

For immediate release  
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## RWS Holdings plc

### Results for the year ended 30 September 2024

A return to growth in the second half, driven by encouraging performance  
in AI-led solutions

RWS Holdings plc ("RWS", "the Group"), a unique world-leading provider of technology-enabled language, content and intellectual property services, today announces its results for the year ended 30 September 2024 ("FY24").

#### Financial overview

|  | 2024     | 2023     | Change   |
|--|----------|----------|----------|
| Revenue  | £718.2m  | £733.8m  | -2%      |
| <i>OCC<sup>1</sup> revenue</i>                 |          |          | 0%       |
| Gross margin                                   | 46.9%    | 46.3%    | +60bps   |
| Adjusted profit before tax <sup>2</sup>        | £106.7m  | £120.1m  | -11%     |
| Profit/(Loss) before tax                       | £60.0m   | £(10.9)m | -        |
| Adjusted basic earnings per share <sup>2</sup> | 21.6p    | 23.3p    | -7%      |
| Basic earnings per share                       | 12.8p    | (7.1)p   | -        |
| Dividend:                                      |          |          |          |
| Proposed final                                 | 10.0p    | 9.80p    | 2%       |
| Total for year                                 | 12.45p   | 12.20p   | 2%       |
| Cash conversion <sup>2</sup>                   | 51%      | 74%      | -23% pts |
| Net (debt) / cash <sup>3</sup>                 | £(12.9)m | £23.6m   | -£35.2m  |

#### Group highlights

- Revenues declined 2% on a reported basis. The Group returned to growth in the second half of the year with organic constant currency ("OCC")<sup>1</sup> revenue up 2% compared with -2% in H1, continuing the improving trend seen since the second half of FY23, driven by:
  - Strong growth in our AI-led solutions, particularly TrainAI, Language Weaver and Evolve
  - Significant contract wins, very high client retention across all divisions (95% repeat revenue in services) and strong improvement in the Group's NPS client satisfaction score to +48 (FY23: +42)
  - Language Services and IP Services delivered encouraging growth for the full year:
    - Language Services OCC<sup>1</sup> revenue grew 3% (1% decline on a reported basis), driven by delivery of TrainAI programmes, further contract wins for Evolve and improving trends beyond our major technology client base, supported by good growth in APAC
    - IP Services OCC<sup>1</sup> revenue grew 3% (2% decline on a reported basis), reflecting a good Eurofile performance and an increasing contribution from other parts of the IP lifecycle, particularly research and renewals
  - Significant improvements in H2 in both Regulated Industries and Language and Content Technology:
    - Regulated Industries delivered -2% OCC<sup>1</sup> revenue in H2 as corrective actions had a positive impact, compared with a 12 % decline in H1 (full year revenues declined 10% on a reported basis). Linguistic

compared with a 12.7% decline in FY24 from year-to-date decline to 7.0 on a reported basis; Linguistic Validation, one of our growth initiatives, continued to perform strongly with double-digit OCC<sup>1</sup> growth for the year

- Language and Content Technology revenues grew 4% on a reported basis. The division delivered mid-single digit OCC<sup>1</sup> revenue growth in H2, compared with a 3% contraction in H1, driven by strong revenues in Language Weaver, including securing its largest ever three-year contract in Q4, Propylon performing ahead of plan and material improvement elsewhere in content technology

### Financial performance

- Revenues were flat year-on-year on an OCC<sup>1</sup> basis and declined 2% on a reported basis, due to FX
- Gross margin improved to 46.9% (FY23: 46.3%), reflecting group restructuring and broader cost control efforts and continued efficiency benefits from greater use of the LXD, more than offsetting FX headwinds and adverse mix
- Adjusted profit before tax ("Adjusted PBT")<sup>2</sup> declined 11%; adjusted PBT<sup>2</sup> margin of 14.9%, down from 16.4% in FY23, principally reflecting reduced activity in certain higher margin end markets, compounded by adverse effects from foreign exchange, partially mitigated by efficiency gains
- Reported profit increased to £60.0m, driven by lower impairment charges and lower exceptional charges primarily related to group restructuring, as well as the profit on sale of PatBase
- The Group further strengthened its balance sheet with the disposal of its interest in PatBase, receiving £25m in initial cash consideration in May and £5m of deferred consideration in November
- 51% cash conversion<sup>2</sup>, driven by peak investment in transformation and working capital movement
- Modest net debt<sup>3</sup> of £12.9m at 30 September 2024 (FY23: £23.6m net cash) includes payment of £46m of dividends, £30m of share repurchases, £46m of capex and £25m from the sale of PatBase
- Recommended final dividend of 10.0p per share (FY23: 9.80p), giving total dividend of 12.45p (FY23: 12.20p), a 2% increase

### Significant strategic progress

- Transformation programme, efficiency actions and investments in our growth initiatives supporting resilience and momentum:
- AI-centred products and services account for approximately 25% of Group revenues, with an OCC<sup>1</sup> growth rate of approximately 7% and gross margin of 45%
- £28m of incremental revenue in the year from growth initiatives, including TrainAI and Linguistic Validation
- In Q3 we launched HAI, a secure "human in the loop" self-service platform
- SaaS now represents 39% of divisional licence revenues (FY23: 34%) and is established as a tailwind, delivering greater revenue visibility
  - Language eXperience Delivery ("LXD") production platform continues to drive efficiency across the Group
    - Now managing 72% of Language Services, Regulated Industries & IP Services content; approximately 55% of this content is now machine-translated first by Language Weaver
    - LXD technology and expertise continues to be used to manage large communities of high-quality annotators and validators to enable TrainAI revenue growth; RWS in-house language specialists also play a critical role in developing and training our AI tools
- Capex peaked at £46m, in line with strategy, to support growth initiatives and drive transformation; HR transformation programme successfully completed and, post year end, we successfully launched the first phase of the finance ERP system and completed the transition to a global finance shared service model

### Current trading and outlook

- We anticipate further momentum from TrainAI in FY25, building on successful sales of the service to clients outside our major technology accounts
- We are encouraged by a strong pipeline for our AI-focused offerings which is also starting to deliver internal efficiency benefits
- Trading in the early months of FY25 has been in line with the expectations set out in our trading update in October
- We expect to deliver modest organic constant currency revenue growth in FY25, with growth in volumes expected to more than offset ongoing price pressure
- On 26 November the Group announced the appointment of Benjamin Faes as Chief Executive Officer, succeeding Ian El-Mokadem with effect from 6 January 2025

### Ian El-Mokadem, CEO of RWS, commented:

"Having driven significant improvements in performance in the second half, the Group returned to growth on an organic constant currency basis. Client retention levels have remained high, client satisfaction has improved and we have continued to win significant new accounts.

"Our AI-centred products and services now account for £400m of Group revenue, demonstrating their clear traction

Our AI-centred products and services now account for £180m of Group revenues, demonstrating their clear traction. With strong growth in TrainAI and Language Weaver and a number of significant wins for Evolve, we remain confident that AI represents a net opportunity for the Group. We have also had another year of growth in Linguistic Validation and cross selling has been a highlight, illustrated by a significant win for the Content Technology business in Regulated Industries at the end of the year.

"Whilst our market has been more challenging than anticipated when we set out our medium-term strategy in 2022, it is clear that our investments in growth and AI and the efficiency actions we have taken in line with that strategy are allowing us to pivot successfully towards both AI-led and more specialist solutions. We continue to invest in sales effectiveness, rationalising our translation management technology portfolio and transformation to create an even more scalable platform. This, combined with our innovative solutions and continued focus on efficiency, enabled by our unique LXD platform, means we are well placed to emerge from the current market transition in a position of strength and as a leader.

"We remain confident in the long-term growth drivers for our products and services, underpinned by the unique combination of human and artificial intelligence that our proprietary technology platform and in-house linguistic expertise offers.

It has been a privilege to lead our strong, talented and uniquely diverse team who work hard every day to deliver outstanding levels of service and innovative solutions to our highly valued global client base. I am pleased that I will be able to hand over a growing, highly AI-enabled business to an excellent successor in January and wish all of my colleagues every success as they continue to develop our strong and market-leading business".

#### Notes:

<sup>1</sup> Adjusted to reflect a like-for-like comparison between reporting periods and assumes constant currency across both reporting periods.

<sup>2</sup> RWS uses adjusted results as key performance indicators as the directors believe these provide a more consistent measure of operating performance. The definitions for these performance indicators can be found in the Appendix.

<sup>3</sup> Net cash/net debt comprises cash and cash equivalents less loans but before deducting lease liabilities.

The latest Group-compiled view of analysts' expectations are available here - [consensus](#).

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#### **About RWS:**

RWS Holdings plc is a unique, world-leading provider of technology-enabled language, content and intellectual property services. Through content transformation and multilingual data analysis, our combination of AI-enabled technology and human expertise helps our clients to grow by ensuring they are understood anywhere, in any language.

Our purpose is unlocking global understanding. By combining cultural understanding, client understanding and technical understanding, our services and technology assist our clients to acquire and retain customers, deliver engaging user experiences, maintain compliance and gain actionable insights into their data and content.

Over the past 20 years we've been evolving our own AI solutions as well as helping clients to explore, build and use multilingual AI applications. With 40+ AI-related patents and more than 100 peer-reviewed papers, we have the experience and expertise to support clients on their AI journey.

We work with over 80% of the world's top 100 brands, more than three-quarters of Fortune's 20 'Most Admired Companies' and almost all of the top pharmaceutical companies, investment banks, law firms and patent filers. Our client base spans Europe, Asia Pacific, Africa and North and South America. Our 65+ global locations across five continents service clients in the automotive, chemical, financial, legal, medical, pharmaceutical, technology and telecommunications sectors.

Founded in 1958, RWS is headquartered in the UK and publicly listed on AIM, the London Stock Exchange regulated market (RWS.L).

For further information, please visit: [www.rws.com](http://www.rws.com).

#### **CHAIRMAN'S STATEMENT**

In FY24 we continued to invest in line with our strategy and the changing nature of our industry, particularly the growing role that AI is playing

That response was demonstrated by the launch of Evolve, our pioneering linguistic AI solution, the further adoption of AI features and functionality into our software products and the increasing deployment of AI across our operations. In our Language eXperience Delivery ("LXD") platform approximately 55% of words are machine-translated first and AI-related products and services now account for a quarter of Group revenues.

The Group continues to operate in attractive markets with a combined global size estimated at £49bn, where our specialist knowledge, in-house technology, proprietary linguistic data, security, reputation and scale are critical enablers for our clients embarking on an AI-influenced strategy. Our results reflect encouraging progress in a number of areas and demonstrate that we are well positioned for clients' increased appetite to harness AI to meet their language and content needs.

## PERFORMANCE

In FY24 the Group delivered £718.2m of revenues, a decline of approximately 2% compared with the previous year (FY23: £733.8m). This reflected a combination of good progress with our growth initiatives, particularly TrainAI and Linguistic Validation and recovery in some end markets, offset by continuing reduced activity in others. We were pleased to see a return to underlying growth during the year - on an organic constant currency ("OCC") basis, RWS grew 2% in the second half, bringing FY24 in line with the prior year. Both Language Services and IP Services delivered encouraging growth for the full year along with significant improvements in both Regulated Industries and Language & Content Technology in the second half. In parallel, we have continued to focus on making the business more efficient and delivering our planned investments in transformation.

Reported profit before tax for the year was £60.0m (FY23: £(10.9)m). Adjusted profit before tax declined to £106.7m (FY23: £120.1m), reflecting our ongoing investments in growth and transformation, foreign exchange headwinds and unfavourable client and business mix in some parts of the Group, offset by the benefits of continued focus on cost efficiency and an increasing proportion of work delivered by the LXD.

The Group continues to have a strong balance sheet, with net assets of £899.6m (FY23: £987.3m) at 30 September 2024. This included net debt (excluding lease liabilities) of £(12.9)m (FY23: net cash of £23.6m).

## PEOPLE AND BOARD

At 30 September 2024, RWS employed 9,059 full-time equivalents (FY23: 7,910) across 62 locations in 34 countries. This increase is driven by the resources recruited to support the increase in TrainAI business during the year. Our agile working policy has successfully balanced regular face-to-face interactions for effective collaboration with the benefits of technology, leading to significant time and energy savings by reducing commuting. Amid cost-of-living challenges in many regions, our commitment to flexible working has been well-received globally. Additionally, we continued to assess the effectiveness and operating costs of our locations and reduced the number of offices by approximately 7%, resulting in further savings in property and related costs.

Despite challenging global macroeconomic and political conditions, our Group has navigated the year with resilience and dedication. On behalf of the Board, I extend our gratitude to all our teams worldwide for their unwavering commitment to delivering high-quality services and products to our clients. Additionally, the Group has continued to provide support to colleagues affected by the ongoing conflicts in Ukraine and the Middle East.

Paul Abbott and Graham Cooke joined RWS as Independent Non-executive Directors with effect from 1 January 2024. Their combined breadth of experience in technology platforms and solutions, implementing organisational change and driving business growth in customer-focused, international organisations further strengthens the Group's highly experienced Board.

Paul Abbott is currently Chief Executive Officer of American Express Global Business Travel, the global software and services company for travel and expense for more than 20,000 businesses. Since 2019 Paul has led Amex Global Business Travel through several strategic acquisitions, transforming the company's product and technology solutions and driving significant growth.

Graham Cooke was the founder and Chief Executive Officer of Qubit, a leading SaaS company in the e-commerce space, providing AI-personalised shopping recommendations to more than a billion shoppers per month. He oversaw the sale of Qubit to Coveo Solutions in 2021. Prior to Qubit, Graham was one of the first European employees at Google, working on its Ad Platform and Google Analytics products.

On 12 January 2024 Lara Boro, Senior Independent Director, informed the Board of her intention to step down as a Non-executive Director at the Annual General Meeting on 22 February after six years on the Board. We would like to extend a warm thank you to Lara for all her support over the years. David Clayton succeeded Lara Boro as Senior Independent Director.

On 23 May Ian El-Mokadem informed the Board of his intention to step down as Chief Executive Officer and Director of the Company to pursue the next stage of his career. On 26 November the Group announced the appointment of Benjamin Faes as Chief Executive Officer, succeeding Ian El-Mokadem, with effect from 6 January 2025.

We are grateful for his leadership of RWS during a pivotal time for the business and the industry. He, and our broader leadership team, have made considerable progress in line with the Group's strategy. We wish Ian all the very best in his future.

## SUSTAINABILITY AND ESG

Our commitment to uphold the highest standards in environmental, social and corporate governance is the foundation for all our business activities and stakeholder engagements. We are proud to have achieved significant milestones in the past year.

On 18 June 2024, RWS announced that the Science Based Targets initiative ("SBTi") had validated our commitment to reduce Scope 1 and 2 GHG emissions by 54.6% by the end of the year ending 30 September 2033, and Scope 3 carbon emissions by 61.1% per million GBP value added within the same time frame. We also announced on 11 December 2023 that RWS had been awarded a silver medal by EcoVadis for its sustainability achievements. We are proud of these significant achievements which underscore our commitment and journey towards being a sustainable business.

The RWS Foundation made more than £200,000 in donations over the year, supporting three programmes - the RWS-Brode Scholarship Programme with the University of Manchester, together with our ongoing work with CLEAR Global, and the development work to make Trados an accessible tool for those with visual impairments.

## DIVIDEND

The Group continues to deliver against its progressive dividend policy and this marks the 21st year in succession that we have increased the dividend. The Group remains cash generative and, while our investment programme has meant a higher level of capital expenditure in FY24, we continue to focus on cash conversion and managing our net cash/net debt position effectively.

