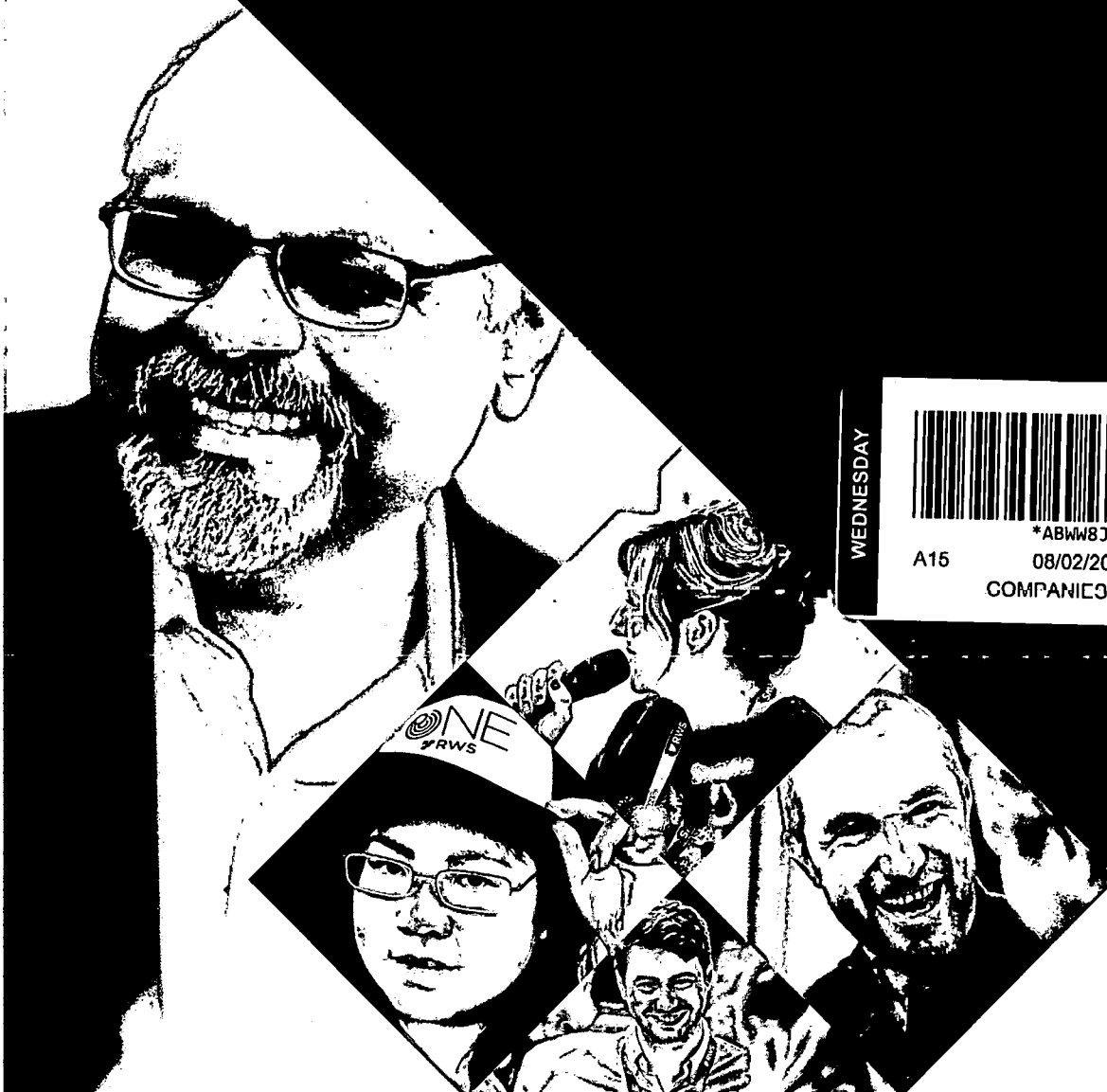
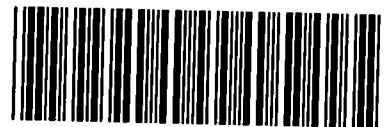




Annual Report 2022



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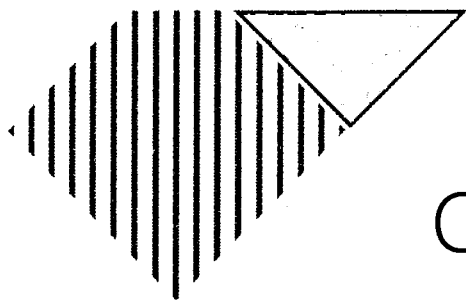
COMPANIES HOUSE



Welcome to our 2022 Annual Report

RWS has delivered another robust set of results against a backdrop of increasing economic uncertainty and conflict in Eastern Europe. The global nature of our business and the diverse range of end markets that we operate in allows us to better navigate these impacts while delivering consistently strong returns to shareholders.





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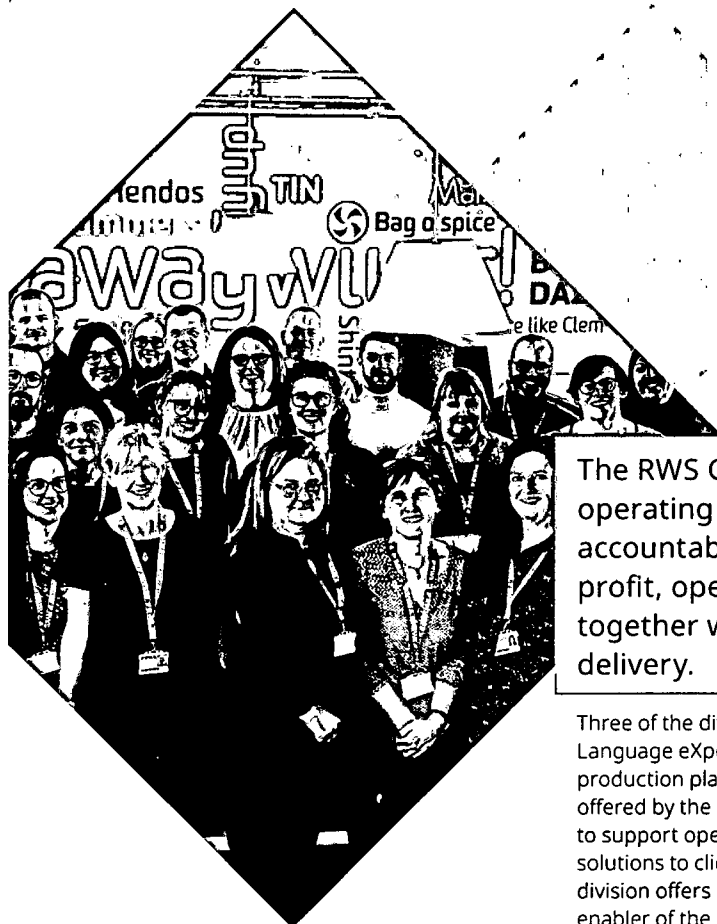
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Group Overview



The RWS Group is organised around four operating divisions. Each division holds overall accountability and responsibility for revenue, profit, operations, research and development, together with sales, marketing and client delivery.

Three of the divisions are supported by our recently launched Language eXperience Delivery ("LXD") platform. This unique production platform makes significant use of the technology products offered by the fourth division, Language and Content Technology, to support operational efficiency and excellence in the delivery of solutions to clients. While the Language and Content Technology division offers a suite of products to clients, it also serves as an enabler of the LXD platform.

OPERATING DIVISIONS	LANGUAGE SERVICES	REGULATED INDUSTRIES	LANGUAGE & CONTENT TECHNOLOGY	IP SERVICES
	- Localisation solutions to multiple verticals - Includes data training, eLearning, video localisation and interpreting services	- Life Sciences - Financial Services - Legal Services - Highly specialised technical translations	- Linguistic AI – neural MT - Language technology – translation management and productivity - Content technology	- Patent translation, filing and renewals - Search, retrieval and monitoring services - Highly specialised technical translations
GROUP REVENUE SHARE	FY21: 46% FY22: 46%	FY21: 23% FY22: 23%	FY21: 15% FY22: 17%	FY21: 16% FY22: 14%
PRODUCTION PLATFORM	Language eXperience Delivery			
SUPPORT FUNCTIONS	Corporate Development • Finance • Human Resources • Information Technology • Legal & Company Secretarial			



RWS'S FOUR DIVISIONS

+10%¹

FY21 to FY22 revenue growth



Language Services focuses on localisation solutions for clients at any stage of their globalisation journey. Solutions are provided to a wide range of industries, including automotive, chemical, consumer, retail, technology, travel and telecommunications. Services cover translation, Artificial Intelligence (AI) data training, eLearning, video and interpreting services. The division has three client groups: Technology Enterprises (served by the Enterprise Internationalisation Group), Major Accounts and GoGlobal, servicing entry-level clients and businesses with less mature localisation models (both are served by the Strategic Solutions Group). RWS's language and content technologies are often provided in combination with its services.

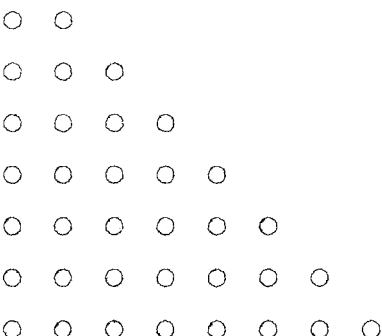
+6%¹

FY21 to FY22 revenue growth



Regulated Industries provides a range of services to the life sciences, financial services and legal sectors. Service provision is centred around highly specialised, technical translations, with a strong emphasis on quality and security. Clients include 19 of the world's top 20 pharmaceutical companies, 18 of the top 20 medical device companies and 18 of the top 20 law firms. RWS's work in the pharmaceutical and medical device verticals make a critical contribution to life safety – evidenced by our recent involvement in the development and testing of vaccines to combat Covid-19.

¹ Amounts stated included 1 month of additional revenue in FY22 from the SDL acquisition and the impact of foreign exchange movements. See p20-21, Operating Review, for year-on-year organic constant currency growth for each division.



+17%¹

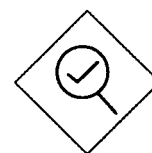
FY21 to FY22 revenue growth



Language and Content Technology ("L&CT") offers clients access to a range of translation technologies and content management platforms. Language Weaver, a pioneer in machine translation (MT), is a secure Neural MT platform for high translation volumes. Trados offers a suite of translation productivity and management solutions for enterprises, small and medium-sized organisations, and individuals. Tridion and Contenta are the Group's content management products – the former focused on both structured and web content solutions, the latter specialising in technical content solutions for the government and defence sectors. The structured content solutions offering was enhanced by the acquisition of Fonto in March 2022. These product lines are now led by four general managers who hold full ownership and accountability for the revenues and growth of their products.

-6%¹

FY21 to FY22 revenue growth



IP Services is the world's premier provider of patent translations, filing and renewal solutions, alongside Intellectual Property ("IP") search, retrieval and monitoring services. The division delivers highly specialised technical translations to patent applicants and their representatives and counts 18 of the world's top 20 patent filers as its clients.

RWS'S SUPPORT FUNCTIONS

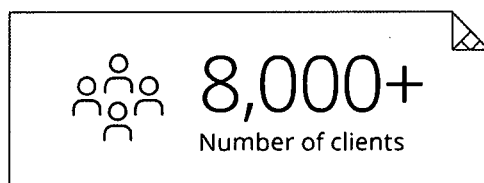
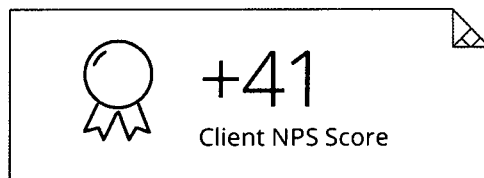
Language eXperience Delivery provides an important and unique support function to our three services divisions by leveraging the Group's scale, continuing investment in proprietary technologies in MT, AI and translation productivity, and cultural expertise to enable teams to deliver powerful solutions for clients. It offers access to the world's largest linguistic network, including more than 2,000 in-house translators and in excess of 30,000 freelance specialists, whose cultural and technical expertise underpin 24/7 service provision to clients in more than 111 countries.

Support functions have been established to provide effective and lean shared services that support our four divisions and facilitate the integration of acquisitions and continued margin development. These include Corporate Development, Finance, Human Resources, Information Technology, Legal and Company Secretarial.





Performance and Financial Highlights



7,761

FTE employees at 30 September 2022



2,000+

In-house translators



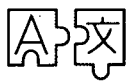
30,000+

Number of freelancers



159

Countries our in-house and network of translators are located across



429

Language pairs and variants

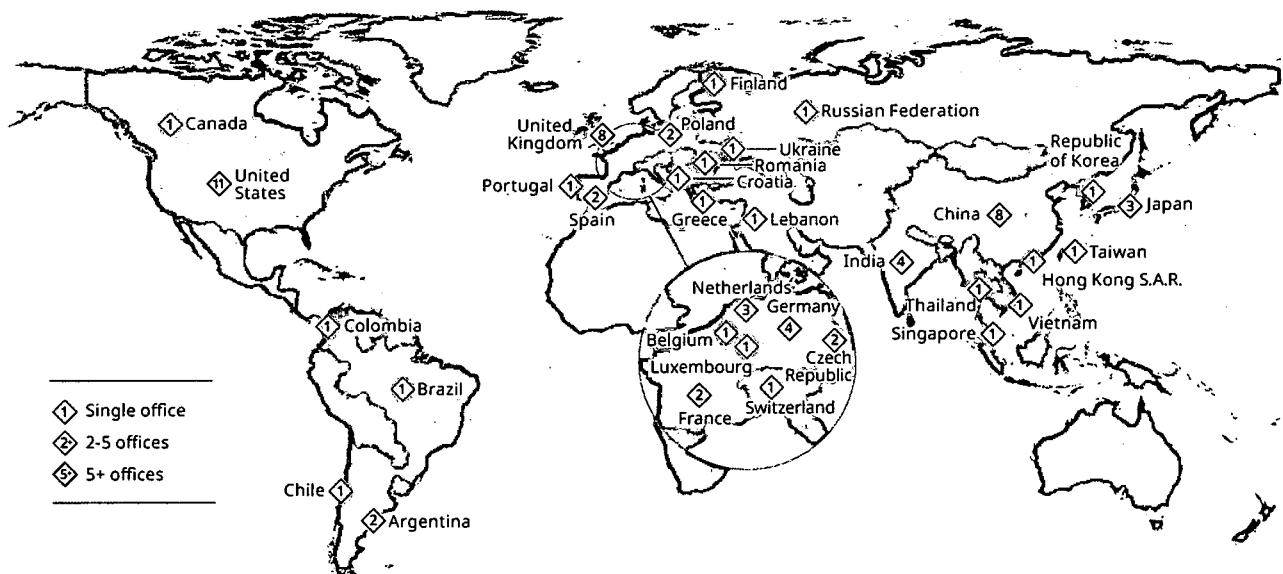


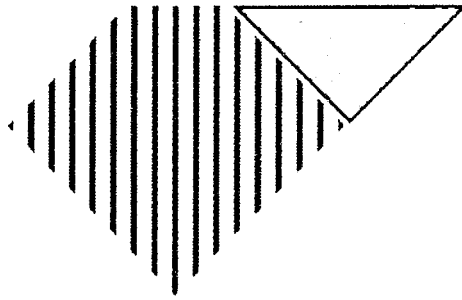
1.9bn

Words processed in FY22 by our Language eXperience Delivery platform

OUR GEOGRAPHICAL REACH

72 offices across 33 countries

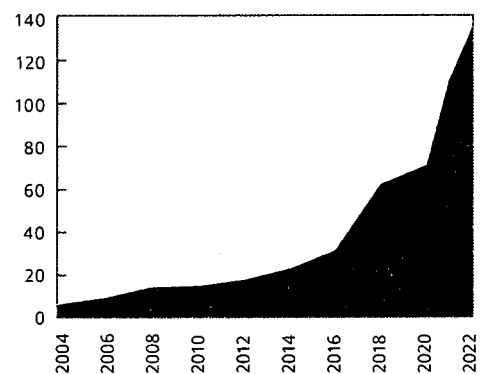




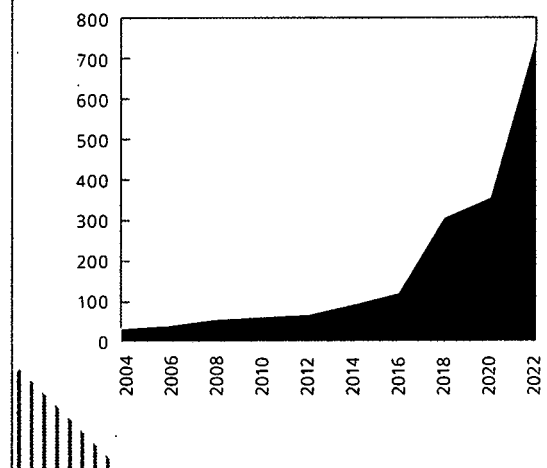
REVENUE £749.2m +8% (-1% OCC ¹) 2021: £694.5m	PBT £83.2m +51% 2021: £55.0m	CASH £101.2m +9% 2021: £92.5m
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BASIC EPS 16.1p +48% 2021: 10.9p	
ADJUSTED EPS² 26.6p +12% 2021: 23.8p	
ADJUSTED PBT² £135.7m +17% 2021: £116.4m	
PROPOSED FINAL DIVIDEND 9.5p +12% 2021: 8.5p	
NET CASH³ £71.9m +59% 2021: £45.3m	
NET CASH/(DEBT) INCLUDING LEASE LIABILITIES £25.2m +506% 2021: (£6.2M)	

ANNUAL ADJUSTED PBT (£M)



ANNUAL REVENUE (£M)



¹ Excluding the impact of acquisitions and assumes constant currency.

² Adjusted profit before tax or Adjusted PBT – is stated before amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items (refer to page 160). Adjusted earnings per share adjusts for amortisation of acquired intangibles, share-based payment expense, acquisition costs and exceptional items, net of associated tax effects. See Alternative Performance Measures on page 160.

³ Comprises loans less cash and cash equivalents excluding lease liabilities (refer to Note 16).



Chairman's Statement

RWS continued to evolve rapidly during FY22, with the formulation and launch of its medium-term growth strategy, the introduction of new values and purpose, further development of its Board and Executive Team, and completion of the SDL integration. The Group is now a unique world-leading provider of technology-enabled language, content and intellectual property services, which operates in attractive growing markets with a combined global size estimated at more than £47bn¹. The Group's specialist knowledge, reputation and scale help it to enjoy leading positions in a range of highly fragmented markets, serving a highly diversified client base.

PERFORMANCE

The Group delivered £749.2m of revenues for the year, approximately 8% ahead of the prior year (FY21: £694.5m). This reflects an additional month's trading from SDL plc ("SDL"), accelerated growth in Language and Content Technology, modest growth in Language Services, and favourable FX movements. These were offset by a reduced volume of activity from some of our largest global technology clients, a decision to gradually cease work with a significant client in Regulated Industries and, in IP Services, some weaker demand arising from the impact of the forthcoming Unitary Patent. Overall, the Group demonstrated strong resilience against a worsening global economic backdrop – illustrating the defensive qualities of a well-diversified business, operating across a number of key territories.

Profit before tax for the year increased to £83.2m (FY21: £55.0m). Adjusted profit before tax increased to £135.7m (FY21: £116.4m), reflecting effective cost control, the full year effect of synergies from the integration of SDL, and operational leverage from higher translation volumes through Language eXperience Delivery, our production platform.

The Group continues to enjoy a strong balance sheet, with net assets of £1,141.7m (FY21: £1,010.9m) as at 30 September 2022. This included net cash of £71.9m (FY21: £45.3m), underlining the Group's continuing cash generation characteristics.

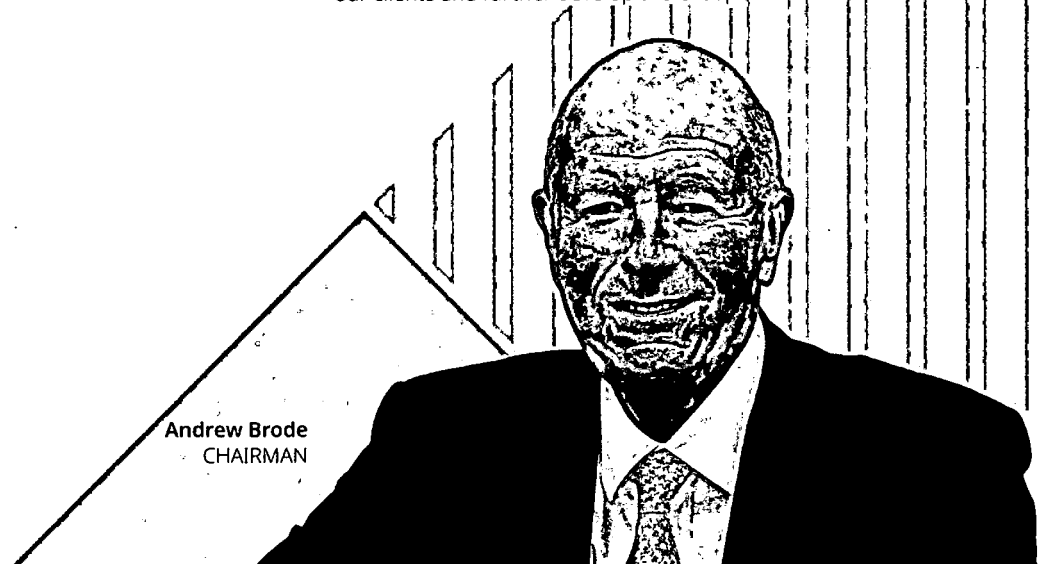
PEOPLE AND BOARD

At 30 September 2022 RWS employed 7,761 full-time equivalents across 72 locations in 33 countries (FY21: 7,796). As the world emerged from the constraints of the global pandemic, we undertook a gradual return to office working and we introduced an agile working policy that supports a mix of office and home working for all our colleagues. We recognise the value of regular face-to-face contact in fostering high-performing teams and effective collaboration, as well as the benefits of technology in delivering time and energy savings from a reduction in commuting. In planning the return to our offices, we also took the opportunity to consider the viability of some of our locations and were able to reduce the number of offices by c.13%, with associated savings in property and related costs.

As in FY21, our teams responded admirably to the challenges caused by the lockdowns and travel restrictions in various jurisdictions during the first half of the year, continuing to focus on delivering high-quality services and products to our clients, who often faced similar restrictions on their operations. In February we responded rapidly to the situation in Ukraine and we continue to provide support for those colleagues impacted by the conflict. On behalf of the Board I would like to thank all our teams across the world for their continuing commitment, focus and efforts to support our clients and further develop the Group.

Andrew Brode
CHAIRMAN

¹ Sources: OC&C, Slatior, CSA, WIPO, EPO, Companies House



On 29 December 2021 we announced that Des Glass, Chief Financial Officer and Company Secretary, was leaving to pursue other opportunities. On 10 January 2022 we confirmed that Rod Day had joined the Group as Interim Deputy Chief Financial Officer. Rod has more than thirty years of senior finance and strategy experience, primarily in the business services, online and retail sectors. After an effective handover period, Des Glass left on 8 April 2022, at which point Rod Day was appointed to the Board. In parallel Christopher Lewey, Group Corporate Development Director and a member of the Executive Team, was appointed acting Company Secretary.

After a rigorous search and selection process, we announced the appointment of Candida (Candy) Davies as Chief Financial Officer on 5 July 2022. Candy was most recently Head of Finance for the Personal Health division of Royal Philips, the Dutch-headquartered health technology conglomerate, where she also supported the Group Innovation and Strategy function. Candy joined the Group on 3 October 2022 and was appointed to the Board the same day. She also joined the Executive Team and has been conducting a thorough handover with Rod Day, who will leave the Group on 31 December 2022. Jane Hyde was also appointed as General Counsel and Company Secretary and joined the Executive Team on 3 October 2022. As a result of this appointment, Christopher Lewey stepped down from his role as acting Company Secretary.

On 27 July 2022 we also announced the appointment of Julie Southern as Non-Executive Director. The appointment further strengthens the Group's highly experienced Board and forms part of the Group's succession planning, with the intention that Julie takes up the role of Non-Executive Chairman in October 2023, at which time I will become a Non-Executive Director. Julie, who has also become a member of the Group's Audit Committee, brings a wealth of business and governance experience from her executive career and her current Non-Executive Director roles at Rentokil Initial, Ocado, NXP Semiconductors and easyJet, and we are delighted to have attracted someone of her calibre to chair the Group.

On behalf of the Board I would like to thank Des and Rod for their significant contributions to the development of the Group.

SUSTAINABILITY AND ESG

RWS remains fully committed to sustainability and achieving the highest standards in Environmental, Social and Governance (ESG) in its business activities and interactions with stakeholders. Sustainability was therefore a core consideration in the development of the Group's medium-term growth strategy and purpose.

As a signal of our ambition we have published a separate ESG report for the first time. This comprehensive review sets out our progress in detail and is available to download from the Group's website (www.rws.com/about/corporate-sustainability/). We provide a summary of our sustainability activities and our SASB disclosure on p.25-39 and an update on our progress in adopting the Taskforce on Climate-related Financial Disclosures (TCFD) on p.48-59.

DIVIDEND

RWS continues to deliver against its progressive dividend policy and this marks the 19th year in succession that we have increased the dividend. The Group remains highly cash generative, and while our previously announced investment programme will mean a higher level of capital expenditure for the next couple of years, we will continue to deliver high levels of cash conversion and we have a strong net cash position.

The Board therefore recommends a final dividend of 9.5p per share. Together with the interim dividend of 2.25p per share, this will result in a total dividend of 11.75p for the year – an increase of 12% compared with FY21. Subject to final approval at the AGM, the final dividend will be paid on 24 February 2023 to shareholders on the register at 27 January 2023.

SUMMARY

The Group has delivered another robust set of results against a backdrop of increasing economic uncertainty and conflict in Eastern Europe. The global nature of our business and the diverse range of end markets that we operate in allows us to better navigate these impacts while delivering consistently strong returns to shareholders.

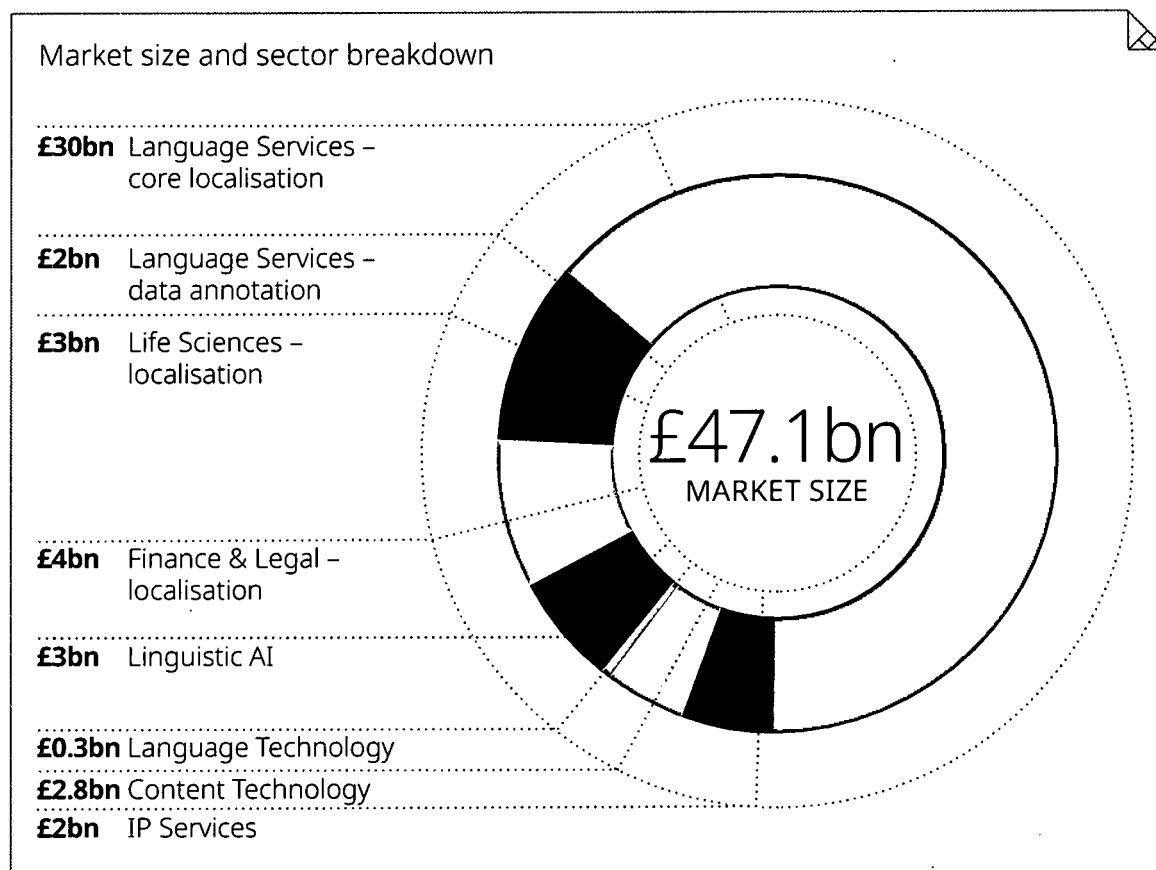
With an even stronger Board and Executive Team in place, I remain confident in the Group's position and long-term prospects. We continue to lead the markets which we serve and we are excited about the opportunities for organic growth and M&A in the sector, which will support enhanced profitability and cash conversion in the medium- to long-term. I am looking forward to my last year as Chairman as the Group continues to deliver on its five-year accelerated growth plan.

Andrew Brode
CHAIRMAN

14 December 2022

Market Overview

RWS's services and products form part of a market estimated at £47.1bn in 2021. Below is a breakdown of the large end markets we serve, alongside the estimated market size for each.



Source: OC&C analysis based on research from Slatior, CSA, EPO, Companies House

LANGUAGE SERVICES – CORE LOCALISATION

Organisations that are looking to engage and communicate with internal and external audiences, across multiple geographies and languages, require the linguistic and cultural expertise of a language services provider.

The core localisation services market (excluding Life Sciences, Finance and Legal) is currently estimated at £30bn, growing at 3-5% Compound Annual Growth Rate (CAGR) (according to OC&C research). This growth is driven by volume increases and companies looking to expand internationally. The market is highly fragmented, though we believe that RWS is the second largest player by revenue.

LANGUAGE SERVICES – DATA ANNOTATION

Data annotation typically involves humans labelling data in various formats (videos, images or text) so that machines and Artificial Intelligence ("AI") applications can understand and process the information. Companies looking to build AI applications require a large network of people, across multiple languages and geographies, in order to ensure data is labelled correctly, accurately and consistently.

The approximate market size for AI data training and annotation services in 2021 was £2bn and is growing at an attractive CAGR of approximately 20-25% between 2021-26, according to OC&C estimates. As AI capabilities become more widely understood, demand for data training is expected to increase across a wider variety of industries (e.g. healthcare, financial, automotive and the public sector).

LIFE SCIENCES – LOCALISATION

The Life Sciences industry broadly comprises pharmaceutical companies, clinical research organisations and medical device firms. Each has its own unique requirements for translation and linguistic expertise, largely driven by regulatory requirements. These industries are also exploring more innovative digital approaches to their business.

The Life Sciences localisation market is forecast to grow at an approximate CAGR of 8% between FY22-26, according to OC&C research, which estimates the market size at £3bn.

FINANCIAL AND LEGAL – LOCALISATION

Financial institutions and legal services organisations have a broad range of requirements for language services and content technology – ranging from secure communications and digital marketing through to regulatory filings, eDiscovery (the process of identifying and delivering electronic information that can be used as evidence in legal cases) and content intelligence.

The market for localisation services within the financial and legal sectors is estimated at £4bn, according to OC&C research. This market has an expected CAGR of 5% between FY22-26, driven by demand for cross-border M&A and international expansion of customers. These established growth drivers have been joined in recent years by a rapidly expanding demand for content supporting sustainability initiatives; both corporates and financial institutions are instrumental in the decarbonisation of the global economy and this is contributing to increased demand for external communications and regulatory reporting content.

LINGUISTIC AI

Linguistic AI and machine translation ("MT") technology enables organisations of all sizes to translate and understand large volumes of content securely, efficiently and cost effectively. Recent advances in MT technology have driven significant improvements in the quality of translations, alongside the availability of more language combinations.

The addressable market for MT, estimated at £3bn, is projected to grow c.20-25% CAGR, according to OC&C estimates – with favourable tailwinds from increasing client comfort with MT solutions given the improving accuracy of engines.



LANGUAGE TECHNOLOGY

Enterprises and translators (both freelance and in-house) typically work with translation management systems, collaboration platforms and computer-assisted translation tools. These enable localisation teams – who often work with multiple stakeholders – to efficiently create, manage and deliver high-quality translations for global audiences. Historically these three technologies have grown at 5-10% pa, according to OC&C. The market size for translation management systems is estimated to be £140-180m, while the market size for computer assisted translation tools is £50-60m. The total addressable market for Language Technology is estimated at £300m, according to OC&C.

CONTENT TECHNOLOGY

Enterprises need to ensure that they provide customers, partners and employees with an engaging, intuitive experience across any digital device. They also need to differentiate themselves from the competition, cost effectively and efficiently, while managing huge volumes of content and information.

OC&C estimates the total addressable market size at £2.8bn.

IP SERVICES

Organisations looking to monetise and protect their ideas and intellectual property require the expertise of a partner that understands all aspects of the patent process. This typically covers patent translation, patent filing, renewals and IP research.

According to OC&C, the total addressable market for RWS's IP Services is c.£2bn (including £0.8-1bn from renewals) and has grown c.3% pa on average in 2016-21, with forecast growth projected at c.2% CAGR between 2022-26.





Strategy and Growth Model

RWS launched its medium-term strategy, values and purpose at a Capital Markets Day on 23 March 2022, outlining its continued commitment to building a long-term sustainable business, delivering both financial and social value.

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

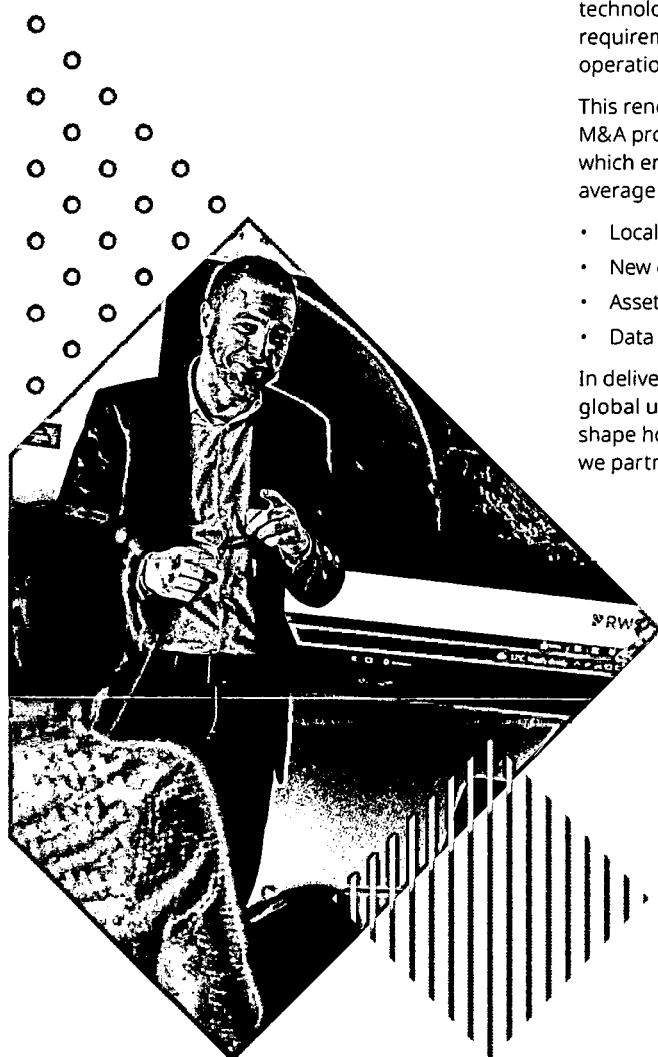
- Accelerating penetration into existing high-growth segments
- Pivoting into adjacent high-growth segments
- Growing share of wallet through expanding our service range
- Winning more clients
- Re-affirming our technology product leadership

In parallel we are investing to deliver the sector's most efficient production platform, Language eXperience Delivery ("LXD"), which will allow us to offer the most appropriate blend of people and technology to meet client needs – irrespective of content type, quality requirement or urgency. Fully optimised, the LXD offers significant operational leverage potential.

This renewed focus on 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:

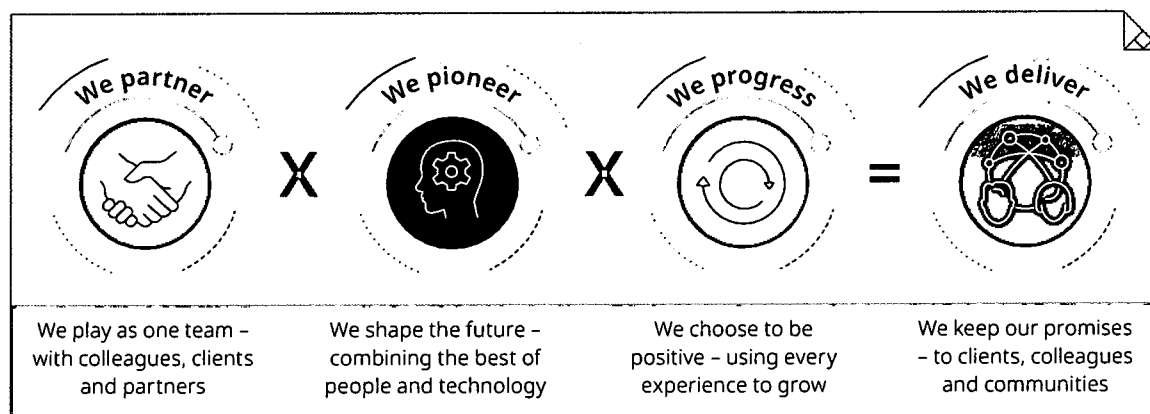
- Localisation assets with attractive end-market exposure
- New capabilities in technology-enabled language services
- Assets that broaden our natural language processing capabilities
- Data annotation solutions

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.



