reporting date. Such reassessment will take into account time to expiry of the option, current and future trading, the Group's office space needs, and the economic benefits of triggering the break clause. If this break clause were assumed at 30 September 2020 the impact on the Group's financial statements would be a reduction of £3.6 million in right of use assets and £3.6 million in lease liabilities.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS & SEGMENT INFORMATION

Revenue from contracts with customers

The Group generates all revenue from contracts with its customers for the provision of translation and localisation, intellectual property support solutions and life sciences language services. Revenue from providing these services during the year is recognised both at a point in time and over time as shown in the table below:

Timing of revenue recognition for contracts with customers	2020 £'000	2019 £'000
At a point in time	106,928	119,625
Over time	5,850	5,615
IP Services	**112,778**	**125,240**
At a point in time	140,705	135,014
Over time	32,846	29,976
Moravia	**173,551**	**164,990**
At a point in time	47,629	45,173
Over time	21,825	20,293
Life Sciences	**69,454**	**65,466**
Total revenue from contracts with customers	**355,783**	**355,696**

The following table provides information about receivables, accrued income and deferred income from contracts with customers.

Receivables, accrued and deferred income	Notes	2020 £'000	2019 £'000
Net trade receivables	16	60,762	69,244
Accrued income	16	14,107	9,642
Deferred income	18	(5,210)	(3,079)

Accrued income relates to the Group's right to consideration for work completed and delivered but not invoiced as at year end and is transferred to trade receivables when an invoice is issued to the client. Clients are typically invoiced on a monthly basis and consideration is payable when invoiced. During the year £9.6 million of accrued income recognised at the beginning of the year was invoiced.

Deferred income relates to advance consideration received from clients for PatBase subscriptions and linguistic validation projects, where revenue is recognised over time as the services are provided/delivered to clients. During the year, £3.1 million of deferred revenue at the beginning of the period has been recognised as revenue.

As at 1 October 2019, net trade receivables were £61.1 million, accrued income was £6.7 million and deferred income was £2.9 million.

Segment information

The chief operating decision maker has been identified as the Group's Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board divides the Group into three reportable segments and assesses the performance of each segment based on revenue and profit/(loss) from operations. These are measured on a basis consistent with the statement of comprehensive income.

The three segments are:

> RWS IP Services: provides the quality patent translations, a seamless global patent filing experience and a wide range of intellectual property (IP) search services.

> RWS Life Sciences: provides a full suite of language services, including technical translations and linguistic validation, exclusively for the life sciences industry.

> RWS Moravia: provides localisation services including the adaptation of content, software, websites, applications, marketing material and audio/video to ensure brand consistency.

In the year ended 30 September 2019, there were four reportable segments; RWS Language Solutions, which was previously shown separately, is now included within RWS Moravia.

The prior year segment information has been restated for comparability purposes.

The unallocated segment relates to corporate overheads, assets and liabilities.

Segment results for the year ended 30 September 2020	IP Services £'000	Life Sciences £'000	Moravia £'000	Unallocated £'000	Group £'000
Revenue from contracts with customers	112,778	69,454	173,551	-	355,783
Operating profit/(loss) before charging:	30,191	20,934	24,805	(3,049)	72,881
Amortisation of acquired intangibles	(671)	(6,004)	(8,642)	-	(15,317)
Acquisition costs	-	(259)	(504)	(3,349)	(4,112)
Exceptional items (see note 6)	(815)	-	(396)	9,017	7,806
Share-based payment expense	(45)	(116)	(192)	(704)	(1,057)
Profit from operations	28,660	14,555	15,071	1,915	**60,201**
Finance income					1,243
Finance expense					(2,770)
Profit before taxation					**58,674**
Taxation					(12,243)
Profit for the year					**46,431**

Segment results for the year ended 30 September 2019	IP Services £'000	Life Sciences £'000	Moravia £'000	Unallocated £'000	Group £'000
Revenue from contracts with customers	125,240	65,466	164,990	-	355,696
Operating profit/(loss) before charging:	36,119	20,327	26,181	(4,231)	78,396
Amortisation of acquired intangibles	(674)	(6,036)	(8,704)	-	(15,414)
Acquisition costs	-	-	(195)	(596)	(791)
Share-based payment expense	(74)	-	(58)	(179)	(311)
Profit/(loss) from operations	35,371	14,291	17,224	(5,006)	**61,880**
Finance income					105
Finance expense					(4,268)
Profit before taxation					**57,717**
Taxation					(12,577)
Profit for the year					**45,140**

Notes to the Consolidated Financial Statements (continued)

Segment assets and liabilities at 30 September 2020	IP Services £'000	Life Sciences £'000	Moravia £'000	Unallocated £'000	Group £'000
Total assets	97,946	143,990	335,885	12,781	590,602
Total liabilities	23,904	31,568	116,854	9,428	181,754
Capital expenditure	894	241	17,037	398	18,570
Depreciation	619	302	1,845	185	2,951
Amortisation	2,070	7,208	13,945	-	23,223

Segment assets and liabilities at 30 September 2019	IP Services £'000	Life Sciences £'000	Moravia £'000	Unallocated £'000	Group £'000
Total assets	105,453	138,676	329,511	3,666	577,306
Total liabilities	23,009	44,636	108,249	3,916	179,810
Capital expenditure	758	349	6,778	159	8,044
Depreciation	582	259	2,006	178	3,025
Amortisation	747	6,095	11,512	10	18,364

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions from acquisitions through business combinations.

Assets and liabilities are reconciled to the Group's assets and liabilities as follows:	Assets 2020 £'000	Liabilities 2020 £'000	Assets 2019 £'000	Liabilities 2019 £'000
Total segment assets and liabilities	**577,821**	**172,326**	573,640	175,894
Unallocated:				
Deferred tax	**218**	**1,960**	1,063	1,509
Property, plant and equipment	**515**	**-**	302	-
Non-financial assets	**788**	**5,696**	999	2,198
Other financial assets and liabilities	**377**	**1,772**	-	209
Cash and cash equivalents	**10,883**	**-**	1,302	-
Total unallocated assets and liabilities	**12,781**	**9,428**	3,666	3,916
Total Group assets and liabilities	**590,602**	**181,754**	**577,306**	**179,810**

Assets allocated to a segment consist primarily of operating assets such as property, plant and equipment, intangible assets, goodwill, receivables and cash.

Liabilities allocated to a segment comprise primarily bank loans, trade and other payables.

The Group's operations are based in the UK, Continental Europe, the United States of America, China, Japan, India, Thailand, Argentina, Australia, Columbia and Canada. The table below shows turnover by the geographic market in which clients are located.

Turnover by client location	2020 £'000	2019 £'000
UK	**29,906**	29,791
Continental Europe	**104,883**	108,770
United States of America	**193,088**	190,807
Rest of the world	**27,906**	26,328
	355,783	**355,696**

One client accounted for more than 10% of Group turnover in the current year (2019: one). This client was part of the Moravia reporting segment.

The following is an analysis of revenue and non-current assets analysed by the geographical area in which the Group's undertakings are located.

	Revenue		Non-Current assets	
Geographical information	2020 £'000	2019 £'000	2020 £'000	2019 £'000
UK	**108,359**	123,770	**29,611**	28,397
Continental Europe	**88,446**	84,134	**275,877**	276,058
United States of America	**147,012**	138,730	**124,706**	134,238
Rest of the world	**11,966**	9,062	**26,341**	6,096
	355,783	**355,696**	**456,535**	**444,789**

4. ALTERNATIVE PERFORMANCE MEASURES

RWS uses adjusted results as a key performance indicator, as the Directors believe that these provide a more consistent measure of the Group's operating performance. Adjusted profit is therefore stated before amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items.

The table below reconciles the statutory profit before tax to the adjusted profit before tax.

Reconciliation of statutory profit before tax to adjusted profit before tax:	2020 £'000	2019 £'000
Statutory profit before tax	**58,674**	57,717
Amortisation of acquired intangibles	**15,317**	15,414
Acquisition costs	**4,112**	791
Share-based payment expense	**1,057**	311
Exceptional items (note 6)	**(8,999)**	-
Adjusted profit before tax	**70,161**	**74,233**

Reconciliation of adjusted operating profit to statutory operating profit:	2020 £'000	2019 £'000
Adjusted operating profit	**72,881**	78,396
Amortisation of acquired intangibles	**(15,317)**	(15,414)
Acquisition costs	**(4,112)**	(791)
Share-based payment expense	**(1,057)**	(311)
Exceptional items (note 6)	**7,806**	-
Statutory operating profit	**60,201**	**61,880**

A further alternative profit measure that is used by the Group is free cash flow which the Directors believe provides a more meaningful measure of the Group's cash that is available for use after the cost of servicing debt and tax. Free cash flow excludes proceeds from warranty claim of £9.0 million (2019: £nil).

Notes to the Consolidated Financial Statements (continued)

5. OPERATING PROFIT

Operating profit has been arrived at after charging/(crediting):	2020 £'000	2019 £'000
Staff costs (note 7)	**105,693**	104,580
Depreciation of property, plant and equipment (note 14)	**2,951**	3,025
Depreciation of right of use asset	**4,492**	-
Amortisation of intangible assets (note 13)	**18,731**	18,364
Foreign exchange losses/(gains)	**3,463**	(29)
Expected credit losses	**36**	257
(Gain)/loss on changes in fair values on derivative contracts	**(376)**	572
Operating lease rentals:		
- Property	**62**	4,444
- Plant and equipment	**87**	269
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Group's annual financial statements	**137**	105
- The audit of subsidiaries of the Company	**213**	221
Total audit fees	**350**	326
- Other assurance services	**5**	4
- Financial due diligence	**917**	309
- Tax compliance	**28**	28
- Tax advisory services	**-**	15
Total tax services	**28**	43
- Other non-audit services	**11**	90
Total fees	**1,311**	772

6. EXCEPTIONAL ITEMS

	2020 £'000	2019 £'000
Proceeds from warranty claim	**9,017**	-
Reorganisation costs	**(1,211)**	-
Total exceptional items - operating	**7,806**	-
Net gain on debt modification (Note 8)	**1,193**	-
Total exceptional items - financing	**1,193**	-
Total exceptional items	**8,999**	-

Reorganisation costs of £1.2 million relate to the restructuring of the sales team within the IP Services division and redundancy programmes completed in both IP Services and Moravia during the year. On 22 September 2020, a settlement was agreed for a claim made by the Group under warranty insurance taken out as part of the Moravia acquisition in November 2017, an amount of £9.0 million was agreed and received during the year. This has been treated as an operating activity in the statement of cash flows. The Directors are of the view that each of these items are non-recurring and by their nature do not form part of the Group's ongoing operating activities.

