For immediate release 10 December 2020

RWS Holdings plc

Results for the year ended 30 September 2020

A resilient full year performance, in line with market expectations

RWS Holdings plc ("RWS", "the Group"), the world's leading provider of language services and language technology, today announces its final results for the year ended 30 September 2020.

Financial highlights

	2020	**2019**	**Change**
Revenue	£355.8m	£355.7m	+0.02%
Adjusted profit before tax[1]	£70.2m	£74.2m	-5.5%
Profit before tax	£58.7m	£57.7m	+1.7%
Adjusted earnings per share[1]	19.9p	21.3p	-6.6%
Basic earnings per share	16.9p	16.5p	+2.4%
Dividend			
Proposed final	7.25p	7.00p	+3.6%
Total for year	9.00p	8.75p	+2.9%
Cash conversion[2]	100.1%	94.6%	
Net debt[1]	£15.1m	£36.8m	-41.2%

[1] RWS uses adjusted results as key performance indicators as the Directors believe that these provide a more consistent measure of operating performance by adjusting for acquisition related charges and significant one-off or non-cash items. Adjusted operating profit is stated before interest, amortization of acquired intangibles, share based payment expense, acquisition costs and exceptional items. Adjusted profit before tax is stated before amortization of acquired intangibles, share based payment expense, acquisition costs and exceptional items. Adjusted earnings per share adjusts for amortization of acquired intangibles, share based payment expense, acquisition costs and exceptional items, net of any associated tax effects.
Net debt comprises loans less cash and cash equivalents excluding lease liabilities.
[2] Cash conversion is free cash flow expressed as a percentage of Adjusted net income. This is viewed by the Group as a key alternative performance measure to understand how much of the Group's profits have been converted into cash flow available for dividends, debt repayment and acquisitions.
Free cash flow - is calculated as cash generated from operations, less proceeds from warranty claim, capital expenditure, debt service costs, and income taxes.
Adjusted net income - is calculated as statutory profit for the year adjusted for the Group's amortization on acquired intangibles, acquisition costs, share based payment expense and exceptional items.

Highlights

- Good growth across Life Sciences and Moravia divisions in spite of the global Covid-19 pandemic
- Successful integration of the two acquisitions made in the year, Iconic Translation Machines and Webdunia
- Acquisition of SDL completed post period end, creating the world's leading provider of language services and language technology
- Board recommending a final dividend of 7.25p (2019: 7.00p, an increase of 3.6%)

RWS Life Sciences

- Increased revenues by 6% to £69.5m, a record high for the Life Sciences division (2019: £65.5m), driven by growth in all key areas and particularly linguistic validation services
- Adjusted operating profit increased to £20.9m (2019: £20.3m)
- Growth in Covid-19 related clinical trials, translation work for vaccines, anti-viral medications and antibody testing equipment was largely offset by Covid-19 related delays in other clinical trial areas

RWS Moravia

- Record revenues of £173.6m, up 5% (2019: £165.0m)
- Adjusted operating profit increased by 8%, excluding an adverse exchange rate movement of £3.4m caused by the weaker USD; including this, operating profit was £24.8m (2019: £26.2m)
- Growth driven by strong sales to several major technology clients, particularly during the initial Covid-19 lockdown period, and increased revenue from a broader range of sectors and companies, including financial services, online sales platforms and web services providers

RWS IP Services

- Revenues down 10% to £112.8m (2019: £125.2m) against a strong comparative due to a one-off surge in European Patent Office work in the prior year
- Adjusted operating profit decreased 16% to £30.2m (2019 £36.1m)
- Covid-19 impacted second half revenues, particularly within the automotive, aerospace and oil and gas sectors, as certain clients looked to reduce costs
- Several new client wins, albeit onboarding has continued to be impacted by Covid-19

Highly complementary acquisitions expanded technology capabilities and geographical reach

- Iconic Translation Machines, a specialist in neural machine translation and AI solutions, and Webdunia, a leader in translation, localization and technology services based in India, were acquired in June 2020 and have been integrated and are performing well
- Post year end acquisition of SDL in November 2020, creating the world's leading language services and technology group

Outlook

- The new financial year has started positively and is slightly ahead of our expectations
- Our teams have adjusted well to the new requirements of working from home
- Following the acquisition of SDL, the Group has no net debt
- SDL integration underway, with divisional structure and new senior management team confirmed. The integration is expected to deliver:
    - a broader range of best in class solutions for our clients' language requirements
    - synergy opportunities in excess of the already announced £15m through enhanced operational performance over the coming 12-18 months
- We continue to review a good pipeline of bolt-on acquisition opportunities

Andrew Brode, Chairman of RWS, commented:

"The Group has delivered a resilient performance, reflecting its diversified revenue streams across its three specialized divisions, with stronger levels of activity in Life Sciences and Moravia mitigating headwinds in IP Services.