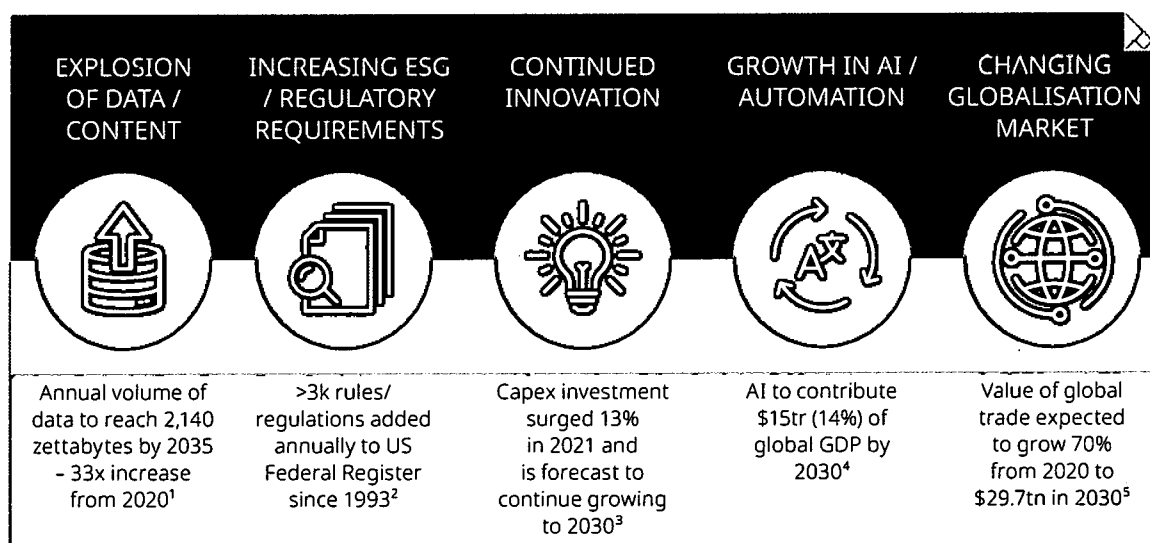


RWS VALUES



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.

RWS DEMAND DRIVERS



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

RWS has a deep, wide and flexible range of solutions which meet these needs, using our unique combination of people and proprietary technology. We partner with our clients to help them to acquire and retain customers, to deliver compelling user experiences, to maintain compliance, and to give them access to insights. 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 USE CASES

RWS BRINGS	CLIENT, CULTURAL AND TECHNICAL UNDERSTANDING			
CLIENT OUTCOMES	EMOTION	BEHAVIOUR	REGULATION	DATA
	Acquiring and Retaining Customers	Delivering User Experiences	Maintaining Compliance	Access to Insights
RWS SOLUTIONS	Localised Marketing	Localised UI / Guides	Localised Regulatory Filings	Content Intelligence
	Localised Branding	AI Learning Colleague Portals	Patent Filing and Translation Linguistic Validation	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.

Firstly, as a trusted partner, our clients rely on us to keep our promises and deliver tailored support that meets a broad range of needs. This allows us to build long-term client relationships.

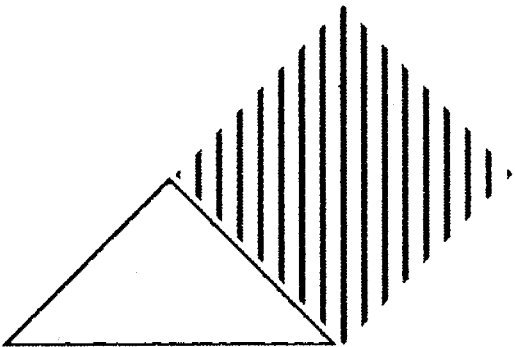
Deepening our cultural and technical expertise is an important enabler of our growth. The value of our linguistic expertise is enhanced by our deep understanding of client industries and local cultures, and complemented by our expertise in content, our rich data networks and talented people.

We know that deploying our unique technology and AI will increasingly be essential for our clients, and for RWS, in successfully managing the explosion of content that a more digitised world is causing. Our capabilities are underpinned by our pioneering Language Weaver AI machine translation proposition, market-leading translation management and productivity tools like Trados, and our content 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 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. We deliver work smartly for our clients – offering 24/7 delivery through a blend of human expertise and technology – and build economies of scale to work more cost-effectively and profitably.

The RWS Growth Model differentiates us in the marketplace and underpins our compelling investment proposition.



RWS GROWTH MODEL	WHY WE ARE UNIQUE
BUILDING LONG-TERM CLIENT RELATIONSHIPS	• We offer a broad range of technology-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 and North and South America. • We support clients through dedicated sector account management teams and enjoy high average levels of tenure – 15 years for our top 30 clients.
DEEPENING OUR CULTURAL AND TECHNICAL EXPERTISE	• We offer true global coverage, with a presence in more than 33 countries. • We have the largest linguist network in the sector, with more than 2,000 internal linguists, complemented by access to more than 30,000 freelance experts in 159 countries. • We support 429 language pairs and variants. • We are rich in data – our translation memories and termbases across multiple markets are increasingly valuable. • We invest in future linguistic and technical talent.
DEPLOYING OUR UNIQUE TECHNOLOGY AND AI	• We are machine translation (MT) pioneers via our Language Weaver product, and our neural MT research team is accredited with more than 45 patents. • Through Trados we offer a range of market-leading, cloud-oriented translation management and productivity tools. • Our content management technologies – Tridion, Fonto 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 technology product suite is sold both separately and alongside our service solutions, as well as supporting our internal efficiency and effectiveness. • We are shifting towards a higher proportion of SaaS revenues in our technology products to enhance recurring revenues and quality of earnings.
DEVELOPING OUR PORTFOLIO	• 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 annotation and linguistic validation. • The explosion in data and content is driving increased outsourcing of localisation, language and intellectual property services by multinationals to well-reputed partners of scale. • Continued innovation as our clients 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 and automation. • We continue to take advantage of opportunities to gain market share and consolidate fragmented service provision by adding to our strong track record of value accretive acquisitions.
LEVERAGING OUR GLOBAL SCALE AND REACH	• Our unique production platform, 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. • This platform delivers operational leverage – with the 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 will facilitate further organic growth, the integration of acquisitions and continued margin development.





Chief Executive Officer's Review



I am delighted to report another solid year of progress in the development of RWS as a unique world-leading provider of technology-enabled language, content and intellectual property services.

With the impact of the pandemic fundamentally behind us, we have been focused on developing, launching and starting to implement the Group's medium-term strategy and accelerated growth plan.

It has been an exciting and busy year for the business as we have also defined our purpose and values; embarked on a significant transformation programme; strengthened our Executive Team; completed our second colleague engagement survey; and made further progress on our ESG journey – all while continuing to grow our client base.

As always, serving our clients comes first and I take great pride in knowing that our global teams have continued to deliver day-in-day-out for the many thousands of organisations who rely on our unique blend of service and technology solutions.



88

out of the top 100
global brands

Ian El-Mokadem
CHIEF EXECUTIVE OFFICER



MEDIUM-TERM STRATEGY AND ACCELERATED GROWTH PLAN

In the first half of the year we conducted a comprehensive review of our strategy. With the integration of SDL completed, it was an opportunity to develop a refreshed plan for the next phase of development for the Group. Consulting widely, using independent expertise and detailed growth forecasts, we created a focused, ambitious and grounded five-year accelerated growth plan, a fresh set of values, and a new purpose for the Group – unlocking global understanding.

The strategy is centred on organic growth – to drive cash generative enhanced profitability. It will be enabled by a series of transformation investments that will deliver an efficient and sustainable platform business and will have the sector's strongest production engine, which we have named Language eXperience Delivery ("LXD"), at its heart. We have identified a range of growth initiatives, in both existing markets and in adjacencies, that will allow us to capitalise on our strengths and deliver value to our clients, as well as pivoting towards a greater proportion of our

revenues being derived from higher growth segments. The opportunity for RWS is significant, operating in markets with an estimated combined size of £47bn¹, and we have scope to take advantage of M&A opportunities due to the often fragmented nature of these markets.

Conscious of the evolving nature of client needs in the end markets that we serve, and with an exciting suite of language and content technology products, we believe that we have the right blend of human expertise and software solutions to successfully meet any client requirement. Our solutions range from localising content for life-saving applications and global eLearning platforms, to data labelling and text analytics that offer clients valuable insight in a single language. Through content transformation and multilingual data analysis, we help our clients to grow by ensuring they are understood anywhere, in any language. We continue to partner with many of the world's leaders in their respective markets.

16
clients on Fortune's top 20
'Most Admired Companies' list

19
out of the globe's top 20
pharmaceutical companies

18
out of the globe's top 20
medical device companies

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

9
out of the globe's top 10
investment banks

19
out of the globe's top 20
asset management companies

18
out of the globe's top 20 law firms

18
out of the top 20 patent filers

We regard technological change as an enabler for our sector and for our business. Technology expands the range of content that can be localised and brings added sophistication to the solutions that we provide – regardless of content type, quality and urgency. With the continued explosion in the volume of content being created and requiring localisation (see p.13), we are confident that technology is an opportunity for RWS.

¹Sources: OC&C, Slatior, CSA, WIPO, EPO, Companies House

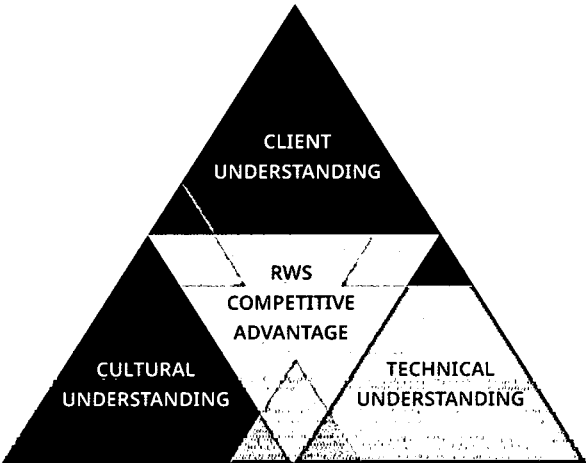


Chief Executive Officer's Review (continued)

Solutions right across the
people / technology spectrum



MEDICAL AND PHARMA CONTENT	eLEARNING	KNOWLEDGE BASES	USER FORUMS
PATENT TRANSLATION	WEBSITES	EMAIL SUPPORT	TEXT ANALYTICS
HUMAN EXPERTISE		TECHNOLOGY	



The extent of our human expertise is centred on more than 2,000 in-house linguists and access to a network of in excess of 30,000 freelance translators. They are complemented by some of the sector's foremost experts in neural machine translation, translation productivity and management, and structured content management, who are focused on the continuous development of our software products. These experts work with our highly integrated delivery teams and dedicated account teams for our large and enterprise clients. Together, they bring a deep level of understanding – client, cultural and technical – which, in combination, differentiates us in the market.

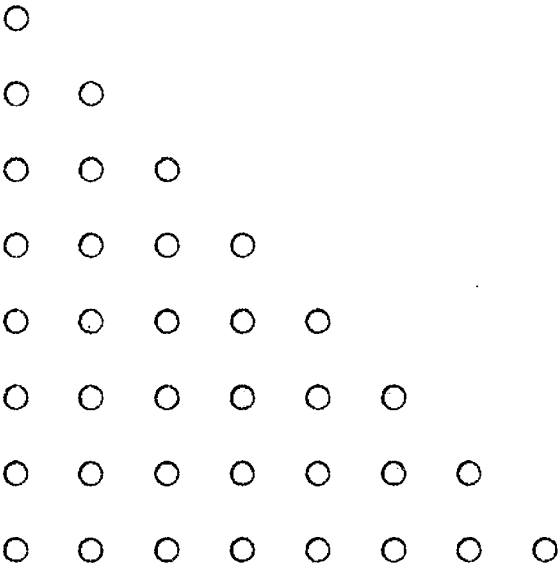
Deep understanding
differentiates us

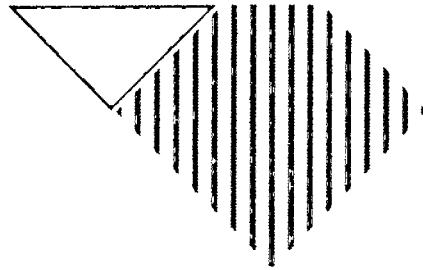


OUR PURPOSE

Understanding is at the core of what we deliver for clients and informs our purpose – unlocking global understanding. Across our four core use cases (acquiring and retaining customers; delivering user experiences; maintaining compliance; and access to insights), we work towards a common outcome – breaking down barriers to communication and understanding so that our clients can connect with their audiences, solve problems, and grow their businesses anywhere in the world. Our global scale and reach allow us to support those clients whose ambition is to go global. It also means that we can fully support any client on a genuine 24/7 basis, with experts available across multiple time zones. We are not only helping clients succeed, we are helping the world to connect.

UNLOCKING
GLOBAL
UNDERSTANDING





OUR VALUES

In parallel with defining our medium-term strategy, we have spent time defining how we think, act and behave as an organisation and developed a new set of values, grounded in the business we are today, and the one that we will become. We consulted widely with colleagues, through an initial set of workshops, core working group input, and then an all-company survey where everyone was given the opportunity to give us their views. I am delighted that 56% of colleagues did so.

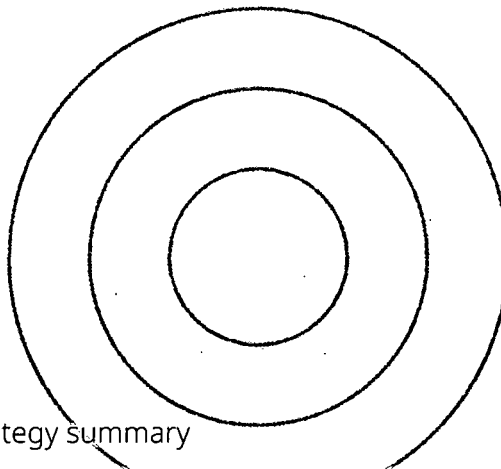
Our new values – we partner; we pioneer; we progress; and we deliver – give everyone at RWS clear guidance as to the behaviours that will underpin our success. They will also help align colleagues in our journey towards a more unified company culture (see p.13 for more detail on RWS's values).

ORGANISATION AND CULTURE

We made a number of organisational changes to support delivery of our strategy. We reaffirmed RWS's long-held view on the primacy of the operating divisions and business units within them, giving clear accountability to the general managers of our technology product portfolios and putting each R&D team under the general manager's leadership. We have already seen a positive effect in the Language and Content Technology division, with a strong return to growth during the year.

We enhanced sales leadership in several areas and have begun to inculcate a stronger growth mindset across the business, backed by more readily available and comparable data on sales and marketing performance, which is reviewed during our internal quarterly business review process. We have also moved the product support function closer to the client and have taken some important steps in relation to our 'voice of the customer' programme, where we harmonised historically disparate schemes, partnered with one of the world's leading Net Promoter Score (NPS) experts, and centralised the programme and expanded its scale – developing a product-specific survey to go alongside the existing client-focused one.

We announced our accelerated growth plan, values and purpose to investors on 23 March 2022, and to our colleagues and clients in the ensuing two months via a series of events, engagements and targeted communications. We were encouraged by the positive response from all our stakeholders and we continue to reinforce our new Group story, both inside and outside the organisation. Internally, we are now embedding the purpose and values in everything that we do, so that they become part of our organisational DNA – from talent attraction and performance management to colleague development and recognition.



Strategy summary

PURPOSE	WHY WE EXIST	UNLOCKING GLOBAL UNDERSTANDING
OUR BUSINESS	WHO WE ARE	A unique, world-leading technology-enabled language, content and IP services business
PROPOSITION	WHAT WE DO	Through content transformation and multilingual data analysis, our unique combination of technology and cultural expertise helps our clients to grow, by ensuring they are understood anywhere, in any language
GROWTH MODEL	HOW WE WIN	• Long-term relationships • Cultural and technical expertise • Unique technology and AI • Developing our portfolio • Leveraging our scale and reach
VALUES	HOW WE THINK, ACT AND BEHAVE	• We partner • We pioneer • We progress • We deliver



Chief Executive Officer's Review (continued)

OPERATING REVIEW



Language Services

Solid growth in Strategic Solutions Group; some Enterprise Internationalisation Group clients reduced activity, but confidence in these established, long-term relationships points to recovery

The Language Services division represented 46% of Group revenues in the year (FY21: 46%). Revenues of £342.1m were 10% higher year on year on a reported basis (FY21: £309.9m) and saw a 1% increase on an organic constant currency basis.

In the Strategic Solutions Group there were a number of new client wins in the Major Account and GoGlobal segments across a variety of verticals. The particular success that we had in the first half with new business won in the Americas region continued through the second half. In our GoGlobal proposition, where we use our expertise, technology and reach to support high-growth businesses that are expanding rapidly into new territories, we welcomed several electric vehicle manufacturers to our client base, demonstrating our ability to serve new entrants alongside many of the more established global manufacturers. The GoGlobal solution was successfully introduced into the Japanese and South Korean markets, with some initial client wins and a healthy pipeline.

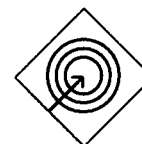
One of our key growth initiatives is eLearning, where we had a strong year. We won several new clients based on our new proposition and expanded into India and Japan. Cross-selling eLearning into existing accounts accelerated in the second half of the year and we had our first major wins in providing a full end-to-end eLearning content lifecycle solution, which included development and concurrent authoring.

In our Enterprise Internationalisation Group, which serves global technology enterprises, we had some successful programme wins with one large technology company and strong revenue development with a global digital retailer in the first half. We saw a reduced volume of activity from several of the largest technology clients but we remain confident in the strong, long-term nature of these relationships. These clients continue to be very satisfied with the services and solutions we are providing, so we expect to see volumes recover in due course.

We identified data services, including data annotation and labelling, as an important growth lever and we have made progress on the investments required to strengthen our existing offering.

The division's adjusted operating profit² was £53.3m (FY21: £44.1m), on a reported basis, reflecting the growth in top-line revenues in the Strategic Solutions Group, improved gross margin and effective cost control.

² Adjusted operating profit is stated before amortisation of acquired intangibles, acquisition costs, share-based payments expense and exceptional items. See Note 4



Regulated Industries

Strong performance in Linguistic Validation offset by some second half softness

The Regulated Industries division accounted for 23% of Group revenues in the year (FY21: 23%). Revenues of £173.0m increased by 6% year on year on a reported basis (FY21: £162.9m) and decreased by 2% on an organic constant currency basis.

In the Life Sciences vertical, our Linguistic Validation ("LV") proposition again performed strongly with a number of additional programmes with existing clients, as well as some significant new orders in Q4 – with multiple study programmes covering LV, eCOA migration and proofreading, and consulting services.

In August we joined Critical Path Institute's Electronic Clinical Outcome Assessment (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, feedback, and results in clinical trials and studies. RWS has delivered LV for more than 20,000 clinical outcome assessments, into 429 language pairs, in over 200 different specific therapeutic and disease areas. As a result, we are pleased to be one of 19 member organisations who collaborate across multiple disciplines for the electronic collection of clinical outcome data. The Group also started an important collaboration with a US-based clinical trial platform provider during the year.

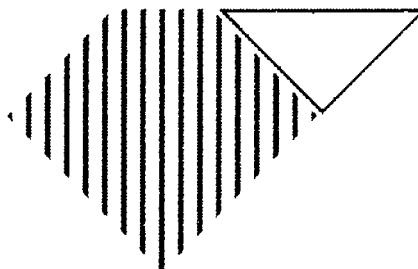
We saw solid performance with our largest life sciences client, with continued growth in clinical and regulatory work reflecting increased account management focus. Across our top 20 clients, we saw good period-on-period growth with 13 of them (on a constant currency basis), including significant new programmes with an existing medical device client and an existing pharmaceutical client. We also secured a major new client in the managed care segment – once again reflecting our continued leadership in annual enrolment in the US – and we won our first piece of Contract Research Organisation ("CRO") business in Japan.

As previously announced, in the second half of the year we decided to gradually reduce work with a large CRO which lowered its volumes and moved into offering competing services.

In the financial and legal services vertical we saw solid revenues, with several new client wins with financial services organisations in the last quarter. In the first half we exited several low-margin contracts which impacted revenues, but improved profit performance. Our ESG and risk and compliance offerings have shown encouraging signs of progress.

The division's adjusted operating profit² increased 11% to £31.6m (FY21: £28.4m), on a reported basis. This was driven by increasing use of LXD, the exit from low-margin contracts and effective cost control.





Language and Content Technology

Full ownership and accountability for product groups drove accelerated growth, despite faster-than-anticipated transition towards SaaS revenues

The Language and Content Technology ("L&CT") division accounted for 17% of Group revenues in the year (FY21: 15%). Revenues of £126.9m were 17% higher year on year on a reported basis (FY21: £108.1m) and saw a 5% increase on an organic constant currency basis, despite the higher than anticipated increase in the proportion of SaaS revenues, which holds back revenue during the transition phase from perpetual to SaaS licences.

After an encouraging first half we moved to full ownership and accountability for the leaders of the four principal product areas – Language Weaver, Trados, Tridion and Contenta – which drove a more focused and successful approach in the second half. The division's accelerated growth plan resulted in a refined go-to-market model for each product, aided by the stronger link between product development and sales and marketing. Leveraging the wider RWS client portfolio, we have seen an increasing number of sales of language and content technology solutions to services clients across the Group.

Renewals and extensions were strong and we secured a major new Tridion client – a provider of robotic automation software. A major new release of our Trados Studio product (a key productivity tool for individual translators), incorporating hundreds of new features, drove a positive outcome in the second half and demonstrated our commitment to innovation across our technology platform.

SaaS revenue growth for the year was 26% (FY21: 18%), ahead of our plan and reflecting the success of a more targeted sales approach. The proportion of SaaS revenues for the division is now 29% (FY21: 24%), offering increased recurring revenue and improved visibility.

In March 2022 we announced the acquisition of Fonto, a structured content management business with a strong roster of clients, complementing our Tridion proposition and widening our proposition in this segment. Integration of Fonto into the Group is on track.

The division's adjusted operating profit² was £37.6m (FY21: £25.9m), on a reported basis, reflecting the growth in top-line revenues, supported by lower cloud costs and some direct people cost savings, and despite the greater proportion of SaaS revenues in the year.

²Adjusted operating profit is stated before amortisation of acquired intangibles, acquisition costs, share-based payments expense and exceptional items. See Note 4



IP Services

Lower revenue due to impact of forthcoming introduction of Unitary Patent, partially offset by solid growth in Worldfile and other patent services

The IP Services division represented 14% of Group revenues in the year (FY21: 16%). Revenues of £107.2m were 6% lower year on year on a reported basis (FY21: £113.6m) and 10% lower on an organic constant currency basis.

In line with guidance, the division continued to experience weak demand as a result of the impending introduction of the Unitary Patent (UP). As we noted in our HY22 results, the European Patent Office (EPO) announced in January that it would allow clients to delay the granting of patent applications in order to benefit from protection under the UP. The latest guidance from the EPO indicates that the UP will become effective in the first half of 2023. We continue to engage with clients and other stakeholders to understand their proposed approach to the UP and its likely impact on the division.

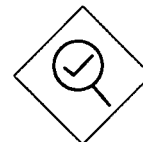
Other segments, which account for approximately two-thirds of the division's revenues, delivered modest growth, including patent translation and filing outside Europe, IP Research and our operations in Japan. The integration of Horn & Uchida Patent Translation Ltd was successfully completed and will support continued growth in East Asia. Revenues in China had another very strong year, growing by 47%.

In line with lower revenues in our European patent translation and filing business, we took actions in the first half to lower our cost base. The division's transformation programme remains key to its longer-term prospects and we saw good progress during the year on the design of the future state operating model. The transformation will enhance many aspects of our proposition and is expected to deliver significant operating efficiencies.

We also restructured the division's leadership team. In the first half, we strengthened its sales capability and focus to help drive penetration in renewals and better access to the patent attorney segment, with encouraging results. We subsequently secured new logos with clients from a diverse range of verticals, including chemical manufacturing and agricultural sciences; energy storage and battery manufacturing; pharmaceutical and medical device; petroleum and natural gas; and the world's largest producer of home appliances.

In November 2022 we announced the appointment of Daniel Bennett as President, IP Services. Daniel, who is a proven industry leader with more than 25 years' international experience in brand protection, covering a breadth of IP and corporate security issues, will drive the next phase of the division's development, including delivery of the transformation programme.

The division's adjusted operating profit² was £30.1m (FY21: £32.3m) on a reported basis, reflecting the reduction in top-line revenues, offset by good cost control and the positive impact of the actions taken in the first half, which protected profitability.



Chief Executive Officer's Review (continued)

OUR PEOPLE

RWS is a truly people-centred organisation. Deep client understanding, specialist sector expertise across multiple verticals, and a rich understanding of culture and nuance enable more than 7,700 colleagues to put the best solutions in front of clients across the world every day, aided by some of the sector's smartest technologies.

Through our 'voice of the customer' programme and the high levels of client retention that we enjoy, we can see the positive impact that our people bring to our clients' success and the level of trust that we engender. Once again, I would like to thank all of our incredibly talented teams around the world for their hard work and dedication which enables us to deliver best-in-class solutions 24/7.

During the year we continued to focus our efforts on RWS being a great place to work. As well as defining and launching a new purpose and fresh values (with 56% of colleagues taking the opportunity to have a say in their development via a survey), we launched MyLX, a Group-wide learning portal, demonstrating our commitment to building a culture of continuous learning. With hundreds of courses available across multiple languages, take-up has been very encouraging and we continue to add our own bespoke training to the platform, where required, as well as best-in-class external learning assets provided by the platform provider Skillsoft.

In September 2022 we conducted our second colleague engagement survey, with 85% of colleagues participating (FY21: 81%). We evolved our approach, moving to an Employee Promoter Score framework, which gave us an overall employee engagement score for the first time, as well as making the survey available in 12 languages. The overall engagement score was 69%, with some clearly articulated strengths, as well as a number of opportunities for us to address. Partnering with our 'voice of the customer' programme provider also gave us access to valuable benchmarking data, allowing us to understand the steps we need to take to match the global benchmark for businesses of our type.

The nature of labour markets has clearly changed over the course of the last 12 months and the importance of having a compelling employee proposition to attract the right talent is more pertinent than ever, particularly against a backdrop of increasing wage inflation. We believe that the progress made on our people agenda during FY22 moved us closer to being the employer of choice in our sector and I am encouraged by our voluntary colleague attrition rate³ of 15.9% for the year (FY21: 19.2%).

We remain shocked and saddened by the situation in Ukraine and we continue to focus on supporting our colleagues in Kyiv and the wider humanitarian efforts. In February we immediately implemented our crisis response plan and continue to monitor the situation closely.

In addition to the Board and Company Secretariat changes outlined in the Chairman's Statement, we also took a number of steps during the year to strengthen our Executive Team. At the start of 2022 Jim McHugh joined as Chief People Officer, with a remit to fully realise the benefits of scale across all aspects of the colleague experience, alongside shaping a more unified culture, to ensure we have committed, energised and engaged people at all levels of the organisation.

In the spring Maria Schnell was promoted to the position of Chief Language Officer, leading the development of the LXD – our unique production platform – with responsibility for our 2,000+ strong team of in-house linguists. At the same time Emer Dolan was promoted to the role of President, Enterprise Internationalisation Group (part of our Language Services Division), which works closely with our largest technology enterprise clients, building highly integrated solutions that enable them to continually innovate, anticipate trends and scale their global operations.

In September 2022 we appointed Terry Doyle as Chief Information Officer, with responsibility for the Group's information technology infrastructure, data, security and compliance, as well as ensuring the delivery of the transformation programmes that we launched as part of our medium-term strategy.

SUSTAINABILITY AND ESG

We have made encouraging progress on our sustainability agenda during the year. As a participant in their Early Adopter Programme, we submitted our 2022 Communication on Progress report to the UN Global Compact in June 2022, and our Global Reporting Initiative framework report was submitted in July 2022, following approval by a third-party assessor.

On the environment we moved to a new web-based platform to better facilitate measuring and tracking our carbon emissions and have spent the year gathering the baseline data that will allow us to submit science-based targets to SBTi for validation in FY23. We also launched our Sustainable Procurement Policy and rolled out the supporting action plan across the Group.

RWS Campus, our global university partnership programme, which inspires and develops localisation talent worldwide, had an extremely strong year. We merged the RWS Trados Academic Partner Programme with RWS Campus, meaning that we now have more than 700 university partnerships globally across 76 countries.

³ 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



Following the lifting of restrictions in the majority of geographies, we have been able to return to onsite engagement with universities, and hosted 90 workshops, talks and events during the year. We also expanded the RWS Campus programme in Africa, with 12 universities joining the programme for the first time, as we focused on eight languages, including Amharic, Hausa, Swahili and Zulu. Trados Studio is now provided free for teaching purposes to universities (moving from a discounted approach previously). A third of interns who spend time at RWS through the RWS Campus programme are offered a full-time career after completing of their degrees.

We also relaunched the RWS Foundation during the year, with a key aspect being its response to those impacted by the conflict in Ukraine. The Foundation's Ukraine Appeal raised £34,436 from colleague donations and donated an additional £15,000 to the International Committee of the Red Cross. The Foundation also made further donations of £10,000 each to the UNHCR, the UN's Refugee Agency, and to UNICEF, the UN's Children's Fund.

On governance, we completed the harmonisation of policies across the Group and shared these with colleagues in the first quarter of the year. In the second half of the year, we launched a Group-wide Code of Conduct, with associated training, giving all our people a simple guide to what is expected of them at work, as well as easy access to the resources that will help support effective action and decision making. With our ambition to be the best-run business in our sector, it is vital that our teams are given the framework and the tools to act with integrity at all times.

Shortly after the end of the year, we were delighted to be awarded a silver medal by EcoVadis, the world's most trusted provider of business sustainability ratings. EcoVadis gives silver medals only to the top quartile of companies participating in its programme worldwide. RWS was also placed in the top 10% of companies in the industry category 'Other professional, scientific and technical activities'.

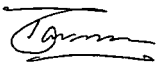
CURRENT TRADING AND OUTLOOK

Against a backdrop of wider global economic uncertainty, RWS has delivered in line with market expectations. The Group is in a robust position, with resilience afforded by its diversified capabilities and end markets. We also remain confident in the long-term opportunities provided by a range of growth drivers across our markets.

We have continued to make progress on the actions and investments that we set out at our Capital Markets Day and we are very encouraged by the early signs of delivery against our organic growth initiatives, particularly eLearning and Linguistic Validation. We are also encouraged by the impact of our pricing programme and the Group's focus on its transformation projects. The simpler, more efficient and accountable organisational model we have put in place to deliver our strategy is already making a difference.

We also believe that the current environment presents an opportunity for us to strengthen our leadership in our markets, as a well-funded business of unique scale, sector diversification, footprint and capabilities. In parallel, the Group's strong cash generation means that we retain the ability and appetite to make strategically-compelling acquisitions.

As we enter FY23, our outlook is in line with market expectations and our capex and investments in line with plans presented at our Capital Markets Day.


Ian El-Mokadem
CHIEF EXECUTIVE OFFICER

14 December 2022





Key Performance Indicators

GROUP REVENUE

£749.2m

2022	£749.2m
2021	£694.5m
2020	£355.8m
2019	£355.7m

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

GROSS MARGIN

46.7%

2022	46.7%
2021	45.1%
2020	39.2%
2019	40.1%

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

ADJUSTED BASIC EARNINGS PER SHARE

26.6p

2022	26.6p
2021	23.8p
2020	19.9p
2019	21.3p

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

£135.7m

2022	£135.7m
2021	£116.4m
2020	£70.2m
2019	£74.2m

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 160 for further details.

CASH CONVERSION

110.2%

2022	110.2%
2021	96.7%
2020	118.5%
2019	105.4%

Description Cash conversion is calculated as underlying cash flow from adjusted operating activities divided by adjusted operating profit. 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 161 for further details.

COLLEAGUE ATTRITION

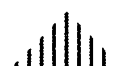
15.9%

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.



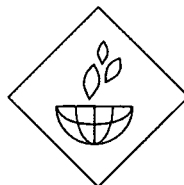
Sustainability

INTRODUCTION

We are committed to achieving and maintaining high standards of corporate sustainability across all business activities and present our corporate sustainability strategy and progress to the Board annually. Our corporate sustainability policy encompasses the way we do business and interact with our people, our clients, our suppliers, our communities and the environment around us. Our commitment to corporate sustainability is in line with our purpose of unlocking global understanding and our values (we partner, we pioneer, we progress, and we deliver), and aims to deliver continual improvement in our economic, social and environmental performance.

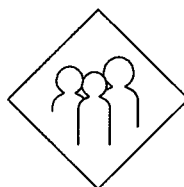
This year we have published a separate Environmental, Social and Governance ("ESG") report in which we share progress on our sustainability targets and initiatives. We have summarised our approach to corporate sustainability, reporting and our key environmental, social and governance highlights in this section. We encourage you to read the 2022 ESG Report for full details (www.rws.com/about/corporate-sustainability/).

THE RWS FOUR PILLARS OF SUSTAINABILITY



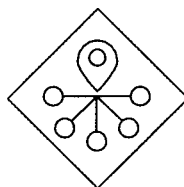
OUR ENVIRONMENT

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



OUR PEOPLE

- Attract, recruit and retain the best people
- Education and career opportunities
- Diversity, equity and inclusion
- Health and well-being



OUR COMMUNITIES

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



OUR GOVERNANCE

- High ethical standards, including our supply chain
- High standards of client service
- Robust and secure infrastructure



Sustainability (continued)

OUR APPROACH TO CORPORATE SUSTAINABILITY

Our corporate sustainability pillars – our people, our community, our environment and our corporate governance – are at the centre of our purpose to unlock global understanding. Engagement with all our stakeholders has continued to develop, and in particular, important strides have been achieved in diversity, equity and inclusion, health and safety, and well-being, via our Group-wide pillars. We have partnered with a number of community organisations, have undertaken fundraising aid for Ukraine, and progressed our focus on education, partnering with over 700 universities and sponsoring

50 language students via the RWS-Brode Scholarship programme. We have also contributed to important life safety work in our Regulated Industries division, undertaking segment analysis for a major technology company to help protect its reputation and brand, as well as working to remove structural bias from Language Weaver, our machine translation solution. The RWS Language Lab, led by our Chief Language Officer, also works closely with the linguistic community to foster future talent and incubate rare languages.

MATERIALITY ANALYSIS

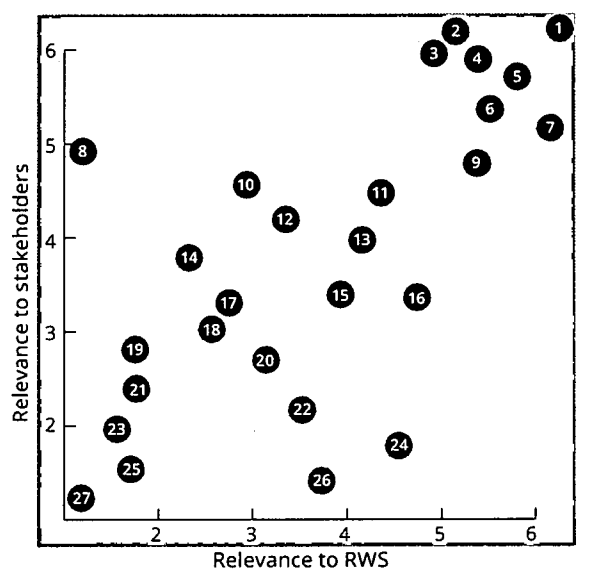
As a result of the limitation we encountered last year regarding the amount of feedback we received from certain stakeholders regarding materiality, we now identify and prioritise material issues using Datamaran software that enables a data-driven and dynamic process for ESG risk identification and monitoring. The software enabled us to gain a continuous, evidence-based review of ESG-related risks within our regulatory, competitive, and operating contexts.

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 review enforced our corporate sustainability strategy and identified emerging issues, such as geopolitical risks and human rights. These insights have shaped conversations across RWS as well as the Group's principal risks and uncertainties.

Engagement included a materiality survey which went to over 80% of our shareholders, over 25% of our key clients and over 85% of our suppliers, and meetings with stakeholders, i.e. investors, clients, colleagues and suppliers. We also ran a Group-wide colleague engagement survey and we were delighted to achieve an 85% global response rate. 82% of respondents believe RWS is committed to its responsibilities surrounding ESG.

The results received from ongoing stakeholder feedback, and the insights from the analysis, showed us that client privacy and data security; public health risks; climate change and GHG emissions; employee diversity and inclusion; employee health and safety; and ethical corporate behaviour have become increasingly important to our stakeholders. The matrix ranks the materiality of issues raised.



◆ ENVIRONMENT ◆ PEOPLE ◆ COMMUNITY ◆ GOVERNANCE

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



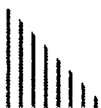


REPORTING

We believe in timely, transparent and comprehensive reporting and continue to improve the transparency and credibility of our environmental, social and governance disclosures through the adoption of globally recognised sustainability reporting standards. These include:

UNGC

In 2020 RWS joined the United Nations Global Compact (UNGC) Initiative, a voluntary leadership platform for the development, implementation and disclosure of responsible business practices. Our commitment to sustainability is channelled through specific goals which underpin our actions, operations and reputation and are aligned with the UNGC's Sustainable Development Goals. In 2022 we participated in the Early Adopter Programme, disclosed our progress on the new Communication on Progress digital platform and had the opportunity to provide targeted feedback to shape the platform before its full release in 2023.

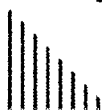


WE SUPPORT



TCFD

We became a signatory of the Task Force on Climate-related Financial Disclosures ("TCFD") in FY21, as part of our commitment to transparency and ongoing improvement of ESG reporting and included disclosures on our climate-related performance and strategies in our 2021 annual report for the first time. Many of the disclosures are included in CDP Climate responses due to alignment between the frameworks. Read more about TCFD and how we manage our climate-related risks on pages 48 to 59).



GRI

Last year, also for the first time, we reported using the Global Reporting Initiative ("GRI") standards and we will report again, separately, for FY22 in accordance with the GRI Standards.

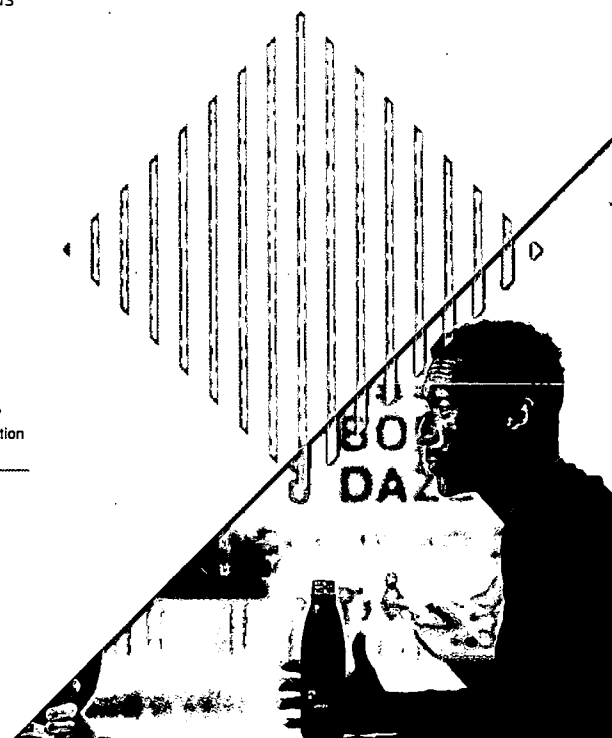
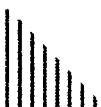


SASB

Last year, for the first time, our annual report included disclosures from the Sustainability Accounting Standards Board ("SASB"). In our SASB Index, we report on the sector-specific disclosure topics contained in the Professional & Commercial Services industry, which includes the following disclosure topics:

- Data security
- Workforce diversity and engagement
- Professional integrity

By including SASB's industry-specific standards, we aim to provide decision-useful sustainability information to investors (see pages 36 to 39).