7. STAFF COSTS

	2020 £'000	2019 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	**89,507**	90,197
Reorganisation costs (note 6)	**1,211**	-
Social security costs	**15,166**	14,700
Other pension costs	**2,135**	2,055
Share-based payment expense (note 23)	**1,057**	311
	109,076	**107,263**

The Group operates a defined contribution pension scheme, making payments on behalf of employees to their personal pension plans. Payments of £2.1 million (2019: £2.1 million) were made in the year and charged to the statement of comprehensive income in the period they fell due. At the year end, there were unpaid amounts included within other payables totaling £0.1 million (2019: £0.1 million).

During the year, staff costs amounting to £3.4 million (2019: £2.7 million) were capitalised in respect of internally generated software projects.

Details of Directors' remuneration and pension contributions are disclosed in the Directors' Remuneration Report on pages 52 to 55.

Key management compensation	2020 £'000	2019 £'000
Short-term employee benefits	3,024	3,289
Post-employment benefits	77	74
Share based payments	886	260
	3,987	3,623

The key management compensation includes the seven (2019: seven) Directors of RWS Holdings plc and the six (2019: six) members of the Senior Executive team who are not Directors of RWS Holdings plc.

The monthly average number of people employed by the Group, including Directors and part-time employees, during the year was:	2020	2019
Production staff	2,219	2,033
Administrative staff	537	490
	2,756	2,523

8. FINANCE INCOME AND COSTS

	2020 £'000	2019 £'000
Finance income		
- Returns on short-term deposits	50	105
- Net gain on debt modification - Exceptional (note 6)	1,193	-
	1,243	105
Finance costs		
- Bank interest payable	(1,739)	(3,921)
- Lease interest	(671)	-
- Amortisation of borrowing costs	(360)	(347)
	(2,770)	(4,268)
Net finance cost	(1,527)	(4,163)

On 10 February 2020 the Group completed a refinancing of its term loan (see note 17 for further details), which is treated as a non-substantial modification under IFRS 9 Financial Instruments, as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the old facility and the present value of the new facility, discounted using the original effective interest rate, resulted in a modification gain, which is amortised over the life of the new revolving credit facility. The net gain recognised comprises a gain on debt modification of £1.4 million less subsequent associated amortisation of £0.2 million (2019: £nil).

Notes to the Consolidated Financial Statements (continued)

9. TAXATION

	2020 £'000	2019 £'000
Taxation recognised in the statement of comprehensive income is as follows:		
Current tax expense		
Tax on profit for the current year		
- UK	**3,490**	6,228
- Overseas	**9,673**	8,815
Adjustments in respect of prior years	**208**	(824)
	13,371	14,219
Deferred tax expense		
Current year movement	**(1,254)**	(1,715)
Adjustments in respect of prior years	**126**	73
Total tax expense for the year	**12,243**	**12,577**

The table below reconciles the UK statutory tax charge to the Group's total tax charge	2020 £'000	2019 £'000
Profit before taxation	**58,674**	57,717
Notional tax charge at UK corporation tax rate of 19.0% (2019: 19.0%)	**11,148**	10,966
Effects of:		
Items not deductible or not chargeable for tax purposes	**(1,676)**	448
Differences in overseas tax rates	**2,449**	1,914
Adjustments in respect of prior years	**322**	(751)
Total tax expense for the year	**12,243**	**12,577**

There was no tax recognised in other comprehensive income (2019: £Nil).

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017 and will remain at this level following the UK Government March 2020 budget.

The aggregate income and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly (debited) or credited to equity was as follows:

Amounts recognised directly in equity	2020 £'000	2019 £'000
Current tax:		
Share options	-	131
Deferred tax:		
Share options	**(1,100)**	145
Other temporary differences	**(10)**	528
Acquired intangibles	**(1,274)**	1,550
Total amount recognised in equity	**(2,384)**	**2,354**

10. DIVIDENDS TO SHAREHOLDERS

	2020 pence per share	2020 £'000	2019 pence per share	2019 £'000
Final, paid 21 February 2020 (2019: paid 22 February 2019)	**7.00**	**19,247**	6.00	16,413
Interim, paid 17 July 2020 (2019: paid 19 July 2019)	**1.75**	**4,816**	1.75	4,787
	8.75	**24,063**	**7.75**	**21,200**

The Directors recommend a final dividend in respect of the financial year ended 30 September 2020 of 7.25 pence per ordinary share, to be paid on 19 February 2021 to shareholders who are on the register at 22 January 2021. This dividend is not reflected in these financial statements as it does not represent a liability at 30 September 2020. The final proposed dividend will reduce shareholders' funds by an estimated £28.2 million.

11. EARNINGS PER ORDINARY SHARES

Basic earnings per share is calculated using the Group's profit after tax and the weighted average number of ordinary shares in issue during the year, as follows:

	2020 Number	2019 Number
Weighted average number of ordinary shares in issue for basic earnings	**274,995,438**	273,556,236
Dilutive impact of share options	**119,359**	1,250,343
Weighted average number of ordinary share for diluted earnings	**275,114,797**	**274,806,579**

The reconciliation between the basic and adjusted earnings per share is as follows:

	2020 £'000	2019 £'000	2020 Basic earnings per share pence	2019 Basic earnings per share pence	2020 Diluted earnings per share pence	2019 Diluted earnings per share pence
Profit for the year	**46,431**	45,140	**16.9**	16.5	**16.9**	16.4
Adjustments:						
Amortisation of acquired intangibles	**15,317**	15,414	**5.6**	5.6	**5.6**	5.6
Acquisition costs	**4,112**	791	**1.5**	0.3	**1.5**	0.3
Share based payments expense	**1,057**	311	**0.4**	0.1	**0.4**	0.1
Net gain of debt modification	**(1,193)**	-	**(0.4)**	-	**(0.4)**	-
Exceptional items	**(7,806)**	-	**(2.9)**	-	**(2.9)**	-
Tax effect of adjustments	**(3,375)**	(3,176)	**(1.2)**	(1.2)	**(1.2)**	(1.2)
Adjusted earnings	**54,543**	**58,480**	**19.9**	**21.3**	**19.9**	**21.2**

RWS uses adjusted earnings per share as a key performance indicator, as the Directors believe that this provides a more consistent measure of the Group's operating performance. Adjusted earnings and adjusted earnings per share are therefore stated before amortisation of acquired intangibles, acquisition costs, share based payment expenses and exceptional items, net of any associated tax effects.

Notes to the Consolidated Financial Statements (continued)

12. GOODWILL

	2020 £'000	2019 £'000
Cost and net book value		
At 1 October	**249,421**	233,236
Additions (note 25)	**14,513**	3,430
Exchange adjustments	**(10,026)**	12,755
At 30 September	**253,908**	**249,421**

During the year, goodwill was tested for impairment. The recoverable amount for each CGU has been determined from value in use calculations. Also in the current year, the CGUs have been revised with the inclusion of the Language Solutions business into the Moravia CGU following an operational reorganisation. This has resulted in an increase in the carrying value of the Moravia CGU of £10.7m. The key assumptions for the value in use calculations are those regarding discount rates and revenue growth rates. All of these assumptions have been reviewed during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to each CGU. This has resulted in a range of discount rates being used within the value in use calculations.

Key assumptions for the value in use calculations are as follows:	Long-term growth rate	Discount rate	Average revenue growth
IP Services	2.0%	9.0%	2.8%
Life Sciences	2.0%	10.6%	5.2%
Moravia	2.0%	10.5%	5.0%
Iconic	3.0%	11.0%	32.1%

The growth rates used in the calculations are based on a review of both recently achieved growth rates and a prudent estimate of expected future growth rates for each specific market sector.

The long-term growth rate is the rate applied to determine the terminal value on year five cash flows. The discount rate is the pre-tax discount rate. Revenue growth is the average annual increase in revenue over the five-year projection period.

As part of the value in use calculation, management prepares cash flow forecasts derived from the most recent financial budgets, approved by the Board of Directors for the next 12 months, and extrapolates the cash flows for a period of four years based on an estimated growth rate which is either based on management's best estimate or the expected growth rate of the market in which the CGU operates.

The Group has conducted sensitivity analyses on the value in use/recoverable amount of each of the CGUs. Based on the result of the value in use calculations undertaken, the Directors conclude that the recoverable amount of each CGU exceeds its carrying value.

In performing its assessment of the carrying value of Goodwill, the Directors believe there is only one cash-generating unit where reasonably possible changes to the underlying assumptions exist that would give rise to an impairment, being Moravia. As a result, sensitivity analyses have been performed for this cash generating unit. The recoverable amount exceeds the carrying value by £87.4 million. An increase in the pre-tax discount rate of 260 basis point from 10.5% to 13.1% would lead to the recoverable amount of Moravia equalling its carrying amount.

The Directors believe there are no other cash-generating units where reasonably possible changes to the underlying assumptions exist that would give rise to impairment.