"The Group's focus on Life Sciences and technology customers, who are thought to be likely beneficiaries in a post Covid-19 world, and the importance to our customers of managing their research and development investments through a strong global patent strategy, puts RWS in a strong position.

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

"The new financial year has begun positively, slightly ahead of our expectations. We have no net debt and whilst our focus is on integrating SDL, our strong balance sheet places us in pole position to compete for the most attractive acquisition opportunities.

"We look forward with confidence to achieving further progress in 2021."

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About RWS:

RWS is the world's leading language services and technology group. Over the last 60 years, the company has built a reputation for quality, reliability and flexibility with its global team of translators, searchers and technical experts.

RWS's specialist divisions combine the latest technology, proven processes and highly skilled staff to deliver complex services at each stage of the product lifecycle to meet the diverse needs of a global, client base spanning Europe, Asia Pacific, and North and South America across a range of sectors including technology, pharmaceutical, medical, chemical, automotive, and telecommunications.

With headquarters in the UK, RWS is publicly listed on AIM, the London Stock Exchange regulated market (RWS.L).

For further information, please visit: **www.rws.com**

Forward-Looking Statements

This announcement contains certain statements that are forward-looking statements. They appear in a number of places through this announcement and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or review these forward-looking statements. Nothing in this announcement should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.

Chairman's Statement

INTRODUCTION

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

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

PERFORMANCE

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

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

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

PEOPLE AND BOARD

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

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

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

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

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

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

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

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

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

DIVIDEND

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

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

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

POST BALANCE SHEET EVENT

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

Summary and Outlook

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

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

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

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

Andrew Brode
CHAIRMAN
9 December 2020

Chief Executive Officer's Review

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

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

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

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

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

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

- inovia, its international web-based patent filing platform;
- PatBase, one of the world's largest searchable commercial patent databases, designed by professional searchers for professional searchers; and
- AOP Connect™ our global connection to our Crowd of +39,000 researchers, allowing customers to store, review, search full-text, rank, highlight and organize intellectual property all in one central location.

RWS Life Sciences focuses solely on the language service needs of the life sciences market, providing technical translations and linguistic validation to large pharmaceutical companies, clinical research organizations and medical device manufacturers in North America, Europe and Asia. This division was formed on 1 October 2017 following the integration of two acquired businesses, CTi and LUZ.

RWS Moravia (including RWS Language Solutions) works with many of the world's largest publicly traded technology companies to manage their complex localization needs and ensure brand consistency on a global scale. This includes the adaptation of content, software, websites, applications, marketing materials and audio/video for hundreds of languages and geographies. Moravia was acquired in November 2017. The division includes the Webdunia business, which provides the Group with additional translation and IT capabilities in India and the Asia Pacific region.

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

OUR STRATEGY

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

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

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

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

Organic growth will be driven by:

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

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

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

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

PEOPLE

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

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

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

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

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

OPERATING REVIEW

RWS IP SERVICES

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

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

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

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

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

RWS LIFE SCIENCES

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

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

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

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

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

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

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

RWS MORAVIA (INCLUDING RWS LANGUAGE SOLUTIONS)

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

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

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

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

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

SDL INTEGRATION

Despite having completed the transaction to acquire SDL only a few weeks ago, the integration process has started well with the new RWS Senior Leadership team and revised operational structure having been announced.
The enlarged RWS Group will operate as four divisions, which will be rebranded in 2021, and which comprise:

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

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

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

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

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

SUMMARY

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

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

Richard Thompson
CHIEF EXECUTIVE OFFICER
9 December 2020

Chief Financial Officer's Review

INTRODUCTION

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

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

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

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

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

REVENUE

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

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

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

GROSS PROFIT

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

ADMINISTRATIVE EXPENSES

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

NET FINANCE COSTS

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

ADJUSTED PROFIT BEFORE TAX

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

TAX CHARGE

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

EARNINGS PER SHARE

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

BALANCE SHEET AND WORKING CAPITAL

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

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

CASH FLOW

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

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

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

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

POST BALANCE SHEET EVENTS

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

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

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

Des Glass
GROUP CHIEF FINANCIAL OFFICER
9 December 2020

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2020

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

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

Consolidated Statement of Financial Position

as at 30 September 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Goodwill	10	253,908	249,421
Intangible assets		157,813	169,109
Property, plant and equipment		22,791	22,888
Right-of-use assets		20,084	-
Deferred tax assets		1,939	3,371
		456,535	444,789
Current assets			
Trade and other receivables		82,086	85,543
Foreign exchange derivatives		601	-
Cash and cash equivalents		51,380	46,974
		134,067	132,517
Total assets	4	590,602	577,306
Liabilities			
Current Liabilities			
Loans	11	-	25,681
Trade and other payables		57,576	57,343
Lease liabilities		3,207	-
Foreign exchange derivatives		103	824
Income tax payable		3,561	5,969
Provisions		87	87
		64,534	89,904
Non-current liabilities			
Loans	11	66,515	58,045
Lease liabilities		19,571	-
Trade and other payables		357	318
Provisions		2,368	843
Deferred tax liabilities		28,409	30,700
		117,220	89,906
Total liabilities	4	181,754	179,810
Total net assets		408,848	397,496
Equity			
Capital and reserves attributable to owners of the Parent			
Share capital		2,752	2,737
Share premium		53,634	51,757
Share based payment reserve		1,389	662
Reverse acquisition reserve		(8,483)	(8,483)
Foreign currency reserve		14,868	29,082
Hedge reserve		(389)	(2,253)
Retained earnings		345,077	323,994
Total equity		408,848	397,496

Consolidated Statement of **Changes in Equity**

for the year ended 30 September 2020

	Note	Share capital £'000	Share premium account £'000	Other reserves (see below) £'000	Retained earnings £'000	Total attributable to owners of Parent £'000
At 1 October 2018		2,735	51,549	1,250	299,745	355,279
Profit for the year		-	-	-	45,140	45,140
Loss on cash flow hedges		-	-	(2,661)	-	(2,661)
Gain on retranslation of foreign operations		-	-	20,141	-	20,141
Total comprehensive income for the year		-	-	17,480	45,140	62,620
Issue of shares		2	208	-	-	210
Deferred tax on unexercised share options		-	-	-	145	145
Income tax on unexercised share options		-	-	-	131	131
Dividends	8	-	-	-	(21,200)	(21,200)
Exercise of share options		-	-	(33)	33	-
Equity settled share based payments		-	-	311	-	311
At 30 September 2019		2,737	51,757	19,008	323,994	397,496
Adjusted on initial application of IFRS 16 (net of tax)		-	-	-	(504)	(504)
Restated balance at 1 October 2019		2,737	51,757	19,008	323,490	396,992
Profit for the year		-	-	-	46,431	46,431
Gain on cash flow hedges		-	-	1,864	-	1,864
Loss on retranslation of foreign operations		-	-	(14,214)	-	(14,214)
Total comprehensive income for the year		-	-	(12,350)	46,431	34,081
Issue of shares		15	1,877	-	-	1,892
Deferred tax on unexercised share options		-	-	-	(1,100)	(1,100)
Dividends	8	-	-	-	(24,063)	(24,063)
Exercise of share options		-	-	(319)	319	-
Equity-settled share based payments		-	-	1,046	-	1,046
At 30 September 2020		**2,752**	**53,634**	**7,385**	**345,077**	**408,848**

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

Consolidated Statement of Cash Flows

for the year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Profit before tax		58,674	57,717
Adjustments for:			
Depreciation of property, plant and equipment		2,951	3,025
Amortization of intangible assets		18,731	18,364
Depreciation of right-of-use assets		4,492	-
Share-based payment expense		1,057	311
Finance income		(50)	(105)
Net gain on debt modification	6	(1,193)	-
Finance costs		2,770	4,268
Operating cash flow before movements in working capital and provisions		87,432	83,580
Decrease/(increase) in trade and other receivables		5,374	(11,523)
Increase in trade and other payables and provisions		1,723	9,770
Cash generated from operations		94,529	81,827
Income tax paid		(15,164)	(11,464)
Net cash inflow from operating activities		79,365	70,363
Cash flows from investing activities			
Interest received		50	105
Acquisition of subsidiary, net of cash acquired	12	(22,973)	(4,536)
Purchases of property, plant and equipment		(2,942)	(3,844)
Purchases of intangibles (software)		(5,119)	(4,170)
Net cash outflow from investing activities		(30,984)	(12,445)
Cash flows from financing activities			
Proceeds from borrowings		15,711	-
Repayment of borrowings		(29,417)	(25,057)
Transaction costs relating to debt refinancing		(615)	-
Interest paid		(3,189)	(4,125)
Lease liability payments		(4,094)	-
Proceeds from the issue of share capital		1,892	210
Dividends paid	8	(24,063)	(21,200)
Net cash outflow from financing activities		(43,773)	(50,172)
Net increase in cash and cash equivalents		4,608	7,746
Cash and cash equivalents at beginning of the year		46,974	38,155
Exchange (losses)/gains on cash and cash equivalents		(202)	1,073
Cash and cash equivalents at end of the year		51,380	46,974

