RWS Holdings plc

ANNUAL REPORT

2023

RWS

Welcome to our 2023 Annual Report

RWS has made solid progress in delivering its strategy, particularly in respect of its growth initiatives, transformation programme, efficiency drive and the expansion of its portfolio, against the backdrop of a challenging market environment.

Our global scale and reach, diverse end markets and high levels of client retention and satisfaction allow us to navigate these impacts while maintaining dividends, returning excess capital to shareholders and continuing to invest in the business.

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Group Overview

The RWS Group comprises four operational divisions. Each division bears overall accountability and responsibility for revenue, profit, operations, research and development, as well as sales, marketing and client delivery.

OPERATING DIVISIONS	LANGUAGE SERVICES • Localisation solutions to multiple verticals • Includes data training, eLearning, video localisation and interpreting services		IP SERVICES • Patent translation, filing and renewals • Search, retrieval and monitoring services • Technical translations to clients in multiple end markets		REGULATED INDUSTRIES • Life Sciences • Financial Services • Legal Services • Highly specialised technical translations		LANGUAGE & CONTENT TECHNOLOGY • Linguistic AI – neural MT • Language technology – translation management and productivity • Content technology	
GROUP REVENUE SHARE	FY22: 46%	FY23: **45%**	FY22: 14%	FY23: **14%**	FY22: 23%	FY23: **22%**	FY22: 17%	FY23: **19%**
PRODUCTION PLATFORM	Language **eXperience** Delivery							
SUPPORT FUNCTIONS	Corporate Development • Finance • Human Resources • Information Technology • Legal & Professional Advisory							

Our Language eXperience Delivery ("LXD") platform supports three divisions. This unique production platform leverages the technological offerings of the fourth division, Language & Content Technology, to enhance operational efficiency and deliver solutions to clients. While the Language & Content Technology division offers clients a range of products, it also fulfils a pivotal role as a technical enabler for the LXD platform and the services divisions.

RWS'S FOUR DIVISIONS

Language Services

-4%

FY22 to FY23 revenue decline

The Language Services division offers localisation solutions tailored to clients at various stages of their globalisation journey. These solutions cater to a diverse array of industries, including automotive, chemical, consumer goods, retail, technology, travel and telecommunications. The portfolio covers translation, Artificial Intelligence ("AI") data training, eLearning, video localisation and interpreting services. Our clients typically sit within three distinct groups: Technology Enterprises (served by the Enterprise Internationalisation Group), Major Accounts and GoGlobal, which includes entry-level clients and businesses with less mature localisation models (the latter two are overseen by the Strategic Solutions Group). We frequently integrate our language and content technologies alongside our service offerings.

Language & Content Technology

+8%

FY22 to FY23 revenue growth

The Language & Content Technology ("L&CT") division offers clients a mix of translation technologies and content management platforms. These include Language Weaver®, a pioneering figure in machine translation ("MT"), and Trados®, a suite of solutions for translation productivity and management tools for enterprises, small and medium-sized organisations, as well as individuals. Tridion®, Fonto, Propylon and Contenta® comprise RWS's content management portfolio, which spans structured, web, legislative and technical content management solutions. These business units are led by general managers who hold responsibility for driving the revenue and expansion of their respective products.

Regulated Industries

-6%

FY22 to FY23 revenue decline

The Regulated Industries division delivers a range of services tailored to the life sciences, financial services and legal sectors. Our service offerings are primarily centred around highly specialised, technical translations, underpinned by a focus on quality and security. Clients include 19 out of the world's top 20 pharmaceutical companies, 9 of the leading 10 medical device companies, and 18 of the top 20 law firms.

IP Services

-2%

FY22 to FY23 revenue decline

The IP Services division is a global leader in offering patent-related solutions, from patent translations, filing and renewal solutions to Intellectual Property ("IP") search, retrieval and monitoring services. This division delivers technical translations tailored to the requirements of patent applicants, who come from a wide variety of end markets, and their legal representatives. Clients include 18 out of the world's top 20 patent filers.

SUPPORT FUNCTIONS

The Language eXperience Delivery platform provides a support function for our three services divisions. It capitalises on the Group's extensive scale, ongoing investments in proprietary technologies, encompassing Machine Translation ("MT"), Artificial Intelligence ("AI") and translation productivity tools, as well as its cultural expertise. The framework also gives clients access to the world's largest linguistic network, which includes over 1,750 in-house translators and in excess of 35,000 freelance specialists. The LXD's linguistic and technical expertise serves as the bedrock for offering uninterrupted services 24/7/365 to clients in over 106 countries.

Our support functions provide a range of shared services, playing a pivotal role in supporting our four divisions and facilitating the integration of acquisitions while furthering margin development. These functions include Corporate Development, Finance, Human Resources, Information Technology and Legal and Company Secretarial services.

Performance and Financial Highlights

2.85 billion
Words processed in FY23 by our Language eXperience Delivery platform

548
Language pairs

7,910
FTE employees at 30 September 2023

47
AI-related patents

1,750+
In-house language specialists

+42
Client NPS Score

35,000+
Freelance linguists

8,000+
Number of clients

189
Countries our in-house and network of linguists are located across

106
Countries our clients are located across

OUR GEOGRAPHICAL REACH

67 offices across **33** countries

*Office in South Africa from October 2023

REVENUE
£733.8m
-2% (-6% OCC[1])
2022: £749.2m

PROFIT BEFORE TAX
£(10.9)m
-113%
2022: £83.2m

CASH
£76.2m
-25%
2022: £101.2m

BASIC EPS
(7.1)p
-144%
2022: 16.1p

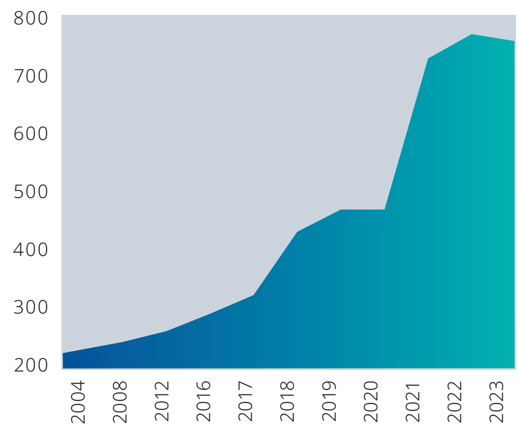
ADJUSTED EPS[2]
23.3p
-12%
2022: 26.6p

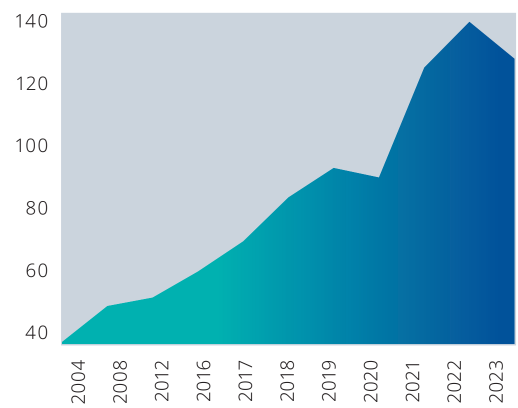
ADJUSTED PBT[2]
£120.1m
-11%
2022: £135.7m

PROPOSED FINAL DIVIDEND
9.8p
+3%
2022: 9.5p

NET CASH[3]
£23.6m
-67%
2022: £71.9m

NET (DEBT)/ CASH INCLUDING LEASE LIABILITIES
£(9.9)m
2022: £25.2m

ANNUAL REVENUE (£M)


ANNUAL ADJUSTED PBT (£M)


1 Excluding the impact of acquisitions and assumes constant currency.
2 Adjusted profit before tax or Adjusted PBT – is stated before amortisation and impairment of acquired intangibles, acquisition costs, share-based payment expense and exceptional items (refer to page 164). Adjusted earnings per share adjusts for amortisation and impairment of acquired intangibles, share-based payment expense, acquisition costs and exceptional items, net of associated tax effects. See Alternative Performance Measures on page 164.
3 Comprises loans less cash and cash equivalents excluding lease liabilities (refer to Note 16).

Chairman's Statement

RWS continued to implement its medium-term strategy during FY23, pivoting successfully into higher growth segments, making progress in its transformation programme and building on its longstanding capability to further deploy AI into its products and operations. The Group operates in attractive markets with a combined global size estimated at more than £47bn[1] and a strong set of demand drivers. RWS's specialist knowledge and experience across all aspects of the content life cycle enable the Group to meet a broad range of client needs in multiple end markets. The Group's scale, reputation and highly diversified client base have helped it to maintain leading positions in a range of highly fragmented markets.

[1] Sources: OC&C, Slator, CSA, WIPO, EPO, Companies House (2021)

PERFORMANCE

The Group delivered £733.8m of revenue for the year, a decline of approximately 2% compared with the prior year (FY22: £749.2m). This reflected a continuing challenging economic environment, which resulted in reduced activity in a number of our end markets. While we have taken action to ensure that our cost base matches current levels of activity, we remain confident that activity levels will recover in due course. RWS continued to demonstrate considerable resilience, highlighting the defensive qualities of a business that is well-diversified across end markets, geographies and the solutions that it provides.

The Group recorded a loss before tax of £10.9m (FY22: profit of £83.2m), largely due to impairment charges of £62.4m. Adjusted profit before tax declined to £120.1m (FY22: £135.7m), reflecting reduced revenues and planned investments in growth and transformation. These have been partly mitigated by client price increases, foreign exchange gains of £13.0m from the Group's hedging programme and effective cost control, in particular the implementation of significant cost actions announced at the half year and the further migration of translation volumes through the Language eXperience Delivery ("LXD"), our production platform.

The Group continues to have a strong balance sheet, with net assets of £987.3m (FY22: £1,141.7m) at 30 September 2023 which included net cash of £23.6m (FY22: £71.9m). The reduction in net assets reflects impairment charges of £62.4m and decreasing foreign currency denominated net assets by £60.3m, mainly due to the weakening US Dollar.

PEOPLE AND BOARD

At 30 September 2023 RWS employed 7,910 full-time equivalents across 67 locations in 33 countries (FY22: 7,761). Our agile working policy facilitated a mix of regular face-to-face contact to support effective collaboration with the advantage of the benefits of technology in delivering time and energy savings from a reduction in commuting. With cost-of-living concerns in many of our locations, the Group's positive approach to flexible working has been appreciated by colleagues across the world. We continued to consider the viability of some of our locations and were able to further reduce the number of offices by c.7%, with associated savings in property and related costs.

Julie Southern

Against a difficult macroeconomic environment background, it has been a challenging year for the Group and I would like to recognise, on behalf of the Board, the significant efforts by all our teams across the world in continuing to deliver high quality services and products to our clients. During the year the Group continued to support those colleagues impacted by the ongoing conflict in Ukraine. In February, following the earthquake in Türkiye and Syria, we immediately provided additional support to our home-based team members and their families in Türkiye. The RWS Foundation made donations of £13,000 to the humanitarian appeal and colleague donations raised more than £7,500. After the year end, in light of the conflict in the Middle East, we moved quickly to provide additional support for colleagues in our Lebanon office.

Candida Davies was appointed the Group's Chief Financial Officer and joined the Board at the start of the financial year on 3 October 2022. She brings deep expertise in finance, strategy and business transformation and a wealth of international experience in executing and integrating significant corporate transactions. In order to ensure a smooth handover of responsibilities, Candida worked closely with Rod Day, who continued as a member of the Board and as Deputy Chief Financial Officer until 31 December 2022 when, as planned, he left the Group. I would like to thank Rod for the significant contribution he made during his year with the Group.

On 3 October 2022 Jane Hyde joined the Executive Team as General Counsel and Company Secretary, taking overall responsibility for the Group's legal, governance and risk functions. She has an outstanding record in advising public companies and has held a mix of private practice and in-house general counsel roles alongside commercial and compliance roles in international organisations, including De La Rue plc, JPMorgan Cazenove and Nomura International. The Group's legal team now reports directly to Jane. She also leads the company secretarial and risk management activities for the Group.

On 2 October 2023, Andrew Brode stepped down as Chairman. Andrew has been fundamental to RWS's success since leading a buyout in 1995 and has overseen a series of significant milestones, from listing the Group on AIM in 2003 to overseeing significant growth in revenues and profits, driven both by the underlying business and a series of acquisitions. I would like to thank Andrew for his dedication to the Group, without which we would not have achieved our market-leading position. The Board, and everyone at RWS, owes Andrew a huge debt of gratitude for his contribution over many years and we look forward to continuing to benefit from his wise counsel as a Non-executive Director.

SUSTAINABILITY AND ESG

RWS remains fully committed to achieving the highest standards in Environmental, Social and Governance ("ESG") in its business activities and interactions with stakeholders. We made further progress during the year towards becoming a truly sustainable business and for the second year we have published a separate ESG report, which sets out our progress in detail. The report is available to download from the Group's website www.rws.com/about/corporate-sustainability/. We provide a summary of our sustainability activities and SASB disclosure on pages 25-38 and an update on our progress in adopting the Task force on Climate-related Financial Disclosures ("TCFD") on pages 48-59.

DIVIDEND

The Group continues to deliver its progressive dividend policy and this marks the 20th year in succession that we have increased the dividend. The Group remains highly cash generative and notwithstanding our share repurchase and investment programmes, both of which will last into FY24, we will continue to deliver high levels of cash conversion.

The Board therefore recommends a final dividend of 9.8p per share. Together with the interim dividend of 2.4p per share, this will result in a total dividend of 12.2p for the year, an increase of 4% compared with FY22. Subject to final approval at the AGM, the final dividend will be paid on 23 February 2024 to shareholders on the register at 26 January 2024.

SUMMARY

The Group has continued to make solid progress in delivering its medium-term strategy, particularly in relation to its growth initiatives, transformation programmes and portfolio expansion. This progress has helped to mitigate some of the effects of a challenging market environment, which has dampened demand and increased price pressure in some of our end verticals in the last 12 months.

We are well-positioned to take advantage of developments in AI and technology and the long-term drivers of demand for our products and services are clear. We are leaders in the majority of markets that we serve and are confident of the opportunities for growth. The Group remains highly cash generative and has a strong balance sheet.

With our global reach, diverse set of end markets and high levels of client retention and satisfaction, I am confident in the Group's long-term prospects. I would like to thank Andrew for his support during my first 18 months with RWS and I look forward to working with him and the rest of the Board as we continue to deliver on our strategy.

Julie Southern | CHAIRMAN

11 December 2023

Market Overview

RWS's AI-enabled products and services address a market estimated at £47bn. Below is a breakdown of the large end markets we serve, alongside the estimated market size for each.

LANGUAGE SERVICES – CORE LOCALISATION

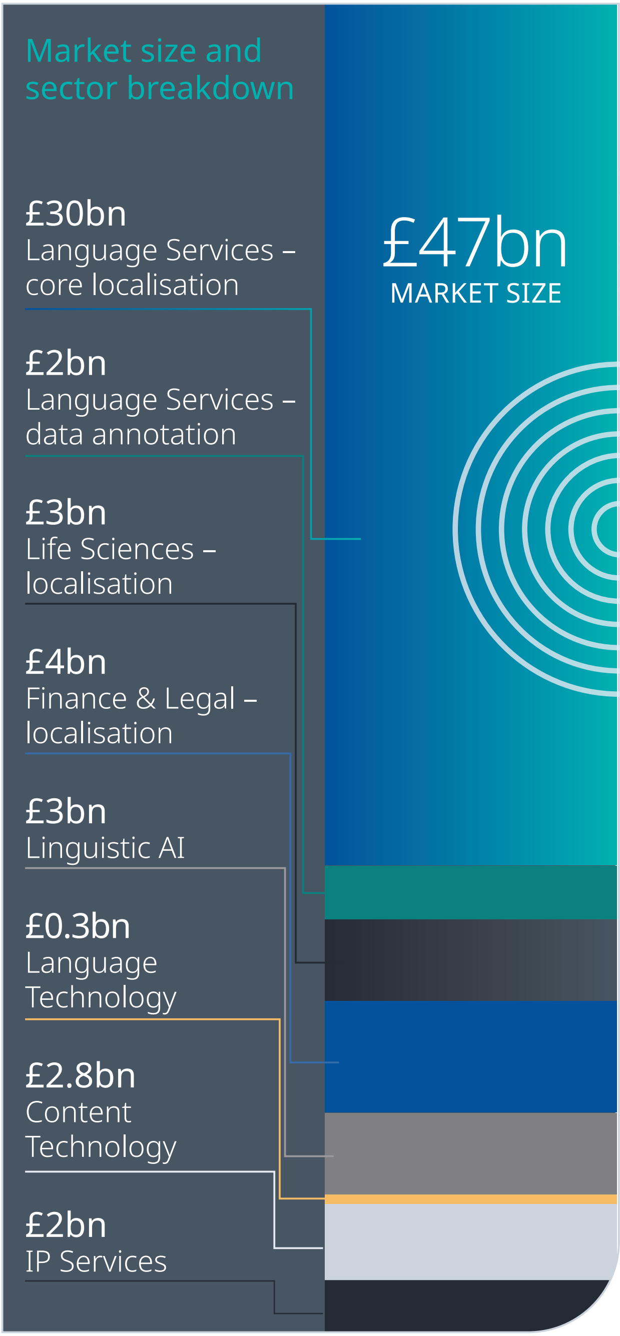
Organisations seeking to engage and establish communication channels with both internal and external audiences, across diverse geographic regions and languages, find themselves in need of the linguistic and cultural expertise offered by a language services provider.

The core localisation services market (excluding segments related to Life Sciences, Finance and Legal) was estimated in 2021 at approximately £30 billion. Growth in this market is driven by escalating volumes of content and enterprises aiming to broaden their international presence. Notably, this market exhibits significant fragmentation. Nevertheless, RWS is one of largest contributors in terms of revenue within this landscape.

LANGUAGE SERVICES – DATA ANNOTATION

Data annotation predominantly involves human experts labelling data in diverse formats, encompassing videos, images and textual content. This process empowers machines and applications, driven by Artificial Intelligence ("AI"), to comprehend and effectively process the information. Enterprises embarking on the journey of building AI applications need an extensive network of individuals proficient in various languages and spanning multiple geographical regions. This network ensures that data is accurately, precisely and consistently labelled.

The market scope for AI data training and annotation services stood at approximately £2 billion in 2021, with the sector poised for strong growth over the short to medium-term. With the expanding comprehension of AI capabilities, the demand for data training is anticipated to surge across a broader spectrum of industries, including but not limited to healthcare, finance, automotive and the public sector.



Source: 2021 analysis by OC&C, based on research from Slator, CSA, EPO and Companies House.

LIFE SCIENCES – LOCALISATION

The Life Sciences sector encompasses a wide array of businesses, including pharmaceutical companies, clinical research organisations and medical device firms. Each of these entities carries distinct and specific demands for translation and linguistic proficiency, largely influenced by regulatory prerequisites. In addition, these industries are actively embracing digital strategies to augment their operations.

The localisation market for the Life Sciences industry is expected to experience strong growth, with its current market size at £3 billion, although this has been tempered in the last 12 months by the impact of new legislation in the United States, such as the Inflation Reduction Act, and bottlenecks in the US and European regulatory approvals process.

FINANCIAL AND LEGAL – LOCALISATION

Financial institutions and legal firms require language services and content technology to facilitate a range of activities, from secure communications and digital marketing to regulatory submissions, eDiscovery and content intelligence.

The market for localisation services within the financial and legal sectors is estimated at £4 billion in 2021, as per OC&C's research. Growth in this market is driven by demand for cross-border Mergers and Acquisitions, the international expansion initiatives of customers and the requirement for financial organisations to ensure compliance with PRIIPS regulations. These well-established catalysts have been joined in recent times by the escalating need for content that supports sustainability programmes.

LINGUISTIC AI

Linguistic AI and machine translation ("MT") technology empowers organisations, regardless of their size, to translate large content volumes securely, efficiently and in a cost-effective manner. Recent advancements in MT technology have significantly enhanced translation quality, while also expanding the number of diverse language combinations.

The market for Linguistic AI was estimated at £3 billion in 2021, with future growth projections bolstered by mounting client confidence in MT solutions, stemming from the ongoing refinement of engine accuracy and greater use of AI.

LANGUAGE TECHNOLOGY

Enterprises and translators, spanning both freelance and in-house linguists, commonly engage with a range of language technology tools. These include translation management systems, collaboration platforms and computer-assisted translation tools. These enablers serve as the backbone for localisation teams who often liaise with multiple stakeholders, ensuring the efficient creation, management and delivery of content tailored for global audiences.

The collective addressable market for Language Technology was estimated at £300 million, according to OC&C analysis.

CONTENT TECHNOLOGY

Enterprises are seeking strategies to better manage their disparate content management systems and achieve a single source of truth across their content ecosystem. Storing content in a structured format allows content to be centrally managed and used multiple times across any device and channel, including web, intranet, technical documentation and virtual reality. According to OC&C's 2021 estimations, the addressable market for content management sits at £2.8 billion.

IP SERVICES

Enterprises wishing to monetise and safeguard their innovations and intellectual property need to collaborate with a partner who understands all facets of the patent process. This typically includes patent translation, patent filing, renewal activities and in-depth IP research. The potential market for RWS's IP Services was estimated at approximately £2 billion in 2021, according to OC&C's 2021 assessments, encompassing an anticipated £0.8-1.0 billion from renewal activities.

Strategy and Growth Model

The Group has made encouraging progress in the delivery of its medium-term strategy, notwithstanding the increasingly challenging macroeconomic backdrop of the past 12 months. RWS remains committed to building a long-term sustainable business, delivering both financial and social value.

The Group's five-year plan is centred on growing organically through:

- Accelerating penetration into existing high growth segments
- Pivoting into adjacent high growth segments
- Growing share of wallet through expanding our service range
- Winning more clients; and
- Re-affirming our technology product leadership

We have continued to invest to deliver the sector's most efficient production platform, Language eXperience Delivery (LXD), which is allowing us to offer the best blend of people and technology to meet evolving client needs, irrespective of content type, quality requirement or urgency. Fully optimised and increasingly AI-enabled, the LXD offers significant operational leverage potential.

The focus on new sources of organic growth is accompanied by a disciplined M&A programme to selectively acquire complementary businesses which enhance our organic growth profile, deliver above-industry average margins and align with our strategic priorities to add:

- Localisation assets with attractive end market exposure
- New capabilities in AI technology and technology-enabled language services
- Assets that broaden our natural language processing or content management capabilities; and
- Data annotation solutions

Our acquisitions of Propylon (July 2023) and ST Communications (shortly after the year end) were in line with our M&A strategy, gaining access to a significant new segment in content management and establishing an important base for localisation in Africa respectively.

In delivering this strategy, we are united by our purpose - unlocking global understanding - and we are guided by our values which shape how we think, act and behave with all our stakeholders – we partner; we pioneer; we progress; and we deliver.

RWS VALUES

WE PARTNER

We play as one team – with colleagues, clients and partners

WE PIONEER

We shape the future – combining the best of people and technology

WE PROGRESS

We choose to be positive – using every experience to grow

WE DELIVER

We keep our promises – to clients, colleagues and communities

RWS DEMAND DRIVERS

Our strategy is underpinned by five fundamental drivers of demand for our products and services. These drivers vary in emphasis across the markets in which we operate, but each one contributes to one or more of the four core client needs that we meet.

EXPLOSION OF DATA / CONTENT

90% of the world's data was generated in the two years alone[1]

INCREASING ESG / REGULATORY REQUIREMENTS

>3k rules/ regulations added annually to US Federal Register since 1993[2]

CONTINUED INNOVATION

Capex investment surged 13% in 2021 and is forecast to continue growing to 2030[3]

GROWTH IN AI / AUTOMATION

AI to contribute $15tr (14%) of global GDP by 2030[4]

CHANGING GLOBALISATION MARKET

Value of global trade expected to grow 70% from 2020 to $29.7tn in 2030[5]

Sources: [1] Statista; [2] Office of the Federal Register; [3] SP Global Intelligence; [4] PWC; [5] Standard Chartered

RWS has a deep, wide and flexible range of solutions which meet these needs, using our unique combination of people and proprietary language and content technologies. We support our clients to create, collect, transform, analyse, launch and manage content. From localised marketing and eLearning solutions, to linguistic validation and content intelligence, RWS helps clients to grow by ensuring they are understood anywhere, in any language.

Strategy and Growth Model (continued)

FOUR CORE CLIENT NEEDS

	EMOTION	BEHAVIOUR	REGULATION	DATA
CUSTOMER OUTCOMES	Acquiring and Retaining Customers	Delivering User Experiences	Maintaining Compliance	Access to Insights
RWS SOLUTIONS	• Localisation Marketing • Localisation Branding	• Localised UI / Guides • eLearning • Colleague Portals	• Localised Regulatory Filings • Patent Filing and Translation • Linguistic Validation	• Content Intelligence • Data Annotation • Content Management
ENABLED BY	Unique combination of proprietary technologies and human expertise			

THE RWS GROWTH MODEL

Our growth model is focused on five key areas. As a trusted partner, our clients rely on us to keep our promises and deliver tailored support that meets a broad range of needs. Our improving Net Promoter Score ("NPS") score of +42 at 30 September 2023 on a twelve-month rolling basis (FY22: +41) and high level of client retention are testament to the enduring strength of our partnerships with clients and allows us to build long-term client relationships.

Deepening our cultural and technical expertise is an important enabler of our growth. The value of our linguistic expertise is enhanced by our deep understanding of client industries and local cultures and is complemented by our expertise in content, our rich data networks and talented people.

We know that deploying our unique technology and AI will continue to be essential for our clients, and for RWS, in successfully managing the explosion of content that a more AI-driven world is driving. Our capabilities are underpinned by our pioneering AI-powered machine translation ("MT") solution Language Weaver®, and market-leading translation management and productivity tools such as Trados®, and our Tridion®, Fonto and Propylon content management technologies.

A persistent focus on developing our portfolio of services has created the resilient and diverse company that RWS is today. As a well-run business with a strong balance sheet, we will continue to develop our own technologies, products and services and to enhance our capabilities through strategic acquisitions and partnerships.

We are able to leverage our global reach and scale, through nuanced cultural insight at a local level; delivering work smartly for our clients – offering 24/7 delivery through a blend of human expertise and technology; and building economies of scale to work more cost-effectively and profitably.

We believe that the RWS Growth Model differentiates us in the marketplace and underpins our compelling investment proposition.

RWS Growth Model

Building long-term client relationships

1

- We offer a broad range of technology and AI-enabled services and software products to many of the world's largest organisations.
- We have deep specialist sector expertise in multiple verticals including, automotive, chemical, consumer, retail, financial, government, legal, medical, pharmaceutical, technology and telecommunications.
- Our client base is well-diversified by geography and sector, spanning Europe, Asia Pacific, North and South America and Africa.
- We support clients through dedicated sector account management teams and enjoy high average levels of tenure – 17 years for our Top 30 clients.

Deepening our cultural and technical expertise

2

- We offer true global coverage, with a presence in more than 30 countries.
- We have the largest linguist network in the sector, with more than 1,750 in-house linguists, complemented by access to more than 35,000 freelance experts in 189 countries.
- We support more than 548 language pairs.
- We are rich in data – with our translation memories and termbases across multiple markets increasingly valuable.
- We invest in future linguistic and technical talent via the RWS Campus programme.

Deploying our unique technology and AI

3

- We are MT pioneers via our AI-based Language Weaver product and our neural MT research team is accredited with 47 patents.
- Through Trados we offer a range of market-leading, cloud-oriented translation management and productivity tools, with functionality that now allows clients to make use of LLMs in a secure way within the tool.
- Our content management technologies – Tridion, Fonto, Propylon and Contenta - are used by some of the world's largest companies to better reach their audiences and make optimal use of their content.
- Our software product suite is sold both separately and alongside our service solutions, as well as supporting our internal efficiency and effectiveness.
- We continue to shift towards a higher proportion of SaaS revenues in our technology products to enhance recurring revenues and quality of earnings.

Developing our portfolio

4

- Our strong cash generation enables us to invest in service and technical development.
- We are well-diversified, and strongly positioned to take advantage of:
  - Ongoing growth in the technology, life sciences, and other end markets, with greater emphasis on higher growth segments such as data services (via our TrainAI product) and linguistic validation.
  - The explosion in data and content that is driving increased outsourcing of localisation, language and intellectual property services by multinationals to well-reputed partners of scale.
  - Continued innovation as our clients actively seek our support in launching and supporting new products and services.
  - The trend towards globalisation, which brings greater demand for digital content and language services.
  - Growth in AI, with clients looking to RWS to help them access the benefits of AI and navigate its potential risks.
- We continue to take advantage of opportunities to enhance our offering to clients, gain market share and consolidate fragmented service provision through adding to our strong track record of value-accretive acquisitions.

Leveraging our global scale and reach

5

- Our unique production platform, Language eXperience Delivery ("LXD"), provides 24/7 coverage via a blend of human expertise and technology.
- Our solutions can meet any mix of quality, speed and value required by our clients.
- The LXD platform delivers operational leverage, with potential for sustained efficiency and margin improvement.
- We are investing to establish effective and lean shared services which will support our four operating divisions and facilitate further organic growth, the integration of acquisitions and continued margin development.

Chief Executive Officer's Review

We have made steady progress with our medium-term strategy against a backdrop of ongoing global uncertainty. We are delivering incremental revenue from our growth initiatives, winning new logos and achieving more efficient delivery of services through our Language eXperience Delivery platform. This progress has partially mitigated the impact of a challenging market environment which has led to reduced activity in several end markets.

Our clients come first and we are proud to continue to have high retention rates and see further improvements to our Net Promoter Score. As we look ahead to the coming year and beyond, we will continue to invest in our AI-powered products and services and help guide clients through their own AI journey.

84
Top 100 global brands

Ian El-Mokadem

PROGRESS IN RELATION TO OUR MEDIUM-TERM STRATEGY

In 2022 we launched a new Group strategy and plan for the next phase of the Group's development. Eighteen months later our strategy remains robust and valid and the Group continues to make solid progress.

We continue to be confident in the structural drivers of demand for our products and services and the strength of the solutions that we provide. This is demonstrated by the encouraging number of new business wins in the period across all divisions, high levels of retention and satisfaction across our existing client base and the positive outcomes from several tender processes involving our largest enterprise clients.

Our growth initiatives, including Linguistic Validation and eLearning, have continued to build well and our data services proposition, TrainAI, was well received when it launched in February, with some encouraging client wins in the early part of the second half. This progress has helped to mitigate some of the effects of a challenging environment which has resulted in reduced activity in a number of our end markets.

The actions we took throughout the year to improve efficiency and maintain profitability have helped to protect margin – particularly the cost actions that we announced at our interim results. We saw some progress in pricing (particularly within our Language and Content Technology division), our transformation programmes and expanding our portfolio.

In July we completed the acquisition of Propylon Holdings Limited ("Propylon") a content management technology business headquartered in Dublin, Ireland. Propylon's component content management system is used by governments, standards bodies, legal publishers and regulated firms to address the complexities involved with drafting, managing, publishing and updating legal and legislative content. Shortly after the end of FY23 we announced the acquisition of ST Communications, a long-term language partner of RWS, which has given us a presence in Africa and access to significant expertise in more than 40 African languages. Integration of both businesses has started well and is proceeding to plan.

Our strategy identified technology and AI as being critical to our future and the explosion in generative AI and Large Language Models ("LLMs") has reinforced that view. Our longstanding AI capabilities date back to 2003, and ever since we have been pioneering in neural machine translation, AI data services and AI-functionality in our Tridion and Trados products. Our continued investments and the rapid development in AI and LLMs place us in a strong position to benefit internally from AI and create clear growth opportunities for the Group.

18 clients on Fortune's top 20 'Most Admired Companies' list

19 out of the globe's top 20 pharmaceutical companies

9 out of the globe's top 10 medical device companies

7 out of the globe's top 10 contract research organisations

9 out of the globe's top 10 investment banks

10 out of the globe's top 10 asset management companies

18 out of the globe's top 20 law firms

18 out of the top 20 patent filers

During the year we invested in improving our sales effectiveness. Following a successful pilot within IP Services we extended the programme to other divisions, with a focus on implementing more rigorous processes around sales activity and accountability. We also reviewed and sharpened our approach to account management, introducing a single Group-wide approach to account planning and development. This will support our cross-selling efforts as we look to provide more of our solutions to our largest clients.

In line with our medium-term strategy we continue to invest in our transformation. In January we successfully migrated to a single collaboration platform, giving the Group an enhanced ability to communicate and work together more effectively. We have also made progress in HR and Finance transformation, with the first phase of our new HR platform having gone live in early December 2023. Shortly after the end of the year we implemented the first phase of the new finance operating model, including shared service centres in Brno (Czechia), Bangalore (India) and Shenzhen (China).

Chief Executive Officer's Review (continued)

The transformation of our IP Services division has also progressed well. The division's translation operations team became part of the Language eXperience Delivery ("LXD") platform and shortly after the year end the LXD started to process IP Services content. We have also consolidated our vendor data and contracts, generating savings for the Group.

AI AT RWS

At RWS, we have been AI pioneers for many years. Since first launching statistical machine translation in 2003 and later developing one of the world's most advanced neural machine translation platforms, our expert linguists and elite scientists have continued to redefine the limits of machine translation. Since 2016, we've been a trusted data training and services partner to the world's leading tech companies on their AI development, providing the linguistic expertise, cultural insight and quality data that power their success. Whether clients are exploring, building or using AI, we have AI solutions and AI-enabled products to support them on their AI journey.

Our strategy recognises the role of AI and technology in driving growth and efficiency – both for our clients and for our internal deployment.

Our LXD platform, which provides clients with access to more than 1,750 in-house language specialists and more than 35,000 freelancers, relies on our AI-powered technologies, including Language Weaver and Trados, to deliver further improvements in our services. Almost two-thirds of all words translated by the LXD are translated first by Language Weaver, our AI-powered neural machine translation platform.

	EXPLORING AI	BUILDING AI	USING AI
PRODUCTS & SOLUTIONS	**Tech Services** Choose the right AI strategies and tools	**Train AI** Train your AI with dependable, responsible data **Language Weaver** Build a secure linguistic AI platform, tailored for your business	**Language Weaver** Understand content in any language, instantly **Trados** Deliver translation projects smarter and faster **Structured content management** Author, manage, collaborate, publish
INTERNAL DEVELOPMENT			**Language eXperience delivery (LXD)** Extend use of AI beyond machine translation and content analysis; improve productivity & automation

PEOPLE, CULTURE AND ORGANISATION

RWS remains a great place to work and we are proud to have nurtured an inclusive and diverse environment where everyone has the opportunity to be their best and be part of a global team.

In a challenging environment, a clear focus is more important than ever and the business has adopted the acronym EDGE to ensure that all colleagues are clear about the Group's priorities. EDGE stands for Efficient Delivery, Growth and Engagement. Our cadence of communications provides context, rationale and examples that bring each of these three components to life, from our CEO-led communications and our monthly company newsletter, to updates about our transformation programmes and via the regular town hall events that take place across divisions and functions.

A major part of developing our culture and fostering an inclusive environment is our annual Group-wide Engagement Survey. This year marked the third year in which we have asked all colleagues for insight into their experience at RWS, looking at what's working well and what can be improved with regard to collaboration, engagement, inclusion, growth and development, leadership and living the Group's values. This year's survey achieved a response rate of 84% (FY22: 85%) and a 61% (FY22: 69%) favourable colleague engagement score. We fully recognise that the external challenges we experienced in FY23 and the difficult decisions we had to take in response have impacted our overall colleague engagement score. However we have confidence that we can make positive progress in the year ahead. Encouragingly our highest scoring area was Trust and Respect (83% favourable), alongside our diverse culture, relationships with managers and corporate sustainability. In parallel, I am pleased to report a further improvement in our voluntary colleague attrition rate[2] to 11.9% for the year (FY22: 15.9%).

To further encourage colleagues to adopt our values and demonstrate their relevance, this year we launched our 'Ambassador Awards' which is our all-colleague recognition programme. Twice a year each of our divisions, the LXD and our Group functions nominate one colleague or team as their best example of each of the four values. These 24 half-year winners received a financial reward and their stories are published and promoted internally to recognise their exceptional contribution. This programme proved extremely popular and we received more than 750 entries during the year.

A regular rhythm of company communications to all colleagues, where we provide updates on client and team successes, organisational changes and product launches, are complemented by a monthly all colleague newsletter.

In January 2023 we undertook a significant information technology migration project, giving everyone across the business the ability to communicate effectively and share information on a single instance of Microsoft Teams and Outlook. We also implemented Viva Engage, a social channel, where all colleagues can now easily share content and join discussions across the Group.

Our eLearning platform MyLX has continued to provide colleagues with learning and development opportunities. MyLX offers a comprehensive range of more than 360,000 training modules provided by Skillsoft, giving everyone the opportunity to improve their skills and personal development. The platform also allowed us to roll out training in our Code of Conduct, a new information security module and, for the first time, our global health and safety programme. At the end of the year we had a 98% completion rate for all compliance training across the Group.

In June we again brought together our Senior Leadership Team in the UK to remind ourselves of our organisational purpose and values and to review and assess progress on our medium-term strategy. This aims to align our most senior team with our organisational goals before bringing everything to life throughout the business under this group's combined leadership.

We appointed Daniel Bennett as President of our IP Services division on 10 November 2022, overseeing the Group's full suite of innovation lifecycle management services, including patent translation and filing, renewals and IP research studies. We announced on 28 September 2023 that Daniel would be leaving the business to pursue other opportunities. Daniel has been instrumental in driving the success of IP Services over the past year by navigating the team through the launch of the Unitary Patent, fostering a more growth-oriented culture and realigning the IP leadership team.

With Andrew Brode stepping back from Chairman to become a Non-executive Director, I would like to thank him personally for the significant support he has given me during my first two years as CEO of the Group and very much look forward to continuing to benefit from his wise counsel.

2 Calculated as number of FTE leavers during the financial year, divided by average number of FTEs during the year, noting the constraints imposed by having multiple HR systems.

Chief Executive Officer's Review (continued)

OPERATING REVIEW

Language Services

Client retention and satisfaction remain high, several successful tender processes and growth initiatives performing well, offset by reduced activity

The Language Services division represented 45% of Group revenues in the year (FY22: 46%). Revenues of £329.8m were 3.6% lower year on year on a reported basis (FY22: £342.1m) and saw a 7% decrease on an organic constant currency basis.

We are proud that client retention and satisfaction remained high and we were encouraged by positive outcomes following tender processes with several of our global technology clients, albeit we continued to see reduced activity from some clients as they adjusted to more challenging conditions in their own markets.

The Strategic Solutions Group continued to win new clients in both the Major Accounts and GoGlobal segments, including Norse Atlantic Airways, for whom we have recently delivered multilingual booking websites and online experiences across any device or channel, using a combination of our language services expertise and our Tridion solution.

In our Enterprise Internationalisation Group ("EIG"), which serves global technology enterprises, we were encouraged to have completed a three-year contract renewal for one of our largest clients in the first half and, in the early months of the second half, were pleased by the positive outcomes of other tender processes. Clients within the EIG consistently provide high NPS scores and ratings (particularly in 'partnering' and 'delivering') and continue to be delighted with the services and solutions we provide.

With regards to the division's growth initiatives, eLearning performed well throughout the year and we have seen some success in cross-selling the solution to clients in the Regulated Industries division. In February we launched TrainAI, a refreshed proposition focused on the range of data services that we have been providing to several of our largest technology clients since 2016. This is focused on helping organisations ensure that their own AI models are trained with dependable and responsible data and encompasses data collection, annotation and validation services. The service is backed by a global community of more than 100,000 annotators and linguists.

We have been encouraged by the market's reception to TrainAI and the sales and marketing drive which is supporting the launch led to some wins early in the second half. Four of our major clients have approved us to train data for the next stage of their AI programmes, giving a strong expectation of further momentum. These programmes will provide us with strong references amongst the data services buyer landscape and are expected to lead to growth in this developing area.

We were also pleased to complete the beta launch of HAI, a product within GoGlobal, which will enable clients with ad-hoc translation requests to upload documentation for rapid translation. We anticipate the full launch of HAI in early 2024.

The division's adjusted operating profit[3] was £39.4m (FY22: £53.3m) on a reported basis, reflecting the reduction in top-line revenues and unfavourable language and client mix, partially mitigated by effective cost control.

Regulated Industries

Linguistic Validation growth initiative performing well, reduced activity among certain clients in life sciences, while financial services experienced solid revenues, largely driven by regulatory changes

The Regulated Industries division accounted for 22% of Group revenues in the year (FY22: 23%). Revenues of £162.5m decreased by 6.1% year on year on a reported basis (FY22: £173.0m) and decreased by 9% on an organic constant currency basis.

Several life sciences clients continue to show softness due to the impact of new legislation in the USA, such as the Inflation Reduction Act, on product pipelines and due to delays at regulatory authorities; however, we expect volumes to increase as bottlenecks resolve and as products move through the regulatory approval process in due course. Revenues were also impacted year-on-year by the loss of a major Contract Research Organisation ("CRO") client.

In the Life Sciences vertical our focus on clinical operations has brought positive progress. The continued strength of our Linguistic Validation ("LV") proposition supported our pivot to clinical work and has resulted in multiple wins, including a significant programme with a top 5 pharmaceutical company. Building on our LV strength, we have introduced technology-enabled solutions, such as our new electronic Certificate of Display Equivalence ("eCoDE") Comparison tool. The eCoDE tool will revolutionise the electronic Clinical Outcome Assessment ("eCOA") screen review process using AI, increasing accuracy and further reducing timelines for eCOA projects.

3 Adjusted operating profit is stated before amortisation and impairment of acquired intangibles, acquisition costs, share-based payments expense and exceptional items. See Note 4

We continue to participate in the Critical Path Institute's eCOA Consortium to help drive the science, best practice and adoption of eCOA within clinical trials. An eCOA replaces the traditional paper-based approach to collecting patient results and feedback in clinical trials and studies.

The growth in patient recruitment services has also contributed to progress in the clinical space with significant new wins. We expect this will be an area of continued expansion going forward and we have continued to leverage our relationships with major global pharmaceutical clients to expand in the APAC region, an area with high growth potential.

We have secured a major programme awarded for pharmacovigilance at a leading CRO as well as a top German pharma company. We also secured a world-renowned hospital systems provider as a new major client, reflecting our continued leadership in the healthcare space.

In the financial and legal services vertical, we saw solid revenues driven by Packaged Retail Investment and Insurance Products ("PRIIPS") regulatory requirements. We won several new clients, including a major European retail bank and a key investment banking client. We also saw expansion with some existing clients, including a large programme with a European general insurance provider. We are extending our technology offering in financial services to expand our footprint and increase client retention in the vertical.

The division's adjusted operating profit[3] decreased 27.5% to £22.9m (FY22: £31.6m) on a reported basis. This reflected the reduction in top-line revenue and the impact of the loss of the CRO client, partially mitigated by cost actions through the year.

Language and Content Technology

Encouraging new client wins across portfolio, proportion of annual technology licences revenue continues to grow

The Language and Content Technology ("L&CT") division accounted for 19% of Group revenues in the year (FY22: 17%). Revenues of £136.7m were 7.7% higher year on year on a reported basis (FY22: £126.9m) and saw a 1% decrease on an organic constant currency basis.