The Board therefore recommends a final dividend of 10p per share. Together with the interim dividend of 2.45p per share, this will result in a total dividend of 12.45p for the year, an increase of 2% compared with FY23. Subject to final approval at the AGM, the final dividend will be paid on 14 February 2025 to shareholders on the register at 17 January 2025.

## SUMMARY

Whilst our market has been more challenging than anticipated when we set out our medium-term strategy in 2022, it is clear that ongoing investments in our growth initiatives and the efficiency actions we have made in line with that strategy have enabled a

ongoing investments in our growth initiatives and the efficiency actions we have made in line with that strategy have enabled a more resilient performance.

We are uniquely positioned to capitalise on advancements in AI and technology. The demand drivers for our products and services are well-established and, combined with the ongoing success of our growth initiatives, we see clear opportunities ahead to emerge from the current market transition in a position of strength. The Group maintains a robust balance sheet, ensuring our capacity to be able to invest to ensure our long-term competitiveness.

Our global presence, diverse market portfolio and excellent client retention rates further strengthen our confidence in the Group's long-term potential. Our innovation in AI is a key pillar of our strategy, ensuring we stay ahead in a rapidly evolving landscape.

**Julie Southern** | Chairman

11 December 2024

## CHIEF EXECUTIVE OFFICER'S REVIEW

We have continued to make solid progress in relation to the strategy we launched in early 2022. Navigating a series of market headwinds over the last 18 months, we have returned the business to growth on an organic constant currency ("OCC") basis in the second half of FY24, with significant improvements in performance across the Group during this period. We have continued to invest in sales effectiveness, transformation and improved efficiency to help ensure that we are well placed to emerge from the current market transition in a position of strength.

Client satisfaction remained high, with our 12-month rolling client Net Promoter Score at +48, continuing an encouraging trend as our Voice of the Customer programme further matures (FY23: +42). We have continued to win new logos across multiple end markets including e-commerce, food & beverages, government, legal services, medical devices, pharmaceutical and technology.

AI-based solutions and functionality are central to our future success and, as an AI-native organisation, we have long-established capabilities across the content value chain. With AI-related products and services now accounting for a quarter of the Group's revenues, RWS is both an established industry leader and one of the principal AI innovators.

## PROGRESS IN RELATION TO OUR MEDIUM-TERM STRATEGY

### AI AND TECHNOLOGY

In March 2022, when we launched our medium-term strategy, we highlighted the critical role that technology and AI would play in the future of our business and that of our clients. As anticipated in our strategy, within a year generative AI had become mainstream with the launch of several free-to-use solutions. With our long history in AI innovation, we continue to capitalise on the opportunities presented by AI and believe strongly that we are well positioned to support clients on their AI journey.

We achieved high levels of repeat revenue with existing clients, supported by some significant new wins and further incremental revenue contributions from our growth initiatives, particularly TrainAI and Linguistic Validation, as well as a very strong year for Language Weaver. The launch of Evolve in early 2024 experienced positive traction with clients. Evolve, our patent-pending and award-winning linguistic AI solution, utilises a private large language model in combination with Language Weaver to significantly reduce the time it takes to achieve near human-like translation quality. We have secured a number of substantial client wins and have started to see some efficiency benefits from deploying the solution internally.

In June we launched HAI, a digital self-service platform designed to streamline the translation experience by combining human expertise and AI, simplifying project management, offering real-time cost visibility and security and ensuring high-quality translations, all in one place.

We made significant progress with one of our growth initiatives, TrainAI. We invested in people, marketing and sales, and further developed the scope of our TrainAI community, balancing our established network of 100,000+ freelance members with some in-house recruitment to effectively meet increased demand for the service. We also transformed our approach to managing the freelance community, using the Language eXperience Delivery's capabilities and expertise to successfully recruit, onboard, train, manage and pay community members.

In September we announced a strategic collaboration agreement with Amazon Web Services ("AWS") to bring to market new solutions powered by generative AI. Under the agreement RWS and AWS will develop generative AI solutions, enabling clients to increase efficiencies when creating, translating and delivering content. RWS is working with AWS on 25 new product features and multiple new proofs of concept.

People are always at the heart of our technology developments and partnerships. This approach is reflected in our Genuine Intelligence™ philosophy, bringing together human and artificial intelligence in way that delivers real value for our clients. Genuine Intelligence enables us - and our clients - to work confidently with AI, to mitigate the risks of naïve AI implementation and to unlock the true potential of AI for business and society.

### TRANSFORMATION

We continued to invest in our transformation in line with our medium-term strategy and remain committed to our planned investments in sales and marketing, R&D and consolidation of our operating platforms that will underpin future growth, efficiency and margin development. We successfully completed our HR transformation by the end of 2024, with Dynamics 365 for Human Resources being adopted across the Group. We were also pleased to launch iCIMS, our new Applicant Tracking System, which delivers a One RWS recruitment process, enabling effective hiring and a better candidate and colleague experience through automation, self-service and simplified processes.

In finance the first phase of the shared service centre implementation has been completed. We also have made good progress on moving a greater proportion of translation volumes into the Language eXperience Delivery platform (including some IP Services content) and we have rationalised the supply chain for our freelance network of language specialists, with the resulting efficiency benefits already supporting margin. Looking forward, we will continue the transformation programmes in finance and IP Services and look to access new opportunities in the further development and scaling of our AI propositions, end-to-end optimisation and legal entity rationalisation.

### ACQUISITIONS AND DIVESTMENTS

Through the acquisition of Cape Town-based ST Comms Language Specialists Proprietary Limited ("ST Communications") early in the year, we were delighted to establish a local presence and operations in Africa, further strengthening RWS's ability to support clients with rarer languages. The integration of ST Communications marks a significant milestone for RWS and will enable clients to further their reach into the African market with locally-based talent and linguistic expertise across an additional 40+ African languages.

In May the Group further strengthened its balance sheet with the disposal of its interest in a revenue and cost sharing arrangement, together with certain associated assets, relating to a patent information resource business known as 'PatBase,' receiving £25m in cash in May, with the remaining £5m paid in November 2024.

The Group continues to seek acquisitions which can accelerate delivery of our medium-term plans. Our disciplined M&A

The Group continues to seek acquisitions which can accelerate delivery of our medium-term plans. Our disciplined M&A programme is focused on selectively acquiring complementary businesses which enhance our organic growth profile, including new capabilities in AI technology and technology-enabled language services in text and multimedia formats, assets that broaden our natural language processing capabilities, data annotation solutions and localisation assets with attractive end market exposure.

## OPERATING REVIEW

### LANGUAGE SERVICES

First half OCC growth momentum maintained, underpinned by delivery of several TrainAI programmes and further Evolve wins

The Language Services division represented 46% of Group revenues in the year (FY23: 45%). Revenues of £327.1m were 0.8% lower on a reported basis (FY23: £329.8m) and increased by 2.5% on an OCC basis.

We were pleased to see the return to growth on an OCC basis, driven by a good performance in Enterprise Services, particularly in TrainAI, where our global technology clients are increasingly benefiting from our data services expertise. Clients are attracted to the enterprise-grade security and privacy that RWS offers, as well as its strong ethical practices in the sourcing and quality checking of data for training their AI models.

We also won our first TrainAI contracts from clients in other parts of the Group and, with an encouraging pipeline, we anticipate TrainAI will make a further positive contribution to revenue growth in FY25.

We are also encouraged by the impact of Evolve on clients. Evolve, our pioneering linguistic AI solution, combines RWS's language services expertise with our translation management system (Trados Enterprise) and neural machine translation technology (Language Weaver), alongside language specialist-trained quality estimation and a fine-tuned private large language model. After a successful beta program in the second quarter of FY24 in which a number of clients participated, we are now receiving revenues from Evolve contracts with major clients. We anticipate Evolve continuing to play an important part in our AI-enabled services portfolio.

We made good progress in respect of growth initiatives in the division during the period. In the third quarter we successfully launched HAI, a digital self-service platform which streamlines the translation experience and combines the best of our human expertise and AI capability. We anticipate HAI making an important contribution to FY25 performance. In eLearning we increased the number of pilots and opportunities across all verticals.

Once again, we saw high levels of client retention and satisfaction in the division, a number of new client wins in the technology and e-commerce sectors and a strong organic performance in the Asia-Pacific region.

Operating profit was £25.4m (FY23: £18.8m). Adjusted operating profit was £39.6m (FY23: £39.4m), reflecting changes in service and language mix offset by strong cost control.

### REGULATED INDUSTRIES

Impact of corrective actions delivered strong second half recovery, accompanied by continued progress with Linguistic Validation

The Regulated Industries division accounted for 20% of Group revenues in the year (FY23: 22%). Revenues of £146.5m decreased by 9.8% on a reported basis (FY23: £162.5m) and by 6.8% on an OCC basis.

In Regulated Industries the early signs of recovery highlighted in the Group's mid-year results were maintained, with OCC revenues meaningfully improved in the second half compared with the prior year. While a number of our larger life science clients implemented cost-cutting exercises and there was no repeat of the boost in FY23 from compliance work to meet PRIIPS regulatory changes in the financial services segment, the corrective actions that we have taken are having a positive impact. By contrast, Linguistic Validation, one of our growth initiatives and a service used by clients at the clinical phase of therapy development, again performed strongly over the course of the year - pointing to improved demand in the regulatory and launch phases of life sciences in due course.

In FY24 we were pleased to have secured our first Evolve contract with a large life sciences client. We finished the year with an important technology win in the Life Sciences division, demonstrating both our improving cross-selling effectiveness and the willingness of life sciences clients to embrace technology solutions.

Operating profit was £5.9m (FY23: £9.1m). Adjusted operating profit decreased to £19.8m (FY23: £22.9m), reflecting the reduction in topline revenue and adverse foreign exchange impact, partially mitigated by increased use of LXD and cost actions taken through the year.

### LANGUAGE & CONTENT TECHNOLOGY

Second half recovery driven by improving performance in content technology, alongside strong year in Linguistic AI, particularly Language Weaver

The Language and Content Technology ("L&CT") division accounted for 20% of Group revenues in the year (FY23: 19%). Revenues of £142.3m were 4.1% higher on a reported basis (FY23: £136.7m) and decreased by 0.7% on an OCC basis, reversing the first half decline to deliver modest OCC growth in H2.

Divisional performance was underpinned by continued strong revenues in Language Weaver (our long-established AI-centred machine translation solution), Propylon performing ahead of plan and improved second half performance elsewhere in the content technology segment. We saw new logo wins across a range of end markets, including financial services, government, media and retail. In the final quarter we secured our largest ever three-year Language Weaver contract.

We achieved an 18% growth in SaaS licence revenues in the period compared with FY23 and SaaS revenues as a percentage of total licence revenues in the division increased to 39% (FY23: 34%), demonstrating the continued shift in our licence models to SaaS, linked to the increased R&D investments in our technology products. This transition to SaaS builds long-term value for FY25 and beyond by supporting greater stability and predictability of future revenue streams.

The division's in-house R&D team led the development of the Evolve solution and continues to roll out the range of language pairs available through Evolve, with 22 language pairs expected to be available by the end of 2024. In parallel, having announced end of life timelines for the majority of our legacy translation management products in March 2024, we have continued to work on the transition programme to Trados Enterprise for clients of these products, with 29% of transitions completed so far.

We also launched Trados Studio 2024 in June, the latest version of our computer-assisted translation tool for individual users. Delivering access to cutting-edge AI, multiple usability improvements and enhanced accessibility features, and with Language Weaver as a standard feature, Trados Studio 2024 continues to address the diverse, evolving needs of users and reinforces the position of Trados as the backbone of the industry.

The release of Tridion Docs 15.1 included a host of new AI features, including Tridion Docs Genius, a new AI-driven



knowledge portal that helps employees, customers and partners find the information they need more quickly across vast amounts of information. In addition, a new Draft Companion feature, based on generative AI, acts as a second pair of eyes for the author by spotting and fixing grammar and spelling issues, rephrasing sentences and phrases and summarising text.

The launch of Contenta Cloud S1000D in September benefits our clients in aerospace and defence, allowing them to more effectively create, manage and publish technical documentation.

Operating profit was £18.5m (FY23: £40.9m). Adjusted operating profit was at £34.2m (FY23: £37.0m), reflecting the higher proportion of SaaS revenues, ongoing planned investments, adverse foreign exchange impact and the Propylon acquisition.

## IP SERVICES

Return to OCC growth driven by strong Eurofile revenues and good growth in renewals

The IP Services division represented 14% of Group revenues in the year (FY23: 14%). Revenues of £102.3m were 2.4% lower on a reported basis (FY23: £104.8m) and 3.3% higher on an OCC basis.

OCC revenue growth in IP Services division was driven by a strong performance in the Eurofile segment with many patent filers remaining committed to the existing arrangements over the Unitary Patent. The IP Services division secured several new client wins and we saw growth in patent renewals work, particularly in China and Japan. With an expanded product offering in IP records and docketing, we further demonstrated our ability to serve clients across the entire IP lifecycle, reflecting an improved sales structure and effectiveness.

Operating profit was £33.3m (FY23: £21.6m). Adjusted operating profit was £26.9m (FY23: £27.7m), reflecting changes in mix, partially offset by some transition of volumes to the LXD and the disposal of PatBase.

## PEOPLE & CULTURE

We are committed to making RWS a great place to work and we are proud to have built an inclusive environment where everyone has the opportunity, and support around them, to be their best.

We aim to ensure that everyone understands the Group's overriding priorities - growth, efficient delivery and engagement - through a regular cadence of communications. This includes CEO-led messages, our monthly newsletter, updates on transformation programmes and regular town hall events across divisions and functions, as well as on a Group-wide basis.

Now in its fourth year, our annual RWS Engagement Survey explores colleagues' attitudes and experiences towards RWS - what's working well and what can be improved with regards to collaboration, engagement, inclusion, growth and development, leadership and living the Group's values. This year's survey achieved another strong response rate of 81% (FY23: 84%) and a 61% (FY23: 61%) favourable engagement score. We were pleased to note that there is strong flexibility, trust and respect between colleagues and that managers are seen as effective in removing barriers and engendering caring and trusting relationships with their teams. In addition, we saw an improvement in the belief amongst colleagues that their voice matters and that there will be positive change as a result of the insights that the survey offers.

Over the year we have continued to address the feedback from our 2023 colleague engagement survey, with action plans in place across four global workstreams and at divisional and functional levels to focus and drive improvements. In support of one of the global workstreams we held 67 'One RWS' events in 43 locations in the last week of April, supplemented by a number of virtual events for those colleagues who are fully remote.

It was an opportunity for colleagues to be recognised for their contribution, to better connect them to strategy, group priorities and one another, to learn more about our portfolio of products and solutions, particularly how critical AI is to our future, and to focus on our community and culture. These events were well received and we anticipate them becoming annual events in our calendar.

I am also pleased to report an improvement to our voluntary colleague attrition levels which have fallen to 10.6% (FY23: 11.9%). Combined with an improvement in the 'intent-to-stay' measurement in the 2024 engagement survey to 67% (FY23: 64%), we believe that we are building the kind of organisation where colleagues feel that they can develop their careers.

We were also pleased to continue our Ambassador Awards - a recognition programme that encourages all colleagues to nominate a fellow colleague or team. Now in its second year, all colleagues (across each division, the LXD and our Group functions) nominate one colleague or team that exemplifies each of our four values. These 24 semi-annual winners are given a financial reward and their stories are shared and promoted internally to acknowledge their outstanding contributions. This programme has been highly popular, attracting over 800 entries throughout the year.

