

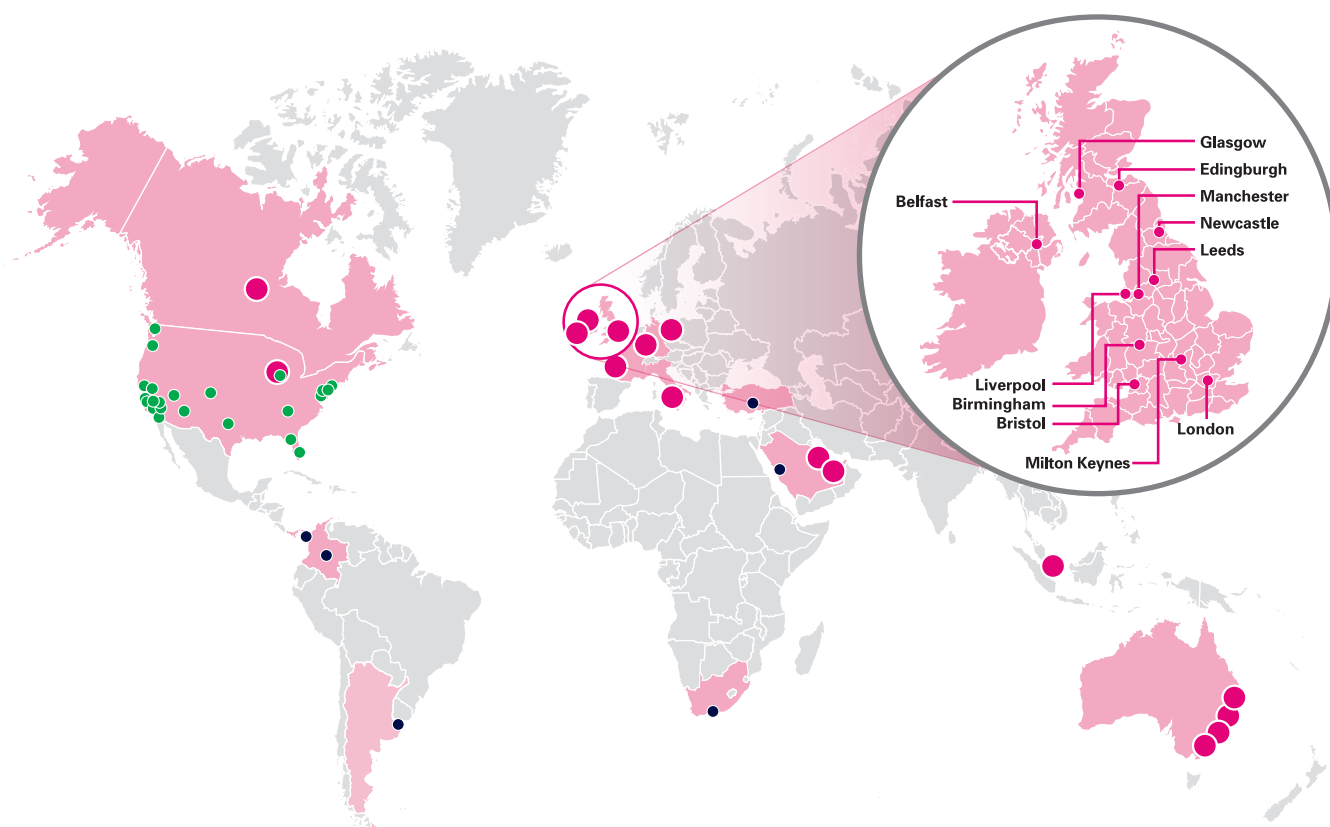


**dwf**



**Transforming legal services**  
through our people for our clients

- DWF Offices
- Associates
- WSHB Associate offices



## Over 3,100 people across the Group, based in 27 key locations, plus 7 associates\*

### Australia (14<sup>(1)</sup>)

Brisbane  
Melbourne  
Sydney  
Newcastle

### Belgium

Brussels

### Canada

Toronto

### France (12)

Paris

### Germany (16)

Berlin  
Cologne  
Munich

### Ireland (10)

Dublin

### Italy (7)

Milan

### Qatar (2)

Doha

### Singapore (3)

Singapore

### UAE (8)

Dubai

### United Kingdom (246)

### United States (1)

Chicago

### Argentina\*

Buenos Aires

### Colombia\*

Bogotá

### Kingdom of Saudi Arabia\*

Jeddah  
Riyadh

### Panama\*

Panama

### South Africa\*

Sandton  
Durban  
Cape Town  
Stellenbosch

### Turkey\*

Istanbul

### United States\*

WSHB  
(23 offices across the region)

This document comprises a prospectus (this “**Prospectus**”) relating to DWF Group Limited (the “**Company**”, to be re-registered as a public limited company, DWF Group plc, prior to Admission), prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”), and has been prepared in connection with the offer of ordinary shares (the “**Ordinary Shares**”) in the Company to certain institutional investors (the “**Offer**”). This Prospectus has been approved by the FCA in accordance with section 87A of the FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Application will be made to the FCA for all of the Ordinary Shares of the Company to be admitted to the premium listing segment of the Official List of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for all of the Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (the “**Main Market**”) (“**Admission**”). Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 11 March 2019. It is expected that Admission to listing on the Official List and trading on the London Stock Exchange will become effective and that unconditional dealings in the Ordinary Shares will commence at 8.00 a.m. on 15 March 2019. **All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. No application is currently intended to be made for the Ordinary Shares to be admitted to listing or dealing on any other exchange.**

The Company and its directors, whose names appear on page 60 of this document (the “**Directors**”), accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Company is offering 61,475,410 newly issued Ordinary Shares (the “**New Ordinary Shares**”) in the Offer and the Selling Shareholders (as defined in *Part XVII – “Definitions”*) (the “**Selling Shareholders**”) are selling in aggregate 16,577,304 existing Ordinary Shares (the “**Existing Ordinary Shares**”) in the Offer. The Company will not receive any of the proceeds from the sale of the Existing Ordinary Shares, all of which will be paid to the Selling Shareholders.

*Prospective investors should read the whole of this Prospectus and, in particular, attention is drawn to Part I – “Risk Factors” of this document for a discussion of certain factors that should be considered in connection with an investment in the Ordinary Shares.*



## **DWF Group Limited**

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11561594, to be re-registered as a public limited company prior to Admission)*

**Offer of 78,052,714 Ordinary Shares of one pence each at an Offer Price of 122 pence per Ordinary Share and admission to listing on the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange**

*Joint Global Co-ordinators and Joint Lead Bookrunners*

**Stifel Nicolaus Europe Limited**

**Jefferies International Limited**

*Lead manager*

**Zeus Capital Ltd**

*Sponsor*

**Stifel Nicolaus Europe Limited**

**Share capital immediately following Admission**

**Issued and fully paid**

**Number  
300,000,000**

**Nominal Value  
£3,000,000**

The Company is offering 61,475,410 New Ordinary Shares, representing 20.5% of the issued Ordinary Shares on Admission, and the Selling Shareholders are selling in aggregate 16,577,304 Existing Ordinary Shares, representing 5.5% of the issued Ordinary Shares on Admission. The Company will not receive any of the proceeds from the sale of the Existing Ordinary Shares, all of which will be received by the Selling Shareholders.

Each of Stifel Nicolaus Europe Limited (“**Stifel**”), Jefferies International Limited (“**Jefferies**” and, together with Stifel, the “**Underwriters**”) and Zeus Capital Ltd (“**Zeus Capital**” and, together, with Stifel and Jefferies, the “**Banks**”) is authorised and regulated in the United Kingdom by the FCA. Each of the Banks is acting exclusively for the Company and for no one else in connection with the Admission and Offer. None of the Banks will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter or arrangement referred to in this Prospectus. None of the Banks nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus, including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer. Accordingly, apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by the FSMA or the regulatory regime established thereunder, each of the Banks and each of their respective affiliates disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty, express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Any investor should only rely on the information in this Prospectus. None of the Company, the Banks or any of their respective representatives is making any representation other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this document nor Admission nor any subsequent subscription or sale shall, under any circumstances, create any implication that there has been no change in the affairs of the Company set forth in this document or that the information in it is correct as at any date subsequent to the date hereof. The contents of this document should not be construed as legal, business, financial or tax advice. None of the Company, the Banks or any of their respective representatives is making any representation to any prospective investor regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. Each prospective investor should consult his, her or their own legal, business, financial or tax advisers for advice.

#### **NOTICE TO UNITED STATES INVESTORS**

The Ordinary Shares have not been, nor will they be, registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”) or under the applicable securities laws or the regulations of any state of the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

For so long as any of the Ordinary Shares are in issue and are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the “**US Exchange Act**”), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of an Ordinary Share, or to any prospective purchaser of an Ordinary Share designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

**NEITHER THE US SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES NOR ANY OTHER US REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE ORDINARY SHARES OR PASSED UPON OR ENDORSED THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

#### **NOTICE TO OTHER OVERSEAS INVESTORS**

The distribution of this Prospectus in certain jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company, the Selling Shareholders or the Banks to permit a public offering of the Ordinary Shares, or the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Ordinary Shares), in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Company and the Banks to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. The Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan, the United States or South Africa. Accordingly, subject to certain exceptions, the Ordinary Shares may not be offered or sold in Australia, Canada, Japan, the United States or South Africa. For a description of these and certain further restrictions on offers, sales and transfers of the Ordinary Shares and the distribution of this document, see *Part IX – “Details of the Offer”*.

#### **Group’s websites**

Information contained on the Group’s websites or the contents of any website accessible from hyperlinks on the Group’s websites are not incorporated into and do not form part of this Prospectus.

#### **Information to distributors**

Solely for the purposes of the product governance requirements contained within (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such Ordinary Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Banks will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II, or (b) a recommendation to any investor or group of investors to invest in or purchase, or take any other action whatsoever with respect to, the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and for determining appropriate distribution channels.

The date of this Prospectus is 11 March 2019.

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## SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as Elements. These Elements are numbered in Sections A to E (A.1 to E.7).

This summary contains all of the Elements required to be included in a summary for this type of securities and issuer. Given that some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
A.1	Warning	<p>This summary should be read as an introduction to the prospectus (the “<b>Prospectus</b>”).</p> <p>Any decision to invest in the ordinary shares (the “<b>Ordinary Shares</b>”) of DWF Group Limited (to be re-registered as a public limited company prior to the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities (“<b>Admission</b>”)) (the “<b>Company</b>”) should be based on the consideration of the Prospectus as a whole by the investor. DWF LLP and its subsidiary undertakings (as that term is defined in section 1162 of the Companies Act 2006) (each, a “<b>subsidiary undertaking</b>”), and following the Reorganisation (as defined below), the Company, DWF Holdings Limited, DWF Law LLP Sub-group (as defined below) and DWF LLP Sub-group (as defined below) comprise the “<b>Group</b>” or “<b>DWF</b>”.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area (the “<b>EEA</b>”), have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.</p>
A.2	Subsequent resale of the securities or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any subsequent resale or final placement of securities by financial intermediaries in connection with this Prospectus.