In FY22 we appointed general managers to have full ownership and accountability for four principal product areas – Language Weaver, Trados, Tridion/Fonto and Contenta – which drove a more focused approach. The division's growth plan resulted in a refined go-to-market model for each product, and we are pleased with the progress made across all product areas.

We have had some encouraging new client wins, with Language Weaver continuing to make good progress with strong second half bookings, including its largest ever Cloud SaaS contract, worth more than a million dollars over three years. Overall, SaaS revenues as a proportion of annual technology licences revenue continued to grow. The cumulative benefit from this transition over recent years is now a tailwind and is delivering, as intended, a more predictable revenue profile for the division in the future.

We are also pleased to have launched a new version of Trados in July, alongside a number of new features and functionality to help language specialists and localisation teams be more productive. We saw encouraging momentum for SaaS versions of Trados with bookings significantly increasing year-on-year. We experienced triple digit growth in the principal activity indicators of Trados – number of projects, files and words translated.

In July 2023 we announced the acquisition of Dublin-based Propylon, a provider of content creation, management and publishing solutions for the government, legal, assurance, audit and publishing industries. The integration of Propylon is progressing well and its platform joins RWS's portfolio of dedicated solutions for aerospace and defence (Contenta), manufacturing, high-tech and life sciences (Tridion Docs) and the market-leading XML editor (Fonto).

In the second half, new Tridion releases (both the Sites and the Docs versions of the product) contributed to further progress in the division. Contenta also announced the launch of LiveContent 6.0 (the latest version of its LiveContent solution), a highly flexible cloud-ready architecture for distribution management of technical publications, technician feedback and analytical data insights.

At the end of the period, we delivered a significant up-sell of two of our content technology products (Tridion and Fonto) to an existing major client in life sciences and we continue to win new logos across a range of end markets, including defence, government, software and infrastructure.

The division's adjusted operating profit[3] was broadly flat at £37.0m (FY22: £37.6m) on a reported basis, the higher proportion of SaaS revenues and ongoing planned investments offsetting the impact of higher top-line revenues.

[3] Adjusted operating profit is stated before amortisation and impairment of acquired intangibles, acquisition costs, share-based payments expense and exceptional items. See Note 4

IP Services

Successfully managed the impact of the Unitary Patent and improved sales effectiveness, giving strong foundation for FY24

The IP Services division represented 14% of Group revenues in the year (FY22: 14%). Revenues of £104.8m were 2.2% lower year on year on a reported basis (FY22: £107.2m) and 4% lower on an organic constant currency basis. Following the introduction of the Unitary Patent ("UP") by the European Patent Office, the division delivered 2% organic constant currency growth in Q4.

While revenues in FY23 were slightly down on the prior year, mostly due to the delayed introduction of the UP until 1 June, this was partially offset by strong growth in Worldfile revenue, particularly in the first half of the year and a rebounding of Eurofile revenues during Q4.

We were encouraged by strong progress in one of our declared growth initiatives, penetrating the Patent Attorneys market, and we anticipate being able to build on several significant wins in FY24.

Our Japan and China operations delivered mixed results during FY23, with growth in the latter underpinned by a number of renewals with large Chinese corporates. This was offset by weakness in our Japan operations stemming from patent grant delays with a major client.

The IP Research division experienced tougher trading during the year, mostly due to a significant reduction in work with a key client, however, we saw several new business wins in the last quarter that we anticipate to ramp up into FY24.

We strengthened the division's management team and we have developed a clear roadmap for expansion into patent maintenance activities. Additionally, investment has been put into initiating our Leading for Growth programme, building on our account management success and appointing regional heads of sales, aimed at driving consistent sales leadership coaching and metrics across the division and the acquisition of a number of global new logo clients.

The division's adjusted operating profit[3] was £27.7m (FY22: £30.1m) on a reported basis, reflecting the reduction in top-line revenues together with planned investments in our business to position us for future growth, partially offset by tight cost control.

[3] Adjusted operating profit is stated before amortisation and impairment of acquired intangibles, acquisition costs, share-based payments expense and exceptional items. See Note 4

SUSTAINABILITY AND ESG

Sustainability is core to the way we operate. Our work for our clients gives us a natural global perspective and deep understanding of the impact of what we do. Over the past year we have made significant progress in becoming One RWS where we:

- understand we need to reduce our carbon footprint to ensure the future of the planet
- are proud of our diversity and celebrate our cultural and technical expertise, enabling us to share a deep understanding of client industries and local cultures
- strive to create a world where understanding is more universal for everyone
- are focused on ensuring that combination of technology and cultural expertise helps our clients grow by ensuring they are understood anywhere

Significant progress has been achieved in each of our four corporate sustainability pillars – our people, our community, our environment and our governance – which remain at the centre of our purpose to unlock global understanding.

Our 2023 engagement survey shows that 79% of colleagues believe that RWS fosters environmentally friendly practices, 82% of colleagues believe they can report unethical practices without fear of negative consequences and 78% believe RWS is taking action to be socially responsible.

Both directly and through The RWS Foundation, we have partnered with a number of community organisations such as CLEAR Global, have undertaken fundraising to support the people affected by the devastating earthquakes in Türkiye and Syria and have progressed our focus on education, partnering with over 700 universities and sponsoring language students via the RWS-Brode Scholarship programme.

We hold ourselves to high accountability standards. As a result in FY22 we improved the accuracy of our carbon footprint by improving our data collection and Greenhouse Gas ("GHG") emissions to include both our operations and supply chain, and committed to setting carbon reduction targets which are aligned with the Science Based Targets initiative ("SBTi"). This was further improved in FY23 and the new targets have been submitted to the SBTi for validation and will be published once validated.

In April the Group successfully managed the impact of a cyber incident after unauthorised access was gained to a legacy application. The UK's Information Commissioner closed its investigation into the breach in early May with no further action.

We also proudly support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We remain committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our Group and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

We are proud of the accomplishments to date, none of which would have been possible without the unwavering dedication of our colleagues around the globe. To understand and respond to our clients' needs, we believe it is imperative to employ a workforce which reflects the many communities to which we provide services.

CURRENT TRADING AND OUTLOOK

A challenging economic outlook and wider global economic uncertainty has seen reduced activity from many clients across several end markets. However we are confident that volumes will return in due course, given the five core demand drivers in our market. In particular, growth in AI and the continued explosion of content will give us opportunities.

Progress against our medium-term strategy is working. We are pivoting into higher growth segments via our growth initiatives, investing in transformation and developing our portfolio.

We will continue to focus on ensuring efficient delivery across all parts of the Group. To further support our focus on cost efficiency, no change will be made to base salary levels for Executive Directors and our senior leadership team. Where salary increases are awarded, these will be focused on our lowest paid colleagues.

We are clear that AI is not a headwind, and instead provides an opportunity for both us and our clients. As illustrated at our AI and Technology Teach-In in October 2023, we believe that developments in AI have been positive for RWS and will continue to support our growth and efficiency in FY24 and beyond. We were also pleased to have announced in November 2023 the beta launch of Evolve, a new capability within Language Weaver that enables almost human-like quality in our machine translation output.

As we look to the future, our people, scale, geographic reach and advanced AI-powered technologies and services, put us in a strong position to further strengthen our leadership in the market.

Ian El-Mokadem | CHIEF EXECUTIVE OFFICER

11 December 2023

Key Performance Indicators

GROUP REVENUE

£733.8m

2023	**£733.8m**
2022	£749.2m
2021	£694.5m
2020	£355.8m

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

GROSS MARGIN

46.3%

2023	**46.3%**
2022	46.7%
2021	45.1%
2020	39.2%

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

ADJUSTED BASIC EARNINGS PER SHARE

23.3p

2023	**23.3p**
2022	26.6p
2021	23.8p
2020	19.9p

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. See Note 11 for further details.

ADJUSTED PROFIT BEFORE TAX

£120.1m

2023	**£120.1m**
2022	£135.7m
2021	£116.4m
2020	£70.2m

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. See page 164 for further details.

CASH CONVERSION

74.0%

2023	**74.0%**
2022	93.2%
2021	65.7%
2020	103.1%

Description Cash conversion is calculated as free cash flow expressed as a percentage of adjusted net income. This is viewed as a key adjusted performance measure to understand how much of the Group's profits have been converted to cash. See page 165 for further details.

COLLEAGUE ATTRITION (VOLUNTARY)

11.9%

2023	**11.9%**
2022	15.9%[1]
2021	19.2%[1]
2020	16.8%[2]

Description Colleague turnover is calculated as the number of FTE leavers compared with the average number of FTE during the financial year. This includes our managed services employees where the fluctuation is much higher as it varies according to client needs.

1 Figure based on strongest collation possible from multiple data sources, arising from wide range of HR systems across the enlarged Group.

2 SDL plc's turnover figures have been included in 19/20 number, however Iconic Translation Machines and Webdunia's pre-acquisition figures have not been included.

Sustainability (ESG)

Introduction

Sustainability is core to the way we operate. Our work for our clients gives us a natural global perspective and deep understanding of the impact of what we do. We have made great progress against each of our four corporate sustainability pillars – ***environment, people, community and governance.*** *We are proud of the work we have accomplished to date, none of which would have been possible without the unwavering dedication of our people around the globe.*

Below we have included highlights from our 2023 ESG Report. To read the full report visit:

www.rws.com/about/corporate-sustainability

OUR APPROACH TO CORPORATE SUSTAINABILITY

We believe in transparent, comprehensive and timely reporting and continue to improve the transparency and credibility of our environmental, social and governance ("ESG") disclosures through the adoption of globally recognised sustainability reporting standards. Measuring and benchmarking our corporate sustainability initiatives, targets and progress demonstrates our commitment to continuous improvement in achieving and maintaining high standards of corporate sustainability in our business activities and interactions with our people, our clients, our suppliers, our investors, our community and the environment around us.

Organisations that we work with to help us achieve high standards of corporate sustainability reporting include:

- GRI
- SASB Standards
- Task Force on Climate-related Financial Disclosures
- United Nations Global Compact

STAKEHOLDER FRAMEWORK

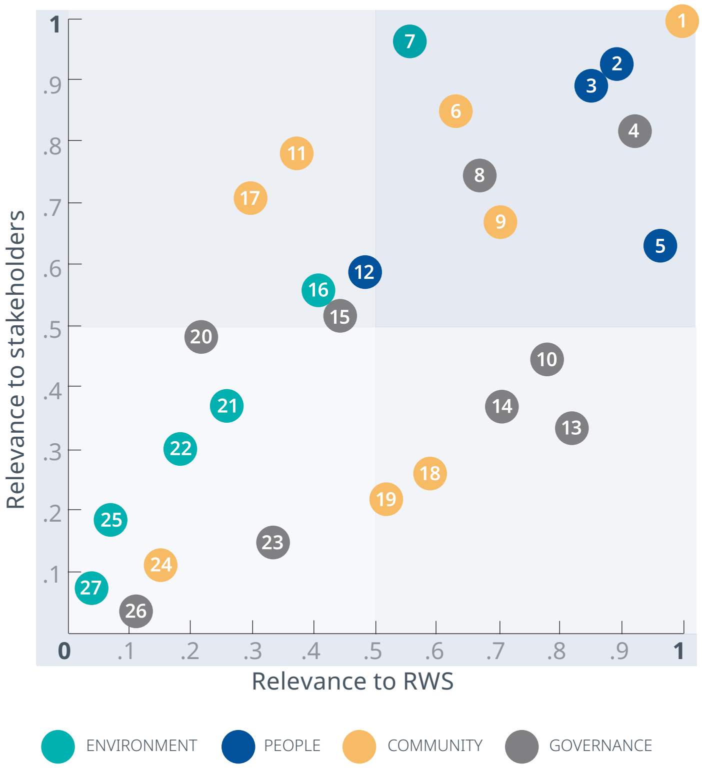
Initiating and maintaining dialogue with our stakeholders enables the Group to align our sustainability initiatives and business models to their concerns. We recognise three distinct levels of RWS stakeholders in our framework, with our clients, colleagues and investors being the central stakeholders for the Group. We increased our focus on stakeholder issues in two ways – by increased engagement with our stakeholder groups and through a review of our material corporate sustainability topics and emerging issues using Datamaran's software.

To learn more about how we engage with our stakeholders visit pages 12 to 17 of our 2023 ESG Report.

MATERIALITY ANALYSIS

This year RWS was one of the first companies to start using Datamaran's software to take account of double materiality issues. Double materiality looks at the risks a company's activities pose to the environment and society, as well as those that the company potentially faces from the external environment, providing a dual lens from which to inform, organise, and prioritise topics within an ESG strategy. This approach ensures that we can continue to build an ESG focus that responds to external events, evolving business priorities, stakeholder expectations, and our own performance results. The materiality survey went to over 80% of our shareholders, 37.5% of our key clients, our Board, our Executive Team and our Senior Leadership Team. The matrix ranks the materiality of issues raised. See pages 14 to 17 of our 2023 ESG Report.

1 Client privacy and data security
2 Colleague diversity and inclusion
3 Colleague health and safety
4 Ethical corporate behaviour
5 Workforce management
6 Human rights
7 Climate change and GHG emissions
8 Client practices
9 Innovation and technology
10 Governance structures and mechanisms
11 Public health risks
12 Labour practices
13 Transparency
14 Management of the legal and regulatory environment
15 Business model resilience
16 Energy management
17 Access and affordability
18 Sourcing efficiency and management
19 Community relations
20 Physical and sociopolitical risks
21 Transition to renewables and alternative energies
22 Natural capital
23 Competitive behaviour
24 Responsible consumption and production
25 Waste and hazardous materials management
26 Selling practices and product labelling
27 Ecological impacts



Source: Datamaran

Legend

Communicate internally	Develop strategy and communicate externally
Keep under observation	Continue internal efforts

ENVIRONMENTAL

13 CLIMATE ACTION

We hold ourselves to high accountability standards. As a result, in 2022 we signed up to the United Nation's Race to Zero and officially committed to set science-based targets to be carbon net zero through the Science Based Targets initiative ("SBTi"). We also improved the accuracy of our footprint by improving our data collection and greenhouse gas ("GHG") emissions to include both our operations and supply chain, and committed to setting carbon reduction targets which are aligned with the SBTi. The new targets were submitted to the SBTi in December for validation and will be published once validated.

In 2021, we became a signatory to the Task Force on Climate-related Financial Disclosures ("TCFD") and have adopted its framework. As part of our strategy in FY23 we reassessed three different climate scenarios using Representative Concentration Pathways ("RCP") - RCP 1.9, RCP 2.6 and RCP 8.5. RCPs are used by the Intergovernmental Panel on Climate Change ("IPCC") to illustrate future concentrations of greenhouse gases in the atmosphere. (See pages 48 to 59 for further information).

We are committed to reviewing and improving the environmental aspects and impacts of our operations by preventing pollution, protecting the environment and enhancing positive impacts wherever we can. These actions improve the environment as well as RWS being an attractive place to work which supports the mitigation strategy of one of our key risks, namely attracting and retaining good quality people.

To demonstrate how important climate change and the environment is to RWS, the CEO retains overall responsibility for all relevant climate-related and environmental matters whilst the General Counsel and Company Secretary has overall responsibility for the Group's risk management programme. For climate-related risks they are assisted by the Executive Team, the Head of Sustainability and ESG, and additional top management.

The Group categorises risks according to the likelihood of occurrence and the potential impact on the Group. Impact is assessed on both financial and reputational grounds. Financial impact in the period could be increased costs, reduced revenue, fines or increased management time required to deliver a given activity. The Board has direct oversight of climate-related issues as part of the risk review process and it agrees our position and commitments on climate change.

We have ISO 14001:2015 Environmental Management certification at our head office in Chalfont St Peter (UK), our Maidenhead office (UK) and our Chinese offices in Beijing, Rizhao and Xi'an. Our Environmental Management System certifications collectively cover 62% of our offices by FTE – our aim is to continue to increase this compliance to over 90% of our sites by the end of FY30.

During FY23 we have achieved the following:

- Improved disclosure of climate-related risk and opportunities through reporting processes in alignment with the TCFD (see pages 48 to 59).
- Office relocations: relocated our Indore office (India) to a new green building – the new building has a sewage water treatment facility for recycling water for use in the toilets and gardening, solar panels lighting up common areas, and a plantation in the open area. The office also benefits from ample daylight, energy-efficient LEDs, and smart sensors for lights in toilets. We moved our Rosario office (Argentina) and furbished it using sustainable practices which had been used previously – the team reused the majority of the previous infrastructure. Materials which could not be reused, for example, aluminium profiles from dismantled partitions or worn-out carpeting that didn't fit the new layout, was donated as materials to be repurposed.
- RWS currently has 33 leased company vehicles of which 13 are electric/hybrid. As part of our carbon reduction plan and in line with our new policy, as leases come up for renewal, vehicles are switched to EV.
- Ran environmental awareness programmes to promote initiatives and actively encouraged colleagues to get involved. These included Earth Day, Earth Hour, World Environment Day, World Ocean Day, World Rivers Day, Water Day, National Recycling Week, Be Vegan, International Day of Biodiversity, Forest Day, Seed Giveaway Day, and World Cleanup Day.
- Organised local events at offices to raise awareness – Alnwick (UK), Brno (Czechia), Paris (France) and Rosario (Argentina) held 'bike to work' initiatives.
- Published monthly articles on environmental topics and issues in the Group-wide newsletter.
- Green Agenda intranet and channel on Viva Engage where articles and initiatives are posted.

Sustainability (ESG) (continued)

- Arranged and published a World Earth Day interview with CEO, Ian El-Mokadem, where he shared his insights and thoughts on environmental preservation and sustainability, including his personal commitments and the importance on instilling eco-friendly values in future generations.
- Ran a ESG competition for the 'Green Office of the Year' and 'Biodiversity Project of the Year' to help champion change and increase awareness of green offices and biodiversity. Our Alnwick office (UK), for example, is utilising the office gardens to grow potatoes and strawberries, as well as built a pond and established a bee habitat.
- Invited colleagues to participate in a 'Rivers Picture Contest 2023' where they submitted beautiful photos of rivers and streams and colleagues voted for their favourite ones.
- Increased engagement with our global network of environmental champions.
- Increased awareness of corporate sustainability strategy and initiatives by meeting and presenting to teams.

We are committed to:

- The reduction of our Group-wide carbon emissions.
- The ongoing improvement of our environmental management systems globally.
- Complying 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.
- Cooperating fully and maintaining positive relationships with all regulatory authorities.
- Supporting the environmental goals of the Group'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 GHG emissions within its Directors' Report.

As mentioned previously, during FY22 we improved the accuracy of our footprint by improving our data collection and GHG emissions to include both our operations and supply chain, and committed to setting carbon reduction targets which are aligned with SBTi.

As part of the development of our science-based targets, and as a result of switching to an enhanced software platform, we decided to recalculate our FY22 footprint to ensure consistency in measurement and methodology. This resulted in a more accurate carbon footprint for FY22.

Methodology

Emissions were calculated following the GHG Reporting Protocol (Corporate Standard) using the Watershed platform. Energy usage data was collected or estimated based on building square-footage for all facilities, and was combined with emissions factors from the US Environmental Protection Agency ("EPA"), Ecoinvent, Technical Compliance Rate ("TCR") and other data sources to calculate GHG emissions. Electricity emissions factors are chosen based on geography to reflect the emissions intensities of the facilities' local grid.

GHG Scope	tCO_2e (FY22 recalculated)
Scope 1	549
Scope 2	4,165
Scope 3	33,967
Total	**38,681**

All numbers are location-based

Some of the key changes include:

Scope 1:

- Updated footprint to include comprehensive information on building fuel usage in the previous footprint, and added months of fuel data missing for certain offices.

Scope 2:

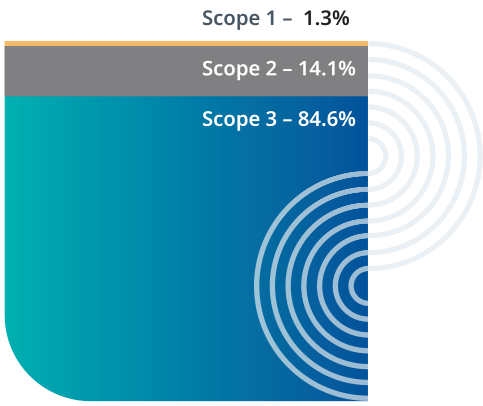
- Watershed used more representative emissions factors for district heat and supported with more transparency in reporting.

Scope 3:

- Purchased goods and services – enhanced reporting enabled us to split localisation agencies and freelancers and use more appropriate emission factors (agencies' emission factor – 0.0840782073 $kgCO_2e$ / USD and now coded freelancers as 'Independent artists, writers, and performers' using emission factor 0.0142133408 $kgCO_2e$ / USD).
- Cloud emissions – Watershed's usage of vendor-specific emissions factors enabled more accurate. measurements.
- IT services and equipment – transparent reporting enabled more accurate use of EEIO emissions factors.

Our carbon emissions for FY23 are as follows:

Overall FY23 carbon emissions (tCO_2e)	
Scope 1	488
Scope 2 (location-based)	5,147
Scope 2 (market-based)	4,634
Scope 3 (location-based)	30,851
Scope 3 (market-based)	30,824
Total (location-based)	**36,486**
Total (market-based)	**35,946**



A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-averaged emission factor data). A market-based method reflects emissions from electricity that companies have purposely chosen.

ANNUAL ENERGY USE AND EMISSIONS

Our annual global energy use (in kWh) and associated greenhouse gas emissions (tCO_2e) have been summarised in the table. As mentioned previously, we have expanded and enhanced our carbon emissions data collection methodology in FY22 which resulted in a significant increase in our reported Scope 3 emissions when compared with the previous year (FY21). These now account for circa 86% of our overall carbon footprint and will be used to develop our carbon reduction strategy going forward.

Energy usage and greenhouse gas emissions	FY22			FY23		
	UK and offshore	Global (excluding UK and offshore)	Total	UK and offshore	Global (excluding UK and offshore)	Total
kWh						
Energy consumption used to calculate emissions (see Scope 1 & 2 categories below)	1,269,372	11,935,081	**13,204,453**	1,437,508	13,732,901	**15,170,409**
tCO_2e						
Emissions from sources which are owned or controlled by the company including combustion of fuel for transport & operation of facilities (Scope 1)	44.0	505.3	**549.3**	44.2	444.1	**488.3**
Emissions from purchased electricity, heat, steam, and cooling (Scope 2)	205.3	3,959.6	**4,164.9**	272.8	4,873.8	**5,146.6**
Total gross tCO_2e based on above fields	249.3	4,464.9	**4,714.2**	317.0	5,317.9	**5,634.9**

These numbers are location-based and include electricity, natural gas, diesel, heat and steam, refrigerants and company car fuel consumption from Scope 1 + 2

Sustainability (ESG) (continued)

INTENSITY RATIOS

RWS uses the intensity ratios of full-time equivalent ("FTE"). The FTE in FY23 was 7,910 (FY22: 7,920[2]). This provides another way of assessing our carbon performance taking into consideration key variables that affect our overall carbon footprint.

Global intensity ratio	FY22	FY23
Gross tCO_2e per FTE		
Scope 1	0.07	0.06
Scope 2	0.53	0.65
Scope 3*	4.29	3.90
Gross tCO_2e per £ million of revenue		
Scope 1	0.73	0.67
Scope 2	5.56	7.01
Scope 3*	45.34	42.04

All numbers are location-based

** Our Scope 3 emissions methodology was enhanced in FY22 and we were able to report on more Scope 3 categories than in previous years. This fully supports our commitment to set science-based targets. Scope 3 emissions previously covered two categories including waste and business travel. This has now been expanded to seven categories which includes purchased goods and services, capital goods, fuel and energy related activities, waste generated in operations, business travel, employee commuting and home office, and upstream leased assets.*

Our Scope 1, 2 and 3 FTE intensity performance shows a collective improvement of circa 5.6% when compared with the previous year. Our Scope 1,2 and 3 revenue intensity performance shows a circa 3.7% improvement per £m.

	FY22		FY23	
GHG scope: Scope 1		**549**		**488**
GHG category: 1 direct emissions	549		488	
GHG scope: Scope 2		**4,165**		**5,147**
GHG category: 2 purchased electricity, steam, heat, and cooling	4,165		5,147	
GHG scope: Scope 3		**33,967**		**30,851**
GHG category: 3.1 purchased goods and services	22,295		18,403	
GHG category: 3.2 capital goods	241		341	
GHG category: 3.3 fuel and energy related activities	1,798		2,087	
GHG category: 3.5 waste generated in operations	136		282	
GHG category: 3.6 business travel	989		3,234	
GHG category: 3.7 employee commuting	8,508		6,503	
GHG category 8: Upstream leased assets			0.6	
Total		**38,681**		**36,486**

All numbers are location-based

MANAGING ENERGY USE

We recognise the importance of investing in energy efficient offices and renewable energy. In FY23, the Group took several measures to reduce energy use and emissions. These included:

- Currently we have 100% renewable energy at eight of our offices (Alnwick, UK; Amsterdam, Netherlands; Brno, Czechia; Chalfont St Peter, UK; Cluj-Napoca, Romania; Santiago, Chile; Sao Paulo, Brazil; and Stuttgart, Germany). 13.8% of our electricity comes from clean sources. We reduced 12% of our electricity-related emissions by purchasing clean energy
- Ensuring energy usage is being reported promptly and accurately
- Setting timers relative to weather conditions and office opening hours – increased awareness through engagement with colleagues and cleaning companies to ensure energy was being used only when necessary
- Implementing 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

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.

2 Full Time Equivalent figure restated

MINIMISING WASTE

Being a service-based company, our waste generation is naturally low and non-hazardous. However, we continue to engage colleagues, suppliers and other stakeholders to take ownership and create more efficient operations and practices.

In FY23, the Group took several measures to reduce waste. These included:

- Whilst rolling out of the environmental compliance programme, we ensure the RWS Group Waste Policy is implemented appropriately to optimise recycling
- The introduction of the new Group-wide Waste Policy improved waste collection methodology, e.g. separating aluminum and biowaste in Brno (Czechia) enabled the office to collect approx. 50kg of aluminum which they could sell-back and separate biowaste which is now repurposed and used for heating. In Cluj-Napoca (Romania), for example, plastic caps are being 'resold' and the funds donated to charity, and coffee grounds are collected for colleagues to use as fertilizer
- Working with landlords regarding waste measurement and management
- Working with suppliers to get more accurate reports detailing waste and recycling
- Sending our electronic equipment back to the supplier to recycle as part of a global buy-back scheme
- Storing and reusing bubble wrap and cardboard boxes
- Championing recycling during our 'Recycling Week'
- Hosted a World Cleanup Day to further educate, inform and engage colleagues around waste

Where our offices are in managed buildings, we are working with landlords to derive better data on waste and then implement programmes to reduce, reuse and recycle.

WATER

Most of our offices use water from municipal supply and are in developed countries with a high capability for water adaptation and mitigation.

Moving forward we continue to reach out to the landlords of our leased offices and request detailed information. We are also introducing measures to reduce water usage including low flow plumbing fixtures, identifying and fixing leaks, and communicating with employees about responsible water use measures.

In FY23 we hosted an awareness day for World Ocean Day to educate, inform and engage colleagues as well as a World Rivers Day competition to raise awareness of the importance of our rivers around the world and encourage increased stewardship. More than 180 entries were received and colleagues globally participated in judging the winners.

PAPER

We have embraced agile working which enables digitalised process and resulted in a reduction in the amount of paper we use. As part of our Green Office Policy, we purchase paper which is sustainably sourced from known and responsible sources and we print double-sided where possible.

ELECTRONIC WASTE

RWS seeks to purchase the most energy efficient IT hardware and work with global suppliers who are committed to reducing their global footprint.

We purchase our end use computers from a supply base which utilise carbon fibre and tree-based bio plastics. Our supply base has been an Energy Star partner for over a decade, demonstrating its ongoing commitment to energy efficiency in its products. Energy star certified laptops use 25-40% less energy than conventional monitors by using the most efficient components and better managing energy use when idle. We also operate a buy-back scheme with our supply base to further enhance reuse and certified Waste Electrical and Electronic Equipment (WEEE) recycling as part of our disposal policy.

We encourage our colleagues globally to switch off laptops and monitors when not in use and have configurations in place for inactivity to reduce energy consumption. Our strategy incorporates consolidation to reduce overall footprint of hardware and software across our IT estate.

BUSINESS TRAVEL

As conditions return to the new 'normal' post the Covid-19 pandemic, business travel and commuting have increased. The Group continues to utilise software to hold virtual meetings and these are promoted as a way to curtail unnecessary business travel.

SOCIAL

OUR PEOPLE

Engagement survey

6,457
respondents

84%
response rate

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

We are proud that our ESG progress has been recognised by our people. Our recent engagement survey shows 79% of colleagues believe RWS fosters environmentally friendly practices; 80% believe RWS shows a commitment to ethical business decisions and conduct; 82% of colleagues believe they can report unethical practices without fear of negative consequences; and 78% believe RWS is taking action to be socially responsible.

DIVERSITY, EQUITY AND INCLUSION

We place significant focus on specific pillars of activity based on the Group's Diversity, Equity and Inclusion Policy. Each pillar of activity has its own Employee Resource Group ("ERG") to provide feedback into the Group diversity, equity and inclusion ("DEI") plans, and guide initiatives that are bespoke to their pillar. Each ERG has an Executive Team member as a sponsor, together with an HR leader and a dedicated learning and development team member supporting it to ensure appropriate organisational prioritisation and influence. Health and well-being is a separate ERG with its own programme supporting all colleagues as well as the DEI initiatives.

Our ERGs are: • Culture • Ethnicity • LGBTQ+ • Persons with disabilities • Women at RWS

The purpose of these groups is to identify strategies for meeting the collective interests identified by each group, thereby driving engagement and increasing the representation, voice, contribution and influence of that group over time.

In FY23 we extended our central efforts, launching the RWS Diversity Council whose purpose is to guide and support RWS in creating a diverse and inclusive organisation. The primary role of the council is to connect the work of all the diversity and inclusion resource groups into a broader business-driven results-oriented strategy. To bring all DEI activities together more effectively, we also introduced the RWS Diversity Festival in May 2023. We are particularly pleased with our new Language PAL programme which encourages colleagues looking to develop their skills in a particular language to reach out to colleagues for assistance.

AGE

<30	<30-50>	>50	Undisclosed
27%	62%	9%	2%

GENDER

Female	Male	Undisclosed
54%	44%	2%

EMPLOYEE CATEGORY

MANAGER

Female	Male	Undisclosed	Total
46%	54%	0%	11%

NON-MANAGER

Female	Male	Undisclosed	Total
55%	43%	2%	89%

YEARS OF SERVICE

Number of employees with less than a year's service	9%
Number of employees with between 1 and 5 years' service	54%
Number of employees with more than 5 years' service	37%

MENTAL HEALTH, PHYSICAL HEALTH AND WELL BEING

We continued to develop a comprehensive programme of communication and activities to support mental health and well-being across our colleague base during FY23. This activity is communicated through our global wellbeing portal which includes a wide range of resources on stress management, meditation and virtual yoga, as well as ongoing guidance to managers on how to spot the signs of mental ill-health within their teams, and resources for them to support colleagues finding themselves in need.

Visit pages 45 to 46 of our 2023 ESG Report to learn more about these initiatives.

OUR COMMUNITIES

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

We provide an active programme of charitable support and promote foreign language learning actively through school and university partnership programmes including RWS Campus and the RWS-Brode Scholarship Programme.

Our philanthropic initiatives have been consolidated under the new RWS Foundation. Donations by RWS and the RWS Foundation this year amounted to about £467,000. RWS encourages its colleagues to volunteer in the community and five working days can be taken annually to get involved in charitable initiatives. Over 800 volunteering days were taken in FY23.

To learn more about all the RWS Foundation's fundraising initiatives taking place across our offices, visit pages 48 to 59 of our 2023 ESG Report.

CLEAR GLOBAL

CLEAR Global (formerly Translators without Borders) was selected as the Foundation's first beneficiary of 2023. CLEAR Global is a non-profit global community of linguists who help people in need to get vital information and be heard, whatever language they speak. RWS is supporting the initiative by sharing resources and providing support with our own network of in-house translators. Ongoing support includes translating, localising and reviewing critical content, managing large-scale projects, providing training to translators and members and analysing data to ensure the highest translation standards are maintained.

Sustainability (ESG) (continued)

RWS CAMPUS

This year we celebrated five years of RWS Campus, our pioneering global programme with a clear mission: we aim to inspire great futures in localisation and to be recognised in our industry for developing localisation talent and markets worldwide. Over the five years since RWS Campus was officially launched as our global university programme, we have been working to bring as many benefits as possible to the academic world. Over the years we have progressed in our ambition to be a future talent incubator and to bring the benefits of translation technology to universities and students, in order to help bridge the gap between the academic world and industry.

RWS SCHOLARSHIP PROGRAMME WITH UNIVERSITY OF MANCHESTER

In 2019 we launched the RWS-Brode Scholarship Programme – named after our former Chairman, Andrew Brode – in collaboration with the University of Manchester, to encourage students to complete a degree in modern languages. Since its launch, we have supported more than 50 students. This year saw the first group of scholars finish their undergraduate degree, and in July we were honoured to be able to join them for their graduation ceremony. There are 40 scholarship recipients currently studying at the university and Andrew Brode and The RWS Foundation have pledged funding to support a further 30 students who are beginning their studies in the academic years starting September 2023 and September 2024.

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We are strongly committed to upholding the values of good governance as we believe it is important for the long-term success of the business – our clients can depend on us, we can attract the top talent we need to help us innovate, our suppliers can rely on us, and it helps us secure the support of our investors. RWS is committed to promoting transparent, fair and timely decision-making that considers the needs of all our stakeholders.

For more detail on our approach to governance, see pages 62 to 69 of the 2023 ESG Report.

BUSINESS ETHICS

RWS is committed to acting professionally, fairly and with integrity in all our business dealings and does so in compliance with the RWS Group Code of Conduct. The Code of Conduct is reviewed annually to remain consistent with ever-changing regulatory standards and guidance.

RWS requires all colleagues, contractors, and partners to operate in a professional, ethical and diligent manner and be transparent on all possible conflicts of interest. RWS works with external law firms and consultants to keep up-to-date globally on any changes to legal and regulatory standards to ensure that any new legal requirements are reflected in its policies.

Key policies published on our website include

- Code of Conduct
- Anti-Bribery and Corruption Policy
- Client Entertainment and Gifts Policy and Procedure
- Corporate Sustainability Policy Statement
- Environmental Policy
- Diversity, Equity and Inclusion Policy
- Harassment, Bullying and Victimisation Policy
- Health and Safety Policy
- ISMS Policy
- Labour and Human Rights Policy
- Modern Slavery and Human Trafficking Policy
- Speak-up Policy
- Supplier Code of Conduct
- Sustainable Procurement Policy

GOVERNANCE AND REPORTING

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 provide a framework to ensure we have the appropriate governance arrangements in place. The Board believes that it complies with all the principles of the QCA Code; see pages 77 to 80 for details of our compliance, which is reviewed annually in line with the requirements of the QCA Code.

CORPORATE GOVERNANCE STRUCTURE

The Chairman leads the Board and has overall responsibility for corporate governance and promoting the values of the Group, both internally to colleagues and externally to the broader stakeholder group. The CEO manages the day-to-day operations of the Group.

To learn more about RWS's Corporate Governance Structure, see pages 74 to 81.

Board of Directors

As at 30 September 2023

Female	Male
50%	50%

MANAGING RISKS

Identifying and managing risks fundamental to protecting the business, our people and our communities as well as delivering long-term shareholder value. 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 who collectively play a key role in risk management and regularly report to the Board.

Ten of our 12 principal business risks are relevant to ESG and these are set out in the table on page 66 of the 2023 ESG Report.

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. Visit the Corporate Governance Report on page 74 for more information.

CYBER SECURITY

RWS understands that its cyber security preparedness must continue to evolve to address the changing nature of risk. The strategic security posture for RWS is set by the Information Security Steering Committee ("ISSC"), chaired by the CIO. This group includes stakeholders from all relevant business units to collaborate on continual improvement of increasing awareness and supporting a consistent risk-based approach to information security. Furthermore, the ISSC provides oversight and governance of information security risks. The Information Security Management System ("ISMS") is the framework that underpins the globally recognised ISO 27001:2013 certification. We hold this for our hosted product solutions, Regulated Industries division, IP Services division and their supporting services, people, processes and technology. Visit pages 67 to 68 of our 2023 ESG Report to learn more.

FY23 INVESTOR AND OTHER RECOGNITION

ISO International Organization for Standardization

During FY23 the Group had:

- ISO 9001: applicable in 45 offices, 38 offices certified and 7 offices compliant
- ISO 17100: applicable in 39 offices, 32 offices certified and 7 offices compliant
- ISO 18587: applicable in 37 offices, 30 offices certified and 7 offices compliant
- ISO 27001: applicable in 16 offices, 9 offices certified and 7 offices compliant
- ISO 13485: applicable in 8 offices, 1 office certified and 7 offices compliant
- ISO 21500: applicable in 12 offices, 12 offices compliant
- ISO 14001: applicable in 21 offices, 5 offices certified and 16 offices compliant

All applicable sites are sites providing services which are in scope of the ISO certification within the reporting year.

DATA PROTECTION

RWS has adopted the EU GDPR and UK Data Protection Act 2018 as its benchmark for data protection. We have a comprehensive set of policies which reflect the applicable privacy legislation and identify processes, procedures and practices focused on the protection of personally identifiable information. RWS does not undertake detailed profiling of consumers on behalf of clients. Data provided by clients is never sold or rented. As required to perform the services, RWS will disclose data between affiliate companies and approved third party subcontractors; appropriate data processing agreements are in place to govern these transfers. Visit page 68 of our 2023 ESG Report to learn more about our data protection policies.

Sustainability Accounting Standards Board Disclosure ("SASB")

SERVICE SECTOR: PROFESSIONAL AND COMMERCIAL SERVICES

REPORTING YEAR: ALL DATA REPORTING FOR FY23 UNLESS SPECIFIED

RWS has chosen to report by disclosing sustainability topics and certain accounting metrics in line with the SASB Standards. In August 2023, the International Sustainability Standards Board ("ISSB") of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance and evolve the SASB Standards and encourages preparers and investors to continue to use the SASB Standards.

The Standards:

- Surface information about sustainability-related risks and opportunities that is likely to be decision-useful for investors
- Are industry-based because those risks and opportunities vary by industry
- Are designed to be cost-effective for companies to use
- Are developed using an evidence-based and market-informed process similar to that which is used to develop financial accounting standards
- Put preparers on the path toward ISSB implementation

Global investors recognise SASB Standards as essential requirements for companies seeking to make consistent and comparable sustainability disclosures.

RWS is supportive of the SASB framework as it allows companies to provide comparable and consistent ESG-related data. We have modified some metrics to reflect our domicile in the UK. In addition, we have provided additional metrics where we believe they will provide further information regarding a specific sustainability topic.

We have chosen to report in conformance with the SASB Standard for the Professional & Commercial Services industry, which includes the following disclosure topics:

- Data security
- Workforce diversity and engagement
- Professional integrity

These ESG topics are reviewed along with specific metrics in the following sections of the ESG Report:

Topic	Summary approach	For more information
Data Security	We understand that information security is important to all our stakeholders including clients, investors and colleagues. We take a risk-based approach to the implementation and maintenance of a robust baseline of security controls which are specified in our information security management system, monitored by senior management and subject to regular external and internal validation. This allows RWS to ensure our safeguards are appropriate and proportionate and facilitates the continual improvement of our information security position.	SASB metrics: page 37 Discussion and Analysis: page 35
Workforce Diversity & Engagement	RWS success is based on its delivery of high-quality solutions. RWS recognises the importance of having an engaged, motivated and diverse team of colleagues and has several initiatives in place that seek to maintain an inclusive culture, recognising achievement and support of all its colleagues.	SASB metrics: pages 37 to 38 Our people: pages 32 to 33
Professional Integrity	For RWS, acting and being seen to act with the highest level of professional standards and integrity is fundamental to developing and maintaining trusted partnerships with its various stakeholders. RWS seeks to act with transparency, honesty and integrity at all times.	SASB metrics: page 37 Governance: pages 34 to 35

Sustainability disclosure topics and accounting metrics

Topic	Summary approach	Category	SASB code	For more information
Data Security	Description of approach to identifying and addressing data security risks	Discussion and Analysis	SV-PS-230a.1	See page 35
	Description of policies and practices relating to collection, usage, and retention of customer information	Discussion and Analysis	SV-PS-230a.2	See page 35
	(1) Number of data breaches (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII) (3) number of customers affected	Quantitative	SV-PS-230a.3	As per the SASB requirements a data breach is defined as 'the unauthorised movement or disclosure of sensitive information to a party, usually outside the organisation, that is not authorised to have or see the information.' There have been no known data breaches of this nature.
Workforce Diversity & Engagement	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Quantitative	SV-PS-330a.1	As RWS is a global business, and in keeping with local legislation which differs from region to region, once again the decision was taken to reach out to all colleagues globally but on a totally anonymous and voluntary basis. This was done so that RWS was deemed to be acting inclusively rather than excluding certain regions. The survey asked colleagues to share information on their gender, age, ethnicity, sexuality and disability. This was the third year RWS has undertaken this survey and the response rate was 49.8%, up 13.6 percentage points from last year (36.2%). Due to the still relatively low response rate, we are unable to substantiate that RWS is a truly diverse company. Going forward we hope that the voluntary response rate will increase. For the results of our survey, please see Tables 1, 2 and 3.
	(1) Voluntary and (2) involuntary turnover rate for employees	Quantitative	SV-PS-330a.2	See Table 4
	Employee engagement as a percentage	Quantitative	SV-PS-330a.3	See Table 5 FY23 was the third year RWS undertook a Group-wide employee engagement survey. In FY21, using an off-the-shelf software, RWS achieved a response rate of 81%. In FY22 we switched to using a world-class external engagement survey and platform which provides more precise colleague engagement data and enables us to benchmark our results externally. The survey was completed again in September FY23 and we achieved a global response rate of 84%, slightly down on last year's score of 85%. This year we achieved a 61% favourable employee engagement score (see table 5). We remain encouraged by the results regarding diversity and inclusion with a 81% favourable response to the critical question "RWS promotes a diverse culture where individuals from all backgrounds feel a sense of belonging."
Professional integrity	Description of approach to ensuring professional integrity	Discussion and Analysis	SV-PS-510a.1	See pages 34 to 35
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Quantitative	SV-PS-510a.2	There have been no monetary losses in FY23 as a result of legal proceedings associated with professional integrity.

SASB Disclosure (continued)

Activity metrics

Activity metric	Category	SASB code	Response
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Quantitative	SV-PS-000.A	(1) 89% (7,040 FTE) (2) 11% (870 FTE) (3) We have around 35,000 vendors and freelancers who are paid on invoice.
Employee hours worked, percentage billable	Quantitative	SV-PS-000.B	2,979,240 19% Our primary business model is based on words translated but billing per hour is typical of some services adjacent to localisation such as testing, DTP and multimedia services, etc.