The allocation of goodwill to each CGU is as follows:	2020 £'000	2019 £'000
IP Services	**31,168**	32,360
Life Sciences	**66,573**	69,511
Moravia	**147,731**	147,550
Iconic	**8,436**	-
At 30 September	**253,908**	**249,421**

13. INTANGIBLE ASSETS

	Trade names £'000	Clinician & supplier databases £'000	Technology £'000	Non-compete & Trademarks £'000	Client relationships & order books £'000	Software £'000	Internally generated software £'000	Total £'000
Cost								
At 1 October 2018	9,431	5,243	5,413	2,136	178,131	11,041	5,045	216,440
Additions	-	-	-	-	-	1,420	2,750	4,170
Acquisitions (note 25)	-	649	-	-	1,051	-	-	1,700
Disposals	-	-	-	-	-	(3)	(1,228)	(1,231)
Currency translation	545	741	313	107	9,493	(62)	(34)	11,103
At 30 September 2019	9,976	6,633	5,726	2,243	188,675	12,396	6,533	232,182
Additions	-	-	-	-	-	1,702	3,417	5,119
Acquisitions (note 25)	-	-	812	-	8,527	177	-	9,516
Disposals	-	-	-	-	-	(1,494)	-	(1,494)
Currency translation	(442)	(684)	(235)	(81)	(7,489)	(262)	(158)	(9,351)
At 30 September 2020	**9,534**	**5,949**	**6,303**	**2,162**	**189,713**	**12,519**	**9,792**	**235,972**
Accumulated amortisation and impairment								
At 1 October 2018	1,933	1,529	3,395	858	25,903	8,109	2,196	43,923
Amortisation charge	1,842	572	604	383	12,013	1,047	1,903	18,364
Disposals	-	-	-	-	-	(1)	(1,228)	(1,229)
Currency translation	176	109	217	48	1,522	(44)	(13)	2,015
At 30 September 2019	3,951	2,210	4,216	1,289	39,438	9,111	2,858	63,073
Amortisation charge	1,829	582	640	380	11,886	1,068	2,346	18,731
Disposals	-	-	-	-	-	(1,494)	-	(1,494)
Currency translation	(182)	(100)	(189)	(40)	(1,373)	(195)	(72)	(2,151)
At 30 September 2020	**5,598**	**2,692**	**4,667**	**1,629**	**49,951**	**8,490**	**5,132**	**78,159**
Net book value								
At 30 September 2018	7,498	3,714	2,018	1,278	152,228	2,932	2,849	172,517
At 30 September 2019	6,025	4,423	1,510	954	149,237	3,285	3,675	169,109
At 30 September 2020	**3,936**	**3,257**	**1,636**	**533**	**139,762**	**4,029**	**4,660**	**157,813**

Technology, trademarks, trade names, non-compete, supplier and clinician databases and client relationships arise through business combinations and are amortised over periods ranging from five to 20 years.

Software and internally generated software is amortised over three to five years.

Notes to the Consolidated Financial Statements (continued)

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Leasehold land, buildings and improvements £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2018	17,034	2,661	16,636	205	36,536
Currency translation	-	15	166	(2)	179
Additions	-	1,299	2,524	21	3,844
Acquisitions	-	15	113	-	128
Disposals	-	(432)	(1,486)	(38)	(1,956)
At 30 September 2019	17,034	3,558	17,953	186	38,731
Currency translation	-	(139)	(495)	4	(630)
Additions	-	143	2,769	30	2,942
Acquisitions	-	-	337	-	337
Disposals	-	(241)	(997)	-	(1,238)
At 30 September 2020	**17,034**	**3,321**	**19,567**	**220**	**40,142**
Accumulated depreciation					
At 1 October 2018	1,619	1,795	11,045	116	14,575
Currency translation	-	2	51	(2)	51
Acquisitions	-	15	83	-	98
Depreciation charge	229	557	2,227	12	3,025
Disposals	-	(432)	(1,470)	(4)	(1,906)
At 30 September 2019	1,848	1,937	11,936	122	15,843
Currency translation	-	(35)	(174)	4	(205)
Depreciation charge	229	332	2,381	9	2,951
Disposals	-	(241)	(997)	-	(1,238)
At 30 September 2020	**2,077**	**1,993**	**13,146**	**135**	**17,351**
Net book value					
At 30 September 2018	15,415	866	5,591	89	21,961
At 30 September 2019	15,186	1,621	6,017	64	22,888
At 30 September 2020	**14,957**	**1,328**	**6,421**	**85**	**22,791**

Included within freehold land and buildings at 30 September 2020 was freehold land of £5.6m (2019: £5.6m).

There were no gains or losses on disposal in the year.

15. DEFERRED TAX

The deferred tax assets and liabilities and the movements during the year, before offset of balances within the same jurisdiction, are as follows:

	Share options £'000	Depreciation in excess of capital allowances £'000	Other temporary differences £'000	Total £'000
Deferred tax assets				
At 1 October 2018	1,118	85	878	2,081
Adjustment in respect of prior years	-	(4)	(69)	(73)
Credited to income	-	25	519	544
Credited to equity	145	-	674	819
At 30 September 2019	1,263	106	2,002	3,371
Adjustment in respect of prior years	-	(19)	(107)	(126)
Acquisitions	-	-	40	40
Credited/(charged) to income	-	23	(115)	(92)
Charged to equity	(1,100)	-	(154)	(1,254)
At 30 September 2020	**163**	**110**	**1,666**	**1,939**

	Accelerated capital allowances £'000	Acquired Intangibles £'000	Other temporary differences £'000	Total £'000
Deferred tax liabilities				
At 1 October 2018	556	28,676	785	30,017
Acquisitions	-	450	-	450
Credited to income	293	(1,459)	(5)	(1,171)
Charged to equity	-	1,550	(146)	1,404
At 30 September 2019	849	29,217	634	30,700
Acquisitions	-	185	-	185
(Credited)/charged to income	311	(1,519)	(138)	(1,346)
(Credited)/charged to equity	-	(1,274)	144	(1,130)
At 30 September 2020	**1,160**	**26,609**	**640**	**28,409**

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date.

The deferred tax asset on share-based payments is created by the temporary difference between the carrying value of outstanding share-based payment options in the statement of financial position and the tax base of these options, being the estimated future tax deduction expected to crystallise on exercise of the option. The tax base is calculated by reference to the Company's share price at the reporting date and the number of share options outstanding which for those options attracting a deferred tax asset decreased during the year to 30 September 2020.

No deferred tax liabilities have been recognised relating to investments in subsidiaries (2019: £Nil).

There are no tax losses (2019: £Nil) available for offset against future taxable profits.

The Group has capital losses carried forward of £12,812,000 none of which has been recognised (2019: £12,812,000- not recognised).

Notes to the Consolidated Financial Statements (continued)

16. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Trade receivables	**61,285**	69,731
Less: loss allowance	**(523)**	(487)
	60,762	**69,244**
Other receivables	**3,014**	2,792
Prepayments	**4,203**	3,865
Accrued income	**14,107**	9,642
At 30 September	**82,086**	**85,543**

Trade receivables are non-interest bearing and generally on terms ranging from 30 to 120 days. Due to their short maturities, the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables net of allowances are held in the following currencies at the reporting date:	2020 £'000	2019 £'000
Sterling	**2,896**	3,604
Euros	**10,926**	15,909
Japanese Yen	**912**	630
US Dollars	**44,114**	47,731
Swiss Francs	**654**	905
Other	**1,260**	465
	60,762	**69,244**

The following table provides information about the exposure to credit risk for trade receivables at 30 September 2020:	Gross amount £'000	Loss allowance £'000	Net amount £'000
Not past due	46,384	-	46,384
Past due 1-30 days	7,854	-	7,854
Past due 31-60 days	3,404	-	3,404
Past due 61-90 days	1,027	-	1,027
Past due > 90 days	2,616	(523)	2,093
	61,285	**(523)**	**60,762**

The following table provides information about the exposure to credit risk for trade receivables at 30 September 2019:	Gross amount £'000	Loss allowance £'000	Net amount £'000
Not past due	49,441	-	49,441
Past due 1-30 days	9,945	-	9,945
Past due 31-60 days	7,048	-	7,048
Past due 61-90 days	1,623	-	1,623
Past due > 90 days	1,674	(487)	1,187
	69,731	**(487)**	**69,244**

Movement in allowance for doubtful debts:	2020 £'000	2019 £'000
At 1 October	**487**	230
Utilised	**(168)**	(19)
Acquired	**151**	-
Provided	**53**	276
At 30 September	**523**	**487**

The Group applies the simplified approach, as permitted by IFRS 9, in measuring lifetime expected credit losses for trade receivables.

17. LOANS

	2020 £'000	2019 £'000
Due in less than one year		
Loan	**-**	26,037
Issue costs	**-**	(356)
At 30 September 2020	**-**	**25,681**
Due in more than one year		
Loan	**69,153**	58,787
Issue costs	**(2,638)**	(742)
At 30 September 2020	**66,515**	**58,045**

Analysis of net debt	At 1 October 2019 £'000	Transferred £'000	Cash flows £'000	Non-cash charges £'000	At 30 September 2020 £'000
Cash and cash equivalents	46,974	-	4,608	(202)	**51,380**
Issue costs	1,098	-	615	925	**2,638**
Loans due in less than one year	(26,037)	(3,380)	29,417	-	**-**
Loans due in more than one year	(58,787)	3,380	(15,711)	1,965	**(69,153)**
Net debt - Excluding lease liabilities - ("Net debt")	**(36,752)**	**-**	**18,929**	**2,688**	**(15,135)**
Lease liabilities	(24,962)	-	2,183	1	**(22,778)**
Net debt - Including lease liabilities	**(61,714)**	**-**	**21,112**	**2,689**	**(37,913)**

On 10 February 2020, the Group entered into an Amendment and Restatement Agreement ("ARA") with its banking syndicate which amended its existing US$160 million term loan maturing on 18 October 2022 into a US$120 million Revolving Credit Facility ("RCF") maturing on 10 February 2024, with an option to extend maturity until 10 February 2025.

Under the terms of the ARA, the Group's interest margin over US LIBOR, is determined by the Group's net leverage. At signing, the Group's existing term loan debt was transferred across to the RCF. Commitment fees are payable on all committed, undrawn funds at 35% of the applicable interest margin. The ARA also contains a US$80 million uncommitted accordion facility.

This debt refinancing has been accounted for as a debt modification without extinguishment under IFRS 9 Financial Instruments as the terms of the debt remain substantially the same. A debt modification gain has been recognised within Finance income in the statement of comprehensive income. Refer to Note 8 for further details.