Sustainability (continued)

ENVIRONMENTAL

We are committed to helping prevent the impact of global climate change by transitioning to carbon net zero.

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"). Initially we are aiming to reduce carbon emissions by 55% by 2030 using FY22 as a baseline. To achieve these challenging goals, we began developing a carbon emission reduction plan in 2021. This included the very important step of expanding our Scope 3 indirect carbon scope. FY22 provided an opportune moment to re-establish our baseline year as operations were returning to normal following the Covid-19 pandemic.

We actively measure and monitor our principal environmental impacts and have set objectives and targets for their reduction. To date we have been

targeting reductions year-on-year for the following:

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

We have ISO 14001:2015 Environmental Management certification at our head office in Chalfont St Peter, our Maidenhead office (both UK) and our Chinese offices in Beijing, Rizhao and Xi'an. Our Environmental Management System certifications collectively cover 31% of our offices by headcount and we will continue to increase this compliance aiming to achieve 100% compliance by 2030.

ENERGY AND GREENHOUSE GAS REPORT

As part of the Streamlined Energy and Carbon Reporting ("SECR") requirement, RWS is required to report its energy and Greenhouse Gas ("GHG") emissions within its Directors' Report. The Group's GHG emissions were prepared in accordance with the UK Government's SECR guidance. The analysis conforms with the GHG Protocol Corporate Standard (2004) and relates to the emissions of all locations within the Group.

The overall data quality was "considered good and comprehensive, with common and statistically insignificant data quality issues."

The results of the analysis will be used to provide us with transparency on our emissions, enable us to setup and implement specific carbon reduction measures and the foundation to track our progress in reducing carbon emissions, as well as to evaluate the effectiveness of our reduction measures. In FY22, RWS offset all non-avoidable emissions with high-quality carbon offsetting projects.

Overall results* (FY22)

Scope 1	473.41 tCO ₂ e
Scope 2	4,415.63 tCO ₂ e
Scope 3	47,736.02 tCO ₂ e
Total	52,625.06 tCO₂e

* Location-based: although we have reported on location-based carbon emissions, these were also calculated from a market-based perspective. Scope 1 and Scope 3 remained the same however, Scope 2 reduced to 4,232.18 tCO₂e from a market-based perspective

Explanation: 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 MWh) and associated greenhouse gas emissions (tCO₂e) have been summarised in the table. As mentioned previously, we have expanded and enhanced our carbon emissions data collection methodology which has resulted in a significant increase in our reported Scope 3 emissions when compared with the previous year. These now account for circa 90% of our overall carbon footprint and will be used to develop our carbon reduction strategy going forward.

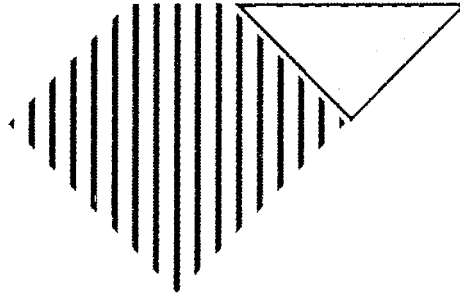
Global	FY21	FY22
Total Energy Consumption (MWh)*	16,347.85	12,691.49
UK Energy Consumption (MWh)*	1,724.59	1,592.87
Scope 1 emissions (from aircon, heating, fleet)**	89.47	473.41
Scope 2 emissions (from purchased electricity, heating, fleet)**	4,838.21	4,415.63
Total Scope 1 + 2	4,927.68	4,889.04
Scope 3	180.22	47,736.02***

* includes: electricity, natural gas, diesel, heat and steam and company car fuel consumption from Scope 1 + 2

** 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.





UK data covers office locations in Alnwick, Bloxham, Chalfont St Peter, London (Great Tower Street and Tavistock Square), Maidenhead, Nottingham and Sheffield. The UK share makes up 9% of the total energy consumption.

Notes:

- The methodology used to calculate our carbon emissions was the GHG Protocol Corporate Standard
- The scope and boundary used was operational control
- Scope 1 emission sources include fuel for company vehicles and heating fuel used for offices
- Scope 2 emission sources include electricity and district heating
- Scope 3 emission source include 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
- Use of sold products – online interaction: we plan to enhance our Scope 3 carbon emission methodology capture further to include online interaction from our clients and other internet users on their own devices, for example, whilst using our software, browsing or using our website

INTENSITY RATIOS

RWS uses the intensity ratios of full-time equivalent ("FTE"). The FTE in FY22 was 7,761 (FY21: 7,674). This provides another way of assessing our carbon performance taking into consideration key variables that affect our overall carbon footprint.

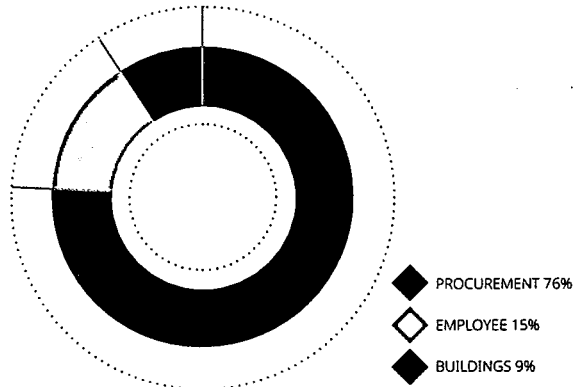
Global	FY21	FY22
Scope 1	0.01	0.06
Scope 2	0.63	0.57
Scope 3	0.02	6.15***

*** 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 and 2 intensity performance shows a collective improvement of circa 2% when compared with the previous year. Scope 3 carbon emissions have increased significantly due to the improved data collection methodology we developed and implemented in FY22.

EMISSIONS BY ACTIVITY GROUP

We have enhanced our carbon footprint analysis by grouping our carbon emissions into three core activity groups. This improves our ability to target significant carbon emission sources.



PROCUREMENT-RELATED CARBON EMISSIONS

Like many companies, a substantial part of the RWS carbon emissions is attributable to procurement which makes up 76% of its overall carbon footprint.

Going forward we aim to work more closely with our suppliers to drive sustainability through the procurement processes. This includes: building Greenhouse Gas Protocol ("GHG") awareness; enhancing our procurement process and increase the sustainability requirements into the registration process; add dimension into evaluation and awarding decisions; include sustainability clauses and track progress.

EMPLOYEE-RELATED CARBON EMISSIONS

Our employee-related carbon emissions make up 15% of our overall carbon footprint with 88% of this attributable to commuting and homeworking and 12% to business travel and accommodation.

Going forward we will continue to engage with our colleagues and increase awareness of environmental issues and encourage everyone to get involved and take steps to reduce our carbon emissions globally. To reduce carbon emissions associated with commuting we will look to ensure our offices are easily accessible using public transport, where possible.



Sustainability (continued)

BUILDING-RELATED CARBON EMISSIONS

Our office carbon emissions make up 9% of our overall carbon footprint. Of these emissions, 97% were from energy, 80% of which was electricity and 17% from heating and cooling; the remaining 3% was from waste and water.

MANAGING ENERGY USE

We recognise the importance of investing in energy efficient offices and renewable energy. In FY22, the Group took several measures to reduce energy use and emissions. These included:

- Switching to 100% renewable energy at Chalfont St Peter's Europa House in November 2021 and Brno, Czech Republic (the Group's largest office) in January 2022. Currently we have 100% renewable energy at six of our offices (Alnwick, Brno, Chalfont St Peter, Leuven, Munich, Stuttgart). Global contribution of market-based renewable electricity is currently 17%.
- Replacing existing lighting with energy efficient LED lighting in our office in Chennai (40%) and Nanjing, China. We have LED lighting in our head office in Chalfont St Peter, as well as our offices in Brno, Indore, Lausanne, London and San Francisco.
- Trialling solar panels installed by our landlord at our Indore office in India which provides lighting to common areas.
- Installed a SMART meter in our Alnwick office to monitor the consumption of electricity.
- Setting timers relative to weather conditions and office opening hours.
- 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.

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

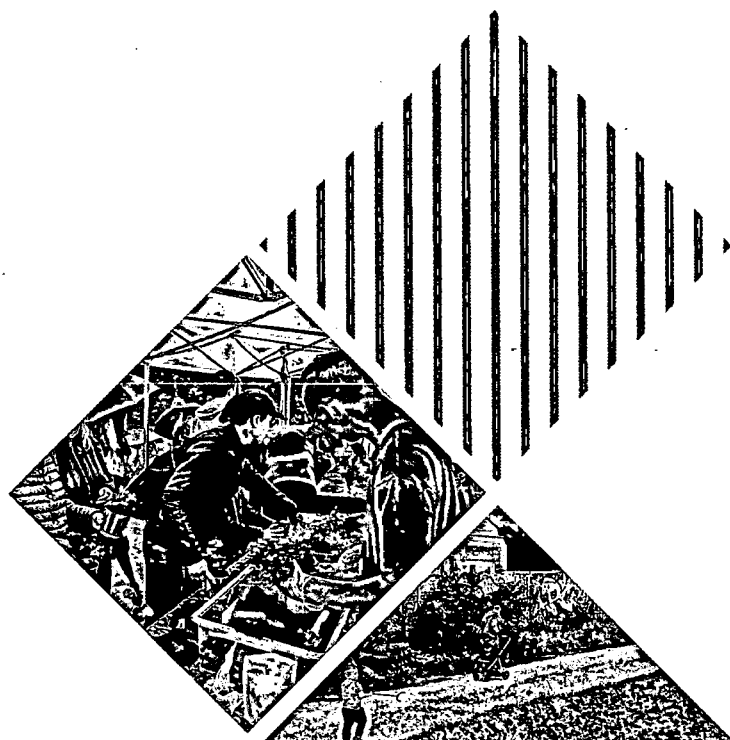
MINIMISING WASTE

Waste has been reviewed and is currently not considered a significant issue for RWS. 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 FY22, the Group took several measures to reduce waste. These included:

- Developed and implemented a new Group-wide Waste Policy.
- Installed recycling facilities and increased the amount of waste which is recycled (targeting those offices which reopened).
- 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 through our 'Recycling Week.'
- Hosted an awareness day for World Cleanup Day to educate, inform and engage colleagues around waste.

Where our offices are in managed buildings, we will work 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 FY22 we hosted an awareness day for World Oceans Day to educate, inform and engage colleagues.

PAPER

RWS is not a manufacturing organisation, but because of the nature of our services we use paper extensively in certain divisions.

As a result of the Covid-19 pandemic and remote working, we changed the way we operate which has resulted in a reduction in the amount of paper we use. As RWS offices reopen, we continue to deliver our services online where we can. We will also ensure that the paper we purchase 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

The Covid-19 pandemic reduced the amount of travel in the year and carbon emissions have therefore reduced accordingly.

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

CARBON OFFSETTING

Project	Compensation Volume (tCO ₂ e)
Solar Water Heater Program, India	28
Coastal Rainforest Protection REDD+, Colombia	196
Wind Energy Project Satara, India	155
Total	379



Sustainability (continued)

SOCIAL

OUR PEOPLE

This year we partnered with external employee engagement experts to undertake our annual Group-wide engagement survey, and through them deployed a world-class external survey tool from Qualtrics. Qualtrics is a leading 'experience management' platform which we already use in RWS to measure client engagement. As well as providing more precise employee engagement data through the survey, we will also be able to benchmark our results externally allowing us to establish our competitive position in the labour market. Using Qualtrics will also enable us to examine links between employee satisfaction and client satisfaction in the future.

We achieved a 69% favourable employee engagement score (the external average benchmark is 72%).

Engagement survey

6,639
respondents

85%
response rate

DIVERSITY, EQUITY AND INCLUSION

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

Two years ago we established dedicated Group-wide inclusion pillars and we have built on the successes of these groups in FY22. Each pillar emerged naturally as areas of broad-based employee interest. 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 and an HR leader, and a dedicated learning and development team member supporting it to ensure appropriate organisational prioritisation and influence.

Our ERGs are:

- Culture
- Ethnicity
- LGBT+
- Persons with disabilities
- Well-being
- Women at RWS

These cross-divisional groups collect ideas from around the world and build activity plans for the next period. Resources are then allocated to the plan as appropriate. In FY22 we extended our efforts, fully launching our Persons with disabilities ERG and promoting a number of significant globally recognised awareness events including World Day of Down's Syndrome (March), Autism Awareness Day (April), Accessibility Awareness Day (May), etc. This ERG is the last of the six to become operational so now all six groups are fully active.

On 8 March, our Women's Network celebrated International Women's Day and promoted the theme of 'Break the Bias' globally to all colleagues. A series of training courses and online resources were offered, encouraging everyone to create a gender equal world which is free of bias, stereotypes, discrimination and which supports diversity and inclusion.

Overall, we are happy with the progress we are making around diversity, equity and inclusion, and increasingly see it as a genuine source of potential advantage in our markets.



Age

<30 <30-50> >50

30% | 61% | 9%

Gender

Male Female Undisclosed

45% | 55% | 0%

Employee status

Permanent Non-Permanent

90% | 10%

Employee category

Manager

Female	Male	Total
51%	49%	15%

Non-manager

Female	Male	Total
56%	44%	85%

Years of service

Number of employees with less than a year's service 23%

Number of employees between 1 and 5 years' service 47%

Number of employees with more than 5 years' service 30%

Diversity of our employees globally including office-based and remote workers as at 30 September 2022

RWS FOUNDATION AND COMMUNITY ACTION

All philanthropic initiatives at RWS have been consolidated under the new RWS Foundation. Donations by RWS and the RWS Foundation this year amounted to £300,553.

Upon outbreak of the Russia-Ukraine conflict our Regulated Industries division partnered with long-term customer St Jude Children's Research Hospital to help support the evacuation efforts of more than 600 children with cancer from Ukraine. The US-headquartered hospital needed translations between English, Ukrainian and Polish within a timeframe of just a few hours to provide patients with important documents prior to travel into Poland.

Our colleagues, through the RWS Foundation Ukraine Appeal, showed overwhelming support and raised over £34,000. Donations went to the International Red Cross, which is supporting the people of Ukraine to ensure they have essential supplies, food, water, as well as providing aid to hospitals and families. The RWS Foundation also made further donations to the UNHCR, the UN's refugee agency, and to UNICEF, the UN's children's fund.

During FY22 we also assisted Clear Global (formerly Translators without Borders) with localising Polish and Slovak into Ukrainian. We are in regular communication with them on several topics, including our availability to provide training around translation processes and machine translation and have colleagues ready and waiting to volunteer their time and expertise.

Two areas of community outreach in the UK include TutorMate and Urban Synergy. Colleagues from across the UK were involved in TutorMate, assisting Year 1 or Year 2 (aged 5 to 7) pupils attending a school that serves a disadvantaged community in England. Teachers selected readers who were struggling and needed extra help. The reading programme involved 30 minute one-to-one weekly online sessions. RWS supported 26 children with 189 hours of reading support, resulting in the average child progress of 3.2 reading levels.

Over the past year we have continued to support Urban Synergy. The organisation is a youth empowerment charity that inspires, guides and ignites the ambitions of young people in the UK. It has supported more than 20,000 students since 2007. In FY22 we mentored 125 students through our e-mentoring and delivered 84 work experience placements (totalling 3,259 hours of work experience for young people).



Sustainability (continued)

RWS CAMPUS

We have built and developed a programme to partner with the academic world in order to grow and nurture future localisation talent. RWS Campus launched in 2018, harmonising and consolidating several existing initiatives, to develop one global programme. In 2021, the existing Trados technology university programme joined forces with RWS Campus, to enhance the programme further with free-of-charge Trados Studio technology for partner universities. Over the years, we have progressed our ambition to be a future talent incubator, to help bridge the gap between the academic world and industry, as well as to bring the benefits of translation technology to universities and students. We have built a global footprint in the academic world across markets. We are delighted to offer our professional expertise to universities, lecturers and students in line with their local requirements and expectations.

700+ university partners
worldwide, across
76 countries

190+ interns across
26 countries

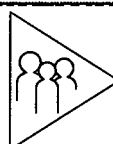
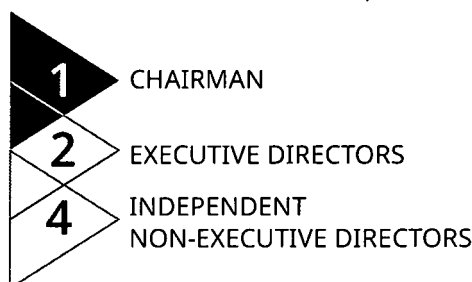
GOVERNANCE

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. We take a zero-tolerance approach to bribery and corruption, financial crimes and other violations against professional integrity.

Key policies published on our website include:

- *Code of Conduct*
- *Anti-Bribery and Corruption Policy*
- *Corporate Sustainability 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*
- *Supplier Code of Conduct*
- *Whistleblowing Policy*

Board and committee composition



THE BOARD

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



COMMITTEES

RWS has two specialised committees, the Audit Committee and the Remuneration Committee.



AUDIT COMMITTEE

The Audit Committee monitors the integrity of the financial statements of the Company including but not limited to its annual and half-yearly reports, preliminary announcement of, and any other formal announcements relating to, its financial performance, and reviews and reports to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.



REMUNERATION COMMITTEE

The Remuneration Committee is responsible for setting the remuneration policy for all Executive Directors and the Company's Chair, including pension rights and any compensation payments. The Remuneration Committee also recommends and monitors the level and structure of remuneration for the Executive Team. No Director or Senior Executive is involved in any discussion or decision about their own remuneration.

CORPORATE GOVERNANCE STRUCTURE

At RWS, the Chairman and CEO roles are separate. The Chairman leads the Board and has overall responsibility for corporate governance and promoting the values of the Group, both internally to employees and externally to the broader stakeholder group. The CEO manages the day-to-day operations of the Group. As part of our commitment to high standards of corporate governance, the Board recognises the importance of having Non-Executive Directors who are independent in character and judgement, and free from relationships which may affect, or could appear to affect, their judgement.



MANAGING RISKS

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. Eight of our 12 principal business risks are relevant to ESG, and these are set out in the table on the below. In addition to these known principal risks, we continue to identify and analyse emerging ones including those related to ESG, such as climate risks.

Principal risk	Related ESG topic/sustainable business priority
Loss of a key client	Community – on-time delivery, right first time, innovating and inspiring our clients
Geopolitical	Our people and communities – potential to impact all – health, safety and well-being of our people and communities
Failure to attract, engage, retain and develop key talent	Our people – inspiring, rewarding and supporting our people
Cyber security	Governance – treating data with care and due diligence
Failure of a business-critical partner, JV relationship, supplier or national infrastructure	Community – potential to impact all
New technology	Governance – harness innovation and efficiencies
Legislative/regulatory risk	Governance – potential to impact all
Climate change and natural disasters	Environment – potential to impact all – well-being of our people and communities

TAX TRANSPARENCY

RWS manages its tax affairs responsibility and seeks to build constructive relationships with all tax authorities. During the year, the Board reviewed and approved the Group's Tax Strategy, with the CFO providing regular updates to the Board on tax matters. The approach RWS has taken in relation to the management of tax issues is to ensure that:

- We comply with all applicable laws, disclosure requirements and regulations in the territories in which we do business
- We have an open and transparent working relationship with the relevant tax authorities around the world
- Where considered appropriate, the Group takes advice from professional firms
- Tax risks are appropriately managed in accordance with the tax strategy
- Our tax planning is aligned with the Group's commercial and business activities and does not use 'tax haven' countries or other tax avoidance arrangements as part of its tax planning

CYBER SECURITY AND DATA PROTECTION

The strategic security posture for RWS is set by the Information Security Steering Committee ("ISSC"), chaired by the CIO who is the executive sponsor for security. This group includes stakeholders from all divisions and selected business units to collaborate on the continual improvement of the Information Security Management System ("ISMS") which also helps drive our integration programme, increases awareness and supports a consistent risk-based approach to information security.

RWS continues to expand its Information Security Management System (ISMS) which 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. RWS also holds SOC2 certificates for its Cloud Operations and Language Services functions. The ISMS provides a robust baseline which gives RWS the agility to develop further the controls necessary to meet a variety of sector specific information security compliance requirements if identified as being in the business interest.

FY22 investor and other recognition

During FY22 the Group had:



International
Organization for
Standardization

- ISO 9001: applicable in 49 offices, 40 offices certified and 9 offices compliant
- ISO 17100: applicable in 45 offices, 36 offices certified and 9 offices compliant
- ISO 18587: applicable in 43 offices, 34 offices certified and 9 offices compliant
- ISO 27001: applicable in 17 offices, 8 offices certified and 9 offices compliant
- ISO 13485: applicable in 10 offices, 1 office certified and 9 offices compliant
- ISO 21500: applicable in 13 offices, 13 offices compliant
- ISO 14001: 5 offices certified and 5 offices compliant

*Applicable sites are sites providing services which are in scope of the ISO certification within the reporting year.





Sustainability Accounting Standards Board Disclosure ("SASB")

SERVICE SECTOR: PROFESSIONAL AND COMMERCIAL SERVICES

REPORTING YEAR: ALL DATA REPORTING FOR FY22 UNLESS SPECIFIED

RWS has chosen to evolve its sustainability reporting by disclosing sustainability topics and certain accounting metrics in line with the SASB Standards. In August 2022, the IFRS Foundation assumed responsibility for SASB Standards when it merged with the Value Reporting Foundation, which previously maintained these Standards.

The Standards were developed using a rigorous and transparent standard-setting process that included:

- Evidence-based research
- Broad and balanced participation from companies, investors and subject-matter experts
- Oversight and approval from the independent SASB Standards Board

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

The IFRS Foundation's International Sustainability Standards Board (ISSB) has committed to building on the industry-based SASB Standards and adopting SASB's industry-based approach to standards development.

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 Annual Report:

Topic	Summary approach	For more information
Data Security	We understand that information security is important to all our stakeholders including clients, investors and employees. 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 employees and has several initiatives in place that seek to maintain an inclusive culture, recognising achievement and support of all its employees.	SASB metrics: pages 37 and 39 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 various stakeholders. RWS seeks to act with transparency, honesty and integrity at all times.	SASB metrics: pages 38 Corporate Governance: pages 34 to 35



Sustainability disclosure topics and accounting metrics

Topic	Accounting metric	Category	SASB code	Response
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	(1) (2) (3) In FY22 there have been no disclosures or unauthorised movement of sensitive information including CBI and PII. As a result, no clients have been affected by any such incidents.
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, 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 second time RWS has undertaken this survey and the response rate was 36.2%, up 4.8% from last year. 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



SASB Disclosure (continued)

Topic	Accounting metric	Category	SASB code	Response
Workforce Diversity & Engagement cont...	Employee engagement as a percentage	Quantitative	SV-PS-330a.3	See Table 5 In June FY21 we undertook our first Group-wide employee engagement survey using off-the-shelf software and we achieved a response rate of 80.7%. In FY22 we deployed a world-class external engagement survey and platform. As well as providing more precise employee engagement data through the survey, we will also be able to benchmark our results externally allowing us to establish our competitive position in the labour market. The survey was completed in September FY22 and we were delighted to achieve a global response rate of 85.4%. This year we achieved a 69% favourable employee engagement score (see table 5). We remain encouraged by the results regarding diversity and inclusion with an 83% 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 was no material litigation in FY22 and we manage ourselves in accordance with the QCA Code and rules of the AIM, the London Stock Exchange regulated market (RWS.L), and any associated legal disclosure requirements based on where the legal proceedings may have originated.

Activity metrics

Activity metric	Category	Code	Response
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Quantitative	SV-PS-000.A	(1) 90% (6,985 FTE) (2) 10% (776 FTE) (3) We have around 30,000 vendors and freelancers who are paid on invoice.
Employee hours worked, percentage billable	Quantitative	SV-PS-000.B	15,133,950 15.06% 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 (FY22)

Role	%
Senior Manager or Executive	5.60%
Manager or Team Leader	25.12%
Non-Manager	62.28%
Prefer not to say	7.00%

Table 2. Global gender representation of RWS employees* (FY22)

Gender	%
Female (cis female)	59.74%
Genderqueer	0.59%
Genderfluid	0.52%
Intersex	0.03%
Male (cis male)	33.47%
Non-binary	0.95%
Trans woman/Trans female	0.17%
Trans man/Trans male	0.10%
Prefer not say	3.65%
Other	0.78%

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

Table 3. Racial/Ethnic group representation* (%) (FY22)

Ethnicity	All employees
Arab	0.66%
East or South-East Asian (For example: Chinese / Korean / Japanese / Vietnamese / Filipino / Any other East or South-East Asian background)	20.13%
South Asian (For example: Indian / Pakistani / Bangladeshi / Any other South Asian background)	6.19%
Black or African or Caribbean (For example: African / Caribbean / Any other Black, African or Caribbean background)	1.00%
Hispanic or Latino (For example: Brazilian / Argentine / Colombian / Chilean)	10.10%
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)	2.03%
Native Hawaiian or Pacific Islander	0.03%
Native American or Alaskan	0.11%
White	54.33%
Prefer not to say	2.80%
Other	2.62%

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

Table 4. Employee turnover rates, % (FY22)

FY22	%
Turnover*	21.3%
Voluntary	15.9%
Involuntary	5.4%

*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 (FY22)

	Favourable	Neutral	Unfavourable
My work gives me a feeling of personal accomplishment	71%	18%	11%
I would recommend RWS to people I know as a great place to work	72%	20%	8%
RWS as a company motivates me to excel in my work	65%	23%	12%





Chief Financial Officer's Review

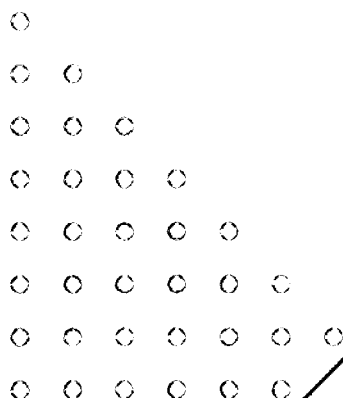


INTRODUCTION

The Group has made significant progress during 2022. The Group successfully integrated the acquisition of SDL and laid out an ambitious Accelerated Growth Strategy. During 2022 revenue growth, coupled with improved margins, has supported strong cash generation. A strong platform has been built for further progress in 2023 and beyond.

During 2022 total revenue grew by 8%, operating profit by 50%, and adjusted profit before tax by 17%. Results were supported by an extra month of SDL in 2022 when compared to 2021, the successful execution of the synergy and integration programme, as well as favourable foreign exchange movements. Strong performance in the Language and Content Technology division helped to offset the regulatory impact of the introduction of the Unitary Patent in the IP Services division. The Group has identified a number of key growth levers, such as eLearning and Data Annotation, and is investing behind these levers to drive future growth. We are also investing to transform our back office efficiency to enable this growth. We are encouraged by the early impact of our pricing programme, which aims to mitigate the impact of cost inflation. The Group continued to enhance its portfolio with the acquisition of Liones Holdings B.V, whose flagship product Fonto, is a leading authoring solution for mission-critical documents.

The Group continues to be highly cash generative, resulting in an increase in net cash (excluding lease liabilities) from £45.3m as at 30 September 2021 to £71.9m as at 30 September 2022, notwithstanding significant acquisition costs, and costs associated with delivering synergies following the acquisition of SDL. Net cash including lease liabilities is £25.2m – significantly improved from an equivalent net debt measure of £6.2m as at 30 September 2021.



Rod Day
INTERIM DEPUTY CHIEF
FINANCIAL OFFICER



REVENUE

Overall in FY22 the Group generated revenues of £749.2m, which is 8% higher than FY21. Revenue in FY22 benefited from an additional month of trading from SDL, which was acquired in November 2020. Excluding this impact, revenue growth was 3%. The strengthening of the US Dollar when compared to prior year also supported revenue in local sterling currency. On an organic constant currency (OCC) basis revenues are 1% lower than those achieved in FY21.

In divisional terms, Language Services recorded £342.1m in revenue, a 10% increase in total revenue and 1% on an OCC basis. Reduced volume from certain of the largest technology clients was more than offset by growth from the Strategic Solutions Group. Regulated Industries recorded £173.0m, an increase of 6%, although a decline of 2% on an OCC basis. Reducing work for a significant client and also stopping work for a number of unprofitable clients impacted revenue. Language and Content Technology had total revenue of £126.9m, an increase of 17% year on year and 5% OCC. Good growth was recorded across the portfolio, despite the increase in SaaS revenues which in the short term defers current year revenues to future years. IP Services recorded £107.2m, a decrease of 6% on prior year and 10% on an OCC basis. The proposed introduction of the Unitary Patent in the European Union, which we forecast for H1 FY23, has impacted volumes in the short term as clients look to defer filings.

The majority of the Group revenue, categorised by geography, is in the US market, which accounts for 52% of the total. Client concentration is such that no one client accounts for more than 10% of Group turnover.

GROSS PROFIT

Gross profit increased by 12% to £350.2m, delivering a gross margin of 46.7%. This represents an increase from 45.1% in the prior year, primarily as a result of the change in revenue mix towards the higher gross margin division of Language and Content Technology, increased use of the Language eXperience Delivery, benefits from SDL integration synergies, and favourable foreign exchange movements with the strengthening of the US dollar relative to a number of currencies.

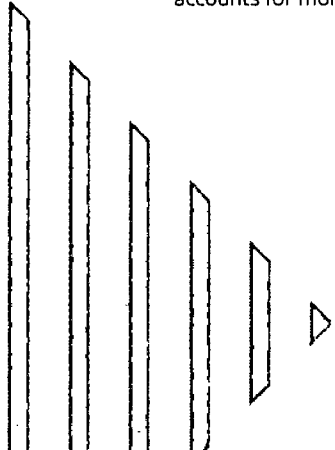
ADMINISTRATIVE EXPENSES

Administrative expenses have increased to £263.9m (2021: £257.0m). Administrative expenses as a percentage of revenue have decreased from 37% to 35%, which reflects the impact of the integration activities during the period. Adjusted administrative expenses (gross profit less adjusted operating profit) increased by £17.0m to £211.7m, a rise of 9% year on year. The extra month of costs from SDL, combined with unfavourable FX, more than offset the benefit of integration synergies.

Exceptional items of £12.5m were incurred during the year, which includes £7.4m for IT integration and £3.2m for severance, termination and other costs in relation to the SDL integration. Acquisition costs of £2.1m, were primarily related to the purchase of Lioness Holding B.V. during the period.

FINANCE COSTS

Net finance costs were £3.1m (2021: £2.4m). Net finance costs have increased year on year due primarily to an increase in interest payable on external debt of £0.6m, driven by a rise in interest rates. On 3 August 2022, the Group entered into an Amendment and Restatement Agreement 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. This gives us further flexibility as we continue to grow our business and seek selective acquisitions to enhance the Group's capabilities and geographic reach. The debt refinancing was accounted for as a debt modification without extinguishment, resulting in a nominal debt modification gain being recognised in the parent company's statement of comprehensive income.



Gross profit increased by
12% to
£350.2m



Chief Financial Officer's Review (continued)

ADJUSTED PROFIT BEFORE TAX

Adjusted profit before tax ("Adj PBT") is stated before amortisation of acquired intangibles, share-based payment expense, acquisition costs, and exceptional items (see reconciliation on page 160). 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 Adj PBT of £135.7m (Adj PBT margin: 18.1%) recorded in the period has increased from £116.4m (Adj PBT margin: 16.8%) in the prior year.

TAX CHARGE

The Group's tax charge for the year was £20.5m (2021: £13.8m), representing an effective tax rate on profit before tax of 24.6% compared with 25.1% in the prior financial year. The corporate income tax rates in the overseas countries in which the Group operates continue to be higher than the existing UK corporate income tax rate of 19%, which results in a higher effective rate than the headline UK rate.

EARNINGS PER SHARE AND DIVIDEND

Basic earnings per share for the financial year increased from 10.9p to 16.1p, an increase of 48%, while adjusted basic earnings per share increased from 23.8p to 26.6p, representing an increase of 12%, which reflects the after tax impact of significant adjusting items this financial year consequent to the acquisition of SDL. The weighted average number of ordinary shares in issue for basic and adjusted basic earnings increased from 378.5m to 389.4m, principally due to the proportionate impact of the ordinary shares issued in connection with the SDL acquisition in the prior period.

A final dividend for the financial year end 30 September 2022 of 9.5 pence per share has been proposed, equivalent to £37.0m, while an interim dividend of 2.25 pence per share, equivalent to £8.7m, was paid during the financial period. A comparative final dividend for the year ended 30 September 2021 of 8.5 pence per share, equivalent to £33.1m, was paid in this financial period.

The proposed total dividend for the year of 11.75 pence per share represents a 12% increase on the total dividend relative to the prior financial period of 10.5 pence per share.

BALANCE SHEET AND WORKING CAPITAL

Net assets at 30 September 2022 increased by £130.8m to £1,141.7m. The main driver of this increase was the strengthening USD, increasing dollar-denominated net assets by £119m.

Current assets at 30 September 2022 of £325.9m have increased by £38.1m on the prior financial year, including an increase in trade and other receivables of £28.7m. Cash and cash equivalents balances of £101.2m have increased by £8.7m.

The increase in trade and other receivables is primarily driven by the growth of the business in the period and includes an increase in trade receivables of £15.2m and an increase in accrued income of £16.3m. This increase reflects stronger revenues during the financial year, whilst the average days' sales outstanding (the calculation of which measures the number of days' billings in trade receivables) has remained stable.

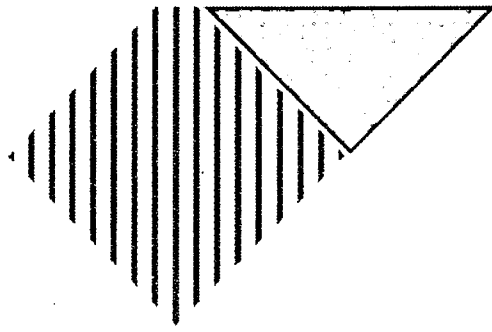
Current liabilities have also increased to £203.6m at 30 September 2022, an increase of £12.7m, primarily due to an increase in trade and other payables balances of £13.6m. Non-current liabilities have decreased by £14.4m, reflecting a net reduction in loan balances under our RCF of £17.9m, a reduction in other non-current liabilities of £3.7m, partly offset by an increase in deferred tax liabilities of £7.2m.

110.2%
Cash Conversion Ratio

26.6p
Adjusted EPS

9.5p
Final dividend





CASH FLOW

Cash generated from operations was £148.8m, £46.8m more than the prior financial year, when cash generated was £102.0m. Operating cash flow before movements in working capital and provisions increased from £125.5m to £157.5m. The net working capital outflow of £8.7m has reduced by £14.8m from the prior financial year's outflow of £23.5m. This has been driven by improvement in payment cycles during the period, with outflows in trade receivables from growth of the business offset by inflows across trade payables.

Significant cash outflows from investing activities included net cash consideration for the acquisitions of Liones Holdings B.V of £14.1m and purchases of intangible software of £24.3m.

Cash flows from financing activities included £25.5m in repaid debt and associated interest, and dividends paid within the financial year ended 30 September 2022 of £41.9m.

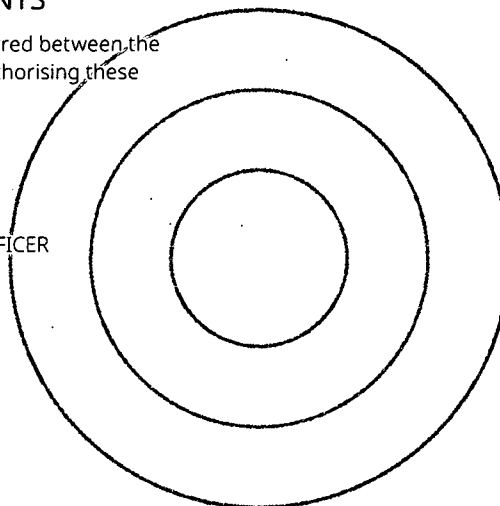
Cash balances at the financial year end amounted to £101.2m, with external borrowings of £29.3m, excluding lease liabilities, resulting in a net cash position of £71.9m (2021: £92.5m cash and external borrowings of £47.2m, resulting in net cash of £45.3m). Net cash including lease liabilities was £25.2m (2021: net debt of £6.2m).

POST BALANCE SHEET EVENTS

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

Rod Day
INTERIM DEPUTY CHIEF FINANCIAL OFFICER

14 December 2022





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 senior management colleagues who collectively play a key role in risk management and regularly report to the Board on progress.



Risk Category	Description	Mitigation
COLLEAGUES		
Loss of a key client	Being a global leader in localisation, the Group has a number of key clients who are themselves global leaders. These clients are typically supported by dedicated teams, which are located globally. Any failure with regard to service, or breakdown in relationship, could impact our revenue with these clients. We are also at risk from disintermediation and the performance of the sectors our clients operate in.	The Group maintains close relationships at senior level; runs a key account programme; undertakes monthly tracking of performance; uses formal independent measuring of client satisfaction (e.g. Net Promoter Score); and maintains open channels of communication to anticipate client needs.
Geopolitical	The Group is exposed to heightened global geopolitical uncertainty, for example in East Asia and the war in Ukraine, as well as political uncertainty in the UK. 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.	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.
PEOPLE		
Failure to attract, engage and retain key talent	The quality of service provided by RWS is fundamentally derived from the quality of our people and the freelance network that we have access to. Our performance could therefore be adversely affected if we, or our vendors, are unable to recruit, train and retain key talent within and outside the Group. We are also exposed to wage inflation and talent shortage in key areas which is fuelling the 'war for talent'.	RWS has a compelling proposition for future employees: a fast-moving growing sector; strong processes around salary structure, bonuses, LTIP and career planning; a positive culture, clear purpose and values; strong communications; and focus on ESG. 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, virus spreading and phishing. The cyber threat level is increasing and successful attacks could also lead to data loss and adverse reputational impacts.	The Group operates a network of systems to act as barriers to outside attacks. It has data and systems recovery procedures, business continuity planning, uses third-party penetration testing, conducts cyber training for colleagues, and holds an appropriate level of cybercrime insurance.
Failure of a business-critical partner, supplier or national infrastructure	Failure of a business-critical partner or supplier, or critical infrastructure could result in RWS being unable to deliver to clients and/or perform to the required standard.	RWS avoids reliance on a single supplier / critical partner where possible. It leverages Quarterly Business Reviews to evaluate relationships and manage risk, has business continuity plans in place, and maintains appropriate back-up in relation to national infrastructure threats where possible. Active monitoring of hot spots ensures the safety of employees and the management of continuity of service.
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.