Section B – Issuer		
B.1	Legal and commercial name	DWF Group Limited
B.2	Domicile/legal form/legislation/country of incorporation	The Company is a private company limited by shares in the United Kingdom with registered number 11561594, incorporated on 10 September 2018. Prior to Admission, the Company will be re-registered as a public company limited by shares and renamed as DWF Group plc. The Company operates under the Companies Act 2006. In accordance with section 755 of the Companies Act 2006 and as part of the terms of the offer of Ordinary Shares in the Company to certain institutional investors (the “ <b>Offer</b> ”), the Company has undertaken to re-register as a public limited company with the name DWF Group plc prior to Admission.
B.3	Current operations/principal activities and markets	DWF is a global legal business, supplying services not only to the global legal market but also providing complementary connected services to its clients. DWF’s stated purpose is to transform legal services through its people for its clients using its three principal strategic objectives: understanding our clients, engaging our people and doing things differently. DWF aims to deliver its strategy by building long-term relationships with its clients, recruiting talented individuals to maintain a

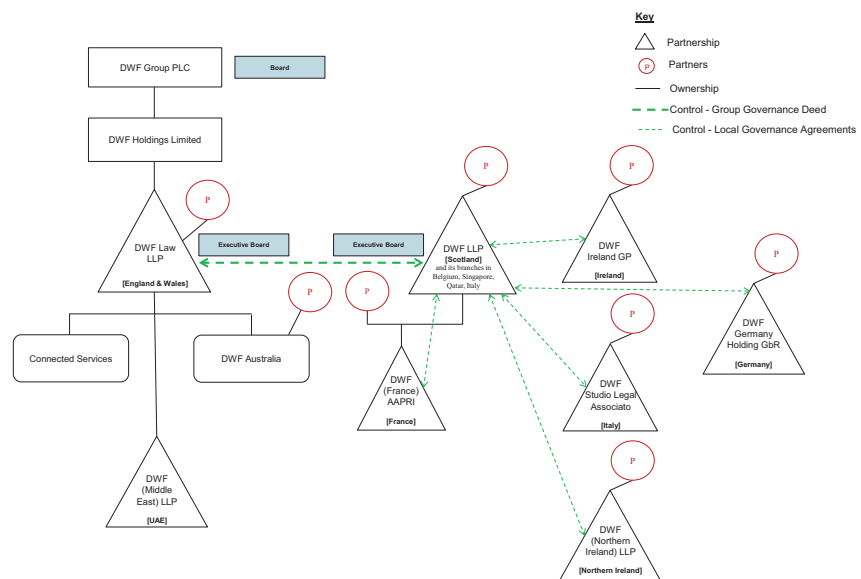


		<p>high service level culture and continually innovating in its provision of legal services, managed and connected services to address client needs and increase its market share.</p> <p>DWF's business is organised into four divisions (which are also the Group's financial reporting segments):</p> <ul style="list-style-type: none"> <li>• <b>Commercial Services:</b> This division provides a range of complex legal services and managed services to clients and includes the corporate, litigation and real estate practice groups, each of which has a number of practice areas;</li> <li>• <b>Insurance:</b> This division provides a range of complex legal services and managed services predominantly to insurers and their insureds and includes the catastrophic personal injury, occupational health and casualty; motor, fraud, resolution law and in-house teams; and professional indemnity and commercial insurance practice groups, each of which has a number of practice areas;</li> <li>• <b>International:</b> This division includes the DWF offices that provide complex legal services and managed services outside of Great Britain. The International division focuses on the same areas of legal services as the Commercial Services and Insurance divisions and though it is in an earlier stage of its development in relation to the Commercial Services and Insurance divisions, it is an important component of the Group's growth strategy; and</li> <li>• <b>Connected Services:</b> This division offers complementary products or services to the traditional legal services offered by DWF's other three divisions and consists of a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions ("connected services").</li> </ul> <p>DWF delivers a mixture of legal services across its Commercial Services, Insurance and International divisions, which can be characterised as (i) complex legal services and (ii) managed services. DWF's complex legal services represent traditional legal advice and services for which clients typically seek outside counsel and DWF competes with other large, multinational legal services firms in the provision of these services ("<b>complex legal services</b>"). DWF's managed services are process oriented and can be performed from a variety of locations, which are often high volume work that benefits from being performed on a value and efficiency basis ("<b>managed services</b>").</p> <p>In addition to its legal services, DWF provides connected services through its Connected Services division. These services are offered either directly to clients as stand-alone services or as part of a combined offering alongside DWF's other services. This allows DWF to provide multi-disciplinary teams across different professional and business services in a seamless, integrated offering. The ability for DWF to be able to offer bundled and integrated services allows it to offer its clients a broader offering of services, which have proven attractive to its large multinational clients seeking to consolidate and streamline their supply chains.</p>
B.4a	Significant recent trends affecting the Company and its industry	<p>DWF is a global legal business, supplying services not only to the global legal market but also providing complementary connected services to its clients.</p> <p>The global legal services market was estimated at approximately £653 billion in 2017 and is projected to grow to £778 billion in 2021 (Source: Statista based on BRC estimates 2013 to 2021, market size quoted in USD, converted to GBP using an exchange rate of 1 GBP: 1.3 USD). The demand for legal services is driven by general macroeconomic factors, as well as more structural long-term growth drivers such as the international expansion of corporates, continuous regulatory change and a general trend towards outsourcing certain in-house legal services to third-party providers such as DWF. In addition to this global market for legal services, there exists a much wider addressable market for legal and non-legal services, encompassing work performed both by a broader range of professional service providers and alternative legal service providers ("<b>ALSPs</b>").</p> <p><i>Global legal markets</i></p> <p>The USA was the largest country in the legal services market in 2017, accounting for approximately £218 billion or 33% of the global market (Source: Statista based on data from US Census Bureau). The UK was the second largest market, and the largest market in Europe, accounting for approximately £33.3 billion or 5% of the global market (Source: Office for National Statistics). Germany and France were the third and fourth largest markets, both accounting for approximately £20 billion or 3% of the global market (Source: Statista based on Eurostat data).</p>

		<p><i>Claims management and ALSPs</i></p> <p>The demand from insurance companies for claims management services, such as those offered by the Connected Services division's DWF Claims and DWF Adjusting services, is often driven by the industry-wide claims volumes. This in turn is affected by, among other things, the insurance underwriting cycle, natural events, general economic activity, overall employment levels and workplace injury rates. Demand is also impacted by decisions insurance companies and self-insured entities make with respect to the level of claims outsourced to independent claims management companies as opposed to those handled by their own in-house teams.</p> <p><b>Market Trends</b></p> <p><i>Client consolidation of suppliers</i></p> <p>The legal services market is competitive and clients can receive services from multiple law firms and ALSPs, with some larger corporates formalising the arrangement by having legal panels of a preselected number of law firms from whom they can purchase services. Across the market, particularly in the insurance sector, many clients are seeking to consolidate their supply chains and seek professional advice from fewer sources. Some larger corporate clients are also reducing the size of their legal panels in order to make their procurement processes more efficient and competitive.</p> <p><i>Alternative to traditional law firm model</i></p> <p>The legal services market place has seen an influx of new entrants to the market, ALSPs, looking to challenge the longstanding service model offered by law firms to their clients, whereby clients traditionally looked to law firms to provide a full range of legal and non-legal services. ALSPs are increasingly providing both legal and non-legal connected services to corporates. Accounting firms have a significant amount of revenue in legal services, particularly in the UK, which is complementary to their core offering.</p> <p><i>Technological trends</i></p> <p>The legal services sector is becoming increasingly complex as traditional law firms, ALSPs and technology firms increasingly compete and collaborate. Technology is increasingly viewed as a strategic enabler to proactively offer client-centric solutions. This ongoing evolution is a response to client-led demand and the increasing disaggregation of service delivery across the spectrum of legal services providers.</p> <p><i>Law firm consolidation</i></p> <p>Recent years have seen consolidation within the legal services market with a number of significant mergers or acquisitions having been completed within the sector, at both a national and cross-border level. This trend is expected to continue as firms seek to benefit from greater scale and operational efficiencies in order to service ever evolving client demands.</p> <p><i>The Legal Services Act 2007 and non-lawyer ownership</i></p> <p>The Legal Services Act 2007, as amended (the "LSA") was passed by the UK Government to liberalise and reform the way in which legal services are regulated in England and Wales. A key principle of the LSA is to de-regulate the ownership and management of all types of legal services firms. On the basis that a firm converts to an alternative business structure ("ABS"), non-lawyers are able to take ownership and management positions in legal services businesses. Australia, in a similar manner to the UK, permits non-lawyers to own and manage legal firms. Across Europe, most geographies in which DWF currently operates do not have similar regulations in place at this time.</p>
B.5	Group structure	<p>The Company was incorporated in anticipation of the Offer and Admission. The Group has undertaken certain steps as part of a reorganisation of its corporate structure and will undertake certain further steps immediately prior to and in connection with Admission (the "Reorganisation"). The result of the Reorganisation steps to be taken immediately prior to and in connection with Admission is that the Company will become the ultimate parent undertaking of the Group and the Group will be reorganised into the DWF Law LLP Sub-group (as defined below) and the DWF LLP Sub-group (as defined below) in order to meet local regulatory requirements in certain international jurisdictions in which the Group currently provides legal services. The Company and its Board will control, consolidate and have access to the economics of the subsidiaries and the subsidiary undertakings of the DWF Law LLP Sub-group and the DWF LLP Sub-group. While DWF's partners will remain members of certain partnerships within the</p>

Group, in order to facilitate the structure, they will move to a fixed basis of remuneration at a level which is reduced compared to their current remuneration levels and the partners will forego substantially all of the membership and voting rights they currently benefit from.

The following diagram is a simplified corporate structure of the Group following the key steps of the Reorganisation:



The Solicitors Regulation Authority (the “SRA”) has authorised DWF Law LLP as a Licensed Body as defined in the Legal Services Act 2007, pursuant to a licence issued by the SRA to DWF Law LLP on 8 March 2019. The Group’s businesses in certain jurisdictions where regulations do not generally prohibit the ownership, control, management or sharing of profits of legal service providers by non-lawyers (namely, in Australia and the UAE) will be, together with DWF’s connected services businesses, subsidiaries of DWF Law LLP. DWF Law LLP and its subsidiaries, but excluding the DWF LLP Sub-group (as defined below), following the Reorganisation, are defined as the “**DWF Law LLP Sub-group**”.

In Scotland, Northern Ireland, Ireland, France, Belgium, Singapore and Germany, the direct ownership, control and/or management of law firms by non-lawyers and/or the sharing of profits with non-lawyers is generally prohibited. DWF’s legal service providers in these jurisdictions are therefore organised as subsidiary undertakings of the Company, DWF Law LLP and DWF LLP (as applicable) by way of contractual arrangements. In Italy and Qatar, regulations do not explicitly prohibit ownership, control and/or management of legal service providers by non-lawyers or sharing of profits with non-lawyers (subject to certain restrictions), however, DWF’s legal service providers in these jurisdictions will remain in the DWF LLP Sub-group to minimise the amount of reorganisation required. DWF LLP and its subsidiary undertakings following Admission are defined as the “**DWF LLP Sub-group**”. Neither the Company nor any other member of the DWF Law LLP Sub-group will have equity ownership of any member of the DWF LLP Sub-group.

DWF Holdings Limited (the direct, wholly-owned subsidiary of the Company) will be the controlling Member of DWF Law LLP. Most of the Members of DWF LLP will become Members of DWF Law LLP but DWF Holdings Limited will not be a Member of DWF LLP due to local law and regulations applicable to DWF LLP. A limited number of Members of DWF LLP will not be Members of DWF Law LLP.

The respective constitutional deeds of DWF Law LLP and DWF LLP will provide that the Members of the LLP irrevocably delegate substantially all control and day-to-day management of the LLP (and its sub-group) to the LLP’s Executive Board, subject to the matters reserved to the board of directors (the “**Board**”) of the Company (in accordance with typical UK Corporate Governance Code practice). The constitutional deed of DWF LLP will provide that the business of DWF LLP and the DWF LLP Sub-group will be managed in accordance with the group governance deed between DWF Law LLP and DWF LLP (and, as a result, DWF LLP will be a subsidiary undertaking of DWF Law LLP). DWF LLP is party to local governance agreements with each of its subsidiary undertaking partnerships in