Notes to the Consolidated Financial Statements (continued)

18. TRADE AND OTHER PAYABLES

	2020 £'000	2019 £'000
Due in less than one year		
Trade payables	**21,709**	22,376
Other tax and social security payable	**1,925**	2,526
Other payables	**2,474**	2,761
Accruals	**26,258**	26,601
Deferred income	**5,210**	3,079
At 30 September	**57,576**	**57,343**

The carrying amount of trade and other payables approximates to their fair value. Trade payables normally fall due within 30 to 60 days.

	2020 £'000	2019 £'000
Due in more than one year		
Deferred rent	-	318
Other payables	**357**	-
At 30 September	**357**	**318**

19. LEASES

The Group has lease contracts for various items of property and furniture and equipment. Leases have varying durations and can range from 1 year to 11 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. These leases have a variety of lease terms and some include scheduled rent reviews, break options, extension options or rent increases, which are further discussed below.

The Group also has certain leases of property as well as leases of office equipment with low value or lease lengths of 12 months or less. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

	Property £'000	Furniture and equipment £'000	Total £'000
Cost			
At October 2019	22,588	1,062	23,650
Acquisitions	1,887	-	1,887
Additions	222	-	222
Disposals	(745)	-	(745)
Currency adjustment	(482)	(2)	(484)
At 30 September 2020	**23,470**	**1,060**	**24,530**
Accumulated depreciation			
At 1 October 2019	-	-	-
Depreciation expense	4,294	198	4,492
Disposals	(133)	-	(133)
Currency adjustment	87	-	87
At 30 September 2020	**4,248**	**198**	**4,446**
Net book value			
At 1 October 2019	22,588	1,062	23,650
At 30 September 2020	**19,222**	**862**	**20,084**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Total £'000
At 1 October 2019	24,962
Additions	2,056
Accretion of interest	671
Re-measurement adjustments	172
Repayments	(4,094)
Currency adjustment	(989)
At 30 September 2020	**22,778**
Current	3,207
Non-current	19,571

The maturity analysis of lease liabilities is disclosed in Note 21.

The amounts recognised in the statement of comprehensive income with respect to leases are disclosed in Note 5 and Note 8.

The Group had total cash outflows for leases of £4.1 million in 2020. The Group had non-cash additions to right-of-use assets and lease liabilities of £0.2 million in 2020. There are no future cash outflows relating to leases not yet commenced to disclose separately.

The Group has several lease contracts that include scheduled rent reviews or rent increases based on future indices. Index linked payment increases are typically in respect of changes in the Consumer Price Index for leases in the United Kingdom, or similar indexes outside of the United Kingdom. These agreements represent standard commercial terms for several locations in which leases are held. The impact of index linked rent increases was not material for the Group in the period.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised, refer to Note 2.

Notes to the Consolidated Financial Statements (continued)

20. PROVISIONS

	Contingent consideration £'000	Dilapidations £'000	Long term employment benefits £'000	Total £'000
Due in less than one year				
At 1 October	-	-	87	87
Utilised	-	-	(87)	(87)
Transferred from provisions due in more than one year	-	-	87	87
At 30 September 2020	**-**	**-**	**87**	**87**

	Contingent consideration £'000	Dilapidations £'000	Long term employment benefits £'000	Total £'000
Due in more than one year				
At 1 October	-	717	126	843
Acquired	-	-	246	246
Arising on acquisition	1,651	-	-	1,651
Charged/(Credited) to the statement of comprehensive income	-	(475)	190	(285)
Transferred to provisions due in less than one year	-	-	(87)	(87)
At 30 September 2020	**1,651**	**242**	**475**	**2,368**

Long term employment benefits relate to future pension payments to a third-party of £562,000. The contingent consideration of £1,651,000 is in respect of the acquisition of Iconic Translation Machines Ltd during the year. Refer to Note 25 for further details.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

All financial assets and liabilities, other than derivatives and contingent consideration, are held at amortised cost ("AC"). All derivatives are classified as fair value through profit and loss ("FVTPL"), other than derivatives designated in a cash flow hedging relationship which are classified as fair value through other comprehensive income ("FVOCI"). Contingent consideration of £1,651,000 is classified as fair value through profit and loss.

	FVOCI		FVTPL		AC	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial Assets						
Trade and other receivables	-	-	-	-	77,883	77,813
Cash and cash equivalents	-	-	-	-	51,380	46,974
Foreign exchange derivatives	225	-	376	-	-	-
	225	-	376	-	129,263	124,787
Financial Liabilities						
Loan	-	-	-	-	66,515	84,824
Trade and other payables	-	-	-	-	50,798	52,056
Provisions	-	-	1,651	-	804	930
Lease liabilities	-	-	-	-	22,778	-
Foreign exchange derivatives	103	824	-	-	-	-
	103	824	1,651	-	140,895	137,810

The Group's foreign exchange derivatives are fair valued using readily available market information so therefore are Level 1 of the fair value hierarchy. The fair value of contingent consideration is determined through discounting the expected future cashflows based on management's assessment of expected performance against specific terms of the sale and purchase agreement; these are Level 3 of the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy.

The carrying amount of the Group's trade and other receivables and accrued income, trade and other payables and cash and cash equivalents are considered to be a reasonable approximation of their fair value. The fair value of the Group's loan at 30 September 2020 is £69.2 million (2019: £84.6 million).

Financial risk management objectives and policies

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's CFO.

The overall objective of the Board is to set policies that seek to reduce risk, as far as possible, without unduly affecting the Group's competitiveness and flexibility. Group borrowings have a number of financial covenants which are tested bi-annually.

The principal financial risks to which the Group is exposed are those of liquidity, interest rate, credit, foreign currency and capital. Each of these is managed as set out below.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources to meet its liabilities as and when they fall due and payable.

In addition to the Group's cash balances which at 30 September 2020 amounted to £51.4 million (2019: £47.0 million), the Group has an overdraft facility of £1.5 million (2019: £2.0 million) which is unsecured, with interest payable at the rate of GBP LIBOR plus a margin of 200 basis points. This overdraft was undrawn as at year end.

Any surplus funds are invested in British pound or US dollar deposits, with maturities not exceeding three months.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted, and include contractual interest payments.

Notes to the Consolidated Financial Statements (continued)

Contractual cash flows at 30 September 2020	Carrying amount £'000	Total £'000	Less than 12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Non-derivative financial liabilities						
Revolving Credit Facility	66,515	72,343	934	934	70,475	-
Trade and other payables	50,798	50,798	50,441	357	-	-
Provisions	2,455	4,747	87	55	3,888	717
Lease liabilities	22,778	25,062	5,133	4,764	9,165	6,000
	142,546	152,950	56,595	6,110	83,528	6,717
Derivative financial liabilities						
Foreign exchange derivatives						
- Outflow	103	103	103	-	-	-
	103	103	103	-	-	-

Contractual cash flows at 30 September 2019	Carrying amount £'000	Total £'000	Less than 12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Non-derivative financial liabilities						
Secured bank loans	83,726	89,366	28,436	54,369	6,561	-
Trade and other payables	52,056	52,056	52,056	-	-	-
Provisions	930	930	930	-	-	-
	136,712	142,352	81,422	54,369	6,561	-

Interest rate risk

The majority of the Group's cash balances are held with its principal bankers, earning interest at variable rates of interest. To the extent the British pound overdraft is utilised, it attracts an interest rate of base rate plus a margin of 200 basis points.

The Group's US$120 million Revolving Credit Facility ("RCF") matures on 10 February 2024, with an option to extend until 2025, and incurs interest at a rate based on USD LIBOR plus a margin which fluctuates based on the Group's net leverage.

The Group elected not to hedge its interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial assets and liabilities is as follows:

	2020 £'000	2019 £'000
Variable-rate instruments		
Financial assets - Cash and cash equivalents		
Sterling	**7,796**	12,596
US Dollars	**29,962**	21,278
Euros	**5,124**	6,226
Yen	**2,695**	2,065
Swiss Francs	**1,555**	1,726
Other	**4,248**	3,083
	51,380	**46,974**
Financial liabilities – Loan		
US Dollars	**66,515**	**83,726**

If interest rates changed by 1%, it is estimated Group profit before tax would change by £0.2 million.

Credit risk

Credit risk is the risk of a financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Group's cash and cash equivalents and trade and other receivables.

The Group's cash and cash equivalents of £51.4 million at 30 September 2020, are predominantly held in the UK and the US, and placed with financial institutions who hold Standard & Poor's long term credit ratings of between A+ and A-. The Group considers that its cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparties.

Trade receivable exposures are mitigated by each division's management team where they arise. The Group's clients are large international corporations or self-regulated bodies such as patent agents and legal firms. In accordance with IFRS 9, the Group has applied the simplified model specified for expected credit losses, based on historical default rates experienced across the Group as well as forward looking information where material. Consideration has also been given to the appropriateness of applying these historical default rates to the Group's future trade and other receivables. Refer to Note 16 for further details.

One client accounted for more than 10% of Group turnover in the current year (2019: one). This client was part of the Moravia reporting segment. There were no other significant concentrations of credit risk at the balance sheet date.

Notes to the Consolidated Financial Statements (continued)

Foreign currency risk

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in the functional currency, with cash generated in that currency from their own operations. Transaction exposures arise from non-local currency sales and purchases with gains and losses on transactions arising from fluctuations in exchange rates being recognised in the statement of comprehensive income. Where we have a material or recurring exposure, the policy is to seek to mitigate the risk using forward foreign exchange contracts.

Approximately 72% (2019: 69%) of Group external sales in the reporting period were denominated in USD, while a further 20% were denominated in Euros (2019: 22%). Similarly, the Group's cost base was 43% in USD (2019: 42%) and 30% in Euros (2019: 27%).

The Group applies net investment hedge accounting in respect of borrowings associated with the acquisition of foreign operations, reducing the effect of currency fluctuations in the statement of comprehensive income, by recognising gains or losses through other comprehensive income.