Principal Risks and Uncertainties (continued)

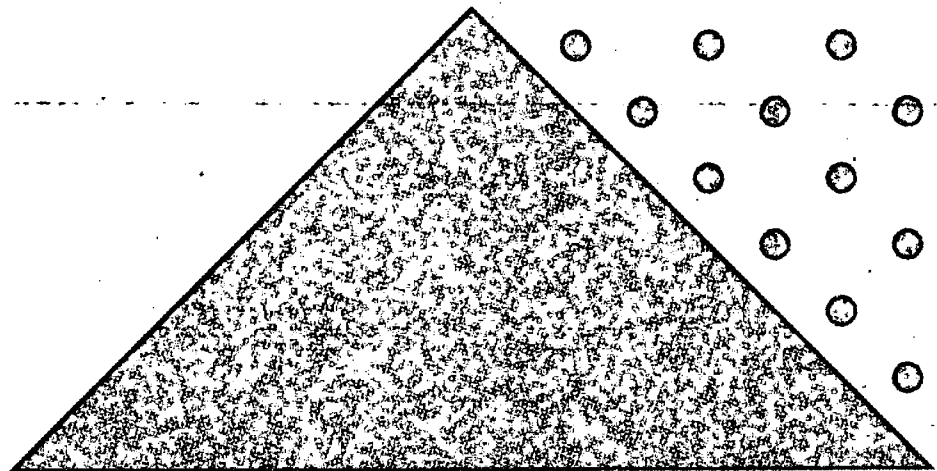
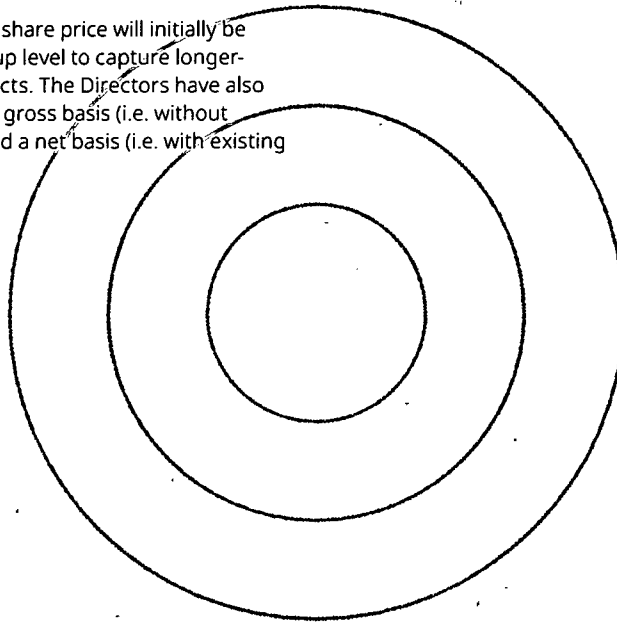
Risk Category	Description	Mitigation
TECHNOLOGY		
New technology	RWS has a leading position in new translation technologies, such as Machine Translation ("MT"), Neural Machine Translation ("NMT") and Translation Memory ("TM"), however we could be disrupted if competitors launch or commercialise new technologies more effectively than RWS. This could challenge our client proposition and put client relationships, demand for our services, revenue and our market-leading position at risk.	There is continuous review of available technology, possible disruptions, and the implications and benefits of technology commercialisation for RWS. We undertake an ongoing programme of investment in our technology products and, through our unique combination of technology, cultural, product and sector expertise, we are able to differentiate our client proposition.
FINANCIAL		
Currency	A significant proportion of the Group's revenues and costs are generated in foreign currencies, which mean these amounts, when translated into GBP, will fluctuate depending on prevailing exchange rates. Revenues and costs are also not always matched in the same currency.	The Group performs currency analyses to support hedging activities. Transactional hedges are in place to partially manage in-year volatility. Longer-term options may improve matching revenue to costs through flexible supply arrangements and pricing.
Inflation and pricing pass through	The Group is facing a sharp increase in inflation in its cost base and, unless these increases are successfully passed on in whole or in part to clients, we could face the risk of margin compression. We are also exposed to differentials in terms of different sectors' abilities to absorb price increases.	The Group is actively entering discussions with clients to ensure that the value offered is properly reflected in our pricing and, to the extent that costs increase, that we are appropriately compensated. This programme has been supported through enhanced training and information support.
Demand risks	RWS is facing increased uncertainty in predicting the future demand for translation services in light of the overall economic outlook, de-globalisation trends and content volume, combined with possible changes to the mix of service delivery.	The global business model, combined with a wide portfolio of technology products, helps to mitigate some specific country or industry risks. The Group also operates an agile policy with respect to cost and cash control and monitoring, such that, should circumstances deteriorate, action can be taken to mitigate the impact on earnings.
LEGAL AND COMPLIANCE RISKS		
Legislative / regulatory risk	The pace and demand of legislative and regulatory changes – such as the Unitary Patent – can adversely impact on RWS's revenues or increase potential compliance and reputational risks (e.g. climate change, anti-money laundering, sanctions). In contrast, increased regulatory burdens for clients can lead to higher demand for our services, through increased requirements to localise content.	The Group considers new legislation requirements as part of its risk management process and constantly monitors for potential changes to the legislative and the regulatory environment which could impact the business and, where possible, develops plans to mitigate them.
HAZARD RISKS		
Climate change and natural disasters	RWS is facing an increased focus on climate change transparency and reporting, as well as increasing requirements from our clients and people to demonstrate carbon reduction. The Group is also exposed to the natural disasters arising from, for instance, climate change in a small number of locations. Failure to address this could have significant financial and reputational impact.	The Group is monitoring regulatory developments, complying with reporting requirements, benchmarking its climate and sustainability performance, and developing specific action plans for carbon reduction, as well as the possible impact on climate change on specific locations. For further details, see the TCFD section (see pages 48-59).



MAPPING OUR RISK

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 adverse impact on share price will initially be used as a proxy at Group level to capture longer-term reputational impacts. 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)

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



Greenhouse gas concentrations are at their highest in two million years and emissions are continuing to rise. We all need to work together in helping the world transition to net zero and RWS is committed to helping achieve this. In 2021 we became a signatory to the Task Force on Climate-related Financial Disclosures and for the first time disclosed against the framework, although voluntary, and have continued to work towards aligning ourselves and adopting the TCFD ahead of it becoming mandatory in April 2022.

Following our decision last year 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, 2, 3, 6, 7, 8 and 10
- We comply partially with recommended disclosures 4, 5, 9 and 11

We expect to be fully compliant by next year when reporting becomes mandatory for RWS.

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 and review performance against targets.
	2. Management's role in assessing and managing climate-related risks and opportunities	Pages 50 to 51 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 52 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 53 to 54 Partially compliant – we have completed a scenario analysis in respect of climate-related risks and opportunities.	In FY23 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	Pages 55 to 56 Partially compliant – through our climate scenario analysis we believe our business is resilient in the short, medium, and long term.	Based on current weather fluctuations, we have made a number of assumptions associated with those states and what could be experienced. In FY23 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 56 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	Pages 56 to 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 Partially compliant – due to expanding the tracking and reporting of Scope 3 indirect emissions, in FY22 we created a new baseline year.	Although we were able to report against our carbon-related performance metrics for Scope 1 and 2 in FY22, due to our changing and improving our methodology for capturing and measuring Scope 3, as such the Scope 3 carbon emissions changed significantly from FY21.
	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 – in FY23 we propose to prepare and submit science-based targets to the SBTi for validation in FY23.	In FY23 we propose to prepare and submit science-based targets 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 provided with monthly reports on Sustainability and ESG issues, has direct oversight of climate-related issues and risks, and it agrees our position and commitments on climate change.

The CEO, who is part of the Board as well as a core member of the Executive Team, retains overall responsibility for climate change management for RWS. The CEO works with the CFO to identify applicable risks and opportunities in order to direct business strategy.

Climate-related issues are taken into consideration when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans, as well as setting performance objectives, monitoring implementation and performance, and overseeing major capital expenditures and acquisitions.

A good example of how strategy has been influenced by climate change is the business decision to implement science-based carbon reduction targets, and RWS is in the process of preparing them for submission to the Science Based Target initiative (SBTi).

The CEO is supported by the CFO who communicates potential climate change issues and risks and manages appropriate mitigation measures. These are presented to the Board for support and approval. This process ensures that the company responds and reacts to climate change risks and opportunities in a timely manner.

Climate-related risks are assessed as part of the Group's risk process to determine the principal risks facing the Group. These are then prioritised, and appropriate management strategies are developed ensuring that the identified risk is mitigated as much as reasonably possible.

The Board reviews performance against climate targets and is working towards setting a carbon net zero commitment. Initially, the aim is to reduce carbon emissions by 55% by 2030.

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

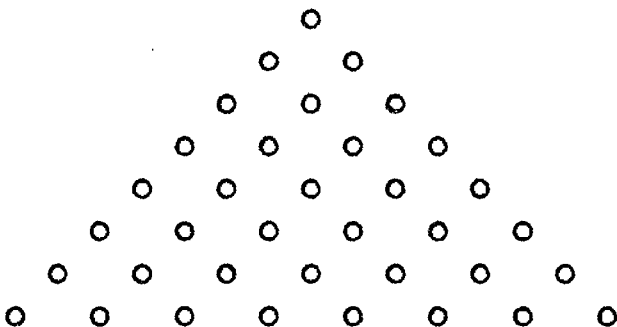
The CFO leads climate change risk management and is supported by the Head of Sustainability and ESG. This is accomplished successfully by involving and engaging the Executive Team on strengths, weaknesses, opportunities and threats to RWS regarding external and internal influences. Once the risks are identified, they are assessed to determine their potential impact (scale of hazard vs probability of occurrence). Risk profiles are produced at a business level with Board-level oversight of climate-related risks being maintained by the CFO. The heads of all functions, such as procurements and facilities, report to members of the Executive Team who, in turn, report to the CEO and Board.

The CFO is also responsible for environmental compliance and reporting, including CDP, Streamlined Energy and Carbon Reporting (SECR), Energy Savings Opportunity Scheme (ESOS), and Task Force on Climate-related Financial Disclosures (TCFD).

As well as having seats on the Board, the CEO and CFO sit on the RWS Executive Team which consists of the CEO; CFO; Chief Information Officer (CIO); Chief Language Officer; Chief People Officer (CPO), President, Enterprise Internalisation Group; President, IP Services; President, Regulated Industries; President, Language Services and Technology; Group Corporate Development Director and, with effect from 3 October 2022 the General Counsel and Company Secretary.

The Executive Team provides additional horizon scanning and meets periodically to discuss key risks and mitigation strategies. Collectively, they continue to enhance the Group's understanding of longer-term risks relating to scenario analysis and share it with the Board for consideration and approval.

The Executive Team lead in each operational area is responsible for ensuring the continuity of the Group's operations, including resilience to events caused by extreme weather whilst the Business Continuity team is responsible for identifying risks, assessing continuity and incident response plans.



The Board and Executive Team are kept informed and updated on climate-change issues by the Head of Sustainability and ESG using a variety of forms including reports, presentations and discussions, including monitoring and verification of global carbon emissions, Environmental Management Systems (EMS) compliance initiatives, carbon reduction plans as well as the latest changes in regulation and the International Sustainability Standards Board (ISSB).

The Head of Sustainability and ESG is responsible for setting the strategy and targets for measuring and reducing the Group's environmental impact. These are then approved by the CEO and CFO. The Group's performance is measured throughout the year, tracking emissions across all scopes.

RWS is reviewing its climate change impact and developing a carbon emission reduction plan using a science-based target aligned with the SBTi criteria. These targets and subsequent reduction plan will be submitted to the SBTi for official validation following Board approval. Initially, RWS is aiming to reduce carbon emissions by 55% by 2030, using FY22 as a baseline. RWS is in the process of establishing a system to monitor implementation and performance of climate-related objectives.

The early adoption and alignment to the TCFD recommendations, demonstrated by RWS becoming a signatory to the TCFD in 2021 ahead of it becoming mandatory in 2022, demonstrated the proactive approach RWS has taken to risk management.

STRATEGY

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

Internally we use climate risk strategy scenarios to help quantify and conceptualise the impact that risks, including climate change, might have on our business practices. Certain risks may need to be assessed and reviewed at a business strategic level whilst others focus on divisional or local practices. Dependent on the risk being assessed, inputs include probability of risk occurring, severity of the risk, assessment of current methods in place to manage the risk and cost of mitigation versus cost of inaction. These scenarios look at the impact from risks over short, medium, and long term. Our short term is one to three years; medium term is three to five years; and long term is five to 10 years. We have defined our terms to coincide with business strategies and the planned objectives for climate-change risk mitigation.

Although we operate in a low carbon intensive market sector, RWS has considered and developed three qualitative climate change scenarios based on details in the Intergovernmental Panel on Climate Change's (IPCC) fifth assessment report. These scenarios include RCP1.9 which limits global warming to below 1.5°C, the aspirational goal of the Paris Agreement; RCP2.6 which represents a mitigation scenario aiming to limit the increase of global mean temperature to around 2°C above preindustrial levels for mid-range climate sensitivity; and RCP8.5, a high-emissions scenario frequently referred to as 'business as usual', suggesting that is a likely outcome if society does not make concerted efforts to cut greenhouse gas emissions. The above scenarios take into consideration the strategic and financial risks and opportunities that are posed to our business.

This analysis is an important element in making disclosures consistent with the guidance from the TCFD. Based on current weather fluctuations, we have made a number of assumptions associated with those states and what could be experienced, for example, with carbon tax levels, extreme weather impacts on the business and supply chains.

As a company, we define a risk having a material financial or strategic impact on the company if it meets the following criteria:

- A financial impact of £500,000 or more
- A probability of very likely (medium) or higher



Task Force on Climate-related Financial Disclosures (continued)

Examples of our findings relating to risks include:

SHORT TERM (one to three years)

- Regulatory: enhanced reporting obligations
- Reputational: increased requests from investors and clients for information and pressure to reduce carbon emissions
- Physical: extreme weather conditions requiring mitigation and adaptation strategies and business continuity planning
- Financial: cost escalation and security of supply

MEDIUM TERM (three to five years)

- Regulatory: enhanced and emerging reporting obligations particularly relating to entire value chain
- Reputational: increased requests from investors and clients for information and pressure to reduce carbon emissions
- Physical: increasing sea level rises and extreme weather conditions will increase risk of business interruption and damage to property
- Financial: increased pricing of GHG emissions

LONG TERM (five to 10 years)

- Regulatory: enhanced reporting obligations being introduced in short timeframes
- Reputational: resulting from interruption in business services or not mitigating climate-risk timeously
- Physical: extreme weather events increasing in severity and frequency which could cause localised disruption to our supply chains and networks
- Financial: ambitious carbon pricing and operational costs e.g. energy, insurance, etc.

Examples of our findings relating to opportunities include:

SHORT TERM (one to three years)

- Regulatory: being an early adopter
- Reputational: improvement in reputation due to environmental initiatives
- Physical: increased resilience due to investment in IT infrastructure
- Financial: resilience as we increase participation in renewable energy programmes and adoption of energy-efficient measures such as savings achieved from energy/carbon reduction measures put in place (lighting sensors, LEDs, less air travel, etc.)

MEDIUM TERM (three to five years)

- Regulatory: transparency and clarity in reporting
- Reputational: increased reputation due to the approach taken by RWS in relation to global warming
- Physical: reducing number of offices and improve resilience of current portfolio, software testing labs and recording studios; diversification of technology connectivity
- Financial: rationalisation of software applications across RWS, reducing carbon emissions (energy/use of paper), increasing efficiencies

LONG TERM (five to 10 years)

- Regulatory: clarity and completeness in reporting
- Reputational: corporate sustainability initiatives become a key differentiator for RWS
- Physical: business continuity built into office network and supply chain
- Financial: increased revenues due to new products and services and access to new and emerging markets (i.e. electric vehicles, carbon capture technologies, etc.); use of new technologies with increased energy efficiencies; resource efficiencies achieved via supply chain



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

The impact is as follows:

Products and services

Following COP26 in Glasgow, and throughout the pandemic, we have seen the demand for sustainable products and services increase exponentially. RWS continues to take this market shift very seriously and has investigated ways to optimise services to reduce carbon emissions and improve satisfaction. We continue to improve our value chain engagement strategies and are focusing on reducing our Scope 3 emissions through improving operational efficiency.

The successes of our investigations can be seen through the increased demand of specific products and services. For example, in FY21 we saw an increase in demand of our Tridion products amongst new electric vehicle (EV) market clients. These clients' business offering is focused on reducing demand of finite fossil fuels and therefore their suppliers will need to demonstrate green credentials. Other examples of services we have provided include providing patents related to climate change (e.g. a windmill generator and insulation material), localisation relating to sustainable products, content or regulation (e.g. EVs, rapid-charging stations, home batteries, and solar panels, Sustainable Finance Disclosure Reporting, website content, white papers, and reports for many of our clients to market and sell financial products with a sustainable objective).

As a natural consequence, the demand for our products and services may well increase.

Supply chain/value chain

We recognise that the majority of an organisation's carbon footprint is the result of their value chain i.e., suppliers and clients. Therefore, organisations who truly want to have a substantive impact on climate change must engage these core stakeholder groups. We promote a sustainable and carbon management ethos through our business and have started to engage our suppliers and clients to ensure our sustainability goals are understood throughout our value chain.

To help achieve this goal, we are rolling out our updated Supplier Code of Conduct which is supported by a new Sustainable Development Policy. This shows that we expect all suppliers and subcontractors to demonstrate effective management of their environmental and social impacts and we favour suppliers who are able to demonstrate they are aligned with the UN Ten Principles and reducing their environmental footprint actively.

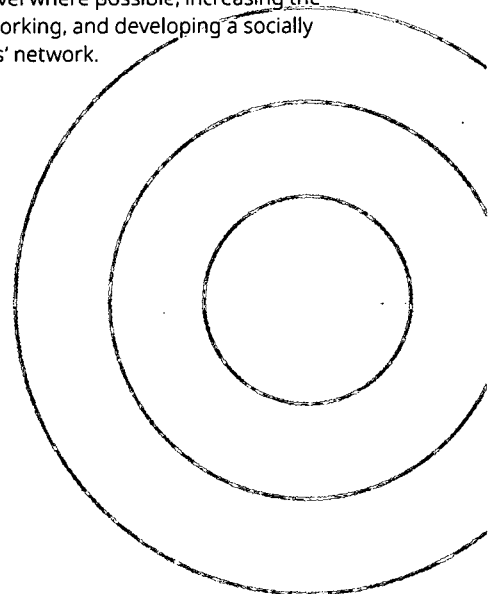
Investment in research and development

The Covid-19 pandemic provided us the opportunity to invest in new and innovative ways of working. As we emerge from the pandemic restrictions, we are committed to continue investment into how we can deliver our products and services more efficiently. Currently, our research and development investment focuses on enhancing our service offering. This in turn reduces the carbon emissions generated from our business operations.

Our commitment to reducing carbon emissions through R&D can be seen by our efforts to use the most energy efficient and latest technology e.g., our datacentres. We review technological advancements continually to see if they can be used to support the attainment of our sustainability and climate change goals.

Operations

As the demand for sustainable products and services has increased exponentially, so has the demand for organisations to show effective climate change management. We are committed to being an ethical, responsible, and trustworthy company by complying with all relevant climate related regulations, as well as publicly reporting on our climate change management through Annual Reports and our disclosures to CDP. We continue to review our operations globally against climate risk and take steps to mitigate it where necessary. We are focused on reducing our global carbon footprint through a range of initiatives including improving energy efficiencies of our offices and adopting green leases which include securing 100% renewable energy contracts across our estate portfolio where possible; LED lighting with motion sensors; measured recycling; energy efficient heating and cooling; and detailed reporting of resource use. We are also reducing travel where possible, increasing the availability of homeworking, and developing a socially responsible suppliers' network.



Task Force on Climate-related Financial Disclosures (continued)

Adaptation and mitigation activities

As mentioned above under 'Governance', the Board reviews performance against climate targets and is working towards setting a carbon net zero commitment. Initially, the aim is to reduce carbon emissions by 55% by 2030.

Applicable risks and opportunities are identified by the CEO, CFO and Head of Sustainability and ESG in order to direct business strategy. The CFO is also responsible for environmental compliance and reporting which also helps focus the company's attention on climate-related risks, opportunities and mitigation.

Acquisitions or divestments

RWS acquired Liones Holding B.V. ('Liones') for €17.7 million (on a cash-and-debt free basis) with additional payments of €2.5 million due on each of the first and second anniversaries of completion. The flagship product of Liones is Fonto, the leading cloud native, data driven authoring solution for mission critical documents. The Fonto suite of products allows non-technical subject matter experts to create, edit and collaborate on structured documents by hiding the complexity of the underlying mark-up languages. The acquisition was funded from existing RWS cash resources.

Access to capital

To continue to ensure access to capital we have strengthened our corporate climate governance and associated disclosures.

Steps we have taken include:

- Appointing a Head of Sustainability and ESG in 2020
- Reporting using TCFD ahead of it becoming mandatory
- Committing to SBTs and having our targets validated by SBTi
- Setting ESG targets and delivering against them
- Setting ESG personal objectives related to mitigating the effects of climate-change on/by the business for each member of the Executive Team

As mentioned, our senior executives monitor climate-related risks and invest where necessary to mitigate these scenarios.

The decision by the company to switch to 100% renewable energy wherever possible is an example of this. Although initially it will cost the company more, we have taken this decision as we believe it is more ethical and responsible, it is aligned with the company's values, and we hope that it will become common practice as more and more companies adopt this approach.

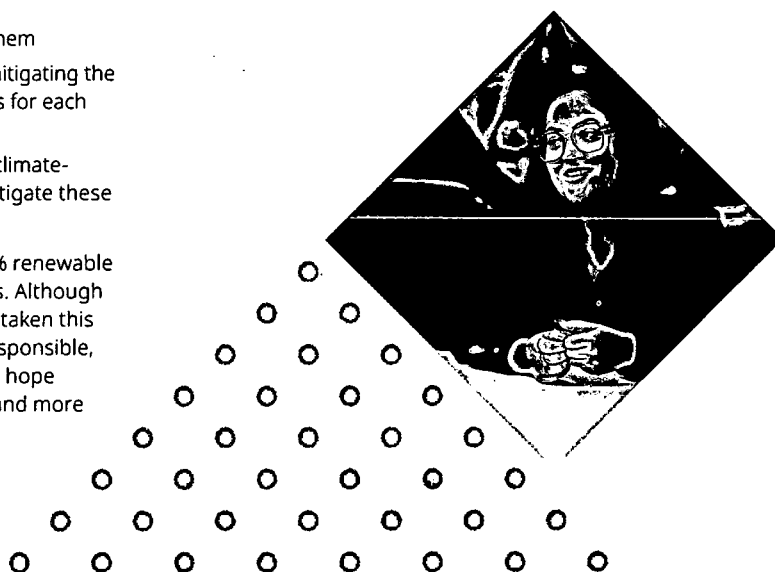
We also recognise that improving our climate change impacts generate financial gains, for example, a reduction in energy and transport consumption will reduce related costs.

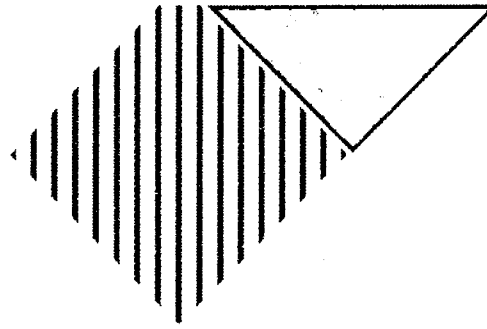
Climate-related risks are assessed as part of the Group's risk process to determine the principal risks facing the Group. These are then prioritised, and appropriate management strategies are developed ensuring that the identified risk is mitigated as much as reasonably possible.

Investment is considered on the basis of the priority of the issue as well as the return on investment. An example of this is the installation of LED lights at our offices in Chalfont St Peter, Brno, Indore, Lausanne, London, Nanjing, Rosario and San Francisco, reflecting a long-term return on investment whilst reducing carbon emissions in the short term.

Due to the Covid-19 pandemic, we accelerated our IT Infrastructure improvements to ensure that our clients were supported and could receive the same level of care despite not being able to operate from central locations. This developed our remote working practices which also improved our resilience to the impact of climate change. We look for ways to enhance our remote working system continually to further reduce our carbon emissions and improve our clients' experience.

As a further focus on driving change, each member of the Executive Team has objectives related to mitigating the effects of climate-change on/by the business. Additional remuneration is linked to achieving pre-established targets and goals. Personal objectives for FY22 and FY23 are aligned with establishing policies, systems and processes. Moving forward the proposal is they will be aligned with achieving carbon emission targets.





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

In FY22 we strengthened our approach and actions to climate-related risks and opportunities to align RWS with the TCFD recommendations.

As mentioned above, when considering our climate-related risks and opportunities in the short, medium, and long term, we reviewed our climate scenario analysis to assess potential impacts and opportunities for RWS against possible climate futures. We assessed three different climate scenarios, set by the latest science and known as Representative Concentration Pathways ('RCPs'). RCPs are used by the Intergovernmental Panel on Climate Change to illustrate future concentrations of greenhouse gases in the atmosphere. The climate scenarios we used were:

Low emission scenario (RCP 1.9)	A predicted global temperature increase which limits global warming to below 1.5, the global aspiration goal of the Paris Agreement
Medium emission scenario (RCP 2.6)	A predicted global temperature increase between 1.5°C and 1.7°C by 2100, compared to preindustrial levels. This would bring the world in line with the Paris Agreement of 1.5°C. This is commonly referred to as the best-case and most ambitious scenario
High emission scenario (RCP 8.5)	A global temperature increase between 3.2°C and 5.4°C, where carbon emissions continue growing unmitigated. With no mitigation, this is deemed the worst-case scenario

The locations of all our offices and supply chain were considered due to our dependence on our people to deliver our services. We conducted the analysis across three time horizons: short term (one to three years), medium term (three to five years) and long term (five to 10 years). Consistent with TCFD, our assessment covered the following:

- Physical risks: resulting from climate change events and changes in weather. These can be acute (event-driven) or chronic (long-term shifts)
- Transition risks: associated with the implications from the measures taken to reach a low carbon economy. These can be policy and legal, technology, market and reputation
- Opportunities: realised capitalisation of benefits upon the low carbon market and technological drivers. These can be from resource efficiencies, energy sources, new products or services, markets and resilience

We have incorporated these scenarios into our climate change risk assessment and based on our assessments so far, no significant risks have been identified from the scenario planning that we are unable to mitigate. The risk assessment is reviewed bi-annually. Over time, as global trends develop, any additional significant risks and opportunities which are identified will be incorporated into the scenario planning.

As a provider of services, we believe we are well positioned to offset potential adverse impacts by adapting our operations and engaging with our clients and suppliers to maximise opportunities as we transition to carbon net zero. We are focused on reducing our global carbon emissions as quickly as possible. As part of our goals (see page 28), we are driving emissions out of our business through a range of initiatives including improving energy efficiencies, renewable energy, reducing waste, reducing travel where possible, availability of homeworking and developing a socially responsible suppliers' network.

Our research and development investment focuses on enhancing our service offering. This includes improving the efficiency of how we deliver our services in which we utilise technology which in turn reduces the carbon emissions generated from our services. Investment in research and development is considered over short, medium, and long terms (from one to 10+ years).

We manage the risks of climate change as mentioned previously, with oversight by the Board and Audit Committee as part of our risk management process. We are tracking and reporting on our carbon emissions globally. We are pursuing best practice by engagement with the United Nations Global Compact initiative, Race to Zero, seeking to set science-based targets and disclosing against the TCFD framework.

We are working with our suppliers to ensure that their carbon management ethos matches our own. This will expand our influential reach beyond that of just our company and demonstrates that a consistent and truthful message is shared with our stakeholders regarding our own environmental management practices. We are rolling out our Supplier Code of Conduct to all suppliers and have developed a Sustainable Procurement Policy – our engagement will focus on the short to medium term (one to five years).



Task Force on Climate-related Financial Disclosures (continued)

As noted earlier, we have seen an increased demand for companies to show effective management of their climate change impact, for example, requests from the market, and existing and upcoming legislation. This supports our efforts in demonstrating that we are an ethical, responsible, and trustworthy company. As such we review our operations regularly to ensure that we operate as efficiently as possible. This risk is considered over short, medium, and long terms (one to 10+ years).

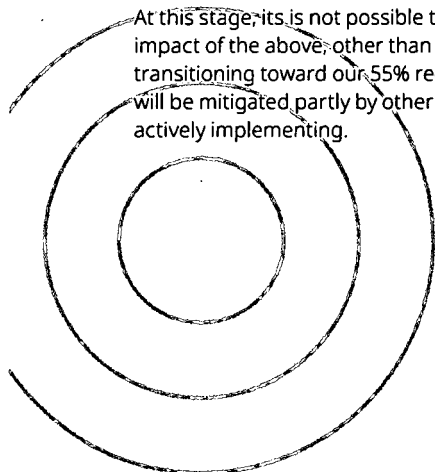
Over this next 10 year period, significant investment will continue to be made by the company in a number of areas

The Group has previously set out plans to reduce its global office footprint which will significantly reduce of Scope 1, 2 and most importantly Scope 3 emissions that are associated with operating and travel to/from an office. The financial impact of this will see the Group achieve savings on its leased offices, the majority of which are on tenures of less than three years.

As well, savings from reduced leasing costs, the Group shall also reduce energy and heating costs. However, with energy cost and heating costs expected to increase (from either increased demand for renewable energy sources or from carbon taxes on traditional energy sources), any saving here may well be offset. Similarly, the Group insurance premiums may reduce as the number of offices in the Group reduces, however insurance premiums may well rise as a result of increasingly extreme weather events and rising sea levels.

For those locations where an office is required to continue effectively serving our clients, the Group will prioritise offices that possess the highest environmental ratings possible in that jurisdiction. Any savings made arising from reducing the Group's office footprint shall be used to cover the cost of moving and setting up these new office locations or indeed making further improvements to our existing office locations that we are retaining.

At this stage, it is not possible to estimate the full financial impact of the above; other than to confirm that the costs of transitioning toward our 55% reduction in carbon by 2030 will be mitigated partly by other initiatives that the Group is actively implementing.



RISK MANAGEMENT

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

The principal and emerging risks facing the business, which have been assessed by the Audit Committee and Board, are described on pages 44 to 47. The Board and Executive Team has considered the risk of climate change to the business.

As mentioned, the Executive Team is responsible for identifying potential climate-related risks and, together with the CFO and Head of Sustainability and ESG, assesses them to determine their potential impact following which they are prioritised and risk-mitigation strategies developed.

The climate risk assessment also includes the assessment of existing and emerging regulatory requirements related to climate change. These include additional reporting.

As mentioned above under 'Governance' we use climate risk strategy scenarios to help quantify and conceptualise the impact that risks might have on business practices. Inputs include probability of risk occurring, severity of the risk, assessment of current methods in place to manage the risk and cost of mitigation versus cost of inaction over short, medium, and long term.

Thereafter these are tied back to our climate-related risk register and where we rank the risks in terms of significance, priority, probability and gross risk as well as tracking the strength of the risk management and actions required.

b. Our processes for managing climate-related risks

As noted above, climate change risks are managed primarily through our risk management process. Risks are identified by the CFO and Head of Sustainability and ESG, and through regular engagement with the Executive Team. Once identified, they are assessed to determine their potential impact (hazard vs probability of occurrence). Risk profiles are produced at a business level with Board-level oversight of climate-related risks being maintained by the CFO. The Executive Team provides additional horizon scanning and meetings take place periodically to discuss key risks and mitigation strategies. We also continue to enhance our understanding of longer-term risks relating to our scenario analysis and share it with the Board for consideration and approval.

The RWS business continuity programme oversees mitigations of the physical risks of climate change on our operations through business continuity plans which include remote working. Supplier management by the procurement teams mitigate the potential impact of climate-related risks on our supply chain.





Our short- and long-term climate-related risks include:

- Transitional risks which mainly relate to potential policy and regulatory changes that are considered 'high' in terms of significance and likelihood over the longer term. For example, policy development could trigger new green business taxes to fund the initiatives. There is also the potential issue that if legislation is rolled out in haste it could result in long-term unintended consequences which will need to be redressed.
- Physical risks are low in the short term and 'low-to-medium' in the longer term for significance and likelihood. Changes in temperature, for instance, could impact energy demand for heating and cooling, while extreme weather conditions could cause flooding, rising sea levels and fires. Both risks could adversely affect revenue. With a global footprint of over 70 offices in 33 countries there is a varying degree of risk in different geographic locations which are monitored in conjunction with our business continuity programmes.

RWS has identified significant opportunities in sectors which are the most vulnerable as they often have the biggest opportunity, such as the move to renewables in oil and gas, the move to electric cars in the automotive industry, new technology, life sciences contingency planning, increased litigation in the legal market, and so on.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

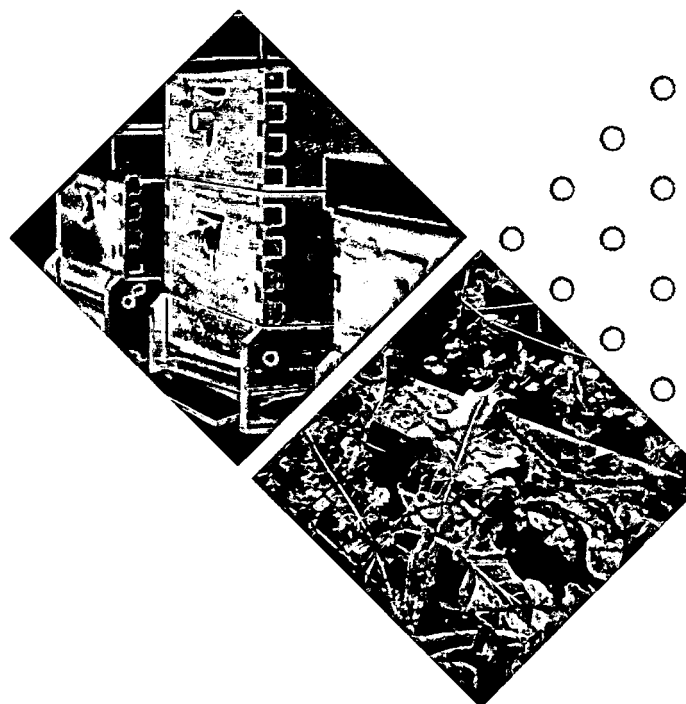
The CEO has overall responsibility for climate change management. The CFO and Head of Sustainability and ESG supports the CEO by managing the risk potential impact register and by engaging the Executive Team on climate change related issues. The Executive Team meets periodically to discuss climate change issues and determine appropriate mitigation strategies. Risks for direct operations, upstream and downstream, are determined through consultation with each of the Divisional Presidents and the Chief Information Officer (CIO), and the Head of Sustainability and ESG. Risks are categorised according to the likelihood of occurrence versus the severity of the potential impact on the group. For example, the hazard risk of climate change and natural disasters ranks 'medium' for both criteria, and so this is considered to be a principal risk. The Board monitors principal risks routinely.

METRICS AND TARGETS

Currently we assess our carbon emissions against revenue and full-time equivalent employees and have targeted year-on-year reductions for: natural resources and consumables, carbon footprint, electricity, waste and environmental incidents as well as reported our results in the annual CDP disclosures.

We are in the process of developing our carbon net zero metrics and aim to report these at the end of FY23.

We monitor and report our global Scope 1, 2 and 3 emissions for all our offices (see pages 28 to 29) and we are looking to strengthen existing targets to help our business be carbon net zero by 2050 using FY22 as a baseline year (see page 28). These goals are aligned to the Paris Accord which is a global agreement to keep temperature rise well below 2°C above preindustrial levels, and pursue efforts to limit the increase to 1.5°C. Delivering our targets is in part dependent on having a policy and regulatory environment that supports our carbon net zero objectives. We continue to adopt positive policies to reduce carbon emissions and increase transparency and flexibility (see pages 28 to 29 for more detail). RWS is not utilising carbon management schemes such as emissions trading schemes however RWS has invested a number of small carbon offsetting projects which are linked to our SDGs.