Table 1. ROLE REPRESENTATION OF RWS EMPLOYEE RESPONSES (FY23)

Role	%
Senior Manager or Executive	5.74%
Manager or Team Leader	27.50%
Non-Manager	58.53%
Prefer not to say	8.22%

Table 2. GLOBAL GENDER REPRESENTATION OF RWS EMPLOYEES* (FY23)

Gender	%
Female (Female or Cis woman)	54.14%
Genderqueer	0.52%
Genderfluid	0.30%
Intersex	0.05%
Male (Male or Cis man)	39.20%
Non-binary	0.55%
Trans woman/Trans female	0.10%
Trans man/Trans male	0.17%
Prefer not to say	4.37%

*For inclusivity, we included additional options under gender representation.

Table 3. RACIAL/ETHNIC GROUP REPRESENTATION* (%) (FY23)

Ethnicity	All employees
Arab	0.84%
Black or African or Caribbean (For example: African / Caribbean / Any other Black, African or Caribbean background)	0.65%
East or South-East Asian (For example: Chinese / Korean / Japanese / Vietnamese / Filipino / Any other East or South-East Asian background)	21.71%
Hispanic or Latino (For example: Brazilian / Argentine / Colombian / Chilean)	7.06%
Mixed or Multiple ethnic groups(For example: White and Black Caribbean / White and Black African / White and Asian / Any other Mixed or Multiple ethnic background)	1.67%
Native Hawaiian or Pacific Islander	0.05%
Native American or Alaskan	0.13%
South Asian (For example: Indian / Pakistani / Bangladeshi / Any other South Asian background)	16.22%
White	44.45%
Prefer not to say	4.98%
Other	2.24%

*As RWS is a UK-based company, and for inclusivity, we did not restrict the racial/ethnic groups

Table 4. EMPLOYEE TURNOVER RATES, % (FY23)

FY23	%
Turnover*	17.4%
Voluntary	11.9%
Involuntary	5.5%

*Challenges remain with data accuracy given the manual collation of data required as a result of the current multiple HR information systems.

Table 5. EMPLOYEE ENGAGEMENT SCORES (FY23)

	Favourable	Neutral	Unfavourable
My work gives me a feeling of personal accomplishment	65%	21%	15%
I would recommend RWS to people I know as a great place to work	61%	25%	14%
RWS as a company motivates me to excel in my work	56%	25%	18%

Non-Financial and Sustainability Information Statement

In accordance with Section 414CA and 414CB of the Companies Act 2006, the following chart summaries where you can find further information in this Annual Report on each of the key areas of disclosure that these sections require.

Topic	Summary approach
Environmental, social and colleague -related matters	• This year we have provided further disclosure of our environmental achievements in the Sustainability Section on pages 27 to 28 and reported on the Task Force on Climate-related Financial Disclosures ("TCFD"). • Our positive and inclusive culture, as well as good colleague engagement, are integral to RWS's success. Both the Board and management understand this and a considerable amount of time is invested ensuring this is maintained and improved. • We discuss each of these areas under 'Social' in the Sustainability section on pages 32-33 and in the Section 172 Statement on page 60. Please see also the Governance Report on pages 77 to 80.
Human rights and anti-bribery-related matters	• We support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. See page 23. • Human rights abuse and modern slavery risks are not considered a material issue for the Group. Please see materiality analysis on page 26. • We operate anti-bribery, corruption and tax transparency procedures which support compliance with the UK's Bribery Act 2010 and other legislation. See pages 34 to 35 and 77 to 80.
Diversity, equity and inclusion policy and approach	• We continue to place great importance on the positive benefits that diversity of gender, ethnicity, experience, background and viewpoints can bring to the Group. • We support initiatives to help improve diversity, equity and inclusion. Progress on these is monitored by senior management and the Board. The Board acknowledges that we need to do more to improve diversity in certain areas of our business and we will continue with our efforts. • We discuss the actions taken in 2023 in the Diversity, Equity and Inclusion Section of the Sustainability report on pages 32 to 33 and also in the Section 172 report on page 60.
Business model, policies, principal risks and KPIs	• Our business model is underpinned by our medium-term strategy; we operate a business model which includes non-financial inputs and outputs. • Risks, including financial and non-financial, are monitored by the Board and the Audit Committee. The Audit Committee also considers the key internal controls for the Group. • The Board regularly reviews both financial and non-financial KPIs, which are relevant for monitoring the performance of the business and have a clear link to delivering against our strategy. We disclose performance against our key KPIs on page 24. • We discuss our business model on page 12 to 15. Our strategy is discussed in various places in the Strategic Report, including page 65.

Chief Financial Officer's Review

The Group has made significant progress during 2023 with management initiatives to improve efficiency and maintain profitability. The Group has added to its technology portfolio with the acquisition of Propylon, managed to maintain strong cash generation during the period despite a continuing challenging market environment and initiated its first share repurchase programme. The Group's transformation programme sets a strong platform for further progress in 2024 and beyond.

During 2023 total revenue declined by 2%, adjusted operating profit by 11%, and adjusted profit before tax by 11%. Despite the challenging macroeconomic environment, our key growth levers, such as Linguistic Validation, eLearning and TrainAI have performed well and we continue to invest behind these levers to drive future growth. We are also investing to transform our back office efficiency to better leverage scale. We are encouraged by the ongoing opportunities for efficiency gains through the use of AI and our cost-reduction programmes which aim to mitigate the impact of cost inflation. The Group continued to enhance its portfolio with the acquisition of Propylon Holdings Limited, whose content management system is used by governments, standards bodies, legal publishers and regulated firms.

The Group continues to be highly cash generative, with cash generated from operations of £107.5m during the period, notwithstanding acquisitions and costs associated with restructuring and integration. Net cash excluding lease liabilities declined in the period from £71.9m to £23.6m reflecting the consideration paid for acquisitions of £31.5m and a further £19.4m paid for the share repurchase programme.

Reflecting the macro challenges in the last year and the higher cost of capital through increasing market interest rates, an impairment charge of £62.4m has been recognised in the period relating to goodwill in respect of the Group's Language and Content Technology division.

Candida Davies

REVENUE

Overall in FY23 the Group generated revenues of £733.8m, which is 2% lower than FY22. This was due to the impact of challenging economic conditions and reduced activity in our end markets, partly offset by £13m of benefits from our foreign exchange hedging programme and a stronger average US Dollar rate in the period which supported revenues in local sterling currency. On an organic constant currency ("OCC") basis revenues are 6% lower than those achieved in FY22.

In divisional terms, Language Services recorded £329.8m in revenue, a 4% decrease in total revenue and 7% on an OCC basis. Client retention and satisfaction remain high, albeit we continue to see reduced volume from certain clients in some end markets as they adjust to more challenging conditions. The TrainAI and eLearning growth initiatives both performed well and provide momentum going forwards. Regulated Industries recorded £162.5m in revenue, a decrease of 6%, although a decline of 9% on an OCC basis year-on-year. Positive progress has been made with Linguistic Validation and while some Life Sciences clients continued to deliver reduced levels of activity, we expect volumes to increase as more products move through regulatory approval. Language and Content Technology had total revenue of £136.7m, an increase of 8% year on year and a decrease of 1% on an OCC basis. Reported organic growth was 3% ahead of prior year. IP Services recorded £104.8m in revenue, a decrease of 2% on prior year and 4% on an OCC basis. The introduction of the Unitary Patent in June has resulted in the release of some of the backlog of IP work providing momentum moving forwards.

The majority of the Group revenue, categorised by geography, is in the US market, which accounts for 54% of the total. No one client accounts for more than 10% of Group revenue.

GROSS PROFIT

Gross profit decreased by 3% to £339.5m, delivering a gross margin of 46.3%, down slightly from 46.7% in the prior year. Delivery of the significant cost actions announced in June is nearing completion and we continue to identify further opportunities for efficiency gains through our transformation programmes, including by increasing the proportion of work undertaken through our Language eXperience Delivery platform and the use of artificial intelligence ("AI") internally.

ADMINISTRATIVE EXPENSES

Administrative expenses have increased to £346.4m (2022: £263.9m). Administrative expenses as a percentage of revenue have increased from 35% to 47%, which reflects the impact of the impairment charge related to the Group's Language and Content Technology CGU of £62.4m, together with the cost to achieve the efficiency programmes implemented during the period. Adjusted administrative expenses (gross profit less adjusted operating profit) increased by £4.0m to £215.7m.

Amortisation of acquired intangibles was £38.8m (2022: £34.4m). This included additional amortisation for Fonto and Propylon intangible assets, together with the impact of exchange rate movements during the period. Amortisation of non-acquired intangibles was £18.1m (2022: £15.7m), reflecting an increase in capitalised software development costs.

Exceptional costs of £22.6m were incurred during the year, which includes £12.3m for restructuring and integration costs in relation to the Group's cost reduction programme, £5.5m for Group transformation costs and £4.8m related to legacy payments.

Acquisition costs of £5.1m were primarily related to the contingent consideration and purchase of Propylon Holdings Limited during the period and contingent consideration for the purchase of Liones Holding B.V. in the prior period.

Chief Financial Officer's Review (continued)

FINANCE COSTS

Net finance costs were £4.0m (2022: £3.1m), with the year- on-year increase due primarily to an increase of £1.2m in interest payable on external debt, reflecting higher interest rates and increased borrowings. The Group has a US$220m Revolving Credit Facility ("RCF") maturing on 3 August 2026, with an option to extend maturity to 3 August 2027. This gives us further flexibility as we continue to grow the business and seek selective acquisitions to enhance the Group's capabilities and geographic reach.

PROFIT BEFORE TAX

The Group reported a loss before tax of £10.9m (2022: profit of £83.2m), the decline having been driven by impairment charges, lower revenues and client activity, together with increases in exceptional charges related to the Group's cost reduction initiative. These have been partially offset by foreign exchange gains of £13.0m from our Group hedging programme and the release of management bonuses during the period.

ADJUSTED PROFIT BEFORE TAX

Adjusted profit before tax ("Adjusted PBT") is stated before amortisation and impairment of acquired intangibles, share-based payment expense, acquisition costs and exceptional items (see reconciliation on page 164). 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 underlying performance across financial periods. The Adjusted PBT of £120.1m (Adjusted PBT margin: 16.4%) recorded in the period has decreased from £135.7m (Adjusted PBT margin: 18.1%) in the prior year.

TAX CHARGE

The Group's tax charge for the year was £16.8m (2022: £20.5m). The adjusted tax charge for the period was £29.6m (2022: £32.1m) representing an effective adjusted tax rate of 24.6% compared with 23.7% in the prior financial year. The rise in the effective rate largely reflects the increase in the UK tax rate from 19% to 25% in April 2023 and to a lesser extent tax rates in overseas countries which are higher than the UK tax rate.

EARNINGS PER SHARE AND DIVIDEND

Basic earnings per share for the financial year decreased from 16.1p to (7.1)p, a decrease of 144%, while adjusted basic earnings per share decreased from 26.6p to 23.3p, representing a decrease of 12%, which reflects the after tax impact of significant adjusting items this financial year including the cost reduction and transformation programmes. The weighted average number of ordinary shares in issue for basic and adjusted basic earnings decreased from 389.4m to 388.2m, principally due to the proportionate impact of the ordinary shares repurchased through the share repurchase programme.

A final dividend for the financial year ended 30 September 2023 of 9.8 pence per share has been proposed, equivalent to £36.8m, while an interim dividend of 2.4 pence per share, equivalent to £9.3m, was paid during the financial period. A final dividend for the year ended 30 September 2022 of 9.5 pence per share, equivalent to £37.0m, was paid in this financial period.

The proposed total dividend for the year of 12.2 pence per share represents a 4% increase on the total dividend relative to the prior financial period of 11.75 pence per share.

BALANCE SHEET AND WORKING CAPITAL

Net assets at 30 September 2023 decreased by £154.4m to £987.3m. The main drivers of this decrease was the impairment of goodwill of £62.4m and decreasing foreign currency denominated net assets by £60.3m, mainly due to the weakening US Dollar.

Current assets at 30 September 2023 of £290.2m have decreased by £35.7m on the prior financial year. This includes a decrease in trade and other receivables of £8.2m and in cash and cash equivalents balances of £25.0m to £76.2m.

Current liabilities have also decreased to £182.6m at 30 September 2023, a decrease of £21.0m, primarily due to a decrease in trade and other payables balances of £15.8m. Non-current liabilities have increased by £14.9m, reflecting a net increase in loan balances under our RCF of £23.3m and an increase in provisions of £4.8m, partly offset by a decrease in lease liabilities of £11.3m, trade and other payables of £1.2m and deferred tax of £0.7m.

CASH FLOW

Cash generated from operations was £129.2m, £19.6m less than the prior year, when cash generated was £148.8m. Operating cash flow before movements in working capital and provisions decreased from £157.5m to £130.9m. The net working capital outflow of £1.7m has decreased by £7.0m from the prior financial year's outflow of £8.7m. This has been driven by improvement in working capital management.

Significant cash outflows from investing activities included net cash consideration for the acquisition of Propylon Holdings Limited of £25.1m, contingent and deferred consideration of £6.4m for prior period acquisitions of Iconic and Liones Holding B.V. and purchases of intangible software of £36.5m.

The Group announced a share repurchase programme during the period and has repurchased £19.4m of shares at the balance sheet date. The programme is progressing as planned and is in line with our capital allocation policy. Cash flows from other financing activities included dividends paid within the financial year ended 30 September 2023 of £46.3m.

Cash balances at the financial year end amounted to £76.2m, with external borrowings of £52.6m, excluding lease liabilities, resulting in a net cash position of £23.6m (2022: £101.2m cash and external borrowings of £29.3m, resulting in net cash of £71.9m). Net debt including lease liabilities was £9.9m (2022: net cash of £25.2m).

POST BALANCE SHEET EVENTS

On 3 October 2023 the Group acquired ST Comms Language Specialists Proprietary Limited, a Cape Town based language services provider. The acquisition has been funded from existing cash resources and is in line with the Group’s strategy to actively pursue acquisitions that have the potential to accelerate delivery of its medium term plans.

The Group has continued its share repurchase programme and from 1 October 2023 to 8 December 2023 has purchased a further 6,252,443 shares at an average price of 234.3p per share.

Candida Davies | CHIEF FINANCIAL OFFICER

11 December 2023

Principal Risks and Uncertainties

The 12 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, the results of its operations 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 executive management colleagues who collectively play a key role in the identification, assessment and mitigation of risk and regularly report to the Board on progress.

Risk category	Description	Mitigation
PEOPLE		
Failure to attract, engage, retain, incentivise and develop key talent	The quality of service 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, incentivise and retain key talent in the Group. We are also exposed to wage inflation and talent shortages in certain countries,markets, which is fuelling the 'war for talent'.	RWS has a compelling proposition for current and future employees: operating in a fast moving and growing sector; with strong processes around salary structure, bonuses, LTIP and career planning; positive culture and values; and strong communications. We have introduced structured job architecture; job grading; and benchmarking; and embedded onboarding and engagement programmes. The Group also plans for succession at senior levels.
OPERATIONAL		
Cyber security	RWS may be adversely affected by activities such as systems intrusions, denial of service attacks, ransomware, virus spreading and phishing. AI is increasing the volume and sophistication of such activities and further heightens the people risk associated with cyber attacks.	The Group operates a network of systems to act as barriers to outside attacks. It has third party threat detection and response services, fully supported firewall protection, data and systems recovery procedures, business continuity planning and uses targeted third party penetration testing. The Group also conducts staff information security training and holds an appropriate level of cyber insurance.
Failure to deliver transformation programme	The Group is executing an ambitious transformation programme, which affects large parts of its core systems and processes. The Group would be exposed if the implementation does not deliver the planned benefits to time, plan and cost.	The Group has a structured programme to update and report on progress of each of its key initiatives. Risks are reduced by ensuring the appropriate quality and quantity of resource is provided to each activity. To the extent that issues arise, these are identified early and appropriate remedial action taken. The Executive Team and the Board receive regular status updates.
Complexity risk	The Group's current operating model is complex as a result of past organic and inorganic growth. This risk manifests itself in a multitude of different operational systems and the associated workload involved in maintaining, securing and using them.	The Group is currently investing in a transformation programme to significantly simplify its operating model. Protocols are also now in place to ensure that acquisitions are better integrated in order to avoid adding to complexity wherever practical. The Board and Executive Team reviews the Group's operating model and transformation programme regularly to ensure progress is being made.

Principal Risks and Uncertainties (continued)

Risk category	Description	Mitigation
TECHNOLOGY		
New technology and AI	RWS has a leading position in new translation technologies however, we could be disrupted if existing or new competitors launch or commercialise new linguistic AI based solutions more effectively than RWS. This could challenge our competitive standing, customer proposition, and put customer relationships, demand for our services, new growth opportunities and revenues at risk.	There is continuous review of available technology, AI, possible disruptions and the risks and commercial opportunities for RWS. We invest in our technology propositions to leverage our unique technology, product and sector expertise to differentiate our offering. We also scan technology and AI developments to identify and manage potential threats and opportunities and incorporate leading edge technology in our solutions.
STRATEGIC AND FINANCIAL		
Failure to deliver profitable growth	To grow, the Group needs to win and retain business with both new and existing clients and adapt continuously to their changing needs. We also need to price competitively in order to win business and support margins. Whilst our client retention remains strong, we are always at risk of losing clients or seeing clients reduce their spend or the share of their spend that they send to us. There is also a risk that our ability to forecast client spend may be unreliable leading to our business planning and associated market guidance being inaccurate.	In terms of retention, we measure client satisfaction regularly and, where appropriate, have account managers and client service teams focused on our key accounts. We have been investing in our sales and marketing capabilities and in a series of new growth initiatives. We have also been training our sales and account managers through our 'Leading for Growth' programme and have been making improvements to our key account plans and our approach to pricing. We continue to manage long-term relationships closely to reduce revenue risk. Forecasts are also reviewed regularly at Board and Executive Team level to inform business planning and shareholder communications.
Inflation and pricing pass through	The Group operates in competitive markets which can mean that it isn't always possible to pass through inflationary cost increases to our clients through pricing. This can lead to margin compression where we aren't able to find efficiency savings to balance any differential between pricing and cost.	The Group seeks to recover cost increases through pricing where possible. We have been giving this increased focus through improved training, measurement and seeking contractual pricing clauses where these can be agreed with clients. We also seek to implement cost efficiencies wherever possible to maintain margins.
LEGAL AND COMPLIANCE		
Legislative and regulatory compliance risk	The pace and demands of legislative and regulatory change as well as the increase in stakeholder expectations, can adversely impact on our revenues and increase potential compliance and reputational risks (e.g. AI, privacy and cyber, corporate governance, climate, sanctions, environmental, health and safety).	The Company has appointed a General Counsel and Company Secretary and has established a unified Group legal team and company secretarial function to support the business and ensure a consistent global approach to legal risk management. The RWS Code of Conduct has been updated, underpinned by the roll-out of an all-colleague training programme. Our ethics and compliance policy framework is reviewed and enhanced periodically and as necessary.
Failure to manage data-privacy requirements and expectations	The Group is facing increasing regulation across its multi-national operations as the global landscape of data protection, privacy and cyber laws develops. The current pace of innovation and regulation also leads to additional expectations from our clients in relation to the processing of personal data. The broader scope of data processing anticipated by the Group's AI and data services strategic initiatives increases our risk exposure.	The Group has a central data privacy capability in place responsible for developing and implementing appropriate data privacy policies and procedures across our business. The legal team also plays an active role in reviewing data privacy requirements and obligations in client and vendor contracts.

Risk category	Description	Mitigation
EXTERNAL ENVIRONMENT		
Climate change and natural disasters	RWS is facing an increased focus on disclosure of climate-related risks and opportunities, as well as increasing requirements from our clients and people to demonstrate carbon reduction. The Group is also exposed to natural disasters arising from extreme weather conditions resulting from climate change in a few locations. Failure to address this could have significant financial and reputational impact.	The Group is monitoring regulatory developments, complying with reporting requirements, building climate-related impact resilience into its business strategy including investing in its IT infrastructure, developing carbon reduction plans (including setting science-based targets), and improving the resilience and business continuity of its office network and supply chain.
Competitive Risk	RWS is facing increased competitive intensity in the technology space and from potential new AI based competitors with different sources of funding, objectives, timescales, culture and competitive stance. Competitive intensity could be further impacted by decreasing barriers to entry and disintermediation where, for example, clients become competitors.	There is continuous review of available technology, AI, possible disruptions and the competitive risks facing RWS. We also scan technology/AI developments to identify and manage potential threats and to counter these by incorporating leading edge technology in our solutions. There is a structured client engagement programme in place to counter competitive threats.
Geopolitical	The Group is exposed to heightened global geopolitical uncertainty, for example in East Asia and the war in Ukraine. The risk could lead to changes in demand, growth rates and attractiveness of clients and markets, and have an impact on the geographical focus of the Group and the cost of doing business.	The Group monitors the changing global situation and is alert to any relevant changes. It can then take action by reallocating work where relevant across its global infrastructure and ensuring the safety of its people. The Group reflects changes to the geopolitical risk in its budgeting, investments, planning and decision-making.

MAPPING OUR RISK

The Group categorises risks according to the likelihood of occurrence and the potential impact on the Group. Impact is assessed on financial grounds. Financial impact in the period could be increased costs, reduced revenue, fines or increased management time required to deliver a given activity.

The Directors have also assessed the risks on a gross basis (i.e. without existing mitigations) and a net basis (i.e. with existing mitigations).

Task Force on Climate-related Financial Disclosures ("TCFD")

Recognition of climate-change impacts and the need to act proactively is increasing. The hottest recorded July, August and September was experienced in 2023 and, if action is not taken by all, these changes will become long lasting. RWS has the desire to lead by example. This is evidenced by it becoming a signatory of the TCFD before it became mandatory, and submitting its intent to set science-based targets ensuring that RWS can support the achievement of keeping global temperature rises to 1.5°C or less.

Following our decision in 2021 to start reporting in line with TCFD early, these disclosures include our actions taken to date to align our climate risk disclosures with the TCFD recommendations. Doing so will enable our stakeholders to understand the ways in which climate change is affecting our business now, and in the future, as well as the steps that we are taking.

In meeting the requirements of Financial Conduct Authority ("FCA") listing rule 9.8.6R in respect of TCFD we have concluded that:

- We comply fully with recommended disclosures 1 to 10.
- We comply partially with recommended disclosure 11.

TCFD pillar	TCFD recommended disclosures	Cross-reference or reason for non-compliance	Comments and next steps
Governance	1. Board oversight of climate-related risks and opportunities	Page 50 Compliant	The Board will continue to review the climate-related risks and opportunities routinely.
	2. Management's role in assessing and managing climate-related risks and opportunities	Page 50 Compliant	We will continue to develop the roles and responsibilities of management in assessing and managing climate-related risks and opportunities across the Group.
Strategy	3. Climate-related risks and opportunities in the short, medium, and long term	Pages 51 to 53 Compliant	We have completed a scenario analysis in respect of climate-related risks and opportunities across the short-, medium-, and long-term, and will continue to review and update the respective scenarios.
	4. Impact of climate-related risks and opportunities on our business, strategy, and financial planning	Pages 54 to 55 Compliant	We have completed a scenario analysis in respect of climate-related risks and opportunities and these are being incorporated into financial planning. In FY24 we will further integrate our climate-related risk mitigation into our strategic planning and forecasting, and continue to review how climate change may impact our medium-term strategy.
	5. Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 56 Compliant	Based on current weather fluctuations, we have made a number of assumptions associated with those states and what could be experienced. Through our climate scenario analysis we believe our business is resilient in the short-, medium-, and long-term. In FY24 we will continue to review how climate change may impact our strategy.
Risk management	6. Our processes for identifying and assessing climate-related risks	Page 57 Compliant	The Executive Team will continue to be responsible for identifying potential climate-related risks which will be assessed as part of the Group's risk process.
	7. Our processes for managing climate-related risks	Page 57 Compliant	Climate change risks are managed through our risk management process and after they are assessed, risk profiles are produced at a business level with Board-level oversight.
	8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 57 Compliant	We will continue to monitor and manage our climate-related risks and ensure that each risk is monitored and managed appropriately.
Metrics and targets	9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 58 Compliant	Although we were able to report against our carbon-related performance metrics for Scope 1 and 2 in FY22, due to changing and improving our methodology for capturing and measuring Scope 3 in FY22, our Scope 3 carbon emissions changed significantly from FY21. We are now able to report against our carbon-related performance metrics for Scope 3.
	10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Page 58 Compliant	This is our fourth year we have disclosed our Scope 1, 2 and 3 emissions. In FY22, we expanded the tracking and reporting of our Scope 3 indirect emissions to enable us to set science-based targets.
	11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 59 Partially compliant – we prepared our science-based targets in FY23 and these will be submitted to the SBTi for validation early in FY24.	In FY23 we prepared our science-based targets for submission to the SBTi for validation and will continue the process of developing and reporting on our climate-related performance metrics. We will continue to monitor regularly our progress to reduce our carbon emissions.

Task Force on Climate-related Financial Disclosures (continued)

GOVERNANCE

a. Board oversight of climate-related risks and opportunities

The Board is responsible for overseeing and directing the overall RWS strategy, including agreeing the Group's position and commitments on key sustainability and climate-related matters. Climate-related issues are discussed during Board meetings, in addition they receive monthly reports on sustainability and ESG issues from the Head of Sustainability and ESG.

The climate-related issues raised to the Board inform and influence business strategy decisions, including annual budgets, major plans of action and associated capital expenditures, remuneration, transition plans and targets.

Some good examples of this include:

(1) The approval of a significant digital transformation programme on large portions of its core systems and processes. Moving to less energy-intensive technologies is a major investment and a strategic move that will help RWS reach its climate-change management and sustainability goals.

(2) The individual climate-related goals given to members of the Executive Team are linked to the group bonus structure.

The RWS Board includes the Chairman of the Board, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and five other independent Non-executive Directors. Two of the Board's members (the CEO and CFO) are also core members of the Executive Team, ensuring the key topic of sustainability filters to several layers of top management. The General Counsel and Company Secretary also attends scheduled board meetings and is a member of the Executive Committee.

The Board is assisted by the Executive Team providing detail and more focused oversight of the Group's policies, programmes, and related risks that concern key sustainability and climate matters. The CEO has direct oversight of the sustainability and climate agenda, including strategic decisions and performance management. The CEO and General Counsel and Company Secretary co-ordinate reporting by the Executive Team on progress on risk mitigation efforts to the Board, including those for any identified climate-related risks.

The Board's oversight of progress against climate-related goals and targets includes the submission of the Group's science-based targets to the Science Based Targets initiative ("SBTi") in December.

b. Management's role in assessing and managing climate-related risks and opportunities

The CEO heads the Executive Team, which is responsible for identifying climate-related risks and opportunities, and managing implementation of any key actions approved by the board. The Executive Team committee includes the following members:

- Chief Executive Officer
- Chief Financial Officer
- Chief Language Officer
- Chief People Officer
- Group Corporate Development Director
- The General Counsel and Company Secretary
- President, Enterprise Services
- President, IP Services
- President, Regulated Industries
- President, Language Services and Technology

The Executive Team assists the Board in providing additional localised implementation support of the Group's policies, programmes, and risks that related to key sustainability and climate matters.

As mentioned above, the CEO oversees the sustainability and climate agenda. The Executive Team reports to the CEO on all climate-related issues. The General Counsel and Company Secretary, in addition to holding overall responsibility for legal and governance functions, is responsible for co-ordinating the Group's overall risk management programme. This includes the preliminary identification, assessment, and prioritisation of top strategic, operating, and business risks.

Regular monthly reports are made to the Board by the Head of Sustainability and ESG and Executive Team members. These monthly reports cover a wide range of corporate sustainability topics, such as updates on climate change risks. In addition, the Board formally reviews climate-change topics at least once annually, with supplementary formal meetings called as required to address primary identified risks.

RWS also offers financial incentives for achieving climate-related goals, ensuring that sustainability is a crucial topic for every member of the Senior Leadership Team. The Executive Team and Senior Leadership Team have climate-related targets and KPIs that are linked to additional remuneration.

STRATEGY

a. Climate-related risks and opportunities in the short, medium and long term

RWS considers a range from one to three years as 'short-term', from three to five years as 'medium-term', and anything over five years as 'long-term' which is aligned with the Group's business planning.

Using a risk matrix approach, a substantive financial or strategic impact is defined as one having both:

- A financial impact of £10,000,000 or more cumulatively in the short-, medium- and long-term
- A probability of very likely or higher

As part of its overall risk-management strategy, RWS has identified a good number climate-related risks and opportunities that potentially could have a material financial impact on the organisation. These have been categorised into regulation, technology, market and physical climate change risks and opportunities.

A summary of the identified short-, medium-, and long-term risks and opportunities have been summarised below:

Regulation (Current, Emerging, and Legal)

Time Horizon	Risks	Opportunities
Short-term	Our clients expect RWS to comply with all relevant climate-change related legislation in each of the countries in which it operates. Failure to comply could result in fines, damage to reputation, and loss of clients. RWS has ISO 14001:2015 Environmental Management certifications and compliance at several sites across the globe, collectively covering 62% of offices by FTE. RWS has a goal to increase this coverage to over 90% by the end of FY30. This helps to ensure compliance with all relevant regulations.	As a result of compliance with climate-change regulations such as Article 8, ESOS, and SECR, RWS identifies and reviews energy and carbon saving opportunities regularly. These are implemented where possible to continually improve energy performance and reduce climate change impact.
Medium-term	New legislation may be implemented or existing legislation updated. For example, the IFRS Foundation, which oversees the International Sustainability Standards Board (ISSB), will take over the monitoring of companies' progress on climate related disclosures from the TCFD. Another example is the UK's Energy Savings and Opportunity Scheme (ESOS) is currently in the process of being updated, with further anticipated compliance requirements being included for the current (third) and future phases. Additional legislative requirements may result in the need for supplementary support and additional resource. RWS conducts horizon scanning to ensure it stays aware of impending changes to legislation.	RWS recognises that legislative requirements that require the reporting and reduction of carbon emissions, supports it on its sustainability improvement journey. Upcoming legislative changes provide opportunity for improvement as well as generating potential additional revenue for RWS services, which helps clients demonstrate climate change reduction measures.
Long-term	Emerging legislation is managed as part of the RWS internal risk management process. This ensures that new and upcoming regulatory requirements are identified and mitigation measures are implemented well in advance of their required compliance deadlines. For example, RWS took the proactive approach to comply with the TCFD requirements well before they became a mandatory requirement.	Just as RWS has made efforts to align itself with emerging regulations, its clients are also facing the same risks. Increased regulatory burdens for clients can lead to higher demand for RWS services through increased requirements to localise content. This potential increase in demand is influential in the long-term business plan for RWS.

Task Force on Climate-related Financial Disclosures (continued)

Technology

Time horizon	Risks	Opportunities
Short-term	Due to the nature of the RWS business offerings, it has identified data centres as being one of the most significant sources of its energy consumption and carbon emissions. To reduce this impact, they have committed to sourcing 100% renewable energy contracts wherever practicable and to investigate the viability of increasing the implementation of physical renewable technology across its portfolio in the short-term e.g. solar PV.	Opportunities for implementing new technology is likely to include improved energy efficiency, which will translate to direct cost savings and reduced carbon emissions. For example, improved energy efficiencies are expected through the significant upgrades to the RWS IT infrastructure currently being implemented through a Group-wide digital transformation programme.
Medium-term	Our technology use constitutes the majority of its energy consumption and associated Scope 1 and Scope 2 carbon emissions. Innovation focused on low/no carbon technology forms a central part of RWS sustainability agenda and climate change goals. To aid with this, significant upgrades to IT infrastructure are being implemented through a Group-wide digital transformation programme, which includes the upgrading of existing equipment and software.	In response to global events such as the Covid-19 pandemic and the war in Ukraine, RWS has adapted practices by enhancing IT infrastructure improvements and enabling agile working practices. This in turn has reduced direct costs and encourages further innovation to improve resource diversification.
Long-term	Risks and opportunities from emerging technology are always considered. To manage this, RWS constantly investigates new technologies which have the potential to improve energy efficiencies and reduce its carbon footprint. Examples of this can be seen with recent technological innovations in solar PV efficiencies.	As RWS continues to transition to carbon net zero and implements energy efficiency improvements across its portfolio, its products and services will become even more low carbon, providing RWS with the opportunity to improve its marketing and attract new clients.

Market and Reputation

Time horizon	Risks	Opportunities
Short-term	Increasingly, clients are aware of environmental issues and have a strong preference for businesses which demonstrate good climate change and environmental management practices. Our climate change management strategies are aligned with various frameworks and guidance such as the TCFD. In addition, RWS continues to demonstrate transparency through annual CDP disclosures and published reports.	RWS has been preparing science-based targets for submission and verification and is aiming that these will be in place within the next 12 months. This, in conjunction with meeting client expectations, will have a positive impact on reputation and in identifying further opportunities to provide new services to emerging markets.
Medium-term	Carbon net zero commitments and science-based targets are gaining traction and quickly becoming a standard for responsible businesses. If businesses are unable to demonstrate this level of commitment, they risk losing clients. In FY22, RWS committed to carbon net zero by 2050 and is in the process of implementing short-term science-based targets aligned with the SBTi.	Identifying market and reputational risks aids RWS in continually reviewing and improving its climate change management practices. This benefits clients and can provide competitive advantage in the marketplace.
Long-term	The commitment to becoming carbon net zero is long-term. This will require regular updates and carbon emission calculations. If RWS is unable to achieve these targets or demonstrate adequate progression, there is a potential risk of losing clients. RWS continually reviews its energy consuming assets to identify ways to reduce carbon emissions.	Showing good progress towards achieving carbon net zero will likely attract new clients and generate additional revenue.

Physical climate change

Time horizon	Risks	Opportunities
Short-term	Changes in temperature and increased severity of extreme weather conditions are already being experienced as a result of climate change. The risks associated with this include increased energy consumption and associated carbon emissions from systems and disruptions in accessing facilities. RWS is mitigating this risk by offering agile working options and investigating energy efficiency improvements at its offices.	Responding to Covid-19 has demonstrated that remote working is a viable option. Enhancing the remote working opportunities for RWS colleagues across the globe will improve resilience to climate change weather impacts by enhancing agile working flexibility.
Medium-term	Some RWS locations are at risk of acute physical climate changes events, such as flooding. To mitigate this, our climate-related risk strategy includes increasing investment in IT infrastructure and the promotion of different working styles e.g. remote. This allows more flexibility and ensures the level of service remains the same despite any restrictions caused by climate change.	Continuing to investigate ways in which RWS can improve productivity aligns with the carbon net zero strategy.
Long-term	RWS recognises that climate change will increase the severity and frequency of extreme weather events, potentially causing localised disruption to supply chains and networks. To mitigate this, the RWS long-term climate-related risk strategy includes reviewing the location of offices and improving the resilience of its current estate portfolio, software testing labs and recording studios. Chronic physical events represent both a medium- and long-term risks. RWS is investigating ways to limit its exposure to damaging chronical physical events, with a focus to build business continuity into its office network and supply chain through a responsible suppliers network.	Not only are site locations considered as part of the RWS long-term business strategy, but also their energy performance. By operating from energy efficiency buildings, our scope 1 and 2 carbon emissions will reduce significantly.

Task Force on Climate-related Financial Disclosures (continued)

b. Impact of climate-related risks and opportunities on business, strategy, and financial planning

RWS conducts three different scenario analyses using Representative Concentration Pathways ("RCPs") to assess the identified climate-related risks and opportunities in the short-, medium-, and long-term. They are then prioritised using the risk matrix method as described above. For more detail on the climate-related scenarios used to inform our strategy and financial planning, see 'Strategy' section 'C' below.

The impact of climate-related issues through FY23 is assessed in a separate but similar matrix structure, and a range for financial impacts is assigned by relevant department heads, e.g. for short-term disruptions to software testing and production in one region requiring services to be rerouted, a temporary increase of 25 to 50% of the cost of production in the affected area has been estimated. Further detail on the impact of climate-related issues can be found in the Environmental section on pages 27 to 31.

RWS business, strategy, and financial planning are affected by climate-related issues in the following seven ways:

PRODUCTS AND SERVICES

For the last few years there has been a noticeable increase in the demand for sustainable products and services. There has been a shift in market preferences, with clients preferring to engage with sustainable businesses. RWS continues to investigate ways to optimise its products and services, focusing on reducing carbon emissions while also ensuring client satisfaction and improving efficiencies wherever possible.

In the first half of FY23, RWS noted an increase in Language and Content Technology revenue growth. There was progress in the AI Data Services and eLearning solutions growth initiatives, both of which support a transition to computer-based activity and away from in-person, travel-intensive operations. We also continue to provide remote interpreting, transcription and subtitling services that reduce the need for in-person events and consequently which benefit travel emissions; these spiked during the pandemic but have remained strong as new modes of working have become established.

Strong demand has also continued from our corporate and financial services clients in relation to the reporting of their own ESG initiatives and progress. We are working with numerous multinationals, asset managers and investment banks in translating their stakeholder communications for global audiences, particularly as they relate to decarbonising the global economy through investment in renewable energy and the transition away from fossil fuels.

RWS has also begun to identify projects undertaken for clients which are directly linked to climate change, e.g. localising patents for blades for windmills or insulation material; localising information related to electric vehicles and solar panels; localising ESG-related information resulting from regulatory disclosures such as the Corporate Sustainability Reporting Directive ("CSRD") and the Sustainable Finance Disclosure Regulation ("SFDR"); and thought leadership content produced by clients to market and sell financial products. It is estimated that over £1.5m in sales relating to such projects have been won in FY23.

SUPPLY CHAIN/VALUE CHAIN

In FY23, the majority of the RWS global carbon footprint is related to Scope 3 categories. A significant portion was attributable to its value chain. To reduce upstream carbon emissions, RWS is rolling out a programme of engagement with its suppliers on their climate-change management strategies through required supplier questionnaires and/or engagement through a risk screening, performance mapping rating software platform for supply chain sustainability issues. Suppliers who are seen as managing their climate-change strategy actively are preferred, and suppliers who are not will be encouraged to improve. The Group's expectations are listed in its Supplier Code of Conduct and Corporate Sustainable Policy Statement.

To promote the ethos of sustainable management of climate-change, clients and investors are informed of RWS climate-related risk management strategies through published reports, including Annual Reports and the ESG reports, CDP disclosures, annual GRI reports, and TCFD statements.

ADAPTATION AND MITIGATION ACTIVITIES

RWS has considered its impact on the environment and on overall climate-change carefully. The Group's risk management programme is headed by the General Counsel and Company Secretary, and is supported by the Executive Team and relevant top management. To demonstrate its commitment to being a sustainable business, in 2022 RWS officially committed to set science-based targets to be carbon net zero through the SBTi.

Additional sustainable and climate-change mitigation activities are encouraged throughout the RWS global offices. In FY23, RWS held an ESG competition with categories including 'Green Office of the Year' and 'Biodiversity Project of the Year'.

INVESTMENT IN R&D

Technological advancements have been identified as a primary risk in the Group's risk management programme. RWS scans for and reviews innovations in technology that can improve efficiencies while reducing energy consumption. As virtual workplaces become more common and its clients span across the globe, important consideration is given to new, innovative ways to deliver products and services as efficiently as possible. RWS is committed to investing in growth areas, technology products and infrastructure with a view to accelerate organic growth.

Throughout FY23, RWS has been investing in a technology transformation programme which will reduce the carbon emissions generated from its business operations. Investing in this technology transformation is a key component of the RWS strategy for becoming carbon net zero.

OPERATIONS

RWS has noted a significant increase in the number of clients requesting robust climate-change management from their suppliers. To ensure RWS meets or exceeds these expectations, it complies with all relevant climate-change regulations and actively improves its climate change management wherever possible. RWS holds itself to high accountability standards. As a result in FY22 RWS improved the accuracy of its footprint by improving data collection and GHG emissions to include both operations and supply chain, and committed to setting carbon reduction targets which are aligned with the SBTi. The new targets were submitted to the SBTi in December for validation and will be published once validated. The accuracy of emissions measurement was further improved in FY23. To encourage transparency, the RWS climate change management strategy is publicly reported on several platforms, including Annual Reports, TCFD, and CDP disclosures.

ACQUISITIONS AND DIVESTMENTS

In FY23 RWS acquired Propylon Holdings Limited (Propylon), a leading legal and regulatory content management solution provider, for €30.1 million on a cash-and-debt free basis with additional deferred payments of €6.45 million due on each of the first and secondary anniversary of completion. The acquisition was funded from existing cash resources of RWS and bank facilities.

Propylon's Component Content Management System allows users to author, edit, and finalise content in a user-friendly way. It also provides software to a range of standards bodies and global regulated professional services organisations, helping them solve the content challenges with drafting, amending, publishing and updating legislation, regulation and guidance.

Including Propylon's CCMS and software within the RWS portfolio compliments and further strengthens the RWS business offerings, helping its clients reach further around the globe.

ACCESS TO CAPITAL

Many of the measures detailed throughout this section contribute to ensuring RWS has access to capital. Strengthening its climate-change management strategy through commitments to carbon net zero, transparent engagement with its value chain, and investments in technological advancements can generate additional revenue from drawing in new clients with similar values. The initiatives themselves may have several benefits, e.g. improving the accuracy of its data collection and carbon footprinting not only aids with our carbon net zero journey, but also can lead to improved business decisions to reduce costs on an ongoing basis, while also a reduction in our systems and as such reducing run costs.

A long-term strategy to net zero also allows RWS to access new sources of investment, while also more traditional lenders are favouring businesses with a clear strategy.

A long-term strategy to net zero also allows RWS to access new sources of investment, while also more traditional lenders are favouring businesses with a clear strategy.

Task Force on Climate-related Financial Disclosures (continued)

c. Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

RWS conducts three different scenario analyses to assess climate-related risks and opportunities in the short-, medium-, and long-term. RWS uses RPCPs as adopted by the Intergovernmental Panel on Climate Change (IPCC). The three climate scenarios used include:

- Low emission scenario (RCP 1.9) – this modelling pathway is used to predict measures needed to keep global temperature increases below 1.5°C.
- Medium emission scenario (RCP 2.6) – this pathway predicts the keeping global temperature increases below 2°C.
- High emission scenario (RCP 8.5) – this pathway is more widely known as a 'business as usual' or worst-case scenario. Without mitigation efforts, global temperatures are predicted to increase an average of 3.7°C.

Assumptions used for the scenario analysis include relevant weather fluctuations, carbon tax levels, extreme weather impacts on businesses and supply chains. The assessments span the identified climate-related physical risks, transition risks, and opportunities. See the 'Strategy' section for further detail on these identified risks and opportunities.

A qualitative scenario analysis was also undertaken to analyse the impacts of climate change on revenue; assumptions for the qualitative scenarios include various increases in energy costs due to climate change.

RWS incorporates each of the scenario analyses in its climate change risk assessments, which is used to drive the overall business strategy. These risks are assessed annually, and any additional significant risks and opportunities identified will be incorporated into the scenario planning to influence the overall strategy and financial planning.

For FY23, it was determined that all climate-related risks that have been assessed are able to be mitigated. For example, after identifying a transitional risk surrounding technology, a decision was made to upgrade IT infrastructure through a Group-wide digital transformation programme, requiring an overhaul of existing equipment and software.