Assets and liabilities of Group entities located in Germany, Switzerland, the United States, Japan, China, India, Argentina and Australia, are principally denominated in their respective currencies and are therefore not materially exposed to currency risk. On translation to British pounds, gains or losses arising are recognised directly in equity. Our Czech entity as discussed above applies cash flow hedge accounting to hedge its Czech Koruna operating costs.

The carrying amounts of the Group's material foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets 2020 £'000	Assets 2019 £'000	Liabilities 2020 £'000	Liabilities 2019 £'000
Euros	**13,627**	20,468	**7,945**	9,057
US Dollars	**21,356**	10,675	**45,766**	50,901
Swiss Francs	**1,950**	2,378	**61**	75
Other	**1,620**	964	**1,398**	1,274
	38,553	**34,485**	**55,170**	**61,307**

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% (2019: 10%) increase and decrease in Sterling against the major currencies listed in the table above. The sensitivity analysis includes only the outstanding denominated monetary items and adjusts their translation at the end of the period for a 10% change in the Sterling exchange rate. A positive number below indicates an increase in profit and other equity where Sterling weakens against the relevant currency. For a 10% strengthening of Sterling against the relevant currency, there would be an equal and opposite impact on profit, and the balances would be negative.

The sensitivities below are based on the exchange rates at the reporting date used to convert the assets or liabilities to Sterling.

	Profit and loss impact 2020 £'000	Profit and loss impact 2019 £'000
Euros	**517**	1,037
US Dollars	**1,783**	847
Swiss Francs	**172**	209
	2,472	**2,093**

If the exchange rate on uncovered exposures were to move significantly between the year end and the date of payment or receipt, there could be an impact on the Group's profit. As all financial assets and liabilities are short-term in nature, this risk is not considered to be material.

Cash flow hedges

The Group applies cash flow hedge accounting on foreign exchange forward contracts taken out by Moravia (since acquisition) to hedge its Czech Koruna expected future operating costs. Any changes in the fair value of these cash flow hedges have been recognised in a separate hedge reserve in equity and recycled to the statement of comprehensive income as these costs are settled.

During the year ended 30 September 2020, no ineffectiveness was recorded in the Group's statement of comprehensive income (2019: £Nil). All amounts recorded in the hedge reserve pertain to continuing hedging relationships as at 30 September 2020.

The Group's cash flow hedges, which take the form of forward foreign exchange contracts, in place at the year end are as follows:

	Assets 2020 £'000	Assets 2019 £'000	Liabilities 2020 £'000	Liabilities 2019 £'000
Forward foreign currency exchange contracts	225	-	103	824

Analysis of the Group's forward contracts' maturity	Assets 2020 £'000	Assets 2019 £'000	Liabilities 2020 £'000	Assets 2019 £'000
Up to three months	53	-	31	215
Three to six months	56	-	26	204
Six to 12 months	116	-	46	405
	225	-	103	824

As at 30 September 2020, forward contracts are in place for the purchase of 699.5 million Czech Koruna, at an average contracted price of 23.32 Czech Koruna.

Capital risk

The Group considers its capital to comprise its ordinary share capital, share premium, other reserves and accumulated retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders, through a combination of capital growth and distributions. The Group has historically considered equity funding as the most appropriate form of capital for the Group, but debt financing has been introduced where it was felt that the benefits exceed the risks and costs to equity shareholders of further equity financings.

At 30 September 2020, there was £66,515,000 (2019: £83,726,000) of external debt finance on the balance sheet. The Group is not subject to externally imposed capital requirements.

In addition, the Group held cash and cash equivalents at the year end of £51,380,000 (2019: £46,974,000).

Notes to the Consolidated Financial Statements (continued)

22. SHARE CAPITAL AND RESERVES

	2020 Number	2020 £'0000	2019 Number	2019 £'000
Authorised				
Ordinary shares of 1 pence each (2019: 1 pence)	**500,000,000**	**5,000**	500,000,000	5,000
Allotted, called up and fully paid				
At beginning of year	**273,695,907**	**2,737**	273,543,272	2,735
Issue of shares	**1,492,585**	**15**	152,635	2
At end of year	**275,188,492**	**2,752**	**273,695,907**	**2,737**

The increase in share capital was as a result of the exercise of 1,492,585 share options by a Group Director and a senior manager of the Group.

The nature and purpose of each reserve within equity is as follows:

- Share-based payment reserve is the credit arising on the share-based payment charges in relation to the Group's share option schemes.
- Foreign currency reserve is the cumulative gain or loss arising on retranslating the net assets of overseas operations into Sterling, except where the Group applies a net investment hedge.
- Hedge reserve is the fair value movement on the derivative contracts.
- Reverse acquisition reserve was created when RWS Holdings plc became the legal parent of Bybrook Limited. The substance of this combination was that Bybrook Limited acquired RWS Holdings plc.
- Retained earnings are the cumulative net gains and losses, including the capital reserve from the Parent Company balance sheet.

23. SHARE-BASED PAYMENTS

The Group recognised a charge of £1.1 million relating to share-based payments during the year to 30 September, as follows;

	2020			2019		
Date of grant	Equity-settled £'000	Cash-settled £'000	Total £'000	Equity-settled £'000	Cash-settled £'000	Total £'000
Save As You Earn (SAYE) scheme	**78**	**-**	**78**	51	-	51
Executive share option plan	**968**	**11**	**979**	260	-	260
	1,046	**11**	**1,057**	**311**	**-**	**311**

Summary of movements in awards	2013 Share option plan Number	Save As You Earn scheme Number	Executive share option plan Number	Weighted average exercise price (£)
Balance at 1 October 2018	1,797,855	-	-	1.292
Granted during the year	-	176,720	1,230,946	5.774
Lapsed during the year	-	(1,653)	-	4.130
Exercised during the year	(152,635)	-	-	1.292
Balance at 30 September 2019	1,645,220	175,067	1,230,946	3.358
Exercisable at 30 September 2019	1,645,220	-	-	1.292
Granted during the year	-	93,538	3,008,976	6.133
Lapsed during the year	-	(13,736)	(1,562,893)	6.094
Exercised during the year	(1,492,585)	-	-	1.292
Balance at 30 September 2020	**152,635**	**254,869**	**2,677,029**	**5.750**
Exercisable at 30 September 2020	**152,635**	**-**	**-**	**1.292**

The weighted average share price at the date of exercise of shares exercised during the year was 585.2 pence per share (2019: 604.0 pence).

The weighted average remaining contractual life of outstanding options at the end of the year was 8.2 years (2019: 4.8 years). The aggregate fair value of options granted in the year was £5.4 million (2019: £1.4 million).

2013 Share option plan

On 2 April 2013, the Company adopted a share option scheme for senior employees. Under the scheme, options to purchase ordinary shares are granted by the Board of Directors, subject to the exercise price of the option being not less than the market value at the grant date. The options vest after a period of three years for the approved scheme and two years for the unapproved scheme, and the vesting schedule is subject to predetermined overall company selection criteria. In the event that the option holder's employment is terminated, the option may not be exercised unless the Board of Directors so permits. The options expire eight years from the date of grant. These option grants are settled on exercise via the issue of new ordinary shares.

Date of grant	1 October 2020 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2020 Number	Exercise price pence	Exercise period
3 April 2013 (approved)	23,215	-	(23,215)	-	-	129.2	3 April 2016 to 3 April 2021
3 April 2013 (unapproved)	1,622,005	-	(1,469,370)	-	**152,635**	129.2	3 April 2015 to 3 April 2021
Total	**1,645,220**	**-**	**(1,492,585)**	**-**	**152,635**		

Notes to the Consolidated Financial Statements (continued)

Save As You Earn ("SAYE") scheme

On 19 February 2019, the Company announced a HMRC-approved SAYE scheme ("SAYE scheme") for all UK based employees. Under the terms of the SAYE scheme, the Board grants options to purchase ordinary shares in the Company to eligible employees who enter into the SAYE scheme for a term of three years. Options are granted at up to a 10% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the three-year term. These option grants are settled on exercise via the issue of new shares.

Date of grant	1 October 2019 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2020 Number	Exercise price pence	Exercise period
18 February 2019	175,067	-	-	(11,152)	**163,915**	413.0	1 April - 30 Sept 2022
12 February 2020	-	93,538	-	(2,584)	**90,954**	557.0	1 April - 30 Sept 2023
Total	**175,067**	**93,538**	**-**	**(13,736)**	**254,869**		

Executive share option plan ("ESOP")

On 13 May 2019, the Group announced a new Share Option Plan for executives and selected senior management. During the year the Board has approved the grant of options over 2,956,776 ordinary shares at an exercise price of 615 pence (being the closing mid-market price on 21 January 2020), representing approximately 1.08 per cent of the Company's issued share capital.

These options will normally vest on the third anniversary of the grant date subject to the rules of the plan, continued employment and achievement of performance conditions. The performance conditions applicable to the options are based on the Group achieving EPS targets, each option grant being split into three tranches, each subject to an EPS target for a reporting year, set annually in advance by RWS' Remuneration Committee.

Vested options are exercisable, however if exercised before the fifth anniversary of the grant date, participants are not permitted to sell the ordinary shares until the fifth anniversary of grant date. All options will lapse on the tenth anniversary of the grant date and are subject to defined malus and claw-back provisions.

These option grants are normally settled on exercise via the issue of new shares but some are cash settled. Equity and cash settled shares follow the same vesting conditions.

Date of grant	1 October 2019 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2020 Number	Exercise price pence	Exercise period
10 May 2019	1,230,946	-	-	(457,322)	**773,624**	601.0	10 May 2022 - 10 May 2029
22 January 2020	-	3,008,976	-	(1,105,571)	**1,903,405**	615.0	22 Jan 2023 - 22 Jan 2030
Total	**1,230,946**	**3,008,976**	**-**	**(1,562,893)**	**2,677,029**		

The fair value of the share options granted under the SAYE scheme and ESOP during the year were estimated using the Black-Scholes option pricing model. Cash settled options issued under the ESOP were valued at the reporting date while equity settled options under the SAYE scheme and ESOP were valued at grant date. The following table lists the range of assumptions applied to the options granted during the year. Equity settled option grants are settled on exercise via the issue of new shares.