Task Force on Climate-related Financial Disclosures (continued)

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

RWS Intensity Figures

Intensity Metric	Intensity Metric 1 Metric tons CO ₂ e per unit revenue (£)							Intensity Metric 2 Metric tons CO ₂ e per unit FTE						
	FY19 (Baseline)	FY20	% Change to baseline year	FY21	% Change to baseline year	FY22 (Location based)	% Change to baseline year	FY19 (Baseline)	FY20	% Change to baseline year	FY21	% Change to baseline year	FY22 (Location based)	% Change to baseline year
Scope 1	1.47	0.95	-36%	0.13	-91%	0.63	-57%	0.15	0.09	-41%	0.01	-92%	0.06	-60%
Scope 2	6.64	5.86	-12%	6.97	5%	5.89	-11%	0.69	0.56	-20%	0.63	-9%	0.57	-18%
Scope 3	8.24	2.43	-71%	0.26	-97%	63.72	N/A*	0.86	0.23	-73%	0.02	-97%	6.15	N/A*

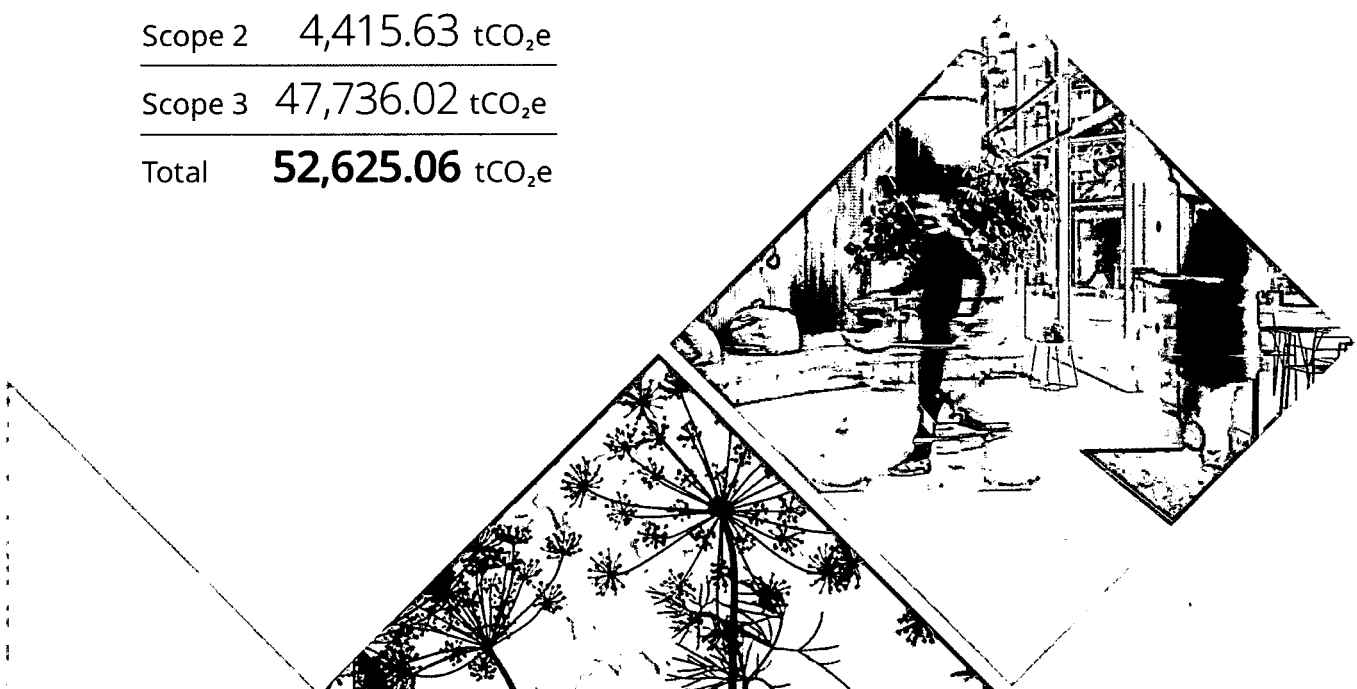
Notes:

* RWS has changed and improved its methodology for capturing and measuring Scope 3 carbon emissions in readiness for setting and submitting science-based targets. As such, the overall Scope 3 carbon emissions have changed significantly for FY22. Comparisons against the baseline year (FY19) is therefore not representative. Going forward, FY22 will be used as the baseline year for Scope 3 intensity metrics and targets.

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

Our Scope 1, 2 and 3 greenhouse gas (GHG) emissions are included in detail on pages 28 to 29 of this report. Our emissions are as follows:

Scope 1	473.41 tCO ₂ e
Scope 2	4,415.63 tCO ₂ e
Scope 3	47,736.02 tCO ₂ e
Total	52,625.06 tCO₂e



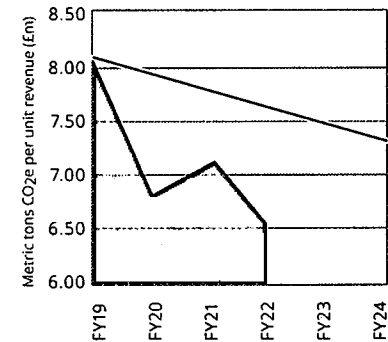
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

RWS Targets

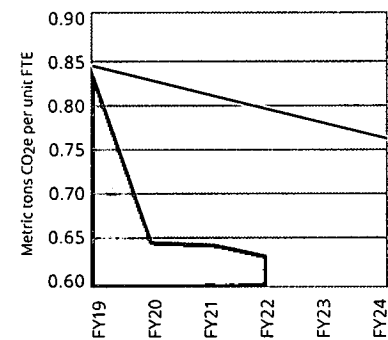
Target ref. number	1
Type of target	Intensity
Intensity metric	Scope 1 and 2, metric tons CO ₂ e per unit revenue (£m)
Target	10% reduction in intensity metric from FY19 to FY24
Base year (FY19) result	8.1180231302
Expected target year (FY22) result	7.3062208171
% of target achieved in FY22, relative to base year	100%

Target ref. number	2
Type of target	Intensity
Intensity metric	Scope 1 and 2, metric tons CO ₂ e per unit FTE
Target	10% reduction in intensity metric from FY19 to FY24
Base year (FY20) result	0.84544
Expected target year (FY25) result	0.76090
% of target achieved in FY22	100%

Intensity targets 1 (Scope 1 & 2)



Intensity targets 2 (Scope 1 & 2)

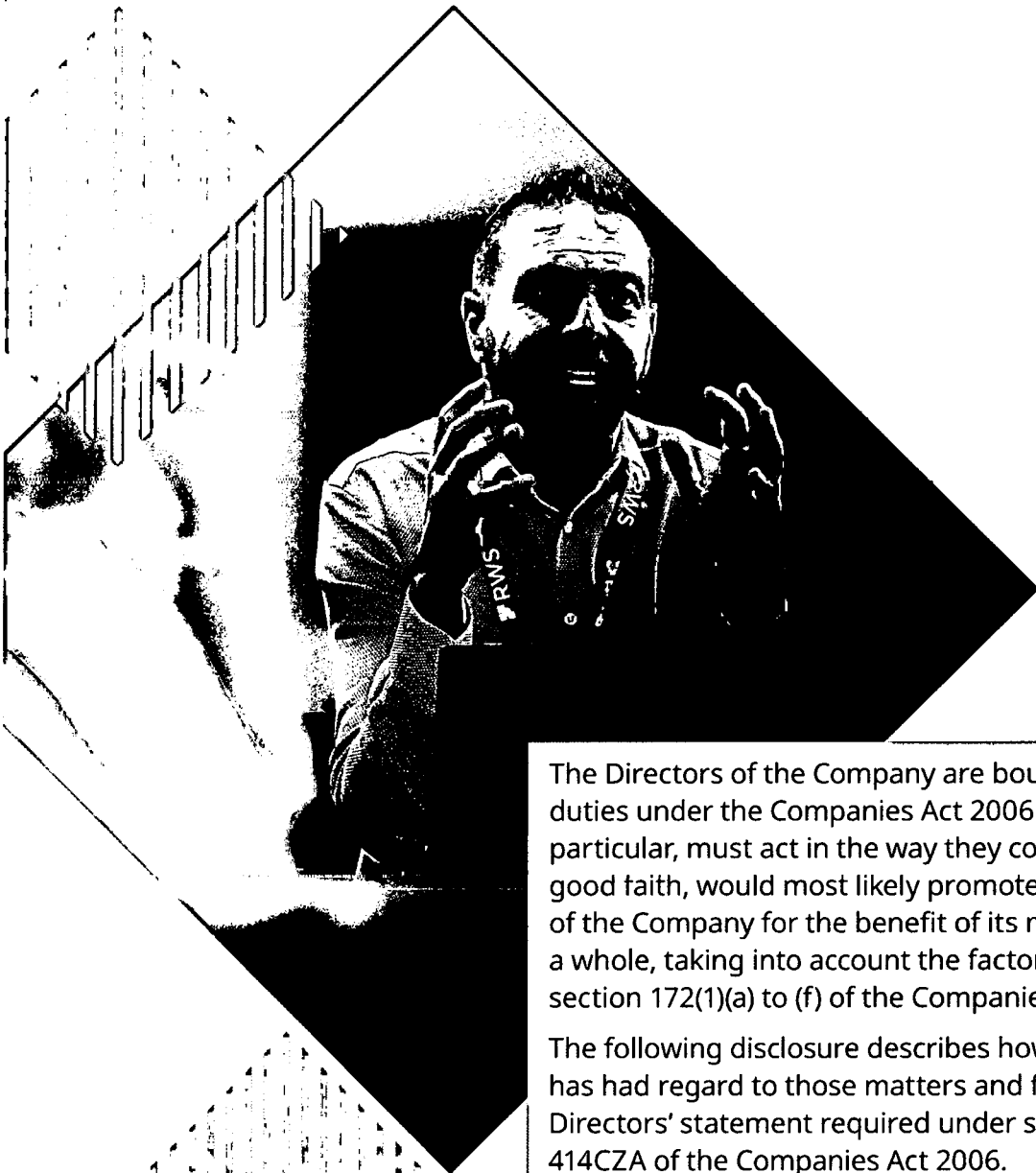


■ PROJECTED TARGET — ACTUAL





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 have explained how they have engaged with each group of stakeholders:

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



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. 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 leadership teams. The Board recognises that such delegation needs to be much more than simple financial authorities and it covers areas such as risk, ethics and new sector or country approaches.

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.

In addition to the methods of engagement described over the following pages, 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 senior management on a range of matters including:
 - Strategy
 - Financial
 - Treasury and tax matters
 - Approach to ESG
 - Health, safety and well-being
 - Assurance and controls
 - Risk, ethics and compliance
 - 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
 - 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 Covid-19 developments, trading updates, bids 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 a 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 bids, acquisitions, refinancing, share buybacks, 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 and Remuneration Committee agenda items, as described later in this report on pages 80 to 83 and 84 to 91 respectively.
- Feedback from colleagues through responses to the annual RWS engagement survey. More details are provided on this below.
- A focused approach to client engagement through both face-to-face visits with our significant enterprise clients, and the addition of '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.



Section 172 Statement (continued)

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 pandemics
- 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

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.

In March 2022, we held a Capital Markets Day (CMD) event. It was attended by the Chairman, 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 provide an update and greater insight into the Group's strategy, business operations, and financial performance, as well as demonstrations of some of the Group's technology products.

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.

The AGM provides the Board with an opportunity to communicate with private and institutional investors. Due to the Covid-19 restrictions in place in the UK at the time of the 2022 AGM, the AGM again took place as a closed meeting. Although it was not possible for the Board to meet with our shareholders in person at the 2022 AGM, all shareholders were invited to submit questions to the Board via email prior to the meeting.

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 92 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.

Through our annual Group-wide engagement survey, we know that our colleagues are happy working with RWS and would recommend RWS as a great place to work.

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, International Men's Day, Happy World Wellbeing Week, Earth Day 2022 and International Translation Day. 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. Each has their own Employee Resource Group to provide feedback into the Group diversity and inclusion plans and support initiatives that are bespoke to their pillar. An Executive Team member and HR leader co-sponsor each pillar to ensure appropriate organisational prioritisation and influence:

- | | |
|-------------|-----------------------------|
| ▷ Culture | ▷ Persons with disabilities |
| ▷ Ethnicity | ▷ Well-being |
| ▷ LGBT+ | ▷ Women at RWS |

RWS has rolled out 'My Learning Experience' ("MyLX") across the Group, demonstrating our commitment to building a culture of continuous learning. This is a learning management system, powered by Skillssoft, which will enhance everyone's development so that they can flourish and help the Company to realise its full potential. MyLX offers thousands of tailor-made online courses.

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.

Further relevant details are referred to elsewhere in this report:

Voice of the customer programme on page 19.

Principal Risks and Uncertainties on pages 44 to 47, in particular the significant failure of a business-critical partner or supplier.

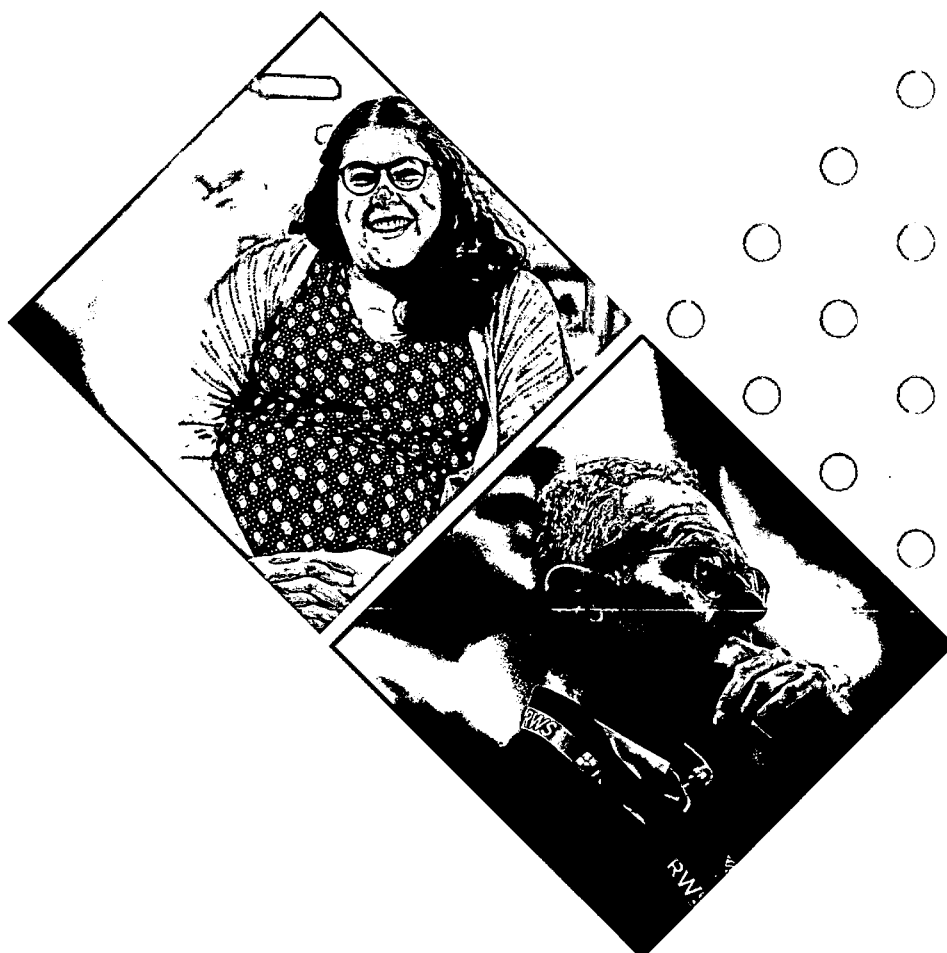
OUR COMMUNITIES

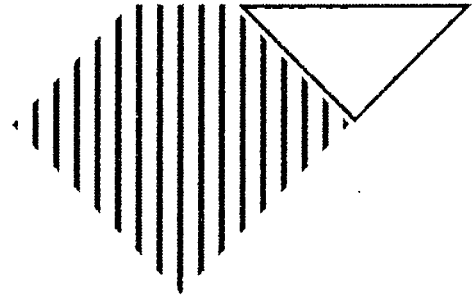
Our communities comprise those living and working in close proximity to our operations, and those who represent the needs of the communities we operate in, including charities, schools and universities. Operating amongst and on behalf of our communities, we strive to maintain a deep understanding of 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.

The RWS Foundation's Ukraine Appeal raised £34,436 from colleague donations and donated an additional £15,000 to the International Committee of the Red Cross. The RWS Foundation also made further donations of £10,000 each to the UNHCR, the UN's Refugee Agency, and to UNICEF, the UN's Children's Fund.

Further relevant details are referred to elsewhere in this report:

ESG Social Community section on pages 33 to 34.





Section 172 Statement (continued)

OUR ENVIRONMENT

We are committed to the continual reduction of our global carbon footprint. To enable us to set science-based targets, we moved to a new web-based platform to better facilitate the tracking and measurement of carbon emissions, and will use the data gathered in FY22 as the baseline for future improvement. We also launched our Sustainable Procurement Policy and rolled out the supporting action plan across the Group during the year.

The CEO has overall responsibility for all climate-related issues and the CFO is responsible for managing climate-related risks across the Group.

Bi-annually, climate-related issues are presented and considered by the Board.

Further relevant details are referred to elsewhere in this report:

ESG Environment section on pages 28 to 31.



DECISION MAKING IN PRACTICE

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 Netherlands-based Fonto in March 2022 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.

ESG

The CEO receives information on corporate sustainability performance, assesses future risks and opportunities, develops our strategy in this area, and is responsible for disseminating this to all colleagues. The Head of ESG and Sustainability reports directly to the CEO.

Sustainability was a core consideration in the development of the Group's medium-term growth strategy and purpose. RWS was part of the United Nations Global Compact Initiative's Early Adopter programme and our Communications on Progress ("CoP") report was published in June this year using this new framework.

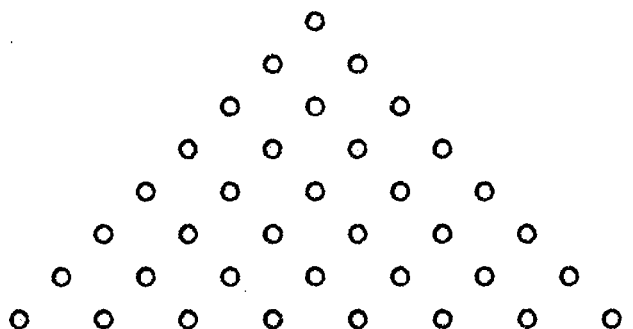
RWS's Agile Work Practices policy is currently being implemented and will provide colleagues with options for balancing their work and personal life, and in support of improved productivity. These options include the ability to job-share, start and finish at different times, and even work from varying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

In Spring 2022 we launched a Group-wide company Code of Conduct, along with associated training, and have implemented an annual compliance declaration. A copy of the Code of Conduct is available on the Company website.

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 security training and receive frequent security awareness communications to ensure security is embedded in everyday activity.





Strategy

Shareholders, clients, colleagues, suppliers, community and the environment are both critical and central to any meaningful discussion on strategy. Our stakeholders were fully considered in the development of the Group's accelerated growth plan, which was launched at the CMD. The Company's senior leadership team were involved in its development. ESG is increasingly centred in our operational decisions and a regular component of internal operational reviews.

During the year the Board initiated a project to identify Group values. All colleagues were invited to participate in an online survey to help shape what the RWS values should be. Our new RWS values were launched in April 2022 and are "We partner, we pioneer, we progress, we deliver". These values encompass how we should think, act and behave to fulfil our purpose – unlocking global understanding. The values will be embedded across all areas of our organisation to enable us to live and breathe them, and will provide the foundations on which to build our One RWS culture.

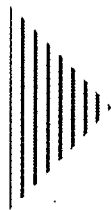
Our strategy requires that our commercial functions are clearly aligned to client segments with differing needs. Our sales and our account management teams have clarity on our clients' needs. There is a strong link between the commercial organisations and the CEO, with the leaders of our four divisions reporting directly to the CEO.

Our colleagues are key to our growth, and we seek to build an inclusive culture where everyone is welcomed and inspired to fulfil their potential. To execute on our strategy with speed and precision, we are creating a culture where we can adapt and react quickly to evolving circumstances. It is our continued investment in our colleagues, who are inspired to perform at their very best, that will enable our success.

Ian El-Mokadem
CHIEF EXECUTIVE OFFICER

14 December 2022





Corporate Governance Statement



RWS continued to evolve rapidly during FY22, with the development and launch of its medium-term accelerated growth strategy, new values and purpose, further development of its Board and Executive Team, and completion of the integration of SDL.

A flexible working policy was introduced for our colleagues, with the dynamic workplace enabling the Group to meet client expectations and deliver a good trading performance, while maintaining RWS's strong balance sheet.

OUR STAKEHOLDERS

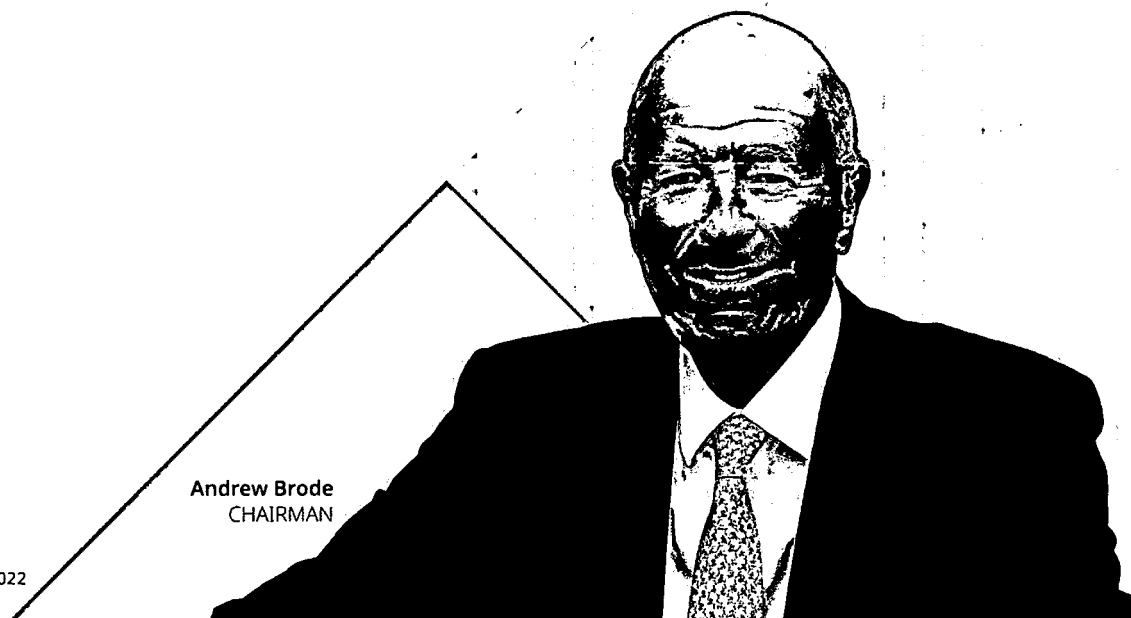
The Board is committed to enhancing engagement with all of our stakeholders. In FY22, we continued to provide an excellent service to our clients. Our corporate sustainability policy encompasses the way that we do business and interact with our colleagues, our clients, our suppliers, our communities and the environment around us.

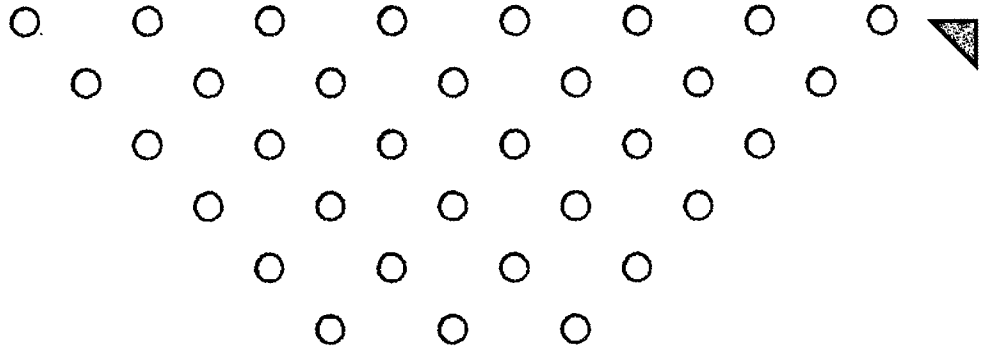
In spring 2022, we launched a Group-wide company Code of Conduct, along with associated training, and have implemented an annual compliance declaration.

We sustained our track record of paying regular dividends to shareholders. This is the 19th year in succession that we have increased the dividend.

We describe on pages 77 to 79 how the Board engaged with each of our key stakeholders during FY22.

Andrew Brode
CHAIRMAN





STRATEGY

We have developed our Accelerated Growth Plan for the next five years. It recognises 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 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.

The Group also undertook its second Group-wide colleague engagement survey in September this year. We had an excellent response rate of 85% (6,639 participants) (2021: 81%), which gives us confidence that the feedback we received through the survey is statistically valid and fully representative. The questions covered 14 areas to provide a comprehensive picture of our colleagues' experience across areas such as strategy and values; growth and development; performance and reward; trust and respect; ESG; innovation and process; teamwork and collaboration; health and well-being; communications and change management; inclusion; engagement; and intention to stay. The survey was translated into 12 languages by our in-house Language eXperience Delivery teams. We also utilised our machine translation technology, Language Weaver, to back translate comments from two free-text questions into English.

The Group engagement score was 69%. This is 3% lower than the global benchmark¹ for businesses of our type and provides a helpful baseline from which to improve (there was no overall engagement score for the 2021 survey, so we are not able to compare year-on-year change). The survey data has given us helpful insights into demographic differences across geography, tenure, seniority and area of the business that colleagues work in. This will enable us to ensure that actions are appropriately targeted to drive meaningful improvements.

We were particularly encouraged by colleagues' feedback in respect of the positive team climate promoted by strong team management. Our people trust their managers, believe they care about their well-being, and help to remove barriers to working effectively. Collaboration within immediate teams is strong. These elements scored above high-performing benchmark levels and are key factors that colleagues value most at

RWS. People are clear about what is expected of them and have opportunities to use their skills and abilities. RWS's diverse culture is appreciated and people feel respected. It is also clear that colleagues feel safe while working in RWS offices and are able to work productively through agile and remote practices.

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.

LEADERSHIP

At RWS, the Chairman and CEO roles are separate. As Chairman, I lead the Board and have overall responsibility for corporate governance and promoting the values of the Group, both internally to colleagues and externally to the broader stakeholder group. I am 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. I am also involved in the evaluation of potential acquisition targets that fit within prescribed selective criteria, to further grow the Group. All of the day-to-day operations of the Group are managed by the CEO.

As part of our commitment to high standards of governance, the Board recognises the importance of having non-executive directors who are independent in character and judgement, and free from relationships that may affect, or could appear to affect their judgement.

As at 30 September 2022, the Board comprised myself as Chairman, alongside two Executive Directors, Ian El-Mokadem and Rod Day, and five Non-Executive Directors, who are Lara Boro, David Clayton, Frances Earl, Julie Southern and Gordon Stuart.

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

In April 2022, Desmond Glass stood down from the position of Chief Financial Officer to take up a position as CFO of a privately held business in a different industry. We thank Desmond for his strong contribution to the business during his more than four years in the role of CFO. Most recently, Desmond played a significant role in the successful execution of the SDL acquisition and integration, which is now complete and firmly positions the Group for further growth and value creation. We wish him well in his new role.

¹ Qualtrics Global Benchmark



Corporate Governance Statement (continued)

Rod Day joined RWS in January 2022 and was appointed as Interim Chief Financial Officer in April 2022. Rod has over thirty years of senior finance, leadership and strategy experience, primarily in the business services, online and retail sectors, including serving as Group CFO of Iron Mountain Inc., AOL Europe and Group Strategy Manager at Kingfisher Plc. More recently, Rod served as Interim Chief Financial Officer at Cobham Group and V.Group, where he oversaw global finance operations and M&A activity.

It was announced on 27 July 2022 that I intend to step down from my role as Chairman in October 2023, at which time I will become a Non-Executive Director. I remain fully committed to supporting the Board in driving the business forward and intend to remain a significant shareholder in the Group.

Julie Southern joined RWS as a Non-Executive Director in July 2022 and will be my successor as Non-Executive Chairman in October 2023. She brings a wealth of business and governance experience from her current Non-Executive Director roles. Julie is currently a Non-executive Director and Chair of the Audit committees at Rentokil Initial, Ocado, NXP Semiconductors and easyJet, where she is also Senior Independent Director.

Candida (Candy) Davies was appointed as Chief Financial Officer with effect from 3 October 2022. She will join the Board and the Group Executive Team. Candy was most recently Head of Finance for the Personal Health division of Royal Philips, the Dutch-headquartered health technology conglomerate, where she also supported the Group Innovation and Strategy function. She has considerable experience in commercial and operational leadership and played a key role in driving market innovation, new business models and solutions to support enhancing patient and consumer experience, improving health outcomes, and driving sustainable performance. Prior to this she spent eight years at Reckitt Benckiser, latterly as European Finance Director for the Hygiene and Home Business Unit, having previously been Senior Vice President and Corporate Controller for the Group. Earlier in her career, she spent twelve years with Eli Lilly & Co, having gained chartered accountant status at KPMG.

Following Candy Davies' appointment, Rod Day became Interim Deputy CFO and is completing a thorough handover before leaving RWS at the end of 2022.

Jane Hyde became our General Counsel and Company Secretary with effect from 3 October 2022. Jane, who will attend the Group's Board and Committee meetings, will focus on strengthening the Group's legal, governance, and compliance approach, and will develop RWS's company secretarial and risk management capabilities to support the achievement of our growth strategy ambitions. Jane was previously the General Counsel and

Company Secretary of De La Rue plc, overseeing all legal and corporate governance matters, business ethics and risk management.

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 corporate 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.

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

BOARD EVALUATION

We completed a formal independent review of the Board in FY22, with questionnaires to all Board members reviewed by our consultants and recommendations given on 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

Sustainability is a key area of focus for the Group. 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 have for the first time published a separate sustainability report for FY22.





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 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 work place.

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 37.5% female, 62.5% male at the beginning of the year, but at year end (and as 1 October 2022) the split is 44.4% female and 55.6% male. Females made up 20% of our Executive Team at the beginning of the year but at the year end (and as of 1 October 2022), females comprise 33% 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 an 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

Due to the constraints of the Covid-19 pandemic, the 2022 AGM was held as a hybrid meeting. Shareholders (and their proxies) were only permitted to attend the AGM via a virtual meeting facility and not permitted to physically attend.

The 2023 AGM will be held on 22 February 2023, at CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF. 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 all shareholders and look forward to meeting with some of them at the AGM. I would be delighted to answer any questions that shareholders may have.

Andrew Brode
CHAIRMAN

14 December 2022





Board of Directors

As of 30 September 2022 the Board comprises the Chairman, Andrew Brode, alongside two Executive Directors, Ian El-Mokadem and Rod Day, and five Non-Executive Directors, including Lara Boro, David Clayton, Frances Earl, Julie Southern and Gordon Stuart.

ANDREW BRODE

Chairman

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

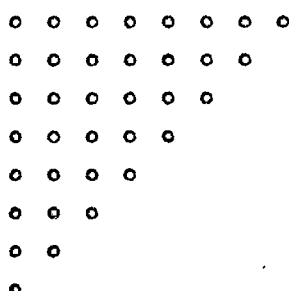


IAN EL-MOKADEM

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.



ROD DAY

Interim Chief Financial Officer

Rod joined RWS in January 2022 and was appointed as Chief Financial Officer in April 2022 on an interim basis.

Rod has over thirty years of senior finance, leadership and strategy experience primarily in the business services, online and retail sectors, including serving as Group Chief Financial Officer of Iron Mountain Inc., AOL Europe and Group Strategy Manager at Kingfisher Plc. More recently, Rod served as Interim Chief Financial Officer at Cobham Group and V.Group, where he oversaw global finance operations and M&A activity.



LARA BORO

Senior Independent Non-Executive Director

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.



DAVID CLAYTON

Non-Executive Director

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 Chairman of the Board of Trustees of the charity Changing Faces. David is also on the boards of FCS (UK) Limited, Solar Archive Ltd, Albora Technologies Ltd and a trustee of Changing Faces and Dixons Academies Charitable Trust Ltd.



Board of Directors (continued)

FRANCES EARL

Non-Executive Director

Frances has been a Non-Executive Director of RWS since 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.



JULIE SOUTHERN

Non-Executive Director

Julie joined RWS as a Non-Executive Director in July 2022, and will succeed Andrew Brode as Non-Executive Chairman in October 2023.

She has significant Board experience and is currently a Non-Executive Director and Chair of the Audit committees at Rentokil Initial, Ocado, NXP Semiconductors and easyJet, where she is also Senior Independent Director. Julie will retire from the Board of easyJet at its next AGM in February 2023. She has also previously held non-executive director positions at 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.



GORDON STUART

Non-Executive Director

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 Group Finance Director of 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 Chair of the Audit Committee.





Candida (Candy) Davies was appointed to the role of Chief Financial Officer and joined the Board of RWS on 3 October 2022. On the same day Rod Day was appointed Interim Deputy Chief Financial Officer, and will continue as a member of the Board until 31 December when, as planned, he will leave the Group.

Board of Directors

Andrew Brode Chairman



Ian El-Mokadem

Rod Day

Lara Boro

David Clayton

Frances Earl

Julie Southern

Gordon Stuart

Audit Committee

Gordon Stuart Committee Chair



Julie Southern

David Clayton

Frances Earl

Remuneration Committee

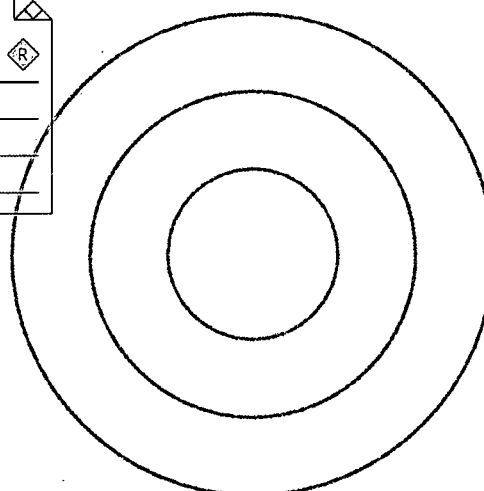
Frances Earl Committee Chair



Lara Boro

David Clayton

Gordon Stuart



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 7,500 colleagues across 33 countries and 72 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 and CFO as Executive Directors, the Chairman and four Non-Executive Directors until 27 July 2022 when Julie Southern was appointed, bringing the number of Non-Executive Directors to five. The Executive Directors have direct responsibility for business operations, whilst the independent Non-Executive Directors have a responsibility to bring independent, objective judgement to bear on Board decisions. The CFO, Desmond Glass, stepped down in April 2022 and was replaced on an interim basis by Rod Day. Candida (Candy) Davies was appointed as Chief Financial Officer with effect from 3 October 2022.

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

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

A summary of the relevant experience of each of the Directors can be found on pages 70 to 72.

EXECUTIVE ROLES AND RESPONSIBILITIES

The Chairman, Andrew Brode, leads and chairs the Board. Further details of the Chairman's role can be found in the Chairman's corporate governance introduction on page 66.

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

During FY22 Desmond Glass was CFO until April 2022, when he stepped down and was replaced on an interim basis by Rod Day. The CFO is responsible for shaping and executing the financial strategy of the Group. In this role he also supports the Group's investor relations programme and corporate development efforts. The CFO also has responsibility for identifying the broad market-related risks and collating specific potential risks from the

members of the Executive Team for further assessment via the established risk management framework. Due to his prior relevant experience, Desmond Glass also served as Company Secretary and was charged with ensuring the delivery of clear and accurate management information to the Board to allow for timely deliberation and subsequent communication of agreed actions. In April 2022, Desmond stepped down and Rod Day took on the role of CFO on an interim basis and Christopher Lewey was appointed as Acting Company Secretary. On 3 October 2022, Candida (Candy) Davies was appointed as Chief Financial Officer and Jane Hyde became our General Counsel and Company Secretary.

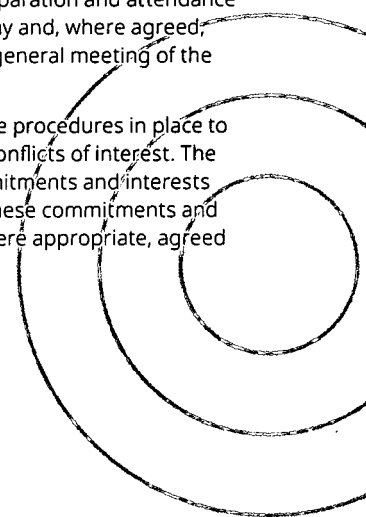
BOARD COMMITMENTS

The Board held ten scheduled board meetings in the year. The Board is tasked with developing the overall structure and direction of the business, ensuring that appropriate delegations of authority are communicated throughout the Group, monitoring Executive Director performance, reviewing the monthly operational and financial performance of the Group and formally approving the annual budget and audited financial statements of the Group. The Board also reviews and approves the formal risk register presented by the CFO bi-annually. Various members of the Group's 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 have responsibility to ensure that all Directors receive relevant Board papers in a timely fashion in order to facilitate a full and effective discussion of matters during Board meetings.

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

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



Corporate Governance Report (continued)

KEY BOARD ACTIONS DURING THE YEAR

- Review and approval of the acquisition of Liones Holdings B.V., whose flagship product, Fonto, is the leading cloud native, data-driven authoring solution for mission-critical documents.
- Approval of the appointment of the new Non-Executive Director, Julie Southern
- Review and approval of the proposed budget and business plan for FY23
- Ensuring that ESG initiatives are woven into divisional and group management policies
- Driving synergies from SDL acquisition, including real estate rationalisation
- Review and approval of the RWS Growth Model as announced on our Capital Markets Day in March 2022 and associated RWS values
- Review of Group-wide 'voice of the customer' marketing programme
- Review of continued compliance with the QCA Corporate Governance Code
- Conduct bi-annual review and approval of Group risk register by the Board
- Undertook a number of divisional and functional reviews
- Review of succession planning
- Interview and appointment of an interim CFO
- Interview and appointment of a new CFO, Candida Davies and a new General Counsel and Company Secretary, Jane Hyde.

An effective Board is critical to the success of RWS. In order to ensure that the Board continues to operate as efficiently as possible, the Board commissioned an independent appraisal of the Board's capabilities, to confirm that the Board is capable and effective in undertaking its responsibilities and duties. The Board has committed to continue to seek independent reviews to ensure its ongoing effectiveness.

The 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company's Annual General Meeting (AGM) will be held on 22 February 2023.

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

INTERNAL CONTROLS AND RISK MANAGEMENT

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

The Directors believe that the Group has internal control systems in place appropriate to the size and nature of the business. The key elements are: 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, bi-annually, 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 on an annual basis.

Board Meetings

	Eligible to attend	Attended
Andrew Brode	10	10
Ian El-Mokadem	10	10
Desmond Glass	5	5
Rod Day	7	7
David Clayton	10	10
Frances Earl	10	10
Gordon Stuart	10	10
Julie Southern	2	2
Lara Boro	10	10



OUR GOVERNANCE MODEL

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

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 FY22, the Board and Executive Team held several meetings specifically focusing on the Group's strategic plan and five-year plan for creating value for the Group. Any significant business decision is taken with reference to the five-year 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. > See Strategy and Growth on pages 12 to 15.
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 93 of the Directors' Report for our statement on Fostering good relationships with our shareholders and other stakeholders. > In March 2022, we held a Capital Markets Day for the major investors to enable them to learn more about our strategy and plans for accelerating growth.
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	> The Board has identified the main stakeholders in the business as its shareholders, 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 25-26 and 60-65 of the Strategic Report and pages 66 to 69 of the Corporate Governance Report.



Corporate Governance Report (continued)

Deliver Growth	Principle	Compliance
		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 69% in the FY22 survey (the basis of this year's survey was changed from the FY21 survey, so no direct comparison is possible) (see page 22). > We have held consultations with thousands of our colleagues to find those common traits that are most closely associated with doing a great job for our clients. The result is 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 new 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 the global pandemics and in countries experiencing war. > The Board has established active Employee Resource Groups to discuss how we can foster culture, diversity and inclusion and environmental impacts in the work place. 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' 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. Community > The Group supports local organisations through its community initiatives and donations. Our RWS Foundation's Ukraine Appeal raised £34,436 from colleague donations and donated an additional £15,000 to the International Committee of the Red Cross. The RWS Foundation also made further donations of £10,000 each to the UNHCR, the UN's Refugee Agency, and to 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.
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 CFO is responsible for reviewing the risks and reports to the Board bi-annually on these as well as new risks, and the processes to mitigate and contain them. > Whilst the CFO is responsible for risk, all Board and Executive Team members are also empowered to manage risk effectively. > See Principal Risks and Uncertainties on pages 44 to 47.