Similar to FY22, it was not possible to estimate a single figure for the full financial impact of all identified climate change risks and opportunities. However, RWS is confident that the costs of meeting its sustainability and climate change goals will be at least partly mitigated by its climate-related initiatives and associated benefits. Some of the initiatives undertaken in FY23 include:

1. Reducing operating costs and energy consumption where possible – as RWS promotes an agile working style for its colleagues, some sites were identified as being larger than required. To limit unnecessary energy consumption and carbon emissions, offices in Indore (India), Rosario (Argentina), and Bydgoszcz (Poland), were downsized and the office in London (UK) was consolidated in 2023. The Indore office was moved to a 'green' building, which will aid with reductions in energy consumption.
2. Investment in R&D to improve the RWS IT system – RWS continues to review technological advancements and use the most energy efficient and latest technology available, which supports the attainment of its sustainability and climate change goals.
3. Enhanced engagement with its value chain – RWS is rolling out a new onboarding questionnaire which will enable RWS to score and rank suppliers based on the robustness of their climate change management and carbon emissions. RWS also utilises the Watershed platform which pulls data from CDP to identify which suppliers have validated science-based targets; and EcoVadis to engage with the circa 80% of suppliers and track details on their climate-change management. This approach is tailored to each supplier based on size, where more climate change information is being requested from larger suppliers. This will enable RWS to target the larger carbon emitting suppliers and encourage them to reduce their climate change impact.
4. Improving the accuracy of its carbon footprint – in FY22, improvements to data collection and GHG emissions were implemented, including across both operations and supply chain. RWS also committed to setting carbon reduction targets which are aligned with the SBTi. The new targets were submitted to the SBTi in December for validation and will be published once validated.

RISK MANAGEMENT

a. The processes for identifying and assessing climate-related risks

The Executive Team assists the General Counsel and Company Secretary with the identification of risks through horizon-scanning activities. Potential risks related to existing and future regulation, reputation and markets, potential financial impacts, and physical climate change are all considered carefully.

Once identified, risks are prioritised using a risk matrix approach which assesses the potential impact, both financial and reputational, on the Group and the likelihood of occurrence. Risks are considered substantive if they have a financial impact of £10,000,000 or more, and a probability of very likely or higher. Risks are assessed over the short-, medium-, and long-term on both a gross basis and net basis, i.e. without considering existing mitigations and then with existing mitigations, respectively. As detailed under 'Governance', climate strategy scenarios are also used to quantify the impact that risks may have on the business.

b. The processes for managing climate-related risks

A formal risk assessment review is undertaken annually to prioritise principal risks using the above defined risk matrix (impact equals level of hazard vs likely probability). Potential appropriate actions are also identified. These risks and actions are presented to the CEO and Board, influencing business strategy.

The Group routinely monitors for emerging regulatory developments, complies with reporting requirements, annually benchmarks its performance against climate and sustainability targets, and develops specific action plans for carbon reduction.

A good example of this is the Group's commitment to Net Zero by 2050 and submission of targets to the SBTi in 2022. This significant action addresses several risks at once; e.g. the reputational and market risks associated with a noticeable shift in consumer preferences towards companies with robust climate-change mitigation strategies.

c. How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management

As mentioned above in the 'Governance' and 'Strategy' sections, the General Counsel and Company Secretary has overall responsibility for co-ordinating the Group's risk management programme. She is assisted by the Executive Team, the Head of Sustainability and ESG, and additional top management.

RWS promotes transparency on its climate-change management strategy through engagement with stakeholders throughout its value chain. Details on how RWS has responded to risks are provided through news releases, stock exchange announcements, and published reports such as its GRI Report and its Environmental, Social and Governance Report.

Task Force on Climate-related Financial Disclosures (continued)

METRICS AND TARGETS

a. The metrics used to assess climate-related risks and opportunities in line with strategy and the risk management process

RWS uses two metrics to compare its carbon emissions and measure its climate change impact: revenue (£m) and number of employees (FTE). To align with science-based targets, RWS has adjusted its baseline to FY22. The following table demonstrates the FY23 results and how they compare to FY22.

Intensity metric	Intensity metric 1 Metric tons CO_2e per unit revenue (£M)			Intensity metric 2 Metric tons CO_2e per unit FTE		
Year	FY22 (Baseline)	FY23	% change to baseline year	FY22 (Baseline)	FY23	% change to baseline year
Scope 1	0.73	0.67	9.3%	0.07	0.06	11.0%
Scope 2 (location-based)	5.56	7.01	-26.2%	0.53	0.65	-23.7%
Scope 3	45.34	42.04	7.3%	4.29	3.90	9.1%
Total	**51.63**	**49.72**	**3.7%**	**4.89**	**4.61**	**5.6%**

Scope 1 and 3 intensity metrics show reductions when compared to FY23, ranging from 7.3% to 11.0%. The Scope 2 intensity metrics show increases of 23.7% to 26.2%. Collectively, RWS can demonstrate carbon emission improvements in both intensity metrics of 3.7% and 5.6%.

The rise in the Scope 2 intensity findings stems from greater utilisation of office space during FY23. RWS has implemented an energy performance site selection programme proactively where the energy efficiency of new buildings is considered before leases are secured. This, along with identifying energy efficiency improvements, will help improve Scope 2 emission performance in the future.

Each member of the Executive Team and Senior Leadership Team has objectives to further RWS climate change and sustainability goals. Additional remuneration can be awarded for reaching appropriate benchmarks and milestones. Once RWS science-based targets have been finalised and verified by the SBTi, additional metrics will likely be developed and included within the existing remuneration reward scheme.

b. Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions and the related risks

RWS Scope 1, 2 and 3 greenhouse gas (GHG) emissions are included in detail on pages 28 to 30 of this report. These have been calculated using the GHG Protocol methodology. RWS emissions are as follows

Scope	FY23 GHG Emissions (tCO_2e)
Scope 1	488
Scope 2 (location-based)	5,147
Scope 2 (market-based)	4,634
Scope 3* (location-based)	30,851
Scope 3* (market-based)	30,824
Total (location-based)	**36,486**
Total (market-based)	**35,946**

Note: The above Scope 3 emissions include the following categories:

- Category 1 (Purchased Goods and Services)
- Category 2 (Capital Goods)
- Category 3 (Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2)
- Category 5 (Waste Generated in Operations)
- Category 6 (Business Travel)
- Category 7 (Employee Commuting)
- Category 8 (Upstream Leased Assets)

RWS recognises that the risks associated with ignoring climate change include physical climate disruption, resource depletion, and various knock-on transitional effects, as well as the business specific risks already identified and discussed in detail within the previous TCFD strategy section.

As a business with a complex and vast value chain, RWS also recognises that it must play its part to mitigate the effects of climate change through a robust climate change management strategy.

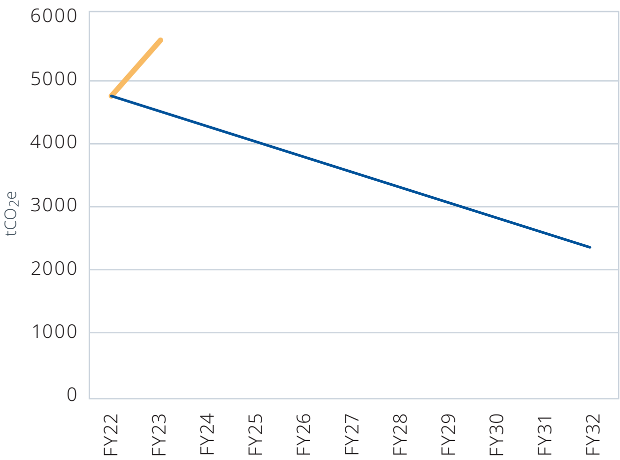
c. Targets to manage climate-related risks and opportunities, and performance against targets

RWS has an overall target of becoming carbon net zero by 2050, and has publicly committed and published this target with the SBTi in 2022. To achieve this, there are several interim targets (see target ref. numbers 1 and 2 in the below table) to aid with the tracking of the Group's performance. We have submitted the following targets to SBTi for their review.

Target ref. number	1	2
Type of target	Absolute	Intensity
Coverage	Scope 1 and 2	Scope 3 Category 1 – Purchased Goods and Services
Metric (if applicable)	N/A	Gross profit (£1M)
Target	50.4% reduction	58.1% reduction
Base year (FY22) result	4,714	63.7
Expected result in target year (FY33)	2,338	26.7
% of target achieved in FY23, relative to base year	**-38.8%**	**25.6%**

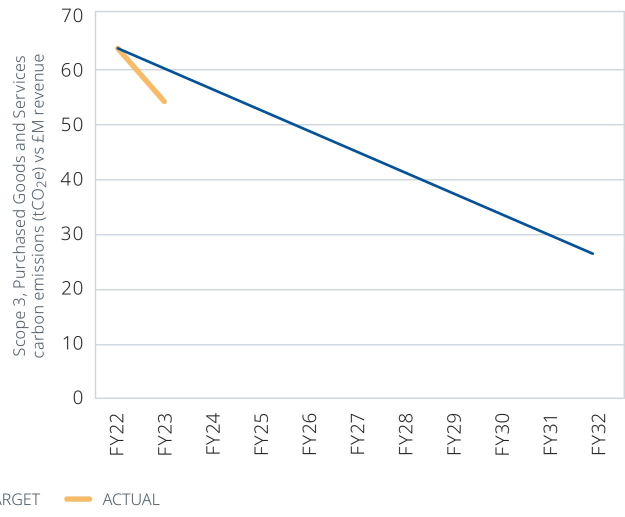
Absolute reduction target 1

50.4% reduction in Scope 1 and 2 carbon emissions by FY33



Intensity reduction target 2

58.1% reduction in Scope 3 Purchased Goods & Services carbon emissions vs £M gross profit by FY33



An increase in Scope 2 carbon emissions is evident in FY23 when compared to FY22. This has impacted target 1 above. As mentioned previously, this rise is from increased utilisation of office space. To mitigate this RWS has implemented an energy performance review programme proactively, where the energy efficiency of new sites is considered before they are secured. This will support improving Scope 2 emission performance in the future.

The Scope 3 intensity performance in FY23 shows a positive improvement, indicating that 25.6% of the targeted reduction has been achieved. This is nearly two years ahead of the current target. This is the result of working with the supply chain, increasing the emphasis on carbon performance, and enhancing carbon measurement methodologies.

In addition, RWS has targets on transitioning to 100% renewable electricity across its estate portfolio wherever possible. In FY23 13.8% was achieved.

Section 172 Statement

The Directors of the Company are bound by their duties under the Companies Act 2006 and, in particular, must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172(1)(a) to (f) of the Companies Act 2006.

The following disclosure describes how the Board has had regard to those matters and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

IDENTIFICATION OF STAKEHOLDERS

The Board of Directors has identified the following stakeholders and the next pages explain how they have engaged with each group of stakeholders:

- Our shareholders
- Our colleagues
- Our clients
- Our suppliers
- Our community

BOARD ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to enhancing engagement and seeks to build honest, respectful and transparent relationships with all of the Company's stakeholders, taking into consideration what matters to each group.

The interests of our stakeholder groups are considered by the Board through a combination of:

Regular reports and presentations at scheduled Board and Committee meetings, including operational reports presented by the Chief Executive Officer, and updates from the Chief Financial Officer and other members of senior management on a range of matters including:

- Strategy
- Financial, treasury and tax matters
- Capital allocation and shareholder returns
- Health, safety and well-being
- Speak-up policy
- Risk, assurance and controls
- Governance and business ethics
- Cyber security
- Colleague matters (including colleague engagement, workforce and management diversity, gender pay gap, workforce remuneration and related policies)
- Markets
- Operational performance
- Suppliers
- Community
- Environment and sustainability
- Client and investor feedback

Unscheduled Board and Committee meetings if the Board needs to be informed of matters, or when a decision is required before scheduled Board meetings – such as trading updates, material events or M&A opportunities.

Regular briefings from Executive Directors, senior management and subject matter experts, which include details of engagement with stakeholders, strategy, performance, local market and competitor positions, operational and colleague matters, and client satisfaction and business development.

A rolling agenda of matters which are considered by the Board and Committees throughout the year, including an annual strategy review which considers the purpose of the Company and the strategy to be followed by the Group, supported by a budget for the following year and a medium-term financial plan.

Formal consideration of large contracts, acquisitions, refinancing, share repurchase, dividends and other matters, including any factors which are relevant to major decisions taken by the Board through the year, in line with the Delegation of Authority and Terms of Reference for each Board Committee.

The risk management process and other routine Audit Committee, Nomination Committee and Remuneration Committee agenda items, as described later in this report on pages 82 to 85, 86 to 87 and 88 to 94 respectively.

Feedback from colleagues through responses to the annual RWS engagement survey. More details are provided below.

A focused approach to client engagement through both face-to-face visits with our significant enterprise clients, and the 'voice of the customer' programme insights, tabled at Board meetings.

The Board also engages with stakeholders through news releases and stock exchange announcements on a wide range of matters, including regular trading updates, half-year and full-year results reports and accompanying presentations, changes to the Board, key leadership appointments, material shareholdings, refinancing and corporate transactions, acquisitions, contract awards and losses, and operational updates from across the Group. These news releases and stock exchange announcements drive ad hoc engagement with stakeholders and are available on the Company's website.

Details of the Group's key stakeholders, their key concerns, and how the Board engages with them are set out on the next pages.

OUR SHAREHOLDERS

Engagement with and receiving the support of our shareholders is a key factor in achieving our ambitions. We seek long-term relationships based on transparency, honesty and clarity – all of which are critical for building trust.

Our shareholders are concerned with a broad range of issues, including how the Company has responded to and is affected by:

- Conflicts and geopolitical events
- Impact of economy-wide forces such as price inflation
- Other operational and financial performance issues
- Developments in our markets
- Regulatory developments and the execution and delivery of our strategy
- Sustainability of our business
- Impact RWS has on the communities we serve and the environment in which we operate
- Capital return through share price appreciation and distributions
- Evidence of good governance, positive contribution to society and protection of the environment.

Section 172 Statement (continued)

Shareholders receive regular updates in addition to the half-year and full-year results reports and accompanying presentations. The Chief Executive Officer and Chief Financial Officer meet with shareholders to discuss relevant developments in the business at our post-results roadshows, via attendance at investor conferences, and on an ad hoc basis. We also consult with investors and fund managers to seek their views and actively engage with proxy advisors and ESG analysts to provide feedback on specific topics.

In October 2023, we held an Artificial Intelligence ("AI") and technology-focused teach in event for shareholders and analysts. It was attended by the Chief Executive Officer, the Chief Financial Officer, and other members of the Executive Team. This included a series of presentations and Q&A sessions to demonstrate how the Group has been pursuing the strategy set out at its Capital Markets Day in 2022, with a specific focus on opportunities to drive both growth and efficiency through its unique range of AI and technology products, its AI-oriented services and its operating platform, as well as live demonstrations of the Group's Language Weaver, Trados, Tridion and TrainAI offerings.

The AGM provides a valuable opportunity each year for private shareholders to hear from the Board, and for the Board to hear from our private shareholders. The feedback received from the meetings with shareholders is provided to the Board as part of the rolling agenda of matters to be considered by the Board and Committees throughout the year. This year's AGM will be held on 22 February 2024, at Slaughter & May, One Bunhill Row, London EC1Y 8YY.

Further relevant details are referred to elsewhere in this report:

Key Performance Indicators on page 24.

Further ESG items and details on our ESG performance and data are set out in the ESG section on pages 25 to 35.

Details of substantial interests in the shares of the Company are provided on page 98 of the Directors' Report.

OUR COLLEAGUES

Our colleagues are at the heart of our business. Our activities are highly reliant upon the skills, dedication and passion of all our colleagues and freelancers around the world. We are the sum of the efforts, energy and values of our colleagues, who are critical to meeting our clients' demands for excellent quality, timely delivery and effective product solutions. We know that career progression and fulfilment, flexible working, belonging to an organisation with purpose and strong values, wellbeing, a safe and inclusive working environment, and reward and recognition, matters.

In our latest employee survey (September FY23) our highest scoring area was Trust and Respect (83% favourable), followed by ESG Factors (82%), and Role Factors (80%) which included questions about agile working and how managers remove barriers to work. Diversity was also a strong area at 72% favourable, as it was last year.

Each year our colleagues provide their views on a wide range of topics in the awareness days that we run. This year these included International Women's Day 2023, Wellbeing Month 2023, Celebrating PRIDE, World Health & Safety Day 2023, Earth Day 2023 and Black History Month. These were promoted via our Group communications channels.

We continue with our dedicated Group-wide pillars in the following areas of broad-based colleague interest and have built on the successes of these groups in FY23. The purpose of these groups is to identify strategies for meeting the collective interests reported by each group, thereby driving engagement and increasing the representation, voice and contribution/influence of that group over time. Each has their own Employee Resource Group (ERG) to provide feedback into the Group diversity, equity and inclusion plans and support initiatives that are bespoke to their pillar. Each ERG has an Executive Team member as a sponsor, an HR leader, and a dedicated learning and development team member supporting it to ensure appropriate organisational prioritisation and influence. The ERGs are:

- Culture
- Ethnicity
- LGBTQ+
- Persons with disabilities
- Women at RWS

Our learning management platform, 'My Learning Experience' ("MyLX"), launched in 2022, demonstrates our commitment to building a culture of continuous learning. Powered by Skillsoft, MyLX now offers more than 53,000 training assets (including custom content), of which some are available across 19 languages, in multiple formats from live virtual classes, to eLearning Modules, to book downloads.

Further relevant details are referred to elsewhere in this report:

ESG Social Our People section on page 32.

Employee engagement metrics on page 32.

OUR CLIENTS AND SUPPLIERS

RWS runs a central experience management programme for clients and suppliers. The RWS 'voice of the customer' and 'voice of the vendor' programmes aim to generate an accurate and consistent understanding of our clients and suppliers to build better experiences and positive business outcomes across the Group.

The RWS 'voice of the customer' and 'voice of the vendor' programmes ensure a continuous and neutral approach to listening and learning – turning client and supplier feedback into actionable insight. The Group-wide experience management programme allows us to easily understand the core drivers of client behaviours to act upon and improve our business KPIs, such as renewals and referrals, and support organic growth.

We strive to foster better relationships and two-way communication with our suppliers, keeping them updated on our requirements, as well as assisting with efficiencies, quality, insight, costs and reliability. We have also implemented a Supplier Code of Conduct which sets out the standards and responsibilities that RWS expects its suppliers to adhere to when working with RWS.

Further relevant details are referred to elsewhere in this report:

Supply chain/value chain on page 54.

Sustainability report on page 25-35.

OUR COMMUNITIES

Our communities comprise those living and working in close proximity to our operations, and those who represent the needs of the communities we operate in, including charities, schools and universities. Operating amongst and on behalf of our communities, we strive to maintain a deep understanding of the complex social challenges that impact them, whilst recognising our responsibility to contribute to the sustainability and well-being of society and the economy wherever we operate.

RWS is proud to partner with The Christian Hospital in Indore, India and has helped transform its main operating theatre into a modern environment that provides medical excellence to the local community. The Group donated £33,089 to support the transformation and the renovated and modernized operating theatre offers the Christian Hospital's doctors, nurses and patients many functional and medical benefits, including the ability to perform complex surgical procedures. Medical staff will also have access to the latest imaging and x-ray technology that can be used during surgery, reducing the risk of patient complications.

The RWS Foundation's Appeal for victims of the earthquakes in Türkiye and Syria raised £7,536 from colleague donations and donated £5,000 to the Disasters Emergency Committee Earthquake fund and a further £4,000 each to the Turkish Red Cross and AHBAP charity in Türkiye. The RWS Foundation also made further donations of £22,463 to Clear Global, to help people be heard whatever language they speak and £5,000 to UNICEF, the UN's Children's Fund. The RWS Foundation seeks to involve colleagues in the various countries in which RWS operates in charitable organisations and causes.

RWS partners with the National Programme of Nutritional Support to Primary Education in India. Under the scheme the government provides funding for the supplies and cooking of nutritious meals for primary children. During the year the Foundation has reached the milestone of feeding 2 million children a day and their mission is to serve 3 million children a day by 2025. RWS has also been working with the Akshay Patra Foundation in India since 2019, offering both financial support and expertise and volunteers to help with their work and donated £15,804 during the period.

Our colleagues in Mumbai have developed a strong direct relationship with Karelon Ka Guda Primary School in Udaipur with team members cooking and serving meals for the children, offering mentoring programmes and vocational training to pupils and making improvements to the school environment by planting trees and painting murals.

Further relevant details are referred to elsewhere in this report:

ESG Social Community section on pages 33 to 34.

DECISION MAKING IN PRACTICE

As with other large and complex companies, the Directors fulfil their duties partly through a governance framework, which delegates day-to-day decision making to the Executive Directors and, within defined levels of costs and impact, divisional and functional leadership.

The governance structure, which covers the values and behaviours expected of our colleagues, the standards to which they must adhere, how we engage with stakeholders, and how the Board looks to ensure that we have a robust system of control and assurance processes, is designed to drive high standards of business conduct across the Group.

Our Environmental, Social and Governance ("ESG") framework is structured around our key stakeholders, and the Board has continued to focus on our approach to and progress in delivering our ESG commitments.

Considering stakeholders in key decisions is fundamental to RWS's long term growth and success, and engagement with our stakeholders enables the Board to clearly understand what matters to them. It is not always possible to provide positive outcomes for all stakeholders and the Board may have to make decisions based on balancing competing priorities of stakeholders. Differing interests are considered by the Board, who assess the likely long-term consequences of decisions, including the impact on stakeholders.

A summary of how the Board applied the factors listed in section 172(1)(a) to (f) of the Companies Act 2006 when making principal decisions during the year is provided below.

Acquisitions

The acquisition of Ireland-based Propylon in July 2023 was undertaken after the Board considered the strategic rationale, the impact on future growth, the impact on earnings accretion, as well as how the acquisition would be received by the Company's shareholders.

Share Repurchase Programme

During the year, the Board kept under review opportunities for further investment in the business and prevailing equity market conditions with a view to returning excess capital to shareholders at the appropriate time.

The Board was updated on the Group's capital structure to enable the Board to assess the balance between the capital requirements of the business and returning excess capital to shareholders and continuing to maintain balance sheet strength and flexibility. In line with its dividend policy the Board agreed to make a final dividend payment to shareholders for 2022 of 9.5 pence per share and interim dividend for 2023 of 2.4 pence per share but recognised that it had the ability to return additional surplus capital to its shareholders.

The Board considered the capital requirements of the business, the market backdrop, balance sheet position and shareholder expectations as part of its deliberations. The Board also took into account advice from its corporate brokers Numis and Berenberg who confirmed that in the context of historical trading and the Group's valuation at the time, it was economically sensible to participate in a Share Repurchase programme. Other methods such as a special dividend were also considered by the Board, who concluded that a share repurchase programme would benefit shareholders, specifically through the opportunity for increased future dividends per share on the remaining shares and would also result in an increase in earnings per share.

Accordingly, the Board approved a share repurchase programme to return up to £50m of surplus cash to shareholders ahead of the Company's next Annual General Meeting on 22 February 2024.

ESG

The corporate sustainability strategy is developed by the Head of Sustainability and ESG and is tabled at the Board for review and approval. The Board also receives monthly updates on corporate sustainability issues and initiatives. The General Counsel and Company Secretary receives information on corporate sustainability performance and assesses future risks and opportunities with other members of the Executive Team.

Sustainability was a core consideration in the development of the Group's medium-term growth strategy and purpose. Being a responsible business is important to us, with a maturing approach to governance that helps to protect us and our stakeholders. We report against the SASB, TCFD and GRI frameworks and are a signatory of the UN Global Compact Initiative.

RWS's Agile Work Practices policy was implemented in FY23 and provides colleagues with options for balancing their work and personal life, and in support of improved productivity. These options include the ability to job-share, start and finish at different times, and even work from varying locations depending on personal circumstances. We are investing appropriately in technology to support more flexible working options.

In May 2023 we updated our Group-wide Company Code of Conduct which is available on the Company website , together with our Speak-up Policy which was also updated in the year.

Cyber

Protecting RWS's clients, our colleagues, and RWS's own data and operations is extremely important. Security of data is understandably a concern to all our clients, who frequently require RWS to demonstrate strong and effective security controls, including technical prevention and detection measures. Accordingly, RWS is certified to ISO27001– the industry standard for information security management.

Information security is an enterprise risk that is monitored by our Board of Directors. The Company continues to invest in new security technologies and services to counter the constantly changing threat landscape. RWS engages with leading third-party security service companies, utilising the latest technology to provide 24x7 detection and response capabilities across all systems. All our colleagues undertake regular information security and data privacy training and receive frequent security awareness communications to ensure security is embedded in everyday activity.

The Board oversaw the Group's response to the cyber incident which occurred in April 2023. Following the detection of unauthorised external access to a legacy project management workflow application which supports a small part of the Regulated Industries division, the Group immediately enacted contingency protocols, temporarily shutting the application down and appointed external cyber security experts to investigate the circumstances and scope of the incident. It was confirmed that evidence of unauthorised access was restricted to the application concerned. The individuals and organisations that could have been affected were contacted, advised of the steps they should take and, where appropriate, offered support. The Group also took steps to comply with relevant regulatory obligations and as part of this notified the UK's Information Commissioner's Office. The application was securely restored.

Strategy

The Group developed its medium-term strategy in the first half of FY22, launching it to investors at a Capital Markets Day in March 2022, and then progressively to other stakeholders, including a full internal launch to colleagues. During FY23 components of that strategy were reviewed in light of progress and the changing macroeconomic environment. To support this, the Board approved a programme of work, with a senior internal team leading its development, supported by external advisors. Regular progress updates were presented to the Board through the year ahead of a dedicated meeting to review and discuss outcomes.

In respect of engaging colleagues, a greater focus was given during the year to making strategy more relatable. Alongside an increase in the frequency of all-colleague virtual town halls and their regular cadence in divisions and functions, the content of these updates was simplified and in the second half of the year, the Group adopted the acronym EDGE, standing for Efficient Delivery, Growth and Engagement, to bring additional clarity to the priorities that all colleagues should be focusing on. Town halls always feature a Q&A section, allowing for two-way dialogue, and we published new pages on the Company's intranet which summarise our strategy and provide answers to a set of the most commonly asked questions. In parallel, the Board continued to work on ensuring that the RWS values, "We partner, we pioneer, we progress, we deliver" were further embedded across all areas of our organisation, supporting the embedding of our One RWS culture.

Our strategy requires that our commercial functions are clearly aligned to client segments with differing needs. During the year, the Board oversaw a programme to improve the Group's sales effectiveness, with a sharpened focus on measurement and KPIs associated with sales activity and a more consistent approach to account management. Divisional presidents regularly attend Board meetings to update on progress in relation to growth, sales and account development.

Ian El-Mokadem | CHIEF EXECUTIVE OFFICER

11 December 2023

Corporate Governance Statement

RWS continued to evolve during FY23, with the embedding of the Group's values and purpose, together with further development of its Board and Executive Team, and completion of the integration of acquired businesses.

Customers remain at the heart of our business with our continued focus on quality and affordability. The Group is undertaking a transformation programme to continue to meet client expectations and deliver strong future trading performance, while maintaining RWS's strong balance sheet.

OUR STAKEHOLDERS

The Board is committed to enhancing engagement with all of our stakeholders. In FY23, we continued to provide an excellent service to our clients. Our corporate sustainability policy encompasses the way that we do business and interact with our colleagues, our clients, our suppliers, our communities and the environment around us.

Good corporate governance is essential to the long-term success of the Group and the generation of sustainable value for all our stakeholders. Guided by our Mission, Vision and Values the Board continues to set the strategic direction and standards of the Group and exercises diligent oversight of the Group's activities.

We sustained our track record of paying regular dividends to shareholders. This is the 20th year in succession that we have increased the dividend. The Board approved a share repurchase programme to return up to £50m of surplus cash to shareholders ahead of the Company's next Annual General Meeting in February 2024.

We describe on pages 77 to 80 how the Board engaged with each of our key stakeholders during FY23.

STRATEGY

Our markets and strategy were comprehensively reviewed during 2022 and our view remains that our strategy and operating model continue to deliver competitive advantage and differentiation and recognise our strong portfolio and excellent market leadership. We are proud of our long-term partnerships with our impressive client list and our deep, global linguistic and subject matter expertise. With our talented, experienced and passionate colleagues, we will strive to improve organic growth and so continue to be a unique, world–leading provider of technology-enabled language, content and Intellectual Property ("IP") services.

ENGAGEMENT

The Board appreciates that effective stakeholder engagement is essential to ensuring the long-term success of the Group. Establishing and maintaining good relationships with all of our stakeholders is important to us and we have focused on increasing the amount of Group-wide stakeholder engagement.

In respect of colleagues, following the 2022 engagement survey we set up a Group-wide engagement plan that took colleague feedback, examined it in the context of our strategic priorities, and then focused actions in three specific action streams. These were:

- Strategy and communications
- Pay, benefits and job architecture
- Collaboration

Each action area was sponsored by a member of the Executive Team and led as a specific programme by an appropriate senior leader. This central engagement plan was managed as a critical strategic programme through our Business Transformation Office ("BTO"). In addition, each division and function of the business was tasked with developing its own action plan, with monthly reporting to the BTO to ensure momentum is maintained across the business at all levels.

The Group undertook its third Group-wide colleague engagement survey in September 2023. We had an excellent response rate of 84% (FY22: 85%), which gives us confidence that the feedback we received through the survey is statistically valid and fully representative. The survey examined our people's opinions by asking approximately 50 questions, clustered into 14 categories, along with the opportunity to provide additional verbatim commentary where colleagues wished to provide more detail. In combination, this feedback provided us with a comprehensive picture of our colleagues' experience of working at RWS.

The Group engagement score was 61% (FY22: 69%). We fully recognise that the external challenges we experienced in FY23 and the Group's response to those challenges has impacted our overall employee engagement score. Nevertheless, we believe we can make positive progress in the year ahead.

Our highest scoring area was Trust and Respect (83% favourable), followed by ESG Factors (82%), and Role Factors (80%) which included questions about agile working and how managers remove barriers to work. Diversity was also a strong area at 72% favourable, as it was last year. Our analysis and action-planning will focus on both building on our strengths and addressing those areas where scores were lower.

Voluntary colleague attrition levels have fallen to 11.9% in the year to 30 September 2023 compared with 15.9% for the year ended 30 September 2022.

We have long-standing relationships with the majority of our suppliers and subcontractors. Our 'voice of the customer' and 'voice of the vendor' programmes ensure a continuous and neutral approach to listening and learning – turning client and supplier feedback into actionable insight.

Corporate Governance Statement (continued)

LEADERSHIP

This past year has seen several leadership changes at Board level.

I was appointed Chairman on 2 October 2023, as planned and announced in July 2022, succeeding Andrew Brode, who remains on the Board.

The Board, and everyone at RWS, owes Andrew a huge debt of gratitude for his contributions over many years. We look forward to continuing to benefit from his wise counsel as a Non-executive Director.

Candida Davies was appointed as Chief Financial Officer with effect from 3 October 2022. She joined the Board and the Group Executive Team on 3 October 2022.

Following Candida Davies' appointment, Rod Day, former Interim CFO, became Interim Deputy CFO and completed a thorough handover before leaving RWS as planned on 31 December 2022.

Jane Hyde became our General Counsel and Company Secretary and joined the Group Executive Team effective from 3 October 2022.

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

We believe that success should be pursued without detriment to others or our environment. We are committed to generating prosperity for our shareholders and colleagues, 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 (see Environment, Social & Governance section on pages 25 to 35). 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.

BOARD EVALUATION

This year we undertook an internal review of the Board and its Committees, with questionnaires circulated to all Board members. The Board discussed the findings and agreed on a number of areas for improvement. Following the evaluation, I am satisfied that all Directors continue to perform well in their roles and contribute effectively. We operate with a high level of trust, have a track record of improved effectiveness, and the ability to adapt and change. These are strengths that served us well during this year.

CORPORATE SUSTAINABILITY

Our commitment to Environment, Social and Governance ("ESG") continues to be central to the way we operate and we aim to ensure it is woven into our divisional and group plans, along with environmental issues in the discussions carried out by our Employee Resource Groups. As a mark of our maturing approach to Environmental, Social and Governance, we are in our second year of publishing a separate ESG report.

DIVERSITY AND INCLUSION

Being part of a vibrant, globally diverse community, we know that tremendous value is gained from colleagues' differences. An inviting culture that recognises and celebrates diversity enables colleagues to reach their maximum potential and achieve their best, which is fundamental to us and critical to our success.

Research has shown that when colleagues experience a diverse, caring company it is a key driver of revenue outperformance. When companies invite every colleague into the innovation process, they generate more high quality ideas, realise greater speed in implementation, achieve greater agility, deliver sales targets and outperform their competition.

Given the unquestionable impact diversity and inclusion has on colleagues, the business, and society at large, we are committed to further extending our culture of diversity and inclusion. It is simply the right thing to do (see the Diversity, Equality and Inclusion section of the ESG report on pages 32 to 33). In our Executive Team workshops we work to include ideas from our Employee Resource Groups on how to further improve the workplace.

The Board understands the importance of diversity and is committed to increasing the diversity of the Group's workforce and of the Board itself. The gender diversity split of the Board was 50% female and 50% male at the year end. Females made up 33% of our Executive Team at the beginning of the year but at the year end (and as of 1 October 2023), females comprise 36% of the Executive Team. We aim to increase the ethnic diversity of the Board and Executive Team as soon as reasonably practicable.

We place a sustained focus on diversity and inclusion. Learning from our efforts in this regard, we take a holistic approach to inclusion, choosing to develop a fair, equal and inviting work environment for all colleagues, rather than purely targeting the most obvious groups that are typically under-represented in organisations with our profile (see Our People section page 32).

ANNUAL GENERAL MEETING

The 2024 AGM will be held on 22 February 2024, at Slaughter and May, One Bunhill Row, London EC1Y 8YY. Details of how shareholders can attend the meeting are set out in the Notice of AGM. Shareholders will be able to vote at the AGM in person or by submitting their proxy in advance of the AGM and to appoint the Chairman of the AGM as their proxy with their voting instructions.

We are very keen to engage with shareholders and the Board and I look forward to answering questions at the AGM.

Julie Southern | CHAIRMAN

11 December 2023

Board of Directors

JULIE SOUTHERN
Non-executive Chairman

C N

Julie joined RWS as a Non-executive Director on 27 July 2022 and succeeded Andrew Brode as independent, Non-executive Chairman on 2 October 2023.

She has significant Board experience and is currently the Non-Executive Chairman of NXP Semiconductor, and a Non-executive Director and Chairman of the Remuneration committee at Ocado. Julie has also previously held non-executive director positions at Rentokil Initial, easyJet, DFS Furniture Company, Cineworld Cinemas, Stagecoach and Gategroup.

Julie's executive career included a number of senior finance, operations and marketing roles, where she has driven significant growth and revenues, including at Porsche Cars, as Group Finance Director from 1996, before she joined Virgin Atlantic in 2000 as CFO – a role she held for 10 years before becoming Chief Commercial Officer in 2010.

IAN EL-MOKADEM
Chief Executive Officer

Ian was appointed as CEO on 25 July 2021 and to the Board of Directors on 3 August 2021, having joined RWS as CEO Designate on 19 July 2021.

Previously Ian was CEO of V.Group, the world's leading ship management and marine support services business, where he oversaw a significant digital transformation programme. Prior to that, he was CEO of Exova Group, the global materials testing and calibration services provider, which he steered through its IPO in 2014 and where he grew revenues and profitability substantially, both organically and through a large number of acquisitions. Ian's earlier career included divisional leadership roles at Compass Group plc and Centrica plc as well as strategy consulting with Accenture. Ian is also a Non-Executive Director of Serco Group plc and a Director at Roegate Consulting Limited.

CANDIDA DAVIES
Chief Financial Officer

Candida was appointed to the Board of Directors on 3 October 2022, having joined as Chief Financial Officer on the same date.

Candida has considerable experience in financial, commercial and operational leadership in global multinational companies in the pharmaceutical, consumer and health technology sectors with a focus on driving successful business and finance transformation. Previously Candida was Head of Finance for the Personal Health division of Royal Philips where she also supported the Group Innovation and Strategy function. Prior to this she held Group Controller and Divisional Finance Director roles as Reckitt Benckiser. Earlier in her career she held several roles with Eli Lilly & Co, having qualified as a chartered accountant with KPMG.

LARA BORO
Senior Independent Non-executive Director

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Lara was appointed to the Board of Directors on 20 September 2017 and is a Member of the Remuneration Committee. She was appointed the Senior Independent Director after the 2021 AGM.

Currently the Group Chief Executive for the Economist Group, Lara, is focused on driving continued growth in both the core Economist business, as well as the business-to-business offerings of the Economist Intelligence Unit. She was previously CEO International for Ascential plc (formerly EMAP plc) and CEO of Informa Plc's Intelligence division. Prior to Informa, Lara held strategy, M&A and commercial development roles for CPA Global, Pearson, Mastercard and Lloyd's of London.

Lara is a member of the Advisory Board for MIT Technology Review.

ANDREW BRODE
Non-executive Director

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Andrew led the management buy-in of RWS in 1995 and the Group's flotation on AIM in 2003. He acted as Executive Chairman between 1995 and 2023. He is the Group's largest shareholder. He is the Non-executive Chairman of Learning Technologies Group plc and GRC International plc, both AIM listed companies, and a Non-Executive Director of several private companies.

Board of Directors (continued)

DAVID CLAYTON
Independent Non-executive Director

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David was appointed to the Board of Directors on 4 November 2020, and is a former Non-executive Chairman of SDL plc.

He was Managing Director and Head of European Technology Research at CSFB from 1997 until 2004. He then joined The Sage Group plc Board as a Non-executive Director in 2004 before taking up an executive role as Director of Strategy and Corporate Development from October 2007 to February 2012.

David is currently Chairman of Forensic and Compliance Systems, and of the Board of Trustees of the charity Changing Faces. He is a member of the boards of FCS (UK) Limited, Solar Archive Ltd and Albora Technologies Ltd.

FRANCES EARL
Independent Non-executive Director

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Frances was appointed as a Non-executive Director of RWS on 4 November 2020.

Previously Frances was a Managing Director at Accenture, where she held senior HR positions both locally (in UK and Ireland) and globally. She served as HR Director on Accenture's UK and Ireland Executive Board, Products Operating Group Executive Board and Financial Services Operating Group Executive Board and was Global Recruitment Director for all Executive and Partner Recruitment across 20 countries.

GORDON STUART
Independent Non-executive Director

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Gordon joined RWS as a Non-executive Director in November 2020. He currently serves as the CFO of AMS, a global total workforce solutions provider of talent acquisition and contingent workforce management, internal mobility and skills development, and talent and technology advisory services. He has led Finance, Corporate Services and Operational functions as an Executive Director for over 20 years.

Previous roles include CFO of Unit4 and TMF Group. He has held senior positions with several UK listed businesses including Group Finance Director of Xansa plc and London Bridge Software Holdings plc. He has also held Non-executive roles at Sepura plc, Intec Telecom Systems plc and, prior to its acquisition by RWS, SDL plc. In each instance he served as Chairman of the Audit Committee.

A Audit Committee
R Remuneration Committee
N Nomination Committee
C Chair

Audit Committee

Gordon Stuart – Committee Chair	C
Julie Southern (stepped down on 2 October 2023)	
David Clayton	
Frances Earl	

Remuneration Committee

Frances Earl – Committee Chair	C
Lara Boro	
David Clayton	
Gordon Stuart	

Nomination Committee

Julie Southern – Committee Chair	C
Andrew Brode	
Lara Boro	
Gordon Stuart	
David Clayton	
Frances Earl	

Corporate Governance Report

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 – colleagues, 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 co-operative 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 8,000 colleagues across 33 countries and 67 offices globally, RWS also makes significant tax payments in respect of payroll taxes, value-added taxes and business/premises taxes.

The RWS tax strategy is available to read on our website www.rws.com.

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, CFO and the Interim Deputy CFO as Executive Directors, the Chairman and five 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. Candida Davies, was appointed as Chief Financial Officer with effect from 3 October 2022, replacing Interim Deputy CFO, Rod Day who left the business as planned on 31 December 2022. On 2 October 2023, Julie Southern, who has served as a Non-executive Director and Chairman Designate since July 2022, was appointed independent, Non-executive Chairman. Having stepped down as a Chairman on 2 October 2023, Andrew Brode will remain on the Board as a Non-executive Director. The other Non-executive Directors are Lara Boro, David Clayton, Frances Earl and Gordon Stuart.

The Board considers that all the Non-executive Directors are independent (save for Andrew Brode who is not deemed independent due to his previous executive role at RWS) 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 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 70 to 72.

DIVISION OF ROLES AND RESPONSIBILITIES

The Chairman, Julie Southern, leads the Board and has overall responsibility for corporate governance and promoting the values of the Group, both internally to colleagues and externally to the broader stakeholder group. She is involved in developing a strategy for the Group and supporting investor relations and communication between the Group and its shareholders. A key part of the Board's commitment to high standards of governance is an active dialogue with its shareholders. She is also involved in the evaluation of potential acquisition targets that fit within prescribed selective criteria, to further grow the Group.

The CEO, Ian El-Mokadem, provides leadership and management to the Group and its Executive Team, who manage the day-to-day operations of the Group. 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 strategy and in investor relations to ensure that communications with the Group's shareholders and financial institutions are maintained.

Candida Davies, our CFO, is responsible for shaping and executing the financial strategy of the Group. In this role Candida also supports the Group's investor relations programme and corporate development efforts.

Our Senior Independent Director, Lara Boro, acts as a sounding board for the Chairman and a trusted intermediary for other Board members, leads the Chairman's performance review and succession process, and acts as an additional point of contact for shareholders.

Jane Hyde, our General Counsel and Company Secretary, holds overall responsibility for the Group's legal, governance and risk management functions. Jane attends all Board and Committee meetings, ensures timely dissemination of information to the Board, supports the Board with inductions, training and evaluations, advises on all corporate governance matters, and acts as a point of contact for shareholders. Jane also has responsibility for risk management and collating specific potential risks with the members of the Executive Team for further assessment via the established risk management framework.

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 General Counsel and Company Secretary. Various members of the Group's Executive 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 are responsible for ensuring 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 fulfilling 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.

Corporate Governance Report (continued)

KEY BOARD ACTIONS DURING THE YEAR

- Review and approval of the acquisition of Propylon Holdings Ltd, whose component content management system (CCMS) is used by governments, standards bodies, legal publishers and regulated firms.
- Site visit to the Group's operations in Brno, Czechia
- Review and approval of the proposed budget and business plan for FY24.
- Approval of the dividend policy for the final payment for FY22 and interim payment for FY23.
- Review and approval of the Share Repurchase Programme.
- Establishment of a Nomination Committee (the inaugural Nomination Committee report can be found on pages 86 and 87).
- Review of ESG reporting metrics to ensure ESG initiatives are embedded into divisional and group management policies.
- Review and approval of revised 'Speak-up' Policy and new Health & Safety Policy.
- Review of Group response to cyber security incident during the period.
- Review of Group strategy, growth initiatives and efficiency programmes at a specific strategy day and throughout the year.
- Review of all communications with investors and the stock market.
- Review of Group-wide 'Voice of the Customer' marketing programme.
- Review of continued compliance with the QCA Corporate Governance Code and overall corporate governance framework.
- Review and approval of Group risk register.
- Undertook a number of divisional and functional reviews, including Group transformation programme.
- Review of bank counterparty risk and mitigation of credit exposure.
- Review of succession planning and talent retention, together with culture and colleague engagement.