	SAYE scheme	ESOP (equity settled)	ESOP (cash settled)
Weighted average share price at grant (pence)	605.0	611.2	611.2
Weighted average exercise price (pence)	557.0	615.0	615.0
Expected life of option (years)	3.0	5.0	4.3
Volatility (%)	34.00	38.10	39.38
Dividend yield (%)	1.50	1.50	1.50
Risk free interest rate (%)	0.48	0.42	(0.05)
Option value (£)	163.4	175.7	141.5

24. CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Cash at bank and in hand	**50,055**	26,628
Short-term deposits	**1,325**	20,346
	51,380	**46,974**

Short-term deposits have an original maturity of three months or less. The fair value of these assets supports their carrying value. There are no restrictions regarding the utilisation of the Group's cash resources.

Notes to the Consolidated Financial Statements (continued)

25. ACQUISITIONS

Iconic Translation Machines Ltd

On 9 June 2020, the Group acquired the entire issued share capital of Iconic Translation Machines Ltd (Iconic), for an initial consideration of US$10.0 million, with additional contingent consideration of up to US$10.0 million in RWS shares, subject to future performance, refer to Note 20. Based in Dublin, Ireland, Iconic specialises in developing best-in-class neural machine translation (NMT) solutions adapted for specific industries and blue-chip clients. The acquisition will provide RWS with the competitive advantage of leveraging language technology to improve on our already high-quality standards and service delivery, as well as strengthen our capabilities in service-offerings in the NMT sector.

The provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:	Provisional Fair values £'000
Net assets acquired:	
Property, plant and equipment	39
Client relationships	668
Software	812
Deferred tax liability	(185)
Trade and other receivables	358
Deferred tax asset	40
Cash and cash equivalents	328
Trade and other payables	(1,182)
Total identifiable net assets	**878**
Goodwill	8,204
Total consideration	**9,082**
Satisfied by:	
Cash	7,431
Contingent consideration	1,651
Cash flow:	
Cash consideration	7,431
Cash included in undertaking acquired	(328)
Net cash consideration in statement of cash flows	**7,103**

During the measurement period of 12 months post acquisition, the Group shall obtain all the information necessary to identify and measure the identifiable intangible assets and retrospectively adjust the provisional amounts recognised at the acquisition date.

Iconic contributed £0.4 million to the Group's revenue and £0.0 million to the Group's profit after tax for the period between the date of acquisition and the balance sheet date, excluding the impact of amortisation on acquired intangibles. If the acquisition had been completed on the first day of the financial year, Iconic would have contributed additional revenues of £0.9 million and profit after tax for the year of £0.3 million to the Group.

Acquisition costs of £0.3 million have been charged through the consolidated statement of comprehensive income. Trade and other receivables acquired of £0.4 million included no gross contractual amounts receivable. None of the goodwill recognised on the acquisition of Iconic is expected to be deductible for tax purposes.

Contingent consideration of up to US$10.0 million in RWS shares is payable after 28 months, subject to the achievement of pre-agreed revenue and EBITDA targets. All contingent consideration relating to the former owners, who are continuing as employees, has been recognised in the income statement.

Webdunia

On 9 June 2020, the Group acquired the localisation and software services business units of Webdunia.com (India) Private Limited ("Webdunia") as well as the technology solutions component of its affiliated Company, Diaspark Inc. The total cash consideration was US$21.0m. Webdunia is a leader in translation, localisation and technology services to technology and digital companies in the Indian and North American markets. The acquisition will be highly complementary to RWS's existing Moravia business, will strengthen our Indian-based translation and localisation market share, support our customers' growth aspirations in India, as well as complement our digital technology services.

The provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:	Provisional fair values £'000
Net assets acquired:	
Customer relationships	7,859
Software	177
Property, plant and equipment	298
Right-of-use asset	1,887
Trade and other receivables	2,264
Cash and cash equivalents	965
Trade and other payables	(767)
Lease liabilities	(1,911)
Provisions	(246)
Total identifiable net assets	**10,526**
Goodwill	6,309
Total consideration	**16,835**
Satisfied by:	
Cash	16,835
Cash flow:	
Total consideration	16,835
Cash included in undertaking acquired	(965)
Net cash consideration in statement of cash flows	**15,870**

During the measurement period of 12 months post acquisition, the Group shall obtain all the information necessary to identify and measure the identifiable intangible assets and retrospectively adjust the provisional amounts recognised at the acquisition date.

Webdunia contributed £2.8 million to the Group's revenue and £0.8 million to the Group's profit after tax for the period between the date of acquisition and the balance sheet date, excluding the impact of amortisation on acquired intangibles. If the acquisition had been completed on the first day of the financial year, Webdunia would have contributed additional revenues of £5.2 million and profit after tax for the year of £1.3 million to the Group.

Acquisition costs of £0.5 million have been charged through the consolidated statement of comprehensive income. Trade and other receivables acquired of £2.3 million included no gross contractual amounts receivable. None of the goodwill recognised on the acquisition of Webdunia is expected to be deductible for tax purposes.

Notes to the Consolidated Financial Statements (continued)

Acquisition of the prior year (20 January 2019)

Alpha Translations

On 17 January 2019, the Group acquired the entire issued share capital of Alpha Translations Canada Inc. ("Alpha") a leader in expert legal and financial translations, for a cash consideration of US$6.0 million. Based in Alberta, Canada, Alpha provides rapid delivery of high-quality legal and financial translations to multinational law firms and corporations, with a client base principally located in Germany. Clients include many of the world's top 100 law firms and Fortune 500 companies. The acquisition is highly complementary to RWS's existing Language Solutions business and strengthens its specialist legal and financial translation offering.

The fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:	Fair values £'000
Net assets acquired:	
Property, plant and equipment	29
Client relationships	1,051
Supplier database	649
Deferred tax liability	(450)
Trade and other receivables	346
Cash and cash equivalents	65
Trade and other payables	(519)
Total identifiable net assets	**1,171**
Goodwill	3,430
Total consideration	**4,601**
Satisfied by:	
Cash	4,601
Cash flow:	
Total consideration	4,601
Cash included in undertaking acquired	(65)
Net cash consideration in statement of cash flows	**4,536**

There were no changes to provisional fair values during the measurement period.

26. RELATED PARTY TRANSACTION

During the year, in the normal course of business, the Group provided translation services worth £207,000 (2019: £454,000) to subsidiaries of Learning Technologies Group plc (LTG), a company in which Andrew Brode, the Group's Chairman, has a significant interest. An amount of £58,000 (2019: £29,000) was due from LTG at the reporting date.

27. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no material capital commitments contracted for, but not provided for, in the financial statements (2019: £Nil).

In respect of overdraft facilities, the Company, together with certain subsidiary undertakings, has given to the Group's principal bankers cross-guarantees secured by fixed and floating charges over the assets of the Group. At the end of the year, liabilities covered by these guarantees amounted to £Nil (2019: £Nil).

The Group's US$120 million RCF, originally taken out with a syndicate of banks to part fund the acquisition of Moravia, is secured by guarantees provided by the Group's material subsidiary undertakings.

28. POST BALANCE SHEET EVENTS

On 27 August 2020, the Parent Company announced it had reached agreement with SDL plc ("SDL") for an all-share combination, pursuant to which RWS would acquire the entire issued and to be issued share capital of SDL by means of a court-sanctioned scheme of arrangement.

Subsequent to 30 September 2020, following the shareholders of both SDL and the Parent Company voting in favour of the proposed all-share combination, a court-sanctioned scheme of arrangement was effective on 4 November 2020. Accordingly, 113,338,511 new ordinary shares were issued by the Parent Company as full consideration to acquire 100% control of SDL.

Given the size, complexity and close proximity of this transformative acquisition to the date of approval of the financial statements it has not yet been possible to complete a purchase price allocation to determine provisional fair values. Therefore no fair values have been included in these financial statements and nor has the amount of applicable goodwill been determined.

No other significant events have occurred between the balance sheet date and the date of authorising these financial statements.

Parent Company Financial Statements

The following Parent Company financial statements are prepared under FRS 101 and relate to the Parent Company and not to the Group.

Parent Company Statement of Financial Position at 30 September 2020
Registered Company 03002645

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	7	92,982	83,451
		92,982	83,451
Current assets			
Debtors	8	190,666	213,960
Cash and cash equivalents		9,903	1,111
Derivative financial instruments	4	376	-
		200,945	215,071
Total assets		293,927	298,522
Creditors: amounts falling due within one year			
Loans	9	-	15,219
Trade and other payables	10	4,665	10,171
		4,665	25,390
Net current assets		196,280	189,681
Total assets less current liabilities		289,262	273,132
Creditors: amounts falling due after more than one year			
Loans	9	44,018	34,327
Deferred tax liabilities		18	32
Contingent consideration	7	1,651	-
		45,687	34,359
Net assets		243,575	238,773
Capital and reserves			
Called up share capital	11	2,752	2,737
Share premium account		53,634	51,757
Share based payment reserve		1,389	662
Capital reserve		2,030	2,030
Profit and loss account		183,770	181,587
Total shareholders' funds		243,575	238,773

		2020 £'000	2019 £'000
Statement of Comprehensive Income: Profit/(loss) after taxation		25,927	(1,659)

The financial statements on pages 108 to 116 were approved by the Board of Directors and authorised for issue on 9 December 2020 and were signed on its behalf by:

Andrew Brode
DIRECTOR

Parent Company Statement of Changes in Equity for the year ended 30 September 2020