Deliver Growth	Principle	Compliance
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
5	Maintain the Board as a well-functioning, balanced team led by the Chairman	> As at 30 September 2022, the Board comprises the Chairman, Andrew Brode, alongside two Executive Directors, Ian El-Mokadem and Rod Day, and five Non-Executive Directors, who are Lara Boro, David Clayton, Frances Earl, Julie Southern and Gordon Stuart. Our Board works well, bringing together its wealth of experience on strategy, operations and financial matters. > Open communication, debate and thought leadership are encouraged and new proposals are challenged rigorously. > See Board of Directors pages 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. > 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. > 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. > During the review, initiatives and improvements are measured against those of the previous review. New and updated actions are agreed. > An individual evaluation was undertaken which took the form of a questionnaire and a summary of the results and feedback will be presented at a Board meeting. The results will be discussed and actions taken to improve in areas where required. > A formal independent review of Board effectiveness was undertaken during 2022. Input was received from all Directors and performance benchmarked against various criteria. The findings were subsequently discussed collectively. The review found that the Board is well run and that a great deal had been achieved during the previous 12 months. The review also provided an opportunity for the Board to consider how to continue to evolve to ensure it remains effective as the business progresses. > The Remuneration Committee evaluates the Executive Directors' performance alongside remuneration and reward. > With regards to financial performance, the Audit Committee meets with the auditors to review the plan for the year end audit, followed by a further meeting to review the results of the audit.
8	Promote a corporate culture that is based on ethical values and behaviours	> The Board is committed to providing an environment and opportunities that encourage and reinforce the corporate culture of the Group. > The Board is also committed to extending the values that it promotes to include all stakeholder groups. RWS's Corporate Sustainability Policy 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. > Each Board meeting is preceded by a clear agenda and relevant information is provided to Directors in advance of the meeting. > The Group has properly constituted Remuneration and Audit Committees of the Board with formally delegated duties and responsibilities. The Group website describes the terms of reference for the Committees. > In addition, various members of the Group's Executive Team are invited to certain Board meetings to report on their particular areas of responsibility. > See pages 74 to 76 of the Corporate Governance Report.
BUILD TRUST		
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	> We pride ourselves on having open communication with a range of stakeholders. > 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. > The work of the sub-committees is described in the Governance section of the Annual Report on pages 80 to 91. > The website includes historical announcements, copies of the Annual Report and copies of presentations made at half-year and full-year presentations.



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 FY22, the Committee has supported the Board on a number of significant governance matters relating to financial reporting, internal control and risk management.

The Committee monitors the Group's risk exposures including those in relation to changes in the external regulatory, economic and political environment. Further information on risk can be found on pages 44 to 47.

MEMBERSHIP AND ATTENDANCE

Committee members are independent Non-Executive Directors of the Company, with diverse skills and experiences. The Committee as a whole 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 current and past 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. Julia Southern joined the Committee upon becoming a Non-Executive Director in July 2022, further strengthening the Committee.

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. This is an increase from three meetings held in 2021.

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 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 Chair, 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 which are 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).

Gordon Stuart
AUDIT COMMITTEE CHAIR



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.

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 carry out internal audits through a third party. 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 2022, 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:

- Principal risks and uncertainties and the effectiveness of the risk management process.
- Accounting judgements and estimates and developments in financial reporting.
- Dividend planning.

Committee activity in the year ended 30 September 2022

	7 December 2021	29 March 2022	27 May 2022	2 August 2022	29 September 2022
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	-	-	-	-
Risk and control					
Risk register	-	x	-	-	x
Internal audit proposals	-	-	x	-	-
Other matters					
Affordability of proposed dividends	-	-	x	-	x

Audit Committee Report (continued)

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.

Acquisition accounting for Liones Holdings B.V. acquisition, including the valuation of goodwill and intangible assets

The Group acquired the entire share capital of Liones Holdings B.V. and its subsidiaries on 22 March 2022 for an initial consideration of €17.7m with an additional deferred consideration of €5m payable in two equal instalments on the first and second anniversaries of the transaction.

Acquired businesses give rise to material assets and liabilities at the point of acquisition that are based on estimates and judgements about future performance. The provisional recognition of goodwill, intangible assets, other assets and liabilities and estimates of the fair value of consideration transferred were based on a number of assumptions. Significant judgement is involved in assessing the relevant forecast and selecting the appropriate discount rates.

Management engaged with an external third party to provide assistance in the determination of the valuation of goodwill and intangible assets. The Committee has reviewed the acquisition accounting calculations and underlying estimates of this work and understood the key drivers and financial information used in their work.

The Committee considered the work management performed on the opening balance sheet and purchase price allocations and concurred with management's recommendation.

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 IAS38 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 as a minimum on a half yearly basis, and also when there is an indicator of impairment. Management prepared a paper which concluded that no indicators exist and that sufficient headroom exists within the Group's value in use models.

The Audit Committee reviewed this paper which included challenging the key assumptions: revenue growth rates, forecasting accuracy, cash flow projections and discount rates. The Group has not recognised any goodwill impairment in the current or prior year. See note 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. In particular 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 2022. The Audit Committee has reviewed the disclosures provided in the FY22 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 2022.

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 FY23 and the five-year plan and the impact on the Group's banking covenants.

After reviewing the Group's performance in 2022, 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 18 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. Risks are reviewed by the Executive Team and other delegated senior leadership committees 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 the 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.

Internal control and risk-related reviews carried out by the Committee during the year included reviewing 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.

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 the prior year, 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 meet 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 assess 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

In order 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 Chair. For the financial year ended 30 September 2022, the external auditor has provided £27k 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.

Gordon Stuart
AUDIT COMMITTEE CHAIR

14 December 2022





Directors' Remuneration Report



ANNUAL STATEMENT

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for FY22. This report is divided into three sections:

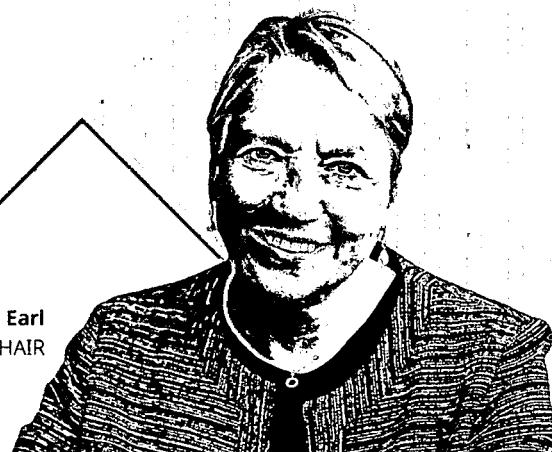
- This Annual Statement, which summarises the work of the Committee, remuneration outcomes in FY22, and how the Remuneration Policy will be operated for FY23.
- The Remuneration Policy Report, which summarises the Company's Remuneration Policy, which remains unchanged.
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented in the year ended 30 September 2022, and how the Policy will operate for the year ending 30 September 2023.

Committee Members & Attendance

Director	Role	Attendance
Frances Earl	Chair	3 out of 3
Lara Boro	Member	3 out of 3
David Clayton	Member	3 out of 3
Gordon Stuart	Member	3 out of 3

In addition, the Chairman, Chairman Designate, Chief Executive Officer, Chief Financial Officer, Chief People Officer and FIT Remuneration Consultants LLP (the Committee's independent advisor) may attend Committee meetings by invitation.

Frances Earl
REMUNERATION COMMITTEE CHAIR



COMMITTEE RESPONSIBILITIES

The Remuneration Committee is primarily responsible for reviewing the performance of the Executive Directors and determining their terms and conditions of service and their remuneration. The Committee also determines the remuneration of the Chairman and the members of the Executive Team. The Committee meets at least once a year. In FY22, it met three times.

ACTIVITIES DURING THE YEAR:

- Reviewed the FY21 Directors' Remuneration Report prior to its approval by the Board.
- Reviewed performance against the FY21 annual bonus plan targets and resulting awards and agreed the metrics and targets for the FY22 bonus plan.
- Reviewed and set targets for the FY22 LTIP awards and for legacy ESOP awards.
- Reviewed and approved updated terms of reference for the Remuneration Committee.
- Agreed the remuneration arrangements in respect of: (i) Des Glass stepping down from the Board as CFO in April 2022; (ii) Rod Day's appointment as Deputy Interim CFO from 10 January 2022 and subsequently Interim CFO effective 8 April 2022; and (iii) Candy Davies, who joined as CFO from 3 October 2022. Further details are set out in the Annual Report Remuneration section of this report.
- Reviewed the annual fees for the Chairman.

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 FY22. 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 FY22

Following a review of performance in respect of the FY22 annual bonus, the Committee determined that the Group's profit and revenue for the year ended 30 September 2022 were below threshold targets. After assessing performance against the personal and strategic targets, this resulted in a bonus of 23% of the maximum for Ian El-Mokadem and a bonus of 17% of the maximum for Des Glass (albeit pro-rated to his April leaving date) in line with his legacy contractual commitments. Rod Day was not eligible for an annual bonus as he is employed on an interim fixed-term contract.

In respect of the vesting of outstanding share awards, two thirds of the ESOP awards granted in May 2019 vested in May 2022, and two thirds of the ESOP awards granted in January 2020 will vest in January 2023. Details of the ESOP awards held by Des Glass (Ian El-Mokadem does not hold any ESOP awards) are set out in the Annual Report on Remuneration. No share awards were exercised by Executive Directors and therefore no gains were made on the exercise of share awards in the year ended 30 September 2022.

IMPLEMENTING THE REMUNERATION POLICY FOR FY23

In respect of the implementation of the Remuneration Policy for FY23:

- The CEO's base salary was increased by 3.5% from 1 October 2022 to £621,000. This was lower than the 3.7% increase awarded to the general UK workforce. The new CFO was appointed on a salary of £410,000 from 1 October 2022 which is broadly aligned to the salary of the previous CFO had he remained in post and received an increase from 1 October 2022. No changes were made to the Interim CFO's remuneration arrangements;
- No changes were made to benefits or the workforce aligned pension provision;
- Annual bonus will continue to be capped at 150% of base salary for the CEO and 125% of salary for the CFO with the majority based on sliding scale financial targets and a minority based on personal, strategic and ESG-related targets. Any bonus award greater than 100% of salary will normally be deferred into shares for three years;
- LTIP awards are expected to be granted during FY23 to the CEO and CFO over shares up to 200% and 175% of salary respectively. Performance targets will continue to be based on financial metrics (e.g. EPS growth and relative Total Shareholder Return). Details of the performance targets set by the Committee will be published in the RNS immediately after grant. While the Board has made significant progress on RWS's ESG proposition, the Committee will keep the introduction of ESG targets under review in respect of future LTIP awards.



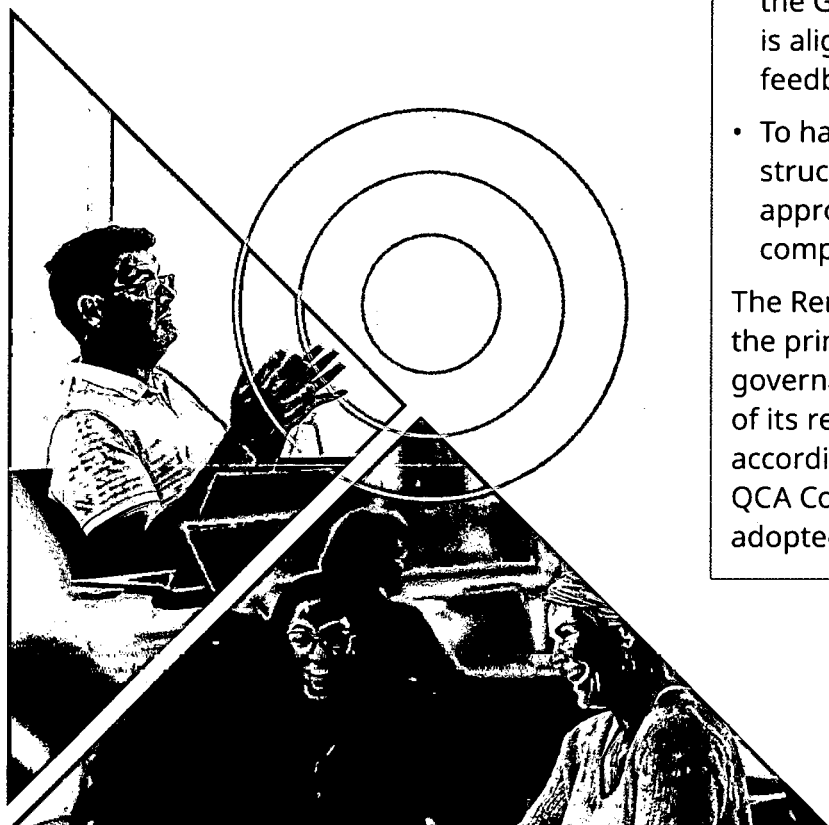
Directors' Remuneration Report (continued)

- Shareholding guidelines will continue to operate at 200% of salary for the CEO and 175% of salary for the CFO.
- The structure and quantum of non-executive director fees were reviewed by the Board excluding the non-executive directors in light of time commitments and best and market practice. Going forward, the non-executive director base fee will increase to £55,000 with an additional £10,000 payable for the SID role and an additional £10,000 payable for chairing a committee. No change was made to Andrew Brode's Chairman fee (£263,000), and Julie Southern's fee as Non-Executive Director was set at £150,000 from appointment, reflecting her experience and expected time commitment in the role.

As a Committee, we recognise the need to foster strong relations with our shareholders and encourage open dialogue. As such, the Chair 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
REMUNERATION COMMITTEE CHAIR

14 December 2022



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 a 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. Bonuses in excess of 100% of salary will be deferred into shares for three years.	150% of salary	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	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 proceeds of 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 chief executive.	Fees are reviewed annually taking into account the level of responsibility and 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 non-executive directors do not have service contracts. Their appointments will continue unless and until terminated by either party giving not less than 30 days' notice.

The service contract of the chairman continues unless and until terminated by either party giving at least six months' notice while 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. Whilst legacy RWS service contracts entitled leavers to a pro-rated annual bonus award, the CEO and CFO's service contracts contain best practice, market aligned, good leaver provisions in respect of annual bonus and LTIP awards. The date of the Chairman's service contract is 30 October 2003, and the service contract of Ian El-Mokadem and Candy Davies are dated 28 June 2021 and 4 July 2022 respectively.



Directors' Remuneration Report (continued)

ANNUAL REPORT ON REMUNERATION

IMPLEMENTATION OF THE POLICY FOR FY22

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	FY22 Total £000	FY21 Total £000
Andrew Brode	263	2	-	-	265	265
Ian El-Mokadem	600	-	30	206	836	129
Rod Day¹	320	-	-	-	320	-
Non-Executive Directors						
Lara Boro	50	-	-	-	50	50
Frances Earl	50	-	-	-	50	45
Gordon Stuart	50	-	-	-	50	45
David Clayton	50	-	-	-	50	45
Julie Southern²	27	-	-	-	27	-
Former Director						
Des Glass³	202	-	11	42	255	646
Total	1,612	2	41	248	1,903	1,225

¹ From 10 January 2022 (see Board Changes section) ² From 27 July 2022 (see Board Changes section) ³ To 8 April 2022 (see Board Changes section)

ANNUAL BONUS FOR FY22

Details of the annual bonus awards to Executive Directors for the year ended 30 September 2022 are as follows:

Financial Targets (75% of bonus)	Adjusted profit before tax (40%)	Revenue (35%)*
Threshold (start to earn)	£133.29m	£729.22m
On-Target	£140.30m	£767.60m
Maximum	£154.33m	£805.98m
Actual (for bonus purposes)	Below Threshold	Below Threshold
% of max payable	0%	0%
% of max payable	Total Financial	0%

*Adjusted profit before tax and revenue targets for bonus payments are stated at budgeted exchange rates. Although reported Adjusted profit before tax and revenues are above the bonus threshold level, when restated at budgeted exchange rates, they are below the threshold and accordingly no bonus is payable in respect of this element of the remuneration



Personal Objectives (25% of bonus)	Objectives	Committee Assessment	Committee Review	% of Max Payable
Ian El-Mokadem	Lead the development and implementation of the new Group strategy, purpose and values.	Achieved	Ian led the development of the new Group strategy, purpose and values and a successful Capital Market's Day ("CMD") in March 2022	92% on the basis that five out of six objectives were fully achieved and one objective was partially achieved
	Align organisation structure to strategy	Achieved	He led the strengthening of the Group Executive Team and aligned the organisation structure to the new strategy	
	Drive increased focus on organic growth	Achieved	He strengthened the systems and processes to drive the organic growth strategy for the Group moving forward	
	Lead the Group's M&A strategy	Partially Achieved	The Group's M&A priorities and screening criteria were clarified as part of CMD and Fonto acquisition	
	Complete a Group-wide succession planning exercise	Achieved	A Group-wide succession plan was completed	
	Lead the effective development and implementation of the Group's ESG strategy	Achieved	A new Code of Conduct was implemented, and a Carbon Reduction Plan and Sustainable Procurement Policy defined	
	Performance of all of our leaders is assessed in terms of both the actual results delivered and how the outcomes are delivered in line with our values and leadership behaviours			
Des Glass	Make an active contribution to the development and implementation of the new Group strategy, purpose and values	Achieved	Des actively contributed to and supported the delivery of the CMD	67% on the basis that two out of six objectives were fully achieved and four objectives were partially achieved, based on leaving date preventing completion of the full objective
	Improve the quality and timeliness of performance reporting	Partially Achieved	He made progress on improvements to the quality and timeliness of Board reporting, further work to be undertaken post strategy launch	
	Drive the Group's ERP initiative	Partially Achieved	He supported the definition and planning of the business case for the new ERP project	
	Strengthening the Group's finance, risk and assurance capabilities	Partially Achieved	He made progress on the Group's finance, risk and assurance capabilities in agreement with the Audit Committee	
	Recommend a new Delegations of Authority policy	Partially Achieved	The Board agreed a revised DOA policy	
	Contribute to the effective development and implementation of the Group's ESG strategy	Achieved	A new Code of Conduct was implemented, and a Carbon Reduction plan and Sustainable Procurement policy defined.	
	Performance of all of our leaders is assessed in terms of both the actual results delivered and how the outcomes are delivered in line with our values and leadership behaviours			

Based on the above, the annual bonus awards earned for the year ended 30 September 2022 were as follows:

	Financial	Personal	Total
Ian El-Mokadem (150% of salary maximum)	0% of max (0% of salary)	92% of max (34.5% of salary)	£206,325 out of a max of £900,000
Des Glass (125% of salary maximum)	0% of max (0% of salary)	67% of max (20.9% of salary)	£42,225 out of a max of £252,058*

* Reduced for time pro-rating given Des Glass stepped down from the Board on 8 April 2022.



Directors' Remuneration Report (continued)

SHARE AWARDS GRANTED IN THE YEAR

The following LTIP awards were granted to the Executive Directors in January 2022:

	Basis of award	Number of shares under award
Ian El-Mokadem	200% of salary	220,791

Des Glass did not receive a 2022 LTIP award given that he was serving notice at the time of grant. The awards have an exercise price of one penny per share and become exercisable after three years from the date of grant, subject to continued employment and the Company's earnings per share and Total Shareholder Return ("TSR") as follows:

50% of awards	Adjusted EPS targets for the year ending 30 September 2024: No vesting: 0% of this part of an award vests for 2024 Adjusted EPS of below 26.5 pence Threshold vesting: 25% of this part of an award vests for 2024 Adjusted EPS of 26.5 pence, increasing pro-rata to Maximum vesting: 100% of this part of an award vests for 2024 Adjusted EPS of 31 pence
50% of awards	Relative TSR commencing on the Grant Date and ending on 30 September 2024 as measured 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

BOARD CHANGES

Departure of Des Glass

As per the announcements on 29 December 2021 and 8 April 2022, Des Glass stepped down from the Board as CFO in April 2022 following an orderly handover of responsibilities. In respect of his departure, he:

- Received his normal salary, pension and benefits up to the date of cessation. No payments were made in respect of the remainder of his notice period.
- Received a pro-rated bonus of £42,225 for the year ended 30 September 2022, in line with his legacy contractual entitlements, which was payable at the normal payment date.
- Retained 113,977 market value options under the 2019 ESOP award which vested in May 2022 given that the normal vesting date was within his six-month notice period. These awards are subject to a two year post vesting holding period and will then be exercisable during a 6 month exercise window (with an exercise price of £6.01) after which point they will lapse. His 2020 ESOP, 2021 LTIP and SAYE awards lapsed at cessation.
- No other payments for loss of office were paid or are payable.

Appointment of Candy Davies

As per the announcement on 5 July 2022, Candy Davies was appointed CFO and joined the Board on 3 October 2022. Her remuneration package, which is consistent with the Group's recently reviewed Directors' Remuneration Policy, is as follows:

- Base salary: £410,000 p.a. This is c.3% higher than the salary of the previous CFO (assuming they would have received the 3.5% salary increase awarded to the CEO from 1 October 2022).
- Pension: 5% of salary (workforce aligned).
- Maximum annual bonus: 125% of salary, with any bonus award greater than 100% of salary normally deferred into shares for three years.
- LTIP award: Up to 175% of salary p.a.
- Share ownership guidelines: 175% of salary.

No relocation or buyout awards were payable.

Appointment of Rod Day

Rod Day was initially appointed as Deputy Interim CFO on 10 January 2022, and Interim CFO on 8 April 2022, and also became an interim member of the Board on this date. He became Interim Deputy CFO on 3 October 2022, when Candy Davies was appointed CFO. He was appointed on a fixed-term contract for a maximum period of 12 months to allow for the recruitment and integration of a new permanent CFO and his compensation was based on a market competitive day rate of £2,000 per day with no eligibility for an annual bonus or LTIP award.

Appointment of Julie Southern

As per the announcement on 27 July 2022, Julie Southern was appointed as a Non-Executive Director from this date. The appointment forms part of the Group's succession planning, with the intention that Julie takes up the role of Non-Executive Chairman in October 2023, at which time Andrew Brode will become a Non-Executive Director. Her annual fee on commencement, which reflects her experience and expected time commitment, was set at £150,000. It is envisaged that her fee from appointment as Chairman will be commensurate with the fee paid to Andrew Brode.

DIRECTORS' INTEREST IN SHARES

The interests of the Directors as at 30 September 2022 (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	-
Ian El-Mokadem	75,000
Lara Boro	5,050
Gordon Stuart	5,085
David Clayton	164,035
Frances Earl	-
Rod Day	-

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 2021	Granted	Lapsed	Exercised	30 Sept 2022	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
Des Glass	ESOP	13.05.19	113,977	-	-	-	113,977	601p	13.05.24	13.11.24
	ESOP	22.01.20	246,188	-	246,188*	-	-	615p	22.01.25	22.01.30
	LTIP	22.01.21	121,662	-	121,662*	-	-	1p	22.01.26	22.01.31

* Awards lapsed on cessation in April 2022 ESOP = Employee Share Option Plan (2019 and 2020 ESOP awards) LTIP = Long Term Incentive Plan Awards

The market price of the Company's shares at 30 September 2022 was 320 pence and the highest and lowest price in the year ended 30 September 2022 was 654 and 320 pence respectively.

SHARE AWARDS VESTING/EXERCISED IN THE YEAR

No share awards vested during the year ended 30 September 2022 and no share awards were exercised - i.e., no gains were made on the exercise of share awards in the year ended 30 September 2022.

Frances Earl

REMUNERATION COMMITTEE CHAIR

14 December 2022



Directors' Report

INTRODUCTION

The Directors present their Annual Report together with the audited consolidated financial statements for the year ended 30 September 2022.

Substantial shareholdings

As at 30 September 2022, the following were substantial shareholders:

Substantial shareholding	% holding
Andrew Brode	23.2
Liontrust Asset Management	11.7
Octopus Investments	4.5
RGM Capital	3.3

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.

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 23 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 9.5 pence per ordinary share (see note 10) to be paid on 24 February 2023 to shareholders on the register at 27 January 2023, which, together with the interim dividend of 2.25 pence paid in July 2022, results in a total dividend for the year of 11.75 pence (2021: 10.5 pence).

The final dividend will be reflected in the financial statements for the year ending 30 September 2023.

The proposed total dividend per share is 1.4 times (2021: 1.0 times) covered by basic earnings per share.

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.

GOING CONCERN ACCOUNTING BASIS

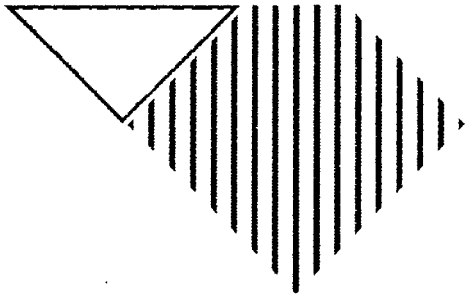
In assessing the basis of preparation of the financial statements for the year ended 30 September 2022, the Directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2014'; particularly in assessing the applicability of the going concern basis, the review period and disclosures. The period of assessment is the 18 months ending 31 March 2024.

As at 30 September 2022, the Group has net cash of £25.2m comprising the Group's US\$220m revolving credit facility ("RCF") (£29.3m drawn at year end) and lease liabilities of £46.7m, less cash and cash equivalents of £101.2m. On 3 August 2022, the Group refinanced the RCF in order to both increase the facility's term and size. The refinancing increased the RCF from US\$120.0 million to US\$220 million and the term expiry from February 2024 to August 2026 with a one-year extension option. The facility is provided by a consortium of banks, all of whom participated in the modified facility, together with 2 new lenders. At year end the Group's net leverage ratio (as defined by the RCF agreement) is -0.11x of EBITDA, while its interest coverage ratio (as defined by the RCF agreement) is 64.2 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 2024. 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 page 44 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 10% 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 2024. 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 2024 and therefore have prepared the financial statements on a going concern basis.

SUBSEQUENT EVENTS

There are no material post balance sheet events that require adjustment or disclosure in the Annual Report.

FINANCIAL INSTRUMENTS

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

DIRECTORS

Details of members of the Board 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 can be found on pages 74 to 76 of the Corporate Governance Report.

The interests of the Directors in shares during the year are set out on page 91 in the Directors' Remuneration Report.

DIRECTORS' INDEMNITIES

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

CORPORATE GOVERNANCE

Further information about the Audit and Remuneration Committees and details of the Company's remuneration policy are set out on pages 80 to 91.

EMPLOYMENT OF DISABLED PERSONS

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

EMPLOYEE INVOLVEMENT

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

FOSTERING GOOD RELATIONSHIPS

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



Directors' Report (continued)

POLITICAL DONATIONS

The Company made no political donations during the year ended 30 September 2022.

AUTHORITY TO ALLOT

Under section 549 of the Companies Act 2006, the Directors are prevented, subject to certain exceptions, from allotting shares in the Company or from granting rights to subscribe for or to convert any security into shares in the Company without the authority of the shareholders in General Meeting. At the 22 February 2022 Annual General Meeting, shareholders approved the issue of shares and grant rights up to an aggregate nominal value of £1,297,886 (representing, in accordance with the guidelines published by the Investment Association, approximately one third of the nominal value of the ordinary share capital of the Company in issue). The Directors' authority expires on the earlier of the conclusion of the 2023 Annual General Meeting of the Company, at which a resolution will be proposed for its renewal, or, if earlier, 22 May 2023.

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

STATUTORY PRE-EMPTION RIGHTS

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. The Board considers it desirable to have flexibility, as permitted by corporate governance guidelines, to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing Shareholders.

At the 22 February 2022 Annual General Meeting, shareholders approved the disapplication of these pre-emption rights by special resolution. These resolutions enabled the Directors to allot equity securities for cash without having to comply with statutory pre-emption rights, with the power being limited to allotments:

(a) allot shares of the Company in connection with a rights issue, or other pre-emptive offer to ordinary shareholders and to holders of other equity securities (if required by the rights of those securities or the Directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements; and

(b) up to an aggregate nominal amount of £194,683 (which represents approximately 5 per cent of the issued ordinary share capital of the Company as at the Latest Practicable Date; and

(c) in addition to the authority referred to in (b) above, up to an aggregate nominal amount of £194,683 (which represents approximately 5 per cent of the issued ordinary share capital of the Company as at the Latest Practicable Date) for use only for the purposes of financing or refinancing an acquisition or capital investment of the kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group.

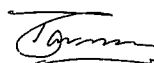
The Directors' authority will expire on the conclusion of the 2023 Annual General Meeting of the Company, at which a resolution will be proposed for its renewal, or, if earlier, 22 May 2023 and permits the Board to allot and issue shares (or sell shares from treasury) after expiry of the disapplication if it has agreed to do so beforehand.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

Ernst & Young LLP has expressed its willingness to continue in office and a resolution to reappoint them will be proposed at the 22 February 2023 AGM.

On behalf of the Board



Ian El-Mokadem
CHIEF EXECUTIVE OFFICER

14 December 2022



Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual report and the 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 and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group and the Parent Company for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies 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/ or 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

The Directors confirm, to the best of their knowledge:

- That the consolidated 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; and
- 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.

On behalf of the Board

Ian El-Mokadem
CHIEF EXECUTIVE OFFICER

14 December 2022



Independent Auditor's 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 2022 and of the Group's profit 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 2022 which comprise:

Group	Parent company
Consolidated statement of financial position as at 30 September 2022	Balance sheet as at 30 September 2022
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).

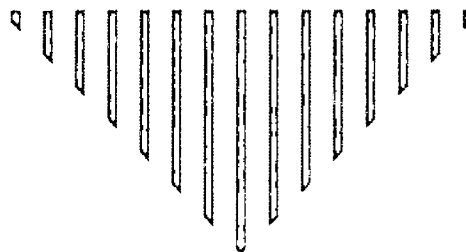
BASIS FOR OPINION

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 2024, 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, based on our own independent analysis, 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 adjusted operating profit for the Group continues to grow (2022: £138.5 million, 2021: £118.5 million) and the Group generates positive operating cashflows (2022: £127.5 million, 2021: £84.9 million). The Group has access to a committed revolving credit facility of \$220 million, which doesn't expire until 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 2024.

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 6 components. • The components where we performed full or specific audit procedures accounted for 74% of profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles, 87% of Revenue and 96% 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 £6.0m which represents 4.5% of Profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles.



Independent Auditor's Report to the Members of RWS Holdings 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 14 components covering entities within the UK, US, Czech Republic and EMEA which represent the principal business units within the Group.

Of the 14 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 6 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 72% (2021: 66%) of the Group's profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles, 87% (2021: 84%) of the Group's Revenue and 96% (2021: 87%) of the Group's Total assets. For the current year, the full scope components contributed 65% (2021: 53%) of the Group's profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles, 76% (2021: 74%) of the Group's Revenue and 94% (2021: 82%) of the Group's Total assets. The specific scope components contributed 7% (2021: 13%) of the Group's Profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles, 11% (2021: 10%) of the Group's Revenue and 2% (2021: 5%) 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 to perform specified procedures over certain aspects of capitalised development costs, as described in the Risk section above.

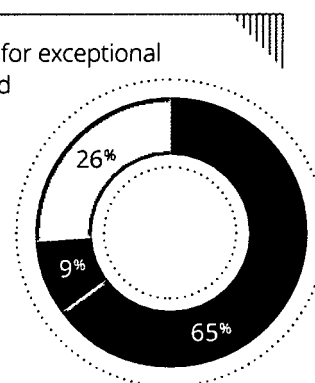
Of the remaining components that together represent 28% of the Group's Profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles, none are individually greater than 5% of the Group's Profit before tax adjusted for

exceptional items, 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 to respond to any potential risks of material misstatement to the Group financial statements. The Group audit team has also performed centralised testing over cash and cash equivalent balances for existence purposes in these review scope components.

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

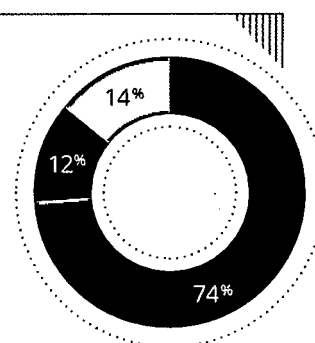
Profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles

- 65% Full scope components
- 9% Specific scope components
- 26% Other procedures



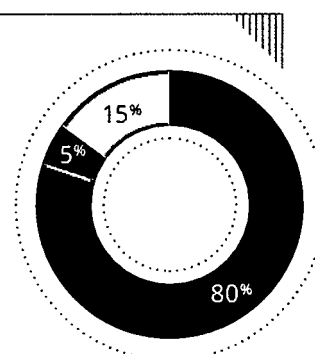
Revenue

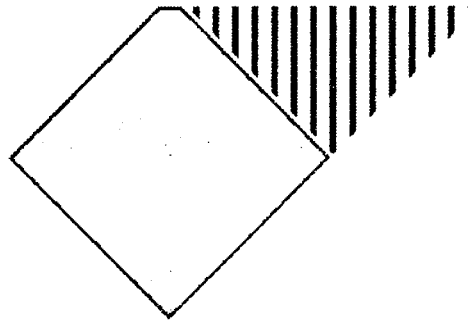
- 74% Full scope components
- 12% Specific scope components
- 14% Other procedures



Total assets

- 80% Full scope components
- 5% Specific scope components
- 15% Other procedures





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, a visit was undertaken by the primary audit team to the component

team in the Czech Republic. This involved a combination of site visit, review of the component team's audit work and meeting with business unit management. The primary team interacted regularly with the component teams 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

There has been increasing interest from stakeholders as to 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 page 46 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these 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.

As explained in Note 1, the impact of climate change 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, and ensuring that the effects of climate risks disclosed on page 52 do not have a material impact on the financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Whilst the Group have stated their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050, the Group is currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these financial statements.

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 Auditor's Report to the Members of RWS Holdings plc (continued)

Revenue recognition (2022: £749.2m, 2021: £694.5m)

Refer to the Audit Committee Report (page 82) and Note 3 of the Consolidated Financial Statements (page 116)

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.

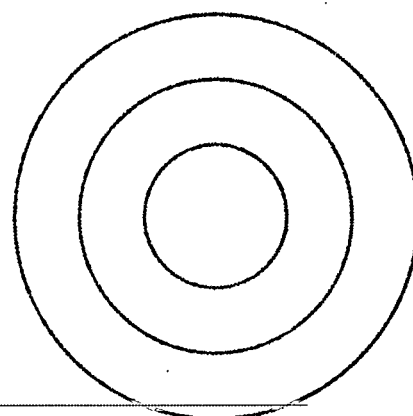
We obtained management's assessment of the determination of standalone selling price and validated this assessment to evidence obtained through our test of details above.

We performed full and specific scope audit procedures over this risk area in 4 locations, which covered 84% 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 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 (2022: £692.6m goodwill and £366.3m acquired intangibles, 2021: £615.8m goodwill and £351.6m acquired intangibles)

Refer to the Audit Committee Report (page 82); and Notes 12 and 13 of the Consolidated Financial Statements (page 127)

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. This included reviewing management assessment of the integration of CGU's resulting in the reduction in the number of CGU's identified against which goodwill is allocated and monitored, from 6 to 4.

We performed the following procedures for both the current and previous CGU allocation:

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 corroborated 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 relation to impairment made in the financial statements to confirm the adequacy of disclosure of the Group's impairment policy.

Our procedures covered 100% of the Goodwill and Acquired Intangibles risk amount.

Key observations communicated to the Audit Committee

Based on the final forecast cash flows and assumptions used, there is sufficient headroom across all CGUs. As a result of our independent assessment and calculation, we conclude that no impairments should be recorded as at 30 September 2022.



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

Capitalisation and impairment of development costs (2022: £22.6m, 2021: £19.7m)

Refer to the Note 13 of the Consolidated Financial Statements (page 129).

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 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 additional future economic benefit.

We performed analytical procedures, including comparison of capitalization and amortization to prior year and comparison of budgeted spend versus actuals.

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 and cash payments made where relevant. We also performed specific HR testing to validate salary information to supporting documentation.

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

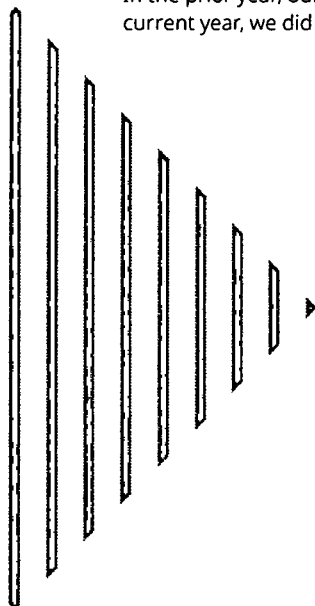
We assessed the impairment of assets in use and those still under development in accordance with IAS 36 by considering whether there were any indicators of impairment, including obsolescence of technology and changes to underlying business and market trends.

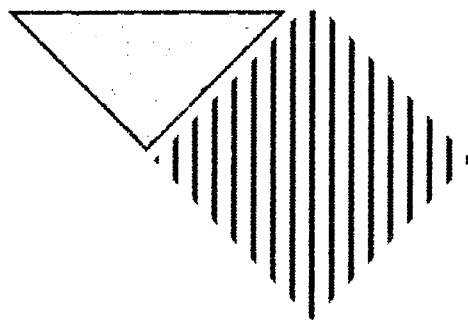
We performed full and specific scope audit procedures over this risk area in 3 locations, which covered 100% of the risk amount.

Key observations communicated to the Audit Committee

We concluded that development costs are appropriately capitalised under IAS 38 and that it is reasonable that no impairment has been recorded on these assets as at 30 September 2022.

In the prior year, our auditor's report included a key audit matter in relation to accounting for acquisition of SDL. In the current year, we did not identify this as a key audit matter due to the smaller quantum of acquisitions in the current year.





OUR APPLICATION OF MATERIALITY

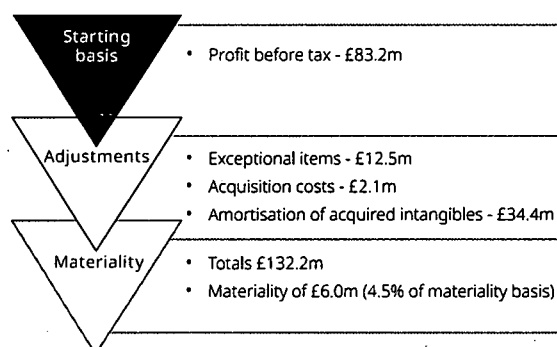
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

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 £6.0 million (2021: £5.0 million), which is 4.5% (2021: 4.3%) of Profit before tax adjusted for exceptional items, acquisition costs and amortisation of acquired intangibles. We believe that Profit before tax adjusted for exceptional items, 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 £9.3 million (2021: £9.3 million), which is 1.0% (2021: 1.0%) of total assets.