Further details on key decisions made by the Board during the year can be found on pages 64 and 65.

BOARD EVALUATION

An effective Board is critical to the success of RWS. In order to ensure that the Board continues to operate as efficiently as possible, this year the Board undertook an internal appraisal of its capabilities facilitated by the Company Secretary, to confirm that the Board is capable and effective in undertaking its responsibilities and duties. The Board commissioned an independent review in 2022 and has committed to continue to seek independent, externally-facilitated reviews periodically to ensure its ongoing effectiveness.

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 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 Non-executive Directors, shareholders, other professional advisers to the Group, and the Executive Team.

RE-ELECTION OF DIRECTORS

Notwithstanding that neither the Company's Articles of Association nor the QCA Corporate Governance Code require them to do so, all of the Directors are standing for re-election in line with 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 regular 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, the Board assesses the risks facing the business and approves the steps and timetable senior management has established to mitigate those risks.

The Audit Committee is responsible for setting the risk management framework and reviews this periodically.

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 provide a framework to ensure we have the appropriate corporate governance arrangements in place.

The Board believes that it complies with all the principles of the QCA Corporate Governance Code and the following pages include details of our compliance, which is reviewed annually in line with the requirements of the QCA Code. The Board are aware the QCA Code has been updated and will ensure compliance for when this update takes affect.

Deliver growth	Principle	Compliance
COLLEAGUES		
1	Establish a strategy and business model which promote long-term value for shareholders	• The Group strategy is set out on pages 12 to 15 in the Strategic Report section of our Annual Report. • The strategy for RWS is agreed by the Board, and progress towards delivering against objectives is tracked and debated by the Board and the Executive Team. • During FY23, the Board and Executive Team held several meetings specifically focusing on the Group's strategic plan for creating value for the Group. Any significant business decision is taken with reference to this plan. • Our objective is to continue to increase shareholder value in the medium- to long-term by growing the Group's revenue, profit before tax and earnings per share. • Our strategy to achieve this is focused on providing an increasing range of complementary specialist translation, localisation, language and content technology, intellectual property translation and filing (IP services) and broader language services to existing and new clients and driving 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.
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 primary forum to meet and communicate with our wider shareholder base. • Shareholder feedback is received from our brokers and all shareholder feedback is distributed to the Board. • Decision making at the Board takes into consideration how its decisions would impact our shareholders. See page 64 and 65 for further details. • We announced in our interim report our intention to launch a Share Repurchase Programme of up to £50 million to be completed before the Company's Annual General Meeting in February 2024. The Group maintains a disciplined approach to investment, returns and capital efficiency, and as such considers the launch of a repurchase programme as prudent in light of the Group's cash generation and strong balance sheet.

Corporate Governance Report (continued)

Deliver growth	Principle	Compliance
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	See below

- The Board has identified the main stakeholders in the business as our shareholders, colleagues, clients, suppliers and the communities 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 sustainability seriously and aim to incorporate best practice in all our initiatives and actions.
- See pages 60 to 65 of the Strategic Report and pages 66 to 69 of the Corporate Governance Report.

Colleagues

- Regular online meetings take place to share strategy, keep colleagues updated and seek feedback.
- The Group conducts an annual engagement survey with an overall engagement score of 61% in the FY23 survey (FY22: 69%).
- Together with our employees, we have established a set of values that will bring us together to achieve our shared goals in a way we can be proud of. These values are: 'We partner, we pioneer, we progress and we deliver.' Our values give guidance to everyone at RWS as to the behaviours that underpin our success.
- We consider the health, safety and well-being of our colleagues in general and specifically in countries experiencing war.
- The Board works with active Employee Resource Groups to discuss how we can foster culture, diversity and inclusion and environmental impacts in the workplace.

Clients

- Building long-term client relationships and a client-centric culture starts with an accurate and consistent understanding of our clients. A Group-wide 'voice of the customer' Net Promoter Score ("NPS") programme ensures we effectively turn client feedback into key driver analysis, aligned to our values to improve client experience and accelerate growth through the client lifecycle and buyer journey. We deliver this through:
  - Reliable metrics – consistent approach to getting feedback, both relational (NPS) and transactional (CSAT).
  - Insight – client journey performance, topics driving NPS and key actions to close the loop on client issues.
  - Operational infrastructure – Best-in-class experience management suite (Qualtrics) used to run surveys and provide real-time trends and insight.
  - Drive business growth – Trigger actions based on negative feedback. A formal process of closed loop actions in addition to acknowledging promoters.
- Executive oversight workgroup. Quarterly review meeting on issue resolutions, action planning for wider macro topics.

Suppliers

- We believe it is important to have two-way communication with our suppliers. We strive to foster better relationships with our suppliers, keeping them updated on our requirements, as well as assisting with efficiencies, quality, insight, costs and reliability.
- We have implemented a Supplier Code of Conduct which sets out the standards and responsibilities that RWS expects its suppliers to adhere to when working with RWS.

Community

- The Group partners with three institutions in India to improve medical support, education and nutrition and, contributed £48,893 to these causes during the period.
- The Group supports local organisations through its community initiatives and donations. Our RWS Foundation's Türkiye and Syria Earthquake Appeal raised £7,536 from colleague donations and donated £5,000 to the Disasters Emergency Committee Earthquake fund and a further £4,000 each to the Turkish Red Cross and AHBAP charity in Türkiye. The RWS Foundation also made further donations of £5,000 UNICEF, the UN's Children's Fund. The RWS Foundation seeks to involve the colleagues in the various countries in which RWS operates in charitable organisations and causes.
- We also promote foreign language learning actively through school and university partnership programmes, including RWS Campus (our global university programme) and the RWS Scholarship Programme with the University of Manchester.

Deliver growth	Principle	Compliance
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	• RWS considers a risk management framework to be a vital tool to ensure existing and potential risks (including climate-related risks) to the business are identified and mitigating actions are considered in full. • The General Counsel and Company Secretary is responsible for reviewing risks with the Executive Team and ensures that the Board receives reports on these as well as new risks, and the processes to mitigate and contain them. • Whilst the General Counsel and Company Secretary is responsible for risk management, all Board and Executive Team members are also empowered to manage risk effectively. • See Principal Risks and Uncertainties on pages 44 to 47.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

5	Maintain the Board as a well-functioning, balanced team led by the Chairman	• Our Board brings together significant experience in executive leadership, strategic planning, the sector, operations and financial matters. • The majority of the Board comprises independent, non-executive directors. • Open communication, debate and thought leadership are encouraged and new proposals are challenged rigorously. • The Board regularly assesses its effectiveness (see further detail on Board evaluations on page 76). • The Nomination Committee reviews the size, composition, tenure and skills of the Board. It also leads the process for new appointments, monitors Board and senior management succession planning, considers independence, diversity, inclusion and Group governance matters. See pages 86 to 87 for further detail. • See Board of Directors pages 70 to 73, and 74 to 76 of the Corporate Governance Report.
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. • The Nomination Committee reviews the current Board and Committee composition, the existing diversity of skills, knowledge and experience on the Board, the diversity of gender and ethnicity, together with the skills, experience and time commitments required in the delivery of the role. Appointments are based on merit and relevant experience, while taking into account the broadest definition of diversity. The Committee challenges external search consultants where necessary, to ensure that diversity is always considered when drawing up candidate shortlists. • All members of the Board keep their skill sets current in a variety of ways. Their skills and expertise are reviewed on an annual basis. • Access is provided to external advisors and professional training on specific topics is arranged. • See Board of Directors pages 70 to 73 and 74 to 76 of the Corporate Governance Report.
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	• Performance is reviewed annually and objectives set for the CEO and CFO. • An internal Board and Committee evaluation, facilitated by the Company Secretary, was undertaken during the year. Individual questionnaires were completed by each Director, and a summary of the results together with feedback was presented to the Board, who then discussed and agreed follow up actions.

Corporate Governance Report (continued)

Deliver growth	Principle	Compliance
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. The RWS Code of Conduct encompasses the way we do business, our colleagues, our clients, our community and the environment around us. • Our commitment to corporate sustainability is underpinned by our core ethical values and behaviours and aims to deliver continual improvement in our economic, social and environmental performance.
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. • For details of how the Board operates, see pages 74 to 76. • The Group has properly constituted Audit, Nomination and Remuneration Committees of the Board with formally delegated duties and responsibilities. The Committees' respective terms of reference are available on the Group's website. The work of the sub-committees is described on pages 82 to 94. • Members of the Group's Executive Team are invited to certain Board meetings to report on their particular areas of responsibility. • See the Corporate Governance Report on page 75 for further information on Board members' roles and responsibilities.

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. • Communications with shareholders are explained in Principle 2 above. • Other communication includes investor roadshows and conferences, meetings with our brokers, prospective investors, colleague briefings and one-on-one meetings with clients and suppliers and the Annual Report. On 10 October 2023, we held an Artificial Intelligence ("AI") and technology teach-in. The Group demonstrated how it has been pursuing the strategy set out at its Capital Markets Day in 2022, with a specific focus on opportunities to drive both growth and efficiency through its unique range of AI and technology products, its AI-oriented services and its operating platform. Live demonstrations of the Group's Language Weaver, Trados, Tridion and TrainAI offerings also took place during the event. • Company news and presentations, regulatory announcements, financial reports and results are available on the Group's website www.rws.com.

Director attendance at Board and Committee meetings

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Julie Southern	7/7	5/5	2/2	*/-
Andrew Brode	7/7	-	2/2	-
Ian El-Mokadem	7/7	*/-	*/-	*/-
Candida Davies	7/7	*/-	-	*/-
Lara Boro	7/7	-	2/2	4/4
David Clayton	7/7	5/5	2/2	4/4
Frances Earl	7/7	5/5	2/2	4/4
Gordon Stuart	7/7	5/5	2/2	4/4
Rod Day	2/2	*/-	N/A	-

*Attendance by invitation

Audit Committee Report

Dear Shareholder

The Audit Committee continues to support the business in achieving its business and strategic objectives, see *pages 12 to 15* *of this Annual Report and Accounts. During FY23, the Committee has supported the Board on a number of significant governance matters relating to financial reporting and internal control.*

The Committee has looked at upcoming regulatory changes and considered economic risks including interest rates and foreign exchange to help monitor the Group's risk exposures in the current environment. Further information on risk can be found on *pages 44 to 47.*

Gordon Stuart

MEMBERSHIP AND ATTENDANCE

Committee members are independent Non-executive Directors of the Company, with diverse skills and experience. The Committee has competence relevant to the sector and David Clayton, Julie Southern and I have recent and relevant financial experience, as required by the provisions of the QCA Code.

All Committee members have significant executive experience in various industries. This range and depth of financial and commercial experience enables them to deal effectively with the matters they are required to address and to challenge management when necessary.

The Company Secretary is secretary to the Committee.

The Board evaluates the membership of the Committee on an annual basis. During the year, the Committee has met five times and members attended all meetings that they were eligible to attend. There were five meetings held in 2022.

Only the members of the Committee have the right to attend Committee meetings, however the CFO, CEO, senior representatives of the external auditor, other external advisors and other senior management may attend meetings by invitation. If the presence of any attendee is inappropriate or might compromise discussion, then the Committee would either not invite the attendee concerned or request that they not attend that part of the meeting. Separate sessions with external auditors are held in the absence of management.

GOVERNANCE AND COMPLIANCE

The Audit Committee Chairman, together with the other members of the Audit Committee, regularly meet with the key people involved in the Company's governance, including the Chairman, the CEO, the CFO, the external auditor's lead partner and other senior management.

Terms of Reference

The Committee undertakes its duties in accordance with its terms of reference. These are regularly reviewed to ensure that they remain fit for purpose and in line with best practice guidelines and were last updated in May 2023. The terms of reference are available on the Company's website (www.rws.com).

KEY PURPOSE OF THE AUDIT COMMITTEE: RESPONSIBILITIES AND ACTIVITIES

The Committee's responsibility is to ensure that financial information published by the Group properly presents its activities to stakeholders in a way that is fair, balanced and understandable, as well as overseeing the effective delivery of both external and internal audit services.

The Committee also supports the Board in meeting its responsibilities in respect of overseeing the Group's internal control systems, business risk management and related compliance issues, including procedures for handling reports made under the Group's Speak-up Policy.

The Committee operates on the basis of open and challenging dialogue with management and with the external auditors. The Committee is responsible for reporting on its responsibilities to the Board. The Group does not have an internal audit function but does conduct internal audits through a third party where it is thought such investment is required and in the best interests of the Company. The Audit Committee reviews this decision on an annual basis.

Fair, Balanced and Understandable

The Committee assessed whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee ensures that all contributors and senior management are fully aware of the requirements and their responsibilities. This included the use and disclosure of alternative performance measures and the financial reporting responsibilities of the Directors under s172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as well as considering the interests of other stakeholders which will have an impact on the Company's long-term success. During 2023, the Committee met five times and full details of matters discussed are covered later in this report. This includes an annual calendar of standing items, including the review of the annual and half-yearly financial statements to ensure these properly present the Group's activities in accordance with accounting standards, law, regulations and market practice.

In addition to the above, particular areas on which the Committee focused included: the approach to internal control and internal audit, accounting judgements and estimates, treasury effectiveness, finance transformation, tax strategy and tax policies, developments in financial reporting and dividend planning.

Committee activity in the year ended 30 September 2023

	6 December 2022	24 March 2023	28 April 2023	26 May 2023	28 September 2023
Statutory and financial reporting					
Full year results	x	-	-	-	-
Interim results	-	x	-	x	
External Audit					
External audit plan	-	-	x	-	-
External audit reports	x	x	-	-	-
External audit effectiveness and independence	x	-	-	-	x
Risk and control					
Internal controls and internal audit proposals	-	-	-	x	x
Other matters					
Capital Allocation Policy	-	-	-	x	x
Treasury Effectiveness	-	x	-	x	x
Finance Transformation	-	x	-	-	-

SIGNIFICANT JUDGEMENTS

Identification of the issues deemed to be significant takes place following open, frank and challenging discussion between the Audit Committee members, with input from the CFO, the external auditor, the Group Financial Controller and other relevant personnel.

The Audit Committee considered the following significant matters during the course of the financial year. In all cases, papers were presented to the Audit Committee by management, setting out relevant facts, material accounting estimates and the judgements associated with them. The Committee satisfied itself that the disclosures in relation to accounting judgements and key sources of estimation were appropriate and obtained, from the external auditor, an independent view of the issues and risks. The Committee is satisfied that the judgements made are reasonable and appropriate disclosures have been included in the accounts.

Capital allocation

The Group has a strategy to optimise utilisation of cash resources and return capital to shareholders where appropriate. The Group's capital and dividend policy includes both dividends and share repurchases as tools for capital distribution to shareholders.

Papers submitted to the committee have detailed the Group's progressive approach to dividend policy and the Committee has considered and reviewed the accounting and disclosure of the Share Repurchase Programme and challenged key assumptions including the sufficiency of the Groups distributable reserves to support the policy.

Capitalised software development

The Audit Committee has reviewed reports on the capitalisation policies and procedures for internally developed software. The papers submitted considered detail of individual products, features and enhancements to products, together with the incremental economic value-add to support the addition to intangible assets. Specifically, the Committee has considered whether the capitalisation policy enables the Group to meet the criteria set out under IAS 38 and is sufficient to enable identification of costs to be capitalised and costs to be expensed, such as support and maintenance expenditure.

Carrying value of goodwill

The Group considers the carrying value of goodwill at a minimum on a half yearly basis, and also when there is an indicator of impairment. Management prepared a paper which concluded that there were indicators of impairment for the Language and Content Technology CGU. The impairment amount was quantified as £62.4m.

The Audit Committee reviewed this paper which included challenging the key assumptions: revenue growth rates, forecasting accuracy, cash flow projections and discount rates. The Committee agreed that the assessment of the impairment charge was consistent with the Group's value-in-use models and reflective of the significant rise in discount rates due to macroeconomic factors. The Group has recognised the £62.4m impairment in administrative expenses during the period. No impairment was recognised in the prior year. See Notes 2 and 12 to the financial statements for further information.

Revenue recognition

The Audit Committee has continued to receive and review reports on the standard processes in place around revenue recognition. Management's paper covered whether service revenue is recognised at a point in time or over time. It was concluded that point in time revenue recognition be reserved for the completion of filings revenues in IP Services and the recognition of perpetual/term licence revenue in Technology and for other services provided, the revenue is recognised over time.

The Committee discussed and challenged management's papers, satisfying itself that a consistent approach had been applied to determine revenue recognised in 2023. The Audit Committee has reviewed the disclosures provided in the FY23 financial statements in relation to revenue recognition policy and to the significant estimates and judgements policy on Note 2.

Uncertain tax provisions

The Group recognises a provision for uncertain tax positions within the financial statements.

The Committee has reviewed management's consideration of uncertain tax provisions and understood the involvement of experts in the preparation and determination of these provisions.

The Committee has reviewed movements in the key uncertain tax position provisions that have been recognised and understood the basis for the recognition of any new provisions made during the year.

The Committee discussed and challenged management's papers satisfying itself that a consistent approach had been applied to the identification and recognition of provisions in respect of uncertain tax positions recognised in 2023.

The Committee has reviewed the disclosures provided in relation to taxation in Note 9 and the significant estimates and judgements policy in Note 2.

Going concern

The Committee has reviewed management's assessment that the Group has adequate resources to continue in operational existence for the foreseeable future. This includes the Directors' review of the current liquidity of the Group, the profitability and liquidity in the Group budget for FY24 and beyond and the impact on the Group's banking covenants.

After reviewing the Group's performance in 2023, along with budget and forecasts, the Committee endorses the Directors' reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Given this expectation they have continued to adopt the going concern basis in preparing the financial statements.

Internal control and risk management

The risk management process enables the identification, assessment and prioritisation of risk through discussions with executive management. The Executive Team and other delegated senior leadership committees review risks to ensure that they continue to remain relevant. A risk that can seriously affect the performance or reputation of the Group is termed a principal risk and is aligned to the Group's strategic objectives.

Whilst the Audit Committee has delegated authority for internal control and risk, the Board is ultimately responsible. The Board has established a level of risk that is appropriate for the business and acceptable in the pursuit of the strategic objectives and has therefore set appropriate policies.

This process ensures that risks are not just the product of a bottom-up approach but are also examined from a top-down perspective via an integrated senior management process, which is closely aligned with the Group's strategy, in order to enhance the Group's approach to risk generally.

During the year the Committee reviewed the Group's approach to internal control and internal audit. The Board reviewed the output from the Group's risk review process to identify, evaluate and mitigate risks and considered whether changes in risk profile were complete and adequately addressed.

Further information on risk can be found on pages 44 to 47.

External auditor and independence

The Committee is responsible for assessing the effectiveness of the external audit process, for monitoring the independence and objectivity of the external auditor and for making recommendations to the Board in relation to the appointment of the external auditor. The Committee is also responsible for developing and implementing the Group's policy on the provision of non-audit services by the external auditor.

In 2021, Ernst & Young LLP was appointed as the Group's auditor following a competitive audit tender process.

The Committee has considered Ernst & Young LLP's effectiveness, independence, objectivity and scepticism throughout the audit tender process and the period since appointment, through its own observations and interactions with the external auditor. The Committee meets the external auditor both formally and informally throughout the year to discuss, amongst other things, materiality, audit strategy and audit findings. In accordance with International Standards on Auditing (UK & Ireland) 260 and Ethical Standard 1 and as a matter of best practice, the external auditor has confirmed its independence as auditor of the Company. The Audit Committee assesses external auditor effectiveness through meetings with management, the external auditor and a review of the audit completed subsequent to receipt of the signed audit opinion.

Non-audit services

To safeguard the independence and objectivity of the external auditor, the Committee reviews the nature and extent of the non-audit services supplied, receiving reports on the balance of audit to non-audit fees. Pre-approval is required for any non-audit work from the Audit Committee Chairman. For the financial year ended 30 September 2023, the external auditor has provided £17k of non-audit work for other assurance related services. Fees paid to Ernst & Young LLP are set out in Note 5 to the financial statements.

The Committee is satisfied that the external auditors remain fully independent, objective and effective and has recommended to the Board that a resolution for the re-appointment of Ernst & Young LLP should be put to shareholders at the 2024 AGM.

Gordon Stuart | AUDIT COMMITTEE CHAIRMAN

11 December 2023

Nomination Committee Report

Dear Shareholder

On behalf of the Nomination Committee, I am pleased to present our inaugural report for 2023, following the Board's decision in January 2023 to constitute the Committee in line with corporate governance best practice.

MEMBERSHIP AND ATTENDANCE

The Committee's members comprise the Chairman of the Board, who is the Committee chair, and all Non-executive Directors of the Company. Only members of the Committee have the right to attend meetings, other individuals, such as other Board members and external advisers, may be invited to attend for all or part of any meeting. The Company Secretary is secretary to the Committee.

The Nomination Committee met formally twice during 2023 with all members present. In common with the other Board Committees, the Board will evaluate the membership of the Nomination Committee annually.

KEY RESPONSIBILITIES

The Nomination Committee supports the Board in ensuring that the Board and its Committees are appropriately constituted and operate effectively. The Committee identifies qualified individuals to join the Board, recommends any changes to the Board and Committee composition and monitors the annual process to assess Board effectiveness.

The Committee's principal duties are to:

- Monitor the structure, size and composition of the Board and make recommendations to the Board regarding any changes.
- Give full consideration to succession planning for Directors and other senior executives in the course of its work, considering challenges and opportunities facing the Group, its leadership needs and the skills and expertise needed on the Board in the future.
- Assess the effectiveness of the Board and its Committees.

In fulfilling these responsibilities, the Committee's work includes:

- Overseeing and facilitating annual reviews of the Chairman, the Board, its Committees and individual Directors, including periodic externally facilitated reviews.
- Evaluating the balance of skills, knowledge and experience on the Board and its Committees and any potential gaps.
- Monitoring the independence and time commitments of the Directors.
- Overseeing Board and senior executive succession plans and leading the process to identify suitable candidates to fill Board vacancies, nominating candidates for approval by the Board and ensuring that appointments are made on merit and against objective criteria.
- Overseeing the induction of new Directors and assessing the training needs of existing Directors.

TERMS OF REFERENCE

The Committee undertakes its duties in accordance with its terms of reference which will be regularly reviewed to ensure that they remain fit for purpose and in line with best practice guidelines. The terms of reference are available on the Company's website (www.rws.com).

KEY ACTIVITIES IN 2023

In its first year of operation the Committee has met twice. The principal matters considered at these meetings were:

- Establishing an annual workplan
- Reviewing the composition of the Board, including the directors' tenure, skills and experience and diversity
- Overseeing the transition of the Chairmanship from Andrew Brode to Julie Southern and the resultant changes to membership of the Board's Committees
- Considering the independence of the Directors
- Considering the potential recruitment of an additional Non-executive Director to ensure the skills and experience available at the Board table remain appropriate
- Overseeing the Board effectiveness review (details of which are set on page 76)

BOARD EVALUATION

During the year, an internal evaluation of the performance and effectiveness of the Board and its Committees was carried out, facilitated by the Company Secretary. Further details are set out on page 76.

DIVERSITY AND INCLUSION

The Committee believes it is important to promote a culture that values diversity in all areas, including an inclusive and diverse culture in terms of ideas, skills, knowledge, experience, education, age, gender, social and ethnic backgrounds, cognitive and person strengths and other factors. The Committee is satisfied with the progress being made in achieving objectives in relation to gender diversity at the Board noting the 50:50 male to female representation, and will continue to seek progress in other facets of diversity.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

I was appointed independent, Non-executive Chairman on 2 October 2023, as planned and announced in July 2022, succeeding Andrew Brode, who remains on the Board as a Non-executive Director. Andrew Brode is not deemed to be independent due to his previous executive role with the Group. The Committee considers that the other Non-Executive Directors are independent and that there are no relationships or circumstances which are likely to affect their independent judgement.

RE-ELECTION OF DIRECTORS

All the Directors will stand for re-election at the 2024 AGM. The Board has carried out a performance evaluation (details of which can be found on page 76) and considers each of the Directors to be effective in their respective roles. It judges that they demonstrate commitment and is of the opinion that all Directors continue to provide valuable contributions to the long-term success of the Company. The Board strongly supports their re-election to the Board and recommends that shareholders vote in favour of the resolutions at the AGM.

Julie Southern | NOMINATION COMMITTEE CHAIR

11 December 2023

Directors' Remuneration Report

Annual Statement

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for FY23. This report is divided into three sections, being:

- *This Annual Statement, which summarises the work of the Committee, remuneration outcomes in FY23 and how the Remuneration Policy will be implemented in FY24*
- *The Remuneration Policy Report, which summarises the Company's Remuneration Policy, which remains unchanged*
- *The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented in FY23.*

COMMITTEE RESPONSIBILITIES

The Remuneration Committee is primarily responsible for determining the Directors' Remuneration Policy and the terms and conditions of service and remuneration for the Executive Directors. The Committee also determines the remuneration of the Chairman and the members of the Executive Team. In FY23, the Committee met four times.

ACTIVITIES DURING THE YEAR

- Reviewed the FY22 Directors' Remuneration Report prior to its approval by the Board
- Reviewed performance against the FY22 annual bonus plan targets and resulting awards and agreed the metrics and targets for the FY23 bonus plan
- Reviewed and set targets for the FY23 LTIP awards
- Reviewed and approved updated terms of reference for the Remuneration Committee
- Agreed the remuneration arrangements in respect of the appointment of Julie Southern as Chairman Designate
- Reviewed the annual fees for the Chairman

Frances Earl

ADVISORS TO THE COMMITTEE

FIT Remuneration Consultants LLP ("FIT") was appointed by the Remuneration Committee during FY21 and continued to provide the Remuneration Committee with independent advice as and when required in respect of remuneration quantum and structure and developments in governance and best practice more generally during FY23. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com. FIT provides no other services to the Company.

PERFORMANCE AND REWARD FOR FY23

Following a review of performance in respect of the FY23 annual bonus, the Committee determined that the Group's profit and revenue for the year ended 30 September 2023 were below threshold targets. As the threshold financial performance with respect to group adjusted profit was also not achieved, neither Ian El-Mokadem or Candida Davies were eligible to receive a bonus payment with respect to personal and strategic targets. As a result, no bonuses are payable for FY23 performance.

The Long Term Incentive Plan ("LTIP") awards granted in January 2021 are expected to lapse in full in January 2024 as a result of threshold Earnings Per Share ('EPS') and relative Total Shareholder Return ('TSR') targets not being met (although neither of the Executive Directors hold 2021 LTIPs since they were appointed after the grant date). Details of the LTIP awards currently held by Ian El-Mokadem and Candida Davies are set out in the Annual Report on Remuneration.

IMPLEMENTING THE REMUNERATION POLICY FOR FY24

In respect of the implementation of the Remuneration Policy for the CEO and CFO in FY24 and noting market headwinds experienced in FY23 and the outlook for FY24:

- No changes will be made to base salary levels for our senior leadership team. Where salary increases are awarded, these will be focused on our lowest paid colleagues. As such, the CEO and CFO's base salaries will remain at £621,000 and £410,000 respectively;
- No changes have been made to benefits or the workforce aligned pension provision;
- Reflecting a desire to refocus the annual bonus performance metrics in FY24 and increase alignment with shareholders, annual bonus potential for the CEO and CFO will be reduced by 25%. Two thirds of the reduced potential (i.e. 75% of salary for the CEO and 62.5% of salary for CFO) will be based on sliding scale revenue, profit, personal and ESG-related targets as per the FY23 bonus and one third of the reduced potential (i.e. 37.5% of salary for the CEO and 31.25% of salary for the CFO) will be based on the achievement of key strategic targets. To the extent that these strategic targets are met in full, this part of the bonus will be payable in shares, the net of tax of which will need to be retained against the shareholding guideline to the extent that they have not been met at the time of award. In addition, any bonus award greater than 100% of salary will be deferred into shares for three years as per our normal deferral policy;
- LTIP awards are expected to be granted during FY24 to the CEO and CFO over shares worth up to 200% and 175% of salary respectively. Performance targets will continue to be based on EPS and relative Total Shareholder Return performance metrics albeit the Committee intends to introduce a cash conversion metric, with each metric weighted equally at a third of the 2024 awards. Details of the performance metrics and targets set by the Committee will be published in due course. While the Board has made significant progress in respect of delivering RWS's ESG strategy, the Committee will continue to keep the introduction of ESG targets under review in respect of future LTIP awards;
- Shareholding guidelines will continue to operate at 200% of salary for the CEO and 175% of salary for the CFO.

No changes were made to Non-executive Director fees, which remain at £55,000 with additional fees of £10,000 payable for both the SID role and Chairing a committee. From 2 October 2023: (i) Andrew Brode stepped down as Chairman and was appointed a Non-executive Director on a fee of £55,000; and (ii) Julie Southern was appointed Chairman on a fee of £275,000.

As a Committee, we recognise the need to foster strong relations with our shareholders and encourage open dialogue. As such, the Chairman of the Remuneration Committee is available for discourse with institutional investors concerning the Company's approach to remuneration.

We look forward to receiving your support at our forthcoming AGM.

Frances Earl | CHAIRMAN OF THE REMUNERATION COMMITTEE

11 December 2023

Remuneration Policy Report

This section sets out the Directors' Remuneration Policy ("Policy") which remains unchanged from last year.

In order to deliver the Group's strategy, the primary objectives of our 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.

SUMMARY OF DIRECTORS' REMUNERATION POLICY

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base salary	To provide a competitive base salary to attract, motivate and retain directors with the experience and capabilities to achieve the strategic aims.	Reviewed annually after considering pay levels at comparably sized listed companies and sector peers; the performance, role and responsibility of each Director; the economic climate, market conditions and the Company's performance; and the level of pay across the Group as a whole.	n/a	n/a
Benefits	To provide market-competitive benefits package.	Offered in line with market practice, and may include a car allowance, private medical, income protection and death in service insurance.	n/a	n/a
Pension	To provide an appropriate level of retirement benefit.	Workforce aligned pension provision.	5% of base salary	Not applicable
Annual bonus	To reward performance against annual targets which support the strategic direction of Group.	Awards are based on annual performance and are normally payable in cash up to 100% of salary. Bonus in excess of 100% of salary will be deferred into shares for three years.	150% of salary for the CEO 125% of salary for the CFO	Sliding scale financial and/or personal/ESG/ strategic targets
LTIP	To drive and reward the achievement of longer term objectives, support retention and promote share ownership for Executive Directors.	Conditional shares and/or nil cost or nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions, normally over a period of three years. Dividend equivalents may be awarded to the extent awards vest. Awards may be subject to malus/clawback provisions at the discretion of the Committee.	200% of salary for the CEO 175% of salary for the CFO	Performance metrics will be linked to financial and/ or share price and/or strategic and/or ESG performance
Shareholding Guidelines	To promote share ownership for Executive Directors.	Executive Directors are expected to build a shareholding in the Group over time by retaining the net of tax LTIP awards which vest.	200% of salary for the CEO, 175% of salary for the CFO	Not applicable
Non-Executive Directors	The Committee determines the Chairman's fee and fees for the Non-executive Directors are agreed by the Chairman and Executive Directors.	Fees are reviewed annually taking into account the level of responsibility, relevant experience. Fees may include a basic fee and additional fees for further responsibilities. Fees are paid in cash.	n/a	n/a

SERVICE CONTRACTS

The Chairman and 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 and 6 months' notice in respect of the Chairman.

The service contract of the CEO and CFO continues unless and until terminated by either the individual or the Company giving at least 12 months' notice. The dates of the service contracts of Ian El-Mokadem and Candida Davies are 28 June 2021 and 4 July 2022 respectively.

Annual Report on Remuneration

IMPLEMENTATION OF THE POLICY FOR FY23

During the year, the Directors received the following remuneration and pension contributions:

Director	Salary or fees £000	Taxable benefits £000	Pension contributions £000	Annual bonus £000	FY23 total £000	FY22 total £000
Andrew Brode	263	2	-	-	**265**	265
Ian El-Mokadem	621	-	31	-	**652**	836
Candida Davies[1]	410	-	21	-	**431**	-
Non-Executive Directors						
Lara Boro	65	-	-	-	**65**	50
Frances Earl	65	-	-	-	**65**	50
Gordon Stuart	65	-	-	-	**65**	50
David Clayton	55	-	-	-	**55**	50
Julie Southern[2]	150	-	-	-	**150**	27
Former Director						
Rod Day[3]	149	-	-	-	**149**	320
Total	1,843	2	52	-	**1,897**	1,648

1. Appointed 3 October 2022 2. Appointed 27 July 2022 3. Appointed 10 January 2022 and resigned 20 December 2022

ANNUAL BONUS FOR FY23

Details of the annual bonus awards to Executive Directors for the year ended 30 September 2023 are as follows:

Financial targets (75% of bonus)	**PBT** (40%)	**Revenue** (35%)
Threshold (start to earn)	£128.82m	£741.84m
On-target	£135.86m	£782.10m
Maximum	£149.95m	£822.36m
Actual (for bonus purposes)	Below Threshold	Below Threshold
% of max payable	0%	0%
% of max payable	Total Financial	0%

As the threshold financial targets were not met, the Committee determined that no bonus was payable to Ian El-Mokadem and Candida Davies in respect of the year ending 30 September 2023. As such, despite progress being made against a number of the targets, no formal assessment of the personal objectives (25% of bonus) was carried out.

SHARE AWARDS GRANTED IN THE YEAR

The following LTIP awards were granted to the Executive Directors in January 2023:

	Basis of award	Number of shares under award
Ian El-Mokadem	200% of salary	314,207
Candida Davies	175% of salary	181,516

The awards have an exercise price of one penny per share and vest three years from the grant (with a two year post vesting holding period) subject to continued employment and the Company's Earnings Per Share (EPS) and Total Shareholder Return (TSR) as follows:

50% of awards	Absolute Adjusted EPS targets for the year ending 30 September 2025: No vesting: 0% of this part of an award vests for compound annual growth in EPS below 4.1% Threshold vesting: 25% of this part of an award vests for compound annual growth in EPS of 4.1% increasing pro-rata to Maximum vesting: 100% of this part of an award vests for compound annual growth in EPS of 10.1% or more
50% of awards	Relative TSR measured over the three years ending 30 September 2025 against the constituents of the FTSE 250 (excluding investment trusts): No vesting: 0% of this part of an award vests for TSR below median Threshold vesting: 25% of this part of an award vests for median TSR increasing pro-rata to Maximum vesting: 100% of this part of an award vests for upper quartile TSR

In addition to the performance conditions detailed above, the Remuneration Committee retains the discretion to adjust the level of vesting that would apply (including to nil vesting) if it considers this to be appropriate (for example to counter windfall gains or to have regard to underlying financial performance and/or the shareholder experience over the measurement period).

Directors' Remuneration Report (continued)

BOARD CHANGES

As per the announcement on 27 July 2022 and effective 2 October 2023:

- Andrew Brode stepped down as Chairman and became a Non-executive Director. His annual fee was set at £55,000, in line with the Non-executive Director fee policy; and
- Julie Southern took up the role of Non-executive Chairman. Her annual fee from appointment as Chairman was set at £275,000 (which is broadly commensurate with the £263,000 annual fee that was paid to Andrew Brode).
- Rod Day became Interim Deputy CFO on 3 October 2022, when Candida Davies was appointed CFO, and having successfully completed a handover of responsibilities left RWS on 20 December 2022.

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors as at 30 September 2023 (including the interests of their families and related trusts), all of which were beneficial, in the ordinary shares of the Company were:

Interests of Directors in ordinary shares	Ordinary shares of 1 penny
Andrew Brode	90,174,060
Julie Southern	4,000
Ian El-Mokadem	190,000
Candida Davies	20,000
Lara Boro	8,000
Gordon Stuart	5,085
David Clayton	164,035
Frances Earl	3,000

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 as follows:

	Award Type	Date of grant	1 Oct 2022	Granted	30 Sep 2023	Exercise Price	First date normally exercisable	Last date normally exercisable
Ian El-Mokadem	LTIP	24.01.22	220,791	-	220,791	1p	24.01.27	24.01.32
	LTIP	24.01.23	-	314,207	314,207	1p	24.01.28	24.01.33
Candida Davies	LTIP	24.01.23	-	181,516	181,516	1p	24.01.28	24.01.33
	SAYE	10.02.23	-	4.986	4,986	361p	01.04.26	30.09.26

The market price of the Company's shares at 30 September 2023 was 240 pence per share and the highest and lowest price in the year ended 30 September 2023 was 408 pence and 227 pence per share respectively.

SHARE AWARDS VESTING/EXERCISED IN THE YEAR

No share awards vested during the year ended 30 September 2023 and no share awards were exercised - i.e., no gains were made on the exercise of share awards in the year ended 30 September 2023.

Frances Earl | CHAIRMAN OF THE REMUNERATION COMMITTEE

11 December 2023

Directors' Report

Introduction

The Directors present their Annual Report together with the audited consolidated financial statements for the year ended 30 September 2023.

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 Company and its subsidiaries are described in the Strategic Report on pages 12 to 24. The Company's shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange.

BUSINESS PERFORMANCE AND RISKS

The review of the business, operations, principal risks and outlook is dealt with in the Strategic Report on pages 12 to 24 and 44 to 47. The key performance indicators (page 24) 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 9.8 pence per ordinary share to be paid on 23 February 2024 to shareholders on the register at 26 January 2024, which, together with the interim dividend of 2.4 pence paid in July 2023, results in a total dividend for the year of 12.2 pence (2022: 11.75 pence). Please refer also to Note 10 to the Consolidated Financial Statements.

The final dividend will be reflected in the financial statements for the year ending 30 September 2024, as it does not represent a liability at 30 September 2023.

GOING CONCERN ACCOUNTING BASIS

In assessing the basis of preparation of the financial statements for the year ended 30 September 2023, the Directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2014'; particularly in assessing the applicability of the going concern basis, the review period and disclosures. The period of assessment is the 18 months ending 31 March 2025.

As at 30 September 2023, the Group has net debt of £9.9m comprising the Group's US$220m revolving credit facility ("RCF") (£52.6m drawn at year end) and lease liabilities of £33.5m, less cash and cash equivalents of £76.2m. The RCF is for US$220 million and the term expiry is August 2026 with a one-year extension option. The facility is provided by a consortium of banks. At year end the Group's net leverage ratio (as defined by the RCF agreement) is -0.1 of EBITDA, while its interest coverage ratio (as defined by the RCF agreement) is 39.9 of EBITDA and are well within the covenants permitted by the Group's RCF agreement.

In making their going concern assessment, the Directors have considered the Group's current financial position and forecast earnings and cashflows for the 18-month period ending 31 March 2025. The business plan used to support this going concern assessment is derived from the Board-approved budget. The Directors have undertaken a rigorous assessment of going concern and liquidity considering key uncertainties and sensitivities, the committed funding and liquidity positions under its debt covenants and its ability to continue generating cash from trading activities.

In light of the Group's principal risks and uncertainties disclosed on pages 44 to 47 of the Strategic Report on the Group's profitability and financial position, the Directors believe that the appropriate sensitivity in assessing the Group and Company's ability to continue as a going concern are to model a range of reasonably plausible downside scenarios, including a 20% reduction to the Group's revenues and corresponding cash flows, with mitigating actions from management limited to equivalent reductions in the Group's controllable cost base.

No significant structural changes to the Group have been assumed in any of the downside scenarios modelled with all mitigating actions wholly within management's control.

In each of these modelled downside scenarios, the Group continues to have significant covenant and liquidity headroom over the period through to 31 March 2025. Consequently, the Directors are confident that the Group and Company will have sufficient cash reserves and committed debt facilities to withstand reasonably plausible downside scenarios and therefore continue to meet its liabilities as they fall due for the period ending 31 March 2025 and therefore have prepared the financial statements on a going concern basis.

DIRECTORS

The names and biographical details of the Directors of the Company at the date of signing this report are set out on pages 70 to 72.

Further information on Board composition, responsibilities, commitments and re-election/election of Directors can be found on pages 74 to 75 of the Corporate Governance Report.

The interests of the Directors in shares during the year are set out on page 94 in the Directors' Remuneration Report.

DIRECTORS' INDEMNITIES

To the extent permitted in is 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 Company also purchased and maintained throughout the financial year, Directors' and Officers' liability insurance cover for the directors and officers of the Company and of all Group subsidiary companies.

CORPORATE GOVERNANCE

Further information about the Audit and Remuneration Committees and details of the Company's remuneration policy are set out on pages 82 to 94.

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 ENGAGEMENT

The Company's policy is to consult and discuss with employees matters likely to affect employee interests. This includes building common awareness of the financial and economic factors affecting the Group's performance through newsletters, all-colleague emails, quarterly all-colleague calls with the CEO and CFO and local 'townhall' meetings with senior leadership. 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.

FOSTERING GOOD RELATIONSHIPS WITH STAKEHOLDERS

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, colleagues, 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.

Please refer to the S172 Statement on page 61 for further information on Board engagement with stakeholders.

DIRECTORS' AUTHORITIES IN RELATION TO SHARE CAPITAL

At the 22 February 2023 Annual General Meeting, the Directors were generally and unconditionally authorised to allot shares in the Company up to an aggregate nominal value of £1,298,233.64 (being approximately one third of the Company's then issued share capital) or up to an aggregate nominal value of £2,596,467.28 (representing approximately two thirds of the Company's then issued share capital) in respect of a strictly pro-rata issue.

At the 2023 AGM, the Directors were also granted additional powers to allot ordinary shares for cash (i) up to a nominal value of £389,470,009 (being approximately 10% of the Company's then issued share capital) and (ii) up to a further nominal value of £389,470,009, in each case without regard to the pre-emption provisions of the Companies Act 2006, provided that the authority under (ii) can only be used in connection with an acquisition or specified capital investment.

These authorities are valid until the conclusion of the next following AGM.

The Directors propose to seek equivalent authorities at the 2024 AGM. The Directors have no immediate plans to make use of these authorities, if granted, other than to satisfy the exercise of options or vesting of awards under the Company's employee share schemes.

As at the date of this report, the Company does not hold any ordinary shares in the capital of the Company in treasury.

AUTHORITY TO PURCHASE OWN SHARES

At the 2023 AGM, shareholders gave the Company authority to make market purchases of up to 38,947,009 of its own ordinary shares (representing 10% of the Company's then issued share capital). This authority expires at the conclusion of the next following AGM.

ACQUISITION OF OWN SHARES

On 14 June 2023 the Company announced a share repurchase programme of up to £50 million to be executed by the Company's 2024 AGM. As at 30 September 2023, 7,877,193 ordinary shares had been purchased and cancelled.

EMPLOYEE SHARE AND SHARE OPTION SCHEMES

The Company operates a number of employee and share option schemes. Details of outstanding share awards and share options are given in Note 22 to the consolidated financial statements on pages 149 to 151.

MAJOR SHAREHOLDINGS

As at 30 September 2023, the following were substantial shareholders:

Substantial shareholding	% holding
Andrew Brode	23.6
Liontrust Asset Management	8.5
Octopus Investments	4.3

POLITICAL DONATIONS

The Company made no political donations during the year ended 30 September 2023.