Our eLearning platform, MyLX, continues to be the bedrock of our learning and development. Colleagues have access to more than 360,000 training courses from Skillssoft. A majority of our colleagues use MyLX on an ongoing basis and have completed over 150,000 various learning assets during FY24. The platform, which we have contractually renewed this year, has also enabled us to roll out important business-wide learning initiatives, including our compliance and quality training, professional and technical skill development, and DEI and wellbeing sessions.

Three significant appointments were made during the year to further strengthen our Executive Team and focus on delivering against our medium-term strategy.

In December 2023, Amanda Newton was appointed President of Global Content Services, bringing together RWS's linguistic, intellectual property and cultural expertise - alongside our AI-enabled technologies - to support clients on their globalisation journey. We also appointed Vasagi Kothandapani in January 2024 as President of Enterprise Services, taking a leading position in how RWS partners with its clients to ensure that AI becomes the driving force behind their future success. In September 2024 Mark Lawyer, previously General Manager of Linguistic AI, was appointed President of Regulated Industries & Linguistic AI. Mark's appointment reinforces RWS's focus on delivering AI technology to financial, legal and life sciences clients. Thomas Labarthe continues to lead RWS's content technology portfolio.

## SUSTAINABILITY AND ESG

Environmental, social and governance ("ESG") matters continue to be core to the way RWS operates. Clients, partners and colleagues are keen to understand the steps we are taking to become a more sustainable business.

On environmental matters, the Group formally submitted its greenhouse gas ("GHG") emissions reduction targets to the Science Based Targets initiative ("SBTi") for validation in December 2023. We were delighted to receive confirmation from the SBTi that the targets had been validated. We have committed to reduce absolute Scope 1 and 2 GHG emissions by 54.6% by the end of the financial year ending 30 September 2033 (FY33) from a FY22 base year. The Group has also committed to reduce Scope 3 GHG emissions from purchased goods and services and colleague commuting by 61.1% per million GBP value added within the same time frame.

In recognition of our ESG progress, in December 2023 we were awarded a Silver Medal by EcoVadis for the second year running. Once again we ranked in the top quartile of participating companies and in the top 10% of companies in our industry category, improving our score to 66% (FY22: 63%).

The RWS Campus, a global programme nurturing localisation talent, continues to partner with around 600 universities

The RWS Campus, a global programme nurturing localisation talent, continues to partner with around 600 universities worldwide, fostering strong relationships to develop the next generation of professionals who will positively impact our industry. One of these relationships is with the University of Manchester, where The RWS Foundation provides funding via the RWS-Brode scholarship and, during the last year, several professional development workshops were delivered to students.

Earlier in the year our Trados team - funded by The RWS Foundation - embarked on a profound learning journey, exploring ways in which to make Trados more accessible for the visually impaired. Working with a blind language specialist, a dedicated team has worked to improve the tool - ensuring that it is accessible to those with visual impairments. The latest improvements include enhanced screen reader compatibility, improved keyboard navigation and accessible project list and workflow navigation.

In February 2024 RWS joined Meta's Open Loop to help bridge the gap between rapid advances in AI innovation and policy-making. Open Loop is a global programme involving a consortium of technology businesses, academics and civil society representatives that connects policymakers and technology companies to help develop effective and evidence-based policies around AI and specifically generative AI systems. As an extensive developer and user of AI, RWS believes that it is critical that proposed AI regulations strike the right balance between fostering innovation and ensuring that AI is developed safely and securely for the benefit of customers and broader society.

## CURRENT TRADING AND OUTLOOK

The Group's FY24 results reflect good progress in a number of key areas and demonstrate that we are well positioned for clients' increased appetite to harness AI to meet their language and content needs. Our successes with TrainAI, Language Weaver and Evolve demonstrate that our AI-enabled solutions are resonating with clients at this transitional moment for our industry.

Given our rich history and deep experience in developing AI and technology, we are confident that we are well positioned to support clients throughout their AI journey, developing the tools and solutions required to help them engage with their customers and users on a global scale.

It is clear that our investments in growth, AI and transformation are allowing us to successfully pivot away from an overreliance on traditional localisation revenues and underpin future revenue and margin development, alongside ongoing effective cost management.

In May 2024 I announced my intention to step down as Chief Executive Officer and Director of the Company. Since the start of December I have been handing over my responsibilities to my successor, Benjamin Faes, and I will remain available to him until the end of January 2025, when I will leave the Company. It has been my privilege to lead our talented and diverse global team and to serve our wonderful clients over the past three and half years.

**Ian El-Mokadem** | Chief Executive Officer

11 December 2024

## CHIEF FINANCIAL OFFICER'S REVIEW

The Group maintains a robust balance sheet, ensuring our capacity to invest in long-term competitiveness and deliver sustained value to our shareholders. Our continued investment in growth initiatives and ongoing efficiency efforts have resulted in a more resilient performance in FY24, with a return to growth in the second half. We further strengthened our balance sheet by disposing of our interest in PatBase, have successfully integrated our recent acquisitions (Propylon and ST Comms), and have completed our first share repurchase programme. We continue to make good progress on the Group's transformation programme.

During 2024 total revenue declined by 2%, adjusted operating profit by 9%, and adjusted profit before tax by 11%. Whilst the Group experienced continued pressure from reduced client budgets and longer decision-making cycles in some parts of the business this year, we were pleased that the Group returned to growth in the second half. Gross margin expansion of 60bps to 46.9% for FY24 was driven by efficiencies from LXD, group restructuring and broader cost control efforts. Cost of inflation in overheads was also offset by restructuring and broader cost control efforts, whilst incremental levels of investment were made to support the growth initiatives and ongoing transformation. Gains from hedging were £5m in FY24 compared to £13m in FY23. The Group continued to enhance its portfolio with the successful integration of Propylon, the acquisition and integration of ST Communications and the disposal of its interest in PatBase.

The Group continues to be highly cash generative, with cash generated from operations of £94.5m, notwithstanding acquisitions and costs associated with restructuring and integration. Net cash (excluding lease liabilities) declined in the period from £23.6m to net debt (excluding lease liabilities) of £12.9m reflecting £25m proceeds from the disposal of PatBase, capital expenditure of £43.1m, dividend payments of £45.5m and a further £30.4m paid for the share repurchase programme.

## REVENUE

Overall, in FY24 the Group generated revenues of £718.2m, which is 2% lower than FY23. The second half reported revenue was in line with prior year due to an improved performance across all divisions which is reflected in a second half OCC revenue growth of +2%. For the full year OCC revenue growth was flat compared to FY23.

In divisional terms, Language Services recorded £327.1m in revenue, a 1% decrease in total revenue and a 3% improvement on an OCC basis. Client retention and satisfaction remain high, albeit we continue to see reduced volume from certain clients in some end markets as they adjust to continued challenging conditions. The TrainAI growth initiative performed well and provides good momentum going forwards. Regulated Industries recorded £146.5m in revenue, a decrease of 10%, although a decline of 7% on an OCC basis year-on-year. Positive progress continues to be made with Linguistic Validation and while some Life Sciences clients continued to deliver reduced levels of activity, we anticipate volumes to recover as more products move through regulatory and launch phases in due course. Language and Content Technology had total revenue of £142.3m, an increase of 4% year on year and a decline of 1% on an OCC basis. Language Weaver and Propylon performed well supporting a more challenged performance elsewhere in the division. IP Services recorded £102.3m in revenue, a decrease of 2% on prior year and an increase of 3% on an OCC basis. The growth was driven by a strong performance in the Eurofile segment with many patent filers remaining committed to the existing arrangement over the Unitary Patent.

The majority of the Group revenue, categorised by geography, is in the US market, which accounts for 53% of the total. No one client accounts for more than 10% of Group revenue.

## GROSS PROFIT

Gross profit decreased by 1% to £336.5m, delivering a gross margin of 46.9%, up 60bps from 46.3% in the prior year. Cost of inflation and foreign exchange headwinds were more than offset by efficiencies from LXD, group restructuring and broader cost control efforts. We continue to identify further opportunities for efficiency gains through our transformation programmes and LXD platform and the use of AI internally.



## ADMINISTRATIVE EXPENSES

Administrative expenses have decreased to £270.7m (FY23: £346.4m). Administrative expenses as a percentage of revenue have decreased from 47% to 38%, which reflects the lower exceptional items and impairment charges within adjusting items. Adjusted administrative expenses (gross profit less adjusted operating profit) increased by £8.5m to £224.2m, with cost control measures not quite offsetting cost of inflation, the additional overheads costs associated with Propylon, incremental investments in growth initiatives and reduced foreign exchange gains.

Amortisation of acquired intangibles was £40.8m (FY23: £38.8m). This included additional amortisation for Propylon intangible assets, partially offset by the impact of exchange rate movements during the period. Amortisation of non-acquired intangibles was £14.0m (FY23: £18.1m).

The Group recorded a £10.5m impairment charge on its revalued freehold building at 1-3 Chalfont St Peter after a recent revaluation lowered its value from £14.0m to £3.5m. The revaluation took place as part of a Group property portfolio review. Furthermore, an impairment charge of £11.7m was recognised on IT investments after a change in strategy resulted in the impairment of a previous solution that was in development.

Exceptional costs of £3.4m were incurred during the year, relating to Group restructuring, integration and the disposal of PatBase.

Acquisition costs of £7.2m were primarily related to the contingent consideration and purchase of ST Communications during the period and contingent consideration for the purchase of Propylon Holdings Limited in the prior period.

## FINANCE COSTS

Net finance costs were £5.8m (FY23: £4.0m), with the year on year increase due primarily to an increase of £2.2m in interest payable on external debt, reflecting higher interest rates and increased borrowings. The Group has a US 220m Revolving Credit Facility ("RCF") maturing on 6 August 2027, after triggering the option to extend maturity by one year. With only 100m drawn as at 30 September 2024, we have further flexibility as we continue to grow the business and seek selective acquisitions to enhance the Group's capabilities and geographic reach.

## PROFIT BEFORE TAX

The Group reported a profit before tax of £60.0m (FY23: loss of £10.9m), the increase being driven by lower impairment charges and lower exceptional charges primarily related to group restructuring as well as the profit on sale of PatBase of £30.0m.

## ADJUSTED PROFIT BEFORE TAX

Adjusted profit before tax ("Adjusted PBT") is stated before amortisation of acquired intangibles, impairments of other assets considered material and one off in nature, acquisition costs, share-based payment expense and exceptional items. The Group uses adjusted results as a key performance indicator, as the Directors believe that these provide a more consistent and meaningful measure of the Group's underlying performance across financial periods. The Adjusted PBT of £106.7m (Adjusted PBT margin: 14.9%) recorded in the period has decreased from £120.1m (Adjusted PBT margin: 16.4%) in the prior year. Strong cost control measures and restructuring efforts were implemented to counteract inflation and ongoing investments in growth and transformation. However, weaker business performance and foreign exchange headwinds led to the release of management bonuses and a slightly lower adjusted PBT compared to the previous year. Excluding the impact of foreign exchange, both the adjusted PBT and margin are in line with the prior year.

## TAX CHARGE

The Group's tax charge for the year was £12.5m (FY23: £16.8m). The adjusted tax charge for the period was £26.6m (FY23: £29.6m) representing an effective adjusted tax rate of 24.9% compared with 24.6% in the prior financial year. The rise in the effective rate largely reflects the full year impact of the increase in the UK rate change to 25%, from the blended rate of 22% in the prior year.

## EARNINGS PER SHARE AND DIVIDEND

Basic earnings per share for the financial year increased from (7.1)p to 12.8p, while adjusted basic earnings per share decreased from 23.3p to 21.6p, representing a decrease of 7%, which reflects the drop in adjusted profit before tax. The weighted average number of ordinary shares in issue for basic and adjusted basic earnings decreased from 388.2m to 371.3m, principally due to the proportionate impact of the ordinary shares repurchased through the share repurchase programme.

A final dividend for the financial year ended 30 September 2024 of 10.0 pence per share has been proposed, equivalent to £36.9m, while an interim dividend of 2.45 pence per share, equivalent to £9.1m, was paid during the financial period. A final dividend for the year ended 30 September 2023 of 9.8p pence per share, equivalent to £45.5m, was paid in this financial period.

The proposed total dividend for the year of 12.45 pence per share represents a 2% increase on the total dividend relative to the prior financial period of 12.2 pence per share.

## BALANCE SHEET

Net assets at 30 September 2024 decreased by £87.7m to £899.6m. The main drivers of this decrease was the decreasing foreign currency denominated net assets, mainly due to the weakening US Dollar.

Current assets at 30 September 2024 of £278.3m have decreased by £11.9m on the prior year. This includes a decrease in trade and other receivables of £1.1m and cash and cash equivalents balances of £14.7m to £61.5m.

Current liabilities have also decreased to £158.4m at 30 September 2024, a decrease of £24.2m, primarily due to a decrease in trade and other payables balances of £22.1m. Non-current liabilities have increased by £2.6m, reflecting a net increase in loan balances under our RCF of £21.8m, partly offset by a decrease in lease liabilities of £4.9m, trade and other payables of £1.9m and deferred tax of £4.2m.

## CASH FLOW AND WORKING CAPITAL

Cash generated from operations was £95.5m, £33.7m less than the prior year, when cash generated was £129.2m. Operating cash flow before movements in working capital and provisions was £128.6m decreased from £130.9m in the prior year. The key items within the net working capital outflow of £32.2m relate to the restructuring of the Group, revenue related phasing, supply chain management and other procurement activities.

Significant cash outflows from investing activities included purchases of intangible software of £40.5m and property plant and equipment of £2.6m partially offset by the £25.0m receipt for the disposal of PatBase.

The Group completed its share repurchase programme during the period with £19.4m of shares repurchased in FY23 and the remaining £30.4m repurchased in FY24. Cash flows from other financing activities included dividends paid within the financial year ended 30 September 2024 of £45.5m.

Cash balances at the financial year end amounted to £61.5m, with external borrowings of £74.4m, excluding lease liabilities, resulting in a net debt position of £12.9m (FY23: £76.2m cash and external borrowings of £52.6m, resulting in net cash of £23.6m). Net debt including lease liabilities was £40.1m (FY23: net debt of £9.9m).

#### POST BALANCE SHEET EVENTS

There are no significant post balance sheet events.