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% (2021: 50%) of our planning materiality, namely £3.0m (2021: £2.5m). 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 £1.3m (2021: £0.5m to £1.1m).

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 (2021: £0.25m), 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 Auditor's Report to the Members of RWS Holdings plc (continued)

Other information

The other information comprises the information included in the annual report set out on pages 1 to 162, 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 page 95 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

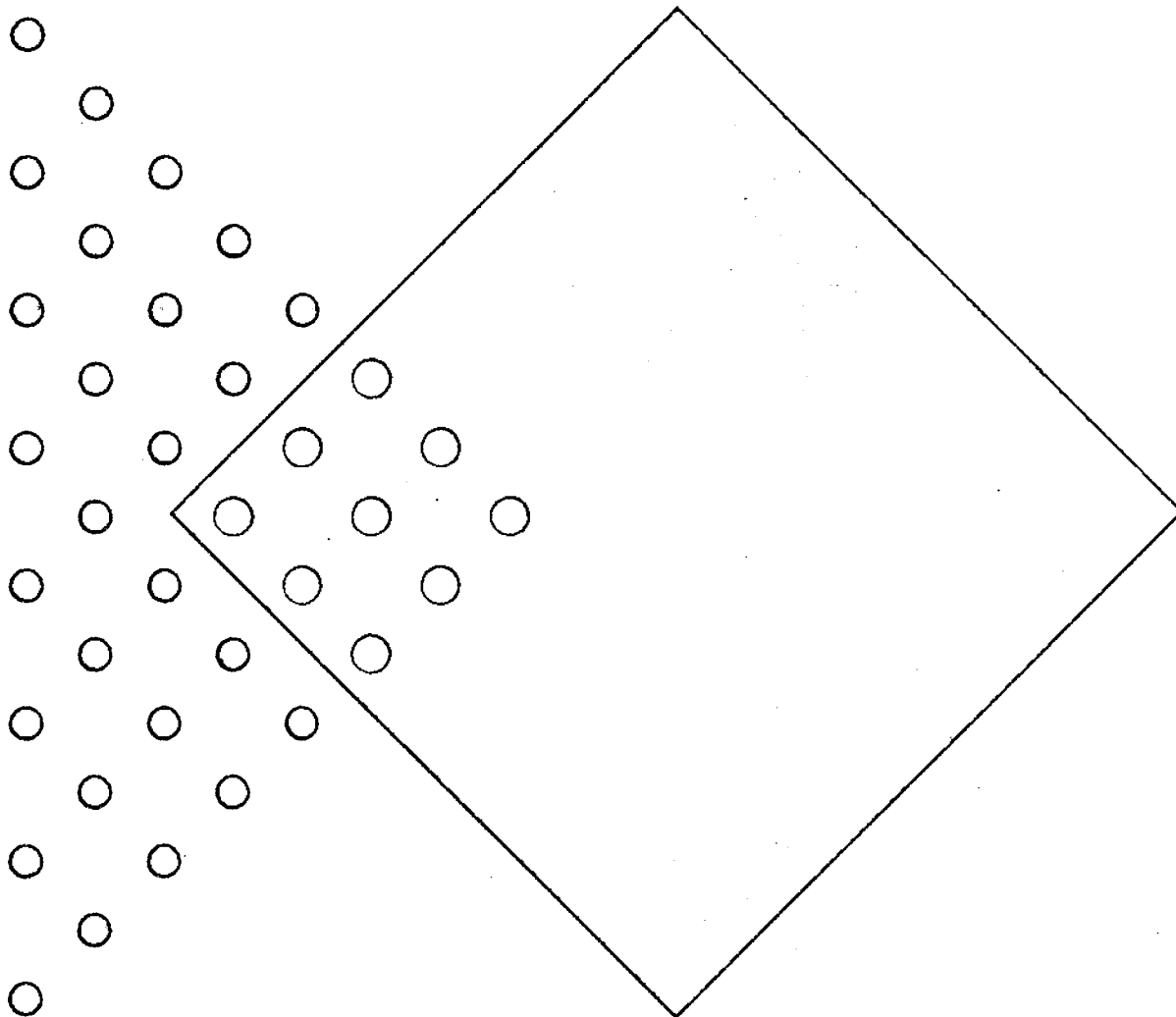
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other 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.

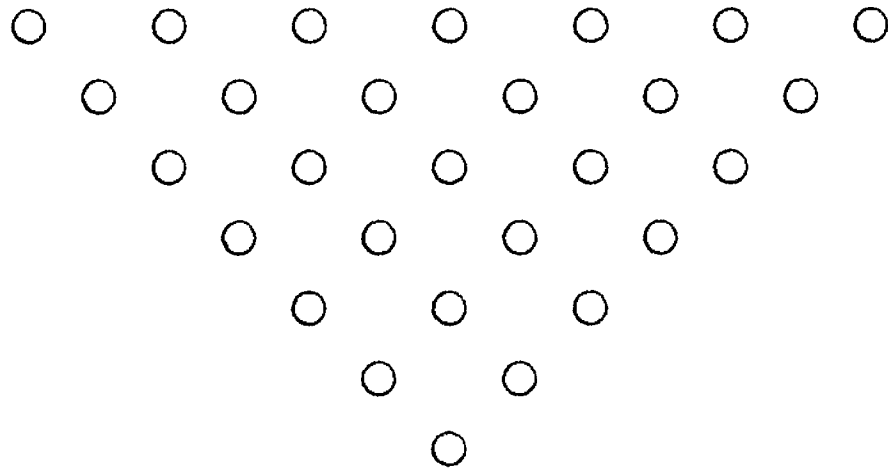
Ernst & Young LLP

Jose Yglesia
(SENIOR STATUTORY AUDITOR)

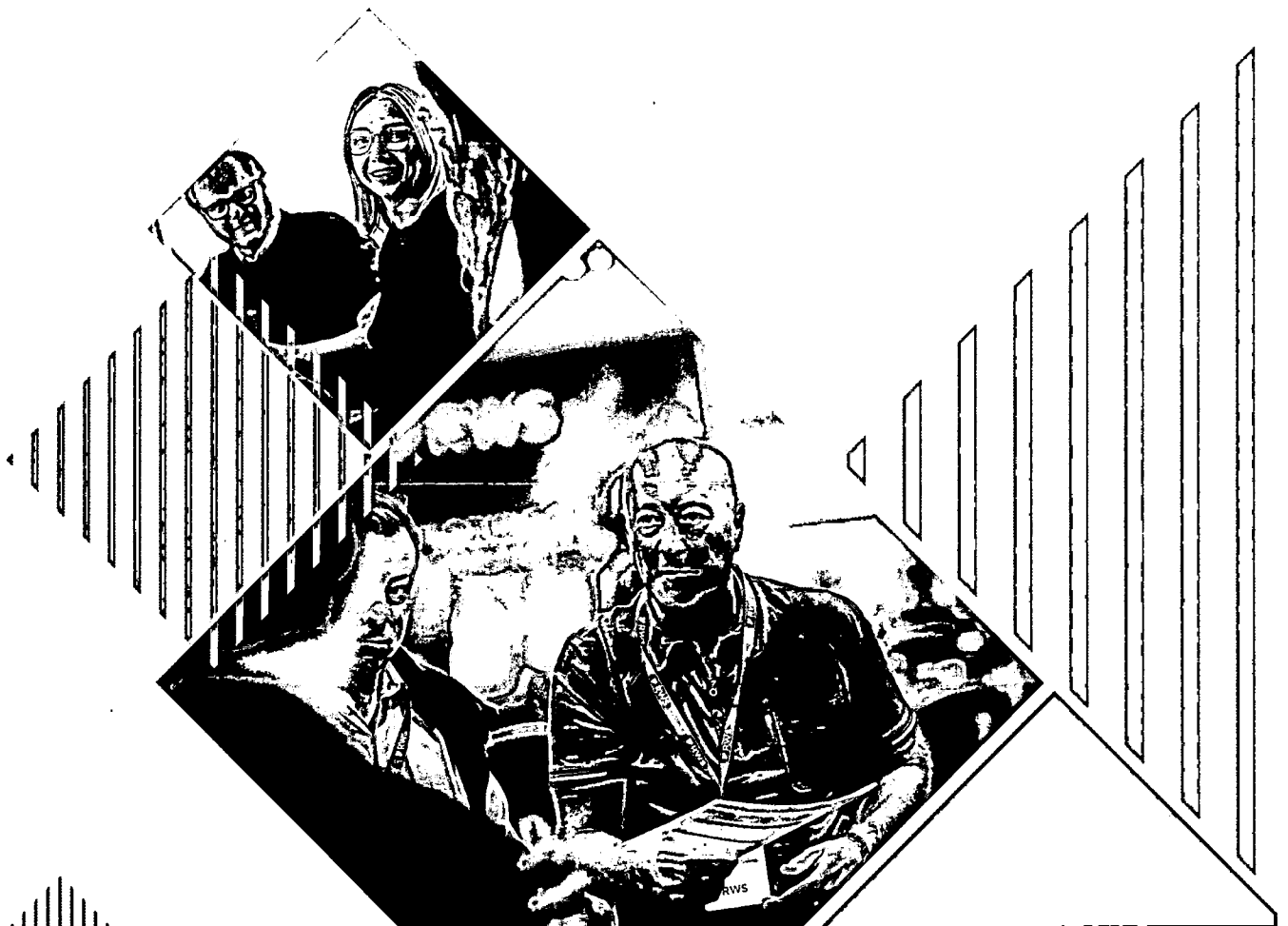
for and on behalf of Ernst & Young LLP, Statutory Auditor Reading

14 December 2022





Financial Statements





Consolidated Statement of Comprehensive Income

for the year ended 30 September 2022

	Note	2022 £m	2021 £m
Revenue	3	749.2	694.5
Cost of sales		(399.0)	(381.3)
Gross profit		350.2	313.2
Proceeds from warranty claim	6	-	1.2
Administrative expenses		(263.9)	(257.0)
Operating profit	5	86.3	57.4
Analysed as:			
Adjusted operating profit:		138.5	118.5
Amortisation of acquired intangibles	13	(34.4)	(34.4)
Acquisition costs		(2.1)	(11.2)
Share based payment expense	22	(3.2)	(1.4)
Exceptional items	6	(12.5)	(14.1)
Operating profit		86.3	57.4
Finance income	8	0.2	-
Amortisation of capitalised exceptional finance costs	6,8	(0.3)	(0.3)
Finance costs	8	(3.0)	(2.1)
Profit before tax		83.2	55.0
Taxation	9	(20.5)	(13.8)
Profit for the year attributable to the owners of the Parent		62.7	41.2
Other comprehensive income/ (expense)			
Items that may be reclassified to profit or loss:			
Gain/ (loss) on retranslation of quasi equity loans (net of deferred tax)		6.1	(0.6)
Gain/ (loss) on retranslation of foreign operations		107.3	(31.8)
(Loss)/ gain on hedging (net of deferred tax)		(6.7)	1.6
Total other comprehensive income/ (expense)		106.7	(30.8)
Total comprehensive income attributable to owners of the Parent		169.4	10.4
Basic earnings per ordinary share (pence per share)	11	16.1	10.9
Diluted earnings per ordinary share (pence per share)	11	16.0	10.9

The notes on pages 112 to 149 form part of these financial statements.



Consolidated Statement of Financial Position

as at 30 September 2022

	Note	2022 £m	2021 £m
Non-current assets			
Goodwill	12	692.6	615.8
Intangible assets	13	385.4	366.6
Property, plant and equipment	14	31.3	32.1
Right-of-use assets	18	39.0	42.4
Non-current income tax receivable		1.0	1.0
Deferred tax assets	9	1.1	1.5
		1,150.4	1,059.4
Current assets			
Trade and other receivables	15	220.5	191.8
Income tax receivable		4.2	3.5
Cash and cash equivalents	23	101.2	92.5
		325.9	287.8
Total assets		1,476.3	1,347.2
Current liabilities			
Trade and other payables	17	165.6	152.0
Lease liabilities	18	11.8	11.0
Foreign exchange derivatives	20	0.6	0.7
Income tax payable		22.7	22.1
Provisions	19	2.9	5.1
		203.6	190.9
Non-current liabilities			
Loans	16	29.3	47.2
Lease liabilities	18	34.9	40.5
Trade and other payables	17	3.5	2.4
Provisions	19	4.9	4.1
Deferred tax liabilities	9	58.4	51.2
		131.0	145.4
Total liabilities		334.6	336.3
Total net assets		1,141.7	1,010.9
Capital and reserves attributable to owners of the Parent			
Share capital	21	3.9	3.9
Share premium		54.4	54.2
Share based payment reserve		6.0	2.8
Reverse acquisition reserve		(8.5)	(8.5)
Merger reserve		624.4	624.4
Foreign currency reserve		95.9	(17.5)
Hedge reserve		(5.5)	1.2
Retained earnings		371.1	350.4
Total equity		1,141.7	1,010.9

The notes on pages 112 to 149 form part of these financial statements. The financial statements on pages 108 to 149 were approved by the Board of Directors and authorised for issue on 14 December 2022 and were signed on its behalf by:



Rod Day | INTERIM DEPUTY CHIEF FINANCIAL OFFICER





Consolidated Statement of Changes in Equity

for the year ended 30 September 2022

	Notes	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 2020		2.8	53.6	7.4	345.1	408.9
Profit for the year		-	-	-	41.2	41.2
Gain on hedging		-	-	1.6	-	1.6
Loss on retranslation of quasi equity loans		-	-	(0.6)	-	(0.6)
Loss on retranslation of foreign operations		-	-	(31.8)	-	(31.8)
Total comprehensive income for the year		-	-	(30.8)	41.2	10.4
Issue of shares		-	0.6	-	-	0.6
Issue of shares to acquire subsidiary undertaking	24	1.1	-	624.4	-	625.5
Deferred tax on unexercised share options	9	-	-	-	0.4	0.4
Dividends	10	-	-	-	(36.0)	(36.0)
Purchase of own shares		-	-	-	(0.3)	(0.3)
Equity-settled share based payments charge	22	-	-	1.4	-	1.4
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

	Share based payment reserve £m	Reverse acquisition reserve £m	Merger reserve £m	Foreign currency reserve £m	Hedge reserve £m	Total other reserves £m
Other reserves						
At 30 September 2020	1.4	(8.5)	-	14.9	(0.4)	7.4
Other comprehensive (expense)/ income for the year	-	-	-	(32.4)	1.6	(30.8)
Issue of shares to acquire subsidiary undertaking	-	-	624.4	-	-	624.4
Equity-settled share based payments charge	1.4	-	-	-	-	1.4
At 30 September 2021	2.8	(8.5)	624.4	(17.5)	1.2	602.4
Other comprehensive income/ (expense) 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



Consolidated Statement of Cash Flows

for the year ended 30 September 2022

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Profit before tax		83.2	55.0
Adjustments for:			
Depreciation of property, plant and equipment	14	7.1	6.2
Amortisation of intangible assets	13	50.1	47.8
Depreciation of right-of-use assets	18	10.8	12.7
Share-based payment expense	22	3.2	1.4
Net finance costs	8	3.1	2.4
Operating cash flow before movements in working capital		157.5	125.5
(Increase) in trade and other receivables		(5.6)	(23.8)
(Decrease)/ increase in trade and other payables		(3.1)	0.3
Cash generated from operations		148.8	102.0
Income tax paid		(21.3)	(17.1)
Net cash inflow from operating activities		127.5	84.9
Cash flows from investing activities			
Net cash acquired on acquisition of SDL plc		-	55.0
Settlement of share related liabilities on acquisition of SDL plc		-	(6.4)
Interest received		0.1	-
Acquisition of subsidiary, net of cash acquired	24	(14.1)	(1.5)
Purchases of property, plant and equipment	14	(5.3)	(4.1)
Purchases of intangibles (software)	13	(24.3)	(19.1)
Net cash (outflows)/ inflow from investing activities		(43.6)	23.9
Cash flows from financing activities			
Repayment of borrowings		(25.5)	(17.1)
Transaction costs relating to debt refinancing		(1.5)	-
Interest paid		(1.4)	(0.6)
Lease liability payments (including interest charged of £1.3m (2021: £1.5m))	18	(13.1)	(12.6)
Proceeds from the issue of share capital		0.2	0.6
Purchase of own shares		-	(0.3)
Dividends paid	10	(41.9)	(36.0)
Net cash outflow from financing activities		(83.2)	(66.0)
Net increase in cash and cash equivalents		0.7	42.8
Cash and cash equivalents at beginning of the year		92.5	51.4
Exchange gains/(losses) on cash and cash equivalents		8.0	(1.7)
Cash and cash equivalents at end of the year	23	101.2	92.5



Notes to the Consolidated Financial Statements

1. ACCOUNTING POLICIES

Basis of accounting and preparation of financial statements

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

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

The consolidated financial statements have been prepared in accordance with international accounting standards in accordance with UK-adopted international accounting standards (IFRS) in accordance with the requirements of 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 TCFD disclosures 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

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 2022.

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

The parent company, RWS Holdings plc, has given guarantees to some of its subsidiaries incorporated in the United Kingdom, to allow them to take exemption from requiring an audit by virtue of s479A of the Companies Act 2006.

The following companies incorporated in the United Kingdom are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of s479A of the Companies Act 2006:

Subsidiary undertaking	Company Registered number
Alterian Technology Limited	03351717
Corporate Translations Inc UK Limited	08072632
RWS Information Limited	01032254
RWS Language Solutions Limited	03290358
SDL Tridion Limited	03875520
XyEnterprise Limited	01750338
RWS Overseas Limited	01014383
RWS UK Holding Co Limited	09809972
SDL Global Holdings Limited	04007930
RWS Group Limited	01575193
RWS Translations Limited	01080416
SDL Sheffield Limited	02034398
SDL Limited	02675207



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 2024. 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 2022, the Group has net cash of £25.2m comprising the Group's US\$220m revolving credit facility ("RCF") (£29.3m drawn at year end) and lease liabilities of £46.7m, less cash and cash equivalents of £101.2m. The RCF matures in August 2026 but is extendable for a further year subject to lender consent. At year end the Group's net leverage ratio (as defined by the RCF agreement) is -0.11x EBITDA, while its interest coverage ratio (as defined by the RCF agreement) is 64.2x 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 page 44 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 10% 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 2024. 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 2024 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 British Pounds Sterling.

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

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



Notes to the Consolidated Financial Statements (continued)

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.

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 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 £55.2m (2021: £34.9m).

Capitalised development costs

The Group capitalises development costs relating to product development and internally generated software in line with IAS 38 'Intangible Assets'. Management applies judgement in determining if the costs meet the criteria and are therefore eligible for capitalisation. Significant judgements include the technical feasibility of the development, recoverability of the costs incurred, economic viability of the product, and potential market 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 £22.6m (2021: £19.7m) (see Note 13).

Estimates and assumptions

The Group has considered whether there are 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 assets and liabilities within the next financial year and there are none for this financial year.

Other estimates and assumptions

The consolidated financial statements include other estimates and assumption. 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 £51.2m (2021: £34.9m). 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 CGUs to which goodwill and other intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, for which the Group considers revenue growth rates to be a significant estimate. The estimated future cash flows derived are discounted to their present value using a pre-tax discount rate that reflects estimates of market risk premium, asset betas, the time value of money and the risks specific to the CGU. See Note 12 and 13 for further details.

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 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 UTPs was £6.8m (2021: £6.5m), 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 contracts are typically billed in arrears on completion of the work with revenue recognised as accrued income balances. 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 licenses are recognised upfront when performance obligations are delivered in the same manner as a perpetual license sale but, typically, are billed annually and do not follow the same billing pattern as the Group's contracts for perpetual licenses, instead billing follows more closely that of a SaaS license 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 licenses using the residual method based upon other components of the contract. The residual method is used because the prices of licenses are highly variable and there is no discernible standalone selling price from past transactions.

'SaaS' licences (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	2022 £m	2021 £m
At a point in time	21.2	25.3
Over time	86.0	88.3
IP Services	107.2	113.6
At a point in time	26.0	24.0
Over time	100.9	84.1
Language and Content Technology	126.9	108.1
Over time	342.1	309.7
Language Services	342.1	309.7
Over time	173.0	163.1
Regulated Industries	173.0	163.1
Total revenue from contracts with customers	749.2	694.5

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 IFRS15 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 £1.9m (2021: £2.7m). Capitalised contract costs are recognised within other debtors on the statement of financial position.



Notes to the Consolidated Financial Statements (continued)

Receivables, contract assets and contract liabilities with customers

Receivables, contract assets and contract liabilities	Notes	2022 £m	2021 £m
Net trade receivables	15	148.9	133.7
Contract assets (accrued income)	15	51.2	34.9
Contract liabilities (deferred income)	17	(53.0)	(43.0)

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 £54.1m (2021: £49.1m). 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 2021 was £40.8m (2021: £1.7m).

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 assess the performance of each segment based on the revenue and adjusted profit before tax. These measures are reconciled to the financial statements on page 160.

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 Liones Holding B.V. in March 2022.

Unallocated costs reflect corporate overheads and other expenses not directly attributed to segments.



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

Segment results for the year ended 30 September 2021

	L&CT ¹ £m	IP Services £m	Regulated Industries £m	Language Services ¹ £m	Unallocated Costs £m	Group £m
Revenue from contracts with customers	108.1	113.6	163.1	309.7	-	694.5
Operating profit/(loss) before charging:	25.9	32.3	28.4	44.1	(12.2)	118.5
Amortisation of acquired intangibles	(7.4)	(0.1)	(14.5)	(12.4)	-	(34.4)
Acquisition costs	0.0	0.0	0.0	0.0	(11.2)	(11.2)
Exceptional items (see note 6)	0.0	(5.0)	(0.2)	(1.6)	(7.3)	(14.1)
Share-based payment expense	(0.8)	(0.2)	(0.1)	(0.2)	(0.1)	(1.4)
Profit/(loss) from operations	17.7	27.0	13.6	29.9	(30.8)	57.4
Net finance expense						(2.4)
Profit before taxation						55.0
Taxation						(13.8)
Profit for the year						41.2

¹Webdunia was previously included in Language Services and is now part of L&CT. This comparative table has been restated to reflect this change.

The table below shows revenue by the geographic market in which clients are located.

Revenue by client location	2022 £m	2021 £m
UK	85.9	77.3
Continental Europe	178.2	213.8
United States of America	390.2	322.9
Rest of the world	94.9	80.5
Total	749.2	694.5

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	2022 £m	2021 £m
UK	189.5	175.1
Continental Europe	166.6	174.1
United States of America	339.0	297.3
Rest of the world	54.1	48.0
Total	749.2	694.5

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	FY22 £m	FY21 £m
UK	162.7	148.0
Continental Europe	79.0	76.3
United States of America	147.2	118.6
Rest of the World	67.5	61.5
Total	456.4	404.4

5. OPERATING PROFIT

Operating profit has been arrived at after charging/(crediting):	2022 £m	2021 £m
Total staff costs (before the capitalisation of internal development costs) (note 7)	328.4	311.1
Research and development expenditure	34.2	30.7
Depreciation of property, plant and equipment (note 14)	7.1	6.2
Depreciation of right of use assets (note 18)	10.8	12.7
Amortisation of intangible assets (note 13)	50.1	47.8
Foreign exchange losses/(gains)	3.7	(0.7)
Expected credit loss expense (note 15)	0.8	0.4
Loss/ (gain) on changes in fair values on derivative contracts (see note 20)	1.1	(3.2)
Operating lease rentals:		
- Property (note 18)	1.8	1.7
- 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	1.8	1.2
- The audit of subsidiaries of the Company	0.1	0.1
Total audit fees	1.9	1.3

Non audit fees of £27k (2021: £15k) were incurred in the period in respect of assurance related services. The current year fees payable to the Company's auditor includes £0.2m paid in respect of statutory audit services for the year ended 30 September 2021.

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 £22.6m (2021: £19.7m) 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.

	2022 Pre-tax £m	2022 Tax impact £m	2022 Total £m	2021 Pre-tax £m	2021 Tax impact £m	2021 Total £m
Group transformation programme	(0.3)	0.1	(0.2)	(4.8)	1.2	(3.6)
Restructuring & integration related costs	(12.2)	2.4	(9.8)	(10.5)	2.3	(8.2)
Proceeds from warranty claim	-	-	-	1.2	-	1.2
Total exceptional items - operating	(12.5)	2.5	(10.0)	(14.1)	3.5	(10.6)
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	(12.8)	2.5	(10.3)	(14.4)	3.5	(10.9)

As part of a strategic review of the business, the Group has initiated a transformation programme for Finance and Human Resources to drive improved efficiencies in future periods. In 2022, £0.3m of cost was incurred and paid during the period. The Group expects to incur and pay further material costs over the next 2 years related to the transformation totalling £15.9m and the ongoing benefits from the integration will be recognised in operating profit in the statement of comprehensive income.

Included with restructuring and integration costs are £3.2m of severance agreements and termination payments included within the businesses defined integration plan for SDL plc. A further £7.4m was incurred in respect of IT integration projects, all of which was paid during the period. An additional £1.6m was incurred and paid in respect of contract termination costs to rehouse the Group's data warehousing capability for the integrated business. The cost of delivering synergies is classified as exceptional to highlight the expense of delivering the integration and represent costs which are considered by the Group to be outside the normal course of business.

In FY20, a settlement was agreed for a claim made by the Group under warranty insurance taken out as part of the Moravia acquisition in 2017. In FY21, a final amount of £1.2m was received relating to this settlement claim.

Exceptional finance costs of £0.3m (2021: £0.3m) relate to the amortisation expense associated with a gain on debt modification recognised in previous accounting periods.

Adjusted Performance Measures are reconciled on page 160 to 161 of the accounts.



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 Profit or Loss in the period to which they become payable.		

	2022 £m	2021 £m
Wages and salaries	276.6	253.4
Reorganisation costs	1.6	13.4
Social security costs	37.0	34.5
Pension costs	10.0	8.4
Share-based payment expense (note 22)	3.2	1.4
Total employee costs	328.4	311.1

Details of Directors' remuneration and pension contributions are disclosed in the Directors' Remuneration Report on pages 84 to 91. Key management 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 £22.6m (2021: £19.7m).

The Group operates a defined contribution pension scheme, making payments on behalf of employees to their personal pension plans. Payments of £8.8m (2021: £6.7m) were made in the year. The amount charged to profit and loss in the statement of comprehensive income in the period was £9.5m (2021: £8.4m). At the year end there were unpaid amounts included in other payables totalling £2.5m (2021: £1.8m). The monthly average staff numbers were:

	2022 £m	2021 £m
Production staff	6,193	5,671
Administrative staff	1,787	1,989
	7,980	7,660

8. FINANCE INCOME AND COSTS

	2022 £m	2021 £m
Finance income		
- Return on short term deposits	0.2	-
	0.2	-
Finance costs		
- Bank interest payable	(1.4)	(0.8)
- Other interest payable	-	0.5
- Lease interest	(1.3)	(1.5)
- Amortisation of borrowing costs	(0.3)	(0.3)
Finance costs excluding exceptional amortisation	(3.0)	(2.1)
Amortisation of borrowing costs - Exceptional (note 6)	(0.3)	(0.3)
	(3.3)	(2.4)
Net finance cost	(3.1)	(2.4)

On 3 August 2022, the Group completed a refinancing of its term loan (see note 16 for further details). The debt refinancing was accounted for as a debt modification without extinguishment resulting in a nominal debt modification gain being recognised in the parent company's statement of comprehensive income of £5k.



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 have a number of tax returns potentially subject to audit, significant issues may 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:

	2022 £m	2021 £m
Current Tax Charge		
- UK corporation tax at 19% (2021: 19%)	5.7	4.7
- Overseas current tax charge	18.7	15.9
Adjustment in respect of previous years	(4.2)	(3.0)
Deferred Tax Charge		
Origination and reversal of temporary differences	(2.4)	(4.4)
Rate change impact	0.1	2.0
Adjustment in respect of previous years	2.6	(1.4)
Total tax expense in profit or loss	20.5	13.8
Total tax charge in equity	0.1	(0.4)
Total tax in other comprehensive income	0.7	0.2
Total tax charge for the year	21.3	13.6



Notes to the Consolidated Financial Statements (continued)

Reconciliation of the Group's tax charge to the UK statutory rate:	2022 £m	2021 £m
Profit before taxation	83.2	55.0
Notional tax charge at UK corporation tax rate of 19.0% (2021: 19.0%)	15.8	10.4
Effects of:		
Expenses not deductible for tax purposes	2.2	2.4
Adjustments in respect of previous years	(1.6)	(4.4)
Changes in tax rates	0.1	2.0
Higher/(lower) tax rates on overseas earnings	4.0	3.4
Tax charge as per the income statement	20.5	13.8
Effective tax rate	24.6%	25.1%

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, offset by the impact of recognizing historic US Research and Development tax credits related to the period FY16-FY21. 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 Czech Republic with other rates that lie in between.

The majority of the adjustments in respect of prior periods relates to historic Research and Developments tax credits recognised in the US of a £1.6m credit to deferred taxes. In addition, a £4.5m credit to current tax and £3.9m debit to deferred tax has been recognised as an adjustment to prior periods representing the impact of the reduction of historic uncertain tax positions recognised for transfer pricing that are outside the relevant jurisdictional statute of limitations.

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 39 countries, transfer pricing arrangements are in place covering transactions that occur between Group entities.

The Group periodically reviews its historic uncertain tax positions ('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 £22.7m on the balance sheet comprises £15.2m of uncertain tax provisions, although it is not expected that these will be cash settled within 12 months of the year end date. The deferred tax liability of £58.4m on the balance sheet is net of £6.5m 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. In January 2022 the UK government reconfirmed its intention to introduce legislation to give effect to the OECD proposals. The new rules are expected to take effect from 2023 onwards, however the impact on the Group will depend on the precise rules adopted in individual countries which are not known at this time.



Deferred tax	Share based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Acquired intangibles £m	Tax losses £m	Total £m
At 1 October 2020	0.2	(1.1)	1.0	(28.5)	-	(28.4)
Adjustments in respect of prior years	(0.3)	(0.5)	1.6	(0.3)	0.9	1.4
Acquisitions*	0.1	0.1	2.6	(44.4)	15.3	(26.3)
Credited to income	0.2	(0.2)	1.8	0.5	0.1	2.4
Credited to equity / OCI	0.4	-	-	-	-	0.4
Foreign exchange differences	-	-	(0.2)	1.1	(0.1)	0.8
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)

The acquisitions line includes £0.9m of deferred tax in respect of the Moravia error correction referenced in this note

Deferred tax assets and liabilities are presented on the balance sheet after jurisdictional netting as follows:

	2022 £m	2021 £m
Deferred tax assets	1.1	1.5
Deferred tax liabilities	(58.4)	(51.2)
Net deferred tax liability	(57.3)	(49.7)

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.

Losses

At the balance sheet date the Group has unused tax losses of £143.9m (2021: £143.0m) available for offset against future profits. A deferred tax asset of £9.9m (2021: £16.7m) has been recognised in respect of £44.0m (2021: £72.6m) 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 IFRIC 23.

No deferred tax asset has been recognised in respect of the remaining £99.9m (2021: £70.4m) 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 £23.5m (2021: £17.7m).

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 £6.0m (2021: £10.0m).

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 £82.3m. Since the Group is able to control the timing of reversal of these temporary differences, a current tax liability of £0.2m has been recognised on the unremitted earnings it is anticipating to be distributed that would give rise to a tax charge. The Group has an estimated unrecognised deferred tax liability of £4.7m of unremitted earnings where no distributions are expected to be paid in the foreseeable future.



Notes to the Consolidated Financial Statements (continued)

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.

	2022 £m	2021 £m
Final ordinary dividend for the year ended 30 September 2021 was 8.5p (2020: 7.5p)	33.1	28.2
Interim dividend, paid 22 July 2022 was 2.25p (2021: 2.00p paid 16 July 2021)	8.8	7.8
	41.9	36.0

The Directors recommend a final dividend in respect of the financial year ended 30 September 2022 of 9.5 pence per ordinary share, to be paid on 24 February 2023 to shareholders who are on the register at 27 January 2023. This dividend is not reflected in these financial statements as it does not represent a liability at 30 September 2022. The final proposed dividend will reduce shareholders' funds by an estimated £37.0m.

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:

	2022 £m	2021 £m	2022 Basic earnings per share pence	2021 Basic earnings per share pence	2022 Diluted earnings per share pence	2021 Diluted earnings per share pence
Profit for the year	62.7	41.2	16.1	10.9	16.0	10.9
Adjustments:						
Amortisation of acquired intangibles	34.4	34.4				
Acquisition costs	2.1	11.2				
Share based payments expense	3.2	1.4				
Net gain of debt modification	0.3	0.3				
Exceptional items	12.5	14.1				
Tax effect of adjustments	(10.0)	(7.3)				
Tax adjustments in respect of prior years	(1.6)	(4.5)				
Adjusted earnings	103.6	90.8	26.6	23.8	26.5	23.8
				2022 Number		2021 Number
Weighted average number of ordinary shares in issue for basic earnings				389,374,854		378,460,314
Dilutive impact of share options				1,469,514		648,504
Weighted average number of ordinary shares for diluted earnings				390,844,368		379,108,818



12. GOODWILL

Cost and net book value	2022 €m	2021 €m
At 1 October	615.8	257.2
Additions (note 24)	7.8	378.6
Adjustments in respect of prior periods (note 9)	(0.4)	(1.0)
Exchange adjustments	69.4	(19.0)
At 30 September	692.6	615.8

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, 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 cash generating unit ('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 Profit or Loss, 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 2022	Long-term growth rate	Discount rate	Average revenue growth
IP Services	2.0%	12.5%	3.2%
Regulated Industries	2.0%	13.2%	6.7%
Language Services	2.0%	12.7%	5.1%
Language and Content Technology	2.0%	13.5%	10.9%

Key assumptions for the value in use - 30 September 2021

IP Services	2.0%	10.4%	4.0%
Life Sciences	2.0%	10.9%	5.5%
Moravia	2.0%	11.0%	5.5%
SDL - Technology	2.0%	11.4%	8.0%
SDL - Language Services	2.0%	11.1%	5.5%
SDL - Regulated industries	2.0%	12.3%	5.5%

During the year, management has reviewed its identified CGUs in light of the further integration work that has been performed by the Group since the acquisition of SDL plc in November 2020, and based on the result of this review, management believes the Group now has four CGUs. Key factors of the integration in the year that were considered



Notes to the Consolidated Financial Statements (continued)

in management's conclusion included the integration of delivery of services to customers across fRWS and fSDL businesses and commencing to internally report and plan resources on the combined businesses

In accordance with IAS 36, management performed a value in use impairment test on the pre-existing six CGUs and determined there to be no impairment of goodwill within any CGU. Following this impairment test the Life Sciences and SDL – Regulated Industries CGUs were merged to form the Regulated Industries CGU. Additionally, the Moravia and SDL – Language Services CGUs are also merged to form a Language Services CGU.

At year end management has performed an additional value in use impairment test on the Group four CGUs as detailed further below.

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.

As part of the value in use calculation, management prepares cash flow forecasts derived from the most recent financial budgets and 5 year plan, both approved by the Board of Directors and extrapolates the cash flows for a further year based on an estimated growth rate which is either based on management's best estimate or the expected growth rate of the market in which the CGU operates.

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

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

The allocation of goodwill to each CGU is as follows:	2022 £m	2021 £m
IP Services	35.8	31.3
Regulated Industries ¹	150.4	133.6
Language Services ²	239.9	208.1
Language and Content Technology	266.5	242.8
At 30 September	692.6	615.8

¹ Previously Life Sciences and SDL - Regulated Industries ² Previously Moravia and SDL - Language Services



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.



Notes to the Consolidated Financial Statements (continued)

	Trade names £m	Clinician & supplier databases £m	Technology £m	Non- competes & Trademarks £m	Client relationships & order books £m	Software £m	Internally generated software £m	Total £m
Cost								
At 30 September 2020	9.5	6.6	6.3	2.2	187.7	12.5	9.8	234.6
Additions	-	-	10.3	-	-	1.8	9.4	21.5
Acquisitions (note 24)	-	-	107.1	-	139.4	-	-	246.5
Disposals	(9.1)	-	-	-	(3.1)	(1.6)	(3.7)	(17.5)
Currency translation	(0.4)	(0.2)	(0.3)	(0.1)	(11.0)	-	-	(12.0)
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 (note 24)	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
Accumulated amortisation and impairment								
At 30 September 2020	5.6	2.7	4.7	1.6	50.0	8.5	5.1	78.2
Amortisation charge	3.7	0.6	15.5	0.4	23.0	1.6	3.0	47.8
Disposals	(9.1)	-	-	-	(3.1)	(1.3)	(3.7)	(17.2)
Currency translation	(0.2)	(0.1)	(0.2)	(0.1)	(1.7)	-	-	(2.3)
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
Net book value								
At 30 September 2020	3.9	3.9	1.6	0.6	137.7	4.0	4.7	156.4
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

Amortisation of acquired intangibles was £34.4m (2021: £34.4m) and amortisation of other intangibles was £15.7m (2021: £13.4m). The £15.7m amortisation of other intangibles comprises £1.9m on amortisation of software (2021: £1.6m), £3.4m on internally developed intangibles (2021: £3.0m), and £10.4m (2021: £9.0m) of technology which related to the SDL business. The residual £34.4m of amortisation was wholly incurred on acquired intangible assets (2021: £34.4m). The Group has identified intangible assets which are individually material as follows:

- SDL technology products acquired of £61.9m (2021: £74.2m) with a remaining useful life of 5 years
- SDL's Helix platform of £15.8m (2021: £18.9m) with a remaining useful life of 5 years
- SDL's customer relationships of £122.9m (2021: £124.4m) with a remaining useful life of 9 years
- Moravia's customer relationships of £99.9m (2021: £81.1m) with a remaining useful life of 15 years and
- Life Science's customer relationships of £11.6m (2021: £11.8m) with a remaining useful life of 5 years.

No other classes of intangible asset hold individually material items. The remaining average useful life is 11 years.



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 2022 was freehold land of £5.6m (2021: £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 (2021: 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 2020	17.0	3.3	19.6	0.2	40.1
Currency translation	-	(0.1)	(0.3)	-	(0.4)
Additions	-	0.6	3.5	-	4.1
Acquisitions	-	4.6	7.4	-	12.0
Disposals	-	-	(0.6)	-	(0.6)
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
Accumulated depreciation					
At 30 September 2020	2.1	1.9	13.2	0.1	17.3
Currency translation	-	0.1	0.1	-	0.2
Depreciation charge	0.2	1.1	4.9	-	6.2
Disposals	-	-	(0.6)	-	(0.6)
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
Net book value					
At 30 September 2020	14.9	1.4	6.4	0.1	22.8
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



Notes to the Consolidated Financial Statements (continued)

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 and recoverable taxes.