	Called up share capital £'000	Share premium account £'000	Share based payment reserve £'000	Capital reserve £'000	Profit and loss account £'000	Shareholders' funds £'000
At 1 October 2018	2,735	51,549	384	2,030	204,413	261,111
Loss for the financial year	-	-	-	-	(1,659)	(1,659)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(1,659)**	**(1,659)**
Dividends paid	-	-	-	-	(21,200)	(21,200)
Issue of shares	2	208	-	-	-	210
Exercise of share options	-	-	(33)	-	33	-
Equity-settled share based payments	-	-	311	-	-	311
Balance at 30 September 2019	**2,737**	**51,757**	**662**	**2,030**	**181,587**	**238,773**
Profit for the financial year	-	-	-	-	25,927	25,927
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**25,927**	**25,927**
Dividends paid	-	-	-	-	(24,063)	(24,063)
Issue of shares	15	1,877	-	-	-	1,892
Exercise of share options	-	-	(319)	-	319	-
Equity-settled share based payments	-	-	1,046	-	-	1,046
Balance at 30 September 2020	**2,752**	**53,634**	**1,389**	**2,030**	**183,770**	**243,575**

Notes to the Parent Company Financial Statements

1. GENERAL INFORMATION

RWS Holdings plc is the holding company of a number of subsidiaries which provide patent translations, intellectual property support services, high-level technical and commercial translations, localisation and linguistic validation services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of RWS Holdings plc have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2, "Share-based payment" (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined)
- IFRS 7, "Financial Instruments: Disclosures"
- paragraphs 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- paragraph 38 of IAS 1, "Presentation of financial statements" comparative information requirements in respect of:
  - Paragraph 79(a) (iv) of IAS 1;
  - Paragraph 73(e) of IAS 16 "Property, plant and equipment"; and
  - Paragraph 118(e) of IAS 38 "Intangible assets" (reconciliations between the carrying amount at the beginning and end of the period).
- the following paragraphs of IAS 1, "Presentation of financial statements":
  - 10(d), (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information)
  - 111 (cash flow statement information); and,
  - 134-136 (capital management disclosures)
- IAS 7, "Statement of cash flows"
- paragraphs 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- paragraph 17 of IAS 24, "Related party disclosures" (key management compensation)
- the requirements in IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of a Group.

New accounting standards, amendment and interpretations

There were no new standards effective during the year that have a material impact to the preparation of these Parent Company financial statements.

Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing these financial statements, a range of scenarios have been prepared. The assumptions modelled include reasonable downside scenarios, as well as taking into consideration the potential impact of Covid-19 across the Parent Company and its subsidiaries (the "Group") over the period until March 2022.

The range of scenarios consider the impact of reductions to the Group's revenues and corresponding cash flows, with mitigating actions by management limited to equivalent reductions in the Group's controllable cost base. No significant structural changes to the business have been assumed in any of the scenarios modelled with all mitigating actions are wholly within management's control.

Subsequent to 30 September 2020, the Group's all-share acquisition of SDL plc completed and at the date of acquisition SDL had significant cash reserves and no outstanding debt, thereby further strengthening the Group's balance sheet and liquidity.

For the year ended 30 September 2020, the Group's revenue has been in line with the prior year. The Group's Life Sciences and Moravia divisions have seen revenue growth compared to the prior year, with revenues growing at a faster rate during the second half of the financial year, when Covid-19 restrictions were tighter than as at the date of authorising these financial statements. Revenues in the IP Services division have fallen 10% compared with the prior year, as set out on page 13 of the Strategic Report.

As at 30 September 2020, the Group's balance sheet reflects a net asset position of £408.8 million and the liquidity of the Group remains strong with £51.4m of cash reserves. During the year we refinanced our debt into a US$120 million revolving credit facility (RCF) with a maturity date of February 2024, which is extendable for a further year subject to lender consent. At year end US$31.1 million is undrawn, while the RCF also offers an accordion facility of US$80 million, subject to lender consent, however in all scenarios modelled the Group's liquidity requirements are within the US$120 million RCF.

At 30 September 2020, our net debt position excluding lease liabilities is £15.1m (see note 17 of the Group financial statements), and the Group's two debt covenants under its RCF being the ratio of Net Debt to trailing 12-month Adjusted EBITDA (as defined in the RCF agreement) and trailing 12-month EBITDA to Finance Charges (as defined in the RCF agreement) are 0.23:1 and 44.97:1, respectively. Both are well within the covenant limits permitted by the Group's RCF. The Group has assessed its forecast compliance with these covenants at 31 March 2021, 30 September 2021 and 31 March 2022 and concluded that even in the most severe but plausible scenario modelled, the Group will continue to comply with its covenants.

On the basis set out above, the Directors consider it appropriate to conclude that the Group has adequate resources to continue as a going concern for the foreseeable future and for a period of at least 12 months from the date of authorising these financial statements. Therefore, the Group continues to adopt the going concern basis for preparing its financial statements.

Derivative financial instruments and hedging activities

The Parent Company enters into foreign exchange forward contracts to hedge its GBP cash outflows. The Parent Company does not apply hedge accounting for these forward contracts which are mark-to-market at each reporting date with any changes in fair values recognised in the Parent Company's statement of comprehensive income.

Investments

Investments are stated at cost less any provision for impairment. Cost includes capital contributions arising from share options granted by the Parent Company to employees of its subsidiaries.

Pensions

Contributions to personal pension plans are charged to the statement of comprehensive income in the period in which they fall due and payable.

Dividends

Interim dividends are recorded when they are paid, and final dividends are recorded once they have been approved by the Parent Company's shareholders.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Share-based payments

The Parent Company provides benefits to certain employees (including certain Executive Directors), in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares in the form of share options (equity settled) or rights to cash in the form of cash options (cash-settled).

The equity-settled share-based transactions are measured as the fair value of the share option at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of these options can be seen in note 23 of the Group financial statements.

The fair value determined at the grant date of the share options is expensed on a straight-line basis over the vesting period, based on the Parent Company's estimate of share options that will vest. At each balance sheet date, the Parent Company revises its estimate of the number of options expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity reserves.

For cash-settled share-based transactions, an expense is recognised, with a corresponding increase in liabilities, over the period during which employees become entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the cash options. Any changes in the liability are recognised in the statement of comprehensive income in the period which they occur.

Where the share options are awarded to employees of subsidiaries, the amount of the charge is passed down to the subsidiary as a capital contribution, which increases the investment in that subsidiary.

3. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES IN APPLYING THE PARENT COMPANY'S ACCOUNTING POLICIES

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Notes to the Parent Company Financial Statements (continued)

These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. They are reviewed on an ongoing basis, but the future actual experience may vary materially from management's expectation.

No critical judgements were required to be made by the Directors in these financial statements.

Key sources of estimation uncertainty

No estimates and assumptions are considered to have a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the Parent Company financial statements.

4. DERIVATIVE FINANCIAL INSTRUMENTS

The Parent Company enters into forward foreign exchange contracts to mitigate its foreign exchange risk from foreign currency dividend payments received from its subsidiary undertakings. At 30 September 2020, there was a derivative asset of £0.4 million relating to outstanding forward foreign exchange contracts (2019: none).

5. OPERATING PROFIT

The Parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Parent Company profit after tax for the year ended 30 September 2020 under FRS 101 was £25.9 million (2019: £1.7 million loss).

Audit fees payable in relation to the audit of the financial statements of the Parent Company are £15,000 (2019: £15,000). Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services to the Parent Company itself are not disclosed in the individual financial statements of RWS Holdings plc. These are disclosed on a consolidated basis in note 5 of the Group's financial statements.

6. DIRECTORS AND EMPLOYEES

	2020 £'000	2019 £'000
Wages and salaries	**2,344**	2,193
Social security costs	**234**	230
Other pension costs	**60**	50
Share-based payment expense	**600**	175
	3,238	**2,648**

During the year, the Parent had seven (2019: seven) Directors, including four Non-Executive Directors and seven other employees (2019: five), providing services to the Group.

Two Directors (2019: two) received contributions to their personal pension schemes as did all seven (2019: five) of the additional employees. The 2019 figures have been adjusted to include all employees of the Parent Company.

Emoluments of the highest paid Director:	2020 £'000	2019 £'000
Aggregate emoluments	**550**	604
Pension costs - paid to the Director's personal pension scheme	**23**	17
Share-based payment expense	**339**	301
	912	**922**

Details of the Directors' remuneration and pension contributions are disclosed in the Directors' Remuneration Report on pages 52 to 55.

7. INVESTMENTS

	2020 £'000	2019 £'000
Cost and net book value at beginning of year	**83,451**	83,315
Increase in investments	**9,531**	136
Cost and net book value at end of year	**92,982**	83,451

The increase of £9.5 million in the year comprises the acquisition of Iconic Translation Machines Ltd. (£9.1 million), including estimated contingent consideration of £1.7m, and capital contributions of £0.4 million relating to share-based payments made by the Parent Company to employees of its subsidiary undertakings.

The prior year increase in investments of £0.1 million were capital contributions relating to share-based payments made by the Parent Company to employees of its subsidiary undertakings.

The Directors consider that the value of the Parent Company's fixed asset investments, which are listed below, is supported by their underlying profitability.