RESEARCH AND DEVELOPMENT

RWS is constantly engaged in research and development activities to improve the quality of the services offered to customers and to optimise the operation of the Group. See Notes 5 and 13 for further details.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY

Details of the Group's annual greenhouse gas emissions, energy consumption and energy efficiency are shown in the 'Task Force on Climate-related Financial Disclosures' section of the Strategic Report on pages 48 to 59.

BRANCHES

RWS is a global business and our activities and interests are operated through subsidiaries and associated branches which are subject to the laws and regulations of many different jurisdictions. Our subsidiary undertakings and associated branches are listed in Note 7 to the Parent Company financial statements on pages 159 to 162.

SUBSEQUENT EVENTS

On 3 October 2023, the Group acquired ST Comms Language Specialists Proprietary Limited, a Cape Town based language servcies provider. The acquisition was funded from RWS's existing cash resources.

The Group has continued its share repurchase programme and from 1 October 2023 to 8 December 2023 has purchased a further 6,252,443 shares at an average price of 234.3p.

FINANCIAL INSTRUMENTS

Information about the use of financial instruments by the Group is given in Note 20 to the financial statements.

ANNUAL GENERAL MEETING

The 2024 AGM will be held on 22 February 2024, at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY. Details of how shareholders can attend the meeting are set out in the Notice of AGM. Shareholders will be able to vote at the AGM in person or by submitting their proxy in advance of the AGM and to appoint the Chairman of the AGM as their proxy with their voting instructions.

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the 22 February 2024 AGM.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any information relevant to the audit and to establish 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.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

This Directors' Report was approved by the Board on 11 December 2023.

On behalf of the Board

Ian El-Mokadem | CHIEF EXECUTIVE OFFICER

11 December 2023

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards ("IFRSs"), and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")) 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.

Statement of Directors’ responsibilities in respect of the financial statements (continued)

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the Parent Company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Parent Company financial position and financial performance.
- In respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- In respect of the Parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and the Group will continue in business.

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

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors’ report, Directors’ remuneration report and corporate governance statement that each comply with the relevant law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website.

DIRECTORS’ RESPONSIBILITY STATEMENT

Each of the Directors confirm, to the best of their knowledge:

- That the Group financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and undertakings included in the consolidation taken as a whole.
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Parent Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Parent Company’s position, performance, business model and strategy. For the details of the process that was followed to enable the Board to make this statement, please refer to the Audit Committee Report on pages 82 to 85.

For and on behalf of the Board of Directors

Ian El-Mokadem | CHIEF EXECUTIVE OFFICER

11 December 2023

Financial Statements

Independent Auditors' Report to the Members of RWS Holdings plc

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 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of RWS Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise:

Group	Parent company
Consolidated statement of financial position as at 30 September 2023	Balance sheet as at 30 September 2023
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 13 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 27 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

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

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding management's process and controls related to the assessment of going concern;
- assessing the adequacy of the going concern assessment period until 31 March 2025, considering whether any events or conditions foreseeable after the period indicated a longer review period would be appropriate;
- obtaining management's going concern models which included a base case and downside scenarios of the going concern assessment period. These forecasts include an assessment of liquidity including assessment of compliance with the covenant requirements of the Group's external debt;
- checking the arithmetical accuracy of the cash flow forecast models and assessing the Group's historical forecasting accuracy, comparing these conclusions to the downside scenarios prepared by management;
- confirming the continued availability of debt facilities by examining executed documentation including clauses relating to covenants;
- considering the downside scenarios identified by management and independently assessing whether there are any other scenarios which should be considered, and recalculated the impact on the available cash flows of the downside scenarios in the going concern period;
- considering whether the Group's forecasts in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including goodwill impairment and deferred tax asset recognition;
- evaluating what reverse stress testing scenarios could lead either to a breach of the Group's banking covenants or liquidity shortfall, and considering whether these scenarios were plausible;
- challenging management's assumptions within the cash flow forecasts in relation to the forecast growth rates in the going concern period, including comparison to internal and external economic forecasts;
- comparing management's forecasts to actual results through the subsequent events period and performing enquiries to the date of this report; and
- assessing if the going concern disclosures in the financial statements are appropriate and in accordance with the revised ISA UK 570 going concern standard.

We observed that the Group continues to remain profitable (2023: £123.8 million adjusted operating profit, 2022: £138.5 million) and the Group generates positive operating cashflows (2023: £107.5 million, 2022: £127.5 million). The Group has access to a committed revolving credit facility of $220 million, which expires in 2026. The covenant compliance necessary under both covenant test ratios within the RCF have been modelled as part of the going concern forecast.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period to 31 March 2025.

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

OVERVIEW OF OUR AUDIT APPROACH

Audit scope	• We performed an audit of the complete financial information of 8 components and audit procedures on specific balances for a further 5 components. • The components where we performed full or specific audit procedures accounted for 74% of loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles, 87% of Revenue and 92% of Total assets.
Key audit matters	• Revenue recognition • Impairment of goodwill and acquired intangibles • Capitalisation and impairment of development costs
Materiality	• Overall group materiality of £5.9m which represents 5.0% of Loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles.

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

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls and changes in the business environment when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the reporting components of the Group, we selected 13 components covering entities within the UK, US, Czech Republic and EMEA which represent the principal business units within the Group.

Of the 13 components selected, we performed an audit of the complete financial information of 8 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 5 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

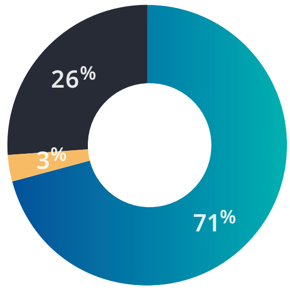
The reporting components where we performed audit procedures accounted for 74% (2022: 72%) of the Group's loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles, 87% (2022: 87%) of the Group's Revenue and 92% (2022: 96%) of the Group's Total assets. For the current year, the full scope components contributed 71% (2022: 65%) of the Group's loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles, 77% (2022: 76%) of the Group's Revenue and 91% (2022: 94%) of the Group's Total assets. The specific scope components contributed 3% (2022: 7%) of the Group's loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles, 10% (2022: 11%) of the Group's Revenue and 1% (2022: 2%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also instructed 1 location (Czech Republic) to perform specified procedures over certain aspects of capitalised development costs, as described in the Risk section above.

Of the remaining components that together represent 26% of the Group's loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles, none are individually greater than 5% of the Group's loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles. For these components, we performed other procedures, including analytical review and/or 'review scope' procedures, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

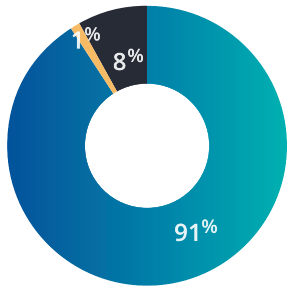
Loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles

- 71% Full scope components
- 3% Specific scope components
- 26% Other procedures



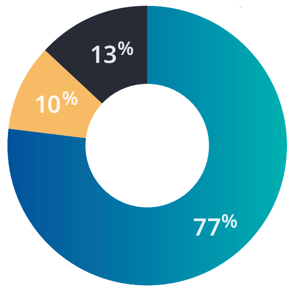
Total assets

- 91% Full scope components
- 1% Specific scope components
- 8% Other procedures



Revenue

- 77% Full scope components
- 10% Specific scope components
- 13% Other procedures



CHANGES FROM THE PRIOR YEAR

The changes in in-scope components year on year are as a result of two former specific scope components reducing in scope, as a result of reduced contribution to the total Group balances. This was offset by the inclusion of an additional specific scope component arising from acquisition in the previous year.

INVOLVEMENT WITH COMPONENT TEAMS

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 8 full scope components, audit procedures were performed on 7 of these directly by the primary audit team. All specific scope components were audited by the primary team.

During the current year's audit cycle, the component team based in the Czech Republic visited the primary audit team in the UK. This visit included attending group-wide planning meetings and reviewing relevant working papers. In addition, the primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact RWS Holdings plc. The Group has determined that the most significant future impacts from climate change on their operations will be from business interruption driven by extreme climate. These are explained on pages 48 to 59 in the required Task Force for Climate related Financial Disclosures and on pages 44 to 47 in the principal risks and uncertainties. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

As explained in note 1, the basis of preparation, consideration of climate change impact on the judgements in the accounts is not considered to have a material impact at this time. Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted International Accounting Standards ('IFRS').

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, and confirming the effects of material climate risks disclosed do not have a material impact on the financial statements. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

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

Revenue recognition (2023: £733.8m, 2022: £749.2m)

Refer to the Audit Committee Report (page 82) and Note 3 of the Consolidated Financial Statements (page 120)

In "Our response to the risk" and "Key Observations" sections below, we have disaggregated revenue into two streams, being Technology revenue (relating to revenue recognised within the Language and Content Technology segment) and Services revenue (being revenue recognised within all other segments). Refer to Note 3 for further details.

There is a cut-off risk that revenue earned around the year-end date is inappropriately recognised in the period in order to meet budgets and market expectations. This can apply to both point in time and over time revenue recognition, arising from the sale of both technology and services to customers.

In addition, recognition of revenue may include an allocation of transaction price, specifically for bundled or bespoke technology deals where there are multi-element arrangements. There is a risk that the transaction price is incorrectly allocated to each performance obligation and/or recognised inappropriately (point in time or over time).

Our response to the risk

Our audit procedures comprised the following:

We understood the process for recognition of revenue transactions and assessed the design effectiveness of key controls.

Cut-off

For all revenue streams, we tested a sample of revenue transactions recognised around the balance sheet date to validate the correct timing of revenue recognition.

Where applicable, we vouched to supporting documentation including proof of completed works and acceptance documentation.

For services revenue, we understood the underlying process for identifying and measuring accrued income and performed analytical procedures to identify any specific risks. Further, we identified material or unusual accrued income balances, for which we performed the following procedures, where applicable:

- obtaining orders/contracts and supporting documentation to verify amounts, for example purchase invoices for costs incurred to date and completion documentation where applicable;
- for services revenue, meeting with project managers to challenge the valuation of accrued income;
- reviewing post year-end accrued income schedules to identify unusual movements in accrued income balances; and
- Obtaining post-year end invoices raised

We considered each component's application of IFRS 15 through review of underlying contracts and terms and conditions, particularly in relation to the timing and quantum of revenue recognition around the balance sheet date to validate that the "over time" or "point in time" recognition policy was appropriate and in line with the nature and characteristics of the services provided.

We reviewed the Group's disclosures in relation to revenue recognition made in the financial statements to confirm the adequacy of disclosure of the Group's revenue recognition policy.

Multi-element arrangements:

We tested a sample of technology revenue contracts by performing the following:

- agreeing revenues to contracts, purchase orders or software licence agreements;
- agreeing the revenue to subsequent payment as evidence of collectability;
- checking evidence, such as licence keys or evidence of filing of patents to support that performance obligation has been fulfilled prior to revenue recognition;
- reviewing terms and conditions to establish whether all performance obligations have been identified and for any conditions that would impact the timing of revenue recognition and in turn the completeness of contract liabilities;
- ensuring appropriate allocation of the fair value and recognition of revenue for other deliverables included within the contract based on relative standalone selling price;
- We obtained management's assessment of the determination of standalone selling price and validated this assessment to evidence obtained through our test of details above.

We performed full and specific scope audit procedures over this risk area in 4 locations, which covered 87% of the risk amount.

Key observations communicated to the Audit Committee

We concluded that revenue recognised was materially correct in accordance with IFRS 15. We concluded based on our procedures performed that the standalone selling price of multi-element arrangements has been calculated and recorded materially correctly in the Technology division.

Based on the procedures we performed we concluded that the accounting policy and associated disclosures are in line with IFRS 15

Impairment of goodwill and acquired intangibles (2023: £608.6m goodwill and £296.7m acquired intangibles, 2022: £692.6m goodwill and £366.3m acquired intangibles)

Refer to the Audit Committee Report (page 82) and Notes 12 and 13 of the Consolidated Financial Statements (page 132 to 135)

Management applies judgement in assessing the valuation of acquired intangibles and goodwill, particularly in estimating future cash flows and deriving the appropriate discount rates. There is a risk that impairments are not identified, and the value of goodwill or acquired intangibles is overstated

Our response to the risk

Our audit procedures comprised the following:

We understood the annual goodwill and acquired intangible impairment process and assessed the design effectiveness of key controls. We confirmed that management's process and methodology meet the requirements of IAS 36 'Impairment of Assets'.

We reviewed management's paper identifying the cash generating units (CGUs) to which impairment should be considered and assessed whether the CGU allocation is appropriate.

We performed the following procedures:

We validated the mathematical accuracy of management's impairment models.

We engaged EY specialists to determine if the discount rates and long-term growth rates applied for each CGU are within an acceptable range.

We challenged management as to the robustness of the process performed by discussing potential external and internal sources of indicators of impairment, and updates made to the cash flow forecast to reflect these. We challenged management in relation to the key assumptions included within the forecast through inquiries of local management, commercial finance and product development teams, as well as external market data. We ensured consistency of key assumptions (including revenue growth rates) with forecasts used in other management assessments, including going concern.

We searched for any contradictory evidence, including whether any indicators of impairment were omitted from management's assessment.

We assessed adequacy of sensitivity analysis performed and performed additional sensitivities.

We assessed the historical accuracy of management's forecasting process through reviewing forecast versus actuals analyses for the current year.

We reviewed the Group's disclosures in accordance with the requirements of IAS 36 and IAS 1, including in relation to the impairment recognised in the financial statements, to confirm the adequacy of disclosure. Our procedures covered 100% of the Goodwill and Acquired Intangibles risk amount.

Key observations communicated to the Audit Committee

We consider management's assessment appropriately reflects the requirements of IAS 36 and appropriately captures the risks to the future cash flows.

Management have recorded an impairment of £62.4m of Goodwill associated with the Language and Content Technology CGU and we concluded that this has been calculated appropriately. We also concluded that the remaining goodwill and intangible asset balance recognised in relation to the Language and Content Technology CGU is supported.

We concluded that the goodwill recognised within the remaining CGUs (being IP Services, Regulated Industries and Language Services) was supported by the Value in Use calculated by management.

We concluded that that the disclosures, including key assumptions and sensitivities within Note 2, are appropriate.

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

Capitalisation and impairment of development costs (2023: £26.1m, 2022: £22.4m)

Refer to the Audit Committee Report (page 82) and refer to the Note 13 of the Consolidated Financial Statements (page 134).

The Group capitalises eligible costs in the development of its software products and internal systems. There is a risk of inappropriate capitalisation of these development costs, which require significant judgement as to whether the costs meet the capitalisation criteria per IAS 38.

Our response to the risk

Our audit procedures comprised the following:

We performed walkthroughs of the capitalised development cost process and assessed the design effectiveness of key controls.

We selected a sample of development cost business cases, supporting additions, to understand the nature of the costs, and to assess whether the items have been appropriately capitalised in accordance with IAS 38. We specifically challenged this with respect to capitalisation of costs incurred on products already in use, in order to validate managements judgements around whether the costs were likely to give rise to incremental economic benefit.

We performed analytical procedures, including comparison of capitalization and amortization to prior year.

Further to this, we challenged management on the useful economic life of assets capitalised, including validating that additions are amortised over the remaining useful life of the underlying asset to which they relate.

We audited capitalised costs to supporting documentation including 3rd party invoices. We also performed specific HR testing to validate salary information to supporting documentation.

We reviewed the Group's disclosures in relation to capitalised development costs made in the financial statements to confirm the adequacy of disclosure of the Group's capitalisation policy.

We assessed the impairment of assets in use and those still under development in accordance with IAS 36 by considering whether there were any indicators of impairment, including obsolescence of technology and changes to underlying business and market trends.

We performed full and specific scope audit procedures over this risk area in 3 locations, which covered 100% of the risk amount.

Key observations communicated to the Audit Committee

We concluded that development costs capitalised under IAS 38 are materially correct and that it is reasonable that no impairment has been recorded on these assets as at 30 September 2023.

OUR APPLICATION OF MATERIALITY

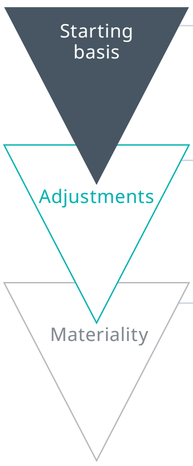
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £5.9 million (2022: £6.0 million), which is 5.0% (2022: 4.5%) of Loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles. We believe that Loss before tax adjusted for exceptional items, impairment losses, acquisition costs and amortisation of acquired intangibles provides us with an appropriate basis for materiality as it represents the primary measure used by shareholders in assessing the performance of the Group, as it is a reflection of the underlying performance of the Group.

We determined materiality for the Parent Company to be £10.5 million (2022: £9.3 million), which is 1.0% (2022: 1.0%) of total assets.



- Loss before tax - £10.9m

- Exceptional items - £22.6m
- Impairment losses - £62.4m
- Acquisition costs - £5.1m
- Amortisation of acquired intangibles - £38.8m

- Totals £118.0m

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely £3.0m (2022: £3.0m). We have set performance materiality at this percentage due to a combination of risk factors.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.6m to £1.5m (2022: £0.6m to £1.3m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3m (2022: £0.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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

Other information

The other information comprises the information included in the annual report set out on pages 1 to 166, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on pages 99 and 100, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those related to the reporting framework (international accounting standards in conformity with the requirements of the Companies Act 2006, FRS 101, and the Companies Act 2006) and the relevant tax compliance regulations in the components
- We understood how RWS Holdings plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, discussions with the Audit Committee and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. The key audit matters section above addresses procedures performed in areas where we have concluded the risks of material misstatement are highest (including where due to the risk of fraud). These procedures included testing manual journal entries.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of Board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit Committee on compliance with regulations and enquiries of management.
- All full and specific scope components were instructed to perform procedures in the identification of instances of non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

Jose Yglesia

(SENIOR STATUTORY AUDITOR)

for and on behalf of Ernst & Young LLP, Statutory Auditor Reading

11 December 2023

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2023

	Note	2023 £m	2022 £m
Revenue	3	**733.8**	**749.2**
Cost of sales		**(394.3)**	(399.0)
Gross profit		**339.5**	**350.2**
Administrative expenses		**(346.4)**	(263.9)
Operating (loss)/ profit	5	**(6.9)**	**86.3**
Analysed as:			
Adjusted operating profit:		**123.8**	138.5
Amortisation of acquired intangibles	13	**(38.8)**	(34.4)
Impairment losses	12	**(62.4)**	-
Acquisition costs	6	**(5.1)**	(2.1)
Share based payment expense	22	**(1.8)**	(3.2)
Exceptional items	6	**(22.6)**	(12.5)
Operating (loss)/ profit		**(6.9)**	**86.3**
Finance income	8	**0.6**	0.2
Amortisation of capitalised exceptional finance costs	8	**(0.3)**	(0.3)
Finance costs	8	**(4.3)**	(3.0)
(Loss)/ profit before tax		**(10.9)**	**83.2**
Taxation	9	**(16.8)**	(20.5)
(Loss)/ profit for the year attributable to the owners of the Parent		**(27.7)**	**62.7**
Other comprehensive (expense)/ income			
Items that may be reclassified to profit or loss:			
(Loss)/ gain) on retranslation of quasi equity loans (net of deferred tax)		**(1.9)**	6.1
(Loss)/ gain on retranslation of foreign operations		**(60.3)**	107.3
Gain/ (loss) on hedging (net of deferred tax)		**2.0**	(6.7)
Total other comprehensive (expense)/ income		**(60.2)**	**106.7**
Total comprehensive (expense)/ income attributable to owners of the Parent		**(87.9)**	**169.4**
Basic earnings per ordinary share (pence per share)	11	**(7.1)**	16.1
Diluted earnings per ordinary share (pence per share)	11	**(7.1)**	16.0

The Notes on pages 116 to 153 form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 September 2023

	Note	2023 £m	2022 £m
Non-current assets			
Goodwill	12	**608.6**	692.6
Intangible assets	13	**359.4**	385.4
Property, plant and equipment	14	**27.5**	31.3
Right-of-use assets	18	**27.5**	39.0
Non-current income tax receivable		**1.4**	1.0
Deferred tax assets	9	**1.2**	1.1
		1,025.6	**1,150.4**
Current assets			
Trade and other receivables	15	**212.3**	220.5
Income tax receivable		**1.7**	4.2
Cash and cash equivalents	23	**76.2**	101.2
		290.2	**325.9**
Total assets		**1,315.8**	**1,476.3**
Current liabilities			
Trade and other payables	17	**149.8**	165.6
Lease liabilities	18	**9.9**	11.8
Foreign exchange derivatives	20	**-**	0.6
Income tax payable		**15.3**	22.7
Provisions	19	**7.6**	2.9
		182.6	**203.6**
Non-current liabilities			
Loans	16	**52.6**	29.3
Lease liabilities	18	**23.6**	34.9
Trade and other payables	17	**2.3**	3.5
Provisions	19	**9.7**	4.9
Deferred tax liabilities	9	**57.7**	58.4
		145.9	**131.0**
Total liabilities		**328.5**	**334.6**
Total net assets		**987.3**	**1,141.7**
Capital and reserves attributable to owners of the Parent			
Share capital	21	**3.8**	3.9
Share premium		**54.5**	54.4
Share based payment reserve		**5.3**	6.0
Reverse acquisition reserve		**(8.5)**	(8.5)
Merger reserve		**624.4**	624.4
Foreign currency reserve		**33.7**	95.9
Hedge reserve		**(3.5)**	(5.5)
Retained earnings		**277.6**	371.1
Total equity		**987.3**	**1,141.7**

The Notes on pages 116 to 153 form part of these financial statements. The financial statements on pages 112 to 153 were approved by the Board of Directors and authorised for issue on 11 December 2023 and were signed on its behalf by:

Candida Davies | CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes in Equity

for the year ended 30 September 2023

	Note	Share capital £m	Share premium account £m	Other reserves (see below) £m	Retained earnings £m	Total attributable to owners of Parent £m
At 30 September 2021		**3.9**	**54.2**	**602.4**	**350.4**	**1,010.9**
Profit for the year		-	-	-	62.7	62.7
Loss on hedging		-	-	(6.7)	-	(6.7)
Gain on retranslation of quasi equity loans		-	-	6.1	-	6.1
Gain on retranslation of foreign operations		-	-	107.3	-	107.3
Total comprehensive income for the year		-	-	**106.7**	**62.7**	**169.4**
Issue of shares		-	0.2	-	-	0.2
Deferred tax on unexercised share options	9	-	-	-	(0.1)	(0.1)
Dividends	10	-	-	-	(41.9)	(41.9)
Equity-settled share based payments charge	22	-	-	3.2	-	3.2
At 30 September 2022		**3.9**	**54.4**	**712.3**	**371.1**	**1,141.7**
Loss for the year		-	-	-	(27.7)	(27.7)
Gain on hedging		-	-	2.0	-	2.0
Loss on retranslation of quasi equity loans		-	-	(1.9)	-	(1.9)
Loss on retranslation of foreign operations		-	-	(60.3)	-	(60.3)
Total comprehensive (expense)/ income for the year		-	**-**	**(60.2)**	**(27.7)**	**(87.9)**
Issue of shares		-	0.1	-	-	0.1
Deferred tax on unexcercised share options	9	-	-	-	(0.2)	(0.2)
Deferred consideration settlement		-	-	(2.5)	-	(2.5)
Dividends	10	-	-	-	(46.3)	(46.3)
Purchase of own shares		(0.1)	-	-	(19.3)	(19.4)
Equity-settled share based payments charge	22	-	-	1.8	-	1.8
At 30 September 2023		**3.8**	**54.5**	**651.4**	**277.6**	**987.3**

Other reserves	Share based payment reserve £m	Reverse acquisition reserve £m	Merger reserve £m	Foreign currency reserve £m	Hedge reserve £m	Total other reserves £m
At 30 September 2021	**2.8**	**(8.5)**	**624.4**	**(17.5)**	**1.2**	**602.4**
Other comprehensive (expense)/ income for the year	-	-	-	113.4	(6.7)	106.7
Equity-settled share based payments charge	3.2	-	-	-	-	3.2
At 30 September 2022	**6.0**	**(8.5)**	**624.4**	**95.9**	**(5.5)**	**712.3**
Other comprehensive (expense)/income for the year	-	-	-	(62.2)	2.0	(60.2)
Equity-settled share based payments charge	1.8	-	-	-	-	1.8
Deferred Consideration settlement	(2.5)	-	-	-	-	(2.5)
At 30 September 2023	**5.3**	**(8.5)**	**624.4**	**33.7**	**(3.5)**	**651.4**

Consolidated Statement of Cash Flows

for the year ended 30 September 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
(Loss)/ profit before tax		**(10.9)**	83.2
Adjustments for:			
Depreciation of property, plant and equipment	14	**7.3**	7.1
Amortisation of intangible assets	13	**56.9**	50.1
Impairment losses	12	**62.4**	-
Depreciation of right-of-use assets	18	**9.4**	10.8
Share-based payment expense	22	**1.8**	3.2
Net finance costs	8	**4.0**	3.1
Operating cash flow before movements in working capital		**130.9**	157.5
(Increase) in trade and other receivables		**(2.3)**	(5.6)
Increase/ (decrease) in trade and other payables and provisions		**0.6**	(3.1)
Cash generated from operations		**129.2**	148.8
Income tax paid		**(21.7)**	(21.3)
Net cash inflow from operating activities		**107.5**	**127.5**
Cash flows from investing activities			
Interest received		**0.6**	0.1
Acquisition of subsidiary, net of cash acquired	24	**(31.5)**	(14.1)
Purchases of property, plant and equipment	14	**(3.8)**	(5.3)
Purchases of intangibles (software)	13	**(36.5)**	(24.3)
Net cash outflows from investing activities		**(71.2)**	**(43.6)**
Cash flows from financing activities			
Proceeds from borrowings		**49.0**	-
Repayment of borrowings		**(25.0)**	(25.5)
Transaction costs relating to debt refinancing		**-**	(1.5)
Interest paid		**(2.6)**	(1.4)
Lease liability payments (including interest charged of £1.1m (2022: £1.3m))	18	**(11.9)**	(13.1)
Proceeds from the issue of share capital		**0.1**	0.2
Purchase of own shares		**(19.4)**	-
Dividends paid	10	**(46.3)**	(41.9)
Net cash outflow from financing activities		**(56.1)**	**(83.2)**
Net (decrease)/ increase in cash and cash equivalents		**(19.8)**	**0.7**
Cash and cash equivalents at beginning of the year		**101.2**	92.5
Exchange (losses)/ gains on cash and cash equivalents		**(5.2)**	8.0
Cash and cash equivalents at end of the year	23	**76.2**	**101.2**

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 UK-adopted International Financial Reporting Standards ('IFRS') as required by the Companies Act 2006.

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 and within the Notes to which they relate to provide context to users of the financial statements. The policies have been consistently applied to both years presented, unless otherwise stated.

The potential climate change-related risks and opportunities to which the Group is exposed, as identified by Management, are disclosed in the Group's Task Force on Climate-related Financial Disclosures ("TCFD") on pages 48 to 59. Management has assessed the potential financial impacts relating to the identified risks and exercised judgement in concluding that there are no further material financial impacts of the Group's climate-related risks and opportunities on the financial statements. These judgements will be kept under review by Management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group's control which are not all currently known.

New accounting standards, amendment and interpretations

There are no new standards/amendments that have or are expected to have a material impact.

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 2023.

Subsidiary undertakings are entities that are directly or indirectly controlled by the Group. The Group controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Results of subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The separable net assets, including intangible assets of newly acquired subsidiaries, are incorporated into the consolidated financial statements based on their fair values at the effective date of control.

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

Audit exemption for subsidiaries

Notwithstanding the disclosure in the Company's 2022 Annual Report, regarding the application of an audit exemption pursuant to s479A of the Companies Act 2006 in respect of certain of its UK subsidiaries, the Company has determined that those companies' financial statements be audited.

Going concern

In making their going concern assessment, the Directors have considered the Group's current financial position and forecast earnings and cashflows for the 18-month period ending 31 March 2025. The business plan used to support this going concern assessment is derived from the Board-approved budget. The Directors have undertaken a rigorous assessment of going concern and liquidity taking into account key uncertainties and sensitivities on the future performance of the Group. In making this assessment the Directors have considered the Group's existing debt levels, the committed funding and liquidity positions under its debt covenants and its ability to continue generating cash from trading activities.

As at 30 September 2023, the Group has net debt of £9.9m comprising the Group's US$220m revolving credit facility ("RCF") (£52.6m drawn at year end) and lease liabilities of £33.5m, less cash and cash equivalents of £76.2m. The RCF matures in August 2026 but is extendible for a further year subject to lender consent. At year end the Group's net leverage ratio (as defined by the RCF agreement) is -0.1x EBITDA, while its interest coverage ratio (as defined by the RCF agreement) is 39.9x EBITDA and are well within the covenants permitted by the Group's RCF agreement.

In light of the Group's principal risks and uncertainties disclosed on pages 44 to 47 of the Strategic Report, the Directors believe that the appropriate sensitivity in assessing the Group and Company's ability to continue as a going concern are to model a range of reasonably plausible downside scenarios, including a 20% reduction to the Group's revenues and corresponding cash flows, with mitigating actions from Management limited to equivalent reductions in the Group's controllable cost base. No significant structural changes to the Group have been assumed in any of the downside scenarios modelled with all mitigating actions wholly within Management's control.

In each of these modelled downside scenarios, the Group continues to have significant covenant and liquidity headroom over the period through to 31 March 2025. Consequently, the Directors are confident that the Group and Company will have sufficient cash reserves and committed debt facilities to withstand reasonably plausible downside scenarios and therefore continue to meet its liabilities as they fall due for the period ending 31 March 2025 and therefore prepared the financial statements on a going concern basis.

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 up to 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.

Foreign currencies

The presentation currency of the Group is Pound Sterling, which is the ultimate Parent Company's functional currency.

Transactions in foreign currencies are translated to the functional currency 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 profit or loss 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.

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 profit or loss in the statement of comprehensive income unless part of a designated hedging arrangement.

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.

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 profit or loss in the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements (continued)

The amount accumulated in the hedging reserve is reclassified to profit or loss in the statement of comprehensive income in the same period 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 profit or loss in 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 as part of the gain or loss on disposal in the consolidated statement of comprehensive income on loss of control of the foreign operation.

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.

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.

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.

Judgements

In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue - multi-element arrangements

To determine the appropriate revenue recognition for contracts containing multi-elements that include both products and services, we evaluate whether the contract should be accounted for as a single, or multiple performance obligations. Management is required to exercise a degree of judgement in setting the criteria used for determining when revenue which involves several elements should be recognised and the stand-alone selling price of each element. The Group generally determines the stand-alone selling prices of elements based on prices which are not observable and are therefore based on stand-alone list prices which are then subject to discount. These prices are reviewed on an annual basis and amended where appropriate. This is performed in conjunction with a fair value assessment of the stand-alone selling prices to assess the reasonableness of the transaction price allocation. Further detail regarding the stand-alone selling prices for the purpose of allocating the transaction price in multi-element arrangements is provided in Note 3.

The judgement could materially affect the timing and quantum of revenue and profit recognised in each period. Licence revenue in the year amounted to £61.1m (2022: £55.2m).

Capitalised development costs

The Group capitalises development costs relating to product development and internally generated software in line with International Accounting Standard ('IAS') 38 'Intangible Assets'. Management applies judgement in determining if the costs meet the criteria and are therefore eligible for capitalisation. Significant judgements include the technical feasibility of the development, recoverability of the costs incurred, economic viability of the product, and potential market available considering its current and future customers and when, in the development process, these milestones have been met. Where software products are already in use, Management applies judgement in determining whether further development spend increases the economic benefit and whether any previously capitalised costs should be expensed. Development costs capitalised during the year amounted to £19.3m (2022: £22.6m) (see Note 13).

Estimates and assumptions

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are discussed below:

Acquisition accounting

Judgement is often required in determining the identifiable intangible assets acquired as part of a business combination that must be recognised 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 being estimated using Management's best estimates and reassessed annually.

Other estimates and assumptions

The consolidated financial statements include other estimates and assumptions. Whilst Management do not consider these to be significant accounting estimates, the recognition and measurement of certain material assets and liabilities are based on assumptions which, if changed, could result in adjustments to the carrying amounts of and liabilities.

Revenue - rendering of services

Management makes estimates of the total costs that will be incurred on a contract by contract basis. Management reviews the estimate of total costs on each contract on an ongoing basis to ensure that the revenue recognised accurately reflects the proportion of the work done at the balance sheet date. All contracts are of a short-term nature. The majority of services work is invoiced on completion and the amount of year end work in progress was £52.7m (2022: £51.2m). The effect of changing the estimated total cost of each contract could, in aggregate, have an effect on the carrying amount of accrued income at the balance sheet date.

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 cash generating units ('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 and EBITDA margin to be a significant estimates. 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. During the period an impairment of £62.4m has been recognised in respect of the Language and Content Technology CGU. See Note 12 and 13 for further details.

Additionally, the Group has considered other reasonable possible changes to the assumptions underlying the CGU valuations that would need to occur and which would cause an impairment as follows:

Regulated Industries - EBITDA margin: By using the actual FY23 EBITDA margin (17.0%) across the projection period while keeping all other factors consistent with the base model, we have noted an impairment of £3.1m at the lower end range of the WACC which is a reasonable possible change. Headroom would be eliminated at an EBITDA margin of 17.2%. The value-in-use headroom of £65.3m exceeded the carrying asset amount by 30%.

Language Services - Discount factor (WACC): There is evidence of reasonable possible change at the higher end of the WACC sensitivity (+200bps) which causes an impairment of £0.2m. Headroom would be eliminated by an increase in the WACC of 199bps or a reduction in revenue growth of 3.4%. The value-in-use headroom of £60.9m exceeded the carrying asset amount by 15.2%.

Language and Content Technology - Revenue growth: adjusting revenue by 1% impacts the value in use by approximately £17m which is a reasonable possible change. The impairment would be eliminated by increasing revenue by 3.4%.

IP Services - Due to the significant headroom available after additional sensitivities have been performed no additional disclosure is required. The value-in-use headroom of £216.7m exceeded the carrying asset amount by 332%.

Taxation - uncertain tax positions

Uncertainties exist in respect of interpretation of complex tax regulations, including transfer pricing, and the amount and timing of future taxable income. Given the nature of the Group's operating model, the wide range of international transactions and the long-term nature and complexity of contractual agreements, differences arising between the actual results and assumptions made, or future changes to assumptions, could necessitate future adjustments to taxation already recorded. The Group considers all tax positions on a separate basis, with any amounts determined by the most appropriate of either the expected value or most likely amount on a case by case basis.

Most deferred tax assets are recognised because they can offset the future taxable income from existing taxable differences (primarily on acquired intangibles) relating to the same jurisdiction or entity. Where there are insufficient taxable differences, deferred tax assets are recognised in respect of losses and other deductible differences where current forecasts indicate profits will arise in future periods against which they can be deducted. The total value of uncertain tax positions ('UTPs') was £6.7m (2022: £6.8m), see Note 9.

Notes to the Consolidated Financial Statements (continued)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting policy

IFRS 15 provides a single, principles based five step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods and services. The specific application of the five step principles of IFRS 15 as they apply to the Group's revenue contracts with customers are explained below at an income stream level. In addition to this, the individual performance obligations identified within the Group's contracts with customers are individually described as part of this Note to the financial statements.

For multi-element arrangements, revenue is allocated to each performance obligation based on stand-alone selling price, regardless of any separate prices stated within the contract. This is most common within the Group's contract for technology licences, which may include performance obligations in respect of the licences, support and maintenance, hosting services and professional services. The Group's software licences are either perpetual, term or software as a service (SaaS) in nature. The Group's revenue contracts do not include any material future vendor commitments and thus no allowances for future costs are made.

The allocation of transaction price to these obligations is a significant judgement, more details of the nature and impact of the judgement are included in Note 2. The identification of the performance obligations within some multi-element arrangements involves judgement, however none of the Group's contracts requires significant judgement in this regard.

Language Services and patent filing contracts are typically billed in arrears on completion of the work with revenue recognised as accrued income balances. The Group's technology contracts are typically billed in advance and revenue recognition deferred where the performance obligation is satisfied over time. The Group's contracts for term licences are recognised upfront when performance obligations are delivered in the same manner as a perpetual licence sale but, typically, are billed annually and do not follow the same billing pattern as the Group's contracts for perpetual licences, instead billing follows more closely that of a SaaS licence contract.

Disaggregated information about the Group's revenue recognition policy and performance obligations are summarised below:

Patent Filing Services (IP Services segment)

The Group's Patent Filing revenue contracts with customers include a sole performance obligation which is satisfied at a point in time, being the completion of patent filing and delivery to the client. Revenue is recognised when the sole performance obligation is satisfied, which is when the benefits of control of the services provided are delivered to the customer.

Language Services (IP Services, Language Services and Regulated Industries segments)

The Group's Language Services contracts with customers provide for the Group to be reimbursed for their performance under the contract as the work is undertaken. Accordingly, as the Group has both the right to payment and no alternative use for the translated asset, the Group recognises revenue over time for this performance obligation.

The Group measures the completeness of this performance obligation using input methods. The relevant input method is the cost incurred to date as a proportion of total costs, in determining the progress towards the completion of the performance obligation for Language Services contracts.

Perpetual and term licences (Language and Content Technology segment)

The Group's perpetual and term licences are accounted for at a point in time when the customer obtains control of the licence, occurring either where the goods are shipped or, more commonly, when electronic delivery has taken place and there is no significant future vendor obligation.

The software to which the licence relates has significant standalone functionality and the Group has determined that none of the criteria that would indicate the licence is a right to access apply. In addition, the Group has identified no other performance obligations under their contracts for these licences which would require the Group to undertake significant additional activities which affects the software. The Group therefore believes the obligation is right to use the licence as it presently exists and therefore applies the point in time pattern of transfer. Transaction price is allocated to licences using the residual method based upon other components of the contract. The residual method is used because the prices of licences are highly variable and there is no discernible standalone selling price from past transactions.

'SaaS' licences (Language and Content Technology segment)

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

Support and maintenance (Language and Content Technology segment)

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

Hosting services (Language and Content Technology segment)

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

Professional services (Language and Content Technology segment)

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

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 the provision of software. 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	2023 £m	2022 £m
At a point in time	22.4	21.2
Over time	82.4	86.0
IP Services	104.8	**107.2**
At a point in time	25.8	26.0
Over time	110.9	100.9
Language and Content Technology	136.7	**126.9**
Over time	329.8	342.1
Language Services	329.8	**342.1**
Over time	162.5	173.0
Regulated Industries	162.5	**173.0**
Total revenue from contracts with customers	733.8	**749.2**

See Note 4 for information on revenue disaggregation by geographical location.

Capitalised contract costs

Capitalised contract costs primarily relate to sales commission costs capitalised under IFRS 15 and are amortised over the length of the contract. The group has taken advantage of the practical expedient to recognise, as an expense, any costs which would be recognised in fewer than 12 months from being incurred. This primarily relates to the Group's language services commissions and point in time technology revenue related commissions. The value of capitalised contract costs at year end was £1.7m (2022: £1.9m). Capitalised contract costs are recognised within other debtors on the statement of financial position.

Receivables, contract assets and contract liabilities with customers	Notes	2023 £m	2022 £m
Net trade receivables	15	**138.6**	148.9
Contract assets (accrued income)	15	**52.7**	51.2
Contract liabilities (deferred income)	17	**(49.9)**	(53.0)

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

For performance obligations satisfied over time, judgement is required in determining whether a right to consideration is unconditional. In such situations, a receivable is recognised for the transaction price of the non-cancellable portion of the contract when the Group starts satisfying the performance obligation. The Group recognises revenue for partially satisfied performance obligations as 'Accrued Income', which is presented in Note 15 to these financial statements.

The total value of the transaction price allocated to unsatisfied or partially unsatisfied performance obligations at the year-end is £53.5m (2022: £54.1m). Support and maintenance is a stand ready obligation discharged straight line over the duration of the Group's software contracts, the period over which this is recognised can be identified based on the value of current and non-current deferred income. Unsatisfied performance obligations in respect of language and professional services are all short-term and expected to be recognised in less than one year.

The Group offsets any contract liabilities with any contract assets that may arise within the same customer contract, typically, this only applies to the Group's licence and support and maintenance revenue contracts. In all material respects there are no significant changes in the Group's contract asset or liability balances other than business-as-usual movements during the year.

Revenue recognised in the year that was included in deferred revenue at 1 October 2022 was £49.5m (2022: £40.8m).

4. SEGMENT INFORMATION

The chief operating decision maker for the Group is identified as the Group's Board of Directors collectively. The Board reviews the Group's internal reporting in order to assess performance and allocates resources. The Board divides the Group into four reportable segments and assesses the performance of each segment based on the revenue and adjusted profit before tax. These measures are reconciled to the financial statements on page 165.

The four reporting segments, which match the operating segments, are explained in more detail below:

- Language Services: The revenues are derived by providing localisation services which include translation and adaptation of content across a variety of media and materials to ensure brand consistency.
- Regulated Industries: Revenue is generated through the translation and linguistic validation for customers who operate in regulated industries such as life sciences.
- IP Services: The Group's IP Services segment provides high quality patent translations, filing services and a broad range of intellectual property ("IP") search services.
- Language and Content Technology ("L&CT"): Revenue is generated through the provision of a range of translation technologies and content platforms to clients. This was enhanced by the acquisition of Propylon Holdings Ltd in July 2023.

Unallocated costs reflect corporate overheads and other expenses not directly attributed to segments.

Segment results for the year ended 30 September 2023	L&CT £m	IP Services £m	Regulated Industries £m	Language Services £m	Unallocated Costs £m	Group £m
Revenue from contracts with customers	136.7	104.8	162.5	329.8	-	733.8
Operating profit/(loss) before charging:	37.0	27.7	22.9	39.4	(3.2)	123.8
Amortisation of acquired intangibles	(12.0)	(0.1)	(12.3)	(14.4)	-	(38.8)
Impairment losses (see Note 12)	(62.4)	-	-	-	-	(62.4)
Acquisition costs	-	-	-	-	(5.1)	(5.1)
Exceptional items (see Note 6)	(3.3)	(6.0)	(1.3)	(5.7)	(6.3)	(22.6)
Share based payment expense	(0.2)	-	(0.2)	(0.5)	(0.9)	(1.8)
(Loss)/ profit from operations	(40.9)	21.6	9.1	18.8	(15.5)	**(6.9)**
Net finance expense						(4.0)
Loss before taxation						**(10.9)**
Taxation						(16.8)
Loss for the year						**(27.7)**

Segment results for the year ended 30 September 2022	L&CT £m	IP Services £m	Regulated Industries £m	Language Services £m	Unallocated Costs £m	Group £m
Revenue from contracts with customers	126.9	107.2	173.0	342.1	-	749.2
Operating profit/(loss) before charging:	37.6	30.1	31.6	53.3	(14.1)	138.5
Amortisation of acquired intangibles	(8.0)	(0.2)	(12.4)	(13.8)	-	(34.4)
Acquisition costs	-	-	-	-	(2.1)	(2.1)
Exceptional items (see Note 6)	(3.0)	(0.5)	(2.3)	(3.9)	(2.8)	(12.5)
Share based payment expense	(1.8)	(0.2)	(0.3)	(0.4)	(0.5)	(3.2)
Profit from operations	24.8	29.2	16.6	35.2	(19.5)	**86.3**
Net finance expense						(3.1)
Profit before taxation						**83.2**
Taxation						(20.5)
Profit for the year						**62.7**

The table below shows revenue by the geographic market in which clients are located.