		<p>Northern Ireland, Ireland, Germany and Italy before Admission (and these partnerships are by virtue of the local governance agreements, subsidiary undertakings of DWF LLP). DWF LLP has a direct partnership interest in, and is the controlling partner of, the subsidiary undertaking partnership in France. They will also be consolidated within the Group accounts.</p> <p>Prior to the Reorganisation, all of the undertakings in the Group have historically been consolidated for financial reporting purposes and all undertakings in the Group will continue to be consolidated for financial reporting purposes post-Reorganisation.</p> <p>On completion of the Reorganisation, five Non-authorised Persons will hold Restricted Interests in DWF Law LLP. The SRA has approved each of the following Non-authorised Persons to be a holder of a Restricted Interest in DWF Law LLP: the Company in its capacity as the ultimate holding company of DWF Law LLP; DWF Holdings Limited in its capacity as controlling member of DWF Law LLP; Estera Trust (Jersey) Limited in its capacity as trustee of the Employee Benefit Trust and the Reward Share Trust; Equiniti Financial Services Limited in its capacity as the legal title holder of shares in the Company held on behalf of certain partners, staff and employees of the Group; and Wealth Nominees Limited in its capacity as the legal title holder of shares in the Company held on behalf of certain partners, staff and employees of the Group.</p>																																																										
B.6	Major shareholders	<p>Insofar as it is known to the Company as at the date of this Prospectus, the following persons will, immediately prior to Admission, be directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company’s issued share capital:</p> <table><thead><tr><th rowspan="2">Shareholder</th><th colspan="2">Interests in Ordinary Shares immediately before Admission</th><th>Ordinary Shares to be sold in the Offer</th><th colspan="2">Interests in Ordinary Shares following Admission</th></tr><tr><th>No.</th><th>% of total issued</th><th>No.</th><th>No.</th><th>% of total issued</th></tr></thead><tbody><tr><td>Estera Trust (Jersey) Limited as trustee of the DWF Group plc Employee Benefit Trust.....</td><td>23,103,282</td><td>9.7%</td><td>670,493</td><td>22,432,789</td><td>7.5%</td></tr><tr><td>Estera Trust (Jersey) Limited as trustee of the DWF Group plc Reward Share Trust</td><td>10,556,353</td><td>4.4%</td><td>1,628,772</td><td>8,927,581</td><td>3.0%</td></tr><tr><td>Andrew Leatherland .....</td><td>7,741,409</td><td>3.2%</td><td>628,057</td><td>7,113,352</td><td>2.4%</td></tr><tr><td>Miton Group plc.....</td><td>—</td><td>—</td><td>—</td><td>13,114,754</td><td>4.4%</td></tr><tr><td>Sand Grove Capital Management LLP....</td><td>—</td><td>—</td><td>—</td><td>12,295,081</td><td>4.1%</td></tr><tr><td>Standard Life Aberdeen plc.....</td><td>—</td><td>—</td><td>—</td><td>11,926,076</td><td>4.0%</td></tr></tbody></table> <p>Immediately following Admission, it is expected that approximately 63.5% of the Company’s issued ordinary share capital will be owned by the Members who are Selling Shareholders.</p>	Shareholder	Interests in Ordinary Shares immediately before Admission		Ordinary Shares to be sold in the Offer	Interests in Ordinary Shares following Admission		No.	% of total issued	No.	No.	% of total issued	Estera Trust (Jersey) Limited as trustee of the DWF Group plc Employee Benefit Trust.....	23,103,282	9.7%	670,493	22,432,789	7.5%	Estera Trust (Jersey) Limited as trustee of the DWF Group plc Reward Share Trust	10,556,353	4.4%	1,628,772	8,927,581	3.0%	Andrew Leatherland .....	7,741,409	3.2%	628,057	7,113,352	2.4%	Miton Group plc.....	—	—	—	13,114,754	4.4%	Sand Grove Capital Management LLP....	—	—	—	12,295,081	4.1%	Standard Life Aberdeen plc.....	—	—	—	11,926,076	4.0%											
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Standard Life Aberdeen plc.....	—	—	—	11,926,076	4.0%																																																							
B.7	Selected historical key financial information	<p>The tables below set out selected key financial information for the Group for the periods indicated as derived from the Company’s historical financial information as at and for the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018 and as at and for the six months ended 31 October 2018, reported upon by Deloitte LLP in accordance with Standards for Investment Reporting issued by the Financial Reporting Council. The financial information for the six months ended 31 October 2017 has not been reported on. Prospective investors should review the following selected historical financial information together with the whole of this document and should not rely on the selected information itself.</p> <p><b>Consolidated Statement of Profit and Loss and Other Comprehensive Income</b></p> <table><thead><tr><th rowspan="3"></th><th colspan="3">Year ended</th><th colspan="2">Six months ended</th></tr><tr><th>30 April 2016</th><th>30 April 2017</th><th>30 April 2018</th><th>31 October 2017</th><th>31 October 2018</th></tr><tr><th>£000</th><th>£000</th><th>£000</th><th>(unaudited) £000</th><th>£000</th></tr></thead><tbody><tr><td>Revenue* .....</td><td>186,850</td><td>199,322</td><td>236,488</td><td>112,729</td><td>157,168</td></tr><tr><td>Recoverable expenses .....</td><td>—</td><td>—</td><td>—</td><td>—</td><td>(23,812)</td></tr><tr><td>Net revenue .....</td><td>186,850</td><td>199,322</td><td>236,488</td><td>112,729</td><td>133,356</td></tr><tr><td>Direct costs .....</td><td>(60,870)</td><td>(67,951)</td><td>(85,388)</td><td>(41,543)</td><td>(46,248)</td></tr><tr><td>Gross profit .....</td><td>125,980</td><td>131,371</td><td>151,100</td><td>71,186</td><td>87,108</td></tr><tr><td>Administrative expenses .....</td><td>(78,144)</td><td>(89,026)</td><td>(102,994)</td><td>(50,690)</td><td>(66,164)</td></tr><tr><td>Gain on bargain purchase.....</td><td>—</td><td>1,273</td><td>—</td><td>—</td><td>—</td></tr></tbody></table>		Year ended			Six months ended		30 April 2016	30 April 2017	30 April 2018	31 October 2017	31 October 2018	£000	£000	£000	(unaudited) £000	£000	Revenue* .....	186,850	199,322	236,488	112,729	157,168	Recoverable expenses .....	—	—	—	—	(23,812)	Net revenue .....	186,850	199,322	236,488	112,729	133,356	Direct costs .....	(60,870)	(67,951)	(85,388)	(41,543)	(46,248)	Gross profit .....	125,980	131,371	151,100	71,186	87,108	Administrative expenses .....	(78,144)	(89,026)	(102,994)	(50,690)	(66,164)	Gain on bargain purchase.....	—	1,273	—	—	—
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	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
<b>Operating profit</b> .....	<b>47,836</b>	<b>43,618</b>	<b>48,106</b>	<b>20,496</b>	<b>20,944</b>
<b>Adjusted operating profit</b>	<b>54,134</b>	<b>48,575</b>	<b>56,338</b>	<b>23,875</b>	<b>31,849</b>
Depreciation and amortisation....	(6,181)	(5,919)	(6,328)	(3,155)	(2,876)
Non-underlying items .....	(117)	962	(1,904)	(224)	(8,029)
Financial income .....	312	355	405	318	79
Financial expenses .....	(1,137)	(1,617)	(1,843)	(1,192)	(907)
<b>Net financing expense</b> .....	<b>(825)</b>	<b>(1,262)</b>	<b>(1,438)</b>	<b>(874)</b>	<b>(828)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares</b> .....	<b>47,011</b>	<b>42,356</b>	<b>46,668</b>	<b>19,622</b>	<b>20,116</b>
Corporate and other entity based taxation .....	(898)	(37)	(92)	(98)	(28)
<b>Profit for the period before Members' remuneration and profit shares</b> .....	<b>46,113</b>	<b>42,319</b>	<b>46,576</b>	<b>19,524</b>	<b>20,088</b>
Members' remuneration charged as an expense .....	(23,169)	(23,025)	(25,452)	(12,150)	(14,784)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> .....	<b>22,944</b>	<b>19,294</b>	<b>21,124</b>	<b>7,374</b>	<b>5,304</b>
<b>Other comprehensive (expense)/ income</b>					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences – foreign operations ..	(159)	221	(392)	(6)	451
<b>Total comprehensive income for the period available for discretionary division amongst Members</b> .....	<b>22,785</b>	<b>19,515</b>	<b>20,732</b>	<b>7,368</b>	<b>5,755</b>

\*IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date.

#### Consolidated Balance Sheet

	As at			As at
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
<b>Non-current assets</b>				
Property, plant and equipment .....	16,747	15,560	14,184	14,117
Intangible assets and goodwill .....	2,516	3,409	3,801	4,017
Investments .....	—	254	254	254
<b>Total non-current assets</b> .....	<b>19,263</b>	<b>19,223</b>	<b>18,239</b>	<b>18,388</b>
<b>Current assets</b>				
Trade and other receivables .....	103,419	122,573	140,975	144,680
Cash and cash equivalents .....	9,976	3,327	5,130	10,585
<b>Total current assets</b> .....	<b>113,395</b>	<b>125,900</b>	<b>146,105</b>	<b>155,265</b>
<b>Total assets</b> .....	<b>132,658</b>	<b>145,123</b>	<b>164,344</b>	<b>173,653</b>

	As at			As at	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000	
<b>Current liabilities</b>					
Trade and other payables.....	29,986	42,674	41,665	42,147	
Accruals and deferred income .....	8,079	7,563	9,549	13,798	
Current tax liabilities .....	483	—	23	22	
Interest-bearing loans and borrowings .....	896	1,264	9,704	18,295	
Provisions.....	3,984	1,930	1,371	1,377	
Members' capital .....	24,071	25,193	29,071	29,152	
Other amounts due to Members.....	5,892	5,318	6,644	19,257	
<b>Total current liabilities</b> .....	<b>73,391</b>	<b>83,942</b>	<b>98,027</b>	<b>124,048</b>	
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings .....	40,463	40,192	49,522	51,285	
Trade and other payables.....	—	200	—	—	
Accruals and deferred income .....	14,186	12,902	11,489	10,831	
<b>Total non-current liabilities</b> .....	<b>54,649</b>	<b>53,294</b>	<b>61,011</b>	<b>62,116</b>	
<b>Total liabilities</b> .....	<b>128,040</b>	<b>137,236</b>	<b>159,038</b>	<b>186,164</b>	
<b>Net (liabilities)/assets</b> .....	<b>4,618</b>	<b>7,887</b>	<b>5,306</b>	<b>(12,511)</b>	
<b>Equity</b>					
Other reserves classified as equity.....	4,618	7,887	5,306	(12,511)	
<b>Equity</b> .....	<b>4,618</b>	<b>7,887</b>	<b>5,306</b>	<b>(12,511)</b>	
<b>Total Members' interests</b>					
Members' capital classified as a liability .....	24,071	25,193	29,071	29,152	
Other amounts due to Members classified as a liability .....	5,892	5,318	6,644	19,257	
Other reserves classified as equity .....	4,618	7,887	5,306	(12,511)	
<b>Total Members' interests</b> .....	<b>34,581</b>	<b>38,398</b>	<b>41,021</b>	<b>35,898</b>	
<b>Consolidated Cash Flow Statement</b>					
	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
<b>Net cash from operating activities before transactions with Members</b> .....	<b>52,160</b>	<b>40,212</b>	<b>37,688</b>	<b>21,081</b>	<b>25,771</b>
<b>Net cash from/(used in) operating activities</b> .....	<b>7,077</b>	<b>1,189</b>	<b>(8,724)</b>	<b>442</b>	<b>1,487</b>
<b>Net cash used in investing activities</b> .....	<b>(5,661)</b>	<b>(6,007)</b>	<b>(6,375)</b>	<b>(3,160)</b>	<b>(3,220)</b>
<b>Net cash from/(used in) financing activities</b> .....	<b>16,430</b>	<b>(2,500)</b>	<b>16,640</b>	<b>6,091</b>	<b>4,043</b>
<b>Cash and cash equivalents at end of period</b> .....	<b>9,976</b>	<b>2,772</b>	<b>4,228</b>	<b>6,221</b>	<b>6,482</b>
Certain significant changes to the Group's financial condition and results of operations occurred during the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018, and the six months ended 31 October 2018. These changes are set out below.					
Revenue increased by £12.5 million, or 6.7%, to £199.3 million in the financial year ended 30 April 2017 from £186.9 million in the financial year ended 30 April 2016 and further increased by £37.2 million, or 18.6%, to £236.5 million in the financial year ended 30 April 2018 and increased by £44.4 million, or 39.4%, to £157.2 million in the six months ended 31 October 2018 compared to the six months ended					