Subsidiary undertaking	Registered address	Nature of business
Alpha Translations Canada Inc.	Suite 216 636 King Street Spruce Grove Alberta Canada	Technical and legal translations
RWS Information US LLC (formerly Article One Partners LLC)	426 Industrial Avenue Suite 150, Williston VT 5495 USA	IP information searches
Corporate Translations Inc.	101 East River Drive East Hartford, Connecticut CT 06108 USA	Translation and linguistic validation
inovia LLC Lawyers' and Merchants' Translation Bureau Inc. RWS US Holding Co. Inc.	90 Broad Street Suite 402 New York NY 10004 USA	Patent translations Technical and legal translations Holding company
LUZ, Inc. RWS Life Sciences Inc.	555 Montgomery Street Suite 720 San Francisco CA 94111 USA	Translation and linguistic validation Translation and linguistic validation
RWS Group Deutschland GmbH	Joachimsthaler Str. 15 10719 Berlin Germany	Technical and legal translations
KK RWS Group	Jimbocho Kita Tokyu Building, 4F 3-1-16 Kanda-Misakicho, Chiyoda-ku, Tokyo, Japan, 101-0061	Patent, technical and legal translations
RWS Life Sciences International SA	Avenue Mon-Repos 14 1005 Lausanne Switzerland	Translation and linguistic validation
inovia Pty Holdings Limited	Suite 4 Level 12 45 Clarence Street Sydney NSW 2000 Australia	Patent filing
Beijing RWS Science & Technology Information Consultancy Co. Ltd	A601, Floor 6th, Building B-2, Northern Territory, Zhongguancun, Dongsheng Technology Park, No. 66 Xixiaokou Road, Haidian District, Beijing, China 100192	Patent, technical and legal translations

Notes to the Parent Company Financial Statements (continued)

Subsidiary undertaking	Registered address	Nature of business
Communicare Limited Corporate Translations UK Limited RWS Language Solutions Limited Japanese Language Services Limited Pharmaquest Limited RWS Group Limited RWS Information Limited RWS (Overseas) Limited RWS Translations Limited RWS UK Holding Co. Limited	Europa House, Chiltern Park Chiltern Hill, Chalfont St Peter Buckinghamshire SL9 9FG England	Technical and legal translations Translation and linguistic validation Technical and legal translations Technical and legal translations Technical and linguistic validation Holding company IP searches Holding company Patent translation and filing Holding company
Moravia US Holding Company, Inc.	223 E Thousand Oaks Blvd, Suite 202, Thousand Oaks CA 91360 USA	Holding company
Moravia US Intermediate Holding Company, LLC	223 E Thousand Oaks Blvd, Suite 202, Thousand Oaks CA 91360 USA	Holding company
Moravia IT, LLC	223 E Thousand Oaks Blvd, Suite 202, Thousand Oaks CA 91360 USA	Localisation services
Moravia IT s.r.o.*	Vinena 526/1, Trnita, 602 00 Brno, Czech Republic	Localisation services
Moravia IT (Nanjing) Co., Ltd	3F Hongxin Mansion, 98 Jianye Road Qinhuai District, Nanjing, 210004 Jiangsu, China	Localisation services
Moravia IT Hungary Kft.	Horvát utca 14-24, 1027 Budapest, Hungary	Localisation services
RWS Moravia Colombia S.A.S.	Carrera 43 A 1 50 Torre 2 of 864, Antioquia, Medellin, Colombia	Localisation services
Iconic Translation Machines Ltd	Invent Building, DCU Campus, Glasnevin, Dublin 9, Ireland	Machine translation
RWS Moravia India Private Limited, f.k.a. Webdunia.com (India) Private Limited	B-810, 8th Floor, BSEL Tech park, 39-5 & 39-5A, Sector - 30A, Vashi, Navi Mumbai - Thane 400 703, Maharashtra, India	Localisation and technology services
RWS Moravia (Thailand) Company Limited f.k.a Webdunia Thailand Co. Ltd	187/2/6 Chang Klan Road, Chang Klan, Muang Chiang Mai, 50100 Thailand	Localisation and technology services
Webdunia.com Technologies Inc.	515 Plainfield Avenue Suite 102, Edison, NJ - 08817, USA	Localisation and technology services

*Moravia IT s.r.o. also has branches operating in Argentina, Ireland, Japan and the United Kingdom.

All subsidiary undertakings, except RWS Group Limited and Iconic Translation Machines Ltd, are held indirectly.

All subsidiary undertakings are 100% owned.

8. DEBTORS

	2020 £'000	2019 £'000
Amounts owed by Group undertakings	**190,116**	213,728
Other debtors	**275**	78
Prepayments	**275**	154
Amounts due within one year	**190,666**	**213,960**

Included withing amounts owed by Group undertakings is an amount of £21.8 million (2019: £20.2 million) that is due after more than one year. The debtor incurs interest at a rate equivalent to the Parent Company's external debt facility and is repayable on 18 October 2027. All other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

9. LOAN

	2020 £'000	2019 £'000
Due in less than one year		
Loan	-	15,219
Due in more than one year		
Loan	**44,018**	34,327

On 10 February 2020, the Group entered into an Amendment and Restatement Agreement ("ARA") with its banking syndicate which amended its existing US$160 million term loan maturing on 18 October 2022 into a US$120 million Revolving Credit Facility ("RCF") maturing on 10 February 2024, with an option to extend maturity to 10 February 2025.

Under the terms of the ARA, the Group's interest margin over US LIBOR, is determined by the Group's net leverage. At signing, the Group's existing term loan debt was transferred across to the RCF. Commitment fees are payable on all committed, undrawn funds at 35% of the applicable interest margin. The ARA also contains a US$80 million uncommitted accordion facility.

This debt refinancing has been accounted for as a debt modification without extinguishment resulting in a debt modification gain being recognised in the Parent Company's statement of comprehensive income of £1.2 million. Refer to Note 6 for of the Group's financial statements for further details.

10. TRADE AND OTHER PAYABLES

	2020 £'000	2019 £'000
Trade creditors	**1,294**	311
Amounts owed to Group undertakings	**41**	8,831
Accruals	**3,330**	1,029
Amounts due within one year	**4,665**	**10,171**

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Parent Company Financial Statements (continued)

11. SHARE CAPITAL AND RESERVES

	2020 Number	2020 £'000	2019 Number	2019 £'000
Authorised				
Ordinary shares of 1 pence each (2019: 1 pence)	**500,000,000**	**5,000**	500,000,000	5,000
Allotted, called up and fully paid				
At beginning of year	**273,695,907**	**2,737**	273,543,272	2,735
Issue of shares	**1,492,585**	**15**	152,635	2
At end of year	**275,188,492**	**2,752**	**273,695,907**	**2,737**

The increase in share capital was as a result of the exercise of 1,492,585 share options by a Director of the Parent Company and a senior manager of a subsidiary undertaking.

Reserves

The nature and purpose of each reserve within equity is as follows:

> The balance on the capital reserve is an amount not distributable to shareholders and not transferred to the income statement.

> The share-based payment reserve is the credit arising from share-based payment charges in relation to the Group's share option schemes.

> The profit and loss account is the cumulative net gains and losses, arising from the Parent Company's profit or loss.

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

In respect of overdraft facilities, the Parent Company, together with certain subsidiary undertakings, has given to the Group's principal bankers cross-guarantees secured by fixed and floating charges over the assets of the Group. At the end of the year, liabilities covered by these guarantees amounted to £Nil (2019: £Nil).

The Group's RCF, to which the Parent Company is a borrower is secured by guarantees provided by the material subsidiaries of the Parent Company's subsidiary undertakings.

13. POST BALANCE SHEET EVENTS

On 27 August 2020, the Parent Company announced it had reached agreement with SDL plc ("SDL") for an all-share combination, pursuant to which RWS agreed to acquire the entire issued and to be issued share capital of SDL by means of a court-sanctioned scheme of arrangement.

Subsequent to 30 September 2020, following the shareholders of both SDL and the Parent Company voting in favour of the proposed all-share combination, a court-sanctioned scheme of arrangement was effective on 4 November 2020. Accordingly, 113,338,511 new ordinary shares were issued by the Parent Company as full consideration to acquire 100% control of SDL.

Given the size, complexity and close proximity of this transformative acquisition to the date of approval of the financial statements it has not yet been possible to complete a purchase price allocation to determine provisional fair values. Therefore no fair values have been included in these financial statements and nor has the amount of applicable goodwill been determined.

No other significant events have occurred between the balance sheet date and the date of authorising these financial statements.

Glossary

Adjusted earnings per share or Adjusted EPS - is stated before amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items, net of associated tax effects.

Adjusted net income – Adjusted net income is calculated as statutory profit for the year adjusted for the Group's amortisation on acquired intangibles, acquisition costs, share based payment expense and exceptional items.

Adjusted operating profit – is operating profit before charging amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items.

Adjusted profit before tax or Adjusted PBT – is stated before amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items.

CAGR – compound annual growth rate (CAGR) is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan.

Cash conversion - is free cash flow expressed as a percentage of adjusted net income. This is viewed by the Group as a key measure to understand how much of the Group's profits have been converted into cash flow available for dividends, debt repayments and acquisitions.

Clinical Outcomes Assessment (COA) - questionnaires used in Health Economic Outcome Research studies including Patient Reported Outcome Instruments (PRO), Clinician Reported Outcome Instruments (ClinRO), and Observer Reported Outcome Instruments (ObsRO).

EBITDA – is defined as the Group's profit before interest, tax, depreciation and amortisation.

Free cash flow – free cash flow is calculated as cash generated from operations, less proceeds from warranty claim, capital expenditure, debt service costs, and income taxes.

Linguistic validation (LV) – the process of investigating the reliability, conceptual equivalence, and content validity of translations of Clinical Outcomes Assessment measures.

Localisation – process of adapting a product or content to a specific locale or market. The aim of localisation is to give a product the look and feel of having been created specifically for a target market, no matter their language, culture, or location.

Underlying – excludes the impact of acquisitions and assumes constant currencies.

Shareholder Information

CORPORATE HEADQUARTERS AND REGISTERED OFFICE

Company No. 03002645

Europa House
Chiltern Park
Chiltern Hill
Chalfont St Peter
Buckinghamshire
SL9 9FG
United Kingdom

Tel: +44 (0) 1753 480200
Fax: +44 (0) 1753 480280

PUBLIC RELATIONS ADVISERS

MHP Communications
6 Agar Street
London WC2N 4HN

Tel: +44 (0) 20 3128 8100

NOMINATED ADVISER AND JOINT BROKER

Numis Securities Ltd
London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Tel: +44 (0) 20 7260 1000

JOINT BROKER

Berenberg
60 Threadneedle Street
London EC2R 8HP

Tel: +44 (0) 20 3207 7800

REGISTRARS

Link Market Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 087 1664 0300
from outside the UK: +44 (0) 371 664 0300
Email: enquiries@linkgroup.co.uk

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

SOLICITORS

CMS Cameron Mckenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF

PRINCIPAL BANKERS

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

RWS Holdings plc
ANNUAL REPORT 2020
Europa House
Chiltern Park
Chiltern Hill
Chalfont St Peter
Bucks
SL9 9FG
United Kingdom

Tel: +44 (0) 1753 480 200
Fax: +44 (0) 1753 480 280
Email: rws@rws.com

rws.com