Revenue by client location	2023 £m	2022 £m
UK	**81.7**	85.9
Continental Europe	**167.8**	178.2
United States of America	**393.2**	390.2
Rest of the World	**91.1**	94.9
Total	**733.8**	**749.2**

The Group does not place reliance on any specific customer and has no individual customers that generate more than 10% or more of its total Group revenue.

Notes to the Consolidated Financial Statements (continued)

The following is an analysis of revenue by the geographical area in which the Group's undertakings are located.

Revenue by subsidiary location	2023 £m	2022 £m
UK	**191.8**	189.5
Continental Europe	**156.6**	166.6
United States of America	**334.6**	339.0
Rest of the World	**50.8**	54.1
Total	**733.8**	**749.2**

The table below shows operating assets by geographical location of the Group's undertakings. These assets exclude goodwill and acquired intangibles.

Operating assets by geography	2023 £m	2022 £m
UK	**190.2**	162.7
Continental Europe	**80.8**	79.0
United States of America	**128.1**	147.2
Rest of the World	**59.1**	67.5
Total	**458.2**	456.4

5. OPERATING PROFIT

Operating (loss)/ profit has been arrived at after charging/(crediting):	2023 £m	2022 £m
Total staff costs (before the capitalisation of internal development costs) (Note 7)	**351.6**	328.4
Research and development expenditure	**37.0**	34.2
Depreciation of property, plant and equipment (Note 14)	**7.3**	7.1
Depreciation of right of use assets (Note 18)	**9.4**	10.8
Amortisation of intangible assets (Note 13)	**56.9**	50.1
Impairment losses (Note 12)	**62.4**	-
Foreign exchange losses	**0.6**	3.7
Expected credit loss expense (Note 15)	**0.2**	0.8
(Gain)/ loss on changes in fair values on derivative contracts	**(13.6)**	1.1
Operating lease rentals:		
- Property (Note 18)	**1.9**	1.8
- Plant and equipment (Note 18)	**0.5**	0.5
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Group's annual financial statements	**1.4**	1.8
- The audit of subsidiaries of the Company	**0.8**	0.1
Total audit fees	**2.2**	**1.9**

The audit of subsidiary Companies amount includes £0.3m of fees relating to subsidiary audits for prior financial years. The 2022 fees includes £0.2m paid in respect of statutory audit services for the year ended 30 September 2021. Non audit fees of £16k (2022: £27k) were incurred in the period in respect of assurance related services.

Research and development costs

Management continually review development expenditure to assess whether any costs meet the criteria for capitalisation. In addition to the amounts charged to the income statement, the Group has capitalised £19.3m (2022: £22.6m) of development costs in the year, further details can be found in Note 13.

6. EXCEPTIONAL ITEMS

Accounting policy

Exceptional items are those items that in Management's judgement should be disclosed separately by virtue of their size, nature or incidence, in order to provide a better understanding of the underlying financial performance of the Group. In determining whether an event or transaction is exceptional, Management considers qualitative factors such as frequency or predictability of occurrence. Examples of exceptional items include the costs of integration, severance and restructuring costs which Management do not believe reflect the business's trading performance and therefore are adjusted to present consistency between periods.

	2023 Pre-tax £m	2023 Tax impact £m	2023 Total £m	2022 Pre-tax £m	2022 Tax impact £m	2022 Total £m
Group transformation programme	**(5.5)**	**1.1**	**(4.4)**	(0.3)	0.1	(0.2)
Restructuring & integration related costs	**(12.3)**	**2.9**	**(9.4)**	(12.2)	2.4	(9.8)
Legacy payment arrangements	**(4.8)**	**-**	**(4.8)**	-	-	-
Total exceptional items - operating	**(22.6)**	**4.0**	**(18.6)**	**(12.5)**	**2.5**	**(10.0)**
Amortisation of exceptional finance (Note 8)	**(0.3)**	**-**	**(0.3)**	(0.3)	-	(0.3)
Total exceptional items - financing	**(0.3)**	**-**	**(0.3)**	(0.3)	-	(0.3)
Total exceptional items	**(22.9)**	**4.0**	**(18.9)**	**(12.8)**	**2.5**	**(10.3)**

A description of the principal items included is provided below:

Transformation costs – £5.5m was incurred during the period in respect of transformation programmes for Finance and Human Resources initiated as part of a strategic review of the business to drive improved efficiencies in future periods and includes severance costs of £1.7m. In total £2.4m has been paid in the period. The severance costs are expected to be paid during the first half of FY24 and the ongoing benefits from the integration will be recognised in the operating profit in the Statement of Comprehensive Income.

Restructuring Costs - £7.6m was incurred in respect of severance and termination payments related to the Group's cost reduction plan which is expected to have a positive impact in FY24 of approximately £25m. A further £0.6m of severance costs were incurred in respect of the businesses defined integration plan for the OneRWS initiative. A total of £4.4m of these costs were paid during the period.

Integration costs - £3.4m was incurred in respect of IT integration projects to enhance service delivery capability and reduce business complexity across the Group. A further £0.7m was incurred related to delivering synergies from business integration and ongoing simplification of the Group's corporate structure. All of these amounts were paid during the period.

Legacy payments - £4.3m was recognised in the period in respect of an ongoing liability related to historic agreements with former owners of the business and their respective families. This expense had previously been recognised as incurred. A further £0.5m was paid during the period in respect of current year obligations.

Finance costs - £0.3m was incurred related to amortisation expense associated with a gain on debt modification recognised in previous accounting periods.

In the prior period, exceptional costs included £7.4m of IT integration costs, £3.2m of severance costs, £1.6m of contract termination costs, £0.3m for Group Transformation programmes and £0.3m of exceptional finance costs. In total £12.5m was charged during the prior period.

Acquisition-related costs

Acquisition-related costs of £5.1m (2022: £2.1m) includes a total of £3.3m of contingent consideration associated with the acquisition of Propylon Holdings Limited (£1.2m) during the period and the acquisition of Liones Holdings B.V. Limited (£2.1m) in the prior period. These amounts are being recognised in accordance with IFRS 3.

A further £1.5m of transaction fees were incurred associated with the Propylon acquisition, and £0.3m in respect of on-going strategic projects. These have been accounted for as exceptional items in line with the Group's accounting policy and treatment of similar costs during the year ended 30 September 2022.

Notes to the Consolidated Financial Statements (continued)

7. EMPLOYEE COSTS

Accounting policy

Pension cost

The Group operates a defined contribution pension scheme, for its employees. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions to defined contribution pension schemes are recognised in profit or loss in the Consolidated Statement of Comprehensive Income in the period to which they become payable.

	2023 £m	2022 £m
Wages and salaries	**288.6**	276.6
Reorganisation costs	**7.6**	1.6
Social security costs	**43.2**	37.0
Pension costs	**10.4**	10.0
Share-based payment expense (Note 22)	**1.8**	3.2
Total employee costs	**351.6**	328.4

Details of Directors' remuneration and pension contributions are disclosed in the Directors' Remuneration Report on pages 88 to 94. Key Management's remuneration disclosures are disclosed as part of Related Party Transactions in Note 25. Staff costs above are stated before the capitalisation of staff costs in respect of the Group's research and development activities, the total value of staff costs capitalised were £19.1m (2022: £22.6m).

The Group operates a defined contribution pension scheme, making payments on behalf of employees to their personal pension plans. Payments of £10.6m (2022: £8.8m) were made in the year. The amount charged to profit and loss in the Consolidated Statement of Comprehensive Income in the year was £10.4m (2022: £10.0m). At the year end there were unpaid amounts included in other payables totalling £2.3m (2022: £2.5m).

The monthly average staff numbers were:

	2023 No	2022 No
Production staff	**6,248**	6,193
Administrative staff	**1,860**	1,787
	8,108	7,980

8. FINANCE INCOME AND COSTS

	2023 £m	2022 £m
Finance income		
Return on short term deposits	**0.6**	0.2
	0.6	**0.2**
Finance costs		
Bank interest payable	**(2.6)**	(1.4)
Lease interest	**(1.1)**	(1.3)
Amortisation of borrowing costs	**(0.6)**	(0.3)
Finance costs excluding exceptional amortisation	**(4.3)**	**(3.0)**
Amortisation of borrowing costs - Exceptional (Note 6)	**(0.3)**	(0.3)
	(4.6)	**(3.3)**
Net finance cost	**(4.0)**	**(3.1)**

9. TAXATION

Accounting policy

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax assets and liabilities are offset when the relevant tax authority permits net settlement and the group intends to settle on a net basis.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes where this differs.

Deferred tax is not recognised for temporary differences related to investments in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary difference and it is probable that this will not reverse in the foreseeable future; on the initial recognition of non-deductible goodwill; and on the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect the accounting or taxable profit.

Deferred tax is measured on an undiscounted basis, and at the tax rates that have been enacted or substantively enacted by the reporting date that are expected to apply in the periods in which the asset or liability is settled

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used and are reviewed at each reporting date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, when the Group intends to settle its current tax assets and liabilities on a net basis and that authority permits the Group to make a single net payment.

Current and deferred tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the current or deferred tax is also recognised within other comprehensive income or equity respectively (for example share-based payments).

Uncertain tax positions

The Group operates in numerous tax jurisdictions around the world. At any given time, the Group is involved in disputes and tax audits and will also have a number of tax returns potentially subject to audit. These tax audits may give rise to significant tax issues that take several years to resolve. In estimating the probability and amount of any tax charge, Management takes into account the views of internal and external advisers and updates the amount of tax provision whenever necessary. The ultimate tax liability may differ from the amount provided depending on interpretations of tax law, settlement negotiations or changes in legislation. As referenced in Note 2, the Group considers all tax positions separately and uses either the most likely or expected value method of calculation on a case by case basis.

VAT

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and trade receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Taxation recognised in income and equity is as follows:	2023 £m	2022 £m
Current Tax Charge		
UK corporation tax at 22% (2022: 19%)	**4.8**	5.7
Overseas current tax charge	**17.7**	18.7
Adjustment in respect of previous years	**(2.4)**	(4.2)
Deferred Tax Charge		
Origination and reversal of temporary differences	**(5.9)**	(2.4)
Rate change impact	**0.2**	0.1
Adjustment in respect of previous years	**2.4**	2.6
Total tax expense in profit or loss	**16.8**	**20.5**
Total tax charge in equity	**0.2**	0.1
Total tax in other comprehensive income	**(0.3)**	0.7
Total tax charge for the year	**16.7**	**21.3**

Reconciliation of the Group's tax charge to the UK statutory rate:	2023 £m	2022 £m
(Loss)/ profit before taxation	**(10.9)**	83.2
Notional tax charge at UK corporation tax rate of 22% (2022: 19%)	**(2.4)**	15.8
Effects of:		
Expenses not deductible for tax purposes	**3.1**	2.2
Impact of impairment losses	**13.7**	-
Adjustments in respect of previous years	**-**	(1.6)
Changes in tax rates	**0.2**	0.1
Higher tax rates on overseas earnings	**2.2**	4.0
Tax charge as per the income statement	**16.8**	**20.5**
Effective tax rate	**(154.1)%**	**24.6%**

Factors that may affect future tax charges

The Group's taxation strategy is aligned to its business strategy and operational needs. The Directors are responsible for tax strategy supported by a global team of tax professionals and advisers. RWS strives for an open and transparent relationship with all tax authorities and are vigilant in ensuring that the Group complies with current tax legislation.

The Group's effective tax rate for the year is higher than the UK's statutory tax rate due to the impact of non-tax deductibility of acquisition costs, as well as non recoverable withholding tax suffered of intragroup dividends. The Group's tax rate is also sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions, such as Germany and Japan, a lower rate in the UK and Czechia with other rates that lie in between.

The adjustments in respect of prior periods includes a release of a release of historic uncertain tax positions, offset by new risks identified and provided for during the period. There has also been a recharacterisation of current and deferred tax assets and liabilities following true ups of filed tax returns.

Transfer pricing

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a tax authority. The methodology used to estimate liabilities is set out in Note 2. In common with other multinational companies and given the Group has operations in 33 countries, transfer pricing arrangements are in place covering transactions that occur between Group entities.

The Group periodically reviews its historic UTPs for transfer pricing and whilst it is not possible to predict the outcome of any pending tax authority investigations, adequate provisions are considered to be included in the Group accounts to cover any expected estimated future settlement. In carrying out this review, and subsequent quantification, Management has made judgements, taking into account: the status of any unresolved matters; strength of technical argument and clarity of legislation; external advice, statute of limitations and any expected recoverable amounts under the Mutual Agreement Procedure ('MAP'). During the period the Group reduced the provision for liabilities that are expected to no longer be sought by tax authorities on the basis that the relevant statute of limitations has expired. In addition, UTPs related to transfer pricing were increased during the year to reflect current period trading as well as new historic risks identified during the period.

The current tax liability of £15.3m on the balance sheet comprises £9.7m of UTPs, although it is not expected that these will be cash settled within 12 months of the year end date. The deferred tax liability of £57.7m on the balance sheet is net of £3.0m of deferred tax assets relating to uncertain tax positions.

Pillar Two

On 20 December 2021, the OECD published their proposals in relation to Global Anti-Base Erosion Rules, which provide for an internationally co-ordinated system of taxation to ensure that large multinational groups pay a minimum level of corporate income tax in countries where they operate. The UK enacted its Pillar Two legislation in July 2023 which will require UK multinational entities to comply with the Pillar Two rules for periods starting after 31 December 2023 which for RWS will be the period ended 30 September 2025. As the Pillar Two rules are not yet in force, RWS has not sought to quantify the known or reasonably estimated impact of the Pillar Two rules in this set of financial statements.

Deferred tax	Share based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Acquired intangibles £m	Tax losses £m	Total £m
At 30 September 2021	**0.6**	**(1.7)**	**6.8**	**(71.6)**	**16.2**	**(49.7)**
Adjustments in respect of prior years	-	(0.1)	1.7	-	(4.2)	(2.6)
Acquisitions	-	-	-	(2.5)	-	(2.5)
Credited to income	-	-	0.4	4.4	(2.5)	2.3
Charged to equity / OCI	(0.1)	-	-	-	-	(0.1)
Foreign exchange differences	-	-	0.9	(6.0)	0.4	(4.7)
At 30 September 2022	**0.5**	**(1.8)**	**9.8**	**(75.7)**	**9.9**	**(57.3)**
Adjustments in respect of prior years	-	(0.1)	(0.1)	0.1	(2.3)	(2.4)
Acquisitions	-	-	-	(1.3)	-	(1.3)
Credited to income	0.2	-	1.7	4.4	(0.6)	5.7
Transfers to current taxes	-	-	-	-	(2.8)	(2.8)
Charged to equity / OCI	(0.2)	-	-	-	-	(0.2)
Foreign exchange differences	-	-	(1.4)	3.4	(0.2)	1.8
At 30 September 2023	**0.5**	**(1.9)**	**10.0**	**(69.1)**	**4.0**	**(56.5)**

Deferred tax assets and liabilities are presented on the balance sheet after jurisdictional netting as follows:

	2023 £m	2022 £m
Deferred tax assets	**1.2**	1.1
Deferred tax liabilities	**(57.7)**	(58.4)
Net deferred tax liability	**(56.5)**	**(57.3)**

Deferred tax assets and liabilities

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability has been settled or the asset realised based on tax rates that have been enacted or substantively enacted at the reporting date.
Most deferred tax assets are recognised because they can offset the future taxable income from existing taxable differences (primarily on acquired intangibles) relating to same jurisdiction or entity. Where there are insufficient taxable differences, deferred tax assets are recognised in respect of losses and other deductible differences where current forecasts indicate profits will arise in future periods against which they can be deducted.

Notes to the Consolidated Financial Statements (continued)

Losses

At the balance sheet date the Group has unused tax losses of £113.0m (2022: £143.9m) available for offset against future profits. A deferred tax asset of £3.9m (2022: £9.9m) has been recognised in respect of £17.7m (2022: £44.0m) of such losses. These losses include corresponding adjustments that could be claimed on settlement of uncertain tax positions with overseas tax authorities as accounted for under International Financial Reporting Interpretations Committee 23 ('IFRIC 23').

No deferred tax asset has been recognised in respect of the remaining £95.3m (2022: £99.9m) as these can only be used to offset limited types of profits and as it is not considered probable that there will be the required type of future trading or non-trading profits available in the correct entities necessary to permit offset and recognition.

The unrecognised deferred tax asset on losses is £21.9m (2022: £23.5m).

Recognised deferred tax assets principally relate to UK and US activities of the acquired SDL business.

The Group has recognised deferred tax assets on losses in the US which have a 20 year expiry date and expects to use these losses in this period, the earliest date these losses expire is 31 December 2033 and at the year-end losses amounted to £4.2m (2022: £6.0m).

Unremitted earnings

Dividends received from subsidiaries are largely exempt from UK tax but may be subject to dividend withholding taxes levied by the overseas tax jurisdictions in which the subsidiaries operate. The gross temporary differences of those subsidiaries affected by such potential taxes is £79.2m. The Group has an estimated unrecognised deferred tax liability of £4.9m of unremitted earnings where no distributions are expected to be paid in the foreseeable future.

10. DIVIDENDS TO SHAREHOLDERS

Accounting policy

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.

	2023 £m	2022 £m
Final ordinary dividend for the year ended 30 September 2022 was 9.5p (2021: 8.5p)	**37.0**	33.1
Interim ordinary dividend, paid 21 July 2023 was 2.4p (2022: 2.0p paid 22 July 2022)	**9.3**	8.8
	46.3	**41.9**

The Directors recommend a final dividend in respect of the financial year ended 30 September 2023 of 9.8 pence per ordinary share, to be paid on 23 February 2024 to shareholders who are on the register at 26 January 2024. This dividend is not reflected in these financial statements as it does not represent a liability at 30 September 2023. The final proposed dividend will reduce shareholders' funds by an estimated £36.8m.

11. EARNINGS PER SHARE

Accounting policy

Basic earnings per share

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.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the basic earnings per share for the effects of share options and awards granted to employees. These are included in the calculation when their effects are dilutive.

Adjusted earnings per share

Adjusted earnings per share is a trend measure, which presents the long-term profitability of the Group, excluding the impact of specific transactions that Management considers affects the Group's short-term profitability. The Group presents this measure to assist investors in their understanding of trends. Adjusted earnings is the numerator used for this measure. 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.

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

	2023 £m	2022 £m	2023 Basic earnings per share pence	2022 Basic earnings per share pence	2023 Diluted earnings per share pence	2022 Diluted earnings per share pence
(Loss)/ profit for the year	**(27.7)**	62.7	**(7.1)**	16.1	**(7.1)**	16.0
Adjustments:						
Amortisation of acquired intangibles	**38.8**	34.4				
Impairment losses	**62.4**	-				
Acquisition costs	**5.1**	2.1				
Share based payments expense	**1.8**	3.2				
Net gain of debt modification	**0.3**	0.3				
Exceptional items	**22.6**	12.5				
Tax effect of adjustments	**(12.8)**	(10.0)				
Tax adjustments in respect of prior years	**-**	(1.6)				
Adjusted earnings	**90.5**	**103.6**	**23.3**	**26.6**	**23.3**	**26.5**

	2023 Number	2022 Number
Weighted average number of ordinary shares in issue for basic earnings	**388,231,290**	389,374,854
Dilutive impact of share options	**30,688**	1,469,514
Weighted average number of ordinary shares for diluted earnings	**388,261,978**	**390,844,368**

12. GOODWILL

Cost and net book value	2023 £m	2022 £m
At 1 October	**692.6**	615.8
Additions (Note 24)	**12.9**	7.8
Impairment	**(62.4)**	-
Adjustments in respect of prior periods (Note 9)	**-**	(0.4)
Exchange adjustments	**(34.5)**	69.4
At 30 September	**608.6**	**692.6**

Accounting policy

Goodwill arising on business combinations (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised, and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in profit or loss in the statement of comprehensive income. Direct costs of acquisition are recognised immediately in profit or loss in the statement of comprehensive income as an expense.

At least annually, or when otherwise required, the Directors review the carrying amounts of the Group's property, plant and equipment and intangible assets to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. A full impairment review is performed annually for goodwill regardless of whether an indicator of impairment exists.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money as well as risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior-years. A reversal of an impairment loss is recognised immediately as income in the Consolidated Statement of Comprehensive Income, although impairment losses relating to goodwill may not be reversed.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its CGU. Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill. Goodwill is allocated at the lowest level monitored by Management, and no higher than an operating segment.

Key assumptions for the value in use - 30 September 2023	Long-term growth rate	Discount rate	Average revenue growth	Average EBITDA margin
IP Services	2.0%	14.3%	4.0%	29.7%
Regulated Industries	2.0%	15.2%	2.7%	21.9%
Language Services	2.0%	15.1%	2.9%	17.2%
Language and Content Technology	2.0%	17.4%	8.7%	36.3%

Key assumptions for the value in use - 30 September 2022				
IP Services	2.0%	12.5%	3.2%	30.7%
Regulated Industries	2.0%	13.2%	6.7%	25.1%
Language Services	2.0%	12.7%	5.1%	20.4%
Language and Content Technology	2.0%	13.5%	10.9%	41.1%

The Group has four CGUs and in accordance with IAS 36, Management performed a value in use impairment test at 30 September 2023. 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.

Determination of key assumptions

The long-term growth rate is the rate applied to determine the terminal value on year five cash flows. This rate is determined by the long term compound annual growth rate in adjusted operating profit as estimated by Management with reference to external benchmarks.

The discount rate is the pre-tax discount rate calculated by Management based on a series of inputs starting with a risk free rate based on the return on long term, zero coupon government bonds. The risk free rate is adjusted with a beta to reflect sensitivities to market changes, before consideration of other factors such as a size premium.

Revenue growth is the average annual increase in revenue over the five-year projection period. The revenue growth rate is determined by Management based on the most recently prepared budget for the future period and adjusted for longer term developments within operating segments where such developments are known and possible to reliably forecast.

The trading projections for the five-year period underlying the value-in-use reflect assumptions for EBITDA margins. The EBITDA margin is based on a number of elements of the operating model over the longer-term, including pricing trends, volume growth and the mix of complexity of translation activity and assumptions regarding cost inflation.

As part of the value-in-use calculation, Management prepares cash flow forecasts derived from the most recent financial budgets as approved by the Board of Directors and extrapolates the cash flows for future years based on estimated growth rates which are based on Management's best estimate of 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 allocation of goodwill to each of the CGUs is as shown in the table below:

The allocation of goodwill to each CGU is as follows:	2023 £m	2022 £m
IP Services	**33.2**	35.8
Regulated Industries	**141.8**	150.4
Language Services	**223.9**	239.9
Language and Content Technology	**209.7**	266.5
At 30 September	**608.6**	**692.6**

Goodwill assessment

The value-in-use calculations performed confirm that the recoverable goodwill amount for IP Services, Regulated Industries and Language Services CGUs each exceed their asset carrying value. The calculation for the Language and Content Technology CGU gave a value-in-use result of £333.3m which was £62.4m below the asset carrying value and accordingly an equivalent impairment loss has been recognised.

This impairment loss has been recognised within administrative expenses in the Consolidated Statement of Comprehensive Income in the period. The impairment has arisen primarily due to the significant increase in discount rates as a result of macroeconomic factors and to a lesser extent, uncertainty regarding longer term growth rates. Whilst the Group expects long-term growth from the Technology strategy, the accounting standard (IAS 36) for impairment assessments does not allow forecasts to be used where assumptions cannot be evidenced or have not yet been fully implemented (e.g. cost savings). As a result, whilst the Group is focused on committing to delivering its growth strategy, the ongoing cost reduction and efficiency programmes restrict the available evidence to demonstrate this growth as at the balance sheet date. Consequently, the full extent of potential longer-term gains are not reflected in the impairment modelling.

Notes to the Consolidated Financial Statements (continued)

13. INTANGIBLE ASSETS

Accounting policy

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets acquired from a business combination are initially recognised at fair value. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights.

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

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

Trade names	5 to 8 years
Clinician database	10 years
Supplier database	13 years
Technology	3 to 7 years
Non-compete clauses	5 years
Trademarks	5 years
Client relationships	7 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, these costs are recognised in administrative expenses within the consolidated statement of comprehensive income.

Research and development

Research costs are expensed as incurred. Development expenditure is capitalised when Management is satisfied that the expenditure being incurred meets the recognition criteria from IAS 38. Specifically, this is at the point which Management believe they can demonstrate:

- The technical feasibility of completing the asset
- The intention to complete the asset for use or sale
- The ability to use or sell the asset
- The future benefits expected to be realised from the sale or use of the asset
- The availability of sufficient resources to enable completion of the asset
- Reliable measurement for the costs incurred during the course of development

Where these criteria are not met the expenditure is expensed to the income statement. Following the initial capitalisation of the development expenditure the cost model is applied, requiring the asset to be carried at cost less any accumulated amortisation and impairment losses. Any expenditure capitalised is amortised over the period of expected future economic benefit from the related project. For capitalised development costs this period is 3 to 7 years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting period indicating that the carrying value may not be recoverable.

Development costs that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

	Trade names £m	Clinician & supplier databases £m	Technology £m	Non-compete & trademarks £m	Client relationships & order books £m	Software £m	Internally generated software £m	Total £m
Cost								
At 30 September 2021	-	6.4	123.4	2.1	313.0	12.7	15.5	473.1
Additions	-	-	15.5	-	0.2	1.9	6.9	24.5
Acquisitions	0.4	-	2.1	-	6.4	-	-	8.9
Adjustments in respect of prior periods	-	-	-	-	0.4	-	-	0.4
Disposals	-	-	-	-	-	(1.9)	(2.7)	(4.6)
Currency translation	-	1.2	1.2	0.4	47.5	0.8	0.6	51.7
At 30 September 2022	**0.4**	**7.6**	**142.2**	**2.5**	**367.5**	**13.5**	**20.3**	**554.0**
Additions	-	-	15.4	-	-	2.5	18.6	36.5
Transfers	-	-	(1.0)	-	-	-	1.0	-
Acquisitions (Note 24)	0.7	-	3.1	-	8.0	-	-	11.8
Disposals	-	-	-	-	-	(0.6)	(3.7)	(4.3)
Currency translation	-	(0.6)	(1.2)	(0.2)	(23.9)	(0.2)	(0.1)	(26.2)
At 30 September 2023	**1.1**	**7.0**	**158.5**	**2.3**	**351.6**	**15.2**	**36.1**	**571.8**
Accumulated amortisation and impairment								
At 30 September 2021	-	3.2	20.0	1.9	68.2	8.8	4.4	106.5
Amortisation charge	-	0.7	18.4	0.2	25.5	1.9	3.4	50.1
Disposals	-	-	-	-	-	(1.9)	(2.7)	(4.6)
Currency translation	-	0.7	1.1	0.4	13.6	0.5	0.3	16.6
At 30 September 2022	**-**	**4.6**	**39.5**	**2.5**	**107.3**	**9.3**	**5.4**	**168.6**
Amortisation charge	0.1	0.7	23.8	-	26.4	2.0	3.9	56.9
Disposals	-	-	-	-	-	(0.6)	(3.7)	(4.3)
Currency translation	-	(0.4)	(0.5)	(0.2)	(7.5)	(0.1)	(0.1)	(8.8)
At 30 September 2023	**0.1**	**4.9**	**62.8**	**2.3**	**126.2**	**10.6**	**5.5**	**212.4**
Net book value								
At 30 September 2021	-	3.2	103.4	0.2	244.8	3.9	11.1	366.6
At 30 September 2022	0.4	3.0	102.7	-	260.2	4.2	14.9	385.4
At 30 September 2023	**1.0**	**2.1**	**95.7**	**-**	**225.4**	**4.6**	**30.6**	**359.4**

Amortisation of acquired intangibles was £38.8m (2022: £34.4m) and amortisation of other intangibles was £18.1m (2022: £15.7m). The £18.1m amortisation of other intangibles comprises £2.0m on amortisation of software (2022: £1.9m), £3.9m on internally developed intangibles (2022: £3.4m).and £12.2m (2022: £10.4m) of technology which related to the SDL business. The residual £38.8m of amortisation was wholly incurred on acquired intangible assets (2022: £34.4m). The Group has identified intangible assets which are individually material as follows:

- SDL technology products acquired of £49.8m (2022: £61.9m) with a remaining useful life of 4 years
- SDL's Helix platform of £12.6m (2022: £15.8m) with a remaining useful life of 4 years
- SDL's customer relationships of £104.3m (2022:£122.9m) with a remaining useful life of 8 years
- Moravia's customer relationships of £85.4m (2022: £99.9m) with a remaining useful life of 14 years and
- Life Science's customer relationships of £8.2m (2022: £11.6m) with a remaining useful life of 4 years.

No other classes of intangible asset hold individually material items. The remaining average useful life is 10 years.

Notes to the Consolidated Financial Statements (continued)

14. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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	3 to 10 years
Motor vehicles	6 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 profit or loss 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 profit or loss in the statement of comprehensive income.

Included within freehold land and buildings at 30 September 2023 was freehold land of £5.6m (2022: £5.6m).

There were no gains or losses on disposal in the year, no assets included in property plant and equipment were subject to any specific security or contractual commitments (2022: None).

	Freehold land and buildings £m	Leasehold land, buildings and improvements £m	Furniture and equipment £m	Motor vehicles £m	Total £m
Cost					
At 30 September 2021	17.0	8.4	29.6	0.2	55.2
Currency translation	-	0.9	1.2	-	2.1
Transfers	-	0.1	(0.1)	-	-
Additions	-	0.4	4.9	-	5.3
Acquisitions	-	-	0.1	-	0.1
Disposals	-	(0.5)	(1.1)	-	(1.6)
At 30 September 2022	**17.0**	**9.3**	**34.6**	**0.2**	**61.1**
Currency translation	-	(0.2)	-	-	(0.2)
Additions	-	0.1	3.7	-	3.8
Acquisitions (Note 24)	-	-	0.1	-	0.1
Disposals	-	(1.2)	(2.7)	(0.1)	(4.0)
At 30 September 2023	**17.0**	**8.0**	**35.7**	**0.1**	**60.8**
Accumulated depreciation					
At 30 September 2021	2.3	3.1	17.6	0.1	23.1
Currency translation	-	0.2	0.9	0.1	1.2
Depreciation charge	0.2	1.4	5.5	-	7.1
Disposals	-	(0.5)	(1.1)	-	(1.6)
At 30 September 2022	**2.5**	**4.2**	**22.9**	**0.2**	**29.8**
Currency translation	-	0.1	(0.2)	-	(0.1)
Depreciation charge	0.2	1.3	5.8	-	7.3
Disposals	-	(0.9)	(2.7)	(0.1)	(3.7)
At 30 September 2023	**2.7**	**4.7**	**25.8**	**0.1**	**33.3**
Net book value					
At 30 September 2021	14.7	5.3	12.0	0.1	32.1
At 30 September 2022	14.5	5.1	11.7	-	31.3
At 30 September 2023	**14.3**	**3.3**	**9.9**	**-**	**27.5**

15. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are carried at amortised cost less expected credit losses. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. 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.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and geographies.

Accrued income relates to the Group's rights to consideration for work performed but not billed at the reporting date for language and professional services. Accrued income balances are transferred to trade receivables when there is an unconditional right to consideration, generally, when an invoice is issued to the customer.

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, recoverable taxes and capitalised contract costs.

	2023 Gross	2023 Provisions	2023 Net	2022 Gross	2022 Provisions	2022 Net
Trade receivables	**140.4**	**(1.8)**	**138.6**	151.2	(2.3)	148.9
Other receivables	**6.0**	**-**	**6.0**	7.3	-	7.3
Prepayments	**15.0**	**-**	**15.0**	13.1	-	13.1
Accrued income	**53.2**	**(0.5)**	**52.7**	51.7	(0.5)	51.2
At 30 September	**214.6**	**(2.3)**	**212.3**	**223.3**	**(2.8)**	**220.5**

Trade receivables net of allowances are held in the following currencies at the reporting date:	2023 £m	2022 £m
Sterling	**5.6**	18.9
Euros	**29.9**	24.0
Japanese Yen	**2.5**	3.0
US Dollars	**93.4**	88.7
Swiss Francs	**1.2**	1.3
Other	**6.0**	13.0
	138.6	**148.9**

The following table provides information about the exposure to credit risk for trade receivables at 30 September 2023:	Gross amount £m	Loss allowance £m	Net amount £m
Not past due	**105.0**	**-**	**105.0**
Past due 1-30 days	**15.7**	**-**	**15.7**
Past due 31-60 days	**7.1**	**-**	**7.1**
Past due 61-90 days	**3.9**	**(0.2)**	**3.7**
Past due > 90 days	**8.7**	**(1.6)**	**7.1**
	140.4	**(1.8)**	**138.6**

Notes to the Consolidated Financial Statements (continued)

The following table provides information about the exposure to credit risk for trade receivables at 30 September 2022:	Gross amount £m	Loss allowance £m	Net amount £m
Not past due	114.8	-	114.8
Past due 1-30 days	19.3	-	19.3
Past due 31-60 days	7.8	-	7.8
Past due 61-90 days	3.6	-	3.6
Past due > 90 days	5.7	(2.3)	3.4
	151.2	**(2.3)**	**148.9**

Movement in expected credit loss provisions:	Trade debtors 2023	Accrued income 2023	Trade debtors 2022	Accrued income 2022
At 1 October	**2.3**	**0.5**	2.6	0.7
Utilised	**(0.6)**	**-**	(1.3)	-
Charge for the year	**0.2**	**-**	0.8	-
Exchange adjustment	**(0.1)**	**-**	0.2	(0.2)
At 30 September	**1.8**	**0.5**	**2.3**	**0.5**

16. LOANS

Accounting policy

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.

When an existing loan facility is replaced by another from the same lender on substantially different terms, or the terms of an existing loan are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss in the statement of comprehensive income.

	2023 £m	2022 £m
Due in more than one year		
Loan	**54.7**	32.2
Issue costs	**(2.1)**	(2.9)
At 30 September	**52.6**	**29.3**

Analysis of net debt 30 September 2023	At 1 October £m	Acquired £m	Cash flows £m	Non-cash charges £m	At 30 September £m
Cash and cash equivalents	101.2	3.3	(23.1)	(5.2)	76.2
Issue costs	2.9	-	-	(0.8)	2.1
Loans (current and non-current)	(32.2)	-	(24.0)	1.5	(54.7)
Net debt excluding lease liabilities ("Net debt")	**71.9**	**3.3**	**(47.1)**	**(4.5)**	**23.6**
Lease liabilities	(46.7)	(0.3)	11.9	1.6	(33.5)
Net debt including lease liabilities	**25.2**	**3.0**	**(35.2)**	**(2.9)**	**(9.9)**

Analysis of net debt 30 September 2022	At 1 October £m	Acquired £m	Cash flows £m	Non-cash charges £m	At 30 September £m
Cash and cash equivalents	92.5	0.6	0.1	8.0	**101.2**
Issue costs	2.0	-	1.5	(0.6)	**2.9**
Loans (current and non-current)	(49.2)	-	25.5	(8.5)	**(32.2)**
Net debt excluding lease liabilities ("Net debt")	**45.3**	**0.6**	**27.1**	**(1.1)**	**71.9**
Lease liabilities	(51.5)	(0.2)	13.1	(8.1)	**(46.7)**
Net debt including lease liabilities	**(6.2)**	**0.4**	**40.2**	**(9.2)**	**25.2**

Non-cash charges against the loan balance represent the effects of foreign exchange on the financial liability.

On 3 August 2022, the Group entered into an Amendment and Restatement Agreement ("ARA") with its banking syndicate which amended its existing US$120m RCF maturing on 10 February 2024, to a US$220m RCF Facility maturing on 3 August 2026 with an option to extend maturity to 3 August 2027.

Under the terms of the ARA, the Group's interest margin over the Secured Overnight Financing Rate ("SOFR") reference interest rate ranges from 95bps to 195bps and is dependent on the Group's net leverage. Commitment fees are payable on all committed, undrawn funds at 35% of the applicable interest margin. The ARA also contains a US$100m uncommitted accordion facility.

All transaction costs incurred in amending and re-stating the RCF were capitalised and are being amortised over the extended maturity period of the facility on a straight-line basis. Currently all Group borrowings under the RCF are denominated in US Dollars or Sterling.

17. TRADE AND OTHER PAYABLES

	2023 £m	2022 £m
Due in less than one year		
Trade payables	**25.7**	30.2
Other taxes and social security costs	**4.5**	4.0
Other payables	**11.5**	10.1
Accruals	**58.1**	68.9
Contingent consideration	**2.4**	2.9
Deferred income	**47.6**	49.5
At 30 September	**149.8**	**165.6**

The contingent consideration of £2.4m comprises £1.2m for the acquisition of Propylon Holdings Ltd during the period and £1.2m for the acquisition of Liones Holdings B.V. in the prior period. These amounts are being accrued on a straight-line basis and are payable on the anniversary of the respective transactions. Both of these amounts are denominated in Euros and a foreign exchange impact of £0.1m was recognised in the period. The prior period amount included £1.1m of contingent consideration for Liones Holdings B.V. and £1.8m of contingent consideration for Iconic Translation Machines Ltd. Both amounts were settled during the period.

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

	2023 £m	2022 £m
Due in more than one year		
Deferred income	**2.3**	3.5
At 30 September	**2.3**	**3.5**

Notes to the Consolidated Financial Statements (continued)

18. LEASES

Accounting policy

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain leasehold property and motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease modifications

Where factors arise which give rise to a modification of a lease and to re-measure a lease liability, the Group calculates the required re-measurement based on the revised discounted lease payments under the modified lease agreement with the lessor. Any re-measurement adjustments identified are recognised with a corresponding entry against the carrying value of the right of use asset unless the lease is being fully terminated where any gain or loss is recognised in profit or loss.

Nature of the leased assets

The property assets under lease are offices where our employees work. Office equipment includes photocopiers, water coolers and software.

Group as a lessee

The Group has entered into leases across the business, principally relating to property. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year, these are all property related.

Right-of-use assets	Total £m
At 1 October	42.4
Leased assets acquired on acquisition	0.2
Additions	6.8
Disposals	(0.1)
Depreciation expense	(10.8)
Re-measurement adjustments	(1.0)
Currency adjustment	1.5
At 30 September 2022	**39.0**
Leased asses acquired on acquisition (see Note 24)	0.3
Additions	1.0
Depreciation expense	(9.4)
Re-measurement adjustments	(2.4)
Currency adjustment	(1.0)
At 30 September 2023	**27.5**

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

Lease liabilities	2023 £m	2022 £m
At 1 October	**46.7**	51.5
Additions	**1.0**	6.8
Leases acquired on acquisition (see Note 24)	**0.3**	0.2
Accretion of interest	**1.1**	1.3
Re-measurement adjustments	**(2.4)**	(1.0)
Repayments	**(11.9)**	(13.1)
Currency adjustment	**(1.3)**	1.0
At 30 September	**33.5**	**46.7**
Current	**9.9**	11.8
Non-current	**23.6**	34.9

The maturity analysis of lease liabilities is disclosed in Note 20.

	2023 £m	2022 £m
Depreciation expense on right of use assets	**9.4**	10.8
Interest expense on lease liabilities	**1.1**	1.3
Expense relating to short term leases*	**1.9**	1.8
Expense relating to leases of low value assets*	**0.5**	0.5
Total amount recognised in profit or loss	**12.9**	**14.4**

*The expenses in respect of short term and low value leases are recognised in administrative expenses. The cash outflows in respect of short term and low value leases are presented within cash flows from operating activities in the Statement of Cash Flows.

The Group had total cash outflows for leases of £11.9m (2022: £13.1m). The Group had no non-cash additions to right-of-use assets and lease liabilities in the year (2022: £nil). 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 also 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.

The property leases held by the Group have varying terms and renewal rights. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised by considering factors such as leasehold improvements. The Group's leasehold improvements are most heavily concentrated in its highest value leases, each of which has a lease term significantly above the Group's average lease term.

The Group has concluded that on this basis, there is no reasonable certainty regarding the exercising of extension options and there is reasonable certainty of not exercising early termination options within these leases. The Group's default position is that the lease term at inception of the lease, excluding any options, is the most probable duration over which that lease will be held. This is then overridden where facts and circumstances make it clear this is no longer reasonably certain, such as for key leases in certain locations where longer term investment may be required. The cashflows associated with leases expiring within the next 12 months are £10.4m (2022:£13.6m). Further information on the maturity profile of the Group's leases is shown in Note 20. The Group has concluded that this is not a significant judgement by virtue of the low number and value of leases due to expire near-term and the future cash outflows associated with such leases are not material for the Group.

19. PROVISIONS

Accounting policy

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. The expense relating to any provision is presented in profit or loss in the consolidated statement of comprehensive income net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance expense.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Reconciliation of movement in provisions	Indirect tax related £m	Dilapidations £m	Severance £m	Other provisions £m	Total £m
At 1 October	**3.3**	**1.5**	**-**	**3.0**	**7.8**
Charged in the period	0.3	-	13.5	4.3	18.1
Utilised	-	(0.1)	(6.7)	(1.5)	(8.3)
Released	(0.1)	-	-	-	(0.1)
Effects of currency movements	(0.1)	-	-	(0.1)	(0.2)
At 30 September 2023	**3.4**	**1.4**	**6.8**	**5.7**	**17.3**
Due in less than one year	-	0.4	6.8	0.4	7.6
Due in greater than one year	3.4	1.0	-	5.3	9.7
At 30 September 2023	**3.4**	**1.4**	**6.8**	**5.7**	**17.3**
Due in less than one year	-	0.4	-	2.5	2.9
Due in greater than one year	3.3	1.1	-	0.5	4.9
At 30 September 2022	**3.3**	**1.5**	**-**	**3.0**	**7.8**

Indirect tax related provisions comprise £2.2m in respect of Service Tax declarations made by the Group's Brazilian subsidiary during the period 2008–2012. This amount includes all potential liabilities arising in later periods which could still be subject to audit. A further £1.2m relates to potential penalties and interest from ongoing tax enquiries in the UK and Germany, together with interest on uncertain tax provisions. The timing of the payment is uncertain at the reporting date.

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

Provisions for future severance liabilities, totalling £6.8m have arisen from redundancies to be incurred as part of the Group's continuing transformation and cost reduction programmes. These amounts have been recorded in accordance with the criteria defined in IAS37 and are expected to be settled within the next 12 months.

Included within Other Provisions are the following:

£4.3m related to recognition of an ongoing historic agreement with the former owners of the business and their respective families. This expense was previously recognised as incurred. The Directors have concluded that it is appropriate to recognise a provision for the future liability, in the current period. No restatement is required as it is not considered material to prior periods.

£1.2m related to long term employment benefits in certain countries the Group operates in. This amount includes £1.0m for TFR severance liabilities required under article 2120 of the Italian Civil Code. This provision has been valued in accordance with the requirements of IAS 19 as it represents long term benefits payable to employees of the Group's Italian subsidiary. The timing of the payment is uncertain at the reporting date.