**Candida Davies** | Chief Financial Officer

11 December 2024

#### Consolidated Statement of Comprehensive Income

for the year ended 30 September 2024

|  | Note  | 2024<br>£m     | 2023<br>£m    |
|--|-------|----------------|---------------|
| <b>Revenue</b>   | 3     | <b>718.2</b>   | 733.8         |
| Cost of sales  |       | <b>(381.7)</b> | (394.3)       |
| <b>Gross profit</b>  |       | <b>336.5</b>   | 339.5         |
| Administrative expenses  |       | <b>(270.7)</b> | (346.4)       |
| <b>Operating profit/(loss)</b>   |       | <b>65.8</b>    | <b>(6.9)</b>  |
| <b>Analysed as:</b>  |       |                |               |
| Adjusted operating profit:   |       | <b>112.3</b>   | 123.8         |
| Amortisation of acquired intangibles                                       | 10    | <b>(40.8)</b>  | (38.8)        |
| Impairment of intangible assets  | 9, 10 | <b>(11.7)</b>  | (62.4)        |
| Impairment of property, plant and equipment                                |       | <b>(10.5)</b>  | -             |
| Acquisition costs  | 5     | <b>(7.2)</b>   | (5.1)         |
| Share-based payment expense  |       | <b>(2.9)</b>   | (1.8)         |
| Profit on disposal of business   | 5     | <b>30.0</b>    | -             |
| Exceptional items  | 5     | <b>(3.4)</b>   | (22.6)        |
| <b>Operating profit/(loss)</b>   |       | <b>65.8</b>    | <b>(6.9)</b>  |
| Finance income   |       | <b>0.9</b>     | 0.6           |
| Amortisation of capitalised exceptional finance costs                      |       | <b>(0.2)</b>   | (0.3)         |
| Finance costs  |       | <b>(6.5)</b>   | (4.3)         |
| <b>Profit/(loss) before tax</b>  |       | <b>60.0</b>    | <b>(10.9)</b> |
| Taxation   | 6     | <b>(12.5)</b>  | (16.8)        |
| <b>Profit/(loss) for the year attributable to the owners of the Parent</b> |       | <b>47.5</b>    | <b>(27.7)</b> |
| <b>Other comprehensive (expense)/ income</b>                               |       |                |               |
| <b>Items that may be reclassified to profit or loss:</b>                   |       |                |               |
| Gain/(loss) on retranslation of quasi equity loans (net of deferred tax)   |       | <b>1.7</b>     | (1.9)         |
| Loss on retranslation of foreign operations                                |       | <b>(64.1)</b>  | (60.3)        |
| Gain on hedging (net of deferred tax)                                      |       | <b>0.4</b>     | 2.0           |
| <b>Total other comprehensive expense</b>                                   |       | <b>(62.0)</b>  | <b>(60.2)</b> |
| <b>Total comprehensive expense attributable to owners of the Parent</b>    |       | <b>(14.5)</b>  | <b>(87.9)</b> |
| Basic earnings per ordinary share (pence per share)                        | 8     | <b>12.8</b>    | <b>(7.1)</b>  |
| Diluted earnings per ordinary share (pence per share)                      | 8     | <b>12.8</b>    | <b>(7.1)</b>  |

#### Consolidated Statement of Financial Position

as at 30 September 2024

|                                   | Note | 2024<br>£m   | 2023<br>£m     |
|-----------------------------------|------|--------------|----------------|
| <b>Non-current assets</b>         |      |              |                |
| Goodwill                          | 9    | <b>570.8</b> | 608.6          |
| Intangible assets                 | 10   | <b>317.0</b> | 359.4          |
| Property, plant and equipment     |      | <b>13.5</b>  | 27.5           |
| Right-of-use assets               |      | <b>22.7</b>  | 27.5           |
| Non-current income tax receivable |      | <b>2.2</b>   | 1.4            |
| Deferred tax assets               | 6    | <b>2.0</b>   | 1.2            |
|                                   |      | <b>928.2</b> | <b>1,025.6</b> |
| <b>Current assets</b>             |      |              |                |
| Trade and other receivables       |      | <b>211.2</b> | 212.3          |
| Income tax receivable             |      | <b>5.6</b>   | 1.7            |

|  |    |                |                |
|--|----|----------------|----------------|
| income tax receivable  |    | 5.0            | 1.1            |
| Cash and cash equivalents  | 12 | 61.5           | 76.2           |
|  |    | <b>278.3</b>   | <b>290.2</b>   |
| <b>Total assets</b>  |    | <b>1,206.5</b> | <b>1,315.8</b> |
| <b>Current liabilities</b>                                       |    |                |                |
| Trade and other payables   |    | 127.7          | 149.8          |
| Lease liabilities  |    | 8.5            | 9.9            |
| Income tax payable   |    | 14.3           | 15.3           |
| Provisions   |    | 7.9            | 7.6            |
|  |    | <b>158.4</b>   | <b>182.6</b>   |
| <b>Non-current liabilities</b>                                   |    |                |                |
| Loans  | 11 | 74.4           | 52.6           |
| Lease liabilities  |    | 18.7           | 23.6           |
| Trade and other payables   |    | 0.4            | 2.3            |
| Provisions   |    | 1.5            | 9.7            |
| Deferred tax liabilities   | 6  | 53.5           | 57.7           |
|  |    | <b>148.5</b>   | <b>145.9</b>   |
| <b>Total liabilities</b>   |    | <b>306.9</b>   | <b>328.5</b>   |
| <b>Total net assets</b>  |    | <b>899.6</b>   | <b>987.3</b>   |
| <b>Capital and reserves attributable to owners of the Parent</b> |    |                |                |
| Share capital  |    | 3.7            | 3.8            |
| Share premium  |    | 54.5           | 54.5           |
| Share based payment reserve                                      |    | 8.1            | 5.3            |
| Reverse acquisition reserve                                      |    | (8.5)          | (8.5)          |
| Other reserve  |    | 0.1            | -              |
| Merger reserve   |    | 624.4          | 624.4          |
| Foreign currency reserve   |    | (31.8)         | 33.7           |
| Hedge reserve  |    | -              | (3.5)          |
| Retained earnings  |    | 249.1          | 277.6          |
| <b>Total equity</b>  |    | <b>899.6</b>   | <b>987.3</b>   |

#### Consolidated Statement of Changes in Equity

for the year ended 30 September 2024

|   | Note | Share capital<br>£m | Share premium<br>account<br>£m | Other reserves<br>(see below) £m | Retained<br>earnings<br>£m | Total attributable<br>to owners<br>of Parent<br>£m |
|---|------|---------------------|--------------------------------|----------------------------------|----------------------------|--|
| <b>At 30 September 2022</b>                               |      | <b>3.9</b>          | <b>54.4</b>                    | <b>712.3</b>                     | <b>371.1</b>               | <b>1,141.7</b>                                     |
| Loss for the year   |      | -                   | -                              | -                                | (27.7)                     | (27.7)   |
| Gain on hedging   |      | -                   | -                              | 2.0                              | -                          | 2.0  |
| Loss on retranslation of quasi equity loans               |      | -                   | -                              | (1.9)                            | -                          | (1.9)  |
| Loss on retranslation of foreign operations               |      | -                   | -                              | (60.3)                           | -                          | (60.3)   |
| <b>Total comprehensive (expense)/ income for the year</b> |      | <b>-</b>            | <b>-</b>                       | <b>(60.2)</b>                    | <b>(27.7)</b>              | <b>(87.9)</b>                                      |
| Issue of shares   |      | -                   | 0.1                            | -                                | -                          | 0.1  |
| Deferred tax on unexercised share options                 | 6    | -                   | -                              | -                                | (0.2)                      | (0.2)  |
| Deferred consideration settlement                         |      | -                   | -                              | (2.5)                            | -                          | (2.5)  |
| Dividends   | 7    | -                   | -                              | -                                | (46.3)                     | (46.3)   |
| Purchase of own shares                                    |      | (0.1)               | -                              | -                                | (19.3)                     | (19.4)   |
| Equity-settled share based payments charge                |      | -                   | -                              | 1.8                              | -                          | 1.8  |
| <b>At 30 September 2023</b>                               |      | <b>3.8</b>          | <b>54.5</b>                    | <b>651.4</b>                     | <b>277.6</b>               | <b>987.3</b>                                       |
| Profit for the year                                       |      | -                   | -                              | -                                | 47.5                       | 47.5   |
| Gain on hedging   |      | -                   | -                              | 0.4                              | -                          | 0.4  |
| Gain on retranslation of quasi equity loans               |      | -                   | -                              | 1.7                              | -                          | 1.7  |
| Loss on retranslation of foreign operations               |      | -                   | -                              | (64.1)                           | -                          | (64.1)   |
| <b>Total comprehensive (expense)/ income for the year</b> |      | <b>-</b>            | <b>-</b>                       | <b>(62.0)</b>                    | <b>47.5</b>                | <b>(14.5)</b>                                      |
| Deferred tax on unexercised share options                 | 6    | -                   | -                              | -                                | (0.1)                      | (0.1)  |
| Dividends   | 7    | -                   | -                              | -                                | (45.5)                     | (45.5)   |
| Purchase of own shares                                    |      | (0.1)               | -                              | 0.1                              | (30.4)                     | (30.4)   |
| Equity-settled share-based payments charge                |      | -                   | -                              | 2.9                              | -                          | 2.9  |
| Deferred tax on share-based payments                      |      | -                   | -                              | (0.1)                            | -                          | (0.1)  |
| <b>At 30 September 2024</b>                               |      | <b>3.7</b>          | <b>54.5</b>                    | <b>592.3</b>                     | <b>249.1</b>               | <b>899.6</b>                                       |

|   | Share-based<br>payment<br>reserve<br>£m | Other<br>reserve<br>£m | Reverse<br>acquisition<br>reserve<br>£m | Merger<br>reserve<br>£m | Foreign<br>currency<br>reserve<br>£m | Hedge<br>reserve<br>£m | Total<br>other<br>reserves<br>£m |
|---|---|------------------------|---|-------------------------|--------------------------------------|------------------------|----------------------------------|
| <b>Other reserves</b>                             |   |                        |   |                         |                                      |                        |                                  |
| <b>At 30 September 2023</b>                       | <b>6.0</b>                              | <b>-</b>               | <b>(8.5)</b>                            | <b>624.4</b>            | <b>95.9</b>                          | <b>(5.5)</b>           | <b>712.3</b>                     |
| Other comprehensive (expense)/income for the year | -                                       | -                      | -                                       | -                       | (62.2)                               | 2.0                    | (60.2)                           |
| Equity-settled share-based payments charge        | 1.8                                     | -                      | -                                       | -                       | -                                    | -                      | 1.8                              |
| Deferred consideration settlement                 | (2.5)                                   | -                      | -                                       | -                       | -                                    | -                      | (2.5)                            |

|   |            |            |              |              |               |              |              |
|---|------------|------------|--------------|--------------|---------------|--------------|--------------|
| Deferred consideration settlement                                   | (2.3)      | -          | -            | -            | -             | -            | (2.3)        |
| <b>At 30 September 2023</b>   | <b>5.3</b> | <b>-</b>   | <b>(8.5)</b> | <b>624.4</b> | <b>33.7</b>   | <b>(3.5)</b> | <b>651.4</b> |
| Other comprehensive (expense)/income for the year                   | -          | -          | -            | -            | (62.4)        | 0.4          | (62.0)       |
| Fair value losses on net investment hedge taken to currency reserve | -          | -          | -            | -            | (3.1)         | 3.1          | -            |
| Equity-settled share-based payments charge                          | 2.9        | -          | -            | -            | -             | -            | 2.9          |
| Purchase of own shares  | -          | 0.1        | -            | -            | -             | -            | 0.1          |
| Deferred tax on share-based payments                                | (0.1)      | -          | -            | -            | -             | -            | (0.1)        |
| <b>At 30 September 2024</b>   | <b>8.1</b> | <b>0.1</b> | <b>(8.5)</b> | <b>624.4</b> | <b>(31.8)</b> | <b>-</b>     | <b>592.3</b> |

## Consolidated Statement of Cash Flows

for the year ended 30 September 2024

|  | Note | 2024<br>£m    | 2023<br>£m    |
|--|------|---------------|---------------|
| <b>Cash flows from operating activities</b>                                  |      |               |               |
| Profit / (loss) before tax   |      | <b>60.0</b>   | (10.9)        |
| Adjustments for:   |      |               |               |
| Depreciation of property, plant and equipment                                |      | <b>6.3</b>    | 7.3           |
| Amortisation of intangible assets  | 10   | <b>54.8</b>   | 56.9          |
| Impairment of Intangible assets  | 9,10 | <b>11.7</b>   | 62.4          |
| Impairment of property, plant and equipment                                  |      | <b>10.5</b>   | -             |
| Depreciation of right-of-use assets  |      | <b>8.2</b>    | 9.4           |
| Share-based payment expense  |      | <b>2.9</b>    | 1.8           |
| Profit on disposal of business   | 5    | <b>(30.0)</b> | -             |
| Lease modification   |      | <b>(1.6)</b>  | -             |
| Net finance costs  |      | <b>5.8</b>    | 4.0           |
| <b>Operating cash flow before movements in working capital</b>               |      | <b>128.6</b>  | <b>130.9</b>  |
| Increase in trade and other receivables                                      |      | <b>(6.8)</b>  | (2.3)         |
| (Decrease) / Increase in trade and other payables and provisions             |      | <b>(26.3)</b> | 0.6           |
| <b>Cash generated from operations</b>  |      | <b>95.5</b>   | <b>129.2</b>  |
| Income tax paid  |      | <b>(20.2)</b> | (21.7)        |
| <b>Net cash inflow from operating activities</b>                             |      | <b>75.3</b>   | <b>107.5</b>  |
| <b>Cash flows from investing activities</b>                                  |      |               |               |
| Interest received  |      | <b>0.9</b>    | 0.6           |
| Disposal proceeds  | 5    | <b>25.0</b>   | -             |
| Acquisition of subsidiary, net of cash acquired                              | 13   | <b>(0.5)</b>  | (31.5)        |
| Purchases of property, plant and equipment                                   |      | <b>(2.6)</b>  | (3.8)         |
| Purchases of intangibles (software)  | 10   | <b>(40.5)</b> | (36.5)        |
| <b>Net cash outflows from investing activities</b>                           |      | <b>(17.7)</b> | <b>(71.2)</b> |
| <b>Cash flows from financing activities</b>                                  |      |               |               |
| Proceeds from borrowings   |      | <b>87.0</b>   | 49.0          |
| Repayment of borrowings  |      | <b>(64.1)</b> | (25.0)        |
| Interest paid  |      | <b>(4.6)</b>  | (2.6)         |
| Lease liability payments (including interest charged of £1.1m (2023: £1.1m)) |      | <b>(9.5)</b>  | (11.9)        |
| Proceeds from the issue of share capital                                     |      | -             | 0.1           |
| Purchase of own shares   |      | <b>(30.4)</b> | (19.4)        |
| Dividends paid   | 7    | <b>(45.5)</b> | (46.3)        |
| <b>Net cash outflow from financing activities</b>                            |      | <b>(67.1)</b> | <b>(56.1)</b> |
| <b>Net decrease in cash and cash equivalents</b>                             |      | <b>(9.5)</b>  | <b>(19.8)</b> |
| Cash and cash equivalents at beginning of the year                           |      | <b>76.2</b>   | 101.2         |
| Exchange losses on cash and cash equivalents                                 |      | <b>(5.2)</b>  | (5.2)         |
| <b>Cash and cash equivalents at end of the year</b>                          | 12   | <b>61.5</b>   | <b>76.2</b>   |

## Notes to the Consolidated Financial Statements

### 1. ACCOUNTING POLICIES

#### Basis of accounting and preparation of financial statements

The financial information is extracted from the Group's consolidated financial statements for the year ended 30 September 2024, which were approved by the Board of Directors on 11 December 2024.

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 financial information set out in this announcement does not constitute the Company's statutory accounts for the year ended 30 September 2024. Statutory accounts for 2023 have been delivered to the registrar of companies, and those for 2024 will

be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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 Annual Report and Accounts. 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.

#### Going concern

The financial statements have been prepared on a going concern basis, as outlined in the Directors' report. The Directors have conducted an assessment of the Group's ability to continue as a going concern for a period of at least twelve months from the date of approval of the accounts.

In making this assessment, the Directors considered the Group's current financial position, as well as forecasted earnings and cash flows for the 18-month period ending 31 March 2026. The business plan supporting this evaluation is based on the Board-approved budget.

The Directors' assessment also considered the Group's existing debt levels, committed funding, liquidity position under its debt covenants, and its ongoing ability to generate cash through trading activities. As of 30 September 2024, the Group had net debt of £40.0m (2023: £9.9m), which includes the Group's US 220m revolving credit facility ("RCF") of which £74.4m was drawn at year end (2023: £52.6m), lease liabilities of £27.2m (2023: £33.5m), offset by cash and cash equivalents of £61.5m (2023: £76.2m). The RCF matures in August 2027, after the one-year extension option was triggered and approved by lenders in the period. At year-end, the Group's net leverage ratio, as defined by the RCF agreement, was 0.3 EBITDA (2023: -0.1), while the interest coverage ratio was 23.7 EBITDA (2023: 39.9), both of which are well within the limits set by the Group's RCF agreement.