		<p>31 October 2017. The increase was driven by an increase in revenues in all four divisions with particularly strong growth in the International division. In the six months ended 31 October 2018, the Group also experienced an increase in revenue as a result of the impact of IFRS 15 which was adopted from 1 May 2018 and results in the inclusion of recoverable expenses within revenue of £23.8 million. Prior to this date these expenses are included net within direct costs.</p> <p>Direct costs increased by £7.1 million, or 11.6%, to £68.0 million in the financial year ended 30 April 2017 from £60.9 million in the financial year ended 30 April 2016 and further increased by £17.4 million, or 25.6%, to £85.4 million in the financial year ended 30 April 2018 and increased by £4.7 million, or 11.3%, to £46.2 million in the six months ended 31 October 2018 compared to the six months ended 31 October 2017. The increase in all periods was principally driven by the increase in payroll costs for qualified and non-qualified fee earners.</p> <p>Administrative expenses increased by £10.9 million, or 13.9%, to £89.0 million in the financial year ended 30 April 2017 from £78.1 million in the financial year ended 30 April 2016, further increased by £14.0 million, or 13.6%, to £103.0 million in the financial year ended 30 April 2018 and increased by £15.4 million, or 30.5%, to £66.2 million in the six months ended 31 October 2018 compared to the six months ended 31 October 2017.</p> <p>One of the most significant drivers of change in administrative expenses was in relation to the newly acquired businesses in the International division where support staff, premises and office costs were incurred to support the operations. Certain other costs also increased during the period as a result of the increased business volumes e.g. office expenses, insurance premiums and marketing costs. The increase was principally driven by the continuing cost of establishing the business internationally, where people, premises and office costs were incurred to support the growth. People costs were the largest component of administrative expenses. For the six months ended 31 October 2018, the Group also incurred an increase of £8.0 million in administrative expenses compared to the six months ended 31 October 2017 attributable to non-underlying transaction costs incurred in connection with the Reorganisation and the Offer.</p> <p>There has been no significant change to the Group's financial condition and results of operation subsequent to 31 October 2018.</p>
B.8	Selected key pro forma financial information	<p>The unaudited pro forma statements of profit and loss and other comprehensive income and the unaudited pro forma statements of net assets (together the “<b>Pro Forma Financial Information</b>”) of the Group set out below have been prepared to illustrate the impact of the Ordinary Share offer, repayment of partner capital, and the impact on the consolidated statement of profit and loss and other comprehensive income of the revised compensation model (collectively, the “<b>Transaction</b>”).</p> <p>The Pro Forma Financial Information is based on the Historical Financial Information of the Group as at and for the six months ended 31 October 2018 and as at and for the financial year ended 30 April 2018 as contained in the historical financial information. The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results had the Transaction taken place on the assumed dates, nor is it indicative of the results that may or may not be expected to be achieved in the future.</p> <p>The Pro Forma Financial Information does not constitute financial statements within the meaning of Section 43 of the Companies Act 2006. Investors should read the whole of this document and not rely solely on the summarised financial information contained in this Summary Information.</p> <p>The unaudited pro forma statements of profit and loss and other comprehensive income and the unaudited pro forma statements of net assets has been prepared in accordance with the basis set out below consistent with the accounting policies of the Group set out in the notes to the historical financial information, and in accordance with Annex II to the Prospectus Directive Regulation. They should be read in conjunction with the notes below.</p> <p>The consolidated statement of profit and loss and other comprehensive income presented in the historical financial information is prepared in accordance with International Financial Reporting Standards as adopted by the EU (“<b>IFRS</b>”) where Members' remuneration is partially recognised as an equity drawing and</p>



partially as an expense. Members' remuneration charged as an expense in the consolidated statement of profit and loss and other comprehensive income represents contractual cash drawings paid to Members during the financial period.

Following the Transaction, the Group's financial statements will no longer include a statement of profit and loss and other comprehensive income line item "Members' remuneration charged as an expense". Instead the Total Fixed Annual Compensation Amount described below, will be recognised in direct costs.

Following Admission, most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) their annual fixed profit share and for certain Members a nominal salary (the "Total Fixed Annual Compensation Amount"), (b) dividend income, (c) participation in a discretionary partner annual bonus pool to be administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria).

The impact on the unaudited pro forma statements of net assets has been presented as if the Transaction had taken place as at 30 April 2018 for the unaudited pro forma net assets statement as at 30 April 2018, and as at 31 October 2018 for the unaudited pro forma statement of net assets as at 31 October 2018. The impact on the unaudited pro forma statements of profit and loss and other comprehensive income has been presented as if the Transaction had taken place as at 1 May 2017 for the unaudited pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018, and as at 1 May 2018 for the unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018. The unaudited pro forma adjustments are based on currently available information and certain assumptions that the Group believes are reasonable and supportable.

Adjustments in relation to the discretionary partner annual bonus pool, the Share Incentive Plans and dividends have not been reflected in the unaudited Pro Forma Financial Information as they would not currently be factually supportable as their quantum is not yet known since they are based on future management decisions. Further detail of the potential impact of these adjustments is disclosed in note 7 of the unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.

**Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018**

	Historical Financial Information for the six months ended 31 October 2018	Net Primary Proceeds	Members capital repayment	Revised compensation Model	Corporation tax expense	Unaudited Pro forma for the six months ended 31 October 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
Revenue .....	157,168	—	—	—	—	157,168
Recoverable expenses.....	(23,812)	—	—	—	—	(23,812)
Net revenue .....	133,356	—	—	—	—	133,356
Direct costs .....	(46,248)	—	—	(18,485)	—	(64,733)
Gross profit .....	87,108	—	—	(18,485)	—	68,623
Administrative expenses...	(66,164)	—	—	—	—	(66,164)
Operating profit.....	20,944	—	—	(18,485)	—	2,459
Adjusted operating profit ..	31,849	—	—	(18,485)	—	13,364
Depreciation and amortisation	(2,876)	—	—	—	—	(2,876)
Non-underlying items	(8,029)	—	—	—	—	(8,029)
Financial income.....	79	—	—	—	—	79
Financial expenses .....	(907)	—	—	—	—	(907)
Net financing expense .....	(828)	—	—	—	—	(828)
Profit for the period before taxation, Members' remuneration and profit shares .....	20,116	—	—	(18,485)	—	1,631
Corporate and other entity based taxation .....	(28)	—	—	3,512	(3,794)	(310)

	Historical Financial Information for the six months ended 31 October 2018	Net Primary Proceeds	Members capital repayment	Revised compensation Model	Corporation tax expense	Unaudited Pro forma for the six months ended 31 October 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>Profit for the period before Members' remuneration and profit shares .....</b>	<b>20,088</b>	—	—	(14,973)	(3,794)	<b>1,321</b>
Members' remuneration charged as an expense .....	(14,784)	—	—	14,784		—
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b>	<b>5,304</b>	—	—	(189)	(3,794)	<b>1,321</b>
<i><b>Other comprehensive (expense)/income</b></i>						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences – foreign operations.....	451	—	—	—	—	451
<b>Total comprehensive income for the period available for discretionary division amongst Members</b>	<b>5,755</b>	—	—	(189)	(3,794)	<b>1,772</b>
<b>Notes</b>						
(1) The financial information of the Group for the six months ended 31 October 2018 has been extracted without material adjustment from the historical financial information.						
(2) Net proceeds from the Offer have no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.						
(3) The Members capital repayment has no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.						
(4) Following the Transaction most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) the Total Fixed Annual Compensation Amount, (b) dividend income, (c) participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria). As set out in the overview to this Pro Forma Financial Information pro forma adjustments for components (b), (c) and (d) have not been included in the unaudited pro forma statement of profit and loss and other comprehensive income.						
Following the Transaction, the distinction between equity partners and fixed share partners will no longer exist as all self-employed Members will receive an annual fixed profit share. The annual fixed profit shares post-Admission will be calculated by reference to a percentage reduction to the individual equity partner or fixed share partner's profit share, being a 60% reduction in respect of equity partners and a 10% reduction in respect of fixed share partners. For the purposes of this pro forma adjustment the percentage reduction has been applied to Profit for the period before Members' remuneration and profit shares for the six months ended 31 October 2018 of £20.1 million (plus an add back of expenses not allocated to members of £8.2 million, permissible under the terms of the existing DWF LLP membership agreement), resulting in £28.3 million split £14.0 million for equity partners and £14.3 million for fixed share partners, which are then scaled back by 60% and 10% respectively. This results in a pro forma adjustment, recognised in direct costs, totalling £18.5 million, of which £5.6 million relates to equity partners and £12.9 million relates to fixed share partners. This adjustment in respect of the revised compensation model does not apply to the CEO and CFO, whose remuneration will be set out in their respective service contracts.						
Following Admission the revised compensation model adjustment would have an impact on the corporation tax expense which is reflected as part of this pro forma adjustment. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. Following Admission the actual effective tax rate may vary from the UK statutory rate.						
This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.						
(5) Following the Transaction the Group will be subject to UK corporation tax. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. This adjustment shows the impact of applying this rate to the unaudited pro forma Profit for						

the period before taxation, Members' remuneration and profit shares. Following Admission the actual effective tax rate may vary from the UK statutory rate. This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.

- (6) Other than the adjustments detailed in notes 4 and 5 above, no other adjustments have been made for events occurring after 31 October 2018.
- (7) The following matters have not been reflected in the unaudited Pro Forma Financial Information as they would not be factually supportable as their quantum is not yet known since they are based on future management decisions or assumptions related to future events, but they are anticipated following the Transaction:
- Partner bonus pool: the compensation of self-employed Members of both DWF Law LLP and DWF LLP will include participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. It is anticipated that the partner annual bonus pool will be equivalent to up to 5% of the Group's profit before tax (before non-underlying items) for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. The associated statement of profit and loss and other comprehensive income expense will be recorded as a direct cost.
  - Share Incentive Plans: the Company has established Share Incentive Plans to be operated following Admission. The issuance of share awards to Members and employees will result in IFRS 2 statement of profit and loss and other comprehensive income expenses which have not been reflected in the unaudited pro forma statements of profit and loss and other comprehensive income presented in this Pro Forma Financial Information. Share awards are to be made, on IPO, to qualifying staff of the Group. Based on the Company's latest plans and expectations, and allowing for an assumption that a range of 80% to 100% of these share awards will vest, the one off awards in connection to Admission are expected to result in an IFRS 2 expense between approximately £0.7 million and £1.0 million in the financial year ended 30 April 2019.  
Share awards are anticipated to be fulfilled through the two Trusts which have been established prior to Admission.
  - Dividends: following Admission, the Group intends to declare dividends in line with its intended dividend policy.

#### Pro forma statement of net assets

	Historical financial information as at 31 October 2018	Net Primary Proceeds	Members Capital Repayment	Revised Compensation Model	Corporation tax expense	Unaudited pro forma as at 31 October 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>Non-current assets</b>						
Property, plant and equipment .....	14,117	—	—	—	—	14,117
Intangible assets and goodwill .....	4,017	—	—	—	—	4,017
Investments .....	254	—	—	—	—	254
<b>Total non-current assets ...</b>	<b>18,388</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,388</b>
<b>Current assets</b>						
Trade and other receivables .....	144,680	—	—	—	—	144,680
Cash and cash equivalents	10,585	53,000	(18,061)	—	—	45,524
<b>Total current assets</b>	<b>155,265</b>	<b>53,000</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>190,204</b>
<b>Total assets .....</b>	<b>173,653</b>	<b>53,000</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>208,592</b>
<b>Current liabilities</b>						
Trade and other payables	42,147	—	—	—	—	42,147
Accruals and deferred income .....	13,798	—	—	—	—	13,798
Current tax liabilities .....	22	—	—	—	—	22
Interest-bearing loans and borrowings .....	18,295	—	—	—	—	18,295
Provisions .....	1,377	—	—	—	—	1,377
Members' capital	29,152	—	(18,061)	—	—	11,091
Other amounts due to members .....	19,257	—	—	—	—	19,257
<b>Total current liabilities .....</b>	<b>124,048</b>	<b>—</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>105,987</b>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings .....	51,285	—	—	—	—	51,285
Trade and other payables	—	—	—	—	—	—
Accruals and deferred income .....	10,831	—	—	—	—	10,831
<b>Total non-current</b>	<b>62,116</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>62,116</b>

	Historical financial information as at 31 October 2018	Net Primary Proceeds	Members Capital Repayment	Revised Compensation Model	Corporation tax expense	Unaudited pro forma as at 31 October 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>liabilities</b> .....						
<b>Total liabilities</b> .....	<b>186,164</b>	<b>—</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>168,103</b>
<b>Net assets</b> .....	<b>(12,511)</b>	<b>53,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>40,489</b>

#### Notes

- (1) The financial information of the Group as at 31 October 2018 has been extracted without material adjustment from the historical financial information.
- (2) The Company expects to receive gross proceeds of approximately £75.0 million, resulting in net proceeds of approximately £53.0 million from the Offer. The aggregate underwriting commissions (in connection with New Ordinary Shares) and other estimated Offer-related and Reorganisation fees and expenses incurred in connection with the Offer and Admission are to be borne by the Company and are estimated to be approximately £22.0 million. These amounts form part of the pro forma adjustment to reflect the assumed settlement of these balances on Admission.
- (3) This adjustment includes:  
A £18.1 million adjustment to cash to reflect the repayment of equity partners and fixed share partners' capital on completion of the Offer to reflect the post-Admission compensation model and the post-Admission capital holding policy. This has been calculated as:
  - a. Members' capital as at 31 October 2018 of £29.2 million; less
  - b. Members' capital required to be retained in DWF Law LLP or DWF LLP on a pro forma basis of £11.1 million, which reflects capital equivalent to 30% of the annualised £18.5 million revised compensation model adjustment per the pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018, in accordance with the post-Admission capital holding policy.
- (4) The revised compensation model has no impact on this unaudited pro forma statement of net assets.
- (5) The corporation tax expense has no impact on this unaudited pro forma statement of net assets.
- (6) Other than the adjustments detailed above, no other adjustments have been made for events occurring after 31 October 2018. As part of the Reorganisation from a limited liability partnership to a public limited company, there will be a capital restructuring whereby other reserves classified as equity and total members interests will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.
- (7) See note 7 of "—Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018" above.

#### Pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018

	Historical Financial Information for the year ended 30 April 2018	Net Primary Proceeds	Members capital repayment	Revised compensation Model	Corporation tax expense	Unaudited Pro forma for the year ended 30 April 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>Revenue</b>	<b>236,488</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>236,488</b>
Recoverable expenses	—	—	—	—	—	—
<b>Net revenue</b> .....	<b>236,488</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>236,488</b>
Direct costs .....	(85,388)	—	—	(31,881)	—	(117,269)
<b>Gross profit</b> .....	<b>151,100</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>119,219</b>
Administrative expenses .....	(102,994)	—	—	—	—	(102,994)
<b>Operating profit</b> .....	<b>48,106</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>16,225</b>
<b>Adjusted operating profit</b> .....	<b>56,338</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>24,457</b>
Depreciation and amortisation	(6,328)	—	—	—	—	(6,328)
Non-underlying items	(1,904)	—	—	—	—	(1,904)
Financial income .....	405	—	—	—	—	405
Financial expenses .....	(1,843)	—	—	—	—	(1,843)
<b>Net financing expense</b> .....	<b>(1,438)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,438)</b>
<b>Profit for the period before taxation, Members'</b>	<b>46,668</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>14,787</b>

	Historical Financial Information for the year ended 30 April 2018	Net Primary Proceeds	Members capital repayment	Revised compensation Model	Corporation tax expense	Unaudited Pro forma for the year ended 30 April 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>remuneration and profit shares.....</b>						
Corporate and other entity based taxation.....	(92)	—	—	6,057	(8,775)	(2,810)
<b>Profit for the period before Members' remuneration and profit shares.....</b>	<b>46,576</b>	<b>—</b>	<b>—</b>	<b>(25,824)</b>	<b>(8,775)</b>	<b>11,977</b>
Members' remuneration charged as an expense.....	(25,452)	—	—	25,452	—	—
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members...</b>	<b>21,124</b>	<b>—</b>	<b>—</b>	<b>(372)</b>	<b>(8,775)</b>	<b>11,977</b>
<b>Other comprehensive (expense)/income</b>						
<i>Items that are or may be reclassified subsequently to profit or loss: Foreign currency translation differences – foreign operations .....</i>	<i>(392)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(392)</i>
<b>Total comprehensive income for the period available for discretionary division amongst Members.....</b>	<b>20,732</b>	<b>—</b>	<b>—</b>	<b>(372)</b>	<b>(8,775)</b>	<b>11,585</b>

#### Notes

- (1) The financial information of the Group for the year ended 30 April 2018 has been extracted without material adjustment from the historical financial information.
- (2) Net proceeds from the Offer have no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018.
- (3) The Members capital repayment has no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018.

(4) Following the Transaction most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) the Total Fixed Annual Compensation Amount, (b) dividend income, (c) participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria). As set out in the overview to this Pro Forma Financial Information pro forma adjustments for components (b), (c) and (d) have not been included in the unaudited pro forma statement of profit and loss and other comprehensive income.

Following the Transaction, the distinction between equity partners and fixed share partners will no longer exist as all self-employed Members will receive an annual fixed profit share. The annual fixed profit shares post-Admission will be calculated by reference to a percentage reduction to the individual equity partner or fixed share partner's profit share, being a 60% reduction in respect of equity partners and a 10% reduction in respect of fixed share partners. For the purposes of this pro forma adjustment the percentage reduction has been applied to Profit for the period before Members' remuneration and profit shares for the year ended 30 April 2018 of £46.6 million (plus an add back of expenses not allocated to members of £2.0 million, permissible under the terms of the existing DWF LLP membership agreement), resulting in £48.6 million split £23.8 million for equity partners and £24.8 million for fixed share partners, which are then scaled back by 60% and 10% respectively. This results in a pro forma adjustment, recognised in direct costs, totalling £31.9 million, of which £9.5 million relates to equity partners and £22.4 million relates to fixed share partners. This adjustment in respect of the revised compensation model does not apply to the CEO and CFO, whose remuneration will be set out in their respective service contracts.

Following Admission the revised compensation model adjustment would have an impact on the corporation tax expense which is reflected as part of this pro forma adjustment. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. Following Admission the actual effective tax rate may vary from the UK statutory rate.

This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.

- (5) Following the Transaction the Group will be subject to UK corporation tax. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. This adjustment shows the impact of applying this rate to the unaudited pro forma Profit for the period before taxation, Members' remuneration and profit shares. Following Admission the actual effective tax rate may vary from the UK statutory rate. This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.
- (6) Other than the adjustments detailed in notes 4 and 5 above, no other adjustments have been made for events occurring after 30 April 2018.
- (7) See note 7 of "—Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018" above.

#### Pro forma statement of net assets

	Historical financial information as at 30 April 2018	Net Primary Proceeds	Members Capital Repayment	Revised Compensation Model	Corporation tax expense	Unaudited pro forma as at 30 April 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>Non-current assets</b>						
Property, plant and equipment .....	14,184	—	—	—	—	14,184
Intangible assets and goodwill .....	3,801	—	—	—	—	3,801
Investments .....	254	—	—	—	—	254
<b>Total non-current assets ...</b>	<b>18,239</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,239</b>
<b>Current assets</b>						
Trade and other receivables .....	140,975	—	—	—	—	140,975
Cash and cash equivalents	5,130	53,000	(19,588)	—	—	38,542
<b>Total current assets</b>	<b>146,105</b>	<b>53,000</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>179,517</b>
<b>Total assets .....</b>	<b>164,344</b>	<b>53,000</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>197,756</b>
<b>Current liabilities</b>						
Trade and other payables	41,665	—	—	—	—	41,665
Accruals and deferred income .....	9,549	—	—	—	—	9,549
Current tax liabilities .....	23	—	—	—	—	23
Interest-bearing loans and borrowings .....	9,704	—	—	—	—	9,704
Provisions	1,371	—	—	—	—	1,371
Members' capital .....	29,071	—	(19,588)	—	—	9,483
Other amounts due to members .....	6,644	—	—	—	—	6,644
<b>Total current liabilities .....</b>	<b>98,027</b>	<b>—</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>78,439</b>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings .....	49,522	—	—	—	—	49,522
Trade and other payables	—	—	—	—	—	—
Accruals and deferred income .....	11,489	—	—	—	—	11,489
<b>Total non-current liabilities .....</b>	<b>61,011</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>61,011</b>
<b>Total liabilities .....</b>	<b>159,038</b>	<b>—</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>139,450</b>
<b>Net assets .....</b>	<b>5,306</b>	<b>53,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>58,306</b>

#### Notes

- (1) The financial information of the Group as at 30 April 2018 has been extracted without material adjustment from the historical financial information.
- (2) The Company expects to receive gross proceeds of approximately £75.0 million, resulting in net proceeds of approximately £53.0 million from the Offer. The aggregate underwriting commissions (in connection with New Ordinary Shares) and other estimated Offer-related and Reorganisation fees and expenses incurred in connection with the Offer and Admission are to be borne by the Company and are estimated to be approximately £22.0 million. These amounts form part of the pro forma adjustment to reflect the assumed settlement of these balances on Admission.



		<p>(3) This adjustment includes: A £19.6 million adjustment to cash to reflect the repayment of equity partners and fixed share partners' capital on completion of the Offer to reflect the post-Admission compensation model and the post-Admission capital holding policy. This has been calculated as:</p> <ol style="list-style-type: none"> <li>Members' capital as at 30 April 2018 of £29.1 million; less</li> <li>Members' capital required to be retained in DWF Law LLP or DWF LLP on a pro forma basis of £9.5 million, which reflects capital equivalent to 30% of the £31.9 million revised compensation model adjustment per the pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018, in accordance with the post-Admission capital holding policy.</li> </ol> <p>(4) The revised compensation model has no impact on this unaudited pro forma statement of net assets.</p> <p>(5) The corporation tax expense has no impact on this unaudited pro forma statement of net assets.</p> <p>(6) Other than the adjustments detailed above, no other adjustments have been made for events occurring after 30 April 2018. As part of the Reorganisation from a limited liability partnership to a public limited company, there will be a capital restructuring whereby other reserves classified as equity and total members interests will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.</p> <p>(7) See note 7 of "<i>—Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018</i>" above.</p>
B.9	Profit forecast/estimate	Not applicable; there is no profit forecast or estimate included in this Prospectus.
B.10	Audit report qualifications	Not applicable; there are no qualifications in the accountant's report on the historical financial information included in this Prospectus.
B.11	Insufficient working capital	Not applicable. In the opinion of the Company, taking into account the facilities available to the Group, and the net proceeds receivable by the Company from the issue of the New Ordinary Shares in the Offer, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

### Section C – Securities

C.1	Type and class of shares	<p>When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BJMD6M39, SEDOL number BJMD6M3 and LEI number 21380009QREOHTOGQ266. It is expected that the Ordinary Shares will be traded on the London Stock Exchange under the ticker symbol "<b>DWF</b>".</p> <p>The Ordinary Shares will, on Admission, comprise the entire issued and to be issued Ordinary Share capital of the Company.</p>
C.2	Currency of issue	British pounds sterling.
C.3	Issued share capital	On Admission the nominal value of the issued Ordinary Share capital of the Company will be £3,000,000 divided into 300,000,000 Ordinary Shares of one pence each, which will be issued fully paid.
C.4	Rights attaching to the Ordinary Shares	<p>The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.</p> <p>Subject to the provisions of the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act 2006 and Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, whether generally or specifically, for a maximum period not exceeding five years.</p> <p>On a poll every holder of Ordinary Shares in the capital of the Company (each, a "<b>Shareholder</b>") who is present in person or by proxy shall have one vote per Ordinary Share. Voting is only by poll.</p> <p>Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.</p>