	Note	2020 £'000	2019 £'000
Free cash flow - Non-GAAP measure			
Analysis of free cash flow			
Cash generated from operations		94,529	81,827
Proceeds from warranty claim		(9,017)	-
Net interest paid		(3,139)	(4,020)
Income tax paid		(15,164)	(11,464)
Purchases of property, plant and equipment		(2,942)	(3,844)
Purchases of intangibles (software)		(5,119)	(4,170)
Free cash flow	5	59,148	58,329

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

1. GENERAL INFORMATION

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

The consolidated financial statements consolidate those of the Company and its subsidiaries ("the Group"). The consolidated financial statements, from which this financial information has been extracted, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS IC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS.

The financial information shown in the announcement for the year ended 30 September 2020 and the year ended 30 September 2019 set out above does not constitute statutory accounts but is derived from those accounts. Except as described below, the principal accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the annual financial statements for the year ended 30 September 2019, as described in those financial statements. The financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2019 have been delivered to the Registrar of Companies and those for the year ended 30 September 2020 will be delivered shortly, having been approved by the Directors on 9 December 2020. The auditors have reported on the accounts for the years ended 30 September 2019 and 30 September 2020, their reports were unqualified, did not contain statements under Section 498 (2) or (3) of the Companies Act 2006 and did not contain any matters to which the auditors drew attention without qualifying their report.

Copies of this announcement are available at the registered office of the Company for a period of 14 days from the date hereof.

2. ACCOUNTING POLICIES

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

New accounting standards, amendment and interpretations

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

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

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

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

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

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

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

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

Reconciliation of lease commitments to opening lease liability balance

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

Practical expedients applied

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

> Used a single incremental borrowing rate for similar leases exposed to similar risks

> Excluded initial direct costs for the measurement of right-of-use assets at the date of the initial application

> Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

> Excluded long-term leases with less than 12 months remaining until expiry.

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

Impact on the statement of comprehensive income

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

Impact on the statement of cash flows

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

Accounting policy

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

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

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

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

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

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

Basis of consolidation

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

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

Going concern

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

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

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

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

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

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

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

Exceptional items

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

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

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

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

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

Impairment of goodwill and intangible assets

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

Acquisition accounting

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

Accounting for leases

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

4. REVENUE FROM CONTRACTS WITH CUSTOMERS & SEGMENT INFORMATION

Revenue from contracts with customers

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

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

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

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

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

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

Segment information

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

The three segments are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. 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 amortization of acquired intangibles, acquisition costs, share-based payment expenses and exceptional items.

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

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

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

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

6. EXCEPTIONAL ITEMS

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

Reorganization costs of £1.2 million relate to the restructuring of the sales team within the IP Services division and redundancy programmes completed in both IP Services and Moravia during the year.

On 22 September 2020, a settlement for a claim made by the Group under warranty insurance taken out as part of the Moravia acquisition in November 2017. An amount of £9.0 million was agreed and received during the year. This has been treated as an operating activity in the statement of cash flows.

The Directors are of the view that each of these items is non-recurring and by their nature do not form part of the Group's ongoing operating activities.

7. TAXATION

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

The table below reconciles the UK statutory tax charge to the Group's total tax charge

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

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

Factors that may affect future tax charges

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

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

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

8. DIVIDENDS TO SHAREHOLDERS

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

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

9. EARNINGS PER ORDINARY SHARES

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

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

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

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

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

10. GOODWILL

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

During the year, goodwill was tested for impairment. The recoverable amount for each CGU has been determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and revenue growth rates. Also in the current year, the CGUs have been revised with the inclusion of the Language Solutions business into the Moravia CGU following an operational reorganisation. This has resulted in an increase in the carrying value of the Moravia CGU of £10.7m. 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.

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

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

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

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

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

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

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

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

11. LOANS

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

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

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

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

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

12. ACQUISITIONS

Iconic Translation Machines Ltd

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

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

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

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

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

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

Webdunia

On 9 June 2020, the Group acquired the localization and software services business units of Webdunia.com (India) Private Limited ("Webdunia") as well as the technology solutions component of its affiliated Company, Diaspark Inc. The total cash consideration was US$21m. Webdunia is a leader in translation, localization and technology services to technology and digital companies in the Indian and North American markets. The acquisition will be highly complementary to RWS's existing Moravia business, will strengthen our Indian-based translation and localization market share, support our customers' growth aspirations in India, as well as complement our digital technology services.

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

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

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

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

Acquisition of the prior year (20 January 2019) Alpha Translations

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

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

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

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

13. POST BALANCE SHEET EVENTS

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

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

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

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