In view of the Group's principal risks and uncertainties, the Directors have applied appropriate sensitivities in their going concern assessment. They modelled a range of downside scenarios, including a 20% reduction in the Group's revenues and corresponding cash flows, with management mitigating these impacts by only reducing the Group's directly attributable controllable costs of sale. No significant structural changes to the Group were assumed in these scenarios, and all mitigating actions were within management's control.

In each downside scenario, the Group maintained headroom with respect to both covenants and liquidity through to 31 March 2026. As a result, 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 continue to meet their liabilities as they fall due during the period ending 31 March 2026 and therefore prepared the financial statements on a going concern basis.

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

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. These judgments and estimates are evaluated on a regular basis and reflect management's best estimates, drawing from historical experience and other relevant factors, including reasonable expectations of future events. Revisions to estimates are recognized prospectively. However, actual results may differ from these estimates due to unforeseen events or actions, and such differences could be material.

### 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

Due to the complexity of multi-element contracts which often include the provision of products and services, management judgment is required to determine the appropriate revenue recognition. Management assesses whether the contract should be accounted for as a single performance obligation or as multiple performance obligations.

Judgment is applied in establishing the criteria for determining when revenue related to multiple elements should be recognized and in determining the stand-alone selling price of each element. The Group typically determines the stand-alone selling prices of elements based on prices that are not directly observable, relying on stand-alone list prices which are then subject to discounts. These prices are reviewed annually and adjusted as necessary. This process is undertaken alongside a fair value assessment of the stand-alone selling prices to ensure the reasonableness of the transaction price allocation. Further details regarding the determination of stand-alone selling prices for the purpose of allocating the transaction price in multi-element arrangements can be found 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 £60.0m (2023: £61.1m).

#### Capitalised development costs

The Group capitalises development costs relating to product development and internally generated software in line with International Accounting Standard ('IAS') 38 'Intangible Assets'. Management applies judgement in determining if the costs meet the criteria and are therefore eligible for capitalisation. Significant judgements include the technical feasibility of the development, recoverability of the costs incurred, economic viability of the product, and potential market available considering its current and future customers and when, in the development process, these milestones have been met. Where software products are already in use, Management applies judgement in determining whether further development spend increases the economic benefit and whether any previously capitalised costs should be expensed. Development costs capitalised during the year amounted to £14.0m (2023: £19.3m) (see Note 10).

### Estimates and assumptions

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are discussed below:

#### Acquisition accounting

Judgement is often required in determining the identifiable intangible assets acquired as part of a business combination that



judgement is often required in determining the identifiable intangible assets acquired as part of a business combination that must be recognised in the Group's consolidated financial statements. Estimation is required in determining both the fair value of all identified assets, liabilities acquired, any contingent consideration and in particular intangible assets. In determining these fair values, a range of assumptions are used, including forecast revenue, discount rates, and attrition rates that are specifically related to the intangible asset being valued. The useful economic lives of these assets is being estimated using Management's best estimates and reassessed annually.

#### Other estimates and assumptions

The consolidated financial statements include other estimates and assumptions. Whilst Management do not consider these to be significant accounting estimates, the recognition and measurement of certain material assets and liabilities are based on assumptions which, if changed, could result in adjustments to the carrying amounts of and liabilities.

#### Revenue - rendering of services

Management estimates the total costs to be incurred on a contract-by-contract basis, and these estimates are reviewed on an ongoing basis to ensure that the revenue recognised accurately reflects the proportion of work completed as of the balance sheet date. All contracts are of a short-term nature, with the majority of services being invoiced upon completion. As at the year end, the value of work in progress amounted to £56.0m (2023: £52.7m). Changes in the estimated total costs of contracts could, in aggregate, have a material impact on the carrying amount of accrued income at the balance sheet date.

#### Impairment of goodwill and intangible assets

An impairment test of goodwill and other intangible assets, requires estimation of the value in use ("VIU") of the cash generating units ("CGUs") to which goodwill and other intangible assets have been allocated. The VIU calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, for which the Group considers revenue growth rates and EBITDA margin to be a significant estimates. The estimated future cash flows derived are discounted to their present value using a pre-tax discount rate that reflects estimates of market risk premium, asset betas, the time value of money and the risks specific to the CGU. See Note 9 and 10 for further details.

Key assumptions used by management in estimating VIU are

**Discount rates** - Pre tax discount rates which are based on the Weighted Average Cost of Capital (WACC) of a typical market participant and reflect market volatility in risk free rate and equity risk premium inputs. The discount rates have increased reflecting market volatility in risk free rate and equity risk premium inputs. See Note 9 for details

**Forecast cash flows** - based on assumptions from the approved budget and 3-year plan which incorporate Management's best estimates of future cash flows and take into account future growth and price increases, have proved to be reliable guides in the past and the Directors believe the estimates are appropriate. See Note 9 for details of long term growth rates used outside of the plan period

**Terminal growth rates** - of 2.0% (2023: 2.0%) was used for cash flows outside the plan projections. This rate is conservative and is considered to be lower than the long-term historic growth rates in the underlying territories in which the CGUs operate and the long-term growth rate prospects of the sectors in which the CGUs operate.

#### Taxation - uncertain tax positions

Uncertainties exist in respect of interpretation of complex tax regulations, including transfer pricing, and the amount and timing of future taxable income. Given the nature of the Group's operating model, the wide range of international transactions and the long-term nature and complexity of contractual agreements, differences arising between the actual results and assumptions made, or future changes to assumptions, could necessitate future adjustments to taxation already recorded. The Group considers all tax positions on a separate basis, with any amounts determined by the most appropriate of either the expected value or most likely amount on a case by case basis.

Most deferred tax assets are recognised because they can offset the future taxable income from existing taxable differences (primarily on acquired intangibles) relating to the same jurisdiction or entity. Where there are insufficient taxable differences, deferred tax assets are recognised in respect of losses and other deductible differences where current forecasts indicate profits will arise in future periods against which they can be deducted. The total value of uncertain tax positions ("UTPs") was £6.4m (2023: £6.7m), see Note 6.

### 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Accounting policy

Revenue represents transaction prices to which the Group expects to be entitled in return for delivering goods or services to its customers. The Group applies the five-step model in IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). Prescriptive guidance in IFRS 15 is followed to deal with specific scenarios requiring management judgement. The approach taken to evaluate revenue recognition is consistent across all divisions, although each contract is considered on a case-by-case basis.

Group contracts have single or multi-elements performance obligations. 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. Some contracts include performance obligations in respect of the licences, support and maintenance, hosting services and professional services. Software licences are either perpetual, term or software as a service (SaaS) in nature.

Contract revenue is billed in advance and revenue is deferred where the performance obligation is satisfied over time. The Group's revenue contracts do not include any material future vendor commitments and thus no allowances for future costs are made.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts and the related revenue recognition policies, categorised by reporting segments:

#### 1) Language and Content Technology Division

##### Identification of performance obligations

The Group's Language and Content Technology contracts typically include multi-elements performance obligations in respect of licences, support and maintenance, hosting services and professional services. Identification of the performance obligations in such arrangements involves judgement, more details of the nature and impact of the judgement are included in Note 2.

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.

##### Determining transaction prices

At the inception of a contract, a transaction price is agreed, being the amount, the Group expects to be entitled over the expected duration of the contract. Such expected amounts are only included to the extent that it is highly probable no revenue

reversal will occur.

#### Allocation of transaction prices to performance obligations

The service contracts typically consist of multiple components and typically have more than one obligation, each with its own contract duration as adjudged by management. Management applies judgement to allocate the consideration specified in the contract with the customer to each performance obligation based on the stand-alone selling price. See below for details.

#### Revenue recognition

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

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.

Perpetual and term licences software licences have significant standalone functionality and the Group has determined that none of the criteria that would indicate the licence is a right to access apply. In addition, the Group has identified no other performance obligations under their contracts for these licences which would require the Group to undertake significant additional activities which affects the software. The Group therefore believes the obligation is right to use the licence as it presently exists and therefore applies the point in time pattern of transfer. Transaction price is allocated to licences using the residual method based upon other components of the contract. The residual method is used because the prices of licences are highly variable and there is no discernible standalone selling price from past transactions.

'SaaS' licences have material ongoing performance obligations associated with them. 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.

A support and maintenance contracts have 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 contract revenue 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 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.

## 2) IP Services

#### Identification of performance obligations

The Group's Patent Filing Contracts have one performance obligation, which is to deliver patent filing or translation services.

#### Determining transaction prices

The transaction price is based on the value of services rendered.

#### Allocation of transaction prices to performance obligations

Transaction price is assigned to a single performance obligation.

#### Revenue recognition

Revenue is recognised at a point in time for patent filing services and over time for language translation services.

## 3) Language Services

#### Identification of performance obligations

The contracts provide for the Group to be reimbursed for translation services.

#### Determining transaction prices

The transaction price is the consideration specified in the contract.

#### Allocation of transaction prices to performance obligations

Each contract has a single performance obligation and so the whole contract price is assigned to that single obligation.

#### Revenue recognition

The Group recognises revenue over time and measures the completeness of this performance obligation using input method (cost incurred to date as a proportion of total costs).

## 4) Regulated Industries

#### Identification of performance obligations

Regulated Industries services contracts provide for the Group to be reimbursed for specialist translation services provided.

#### Determining transaction prices

The transaction price is as stipulated in the contract.

#### Allocation of transaction prices to performance obligations

Contract price is allocated to the sole performance obligation in the contract.

#### Revenue recognition

The Group recognises revenue over time and 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.

#### 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 | 2024<br>£m   | 2023<br>£m   |
|--|--------------|--------------|
| Timing of revenue recognition for contracts with customers | 2024         | 2023         |
| At a point in time   | 22.4         | 25.8         |
| Over time  | 119.9        | 110.9        |
| <b>Language and Content Technology</b>                     | <b>142.3</b> | <b>136.7</b> |
| At a point in time   | 30.7         | 22.4         |
| Over time  | 71.6         | 82.4         |
| <b>IP Services</b>   | <b>102.3</b> | <b>104.8</b> |
| Over time  | 327.1        | 329.8        |
| <b>Language Services</b>                                   | <b>327.1</b> | <b>329.8</b> |
| Over time  | 146.5        | 162.5        |
| <b>Regulated Industries</b>                                | <b>146.5</b> | <b>162.5</b> |
| <b>Total revenue from contracts with customers</b>         | <b>718.2</b> | <b>733.8</b> |

See Note 4 for information on revenue disaggregation by geographical location.

#### Capitalised contract costs

Capitalised contract costs primarily relate to sales commission costs capitalised under IFRS 15 and are amortised over the length of the contract. The group has taken advantage of the practical expedient to recognise, as an expense, any costs which would be recognised in fewer than 12 months from being incurred. This primarily relates to the Group's language services commissions and point in time technology revenue related commissions. The value of capitalised contract costs at year end was £1.5m (2023: £1.7m). Capitalised contract costs are recognised within other debtors on the statement of financial position.

| Receivables, contract assets and contract liabilities with customers | Notes | 2024<br>£m | 2023<br>£m |
|--|-------|------------|------------|
| Net trade receivables  |       | 125.9      | 138.6      |
| Net contract assets (accrued income)                                 |       | 56.0       | 52.7       |
| Contract liabilities (deferred income)                               |       | (41.6)     | (49.9)     |

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'.

The total value of the transaction price allocated to unsatisfied or partially unsatisfied performance obligations at the year-end is £56.0m (2023: £52.7m). 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 2023 was £47.6m (2023: £49.5m).

#### 4. SEGMENT INFORMATION

The chief operating decision maker for the Group is identified as the Group's Board of Directors collectively. The Board reviews the Group's internal reporting in order to assess performance and allocates resources. The Board divides the Group into four reportable segments and assesses the performance of each segment based on the revenue and adjusted profit before tax.

The four reporting segments, which match the operating segments, are explained in more detail below:

- Language and Content Technology ("L&CT"): Revenue is generated through the provision of a range of translation technologies and content platforms to clients. This was enhanced by the acquisition of Propylon Holdings Ltd in July 2023.
- 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 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.

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

| Segment results for the year ended<br>30 September 2024 | L&CT<br>£m | IP<br>Services<br>£m | Language<br>Services<br>£m | Regulated<br>Industries<br>£m | Unallocated<br>Costs<br>£m | Group<br>£m |
|---|------------|----------------------|----------------------------|-------------------------------|----------------------------|-------------|
| <b>Revenue from contracts with customers</b>            | 142.3      | 102.3                | 327.1                      | 146.5                         | -                          | 718.2       |
| Operating profit/(loss) before charging:                | 34.2       | 26.9                 | 39.6                       | 19.8                          | (8.2)                      | 112.3       |
| Amortisation of acquired intangibles                    | (14.9)     | -                    | (14.0)                     | (11.9)                        | -                          | (40.8)      |
| Impairment losses                                       | -          | (22.2)               | -                          | -                             | -                          | (22.2)      |
| Acquisition costs                                       | -          | -                    | -                          | -                             | (7.2)                      | (7.2)       |
| Profit on disposal of business                          | -          | 30.0                 | -                          | -                             | -                          | 30.0        |
| Exceptional items (see Note 5)                          | (0.3)      | (0.9)                | 1.0                        | (1.6)                         | (1.6)                      | (3.4)       |

|   |                 |                 |                             |                             |                          |              |
|---|-----------------|-----------------|-----------------------------|-----------------------------|--------------------------|--------------|
| Share based payment expense                                 | (0.5)           | (0.5)           | (1.2)                       | (0.4)                       | (0.3)                    | (2.9)        |
| <b>Profit from operations</b>                               | 18.5            | 33.5            | 25.4                        | 8.0                         | (1.9)                    | 65.8         |
| <b>Segment results for the year ended 30 September 2023</b> | <b>L&amp;CT</b> | <b>Services</b> | <b>IP Language Services</b> | <b>Regulated Industries</b> | <b>Unallocated Costs</b> | <b>Group</b> |
| Net finance expense   | £m              | £m              | £m                          | £m                          | £m                       | £m           |
| <b>Profit before taxation</b>                               |                 |                 |                             |                             |                          | 60.0         |
| Taxation  |                 |                 |                             |                             |                          | (12.5)       |
| <b>Profit for the year</b>                                  |                 |                 |                             |                             |                          | <b>47.5</b>  |

| <b>Segment results for the year ended 30 September 2023</b> | <b>L&amp;CT</b> | <b>Services</b> | <b>IP Language Services</b> | <b>Regulated Industries</b> | <b>Unallocated Costs</b> | <b>Group</b> |
|---|-----------------|-----------------|-----------------------------|-----------------------------|--------------------------|--------------|
|   | £m              | £m              | £m                          | £m                          | £m                       | £m           |
| <b>Revenue from contracts with customers</b>                | 136.7           | 104.8           | 329.8                       | 162.5                       | -                        | 733.8        |
| Operating profit/(loss) before charging:                    | 37.0            | 27.7            | 39.4                        | 22.9                        | (3.2)                    | 123.8        |
| Amortisation of acquired intangibles                        | (12.0)          | (0.1)           | (14.4)                      | (12.3)                      | -                        | (38.8)       |
| Impairment Losses)  | (62.4)          | -               | -                           | -                           | -                        | (62.4)       |
| Acquisition costs   | -               | -               | -                           | -                           | (5.1)                    | (5.1)        |
| Exceptional items (see Note 5)                              | (3.3)           | (6.0)           | (5.7)                       | (1.3)                       | (6.3)                    | (22.6)       |
| Share based payment expense                                 | (0.2)           | -               | (0.5)                       | (0.2)                       | (0.9)                    | (1.8)        |
| <b>(Loss)/ profit from operations</b>                       | (40.9)          | 21.6            | 18.8                        | 9.1                         | (15.5)                   | (6.9)        |
| Net finance expense   |                 |                 |                             |                             |                          | (4.0)        |
| <b>Loss before taxation</b>                                 |                 |                 |                             |                             |                          | (10.9)       |
| Taxation  |                 |                 |                             |                             |                          | (16.8)       |
| <b>Loss for the year</b>                                    |                 |                 |                             |                             |                          | (27.7)       |

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

| <b>Revenue by client location</b> | <b>2024</b>  | <b>2023</b>  |
|-----------------------------------|--------------|--------------|
|                                   | £m           | £m           |
| UK                                | <b>75.4</b>  | 81.7         |
| Continental Europe                | <b>171.0</b> | 167.8        |
| United States of America          | <b>382.8</b> | 393.2        |
| Rest of the World                 | <b>89.0</b>  | 91.1         |
| <b>Total</b>                      | <b>718.2</b> | <b>733.8</b> |

The Group does not place reliance on any specific customer and had no individual customers that generated more than 10% or more of its total Group revenue.