		<p>Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company.</p>
C.5	Restrictions on transfer	<p>Subject to the statutory ownerships restriction noted below, the Ordinary Shares will be freely transferable on Admission.</p> <p>As the Group is regulated by the SRA, the Company and Shareholders are subject to statutory ownership restrictions pursuant to the Legal Services Act 2007.</p> <p>It is a cardinal principle of the Company that a Non-authorised Person shall not hold, or take steps to acquire, any Restricted Interest in the Company other than in compliance with the Legal Services Act 2007 and the arrangements, rules and regulations of any Relevant Licensing Authority (the “<b>Regulatory Arrangements</b>”).</p> <p>A “<b>Non-authorised Person</b>” includes any person who is not approved to carry on legal activities by the SRA, or another Relevant Licensing Authority, under the Regulatory Arrangements. “<b>Relevant Licensing Authority</b>” includes the SRA and, where applicable, each other designated regulator of the legal professions in England and Wales.</p> <p>A “<b>Restricted Interest</b>” in the Company includes where a person (alone or in aggregate with their associates): (a) holds at least 10% of the shares in the Company; (b) is able to exercise significant influence over the management of the Company by virtue of the person’s shareholding in the Company; (c) is entitled to exercise, or control the exercise of, voting power in the Company which, if it consists of voting rights, constitutes at least 10% of the voting rights in the Company; or (d) is able to exercise significant influence over the management of the Company by virtue of the person’s entitlement to exercise, or control the exercise of, voting rights in the Company.</p> <p>If a member (or prospective member) who is a Non-authorised Person proposes to acquire a Restricted Interest in the Company, that member (or prospective member) shall not take any steps to acquire such Restricted Interest until after it has: (a) notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest and (b) received the necessary approvals from the Relevant Licensing Authority, as may be required under the Legal Services Act 2007 and Regulatory Arrangements. It is a criminal offence under the Legal Services Act 2007 for a Non-authorised Person to fail to comply with its obligations under this paragraph.</p> <p>If the Company believes that the Divestiture Condition may be satisfied in relation to a Non-authorised Person (a “<b>Defaulting Person</b>”), the Company may give notice to such Defaulting Person that all of the restrictions referred to below shall apply in respect of all of that Non-authorised Person’s shares in the Company (the “<b>Relevant Shares</b>”):</p> <ul style="list-style-type: none"> <li>(a) subject to compulsory disposal provisions set out below, a transfer of (or agreement to transfer) the Relevant Shares, or, in the case of unissued shares, a transfer of (or agreement to transfer) the right to be issued with them, is void;</li> <li>(b) no voting rights are to be exercisable in respect of the Relevant Shares;</li> <li>(c) no further shares are to be issued in right of the Relevant Shares or in pursuance of any offer made to their holder;</li> <li>(d) except in a liquidation, no payment is to be made of any sums due from the Company on the Relevant Shares, whether in respect of capital or otherwise; and</li> <li>(e) any other restriction that the relevant licensing authority may impose in respect of the Relevant Shares in accordance with the Legal Services Act 2007 and Regulatory Arrangements.</li> </ul> <p>A “<b>Divestiture Condition</b>” includes where a Non-authorised Person holds a Restricted Interest in the Company by virtue of holding shares in the Company in any of the following circumstances: (a) as a result of the person taking a step in circumstances in which that constitutes an offence under paragraph 24(1) of Schedule 13 to the Legal Services Act 2007 (whether or not the person is charged with, or convicted of, an offence under that paragraph), (b) in breach of conditions imposed under paragraph 17, 28, or 33 of Schedule 13 to the Legal Services Act 2007, or (c) in contravention of an objection by the Relevant Licensing Authority under paragraph 31 or 36 of Schedule 13 to the Legal Services Act 2007.</p>

		In addition, for so long as the restrictions set out above apply to a Defaulting Person, the Company may (in its absolute discretion) notify the Defaulting Person that, within seven days of the date of service of the notice, the Defaulting Person must dispose of such number of its shares representing its Relevant Shares in the Company that will result in the Defaulting Person no longer holding a Restricted Interest in the Company (the “ <b>Disposal Shares</b> ”). If the Defaulting Person has not disposed of the Disposal Shares in accordance with the preceding paragraph, the Company shall arrange for the Company to sell the Disposal Shares as soon as reasonably practicable. The Company shall not be liable to the Defaulting Person for any alleged deficiency in the amount of sale proceeds in respect of, or any other matter relating to, the Disposal Shares. The Company may make any arrangements it deems necessary or desirable to sell the Disposal Shares. The Defaulting Person will receive the net proceeds from the sale of the Disposal Shares.
C.6	Admission to trading	Application will be made to the Financial Conduct Authority (the “ <b>FCA</b> ”) and to the London Stock Exchange for all the Ordinary Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.
C.7	Dividend policy	The Directors intend, following Admission, to adopt a dividend policy which will retain sufficient capital to fund ongoing operating requirements and to invest in the Group’s long-term growth. The Group will target a dividend payout ratio of up to 70% of DWF Group plc’s profit after tax. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year. The Directors expect that the interim dividends would account for a third of the total planned amount and the final dividends would account for two thirds of the total planned amount to be paid in relation to each respective financial year. In addition to the above general dividend policy, the Directors plan on paying in September 2019, subject to approval by the Company’s shareholders, a final dividend of £3 million in respect of the financial year ending on 30 April 2019. The Directors then intend, in respect of the six month period ending on 31 October 2019, to pay an interim dividend in December 2019 and another interim dividend in February 2020, with these two interim dividends each individually expected to represent approximately one sixth of the total planned dividend to be paid in relation to the financial year ended 30 April 2020. The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends.

## Section D – Risks

D.1	Key information on the key risks that are specific to the issuer or its industry	<p><i>Risks relating to the Group’s business and the industry</i></p> <ul style="list-style-type: none"> <li>• The Group’s business depends in part on maintaining its existing client relationships and establishing new client relationships and if the Group does not maintain existing client relationships or establish new client relationships, it could have a material adverse effect on the Group’s business, results of operations, financial condition or prospects. Furthermore, any disputes or disagreements that the Group has with its clients as to the performance of its obligations could also lead to the loss of clients or a significant reduction in business from them.</li> <li>• As a legal business, the Group relies on its partners and senior management in the locations in which it operates. The market for partners, other fee earners and senior management is highly competitive. The Group’s ability to attract, retain and develop key people and, in particular, partners and senior management, is dependent on a number of factors, including prevailing market conditions, the Group’s values, culture and working environment, and its ability to offer competitive compensation packages.</li> <li>• The legal services industry is highly competitive, fragmented and subject to rapid change, and the Group expects such competition to intensify in response to competitors’ behaviour, client preferences, industry trends, technological changes, the impact of consolidation, regulatory actions and other factors. The Group’s primary competitors are other legal and business</li> </ul>
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		<p>services firms, and in-house legal teams of its clients, both in the United Kingdom, and internationally. Moreover, the Group's legal, managed and connected services solutions face competition from other providers of such services, including accounting firms and other service providers that are also investing heavily in certain legal and business services.</p> <ul style="list-style-type: none"> <li>• The Group's gross profit is determined by the Group's revenue and direct costs. Revenue generated by and direct costs related to fee earners make up the substantial majority of the Group's revenue and the direct costs, respectively. Increased direct costs (resulting from salary inflation for existing or new personnel, an increase in headcount of the Group's fee earner personnel as part of its growth strategy, or otherwise) without a corresponding increase in revenue could have a material adverse effect on the Group's gross profit.</li> <li>• In addition to growing its existing operations, the Group's strategy over the past few years and moving forward is focused on continuing its international expansion through strategic transactions, including additional acquisitions or other associations or substantial team hires in order to build operational scale in key markets. Past and future acquisitions involve multiple risks including difficulties in integrating or retaining acquired individuals, exposure to unforeseen expenses or liabilities and challenges in realising anticipated benefits.</li> <li>• The Group may be unsuccessful in implementing its key strategies related to growing its market share, increasing its share of a client's overall legal work, increasing the fees generated per partner and substantially increasing the revenue from its International and Connected Services divisions. Furthermore, the Group has a number of financial targets, which are based on estimates and assumptions that may not be realised. As a result, the Group's organic growth may be negatively impacted and the actual financial performance of the Group may be materially lower than its targets.</li> <li>• The Group's assumptions, estimates and judgements related to complex accounting matters, particularly with respect to unbilled revenue, could significantly affect its financial results. The unbilled revenue amount recognised on the balance sheet represents the value the Group considers to be subsequently recoverable through billings, which may exceed the amount actually recovered for a variety of reasons, including the deterioration of client relationships and regulatory and market contingencies beyond the Group's control.</li> <li>• The Group's lock-up is comprised of work-in-progress (which is comprised of unbilled revenue and unbilled disbursements) "WIP" and gross debtors (which is trade receivables before allowance for doubtful receivables and includes disbursements and VAT) ("Gross Debtors") (with WIP plus Gross Debtors being the "lock-up"). The Group's lock-up days reflect the lock-up as a proportion of the last 12 months' net revenue (the "lock-up days"). If the Group's lock-up days increase, this can reduce its available working capital, which has in the past increased and may in the future increase borrowing costs, due to increased reliance on the Group's revolving credit facility, and reduce funds available for additional investment.</li> <li>• The Group operates in an industry where integrity, client trust and confidence are paramount, and, as a result, maintaining its professional reputation and managing potential conflicts of interest is critical to its business. The Group is exposed to the risk that conflicts of interest, litigation, employee error or misconduct, operational failures, regulatory investigations, press speculation and negative publicity, whether true or not, inadequate services, conflicts of interest, misappropriation of client funds or disclosure of confidential client information, among others, could impact its brand and reputation.</li> <li>• Adverse changes in the political or macroeconomic environment, whether in the Group's core market of the United Kingdom or elsewhere, may negatively affect the Group. Adverse macroeconomic conditions, including recessions, inflation, high unemployment, currency fluctuations, changes in interest rates, actual or anticipated large-scale defaults or failures, or a slowdown of global trade, as well as political uncertainties, including increased tariffs, sanctions and armed conflicts or the threat of any of the above could decrease consumer and corporate confidence and reduce consumer, government and corporate spending, which could lead to decreased earnings from certain of the Group's legal and connected services.</li> </ul>
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		<ul style="list-style-type: none"> <li>• The Group relies on the efficient and uninterrupted operation of its own and third parties' complex and sophisticated information and communication technology and data-processing systems in order to provide legal and connected services. Any disruption to or interruptions in these operations could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.</li> </ul> <p><i>Risks relating to regulation and legislation</i></p> <ul style="list-style-type: none"> <li>• The Company and its Board will control, consolidate and have access to the economics of the subsidiaries and the subsidiary undertakings of the DWF Law LLP Sub-group and the DWF LLP Sub-group following the Reorganisation. However, the Group's new legal practice structure from completion of the Reorganisation may entail risks in relation to regulatory approval of the structure and governance arrangements of the Group, including that local legal service regulators of the Group's legal service providers in the DWF LLP Sub-group may determine in the future that the Reorganisation or legal practice structures of the Group do not comply with their local laws or regulations. Also, the Group's acquisition strategy envisages expanding into new jurisdictions through future acquisitions, and to the extent that any such local legal service regulators in new jurisdictions expresses any objections, this could make adjustments to the structure necessary or result in the Group deciding not to pursue its acquisition strategy in certain markets which could have a negative impact on the Group's ability to meet one of its key strategies. Separately, changes in laws, regulations or interpretations thereof in jurisdictions where the Group operates may in the future mean that the changes implemented or any legal practice structures of the Group do not comply with local laws or regulations. The Group cannot exclude the possibility that any circumstances that lead to it or its lawyers being non-compliant with local regulations could subject the Group or its lawyers in the relevant jurisdictions to fines, penalties or other regulatory actions or reputational damage either as a result of any alleged breach of regulations or due to any delay in the Group taking remedial steps in the event that a breach is ultimately determined to have occurred. Moreover, if the Group cannot amend its legal practice structures to sufficiently address any concerns of local legal service regulators or any relevant changes in laws and regulations, this could impact the Group's ability to control, consolidate and have access to the economics of the subsidiaries and the subsidiary undertakings which could require that the relevant local business may ultimately need to be removed from the Group, which could significantly reduce the economic benefits of and degree of control over such a business.</li> <li>• The Company's subsidiary undertakings, their partners, employees, staff and consultants are subject to professional duties, including the duties of the Group's legal practitioners towards their clients and the court, to provide services to clients in a manner which protects their interests, to protect clients' confidential information and to co-operate and comply with court orders. The Company's articles provide that the professional duties of DWF's lawyers shall prevail over the duty of the Company and its directors to act in the best interests of the Company's Shareholders, to the extent of any conflict or potential conflict between them. As a result, there may be instances in which the Company's subsidiary undertakings, their partners, employees, staff and consultants, in exercising their duties to the court or to a client (or both), may act other than in the best interests of the Company's shareholders.</li> <li>• As DWF Law LLP, DWF Costs Limited and DWF Advocacy Limited are "<b>Licensed Bodies</b>", any Non-authorised Person must give prior notice to the Company and the SRA of its proposal to take steps to acquire, and must have obtained the approval of the SRA before taking steps to acquire a shareholding of 10% or more (alone or in aggregate with their associates) in the Company and any approval of the SRA may have conditions attached. A person commits a criminal offence if they fail to comply with these requirements. Additionally, such failure of a person to comply will automatically cause a breach of the LSA by the "<b>Licensed Bodies</b>", which may result in the SRA taking any of the following actions: revoke or suspend the SRA's authorisations of the "<b>Licensed Bodies</b>", disenfranchising the person of all rights in respect of their entire shareholding in the Company, and/or apply to the High Court of England and Wales for an order to divest the person of their shares. Furthermore, the LSA restrictions on Non-authorised Persons holding a restricted interest in the Company, could</li> </ul>
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		discourage a public takeover bid, which could deprive investors of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Group and might affect the value of the Ordinary Shares.
D.3	Key information on the key risks that are specific to the Ordinary Shares	<ul style="list-style-type: none"> <li>There has been no prior public trading market for the Ordinary Shares, and an active trading market for the Ordinary Shares may not develop or be sustained, which may adversely affect the liquidity or trading price of the Ordinary Shares. Moreover, even if a market develops, the Ordinary Shares could be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to the Group's operating performance, or as a result of sales of substantial amounts of Ordinary Shares, or the issuance of additional Ordinary Shares in the future, and Shareholders could earn a negative or no return on their investment in the Company.</li> <li>Following Admission, the partners who are Selling Shareholders will collectively hold approximately 63.5% of the Ordinary Shares, which will allow them to exercise influence over the business of the Group and determine the outcome of certain matters submitted to the vote of shareholders, and there could be instances where all or a substantial number of the partners who are Selling Shareholders have interests that diverge from those of the other Shareholders. For example, the partners' influence over the Group may have the effect of delaying or deterring a change in control of the Group (including DWF being acquired), could deprive investors of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Group and might affect the value of the Ordinary Shares.</li> </ul>