£0.2m related to legal and other costs that the Group expects to incur over an extended period, in respect of past events for which a provision has been recorded, none of which are individually material.

20. 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.

	FVOCI		FVTPL		AC	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Financial Assets						
Trade and other receivables	-	-	-	-	**197.3**	207.4
Cash and cash equivalents	-	-	-	-	**76.2**	101.2
	-	-	-	-	**273.5**	**308.6**
Financial Liabilities						
Loans	-	-	-	-	**52.6**	29.3
Trade and other payables	-	-	-	-	**97.7**	112.1
Lease liabilities	-	-	-	-	**33.5**	46.7
Foreign exchange derivatives	-	0.6	-	-	-	-
	-	**0.6**	-	-	**183.8**	**188.1**

The Group's foreign exchange derivatives are fair valued using readily available market information so therefore are Level 2 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 2023 is £54.7m (2022: £32.2m), this is as per Level 2 of the fair value hierarchy.

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 and cash equivalents, which at 30 September 2023 amounted to £76.2m (2022: £101.2m), the Group has an overdraft facility of £1.5m (2022: £1.5m) which is unsecured. The reference interest rate on this facility is SONIA with the margin being 200 basis points. This overdraft was undrawn as at year end.

Any surplus funds are invested in Pound Sterling 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.

Contractual cash flows at 30 September 2023	Carrying amount £m	Total £m	Less than 12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Non-derivative financial liabilities						
Revolving Credit Facility	52.6	70.7	4.2	4.2	62.3	-
Trade and other payables	97.7	97.7	97.7	-	-	-
Lease liabilities	33.5	35.1	10.4	7.0	11.5	6.2
	183.8	**203.5**	**112.3**	**11.2**	**73.8**	**6.2**
Derivative financial liabilities						
Foreign exchange derivatives						
- Outflow	-	-	-	-	-	-
	-	-	-	-	-	-

Contractual cash flows at 30 September 2022	Carrying amount £m	Total £m	Less than 12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Non-derivative financial liabilities						
Revolving credit facility	29.3	39.0	1.8	1.8	35.4	-
Trade and other payables	112.1	112.1	112.1	-	-	-
Lease liabilities	46.7	50.1	13.6	11.2	17.6	7.7
	188.1	**201.2**	**127.5**	**13.0**	**53.0**	**7.7**
Derivative financial liabilities						
Foreign exchange derivatives						
- Outflow	0.6	0.6	0.6	-	-	-
	0.6	**0.6**	**0.6**	**-**	**-**	**-**

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 Pound Sterling overdraft is utilised, it attracts an interest rate of base rate plus a margin of 200 basis points.

The Group's US$220 million Revolving Credit Facility ("RCF") matures on 3 August 2026, with an option to extend until 2027 (subject to lender approval), and incurs interest at a rate based on Secured Overnight Financing Rate ("SORF") plus a margin which fluctuates based on the Group's net leverage, more details can be found in Note 1 and Note 16. The Group elected not to hedge its interest rate risk.

Exposure to interest rate risk

Interest rate profile of interest-bearing assets and liabilities - Variable rate instruments	2023 £m	2022 £m
Financial assets - Cash and cash equivalents		
Sterling	**8.9**	14.6
US Dollars	**25.1**	16.0
Euros	**14.1**	36.1
Yen	**3.7**	4.2
Swiss Francs	**1.4**	0.5
Other	**23.0**	29.8
	76.2	**101.2**
Financial liabilities – Loan		
Sterling	**42.0**	-
US Dollars	**10.6**	29.2
	52.6	**29.2**

If interest rates changed by 5% it is estimated that Group profit before tax would change by £2.6m (2022: £1.5m).

On 3 August 2022, the Group entered into an Amendment and Restatement Agreement ("ARA") with its banking syndicate which amended its existing US$120m RCF maturing on 10 February 2024, to a US$220m RCF maturing on 3 August 2026 with an option to extend maturity to 3 August 2027.

Under the terms of the ARA, the Group's interest margin over the SOFR reference interest rate ranges from 95bps to 195bps and is dependent on the Group's net leverage. Commitment fees are payable on all committed, undrawn funds at 35% of the applicable interest margin. The ARA also contains a US$100m uncommitted accordion facility.

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 £76.2m at 30 September 2023, 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. Expected credit losses are not material to the Group, no collateral is held in respect of trade receivables and the maximum potential credit loss is equal to asset carrying value. See Note 15 for further details.

No client accounted for more than 10% of Group turnover in the current year (2022: nil).

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 65% (2022: 65%) of Group external sales in the reporting period were denominated in US Dollars, while a further 21% were denominated in Euros (2022: 21%). Similarly, the Group's cost base was 39% in US Dollars (2022: 39%) and 22% in Euros (2022: 21%).

The Group has a number of intercompany loans designated as quasi equity at inception. This designation is made where loan transactions between Group companies represent, in substance, long term investments in that subsidiary rather than intercompany loan transactions. These loans are often denominated in a currency other than the functional currency of at least one of the counterparties. Foreign currency translation on these loans is recognised in Other Comprehensive Income in the Statement of Comprehensive Income until the underlying investment is disposed of at which point they are recognised in Profit or Loss in the Statement of Comprehensive Income.

Assets and liabilities of Group entities located overseas are principally denominated in their respective currencies and are therefore not materially exposed to currency risk. On translation to Sterling, gains or losses arising are recognised directly in equity.

Moravia IT s.r.o. as discussed below designates its forward foreign exchange contracts as cash flow hedges in accordance with IFRS 9 to hedge its 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 2023 £m	Assets 2022 £m	Liabilities 2023 £m	Liabilities 2022 £m
Euros	**47.3**	46.7	**21.4**	19.4
US Dollars	**154.8**	156.1	**67.0**	54.0
	202.1	**202.8**	**88.4**	**73.4**

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 120% 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 20% change in the Sterling exchange rate. A positive number below indicates an increase in profit where Sterling weakens against the relevant currency. For a 20% 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 2023 £m	Profit and loss impact 2022 £m
Euros	**4.3**	4.5
US Dollars	**14.6**	17.0
	18.9	**21.5**

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.

Hedging

The Group applies cash flow hedge accounting on foreign exchange forward contracts taken out by Moravia IT s.r.o to hedge its Czech Koruna expected future operating costs (Moravia is a US Dollar functional CGU). 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.

The Group applies net investment hedge accounting in respect of borrowings associated with the acquisition of a single acquisition which was US Dollar denominated. The hedging relationship was established with the intention of reducing the effect of currency fluctuations in the statement of comprehensive income, by recognising gains or losses through other comprehensive income. The value of loans designated as net investment hedges are £54.7m and this is expected to be settled over a period of 4 years.

During the year ended 30 September 2023, no ineffectiveness was recorded in the Group's statement of comprehensive income (2022: £Nil). All amounts recorded in the hedge reserve pertain to continuing hedging relationships as at 30 September 2023.

At the year end the Group had no cash flow hedges, which take the form of forward foreign exchange contracts, in place.

	Assets 2023 £m	Assets 2022 £m	Liabilities 2023 £m	Liabilities 2022 £m
Forward foreign currency exchange contracts	-	-	-	**0.6**

Hedging reserve	2023	2022
At 1 October 2022	**(5.5)**	1.2
Cashflow hedges - fair value movement	**0.5**	2.9
Cashflow hedges - realised gains/ (losses) transferred to Statement of Comprehensive Income	**-**	(2.5)
Net investment hedge	**1.5**	(7.1)
At 30 September 2023	**(3.5)**	**(5.5)**

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 2023, there was £52.6m (2022: £29.3m) 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 £76.2m (2022: £101.2m).

The Group funds dividend payments to shareholders through the underlying profitability of its subsidiaries which are contributed between the subsidiary and the ultimate parent company, RWS Holdings plc. The underlying profitability of the Group ensures that there is sufficient profitability within these subsidiaries and contributions from these subsidiaries to the Parent Company and that sufficient distributable reserves exist to maintain the Group's current dividend policy.

Included within retained earnings are £184.6m relating to gain recognised on a cash-box structure utilised as part of the Moravia acquisition. These amounts are not currently distributable.

Notes to the Consolidated Financial Statements (continued)

21. SHARE CAPITAL AND RESERVES

	2023 Number	2023 £m	2022 Number	2022 £m
Authorised				
Ordinary shares of 1 pence each	**500,000,000**	**5.0**	500,000,000	5.0
Allotted, called up and fully paid				
At beginning of year	**389,463,810**	**3.9**	389,396,173	3.9
Issue of shares	**16,709**	**-**	67,637	-
Purchase of own shares	**(7,877,193)**	**(0.1)**	-	-
At end of year	**381,603,326**	**3.8**	**389,463,810**	**3.9**

During the year, 16,709 ordinary shares of 1p each were allotted under the former SDL Save as You Earn schemes.

The Company announced on 8 June 2023, its intention to launch a share repurchase programme of up to £50m, which will be completed ahead of the Company's Annual General Meeting on 22 February 2024. In FY23, 7,877,193 shares were acquired on the open market and cancelled.

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

- Share premium account represents the premium arising on the issue of equity shares.
- 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 for the effective portion of the cash flow hedge and the gains and losses relating to the net investment hedge.
- Merger reserve represents the amounts of share premium that would have been recognised on a share for share exchange eligible for merger relief under the Companies Act 2006. This was created on the acquisition of SDL plc in 2021.
- 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.

22. SHARE-BASED PAYMENTS

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 at the fair value of the share option at the grant date. 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 profit or loss 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.

The Group incurred a charge of £1.8m relating to share-based payments in the year ended 30 September 2023, as follows;

	2023			2022		
Scheme	Equity-settled £m	Cash-settled £m	Total £m	Equity-settled £m	Cash-settled £m	Total £m
Save As You Earn ("SAYE") scheme	-	-	-	0.1	-	0.1
LTIPs	**1.8**	-	**1.8**	1.2	-	1.2
Executive Share Option Plan ("ESOP')	-	-	-	0.2	-	0.2
Deferred consideration	-	-	-	1.7	-	1.7
	1.8	-	**1.8**	**3.2**	**-**	**3.2**

Summary of movements in awards	LTIPs	RWS Save As You Earn scheme Number	Executive share option plan Number	SDL Save as You Earn scheme Number	Weighted average exercise price (£)
Balance at 1 October 2021	1,431,456	476,608	1,123,540	116,300	3.123
Granted during the year	1,378,864	211,288	-	-	0.678
Lapsed during the year	(428,949)	(128,067)	(279,389)	(9,453)	2.810
Exercised during the year	-	(5,657)	-	(61,980)	3.014
Balance at 30 September 2022	**2,381,371**	**554,172**	**844,151**	**44,867**	**2.088**
Exercisable at 30 September 2022	**-**	**123,650**	**-**	**44,867**	
Granted during the year	2,723,622	287,292	-	-	0.354
Lapsed during the year	(1,376,547)	(391,064)	(66,140)	(28,158)	1.177
Exercised during the year	-	-	-	(16,709)	3.348
Balance at 30 September 2023	**3,728,446**	**450,400**	**778,011**	**-**	**1.348**
Exercisable at 30 September 2023	-	-	-	-	

The weighted average share price at the date of exercise of shares exercised during the year was 388.9 pence per share (2022: 519.6 pence). The weighted average remaining contractual life of outstanding options at the end of the year was 11.0 years (2022: 10.5 years). The aggregate fair value of options granted in the year was £9.0m (2022: £3.3m).

Notes to the Consolidated Financial Statements (continued)

Long term incentive plan ("LTIP")

On 22 January 2021, the Company adopted a long term incentive plan ("LTIP") for senior employees. These conditional awards vest after the performance period of three years and are subject to the achievement of certain performance conditions as well as continued employment on vesting for two years. The performance measures are earnings per share (EPS) which is a non-market performance condition and Total Shareholder Return ("TSR") which is a market-based performance condition. The awards are split with 50% on EPS performance and 50% on TSR performance. The awards are valued using Black-Scholes. 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 ten 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 2022 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2023 Number	Exercise price pence	Exercise period
22 January 2021	1,023,649	-	-	(1,023,649)	**-**	1	22 Jan 2024 - 22 Jan 2031
1 July 2021	103,636	-	-	(103,636)	**-**	1	22 Jan 2024 - 22 Jan 2031
24 January 2022	1,254,086	-	-	(108,694)	**1,145,392**	1	24 Jan 2025 - 24 Jan 2032
24 January 2023	-	2,548,610	-	(140,568)	**2,408,042**	1	24 Jan 2026 - 24 Jan 2033
30 June 2023	-	175,012	-	-	**175,012**	1	1 Jul 2026 - 1 Jul 2033
Total	**2,381,371**	**2,723,622**	**-**	**(1,376,547)**	**3,728,446**		

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 2022 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2023 Number	Exercise price pence	Exercise period
18 February 2019	123,650	-	-	(123,650)	**-**	413	1 Apr - 30 Sep 2022
12 February 2020	61,277	-	-	(61,277)	**-**	557	1 Apr - 30 Sep 2023
22 February 2021	189,209	-	-	(68,989)	**120,220**	472	1 Apr - 30 Sep 2024
17 February 2022	180,036	-	-	(88,492)	**91,544**	504	1 Apr - 30 Sep 2025
10 February 2023	-	287,292	-	(48,656)	**238,636**	361	1 Apr - 30 Sep 2026
Total	**554,172**	**287,292**	**-**	**(391,064)**	**450,400**		

The former SDL plc SAYE scheme no longer grants options to employees. The movements on this scheme are in the table below.

Date of grant	1 October 2022 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2023 Number	Exercise price pence	Exercise period
12 February 2020	44,867	-	(16,709)	(28,158)	**-**	334.8	1 Aug 2022 - 31 Jan 2023
Total	**44,867**	**-**	**(16,709)**	**(28,158)**	-		

Executive share option plan ("ESOP")

On 13 May 2019, the Group announced a new Share Option Plan for executives and selected senior management.

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 2022 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2023 Number	Exercise price pence	Exercise period
10 May 2019	216,556	-	-	-	**216,556**	601.0	10 May 2024 - 10 May 2029
22 January 2020	593,403	-	-	(54,743)	**538,660**	615.0	22 Jan 2025 - 22 Jan 2030
9 June 2021	34,192	-	-	(11,397)	**22,795**	613.0	9 Jun 2026 - 9 Jun 2031
Total	**844,151**	**-**	**-**	**(66,140)**	**778,011**		

The fair value of share options granted during the year under the SAYE scheme and LTIP award relating to the Non Market related performance condition were estimated using the Black-Scholes option pricing model. The share options granted under the LTIP award relating to the market performance condition (TSR performance condition) were valued using the Monte Carlo model. Equity settled options under the SAYE scheme and the LTIP scheme were valued at grant date.

The following table lists the assumptions applied to the options granted. Equity settled option grants are settled on exercise via new shares. The expected volatility reflects the assumption historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

	SAYE Scheme	LTIP -Market No Holding condition	LTIP - Non Market No Holding condition	LTIP - Market Holding Condition	LTIP - Non Market Holding Condition
Weighted average share price at grant (pence)	374.0	388.0	388.0	388.0	388.0
Weighted average exercise price (pence)	361.0	1.0	1.0	1.0	1.0
Expected life of option (years)	3	3	3	3	3
Volatility (%)	44%	41%	41%	41%	41%
Dividend yield (%)	nil	nil	nil	nil	nil
Risk free interest rate (%)	3.7%	3.1%	3.1%	3.1%	3.1%
Fair value (pence)	130.7	270.0	388.0	223.0	320.0

23. CASH AND CASH EQUIVALENTS

	2023 £m	2022 £m
Cash at bank and in hand	**68.5**	94.8
Short-term deposits	**7.7**	6.4
	76.2	**101.2**

The fair value of cash and cash equivalents is £76.2m (2022: £101.2m). Restricted cash at 30 September 2023 was £Nil (2022: £Nil).

Short-term deposits have an original maturity of three months or less depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Management consider short term deposits to be subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements (continued)

24. ACQUISITIONS

Propylon Holdings Ltd ("Propylon")

On 12 July 2023, the Group acquired the entire issued share capital of Propylon Holdings Limited ('Propylon') and its subsidiaries for an initial consideration of Euro 30.1m (£25.6m) on a cash and debt free basis. Additional consideration of Euro 12.9m is payable in two equal instalments on the first and second anniversary of the transaction contingent upon key personnel remaining employed. Propylon is a component content management business which compliments both our Tridion and Fonto propositions and further builds our Content Technology portfolio.

The fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:

The provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:	Fair values £m
Net assets acquired:	
Intangible assets	11.8
Property, plant and equipment	0.1
Right-of-use assets	0.3
Trade and other receivables	4.3
Cash and cash equivalents	3.3
Trade and other payables	(1.6)
Corporation tax	(0.6)
Deferred tax	(1.3)
Lease liabilities	(0.3)
Total identifiable net assets	**16.0**
Goodwill	12.9
Total consideration	**28.9**
Satisfied by:	
Cash	**28.9**

The provisional fair values above, are stated before the finalisation of the purchase price allocation ('PPA'). The provisional PPA procedures have resulted in an allocation of £8.0m to Customer Relationships, £3.1m to Technology assets and £0.7m to Brands with a corresponding reduction in Goodwill. Additional deferred tax liabilities of £1.2m were recognised on the identified intangible assets. The fair values of trade and other receivables, and other classes of assets, and their gross contractual amount are the same.

Propylon contributed revenue of £3.1m to Group revenue and £0.4m to profit after tax for the period between date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial year, Propylon would have contributed additional revenues of £10.1m and increased profit after tax for the year by £3.5m.

The goodwill of £12.9m on acquisition comprises the value of expected synergies to be realised across future periods. These derive primarily from the cross sales of RWS products and integration of services work with the RWS professional service teams. Integration of Propylon into the RWS Group has commenced and will continue during FY24.

25. RELATED PARTY TRANSACTIONS

On 23 February 2021, Ocorian Limited, acting as trustee of the RWS Holdings plc Employee Benefit Trust ("EBT") purchased in the market a total of 55,896 Ordinary Shares of 1p each at an average price of 637.43 pence per share. The shares were held in the EBT, a discretionary trust, and are intended to be used to satisfy the exercise of share options by employees.

On 3 October 2022, 25,208 shares were sold at 313.22 pence per share. Following this transaction, the EBT holds 30,688 shares, representing approximately 0.008% of RWS's issued share capital.

During the year, in the normal course of business, the Group provided translation services worth £0.7m (2022: £0.5m) to subsidiaries of Learning Technologies Group plc (LTG), a company in which Andrew Brode, the Group's former Chairman, has a significant interest. An amount of £0.2m (2022: £0.1m) was due from LTG at the reporting date.

Key management compensation	2023 £m	2022 £m
Short-term employee benefits	**5.9**	5.3
Post-employment benefits	**0.2**	0.2
Share based payments	**0.9**	0.5
	7.0	**6.0**

The key management compensation includes the 9 (2022: 9) Directors of RWS Holdings plc and the 10 (2022: 10) members of the Executive Team who are not Directors of RWS Holdings plc.

During the year key management were granted 1,147,891 share options with an approximate fair value of £3.5m.

Details of the Group's share based payments and associated share option schemes can be found in Note 22.

26. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no material capital commitments contracted for, but not provided for, in the financial statements (2022: £Nil).

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 (2022: £Nil).

The Group's US$220m RCF is subject to guarantees provided by material Group companies, as well as from other Group companies as necessary to ensure that all guarantors together account for more than 75% of the Group's consolidated EBITDA and gross assets.

27. POST BALANCE SHEET EVENTS

On 3 October 2023, the Group acquired ST Comms Language Specialists Proprietary Limited, a Cape Town based language services provider for an initial consideration of $675k (£558k) on a cash and debt free basis with additional contingent consideration of $675k (£558k) due two equal instalments on the first and second anniversary of the transaction.

The Company has continued its share repurchase programme, and from 1 October 2023 to the 8 December 2023 has purchased on the open market 6,252,443 shares at an average price of 234.3p.

RWS Holdings plc 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 Balance Sheet Position at 30 September 2023 Registered Company 03002645	Note	2023 £m	2022 £m
Fixed assets			
Investments	7	**729.8**	728.6
		729.8	728.6
Debtors	8	**309.5**	232.3
Cash at bank and in hand		**6.9**	4.4
Total current assets		**316.4**	236.7
Total assets		**1,046.2**	**965.3**
Creditors: amounts falling due within one year			
Trade creditors	10	**0.1**	0.6
Other creditors	10	**7.1**	5.3
Total current liabilities		**7.2**	5.9
Net current assets		**309.2**	230.8
Total assets less current liabilities		**1,039.0**	**959.4**
Creditors: amounts falling due after more than one year			
Loans	9	**52.6**	29.3
Total non-current liabilities		**52.6**	29.3
Total liabilities		**59.8**	35.2
Net assets		**986.4**	**930.1**
Capital and reserves			
Share capital	11	**3.8**	3.9
Share premium		**54.5**	54.4
Share based payment reserve		**5.3**	6.0
Merger reserve		**624.4**	624.4
Capital reserve		**2.0**	2.0
Retained earnings		**296.4**	239.4
Total shareholders' funds		**986.4**	**930.1**

Statement of Comprehensive Income: Profit after taxation		**122.6**	**73.6**

The financial statements on pages 154 to 164 were approved by the Board of Directors and authorised for issue on 11 December 2023 and were signed on its behalf by:

Candida Davies | CHIEF FINANCIAL OFFICER

Parent Company Statement of Changes in Equity for the year ended 30 September 2023	Share capital £m	Share premium £m	Share based payment reserve £m	Merger reserve £m	Capital reserve £m	Retained earnings £m	Shareholders' funds £m
Balance at 1 October 2021	**3.9**	**54.2**	**2.8**	**624.4**	**2.0**	**207.7**	**895.0**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**73.6**	**73.6**
Total comprehensive income for the year	-	-	-	-	-	**73.6**	**73.6**
Dividends	-	-	-	-	-	(41.9)	(41.9)
Issue of shares	-	0.2	-	-	-	-	0.2
Equity-settled share based payments charge	-	-	3.2	-	-	-	3.2
Balance at 30 September 2022	**3.9**	**54.4**	**6.0**	**624.4**	**2.0**	**239.4**	**930.1**
Profit for the year	-	-	-	-	-	122.6	122.6
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**122.6**	**122.6**
Dividends	-	-	-	-	-	(46.3)	(46.3)
Issue of shares	-	0.1	-	-	-	-	0.1
Purchase of own shares	(0.1)	-	-	-	-	(19.3)	(19.4)
Deferred consideration settlement	-	-	(2.5)	-	-	-	(2.5)
Equity-settled share based payments charge	-	-	1.8	-	-	-	1.8
Balance at 30 September 2023	**3.8**	**54.5**	**5.3**	**624.4**	**2.0**	**296.4**	**986.4**

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 (where required these disclosures are included in the Group accounts):

- 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"
- 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 the Group (providing any subsidiary party to the transaction is wholly owned by a member of the 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

The Directors have prepared cash flow forecasts for the 18 month period ending 31 March 2025, which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due in the period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due over the period to 31 March 2025 and therefore have prepared the financial statements on a going concern basis. Note 2 to the Group Financial statements includes more details on the Directors' assessment of going concern for the entity and for the Group.

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 marked-to-market at each reporting date with any changes in fair values recognised in the Parent Company's statement of comprehensive income.

Investments in subsidiaries

Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. Investments in subsidiaries are stated at cost less any provision for impairment in value. Investments are reviewed annually for evidence of impairment.

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

Pension costs

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

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 at 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 22 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 profit or loss 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 profit or loss in the statement of comprehensive income in the period 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.

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.

Management have not identified any key judgements but have identified the following key estimates and assumptions.

Impairment

The determination of whether or not investment balances have been impaired requires an estimate to be made of the value in use of the investment. The value in use calculation includes estimates about the future financial performance of the investment, management's estimates of discount rates, long-term operating margins and long-term growth rates. If the results of the investment in a future period are materially adverse to the estimates used for the impairment testing, an impairment charge may be triggered. Further information on investments is included in Note 7 in the parent company Notes. Further information with respect to key assumptions in the assessment of impairment are detailed in Note 12 of the consolidated 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 2023, there were no derivative contracts outstanding (2022: £Nil).

Notes to the Parent Company Financial Statements (continued)

5. PARENT COMPANY PROFIT AND LOSS

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's profit after tax for the year ended 30 September 2023 was £122.6m (2022: £73.6m).

Audit fees payable in relation to the audit of the financial statements of the Parent Company are £18,000 (2022: £16,500). Fees paid to the Group's auditor 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' COSTS

	2023 £m	2022 £m
Wages and salaries	**3.6**	3.6
Social security costs	**0.4**	0.5
Other pension costs	**-**	0.1
Share-based payment expense	**0.6**	-
Total employee costs	**4.6**	**4.2**

During the year, the Parent had nine (2022: nine) Directors, including five Non-executive Directors and eleven other employees (2022: nine), providing services to the Group.

Two Directors (2022: two) received pension allowances payments. Seven employees received employer contributions to their personal pension schemes (2022: seven).

Details of the Directors’ remuneration and pension contributions are disclosed in the Directors’ Remuneration Report on pages 88 to 94. The values above are lower than the key management remuneration disclosure in Note 25 of the Group's accounts as not all key management are remunerated through the Parent Company.

7. INVESTMENTS

	2023 £m	2022 £m
Cost and net book value at beginning of year	**728.6**	725.5
Increase in investments	**1.2**	3.1
Cost and net book value at end of year	**729.8**	**728.6**

The increase in investments in the year relates to capital contributions for 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.	421–7th Avenue SW Calgary Alberta T2P 4K9 Canada	Technical and legal translations
RWS Information US 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 RWS US Holding Co. Inc.	251 Little Falls Drive, City of Wilmington, County of Newcastle , Delaware, USA 19808	Patent translations Holding company
Lawyers' and Merchants' Translation Bureau Inc.	11 Broadway Ste 466 New York NY 10004 USA	Technical and legal translations
LUZ, Inc.	555 Montgomery Street Suite 720 San Francisco CA 94111 USA	Translation and linguistic validation
RWS Group Deutschland GmbH*1	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 Holdings Pty 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
LLC SDL Ukraine	Business center SP Hall, Office 604, 28 A (letter G), Stepana Bandery avenue Kiev, Ukraine	Localisation services
Moravia US Holding Company, Inc. Moravia US Intermediate Holding Company, LLC	Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808 USA	Holding company Holding company
Moravia IT, LLC	223 E Thousand Oaks Blvd, Suite 202, Thousand Oaks CA 91360 USA	Localisation services
Corporate Translations Inc (UK) Limited RWS Language Solutions 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	Translation and linguistic validation Technical and legal translations Holding company IP searches Holding company Patent translation and filing Holding company

Notes to the Parent Company Financial Statements (continued)

Subsidiary undertaking	Registered address	Nature of business
Moravia IT s.r.o.*	Vlněna 526/1, Trnita, 602 00 Brno, Czechia	Localisation services
Moravia IT (Nanjing) Co., Ltd	4F Zhongnan International Mansion, no 129 Zhongshan Road, 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, Medellin, Antioquia, Colombia	Localisation services
Iconic Translation Machines Ltd	Invent Building, DCU Campus, Glasnevin, Dublin 9, Ireland	Machine translation
RWS Moravia India Private Limited	Unit 1319, 13 Floor, Building A1, Rupa Solitaire Sector 1, Millenium Business Park, Navi, Mumbai, Mumbai City, MH 400710, Maharashtra, India	Localisation and technology services
RWS Moravia (Thailand) Company Limited	187/2/6 Chang Klan Road, Chang Klan, Muang Chiang Mai, 50100 Thailand	Localisation and technology services
Webdunia Technologies Inc.	515 Plainfield Avenue Suite 102, Edison, NJ - 08817, USA	Localisation and technology services
LLC SDL Rus	Zanevsky prospect 71, building 2, letter A, office 1301, 195112, St. Petersburg, Russia	Localisation services
SDL Multi-Lingual Solutions (Singapore) PTE Ltd	600 North Bridge Road, #23-01 Parkview Square, Singapore 188778	Localisation services
SDL d.o.o Ljubljana	Dunajska cesta 167, 1000 Ljubljana, Slovenia	Localisation services
Software Development Language Solutions Hispania, SL	Claudio Coello, 37, 28001 Madrid, Spain	Localisation services
SDL Vietnam Limited	REE Tower, No. 9 Doan Van Bo Street, ward 12 district 4, Ho Chi Minh city, Vietnam	Localisation services
SDL Sweden AB SDL Tridion AB	Fatbursgatan 1, Stockholm, S-118 28, Sweden	Localisation services Technology services
SDL Inc SDL XyEnterprise LLC	201 Edgewater Drive, Suite 225, Wakefield, MA 01880-1296 USA	Localisation and technology services Technology services
SDL Government Inc Alterian Holdings Inc RWS Life Sciences Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 USA	Technology services Holding company Translation and linguistic validation
SDL Software Technology (Shenzhen) Co. Ltd	Room 309, Floor 3, Resources-Tech-Building, Songping ShanRoad, Nanshan District, Shenzhen City, Guandong, China	Localisation and technology services
SDL Hong Kong Limited	Suites 1101-1103, 11th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong	Localisation services
SDL Belgium NV	Vital Decosterstraat 44, 3000 Leuven, Belgium	Localisation services

Subsidiary undertaking	Registered address	Nature of business
SDL Limited SDL Sheffield Limited SDL Global Holdings Limited SDL Tridion Limited XyEnterprise Limited SDL Nominees Limited Automated Language Processing Services Ltd Interlingua Group Limited Alterian Holdings Limited Alterian Technology Limited SDL (Newbury) Limited Intrepid Consultants Limited	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, UK	Localisation & technology services Localisation & technology services Localisation services Holding company Technology services Dormant Holding company Dormant Dormant Holding company Technology services Holding company
SDL Technologies (Australia) Pty Ltd*3	Level 16, 1 Market Street, Sydney NSW 2000, Australia	Localisation services
SDL do Brazil Global Solutions Ltda	Rua Barão do Triunfo 73, Brooklin Paulista, Saõ Paolo, Brazil	Localisation services
SDL International (Canada) Inc	1550 Metcalfe Street, Suite 800, Montreal, QC, H3A 1X6, Canada	Localisation and technology services
SDL Chile SA	Avenida Holanda 100 Oficina 1002 Providencia, Región Metropolitana, Santiago, 7510021 Chile	Localisation services
SDL Zagreb d.o.o.	Bednjanska 14/II, 10 000 Zagreb, Croatia	Localisation services
SDL CZ s.r.o.	Nerudova 198, Hradec Králové, 50002 Czechia	Localisation services
SDL France SARL	44-46 Rue Alphonse Penaud, Paris, 75020, France	Localisation services
Trados GmbH	Waldburgstraße 21, 70563 Stuttgart, Germany	Technology services
SDL Hellas Efarmoges Pliroforikis Limited	396 Mesogeion Avenue, 153 41 Agia Paraskevi, Attica, Athens, Greece	Localisation services
SDL Magyarorszag Szolgaltato Kft	Arboc u 6 III, Budapest, Hungary	Localisation services
SDL Multilingual Solutions Private Ltd	1319, 13th Floor, Bldg A1, Rupa Solitaire, Sector 1, Millenium Business Park, Mumbai, 400 710, India	Localisation services
SDL Technologies India Private Limited	Building 4, Block A, 7th Floor, 77 Town Centre, Yemalur Main Road, Off Old Airport Road, Bangalore - 560 037, India	Localisation services
SDL Global Solutions (Ireland) Limited	2 Shelbourne Buildings, Crampton Avenue, Shelbourne Road, Dublin 4, Ireland	Localisation services
SDL Italia Srl Unipersonale	Legale Tributario, Via 20 Settembre n 5 00187 Roma, Italy	Localisation services
SDL Japan KK SDL Tridion KK	Nakameguro GT Tower 4F, 2-1-1, Kamimeguro Meguro, Tokyo 153-0051, Japan	Localisation services Technology services
Horn & Uchida Patent Translations Ltd	6-11, Kitihama 2-Chome, Chuo-ku, Osaka-shi, Japan	Patent translation and filing
SDL Luxembourg SARL	26 Boulevard Royal, Office no. 125, 1st Floor, L2449 Luxembourg	Localisation services
SDL Holdings BV SDL Media Manager BV SDL Netherlands BV SDL Xopus BV	Jupiter Plaza Arena, Herikerbergweg 78-80, 1101 CM Amsterdam, Netherlands	Holding company Technology Localisation and technology Technology

Notes to the Parent Company Financial Statements (continued)

Subsidiary undertaking	Registered address	Nature of business
SDL Poland Sp. z o.o.	ul.Fordonska 246, 85 766 Bydgoszcz, Poland	Localisation services
SDL Portugal Unipessoal LDA	Rua Santo António Contumil, nº 130, Porto, Portugal	Localisation services
SDL Language Weaver srl	Scala Office Building, 34 Someșului Street, Cluj-Napoca, Cluj County, Romania.	Localisation services
SDL Turkey Translation Services and Commerce Limited Company	Barbaros Mah. Kardelen Sk. Palladium Tower Blok No: 2 İç Kapı No: 41 Ataşehir, Istanbul, Türkiye	Localisation services
Liones Holding B.V. Liones Group B.V. Liones B.V. Fonto Group B.V.	Polakweg 7, 2288 GG Rijswijk, The Netherlands	Holding company Content authoring Content authoring Content authoring
Propylon Holdings Limited*2 Propylon Limited*2	36 Blackburne Square, Rathfarnham Gate, Dublin 14, Rathfarnham, Dublin, Ireland	Holding company Content authoring
Propylon Inc.*2	3429 Derry St,, Harrisbury PA, 17111, USA	Content authoring

* Moravia IT s.r.o. also has branches operating in Argentina, Ireland, Japan, Poland and the United Kingdom. SDL Limited also has branches operating in Lebanon, Germany and Taiwan. SDL Inc also has branches in Korea and Thailand. SDL Multi-Lingual Solutions (Singapore) PTE Ltd also has a branch operating in Malaysia. SDL Sweden AB also has branches operating in Denmark, Finland and Norway.

*1 Entities merged into Trados GmbH in April 2023

*2 Entities acquired in FY23.

*3 Entities deregistered in FY23

All subsidiary undertakings, except SDL Limited, RWS Group Limited and Iconic Translation Machines Ltd, are held indirectly. Iconic Translation Machines Ltd is in the process of being liquidated.

All subsidiary undertakings are 100% owned.

8. DEBTORS

	2023 £m	2022 £m
Amounts owed by Group undertakings	**308.7**	232.0
Other debtors	**0.3**	-
Prepayments	**0.5**	0.3
Amounts due within one year	**309.5**	**232.3**

Included within amounts owed by Group undertakings is an amount of $16.1m (£13.2m) (2022: $16.1m (£14.4m)) 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 8 August 2029. There is a loan with a subsidiary with a balance of £233.4m which is interest bearing but unsecured and repayable on demand. The interest on this loan is also at a rate equivalent to the Parent Company's external debt facility. All other amounts owed by Group undertakings are unsecured, interest free and repayable on demand. An Expected Credit Loss (ECL) is recognised against amounts owed, only when it is considered to be material and there is evidence that the credit worthiness of a counterparty may render the balances irrecoverable. Management have considered the balances owed by Group undertakings and concluded any ECL to be immaterial.

9. LOANS

	2023 £m	2022 £m
Loans due in more than one year	**52.6**	**29.3**

On 3 August 2022, the Group entered into an Amendment and Restatement Agreement ("ARA") with its banking syndicate which amended its existing US$120m RCF maturing on 10 February 2024, to a US$220m RCF Facility maturing on 3 August 2026 with an option to extend maturity to 3 August 2027.

Under the terms of the ARA, the Group's interest margin over the Secured Overnight Financing Rate ("SOFR") reference interest rate ranges from 95bps to 195bps and is dependent on the Group's net leverage. Commitment fees are payable on all committed, undrawn funds at 35% of the applicable interest margin. The ARA also contains a US$100 million uncommitted accordion facility.

All transaction costs incurred in amending and re-stating the RCF have been capitalised and are being amortised over the extended maturity period of the facility on a straight-line basis. Currently all Group borrowings under the RCF are denominated in either US Dollars or Sterling.

10. TRADE AND OTHER PAYABLES

	2023 £m	2022 £m
Amounts owed to Group undertakings	**5.4**	-
Other taxes and social security costs	**0.1**	0.1
Other payables	**0.1**	1.0
Accruals	**1.5**	2.7
Deferred consideration	**-**	1.5
Total Other creditors	**7.1**	5.3
Trade creditors	**0.1**	0.6
Amounts due within one year	**7.2**	**5.9**

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, RESERVES AND SHARE-BASED PAYMENTS

Details of the share capital of the Parent Company can be found in Note 21 of the Group's financial statements.

Details of the dividend payments within the year can be found in Note 10 of the Group's financial statements.

During 2023, the total share-based payment charge amounted to £1.8m (2022: £3.2m). The Company has taken the exemption available under FRS101 available in respect of disclosures relating to IFRS 2 Share-based payments in respect of Group settled payments. For details of the Group's share-based payment transactions, see Note 22 of the Group Financial Statements. Most share-based payments are equity settled by the Parent Company.

Included within retained earnings are £184.6m relating to gain recognised on a cash-box structure utilised as part of the Moravia acquisition. These amounts are not currently distributable.

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 (2022: £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

The Company has continued its share repurchase programme, and from 1 October 2023 to 8 December 2023 has purchased on the open market 6,252,443 shares at an average price of 234.3p.

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 and impairment 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:	2023 £m	2022 £m
Statutory (loss)/profit before tax	**(10.9)**	83.2
Amortisation of acquired intangibles	**38.8**	34.4
Impairment losses (Note 12)	**62.4**	-
Acquisition costs	**5.1**	2.1
Share-based payment expense	**1.8**	3.2
Exceptional items (Note 6)	**22.6**	12.5
Exceptional finance costs (Note 8)	**0.3**	0.3
Adjusted profit before tax	**120.1**	**135.7**

Reconciliation of adjusted operating profit to statutory operating profit:	2023 £m	2022 £m
Adjusted operating profit	**123.8**	138.5
Amortisation of acquired intangibles	**(38.8)**	(34.4)
Impairment losses (Note 12)	**(62.4)**	-
Acquisition costs	**(5.1)**	(2.1)
Share-based payment expense	**(1.8)**	(3.2)
Exceptional items (Note 6)	**(22.6)**	(12.5)
Statutory operating (loss)/ profit	**(6.9)**	**86.3**

Cash conversion:	2023 £m	2022 £m
Adjusted profit before tax	**120.1**	135.7
Adjusted tax charge	**(29.6)**	(32.1)
Adjusted net income	**90.5**	**103.6**
Net cash inflow from operating activities	**107.5**	127.5
Exceptional cash flows	**13.7**	13.1
Purchase of PPE	**(3.8)**	(5.3)
Purchase of intangibles	**(36.5)**	(24.3)
Net interest	**(2.0)**	(1.3)
Lease liability payments	**(11.9)**	(13.1)
Free cash flow	**67.0**	**96.6**
Cash conversion	**74.0%**	**93.2%**

Organic Revenue

Organic revenue is calculated by adjusting the prior year's revenues by adding pre-acquisition revenues for the corresponding period of ownership.[1]

	2021 Organic revenue[1]	2022 Organic revenue growth/(loss)	2022 Organic revenue	2023 Organic revenue growth/(loss)	2023 Organic revenue	2023 Organic revenue growth/(loss) %
IP Services	113.6	(6.4)	107.2	**(2.4)**	**104.8**	**(2%)**
Regulated Industries	171.2	1.8	173.0	**(10.5)**	**162.5**	**(6%)**
Language Services	323.6	18.5	342.1	**(12.3)**	**329.8**	**(4%)**
Language & Content Technology	121.5	10.6	132.1	**4.6**	**136.7**	**3%**
Total	**729.9**	**24.5**	**754.4**	**(20.6)**	**733.8**	**(3%)**

[1] Includes Liones Holdings B.V. and Propylon Holdings Ltd's pre-acquisition operating results

Organic revenue at constant exchange rates

Organic revenue at constant exchange rates is calculated by adjusting the prior year's revenues by adding pre-acquisition revenues for the corresponding period of ownership, and applying the 2023 foreign exchange rates to both years.

	2022 Revenue at FY23 rates	2022 Pre-acq revenue at FY23 rates[1]	2022 Organic revenue at constant exchange rates	2023 Revenue growth	2023 Organic revenue	Organic constant currency revenue growth
IP Services	109.1	-	109.1	**(4.3)**	**104.8**	**(4%)**
Regulated Industries	179.3	-	179.3	**(16.8)**	**162.5**	**(9%)**
Language Services	354.2	-	354.2	**(24.4)**	**329.8**	**(7%)**
Language & Content Technology	132.6	5.2	137.8	**(1.1)**	**136.7**	**(1%)**
Total	**775.2**	**5.2**	**780.4**	**(46.6)**	**733.8**	**(6%)**

[1] Includes Liones Holdings B.V. and Propylon Holdings Ltd's pre-acquisition operating results

Adjusted operating Profit

Adjusted operating profit is calculated by adjusting operating profit for the impact of exceptional items, amortisation and impairment of acquired intangibles, acquisition costs and share based payments. This is further analysed in Note 4 and labelled as 'Operating profit/(loss) before charging:'.

Glossary

Adjusted earnings per share or Adjusted EPS – is stated before amortisation and impairment of acquired intangibles, acquisition costs, share-based payment expense and exceptional items, net of associated tax effects.

Adjusted net income – is calculated as statutory profit for the year adjusted for the Group's amortisation and impairment of acquired intangibles, acquisition costs, share based payment expense and exceptional items.

Adjusted operating cash flow – is operating cash flow excluding the impact of acquisition costs and exceptional items.

Adjusted operating profit – is operating profit before charging amortisation and impairment of acquired intangibles, acquisition costs, share-based payment expense and exceptional items. The Group uses share-based payments as part of remuneration to align the interests of senior management and employees with shareholders. These are non-cash charges and the charge is based on the Group's share price which can change. These costs are therefore added back to assist with the understanding of the underlying trading performance.

Adjusted profit before tax or Adjusted PBT – is stated before amortisation and impairment of acquired intangibles, acquisition costs, share-based payment expense and exceptional items.

Amortisation of acquired intangibles – is the value of amortisation recognised on intangibles that were acquired as part of business combinations, net of the amortisation on those intangibles charged by the underlying business. This is reconciled to total amortisation as part of Note 13 in the financial statements.

Free cash flow – is the net cash inflow from operating activities before exceptional cash flows, less purchases of fixed assets, net interest paid and lease liabilities.

Cash conversion – is the free cash flow expressed as a percentage of adjusted net income.

Constant currency – constant currency measures apply consistent rates for foreign exchange to remove the impact of currency movements in financial performance.

EBITDA – is defined as the Group's profit before interest, tax, depreciation and amortisation.

Net debt – net debt is calculated by taking the Group's cash balance less any amounts under loans, borrowings and lease liabilities. The Group presents net debt both including and excluding the impact of lease liabilities as part of Note 16.

Organic – organic measures exclude the impact of acquisitions without assuming constant currency and are prepared on a common basis with the prior year.

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