The following is an analysis of revenue by the geographical area in which the Group's undertakings are located.

| <b>Revenue by subsidiary location</b> | <b>2024</b>  | <b>2023</b>  |
|---------------------------------------|--------------|--------------|
|                                       | £m           | £m           |
| UK                                    | <b>184.8</b> | 191.8        |
| Continental Europe                    | <b>146.7</b> | 156.6        |
| United States of America              | <b>315.3</b> | 334.6        |
| Rest of the World                     | <b>71.4</b>  | 50.8         |
| <b>Total</b>                          | <b>718.2</b> | <b>733.8</b> |

The table below presents the Group's operating assets by geographical location. Goodwill and acquired intangible assets are excluded, as they support all four divisions across all countries where the Group operates (see Note 9 and 10 for further details on goodwill and intangible assets).

| <b>Operating assets by geography</b> | <b>2024</b>    | <b>2023</b>  |
|--------------------------------------|----------------|--------------|
|                                      | £m             | £m           |
| UK                                   | <b>209.8</b>   | 190.2        |
| Continental Europe                   | <b>64.3</b>    | 80.8         |
| United States of America             | <b>115.3</b>   | 128.1        |
| Rest of the World                    | <b>47.9</b>    | 59.1         |
| <b>Total</b>                         | <b>437.3</b>   | <b>458.2</b> |
| Goodwill                             | <b>570.8</b>   | 608.6        |
| Acquired intangible assets           | <b>198.4</b>   | 249.0        |
| Current liabilities                  | <b>(158.4)</b> | (182.6)      |
| Non-current liabilities              | <b>(148.5)</b> | (145.9)      |

|                                      |              |              |
|--------------------------------------|--------------|--------------|
| <b>Net assets</b>                    | <b>899.6</b> | <b>987.3</b> |
| <b>Operating assets by geography</b> | <b>2024</b>  | <b>2023</b>  |
|                                      | <b>£m</b>    | <b>£m</b>    |

## 5. 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 results\* 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.

|   | 2024<br>Pre-<br>tax<br>£m | 2024<br>Tax<br>impact<br>£m | 2024<br>Total<br>£m | 2023<br>Pre-tax<br>£m | 2023<br>Tax<br>impact<br>£m | 2023<br>Total<br>£m |
|---|---------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------|
| Group transformation programme  | (1.4)                     | 0.3                         | (1.1)               | (5.5)                 | 1.1                         | (4.4)               |
| Restructuring & integration related costs                                 | (2.2)                     | 0.6                         | (1.6)               | (12.3)                | 2.9                         | (9.4)               |
| Legacy payment arrangements   | 1.7                       | -                           | 1.7                 | (4.8)                 | -                           | (4.8)               |
| <b>Total exceptional items - operating</b>                                | <b>(1.9)</b>              | <b>0.9</b>                  | <b>(1.0)</b>        | <b>(22.6)</b>         | <b>4.0</b>                  | <b>(18.6)</b>       |
| Amortisation of exceptional finance                                       | (0.2)                     | -                           | (0.2)               | (0.3)                 | -                           | (0.3)               |
| Disposal costs  | (1.3)                     | -                           | (1.3)               | -                     | -                           | -                   |
| <b>Total exceptional items - excluding profit on disposal of business</b> | <b>(3.4)</b>              | <b>0.9</b>                  | <b>(2.5)</b>        | <b>(22.9)</b>         | <b>4.0</b>                  | <b>(18.9)</b>       |
| Profit on disposal of business  | 30.0                      | -                           | 30.0                | -                     | -                           | -                   |
| <b>Total exceptional items</b>  | <b>26.6</b>               | <b>0.9</b>                  | <b>27.5</b>         | <b>(22.9)</b>         | <b>4.0</b>                  | <b>(18.9)</b>       |
| <b>Total exceptional items - financing and profit on disposal</b>         | <b>28.5</b>               | <b>-</b>                    | <b>28.5</b>         | <b>(0.3)</b>          | <b>-</b>                    | <b>(0.3)</b>        |

\*Underlying results are performance measures that exclude one-off charges or non-recurring events, offering a clearer reflection of the core financial performance without the influence of unusual or extraordinary items.

A description of the principal items included is provided below:

**Profit on disposal of business** - During the year the Group disposed of its interest in PatBase, a revenue and cost sharing arrangement venture for £30m. £25m was paid on completion and £5m was received in November 2024.

**Transformation costs** - £1.4m was incurred during the period in respect of transformation programmes for Finance and Human Resources initiated as part of a strategic review of the business to drive improved efficiencies in future periods. In total £2.6m has been paid in the period. The severance costs are expected to be paid during the first half of FY25 and the ongoing benefits from the integration will be recognised in the operating profit in the Statement of Comprehensive Income.

**Restructuring Costs** - £1.4m was incurred in respect of severance and termination payments related to the Group's cost reduction plans. A total of £5.1m of these costs were paid during the period.

**Integration costs** - A £0.8m was incurred related to delivering synergies from business.

**Legacy payments** - a £1.7m credit was recognised in the period in respect of ongoing liabilities related to historic agreements with former owners of the business and their respective families. This credit related to a reduction in the liability after a final settlement was agreed. A further £0.6m was paid during the period in respect of current year obligations.

**Finance costs** - £0.2m was incurred related to amortisation expense associated with a gain on debt modification recognised in previous accounting periods.

In the prior period, exceptional costs included £5.5m of Group transformation costs, £12.3m of restructuring and integration related costs and £4.8m for legacy payment arrangements. In total £22.6m was charged during the prior period.

### Acquisition-related costs

Acquisition-related costs totalled £7.2m (2023: £5.1m) and include a £0.3m contingent payment linked to continued employment as part of the ST Communications acquisition, contingent consideration of £5.6m (2023: £1.2m) in relation to the acquisition of Propylon and £1.2m (2023: £2.1m) in relation to the acquisition of Fonto, both of which were acquired in prior years.

These amounts are accounted for in compliance with IFRS 3 Business Combinations and IAS 19 Employee Benefits.

## 6. TAXATION

### Accounting policy

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax assets and liabilities are offset when the relevant tax authority permits net settlement and the group intends to settle on a net basis.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes where this differs.

Deferred tax is not recognised for temporary differences related to investments in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary difference and it is probable that this will not reverse in the foreseeable future; on the initial recognition of non-deductible goodwill; and on the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect the accounting or taxable profit.

Deferred tax is measured on an undiscounted basis, and at the tax rates that have been enacted or substantively enacted by the reporting date that are expected to apply in the periods in which the asset or liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used and are reviewed at each reporting date.



Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, when the Group intends to settle its current tax assets and liabilities on a net basis and that authority permits the Group to make a single net payment.

Current and deferred tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the current or deferred tax is also recognised within other comprehensive income or equity respectively (for example share-based payments).

#### Uncertain tax positions

The Group operates in numerous tax jurisdictions around the world. At any given time, the Group is involved in disputes and tax audits and will also have a number of tax returns potentially subject to audit. These tax audits may give rise to significant tax issues that take several years to resolve. In estimating the probability and amount of any tax charge, Management takes into account the views of internal and external advisers and updates the amount of tax provision whenever necessary. The ultimate tax liability may differ from the amount provided depending on interpretations of tax law, settlement negotiations or changes in legislation. As referenced in Note 2, the Group considers all tax positions separately and uses either the most likely or expected value method of calculation on a case by case basis.

#### VAT

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and trade receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

|   | 2024<br>£m   | 2023<br>£m      |
|---|--------------|-----------------|
| <b>Current Tax Charge</b>   |              |                 |
| UK corporation tax at 25% (2023: 22%)                                     | 1.9          | 4.8             |
| Overseas current tax charge   | 17.4         | 17.7            |
| Adjustment in respect of previous years                                   | (4.0)        | (2.4)           |
| <b>Deferred Tax Charge</b>  |              |                 |
| Origination and reversal of temporary differences                         | (7.5)        | (5.9)           |
| Rate change impact  | 1.3          | 0.2             |
| Adjustment in respect of previous years                                   | 3.4          | 2.4             |
| <b>Total tax expense in profit or loss</b>                                | <b>12.5</b>  | <b>16.8</b>     |
| Total tax charge in equity  | 0.1          | 0.2             |
| Total tax in other comprehensive income                                   | (0.2)        | (0.3)           |
| <b>Total tax charge for the year</b>                                      | <b>12.4</b>  | <b>16.7</b>     |
|   |              |                 |
| <b>Reconciliation of the Group's tax charge to the UK statutory rate:</b> |              |                 |
|   | 2024<br>£m   | 2023<br>£m      |
| Profit / (loss) before taxation   | 60.0         | (10.9)          |
| Tax charge at UK corporation tax rate of 25% (2023 notional rate: 22%)    | 15.0         | (2.4)           |
| <b>Effects of:</b>  |              |                 |
| Expenses not deductible for tax purposes                                  | 2.7          | 3.1             |
| Income treated as non taxable   | (7.5)        | -               |
| Impact of impairment losses   | 1.9          | 13.7            |
| Adjustments in respect of previous years                                  | (0.6)        | -               |
| Rate change   | 1.3          | 0.2             |
| Impact of overseas tax rates  | (0.3)        | 2.2             |
| <b>Tax charge as per the income statement</b>                             | <b>12.5</b>  | <b>16.8</b>     |
| <b>Effective tax rate</b>   | <b>20.8%</b> | <b>(154.1)%</b> |

#### 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 lower than the UK's statutory tax rate due to the impact of the non-taxable gain on the disposal of the PatBase business, which was treated as tax exempt under the UK's substantial shareholding exemption. The impact of this is offset, in part, by non deductibility of acquisition costs, as well as non recoverable withholding tax suffered of intragroup dividends. The Group's tax rate is also sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions, such as Germany and Japan, and a lower rate in the Czechia with other rates that lie in between.

The adjustments in respect of prior periods includes a release of a release of historic uncertain tax positions, offset by new risks identified and provided for during the period. There has also been a recharacterisation of current and deferred tax assets and liabilities following true ups of filed tax returns.

#### Transfer pricing

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a tax authority. The methodology used to estimate liabilities is set out in Note 2. In common with other multinational companies and given the Group has operations in 33 countries, transfer pricing arrangements are in place covering transactions that occur between Group entities.

The Group periodically reviews its historic UTPs for transfer pricing and whilst it is not possible to predict the outcome of any pending tax authority investigations, adequate provisions are considered to be included in the Group accounts to cover any

pending uncertainty in arrangements, subsequent provisions are considered to be included in the Group accounts to reflect 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.

The current tax liability of £14.3m on the balance sheet comprises £7.7m of UTPs, although it is not expected that these will be cash settled within 12 months of the year end date. Of the current tax assets of £5.6m, £1.3m relates to uncertain tax provisions. The deferred tax liability of £53.5m is net of deferred tax assets and liabilities arising on uncertain tax provisions of £0.1m.

#### Pillar Two

On 20 June 2023 the UK enacted Pillar Two legislation which will seek to impose a global minimum tax rate of 15%. The Group will be within the Pillar Two rules for the period ended 30 September 2025.

The Group has adopted the amendments to IAS 12 which was amended in response to the OECD's BEPS Pillar Two rules, which includes a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules. RWS has applied the mandatory exception and is not recognising any deferred tax impact.

The Group has sought to assess whether they would expect any Pillar Two top up taxes to apply in future periods based on its current jurisdictional profile, which concluded that the Republic of Ireland is the only jurisdiction that is likely to be affected. The Republic of Ireland has enacted a minimum corporate tax rate of 15% with effect from 1 January 2024, increasing the rate from its current 12.5%. The future impact on the Group's effective tax rate for this impact is expected to be negligible.

| Deferred tax                          | Share based payments<br>£m | Accelerated capital allowances<br>£m | Other temporary differences<br>£m | Acquired intangibles<br>£m | Tax losses<br>£m | Total<br>£m   |
|---------------------------------------|----------------------------|--------------------------------------|-----------------------------------|----------------------------|------------------|---------------|
| <b>At 30 September 2022</b>           | <b>0.5</b>                 | <b>(1.8)</b>                         | <b>9.8</b>                        | <b>(75.7)</b>              | <b>9.9</b>       | <b>(57.3)</b> |
| Adjustments in respect of prior years | -                          | (0.1)                                | (0.1)                             | 0.1                        | (2.3)            | (2.4)         |
| Acquisitions                          | -                          | -                                    | -                                 | (1.3)                      | -                | (1.3)         |
| Credited to income                    | 0.2                        | -                                    | 1.7                               | 4.4                        | (0.6)            | 5.7           |
| Transfers to current taxes            | -                          | -                                    | -                                 | -                          | (2.8)            | (2.8)         |
| Charged to equity / OCI               | (0.2)                      | -                                    | -                                 | -                          | -                | (0.2)         |
| Foreign exchange differences          | -                          | -                                    | (1.4)                             | 3.4                        | (0.2)            | 1.8           |
| <b>At 30 September 2023</b>           | <b>0.5</b>                 | <b>(1.9)</b>                         | <b>10.0</b>                       | <b>(69.1)</b>              | <b>4.0</b>       | <b>(56.5)</b> |
| Adjustments in respect of prior years | -                          | (0.6)                                | (0.5)                             | 0.6                        | (2.9)            | (3.4)         |
| Acquisitions                          | -                          | -                                    | -                                 | (0.2)                      | -                | (0.2)         |
| Credited to income                    | 0.5                        | 0.7                                  | (0.9)                             | 7.3                        | (0.1)            | 7.5           |
| Rate change                           | -                          | -                                    | (0.1)                             | (1.2)                      | -                | (1.3)         |
| Charged to equity / OCI               | (0.1)                      | -                                    | -                                 | -                          | -                | (0.1)         |
| Foreign exchange differences          | -                          | -                                    | (0.5)                             | 3.1                        | (0.1)            | 2.5           |
| <b>At 30 September 2024</b>           | <b>0.9</b>                 | <b>(1.8)</b>                         | <b>8.0</b>                        | <b>(59.5)</b>              | <b>0.9</b>       | <b>(51.5)</b> |

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

|                                   | 2024<br>£m    | 2023<br>£m    |
|-----------------------------------|---------------|---------------|
| Deferred tax assets               | <b>2.0</b>    | 1.2           |
| Deferred tax liabilities          | <b>(53.5)</b> | (57.7)        |
| <b>Net deferred tax liability</b> | <b>(51.5)</b> | <b>(56.5)</b> |

#### 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 £95.7m (2023: £113.0m) available for offset against future profits. A deferred tax asset of £0.9m (2023: £3.9m) has been recognised in respect of £4.5m (2023: £17.7m) of such losses. The reduction in recognised losses is mainly due to the unwind of deductions arising on corresponding adjustments that could be claimed on settlement of uncertain tax positions, as well as a classification of available deductions as a reduction to the current tax liability, as accounted for under International Financial Reporting Interpretations Committee 23 ('IFRIC 23').