## Section E – The Offer

E.1	Net proceeds/ expenses	<p>The Company expects to receive net proceeds of approximately £53.0 million from the Offer. The aggregate underwriting commissions (in connection with New Ordinary Shares) and other estimated Offer-related and Reorganisation fees and expenses (consisting of professional fees and other expenses incurred in connection with the Offer and the Reorganisation, including those contingent upon the successful completion of the Offer), are to be borne by the Company and are estimated to be approximately £22.0 million (which estimate assumes the discretionary underwriting commission is paid in full). The Company intends to pay this amount out of the gross proceeds of the Offer.</p> <p>The net proceeds from the Offer receivable by the Selling Shareholders will be approximately £19.5 million after deducting underwriting commissions (which estimate assumes the discretionary underwriting commission is paid in full) and amounts in respect of stamp duty and other estimated expenses of approximately £0.7 million payable by the Selling Shareholders.</p>
E.2	Reasons for the Offer/use of proceeds	<p>The gross proceeds receivable by the Company are £75.0 million, of which the Company expects to receive approximately £53.0 million in net proceeds after deducting underwriting commissions and fees of approximately £2.3 million (which estimate assumes the discretionary underwriting commission is paid in full) and £19.7 million in other estimated Offer-related and Reorganisation fees and expenses, (consisting of professional fees and other expenses incurred in connection with the Offer and the Reorganisation, including any fees contingent on the successful completion of the Offer). The Company intends to use such net proceeds of the Offer receivable by the Company as follows: approximately £19.0 million is intended to be used to repay a portion of Members' capital contribution to DWF LLP; up to £10.0 million is intended to be used to invest in additional IT systems, with a portion of that amount to contribute to the development of the Group's global platform for managed services, which development could occur through internal development or one or more acquisitions, depending on the opportunities available; and the remainder will be used to fund general corporate purposes (including working capital and any other future potential acquisitions that support the Group's strategy).</p>
E.3	Terms and conditions of the Offer	<p>The Offer comprises an offer of 61,475,410 New Ordinary Shares to be issued by the Company and 16,577,304 Existing Ordinary Shares to be sold by the Selling Shareholders.</p>



		<p>All Offer Shares will be sold at the Offer Price. Under the Offer, the Offer Shares will be offered to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S of the US Securities Act and in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.</p> <p>Admission is expected to become effective, and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 15 March 2019.</p> <p>The Offer is subject to the satisfaction of conditions, which are customary for transactions of this nature, contained in the Underwriting Agreement, including the Reorganisation having been duly completed in accordance with its terms (subject only to Admission, and save for those steps which are to be completed after Admission), Admission becoming effective no later than 8.00 a.m. on 15 March 2019 and the Underwriting Agreement not having been terminated prior to Admission.</p> <p>None of the Ordinary Shares may be offered for subscription, sale, purchase or delivery, and neither this Prospectus nor any other offering material in relation to the Ordinary Shares may be circulated in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.</p> <p>No stabilisation will be carried out in connection with the Offer.</p>
E.4	Material interests	Other than disclosed in B.6, there are no other interests including conflicting interests that are material to the Offer.
E.5	Name of the offeror/ lock-up arrangements	<p>16,577,304 Existing Ordinary Shares will be sold by the Selling Shareholders pursuant to the Offer.</p> <p>The directors of the Company as at the date of this Prospectus (the “<b>Directors</b>”) and the Selling Shareholders have agreed that, subject to customary exceptions, during the period of 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.</p> <p>The Company has agreed that, subject to customary exceptions, during the period of 180 days from the date of Admission, neither it nor any member of the Group will, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.</p> <p>In addition to these lock-up arrangements, certain Members of DWF LLP who are selling shares have entered into a further lock-up agreement with the Company pursuant to which such partners have agreed that, during the period from Admission until the announcement of the Company’s preliminary financial results for the financial year ended 30 April 2024, they will not, without the prior written consent of the Company, sell or contract to sell, grant any option over or otherwise dispose of or encumber any Ordinary Shares they hold immediately following Admission (or any interest therein) (such Ordinary Shares not to include any Ordinary Shares transferred by the Selling Shareholder pursuant to a deed of donation between the Company and certain Selling Shareholders, or such other arrangement for donation, under which the Selling Shareholders will each donate 1% of the Ordinary Shares that such Selling Shareholder holds immediately following the Offer to the DWF Charitable Foundation) or enter into any transaction with the same economic effect as any of the foregoing, save that 20% of each individual’s holding will be released from such restrictions on the announcement of the Company’s preliminary financial results for the financial year ending 30 April 2020, and 10% of each individual’s holding will be released</p>

		<p>from such restrictions on each announcement of the Company’s preliminary financial results for the next four financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2021 (each a “<b>Time Tranche</b>”), and a further 10% of each individual’s holding will be released from such restrictions on each announcement of the Company’s preliminary annual results for the next four financial years commencing with the financial year ending 2021, provided the individual has received a “fully achieving” performance rating with respect to the financial year to which the preliminary financial results relate (each a “<b>Performance Tranche</b>”). Certain senior managers of the Group who are selling shares will receive restricted share awards which will vest over the same time periods subject to the same conditions. Ordinary Shares will also be released in the event an individual becomes a “good leaver”. Ordinary Shares which have not yet been released from the lock-up arrangements will be clawed back at nominal value in the event an individual becomes a leaver (otherwise than as a “good leaver”) during the lock-up period, and in relation to Ordinary Shares subject to a Performance Tranche may be clawed back in the event the individual fails to receive at least a “fully achieving” performance rating with respect to the financial year applicable to that Performance Tranche. For the purposes of such clawback provisions, Ordinary Shares subject to each Time Tranche are deemed released from the lock-up arrangements on the anniversary of Admission preceding the relevant release of preliminary financial results. The locked up equity held by the CEO and the Chairman will be released in five equal tranches over the lock-up period and will not be subject to clawback based on individual performance (and the CFO’s IPO award will vest on the same basis). New partners (and a small number of recent partner joiners) will be subject to a two year lock-up period, during which the Ordinary Shares subject to the lock up provisions will be released in two equal tranches following announcement of the Group’s financial results each year commencing with the financial year 30 April 2020 (reflecting that their equity holding is equal to what they would have received as an IPO allocation had they not been promoted, or, in the case of recent partner joiners, the fact that their equity holding will be of a similar amount to newly promoted partners). The Board will have discretion to vary or waive the lock-up and clawback arrangements. Any partner who resigns within two years from the date of Admission will be subject to clawback on any cash realised through the Offer (net of any taxation due on the disposal of Ordinary Shares in the Offer).</p>
E.6	Dilution	<p>61,475,410 New Ordinary Shares will be issued pursuant to the Offer. The Ordinary Shares in issue immediately prior to Admission will represent 79.5% of the total issued Ordinary Shares immediately following Admission.</p>
E.7	Estimated expenses charged to investor	<p>Not applicable; there are no commissions, fees or expenses to be charged to investors by the Company or the Selling Shareholders in connection with Admission.</p>



## PART I

### RISK FACTORS

*Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should carefully consider risk factors associated with any investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.*

*Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the section of this Prospectus headed "Summary Information" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary Information" but also, among other things, the risks and uncertainties described below.*

*The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse impact on the Group's business, results of operations, financial condition or prospects and, if any such risk or uncertainty should occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.*

#### **Risks relating to the Group's business and the industry in which it operates**

- 1. *If the Group does not maintain existing client relationships or establish new client relationships, it could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.***

The Group's business depends in part on maintaining its existing client relationships and establishing new client relationships. Although the Group has longstanding relationships with many of its clients, these clients usually do not enter into long-term contracts with the Group. If any of the Group's top clients by revenue were to significantly reduce their demand for services from the Group, its revenue could be adversely affected. For the financial year ended 30 April 2018, fees billed to DWF's top five clients (on a consolidated group basis), amounted to 16.1% of the Group's net revenue, and for the six-month period ended 31 October 2018, fees billed to the top five clients (on a consolidated group basis) amounted to 13.8% of the Group's net revenue. While revenue from the Group's top clients will vary from period to period, the revenue derived from a major client that permanently discontinues or significantly reduces its relationship with the Group could be difficult to replace.

The Group's existing client relationships may be adversely affected, or the Group may be unable to establish new client relationships, due to various factors, including legal or commercial conflict of interests, clients' insolvency, competition from other legal service providers, or clients being acquired or otherwise experiencing a change in management. Any disputes or disagreements that the Group has with its clients as to the performance of its obligations could also lead to the loss of clients or a significant reduction in business from them. Furthermore, many of the Group's multinational clients utilise panel arrangements to consolidate and manage their legal spend and more of the Group's existing clients may move towards the panel arrangement model in the future. Such panel arrangements are typically subject to periodic review and the Group may not be reappointed to the panels of existing clients or fail to be appointed to the panel of a prospective client. In addition, the terms of such panel arrangements may become less favourable over time. The Group also believes that many of its multinational clients and prospective clients are increasingly seeking to contract with fewer legal services providers, on a global scale, in an effort to rationalise their supply chains. Accordingly, the Group could lose existing clients or fail to attract new clients if it cannot address their cross-border legal service needs through its existing international legal or connected services or if its international expansion strategy is not successful. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

**2. *The failure to attract or retain partners, senior management, legal talent and other key personnel could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.***

As a legal business, the Group relies on its partners and senior management in the locations in which it operates. The Group's ability to attract, retain and develop key people and, in particular, partners and senior management is dependent on a number of factors, including prevailing market conditions, the Group's values, culture and working environment, and its ability to offer competitive compensation packages. Moreover, while the Company believes that its compensation model following Admission, including share incentive plans and equity incentives via discretionary trusts established for the benefit of partner and employees across the Group, should assist with the retention and recruitment of talent, including current and prospective partners, other fee earners and other key personnel, the compensation model remains relatively untested and it may not work as effectively as expected, or it may prove to be unattractive. For example, as a significant part of the partners' remuneration is tied to their ownership of shares and associated dividends, if the price of Ordinary Shares were to materially decrease, which would decrease the value of a partner's shareholdings, or if the Group were to materially decrease or not pay a dividend, it could lead to a number of partners departing from the Group.