	2022 Gross	2022 Provisions	2022 Net	2021 Gross	2021 Provisions	2021 Net
Trade receivables	151.2	(2.3)	148.9	136.3	(2.6)	133.7
Other receivables	7.3	-	7.3	9.4	-	9.4
Prepayments	13.1	-	13.1	13.8	-	13.8
Accrued income	51.7	(0.5)	51.2	35.6	(0.7)	34.9
At 30 September	223.3	(2.8)	220.5	195.1	(3.3)	191.8

Trade receivables net of allowances are held in the following currencies at the reporting date:

	2022 £m	2021 £m
Sterling	18.9	9.8
Euros	24.0	30.3
Japanese Yen	3.0	2.9
US Dollars	88.7	81.6
Swiss Francs	1.3	0.9
Other	13.0	8.2
	148.9	133.7

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



The following table provides information about the exposure to credit risk for trade receivables at 30 September 2021:

	Gross amount £m	Loss allowance £m	Net amount £m
Not past due	107.4	-	107.4
Past due 1-30 days	14.7	-	14.7
Past due 31-60 days	6.6	-	6.6
Past due 61-90 days	3.4	(0.1)	3.3
Past due > 90 days	4.2	(2.5)	1.7
	136.3	(2.6)	133.7

Movement in expected credit loss provisions:

	Trade Debtors 2022	Accrued Income 2022	Trade Debtors 2021	Accrued Income 2021
At 1 October	2.6	0.7	0.5	-
Utilised	(1.3)	-	(0.2)	-
Acquired	-	-	1.9	0.9
Released	-	-	-	(0.2)
Charge for the year	0.8	-	0.4	-
Exchange adjustment	0.2	(0.2)	-	-
At 30 September	2.3	0.5	2.6	0.7



Notes to the Consolidated Financial Statements (continued)

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.

	2022 £m	2021 £m
Due in more than one year		
Loan	32.2	49.2
Issue costs	(2.9)	(2.0)
At 30 September	29.3	47.2

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

Analysis of net debt - 30 September 2021	At 1 October £m	Acquired £m	Cash flows £m	Non-cash charges £m	At 30 September £m
Cash and cash equivalents	51.4	55.8	(13.1)	(1.6)	92.5
Issue costs	2.6	-	-	(0.6)	2.0
Loans (current and non-current)	(69.1)	-	17.7	2.2	(49.2)
Net debt - excluding lease liabilities - ("Net debt")	(15.1)	55.8	4.6	-	45.3
Lease liabilities	(22.8)	(37.7)	12.6	(3.6)	(51.5)
Net debt - including lease liabilities	(37.9)	18.1	17.2	(3.6)	(6.2)

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\$100 million uncommitted accordion facility.

The debt refinancing was accounted for as a debt modification without extinguishment resulting in a nominal debt modification gain being recognised in the parent company's statement of comprehensive income of £5k.

All transaction costs incurred in amending and re-stating the RCF have been capitalised and are being amortised over the 4-year term of the facility on a straight-line basis. Currently all Group borrowings under the RCF are denominated in USD.



17. TRADE AND OTHER PAYABLES

	2022 £m	2021 £m
Due in less than one year		
Trade payables	30.2	28.1
Other taxes and social security costs	4.0	5.3
Other payables	10.1	14.7
Accruals	68.9	61.6
Deferred and contingent consideration	2.9	1.5
Deferred income	49.5	40.8
At 30 September	165.6	152.0

The deferred and contingent consideration of £2.9m (2021: £1.5m) comprises £1.1m of contingent consideration in respect of the acquisition of Liones Holding B.V. during the period and £1.8m of deferred consideration in respect of the Iconic acquisition from the prior year. The amount payable to Liones Holding B.V. is denominated in Euros and the amount payable to Iconic is denominated in US dollars. A foreign exchange impact of £0.3m was recognised in the period in respect of these amounts.

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

	2022 £m	2021 £m
Due in more than one year		
Deferred income	3.5	2.2
Other payables	-	0.2
At 30 September	3.5	2.4



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:

Right-of-use assets	Property £m	Office Equipment £m	Total £m
At 1 October	19.2	0.9	20.1
Leases acquired on acquisition	34.1	-	34.1
Additions	2.0	-	2.0
Depreciation expense	(11.8)	(0.9)	(12.7)
Currency adjustment	(1.1)	-	(1.1)
At 30 September 2021	42.4	-	42.4
Acquisitions	0.2	-	0.2
Additions	6.8	-	6.8
Disposals	(0.1)	-	(0.1)
Depreciation expense	(10.8)	-	(10.8)
Re-measurement adjustments	(1.0)	-	(1.0)
Currency adjustment	1.5	-	1.5
At 30 September 2022	39.0	-	39.0

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

Lease liabilities	2022 £m	2021 £m
At 1 October	51.5	22.8
Additions	6.8	4.3
Leases acquired on acquisition of subsidiary	0.2	37.7
Accretion of interest	1.3	1.5
Re-measurement adjustments	(1.0)	-
Repayments	(13.1)	(12.6)
Currency adjustment	1.0	(2.2)
At 30 September	46.7	51.5
Current	11.8	11.0
Non-current	34.9	40.5

The maturity analysis of lease liabilities is disclosed in Note 20.

	2022 £m	2021 £m
Depreciation expense on right of use assets	10.8	12.7
Interest expense on lease liabilities	1.3	1.5
Expense relating to short term leases*	1.8	1.7
Expense relating to leases of low value assets*	0.5	0.5
Total amount recognised in profit or loss	14.4	16.4

*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 £13.1m (2021: £12.6m). The Group had no non-cash additions to right-of-use assets and lease liabilities in the year (2021: £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.



Notes to the Consolidated Financial Statements (continued)

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 £13.6m (2021:£11m). 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	Other provisions £m	Total £m
At 1 October	2.5	1.5	5.2	9.2
Charged in the period	0.5	-	0.1	0.6
Utilised	-	-	(2.0)	(2.0)
Released	(0.1)	-	(0.4)	(0.5)
Effects of currency movements	0.4	-	0.1	0.5
At 30 September 2022	3.3	1.5	3.0	7.8
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
Due in less than one year	-	0.4	4.7	5.1
Due in greater than one year	2.5	1.1	0.5	4.1
At 30 September 2021	2.5	1.5	5.2	9.2

Indirect tax related provisions comprise £1.6m in respect of Service Tax declarations made by the Group's Brazilian subsidiary during the period 2008-2012. Additionally, the Group has provided in full against any potential liability arising in later periods which could still be subject to audit. A further £1.0m relates to potential penalties and interest from ongoing tax enquiries primarily 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.



Included within Other Provisions are the following:

£1.6m related to long term employment benefits in certain countries the Group operates in. This amount includes £1.1m for TFR severance amounts required under article 2120 of the Italian Civil Code. This provision has been valued in accordance with the requirements of IAS19 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.

£0.7m related to future severance as part of the transformation programmes currently being undertaken by the Group to integrate acquired businesses in accordance with the criteria defined in IAS37. This is expected to be settled in the next 12 months.

£0.5m related to legal and other cost 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	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Financial Assets						
Trade and other receivables	-	-	-	-	207.4	178.0
Cash and cash equivalents	-	-	-	-	101.2	92.5
	-	-	-	-	308.6	270.5
Financial Liabilities						
Loans	-	-	-	-	29.3	47.2
Trade and other payables	-	-	-	-	112.1	105.9
Lease liabilities	-	-	-	-	46.7	51.5
Foreign exchange derivatives	0.6	0.7	-	-	-	-
	0.6	0.7	-	-	188.1	204.6

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 2022 is £32.2m (2021: £49.2m), 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.



Notes to the Consolidated Financial Statements (continued)

Liquidity risk

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

In addition to the Group's cash balances which at 30 September 2022 amounted to £101.2m (2021: £92.5m), the Group has an overdraft facility of £1.5m (2021: £1.5m) which is unsecured. The reference interest rate on this facility transitioned from GBP LIBOR to SONIA during the period with the margin remaining unchanged at 200 basis points. This overdraft was undrawn as at year end.

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

Exposure to liquidity risk

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

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	50.2	13.6	11.2	17.6	7.7
	188.1	201.3	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	-	-	-

Contractual cash flows at 30 September 2021	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	47.2	51.4	0.9	0.9	49.6	-
Trade and other payables	104.7	104.7	104.5	0.2	-	-
Lease liabilities	51.5	58.2	11.0	11.0	22.1	14.1
	203.4	214.3	116.4	12.1	71.7	14.1

Derivative financial liabilities						
Foreign exchange derivatives						
- Outflow	0.7	0.7	0.7	-	-	-
	0.7	0.7	0.7	-	-	-



Interest rate risk

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

The Group's US\$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 SOFR ('Secured Overnight Financing Rate') 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	2022 £m	2021 £m
Financial assets - Cash and cash equivalents		
Sterling	14.6	18.4
US Dollars	16.0	36.7
Euros	36.1	11.0
Yen	4.2	5.5
Swiss Francs	0.5	1.4
Other	29.8	19.5
	101.2	92.5
Financial liabilities - Loan		
US Dollars	29.2	47.2

If interest rates changed by 5% it is estimated that Group profit before tax would change by £1.5m (2021: £1.0m).

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 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.

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 £101.2m at 30 September 2022, 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 (2021: 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% (2021: 61%) of Group external sales in the reporting period were denominated in USD, while a further 21% were denominated in Euros (2021: 24%). Similarly, the Group's cost base was 39% in USD (2021: 31%) and 21% in Euros (2021: 24%).

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 in Germany, Switzerland, the United States, Japan, China, India, Argentina and Australia, are principally denominated in their respective currencies and are therefore not materially exposed to currency risk. On translation to Sterling gains or losses arising are recognised directly in equity.

Moravia IT s.r.o. as discussed below applies cash flow hedge accounting 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 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m
Euros	46.7	45.4	19.4	15.7
US Dollars	156.1	138.9	54.0	64.0
	202.8	184.3	73.4	79.7

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 20% (2021: 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 2022 £m	Profit and loss impact 2021 £m
Euros	4.5	5.0
US Dollars	17.0	12.4
	21.5	17.4

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 USD 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 USD 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 £32.2m and this is expected to be settled over a period of 5 years.

During the year ended 30 September 2022, no ineffectiveness was recorded in the Group's statement of comprehensive income (2021: £Nil). All amounts recorded in the hedge reserve pertain to continuing hedging relationships as at 30 September 2022.

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

	Assets 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m
Forward foreign currency exchange contracts	-	-	0.6	0.7

As at 30 September 2022, forward contracts are in place to sell US dollars and purchase 511.2 million Czech Koruna, at an average contracted price of 25.06 and 18 million Euro's at an average contracted price of 0.993.

Hedging Reserve	2022	2021
At 1 October 2021	1.2	(0.4)
Cashflow hedges - fair value movement	2.9	(1.8)
Cashflow hedges - realised gains/ losses transferred to statement of comprehensive income	(2.5)	1.7
Net investment hedge	(7.1)	1.7
At 30 September 2022	(5.5)	1.2

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 2022, there was £29.2m (2021: £47.2m) 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 £101.2m (2021: £92.5m).

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

	2022 Number	2022 £m	2021 Number	2021 £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	389,396,173	3.9	275,188,492	2.8
Issue of shares	67,637	-	114,207,681	1.1
At end of year	389,463,810	3.9	389,396,173	3.9

During the year, 67,637 ordinary shares of 1p each were allotted under the RWS 2013 share option plan and RWS Save As You Earn schemes and former SDL Save as You Earn schemes.

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 £3.2m relating to share-based payments in the year ended 30 September 2022, as follows;

Scheme	2022			2021		
	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	0.1	-	0.1
LTIPs	1.2	-	1.2	0.3	-	0.3
Executive Share Option Plan ('ESOP')	0.2	-	0.2	0.5	-	0.5
Deferred consideration	1.7	-	1.7	0.5	-	0.5
	3.2	-	3.2	1.4	-	1.4

Summary of movements in awards	LTIPs	2013 Share option plan Number	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 2020	-	152,635	254,869	2,677,049	-	5.750
Granted during the year	1,850,118	-	253,707	34,192	-	0.667
On acquisition of SDL	-	-	-	-	276,258	2.821
Lapsed during the year	(418,662)	-	(31,968)	(1,587,701)	(5,643)	4.823
Exercised during the year	-	(152,635)	-	-	(154,315)	1.940
Balance at 30 September 2021	1,431,456	-	476,608	1,123,540	116,300	3.123
Exercisable at 30 September 2021	-	-	-	-	35,218	
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	

The weighted average share price at the date of exercise of shares exercised during the year was 519.6 pence per share (2021: 631.6 pence). The weighted average remaining contractual life of outstanding options at the end of the year was 10.5 years (2021: 9.7 years). The aggregate fair value of options granted in the year was £3.3m (2021: £5.1m).



Notes to the Consolidated Financial Statements (continued)

2021 LTIP scheme

On 22 January 2021, the Company adopted a long term incentive scheme 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 2021 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2022 Number	Exercise price pence	Exercise period
22 January 2021	1,311,511	-	-	(287,862)	1,023,649	1	22 Jan 2026 to 22 Jan 2036
1 July 2021	119,945	-	-	(16,309)	103,636	1	1 July 2026 to 1 July 2036
24 January 2022	-	1,378,864	-	(124,778)	1,254,086	1	25 Jan 2027 to 22 Jan 2037
Total	1,431,456	1,378,864	-	(428,949)	2,381,371		

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 2021 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2022 Number	Exercise price pence	Exercise period
18 February 2019	150,018	-	(5,594)	(20,774)	123,650	413.0	1 April - 30 Sept 2022
12 February 2020	85,446	-	-	(24,169)	61,277	557.0	1 April - 30 Sept 2023
22 February 2021	241,144	-	(63)	(51,872)	189,209	472.0	1 April - 30 Sept 2024
17 February 2022	-	211,288	-	(31,252)	180,036	504.0	1 April - 30 Sept 2025
Total	476,608	211,288	(5,657)	(128,067)	554,172		

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 2021 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2022 Number	Exercise price pence	Exercise period
18 February 2019	35,218	-	(35,218)	-	-	258.0	1 Aug 2021 - 31 Jan 2022
12 February 2020	81,082	-	(26,762)	(9,453)	44,867	334.8	1 Aug 2022 - 31 Jan 2023
Total	116,300	-	(61,980)	(9,453)	44,867		



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 2021 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	30 September 2022 Number	Exercise price pence	Exercise period
10 May 2019	216,556	-	-	-	216,556	601.0	10 May 2024 - 10 May 2029
22 January 2020	872,792	-	-	(279,389)	593,403	615.0	22 Jan 2025 - 22 Jan 2030
9 June 2021	34,192	-	-	-	34,192	613.0	9 June 2026 - 9 June 2036
Total	1,123,540	-	-	(279,389)	844,151		

The fair value of share options granted under the SAYE and LTIP schemes during the year were estimated using the Black-Scholes option pricing model. Equity settled options under the SAYE scheme and ESOP 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	LTIP - Non Market
Weighted average share price at grant (pence)	470.0	500.0	500.0
Weighted average exercise price (pence)	504.0	1.0	1.0
Expected life of option (years)	3.0	4.3	4.3
Volatility (%)	37.00	32.14	32.14
Dividend yield (%)	1.50	1.50	1.50
Risk free interest rate (%)	0.05	0.87	0.87
Option value (pence)	113.10	129.0	308.0

23. CASH AND CASH EQUIVALENTS

	2022 £m	2021 £m
Cash at bank and in hand	94.8	89.6
Short-term deposits	6.4	2.9
	101.2	92.5

The fair value of cash and cash equivalents is £101.2m (2021: £92.5m). Restricted cash at 30 September 2022 was £Nil (2021: £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

Liones Holding BV ("Fonto")

On 22 March 2022, the Group acquired the entire issued share capital of Liones Holding BV ('Fonto') and its subsidiaries for an initial consideration of Euro 17.7m (£14.7m) on a cash and debt free basis, with additional contingent consideration of Euro 5m payable in two equal installments on the first and second anniversary of the transaction. Fonto is a structured content management business which complements our Tridion proposition and further builds our Content Technology portfolio.

The fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:	Fair values £m
Net assets acquired:	
Intangible assets	8.9
Property, plant and equipment	0.1
Right-of-use assets	0.2
Trade and other receivables	0.9
Cash and cash equivalents	0.6
Trade and other payables	(1.1)
Corporation tax	(0.3)
Deferred tax	(2.2)
Lease liabilities	(0.2)
Total identifiable net assets	6.9
Goodwill	7.8
Total consideration	14.7
Satisfied by:	
Cash	14.7

The provisional fair values of assets and liabilities were recognised effective 22 March 2022 with the purchase price allocation work concluded in August 2022. This resulted in an allocation of £6.4m to customer relationships, £2.1m to Technology assets and £0.4m to Brands, with a corresponding reduction in goodwill. Additional deferred tax liabilities of £2.2m were recognized 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.

Fonto contributed revenue of £1.1m to Group revenue and £0.1m 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, Fonto would have contributed additional revenues of £3.4m and increased profit after tax for the year by £1.1m

The goodwill of £7.8m on acquisition comprises the value of expected synergies to be realized across future periods. These derive primarily from cross sales of RWS products integration of services work with the RWS professional service teams and up-sell of Tridion as a content management service. Integration of Fonto into the RWS Group has progressed during the second half of the financial year and will continue during FY23.

Horn & Uchida (prior year acquisition)

The Group acquired Horn & Uchida Patent Translation Ltd, a specialist based on Osaka, Japan for cash consideration of ¥349m (£2.2m) on 7 July 2021 for 100% of its ordinary share capital.

The fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:	Fair values £m
Net assets acquired:	
Customer relationships	0.7
Investment securities	0.2
Trade and other receivables	1.0
Cash and cash equivalents	0.8
Trade and other payables	(1.0)
Deferred tax assets	0.1
Total identifiable net assets	1.8



The fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:

	Fair values £m
Goodwill	0.5
Total consideration	2.3
Satisfied by:	
Cash	2.3

The provisional fair values of assets and liabilities were recognised effective 7 July 2021 with the purchase price allocation work concluded in January 2022. This resulted in an allocation of £0.7m to customer relationships and a corresponding reduction in goodwill. Additional deferred tax liabilities on the identified intangibles were recognised of £0.2m, with a corresponding increase in intangible assets. No provisional fair value changes were made to any other class of asset.

25. RELATED PARTY TRANSACTION

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 637.43p pence per share. The shares will be held in the EBT, a discretionary trust, and are intended to be used to satisfy the exercise of share options by employees. Following this transaction the EBT holds a total of 55,896 shares, representing approximately 0.01% of the RWS's issued share capital. There were no movements in the EBT holding during the year.

During the year, in the normal course of business, the Group provided translation services worth £0.5m (2021: £0.4m) to subsidiaries of Learning Technologies Group plc (LTG), a company in which Andrew Brode, the Group's Chairman, has a significant interest. An amount of £0.1m (2021: £0.1m) was due from LTG at the reporting date.

Key management compensation	2022 £m	2021 £m
Short-term employee benefits	5.3	4.6
Post-employment benefits	0.2	0.1
Share based payments	0.5	0.3
	6.0	5.0

The key management compensation includes the nine (2021: seven) Directors of RWS Holdings plc and the ten (2021: six) members of the Executive Team who are not Directors of RWS Holdings plc.

During the year key management were granted 610,736 share options with an approximate fair value of £1.3m.

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 (2021: £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 (2021: £Nil).

The Group's US\$220 million 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

There have been no significant events that have occurred between the balance sheet date and the date of authorising these financial statements which require disclosure or adjustment within these financial statements.



Parent Company Financial Statements

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

Parent Company Statement of Financial Position at 30 September 2022			
Registered Company 03002645			
	Note	2022 £m	2021 £m
Fixed assets			
Investments	7	728.6	725.5
		728.6	725.5
Current assets			
Debtors	8	232.3	212.9
Cash at bank and in hand		4.4	4.2
Total current assets		236.7	217.1
Total assets		965.3	942.6
Creditors: amounts falling due within one year			
Trade creditors	10	0.6	0.1
Other creditors	10	5.3	12.3
Total current liabilities		5.9	12.4
Net current assets		230.8	204.7
Total assets less current liabilities		959.4	930.2
Creditors: amounts falling due after more than one year			
Loans	9	29.3	35.2
		29.3	35.2
Total Liabilities		35.2	47.6
Net assets		930.1	895.0
Capital and reserves			
Called up share capital	11	3.9	3.9
Share premium account		54.4	54.2
Share based payment reserve		6.0	2.8
Merger reserve		624.4	624.4
Capital reserve		2.0	2.0
Profit and loss account		239.4	207.7
Total shareholders' funds		930.1	895.0
Statement of Comprehensive Income: Profit after taxation		73.6	60.3

The financial statements on pages 150 to 160 were approved by the Board of Directors and authorised for issue on 14 December 2022 and were signed on its behalf by:



Rod Day | INTERIM DEPUTY CHIEF FINANCIAL OFFICER



**Parent Company Statement of Changes
in Equity for the year ended 30
September 2022**

	Called up share capital £m	Share premium account £m	Share based payment reserve £m	Merger reserve £m	Capital reserve £m	Profit and loss account £m	Shareholders' funds £m
At 1 October 2020	2.8	53.6	1.4	-	2.0	183.8	243.6
Profit for the financial year	-	-	-	-	-	60.3	60.3
Total comprehensive income for the year	-	-	-	-	-	60.3	60.3
Dividends paid	-	-	-	-	-	(36.0)	(36.0)
Issue of shares	-	0.6	-	-	-	-	0.6
Issue of shares to acquire subsidiary	1.1	-	-	624.4	-	-	625.5
Purchase of own shares	-	-	-	-	-	(0.4)	(0.4)
Exercise of share options	-	-	-	-	-	-	-
Equity-settled share based payments	-	-	1.4	-	-	-	1.4
Balance at 30 September 2021	3.9	54.2	2.8	624.4	2.0	207.7	895.0
Profit for the financial year	-	-	-	-	-	73.6	73.6
Total comprehensive income for the year	-	-	-	-	-	73.6	73.6
Dividends paid	-	-	-	-	-	(41.9)	(41.9)
Issue of shares	-	0.2	-	-	-	-	0.2
Equity-settled share based payments	-	-	3.2	-	-	-	3.2
Balance at 30 September 2022	3.9	54.4	6.0	624.4	2.0	239.4	930.1



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)
- RWS Holdings plc, has given guarantees to some of its subsidiaries incorporated in the United Kingdom, to allow them to take exemption from requiring an audit by virtue of s479A of the Companies Act 2006. See note 7 for further details.

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 a period of at least 12 months from the date of approval of the financial statements, 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 for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. 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 13 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 2022, there were no derivative contracts outstanding (2021: £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 profit after tax for the year ended 30 September 2022 was £73.6m (2021: £60.3m).

Audit fees payable in relation to the audit of the financial statements of the Parent Company are £16,500 (2021: £15,000). Fees paid to the Groups 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

	2022 £m	2021 £m
Wages and salaries	3.6	4.3
Social security costs	0.5	0.4
Other pension costs	0.1	0.1
Share-based payment expense	-	0.8
Total employee costs	4.2	5.6

During the year, the Parent had nine (2021: seven) Directors, including five Non-Executive Directors and nine other employees (2021: seven), providing services to the Group.

Two Directors (2021: two) received contributions to their personal pension schemes as did seven (2020: seven) of the additional employees.

Details of the Directors' remuneration and pension contributions are disclosed in the Directors' Remuneration Report on pages 84 to 91. 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

	2022 £m	2021 £m
Cost and net book value at beginning of year	725.5	93.0
Increase in investments	3.1	632.5
Cost and net book value at end of year	728.6	725.5

The increase in investments in the year for capital contributions relating to share-based payments made by the Parent Company to employees of its subsidiary undertakings. The prior year increase in investments in the year comprises £625.5m for the acquisition of SDL plc, as well as £6.4m in respect of the liability to tax authorities on behalf of employees on net settlement of share options (see note 24). The remaining £0.6m related to capital contributions relating to share-based payments made by the Parent Company to employees of its subsidiary undertakings.

The Directors consider that the value of the Parent Company's fixed asset investments, which are listed below, is supported by their underlying profitability.

Subsidiary undertaking	Registered address	Nature of business
Alpha Translations Canada Inc.	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	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



Notes to the Parent Company Financial Statements (continued)

Subsidiary undertaking	Registered address	Nature of business
Communicare Limited** Corporate Translations Inc (UK) Limited RWS Language Solutions Limited Japanese Language Services Limited ** Pharmaquest Limited ** RWS Group Limited RWS Information Limited RWS (Overseas) Limited RWS Translations Limited RWS UK Holding Co. Limited	Europa House, Chiltern Park Chiltern Hill, Chalfont St Peter Buckinghamshire SL9 9FG England	Technical and legal translations Translation and linguistic validation Technical and legal translations Technical and legal translations Technical and linguistic validation Holding company IP searches Holding company Patent translation and filing Holding company
Moravia IT s.r.o.*	Vlněna 526/1, Trnita, 602 00 Brno, Czech Republic	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	Fatburgsgatan 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 Shan Road, 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 Bemoko Consulting Limited *1 SDL Nominees Limited Automated Language Processing Services Ltd Interlingua Group Limited AlpNet UK Limited *1 Computype Limited *1 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 and technology services Localisation services Holding company Technology services Technology services Dormant Holding company Dormant Holding company Dormant Dormant Holding company Technology services Holding company Dormant
SDL Technologies (Australia) Pty Ltd	Level 16, 1 Market Street, Sydney NSW 2000, Australia	Localisation services
SDL do Brazil Global Solutions Ltda	Rua Barão do Triunfo 73, Brooklin Paulista, São Paulo, Brazil	Localisation services
SDL International (Canada) Inc	1550 Metcalfe St., 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 Czech Republic	Localisation services
SDL France SARL	44-46 Rue Alphonse Penaud, Paris, 75020, France	Localisation services
SDL Tridion GmbH *1	Balanstrasse 49, 81669 Munich, Germany	Technology 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 Magyarország Szolgáltató 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	Nakameguro GT Tower 4F, 2-1-1, Kamimeguro Meguro, Tokyo 153-0051, Japan	Localisation services
SDL Tridion KK		Technology services
Horn & Uchida Patent Translations Ltd	6-11, Kitihami 2-Chome, Chuo-ku, Osaka- shi, Japan	Patent translation and filing



Notes to the Parent Company Financial Statements (continued)

Subsidiary undertaking	Registered address	Nature of business
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
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 Someşului 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, Turkey	Localisation services
Liones Holding B.V. *2 Liones Group B.V. *2 Liones B.V. *2 Fonto Group B.V. *2	Polakweg 7, 2288 GG Rijswijk, The Netherlands	Holding company Content authoring Content authoring 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 Singapore also has a branch operating in Malaysia. SDL Sweden AB also has branches operating in Denmark, Finland and Norway.

*1 Entities dissolved in FY2022.

*2 Liones Holding B.V., Liones Group B.V., Liones B.V. and Fonto Group were acquired on 22 March 2022.

All subsidiary undertakings, except SDL Limited, RWS Group Limited and Iconic Translation Machines Ltd, are held indirectly.

All subsidiary undertakings are 100% owned.



8. DEBTORS

	2022 £m	2021 £m
Amounts owed by Group undertakings	232.0	212.5
Prepayments	0.3	0.4
Amounts due within one year	232.3	212.9

Included within amounts owed by Group undertakings is an amount of £5.0m (2021: £5.0m) that is due after more than one year. The debtor incurs interest at a rate equivalent to the Parent Company's external debt facility and is repayable on 18 October 2027. All other amounts owed by Group undertakings are unsecured, interest free and repayable on demand. 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

	2022 £m	2021 £m
Loans due in more than one year	29.3	35.2

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.

The debt refinancing was accounted for as a debt modification without extinguishment resulting in a nominal debt modification gain being recognised in the parent company's statement of comprehensive income of £5k.

All transaction costs incurred in amending and re-stating the RCF have been capitalised and are being amortised over the 4-year term of the facility on a straight-line basis. Currently all Group borrowings under the RCF are denominated in USD.

10. TRADE AND OTHER PAYABLES

	2022 £m	2021 £m
Amounts owed to Group undertakings	-	7.6
Other taxes and social security costs	0.1	-
Other payables	1.0	0.8
Accruals	2.7	2.4
Deferred consideration	1.5	1.5
Total Other creditors	5.3	12.3
Trade Creditors	0.6	0.1
Amounts due within one year	5.9	12.4

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 2022, the total share-based payment charge amounted to £3.2m (2021: £1.4m). 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 (2021: £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

There have been no significant events that have occurred between the balance sheet date and the date of authorising these financial statements which require disclosure or adjustment within these financial statements.

ALTERNATIVE PERFORMANCE MEASURES

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

Reconciliation of statutory profit before tax to adjusted profit before tax:	2022 £m	2021 £m
Statutory profit before tax	83.2	55.0
Amortisation of acquired intangibles	34.4	34.4
Acquisition costs	2.1	11.2
Share-based payment expense	3.2	1.4
Exceptional items (note 6)	12.5	14.1
Exceptional finance costs (note 8)	0.3	0.3
Adjusted profit before tax	135.7	116.4
Reconciliation of adjusted operating profit to statutory operating profit:	2022 £m	2021 £m
Adjusted operating profit	138.5	118.5
Amortisation of acquired intangibles	(34.4)	(34.4)
Acquisition costs	(2.1)	(11.2)
Share-based payment expense	(3.2)	(1.4)
Exceptional items (note 6)	(12.5)	(14.1)
Statutory operating profit	86.3	57.4



Organic Revenue

Organic revenue is calculated by adjusting the prior year revenues by adding pre-acquisition revenues for the corresponding period of ownership.

	2020 Organic Revenue	2021 Organic Revenue Growth/(Loss)	2021 Organic Revenue	2022 Organic Revenue Growth/(Loss)	2022 Organic Revenue ²	Organic Revenue Growth
IP Services	112.8	0.8	113.6	(6.4)	107.2	(6%)
Regulated Industries	157.2	14.0	171.2	1.8	173.0	1%
Language Services	320.9	2.7	323.6	18.5	342.1	6%
Language & Content Technology	113.7	2.8	116.5	9.1	125.6	8%
Total	704.6	20.3	724.9	23.0	747.9	3%

Organic revenue at constant exchange rates

Organic revenue at constant exchange rates is calculated by adjusting the prior year revenues by adding pre-acquisition revenues for the corresponding period of ownership, and applying the 2022 foreign exchange rates to both years.

	2021 Revenue at FY 22 Rates	2021 Pre Acq Revenue at FY 22 Rates ¹	2021 Organic revenue at constant exchange rates	2022 Revenue Growth	2022 Organic Revenue ²	Organic Constant Currency Revenue Growth
IP Services	117.5	1.4	118.9	(11.7)	107.2	(10%)
Regulated Industries	168.6	8.1	176.7	(3.7)	173.0	(2%)
Language Services	324.4	13.9	338.3	3.8	342.1	1%
Language & Content Technology	110.9	8.4	119.3	6.3	125.6	5%
Total	721.4	31.8	753.2	(5.3)	747.9	(1%)

¹ Includes SDL and Horn & Uchida pre-acquisition operating results ² Excludes Lioness Holding B.V. FY22 operating results

Adjusted Operating Profit

Adjusted operating profit is calculated by adjusting operating profit for the impact of exceptional items, amortisation of acquired intangibles, acquisition costs and share based payments. This is further analysed in note 4 and labelled as 'Operating profit/(loss) before charging.

Cash flow conversion calculations	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Adjusted operating profit	66.3	78.4	72.9	118.5	138.5
Depreciation (excluding right of use asset depreciation)	2.8	3.0	3.0	6.2	7.1
Amortisation from non-acquired intangibles	2.0	3.0	3.4	13.4	15.7
Net changes in working capital	(7.1)	(1.8)	7.1	(23.5)	(8.7)
Underlying cash flow from adjusted operating activities	64.0	82.6	86.4	114.6	152.6
Cash conversion	96.5%	105.4%	118.5%	96.7%	110.2%



Glossary

Adjusted earnings per share or Adjusted EPS – is stated before amortisation of acquired intangibles, acquisition costs, share-based payment expense and exceptional items, net of associated tax effects.

Adjusted net income – Adjusted net income is calculated as statutory profit for the year adjusted for the Group's amortisation on acquired intangibles, acquisition costs, share based payment expense and exceptional items.

Adjusted operating cash flow – is operating cash flow excluding the impact of acquisition costs and exceptional items.

Adjusted operating profit (reconciled above) – is operating profit before charging amortisation 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 (reconciled above) – is stated before amortisation 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 amount is added back in arriving at adjusted profit and adjusted EPS measures. This is reconciled to total amortisation as part of note 13 in the financial statements.

Cash conversion – is the adjusted operating cash flow expressed as a percentage of adjusted operating profit.

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 the net value of cash or debt held by the business, 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.

Shareholder Information

CORPORATE HEADQUARTERS AND REGISTERED OFFICE

Company No. 03002645
Europa House, Chiltern Park, Chiltern Hill, Chalfont
St Peter, Buckinghamshire, SL9 9FG United Kingdom
Tel: +44 (0) 1753 480200 Fax: +44 (0) 1753 480280

PUBLIC RELATIONS ADVISERS

MHP Communications, 60 Great Portland Street,
London W1W 7RT
Tel: +44 (0) 20 3128 8100

NOMINATED ADVISER AND JOINT BROKER

Numis Securities Ltd, 45 Gresham Street,
London EC2V 7BF
Tel: +44 (0) 20 7260 1000

JOINT BROKER

Berenberg, 60 Threadneedle Street, London EC2R 8HP
Tel: +44 (0) 20 3207 7800

REGISTRARS

Link Group, 10th Floor, Central Square,
29 Wellington Street, Leeds LS1 4DL
Tel: +44 (0) 371 664 0300
Calls are charged at the standard geographic rate and will vary by provider.
Calls outside the United Kingdom will be charged at the applicable
international rate. We are open between 09:00 - 17:30, Monday to Friday
excluding public holidays in England and Wales
Email: shareholderenquiries@linkgroup.co.uk

INDEPENDENT AUDITORS

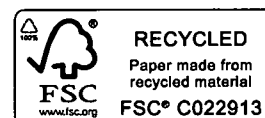
Ernst & Young LLP, 1 More London Place, London SE1 2AF

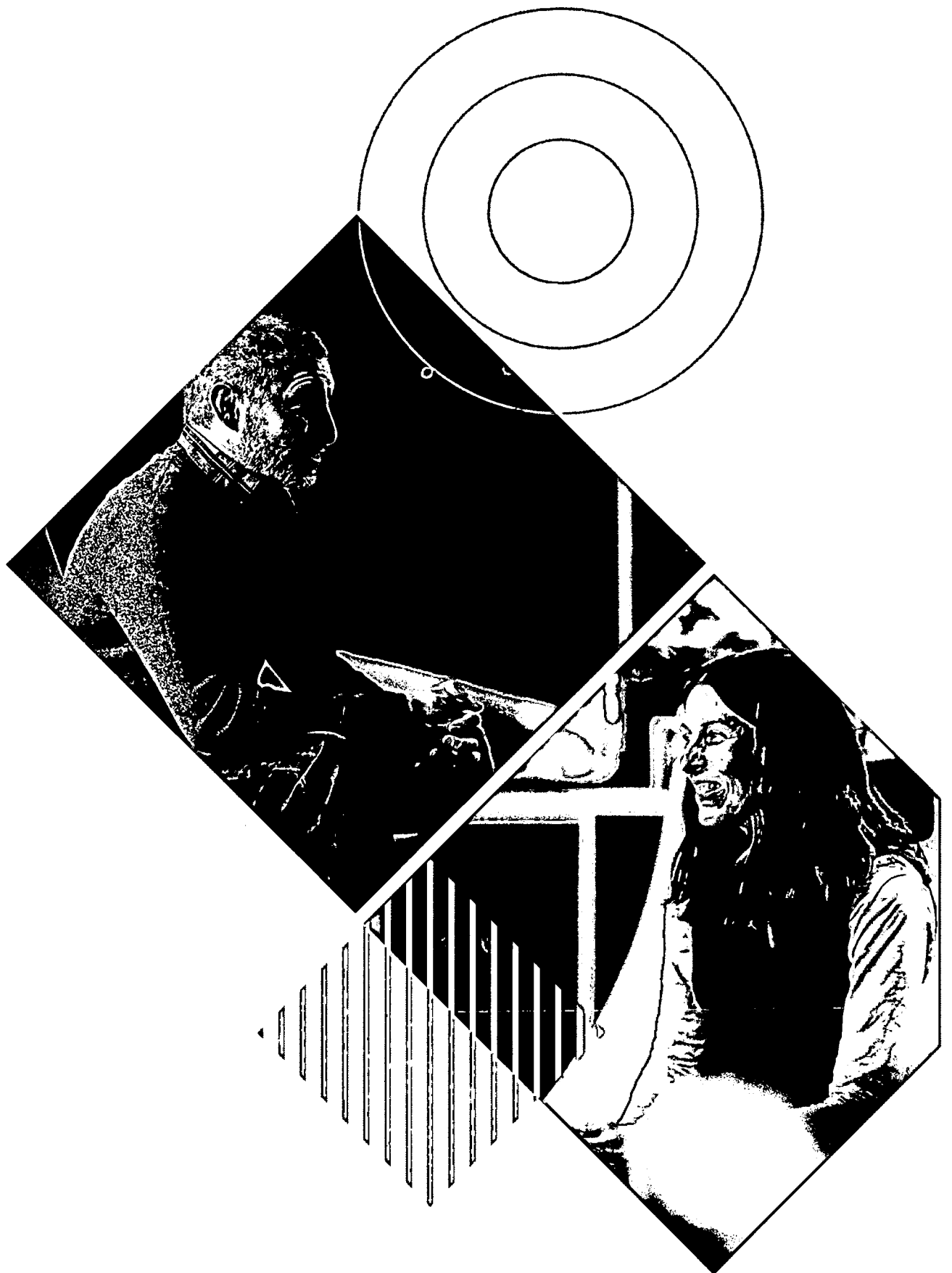
SOLICITORS

CMS Cameron McKenna Nabarro Olswang LLP,
Cannon Place, 78 Cannon Street, London EC4N 6AF

PRINCIPAL BANKERS

Barclays Bank plc, 1 Churchill Place, Canary Wharf,
London E14 5HP







RWS Holdings plc
ANNUAL REPORT 2022
Europa House
Chiltern Park
Chiltern Hill
Chalfont St Peter
Bucks
SL9 9FG
United Kingdom

Tel: +44 (0) 1753 480 200
Email: rws@rws.com

rws.com

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