No deferred tax asset has been recognised in respect of the remaining £91.2m (2023: £95.3m) as these can only be used to offset limited types of profits and as it is not considered probable that there will be the required type of future trading or non-trading profits available in the correct entities necessary to permit offset and recognition.

The unrecognised deferred tax asset on losses is £21.2m (2023: £21.9m).

Recognised deferred tax assets principally relate 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 £2.7m.

issued in this period, the earliest date these issues expire is 31 December 2025 and at the year end there remained £27.1m (2023: £4.2m).

#### 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 £84.4m. Since the Group is able to control the timing of reversal of these temporary differences, a deferred tax liability of £0.9m has been recognised on the unremitted earnings which the Group anticipate might give rise to a tax charge when distributed. The Group has an estimated unrecognised deferred tax liability of £3.8m of unremitted earnings where no distributions are expected to be paid in the foreseeable future

## 7. 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.

|   | 2024<br>£m | 2023<br>£m |
|---|------------|------------|
| Final ordinary dividend for the year ended 30 September 2023 was 9.8p (2022: 9.5p)    | 36.4       | 37.0       |
| Interim ordinary dividend, paid 12 June 2024 was 2.45p (2023: 2.4p paid 21 July 2023) | 9.1        | 9.3        |
|   | 45.5       | 46.3       |

The Directors recommend a final dividend in respect of the financial year ended 30 September 2024 of 10.0 pence per ordinary share, to be paid on 14 February 2025 to shareholders who are on the register at 17 January 2025. This dividend is not reflected in these financial statements as it does not represent a liability at 30 September 2024. The final proposed dividend will reduce shareholders' funds by an estimated £36.9m.

## 8. 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:

|   | 2024<br>£m | 2023<br>£m | 2024<br>Basic<br>earnings<br>per share<br>pence | 2023<br>Basic<br>earnings<br>per share<br>pence | 2024<br>Diluted<br>earnings<br>per share<br>pence | 2023<br>Diluted<br>earnings<br>per share<br>pence |
|---|------------|------------|---|---|---|---|
| <b>Profit/(loss) for the year</b>         | 47.5       | (27.7)     | 12.8  | (7.1)   | 12.8  | (7.1)   |
| Adjustments:                              |            |            |   |   |   |   |
| Amortisation of acquired intangibles      | 40.8       | 38.8       |   |   |   |   |
| Impairment losses                         | 22.2       | 62.4       |   |   |   |   |
| Acquisition costs                         | 7.2        | 5.1        |   |   |   |   |
| Share based payments expense              | 2.9        | 1.8        |   |   |   |   |
| Net gain of debt modification             | 0.2        | 0.3        |   |   |   |   |
| Exceptional items                         | (26.6)     | 22.6       |   |   |   |   |
| Tax effect of adjustments                 | (14.1)     | (12.8)     |   |   |   |   |
| Tax adjustments in respect of prior years | -          | -          |   |   |   |   |
| <b>Adjusted earnings</b>                  | 80.1       | 90.5       | 21.6  | 23.3  | 21.6  | 23.3  |

|  | 2024<br>Number | 2023<br>Number |
|--|----------------|----------------|
| Weighted average number of ordinary shares in issue for basic earnings | 371,315,586    | 388,231,290    |
| Dilutive impact of share options                                       | 490,640        | 30,688         |
| Weighted average number of ordinary shares for diluted earnings        | 371,806,226    | 388,261,978    |

|   |                |                |
|---|----------------|----------------|
| weighted average number of ordinary shares for diluted earnings | 571,600,220    | 568,201,978    |
|   | 2024<br>Number | 2023<br>Number |

## 9. GOODWILL

| Cost and net book value | 2024<br>£m   | 2023<br>£m   |
|-------------------------|--------------|--------------|
| At 1 October            | 608.6        | 692.6        |
| Additions (Note 13)     | 0.3          | 12.9         |
| Impairment              | -            | (62.4)       |
| Exchange adjustments    | (38.1)       | (34.5)       |
| <b>At 30 September</b>  | <b>570.8</b> | <b>608.6</b> |

### Accounting policy

Goodwill arising on business combinations (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised, and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in profit or loss in the statement of comprehensive income. Direct costs of acquisition are recognised immediately in profit or loss in the statement of comprehensive income as an expense.

At least annually, or when otherwise required, the Directors review the carrying amounts of the Group's property, plant and equipment and intangible assets to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. A full impairment review is performed annually for goodwill regardless of whether an indicator of impairment exists.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money as well as risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior-years. A reversal of an impairment loss is recognised immediately as income in the Consolidated Statement of Comprehensive Income, although impairment losses relating to goodwill may not be reversed.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its CGU. Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill. Goodwill is allocated at the lowest level monitored by Management, and no higher than an operating segment.

| Key assumptions for the value in use<br>- 30 September 2024 | Long-term<br>growth rate | Discount rate | Average<br>revenue<br>growth | Average<br>EBITDA<br>margin |
|---|--------------------------|---------------|------------------------------|-----------------------------|
| IP Services   | 2.0%                     | 13.0%         | 4.6%                         | 23.2%                       |
| Regulated Industries  | 2.0%                     | 13.3%         | 2.0%                         | 19.0%                       |
| Language Services   | 2.0%                     | 13.3%         | 3.4%                         | 17.5%                       |
| Language and Content Technology                             | 2.0%                     | 14.5%         | 6.7%                         | 31.4%                       |

### Key assumptions for the value in use - 30 September 2023

|                                 |      |       |      |       |
|---------------------------------|------|-------|------|-------|
| IP Services                     | 2.0% | 14.3% | 4.0% | 29.7% |
| Regulated Industries            | 2.0% | 15.2% | 2.7% | 21.9% |
| Language Services               | 2.0% | 15.1% | 2.9% | 17.2% |
| Language and Content Technology | 2.0% | 17.4% | 8.7% | 36.3% |

The Group has four CGUs and in accordance with IAS 36, Management performed a value in use impairment test at 30 September 2024. 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

revenue growth is the average annual increase in revenue over the five-year projection period. The revenue growth rate is determined by Management based on the most recently prepared budget for the future period and adjusted for longer term developments within operating segments where such developments are known and possible to reliably forecast.

The trading projections for the five-year period underpinning the value-in-use reflect assumptions for EBITDA margins. The EBITDA margin is based on a number of elements of the operating model over the longer-term, including pricing trends, volume growth and the mix of complexity of translation activity and assumptions regarding cost inflation.

As part of the value-in-use calculation, Management prepares cash flow forecasts derived from the most recent financial budgets as approved by the Board of Directors and extrapolates the cash flows for future years based on estimated growth rates which are based on Management's best estimate of the expected growth rate of the market in which the CGU operates.

The Group has conducted sensitivity analyses on the value in use/recoverable amount of each of the CGUs. Based on the result of the value in use calculations undertaken, the Directors conclude that the allocation of goodwill to each of the CGUs is as shown in the table below:

| The allocation of goodwill to each CGU is as follows: |  | 2024<br>£m   | 2023<br>£m   |
|---|--|--------------|--------------|
| IP Services   |  | 30.8         | 33.2         |
| Regulated Industries                                  |  | 133.1        | 141.8        |
| Language Services                                     |  | 208.1        | 223.9        |
| Language and Content Technology                       |  | 198.8        | 209.7        |
| <b>At 30 September</b>                                |  | <b>570.8</b> | <b>608.6</b> |

#### Goodwill assessment

The value-in-use calculations performed confirm that the recoverable goodwill amount for all CGUs exceed their asset carrying value.

Additionally, the Group has considered other reasonable possible changes to the assumptions underpinning the Language and Content Technology CGU valuations that would need to occur and which would cause an impairment as follows:

**EBITDA margin:** By assuming the actual FY24 EBITDA margin (29.8%) across the projection period while keeping all other factors consistent with the base model, we have noted an impairment of £20m at the mid range of the WACC which is a reasonable possible change.

**Revenue growth:** adjusting revenue growth by 1% impacts the value in use by approximately £14m which is a reasonable possible change.

**Discount factor (WACC):** There is evidence of reasonable possible change at the higher end of WACC sensitivity (+100bps) which causes the headroom to be £0m.

## 10. INTANGIBLE ASSETS

#### Accounting policy

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets acquired from a business combination are initially recognised at fair value. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights.

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

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

|                      |               |
|----------------------|---------------|
| Trade names          | 5 to 8 years  |
| Clinician database   | 10 years      |
| Supplier database    | 13 years      |
| Technology           | 3 to 7 years  |
| Non-compete clauses  | 5 years       |
| Trademarks           | 5 years       |
| Client relationships | 7 to 20 years |

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets are amortised using the straight-line method over their estimated useful lives which range from one to five years, these costs are recognised in administrative expenses within the consolidated statement of comprehensive income.

#### Research and development

Research costs are expensed as incurred. Development expenditure is capitalised when Management is satisfied that the expenditure being incurred meets the recognition criteria from IAS 38. Specifically, this is at the point which Management believe they can demonstrate:

- The technical feasibility of completing the asset
- The intention to complete the asset for use or sale
- The ability to use or sell the asset
- The future benefits expected to be realised from the sale or use of the asset
- The availability of sufficient resources to enable completion of the asset
- Reliable measurement for the costs incurred during the course of development

Where these criteria are not met the expenditure is expensed to the income statement. Following the initial capitalisation of the development expenditure the cost model is applied, requiring the asset to be carried at cost less any accumulated amortisation and impairment losses. Any expenditure capitalised is amortised over the period of expected future economic benefit from the related project. For capitalised development costs this period is 3 to 7 years.



The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting period indicating that the carrying value may not be recoverable.

Development costs that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

|  | Trade names<br>£m | Clinician & supplier databases<br>£m | Technology<br>£m | Non-compete & trademarks<br>£m | Client relationships & order books<br>£m | Software<br>£m | Internally generated software<br>£m | Total<br>£m  |
|--|-------------------|--------------------------------------|------------------|--------------------------------|--|----------------|-------------------------------------|--------------|
| <b>Cost</b>                                    |                   |                                      |                  |                                |  |                |                                     |              |
| At 30 September 2022                           | 0.4               | 7.6                                  | 142.2            | 2.5                            | 367.5                                    | 13.5           | 20.3                                | 554.0        |
| Additions                                      | -                 | -                                    | 15.4             | -                              | -  | 2.5            | 18.6                                | 36.5         |
| Transfers                                      | -                 | -                                    | (1.0)            | -                              | -  | -              | 1.0                                 | -            |
| Acquisitions (Note 13)                         | 0.7               | -                                    | 3.1              | -                              | 8.0                                      | -              | -                                   | 11.8         |
| Disposals                                      | -                 | -                                    | -                | -                              | -  | (0.6)          | (3.7)                               | (4.3)        |
| Currency translation                           | -                 | (0.6)                                | (1.2)            | (0.2)                          | (23.9)                                   | (0.2)          | (0.1)                               | (26.2)       |
| <b>At 30 September 2023</b>                    | <b>1.1</b>        | <b>7.0</b>                           | <b>158.5</b>     | <b>2.3</b>                     | <b>351.6</b>                             | <b>15.2</b>    | <b>36.1</b>                         | <b>571.8</b> |
| Additions                                      | -                 | -                                    | 11.2             | -                              | -  | 0.1            | 29.2                                | 40.5         |
| Transfers                                      | -                 | -                                    | -                | -                              | -  | (11.2)         | 11.2                                | -            |
| Acquisitions (Note 13)                         | -                 | -                                    | -                | -                              | -  | -              | -                                   | -            |
| Disposals                                      | -                 | -                                    | -                | -                              | -  | -              | (4.0)                               | (4.0)        |
| Currency translation                           | (0.1)             | (0.6)                                | (1.3)            | (0.2)                          | (25.0)                                   | (0.7)          | 1.4                                 | (26.5)       |
| <b>At 30 September 2024</b>                    | <b>1.0</b>        | <b>6.4</b>                           | <b>168.4</b>     | <b>2.1</b>                     | <b>326.6</b>                             | <b>3.4</b>     | <b>73.9</b>                         | <b>581.8</b> |
| <b>Accumulated amortisation and impairment</b> |                   |                                      |                  |                                |  |                |                                     |              |
| At 30 September 2022                           | -                 | 4.6                                  | 39.5             | 2.5                            | 107.3                                    | 9.3            | 5.4                                 | 168.6        |
| Amortisation charge                            | 0.1               | 0.7                                  | 23.8             | -                              | 26.4                                     | 2.0            | 3.9                                 | 56.9         |
| Disposals                                      | -                 | -                                    | -                | -                              | -  | (0.6)          | (3.7)                               | (4.3)        |
| Currency translation                           | -                 | (0.4)                                | (0.5)            | (0.2)                          | (7.5)                                    | (0.1)          | (0.1)                               | (8.8)        |
| <b>At 30 September 2023</b>                    | <b>0.1</b>        | <b>4.9</b>                           | <b>62.8</b>      | <b>2.3</b>                     | <b>126.2</b>                             | <b>10.6</b>    | <b>5.5</b>                          | <b>212.4</b> |
| Amortisation charge                            | 0.2               | 0.6                                  | 22.6             | -                              | 25.8                                     | 0.3            | 5.3                                 | 54.8         |
| Impairment                                     | -                 | -                                    | -                | -                              | -  | -              | 11.7                                | 11.7         |
| Disposals                                      | -                 | -                                    | -                | -                              | -  | -              | (4.0)                               | (4.0)        |
| Transfers                                      | -                 | -                                    | -                | -                              | -  | (7.4)          | 7.4                                 | -            |
| Currency translation                           | -                 | (0.4)                                | (0.6)            | (0.2)                          | (10.3)                                   | (0.5)          | 1.9                                 | (10.1)       |
| <b>At 30 September 2024</b>                    | <b>0.3</b>        | <b>5.1</b>                           | <b>84.8</b>      | <b>2.1</b>                     | <b>141.7</b>                             | <b>3.0</b>     | <b>27.8</b>                         | <b>264.8</b> |
| <b>Net book value</b>                          |                   |                                      |                  |                                |  |                |                                     |              |
| At 30 September 2022                           | 0.4               | 3.0                                  | 102.7            | -                              | 260.2                                    | 4.2            | 14.9                                | 385.4        |
| At 30 September 2023                           | 1.0               | 2.1                                  | 95.7             | -                              | 225.4                                    | 4.6            | 30.6                                | 359.4        |
| <b>At 30 September 2024</b>                    | <b>0.7</b>        | <b>1.3</b>                           | <b>83.6</b>      | <b>-</b>                       | <b>184.9</b>                             | <b>0.4</b>     | <b>46.1</b>                         | <b>317.0</b> |

Amortisation of acquired intangibles was £40.8m (2023: £38.8m) and amortisation of other intangibles was £14.0m (2023: £18.1m). The £14.0m amortisation of other intangibles includes £5.3m on internally developed intangibles (2023: £3.9m), and £8.4m (2023: £12.2m) of technology which related to the SDL business. The Group has identified intangible assets which are individually material as follows:

SDL technology products acquired of £38.0m (2023: £49.8m) with a remaining useful life of 3 years

SDL's Helix platform of £7.9m (2023: £12.6m) with a remaining useful life of 3 years

SDL's customer relationships of £86.8m (2023: £104.3m) with a remaining useful life of 7 years

Moravia's customer relationships of £72.3m (2023: £85.4m) with a remaining useful life of 13 years and

Life Science's customer relationships of £5.3m (2023: £8.2m) with a remaining useful life of 3 years.

No other classes of intangible asset hold individually material items. The remaining average useful life is 9 years.

Following a review of historical transformation activities during the year, it was concluded in that due to IP Services embarking on an alternative solution to satisfy their need to streamline and modernise its customer engagement processes, historical intangible assets which related to a previous solution were now impaired. The Group has recognised £11.7m impairment in the current year.

## 11. 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.

Borrowings are derecognised from the Consolidated Financial Statements when the contractual obligation is discharged, canceled, or expires. Any difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the

Consolidated Income Statement as either Other Income or Finance Expense.

If an existing financial liability is replaced with a new one from the same lender under substantially different terms, or if the terms of an existing liability are significantly modified, the transaction is treated as the derecognition of the original liability and the recognition of a new liability. The resulting difference in carrying amounts is recorded in the Consolidated Income Statement.

|                                  | 2024<br>£m   | 2023<br>£m  |
|----------------------------------|--------------|-------------|
| <b>Due in more than one year</b> |              |             |
| Loan                             | <b>76.0</b>  | 54.7        |
| Issue costs                      | <b>(1.6)</b> | (2.1)       |
| <b>At 30 September</b>           | <b>74.4</b>  | <b>52.6</b> |

| Analysis of net debt 30 September 2024                   | At 1<br>October<br>£m | Acquired<br>£m | Cash flows<br>£m | Non-cash<br>charges<br>£m | At 30<br>September<br>£m |
|--|-----------------------|----------------|------------------|---------------------------|--------------------------|
| Cash and cash equivalents                                | 76.2                  | -              | (9.5)            | (1.5)                     | 61.5                     |
| Issue costs  | 2.1                   | -              | -                | (0.5)                     | 1.6                      |
| Loans (current and non-current)                          | (54.7)                | -              | (22.9)           | 1.6                       | (76.0)                   |
| <b>Net debt excluding lease liabilities ("Net debt")</b> | <b>23.6</b>           | <b>-</b>       | <b>(32.4)</b>    | <b>(4.1)</b>              | <b>(12.9)</b>            |
| Lease liabilities  | (33.5)                | -              | 9.5              | (3.2)                     | (27.2)                   |
| <b>Net debt including lease liabilities</b>              | <b>(9.9)</b>          | <b>-</b>       | <b>(22.9)</b>    | <b>(7.3)</b>              | <b>(40.1)</b>            |

| Analysis of net debt 30 September 2023                   | At 1<br>October<br>£m | Acquired<br>£m | Cash flows<br>£m | Non-cash<br>charges<br>£m | At 30<br>September<br>£m |
|--|-----------------------|----------------|------------------|---------------------------|--------------------------|
| Cash and cash equivalents                                | 101.2                 | 3.3            | (23.1)           | (5.2)                     | 76.2                     |
| Issue costs  | 2.9                   | -              | -                | (0.8)                     | 2.1                      |
| Loans (current and non-current)                          | (32.2)                | -              | (24.0)           | 1.5                       | (54.7)                   |
| <b>Net debt excluding lease liabilities ("Net debt")</b> | <b>71.9</b>           | <b>3.3</b>     | <b>(47.1)</b>    | <b>(4.5)</b>              | <b>23.6</b>              |
| Lease liabilities  | (46.7)                | (0.3)          | 11.9             | 1.6                       | (33.5)                   |
| <b>Net debt including lease liabilities</b>              | <b>25.2</b>           | <b>3.0</b>     | <b>(35.2)</b>    | <b>(2.9)</b>              | <b>(9.9)</b>             |

Non-cash charges against the loan balance represent the effects of foreign exchange on the financial liability.

On 3 August 2022, the Group entered into an Amendment and Restatement Agreement ("ARA") with its banking syndicate which amended its existing US 120m RCF maturing on 10 February 2024, to a US 220m RCF Facility maturing on 3 August 2026 with an option to extend maturity to 3 August 2027.

Under the terms of the ARA, the Group's interest margin over the Secured Overnight Financing Rate ("SOFR") reference interest rate ranges from 95bps to 195bps and is dependent on the Group's net leverage. Commitment fees are payable on all committed, undrawn funds at 35% of the applicable interest margin. The ARA also contains a US 100m uncommitted accordion facility.

On 3 August 2024, the Group exercised its option to extend the maturity of its US 220m Revolving Credit Facility by one year, moving the loan's maturity date from August 3, 2026, to August 6, 2027. The terms of the facility, including the interest rate, remained unchanged. This extension did not qualify as a significant loan modification under IFRS 9.

All transaction costs incurred in amending and re-stating the RCF were capitalised and are being amortised over the extended maturity period of the facility on a straight-line basis. Currently all Group borrowings under the RCF are denominated in US Dollars or Sterling.

## 12. CASH AND CASH EQUIVALENTS

|                          | 2024<br>£m  | 2023<br>£m  |
|--------------------------|-------------|-------------|
| Cash at bank and in hand | <b>52.4</b> | 68.5        |
| Short-term deposits      | <b>9.1</b>  | 7.7         |
|                          | <b>61.5</b> | <b>76.2</b> |

The fair value of cash and cash equivalents is £61.5m (2023: £76.2m). Restricted cash at 30 September 2024 was £Nil (2023: £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.

## 13. ACQUISITIONS

ST Comm Language Specialist Proprietary Limited ("ST Communications")

On 3 October 2023, the Group acquired ST Comms Language Specialists Proprietary Limited ("ST Communications"), a Cape Town based language services provider for an initial consideration of £0.6m (US 0.675m) on a cash and debt free basis with additional contingent consideration, deemed as remuneration of £0.5m (US 0.675m) due in two equal instalments on the first and second anniversary of the transaction.

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

| The provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows: | Fair values<br>£m |
|--|-------------------|
| <b>Net assets acquired:</b>  |                   |
| Trade and other receivables  | 0.3               |
| Cash and cash equivalents  | 0.1               |
| Trade and other payables   | (0.1)             |
| <b>Total identifiable net assets</b>   | <b>0.3</b>        |
| Goodwill   | 0.3               |
| <b>Total consideration</b>   | <b>0.6</b>        |

| The fair value of the total amounts paid and payable are as follows:        | Non-contingent consideration<br>£m | Deemed Remuneration payable £m | Total consideration<br>£m |
|---|------------------------------------|--------------------------------|---------------------------|
| Cash consideration payments made in the current period                      | 0.6                                | -                              | 0.6                       |
| Contingent consideration recorded in the current period and payable in cash | -                                  | 0.3                            | 0.3                       |
| Future contingent consideration payable in cash                             | -                                  | 0.2                            | 0.2                       |
| <b>Total consideration</b>  | <b>0.6</b>                         | <b>0.5</b>                     | <b>1.1</b>                |

The difference between the total consideration and the carrying value of the acquired assets and liabilities was allocated to goodwill. The fair values of Trade and other receivables and other classes of assets and their gross contractual amount are the same.

ST Communications contributed £0.3m to the Group revenue and £0.1m to profit after tax in FY24. The goodwill of £0.3m on acquisition comprises the value of expected synergies to be realised across future periods. Including the integration of services work with the RWS language service teams, future growth of a new and diverse customer portfolio and ability to provide clients with solutions and technologies for rare languages. Integration of ST Communications into the RWS Group has continued successfully during FY24.

Contingent payments dependent on continued employment are accounted for as post-combination remuneration expenses in accordance with IAS 19 employment benefits.

#### 14. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events.

#### 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 charging amortisation of acquired intangibles, impairments of other assets considered material and one off in nature, 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:      | 2024<br>£m         | 2023<br>£m         |
|---|--------------------|--------------------|
| <b>Statutory (loss)/profit before tax</b>   | <b>60.0</b>        | <b>(10.9)</b>      |
| Amortisation of acquired intangibles  | 40.8               | 38.8               |
| Impairment losses   | 22.2               | 62.4               |
| Acquisition costs   | 7.2                | 5.1                |
| Share-based payment expense   | 2.9                | 1.8                |
| Profit on sale of PatBase   | (30.0)             | -                  |
| Exceptional items (Note 5)  | 3.4                | 22.6               |
| Exceptional finance costs   | 0.2                | 0.3                |
| <b>Adjusted profit before tax</b>   | <b>106.7</b>       | <b>120.1</b>       |
| <b>Reconciliation of adjusted operating profit to statutory operating profit:</b> | <b>2024<br/>£m</b> | <b>2023<br/>£m</b> |
| <b>Adjusted operating profit</b>  | <b>112.3</b>       | <b>123.8</b>       |
| Amortisation of acquired intangibles  | (40.8)             | (38.8)             |

|  |              |              |
|--|--------------|--------------|
| Impairment losses  | 2024<br>£m   | 2023<br>£m   |
| Adjusted operating profit to statutory operating profit: | (22.2)       | (62.4)       |
| Acquisition costs  | (7.2)        | (5.1)        |
| Share-based payment expense                              | (2.9)        | (1.8)        |
| Exceptional items (Note 5)                               | 26.6         | (22.6)       |
| <b>Statutory operating (loss)/ profit</b>                | <b>65.8</b>  | <b>(6.9)</b> |
| <b>Cash conversion:</b>                                  |              |              |
|  | 2024<br>£m   | 2023<br>£m   |
| <b>Adjusted profit before tax</b>                        | <b>106.7</b> | 120.1        |
| Adjusted tax charge                                      | (26.6)       | (29.6)       |
| <b>Adjusted net income</b>                               | <b>80.1</b>  | <b>90.5</b>  |
| Net cash inflow from operating activities                | 75.3         | 107.5        |
| Exceptional cash flows                                   | 21.6         | 13.7         |
| Purchase of PPE  | (2.6)        | (3.8)        |
| Purchase of intangibles                                  | (40.5)       | (36.5)       |
| Net interest   | (3.7)        | (2.0)        |
| Lease liability payments                                 | (9.5)        | (11.9)       |
| <b>Free cash flow</b>                                    | <b>40.6</b>  | <b>67.0</b>  |
| <b>Cash conversion</b>                                   | <b>51%</b>   | <b>74%</b>   |

### Organic Revenue

Organic revenue is calculated by adjusting the prior year's revenues. This involves adding the revenues from acquisitions during the corresponding ownership period and subtracting the revenues from disposal during the same period such that prior year results are prepared on a common basis with the current year.

|                                  | 2022<br>Organic<br>revenue | 2023<br>Organic<br>revenue<br>growth/(loss) | 2023<br>Organic<br>revenue | 2024<br>Organic<br>revenue<br>growth/(loss) | 2024<br>Organic<br>revenue | 2024<br>Organic<br>revenue<br>growth/(loss)<br>% |
|----------------------------------|----------------------------|---|----------------------------|---|----------------------------|--|
| IP Services                      | 104.8                      | (2.6)                                       | 102.2                      | 0.1   | 102.3                      | 0%   |
| Regulated Industries             | 173.0                      | (10.5)                                      | 162.5                      | (16.0)                                      | 146.5                      | (10%)  |
| Language Services                | 342.1                      | (12.3)                                      | 329.8                      | (2.7)                                       | 327.1                      | (1%)   |
| Language & Content<br>Technology | 139.2                      | 7.8   | 147.0                      | (4.7)                                       | 142.3                      | (3%)   |
| <b>Total</b>                     | <b>759.1</b>               | <b>(17.5)</b>                               | <b>741.5</b>               | <b>(23.3)</b>                               | <b>718.2</b>               | <b>(3%)</b>                                      |

† Includes Lions Holdings B.V. and Propylon Holdings Ltd's pre-acquisition operating results and PatBase pre-divestment operating results

### Organic revenue at constant exchange rates

Organic revenue at constant exchange rates is calculated by adjusting the prior year's revenues. This involves adding the revenues from acquisitions during the corresponding ownership period and subtracting the revenues from disposal during the same period such that prior year results are prepared on a common basis with the current year and applying the 2024 foreign exchange rates to both years.

|                                  | 2023<br>Revenue at<br>FY24 rates | 2023<br>Pre-acq<br>revenue<br>at FY23 rates | 2023<br>Organic<br>revenue at<br>constant<br>exchange<br>rates | 2024<br>Revenue<br>growth | 2024 Organic<br>revenue | Organic<br>constant<br>currency<br>revenue<br>growth |
|----------------------------------|----------------------------------|---|--|---------------------------|-------------------------|--|
| IP Services                      | 101.6                            | (2.6)                                       | 99.0   | 3.3                       | 102.3                   | 3%   |
| Regulated Industries             | 157.2                            | -   | 157.2  | (10.7)                    | 146.5                   | (7%)   |
| Language Services                | 319.0                            | -   | 319.0  | 8.1                       | 327.1                   | 3%   |
| Language & Content<br>Technology | 132.9                            | 10.4  | 143.3  | (1.0)                     | 142.3                   | (1%)   |
| <b>Total</b>                     | <b>710.8</b>                     | <b>7.7</b>                                  | <b>718.5</b>   | <b>(0.3)</b>              | <b>718.2</b>            | <b>0%</b>  |

† Includes Lions Holdings B.V. and Propylon Holdings Ltd's pre-acquisition operating results and PatBase pre-divestment operating results

### Adjusted operating Profit

Adjusted operating profit is calculated by adjusting operating profit for the impact of exceptional items, amortisation and impairment of acquired intangibles, impairment of other assets considered material and one off in nature acquisition costs and share based payments. This is further analysed in Note 4 and labelled as 'Operating profit/(loss) before charging:'.

## Glossary

**Adjusted earnings per share or Adjusted EPS** - is stated before charging amortisation of acquired intangibles, impairments of other assets considered material and one off in nature, acquisition costs, share-based payment expense and exceptional items, net of associated tax effects.

**Adjusted net income** - is calculated as profit for the year adjusted for amortisation of acquired intangibles, impairments of other assets considered material and one off in nature, acquisition costs, share-based payment expense and exceptional items.

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

**Adjusted operating profit** - is operating profit before charging amortisation of acquired intangibles, impairments of other assets considered material and one off in nature, acquisition costs, share-based payment expense and exceptional items. The Group uses share-based payments as part of remuneration to align the interests of senior management and employees with shareholders. These are non-cash charges and the charge is based on the Group's share price which can change. These costs are therefore added back to assist with the understanding of the underlying trading performance.

**Adjusted profit before tax or Adjusted PBT** - is stated before amortisation of acquired intangibles, impairments of other assets considered material and one off in nature, acquisition costs, share-based payment expense and exceptional items.

**Amortisation of acquired intangibles** - is the value of amortisation recognised on intangibles that were acquired as part of business combinations, net of the amortisation on those intangibles charged by the underlying business. This is reconciled to total amortisation as part of Note 10 in the financial statements.

**Free cash flow** - is the net cash inflow from operating activities before exceptional cash flows, less purchases of fixed assets, net interest paid and lease liabilities.

**Cash conversion** - is the free cash flow before exceptional cash flows, divided by adjusted net income.

**Constant currency** - constant currency measures apply consistent rates for foreign exchange to remove the impact of currency movements in financial performance.

**EBITDA** - is defined as the Group's profit before interest, tax, depreciation and amortisation.

**Net debt** - net debt is calculated by taking the Group's cash balance less any amounts under loans, borrowings and lease liabilities. The Group presents net debt both including and excluding the impact of lease liabilities as part of Note 11.

**Organic** - organic measures include pre-acquisition results of acquired businesses and exclude revenues from disposals during the same period such that prior year results are prepared on a common basis with the current year.

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