The Group's partners are typically self-employed and subject to a six-month notice period under the terms of the DWF Law LLP Constitutional Deed and the DWF LLP Constitutional Deed; as defined below (together the "**Constitutional Deeds**" and each, a "**Constitutional Deed**") . The market for partners, other fee earners and senior management is highly competitive; when and if any of DWF's people retire, join an existing competitor, form a competing business or otherwise leave the Group, this has in the past and could in the future adversely affect the Group's relationships with clients and result in the loss of business to its competitors, as well as the departure of further key personnel that may choose to follow the departing partner. There is no guarantee that the Group's current arrangements with its partners, other fee earners and senior management, including the restrictions on competing with the Group that are contained in the DWF Law LLP Constitutional Deed and the DWF LLP Constitutional Deed with its partners and senior management, provide sufficient incentives or protections to prevent them from leaving the Group. Furthermore, while partners' post-tax cash realised at IPO is subject to a clawback arrangement if they resign within two years of Admission, the clawback period will end on 15 March 2021, and, despite a longer term lock-up with respect to their retained shareholdings, there could be an increased risk of a departure of partners at that time. The departure of a significant number of partners, other fee earners or senior management could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

**3. *The Group operates in a highly competitive environment and if it is not successful in anticipating and responding to competitive change, client preferences and needs or industry trends in a timely and cost-effective manner, it could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.***

The legal services industry is highly competitive, fragmented and subject to rapid change, and the Group expects such competition to intensify in response to competitors' behaviour, client preferences, industry trends, technological changes, the impact of consolidation, regulatory actions and other factors. The Group's primary competitors are other legal and managed services firms, as well as in some instances the in-house legal teams of its clients. The Group competes on both a global and a regional basis, and on the basis of a number of factors, including depth of client relationships, price, industry knowledge, quality of its personnel, transaction execution skills, range of products and services, innovation and reputation. Many of the large, privately owned, international law firms with which the Group seeks to compete have larger scale, longer established international operations, greater financial and other resources, name recognition, client bases and number of legal professionals, as well as greater global reach than the Group. Some of these and other competitors may be more able to respond to changes in the legal market, to compete for legal professionals or offer greater remuneration, to finance acquisitions, to fund internal growth and to compete for market share generally, which may put the Group at a competitive disadvantage and could result in pricing pressures or loss of opportunities, which could materially adversely affect its revenue and profitability. In addition to the Group's larger competitors, a number of smaller legal, alternative legal service providers and managed services firms have emerged, with several showing rapid growth. As these firms and new entrants into the market seek to gain market share, there could be increased pricing pressure, which could adversely affect the Group's revenue and earnings. Moreover, the

Group could also face increased competition as a result of continued consolidation among legal businesses, in particular to the extent that merger and acquisition activity in its markets results in competitors whose services make them more attractive to clients.

Furthermore, the Group's legal, managed and connected services solutions face competition from other providers of such services, including accounting firms, alternative legal service providers and other service providers that are also investing heavily in certain legal, managed and connected services. The Group's clients may also develop in-house expertise and decide to perform certain legal, managed and connected services themselves which could reduce demand for the Group's services. If the Group is unable to compete with competitors or offer services at an attractive rate to clients in any of its legal or connected services markets, it might fail to realise its growth strategy or lose market share.

In addition, the utilisation of artificial intelligence or other technology to provide services such as contract automation, computer-enhanced due diligence and other complementary legal and business services by the Group, its clients or its competitors may increase and become a new source of competition for the Group's services and result in a decrease in demand for the services of the Group's fee earners. If automated services were to reduce the demand for the services of the Group's fee earners and if the Group is unable to provide automated services to clients itself, it could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

***4. As the Group's gross profit is significantly impacted by the revenue generated by its fee earners and its direct costs, an underutilisation of its fee earners or any significant increases in staff costs or other direct costs may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.***

The Group's gross profit is determined by the Group's revenue and direct costs. Revenue generated by and direct costs related to fee earners make up a substantial majority of the Group's revenue and direct costs, respectively. As the Group's revenue generated is primarily driven by fee earner utilisation (i.e. how much billable work its fee earners are able to perform in a given period) and the Group's ability to realise the revenue from such fee earners' billable work, if the Group's fee earners are underutilised, the Group's results of operations and, in particular, its gross profit and gross profit margin are adversely affected. The degree to which the Group is able to utilise and manage its people, in particular its fee earners, is affected by a number of factors, including:

- its ability to forecast demand for its services and to recruit, maintain and deploy headcount that is aligned with demand, including fee earners with the right mix of skills and experience to support its client engagement;
- its ability to transition fee earners from completed client engagements to new assignments and to hire, assimilate and deploy new fee earners, including at times when engagements may terminate suddenly or clients abandon a transaction, often without advance notice;
- its ability to manage attrition;
- its ability to engage and motivate its people and their level of productivity; and
- its need to devote fee earner time and resources to training, business development and other non-chargeable activities.

Increased direct costs (resulting from salary inflation for existing or new personnel, an increase in headcount of the Group's personnel as part of its growth strategy, or otherwise) without a corresponding increase in revenue could have a material adverse effect on the Group's gross profit. While it is important for the Group to manage its direct costs to maintain its gross profit and levels of operating profit, a failure to increase pay in line with the Group's competitors could restrict its ability to attract new personnel and retain existing personnel, which could impact the quality of the services the Group provides to clients and its ability to win new or maintain existing client relationships. Furthermore, the Group currently works with (and expects to continue to work with) recruitment consultants to assist in its recruitment of partners and other fee earners, which often results in significant upfront fees being charged by such consultants (typically calculated as a percentage of the relevant fee earner's starting remuneration) which results in an initial financial cost to the Group prior to any expected revenue benefit from that recruit. Moreover, it typically takes time for newly recruited fee earners to become profitable and effective and during that time the Group may incur additional significant expenses and expend significant time and resources toward training, integration and business development aimed at developing this new talent.

If the Group's direct costs increase at a higher rate than the Group's revenue, whether due to factors that lead to less revenue (including as a result of its fee earners being underutilised) or factors that lead to increased direct costs, it may not be able to continue to offer competitive compensation or to implement its growth strategy. As a result, a material underutilisation of fee earners or an increase in direct costs could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

**5. *The Group's growth strategy has in the past included and is expected to continue to include acquisitions and other strategic transactions, which involve numerous risks and uncertainties.***

In addition to growing its existing operations, the Group's strategy over the past few years and moving forward is focused on continuing its international expansion through strategic transactions, including additional acquisitions or other associations or substantial team hires (collectively "**strategic transactions**") in order to build operational scale in other key markets. The Group's historical strategic transactions have not typically required the Group to raise large amounts of capital. In the future the Group may enter into more expensive strategic transactions, which may require the Group to invest a significant amount of cash and/or to raise capital in order to help pay for such a transaction, which could result in: dilution of ownership and/or increased debt or the need to record write-downs from future impairments of intangible assets, each of which could reduce the Group's future reported earnings.

Moreover, while the Group has undertaken due diligence and has followed established processes and procedures in its past strategic transactions, there can be no assurance that the Group identified or uncovered all material risks in the past or that it will do so on any future strategic transactions. Furthermore, the Group has completed and will seek to complete further strategic transactions on the basis of certain assumptions about the global sectors that it serves and the growth opportunities within these sectors, which could prove to be incorrect. Moreover, some of the strategic transactions risks that the Group faces include unique regulatory provisions applicable to professional indemnity insurance coverage requirements for law firms and solicitors; these mean that DWF LLP has in the past and in the future DWF Law LLP may become the "successor practice" for any firms or employees that join the Group as a result of merger or acquisition.

The Group's past strategic transactions pose, and any future strategic transactions will pose, a number of risks, including:

- difficulty with integrating acquired people with the Group's people, as well as its core values and culture;
- challenges in retaining an acquired business or team's clients and key people;
- exposure to unforeseen liabilities or other issues of the acquired businesses or teams, including previously unidentified professional indemnity claims for acts that occurred prior to any strategic transaction, but which the Group must report against its insurance policy due to the Group becoming a "successor practice" or claims arising from businesses from which strategic transactions were contemplated but not finalised;
- operating in new international jurisdictions, which requires significant resources and management attention and subjects the Group to regulatory, economic, political and competitive risks and competition that are different from those in its more established jurisdictions; and
- challenges in realising the anticipated benefits of the strategic transactions.

Furthermore, the Group's future strategic transactions may pose a number of additional risks, including:

- difficulty identifying suitable candidate businesses or consummating a strategic transaction on terms or in structures that are favourable to the Group;
- difficulty, disruptions or unforeseen expenses when integrating financial, technological and other systems and maintaining proper and effective internal controls;
- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased compensation for newly hired people;
- challenges arising from a lack of familiarity with new markets with differing business and social norms and customs, which may adversely impact the Group's strategic goals or require the Group to adapt its business model for specific countries;



- difficulty with effectively influencing the operations of an associated firm which could result in damage to the Group's reputation;
- warranty claims and claims for damages against acquired entities which may not be limited in scope, timeframe and amount;
- difficulties in transferring capital to new jurisdictions;
- greater difficulty with payment collections and longer payment cycles;
- potential additional costs being incurred in relation to sourcing and integrating strategic transactions;
- diversion of senior management attention from the existing business; and
- difficulty in maintaining client service standards and levels.

The Group may be unable to realise expected strategic benefits, growth, synergies and other financial benefits or efficiency gains from its recent or future strategic transactions in the timeframe it anticipates or at all due to any of the above. The occurrence of any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

**6. *The Group may be unsuccessful in implementing its key strategies related to growing its market share, increasing its share of a client's overall legal work, increasing the fees generated per partner and substantially increasing the revenue from its International and Connected Services divisions and, therefore, the Group's organic growth may be negatively impacted.***

The Group's strategy is focused on growing its market share of the legal and connected services markets, increasing its share of key clients' overall legal work, increasing net revenue per partner and substantially increasing the revenue from its International and Connected Services divisions, while also continuing to grow more rapidly than its competitors in its core UK market for Commercial Services and Insurance. The benefits of the Group's strategy depend in large part on its ability to increase the work it does for its existing clients, both through legal services and by successfully marketing its connected services to its clients, as well as improving the efficiency and effectiveness of its fee earners. The anticipated benefits from these efforts are based on several assumptions that may prove to be inaccurate, including the size of the UK and global legal services market, the desire of large multinational companies to rely on fewer service providers globally, the potential benefits arising from the Company's application of its managed services model, and the level of uptake and market acceptance of its highly specialised services such as those offered by DWF's Connected Services division.

A variety of factors could cause the Group not to realise some or all of the expected benefits of its strategy. These factors include, among others: a downturn in the UK legal, managed and connected services market (where the majority of the Group's income is currently derived); challenges related to the growth of the Group's International or Connected Services divisions, including as a result of the failure of partners or sales and marketing staff to sell the Group's connected services products and services to the degree anticipated; delays or challenges in relation to establishing and growing its International division; a failure to attract and retain more talent in its core UK market as it seeks to win more market share from its key competitors; delays in the anticipated timing of activities related to such initiatives, strategies and operating plans; negative attention from any failed initiatives; or increased or unexpected costs in implementing these efforts. Moreover, the Group recently established the Connected Services division and thus it has a limited operating history in its present form. As a result, it may face challenges growing in scale and some of its recent growth may relate to its recent establishment which may not be sustained or grow as anticipated. The Group may face similar challenges in the application of its managed services strategy. Furthermore, if capital projects planned as part of the Group's strategy, such as the implementation of certain IT investments, require significantly more capital than the Group anticipates, this could lead to cost overruns or delay, which could prevent the Group from achieving its strategy on the timeline expected or at all. In addition, if the Company's efficient operating model plans, supported by the implementation of technology, take longer to implement or prove ineffective, then the Group's operating cost base may grow faster than expected.

A failure to implement the Group's strategy, in whole or in part, including due to its inability to realise the anticipated benefits from various initiatives, may have a material adverse effect on its business, results of operations, financial condition or prospects.

**7. *The Group's financial targets are based on estimates and assumptions that are subject to uncertainties and contingencies, and the actual results may be materially lower than the targets.***

The Group has various medium-term revenue growth targets across its divisions, in addition to other financial and operational targets (including, without limitation, increased net revenue per average full-time equivalent partner and partner equivalent and a decrease in the Group's adjusted cost:income ratio, interest expense and lock-up days). The Group also estimates it will have 15 to 25 net partner joiners per year in the medium term. Although the Group evaluated its historical performance and its strategy in setting its targets, no assurance can be given that the Group will achieve its targets. The Group's strategy, evaluation and financial targets are based on estimates and assumptions that may prove to be inaccurate, including, without limitation, revenue generated by existing or new client engagements, the net growth of its partners (which are key to the Group's business development and revenue generation), the growth of the International division, recoverable hourly rate increases for the Group's services, costs associated with its premises, its fee earner to support staff ratios and efficiencies to be gained from the growth, appreciation of its share price and further implementation of connected and managed services, which are all subject to significant business, economic, market and operational uncertainties and contingencies, all of which are beyond the Group's control and which may adversely affect the Group's ability to achieve its targets. The Group may not be able to implement its strategy in a manner that generates revenue growth or achieves its other targets. In addition, the Group has also estimated its effective tax rate and any change or incorrect assumption in the tax treatment of the Group's profits may reduce the level of dividends received by Ordinary Shareholders if any. Accordingly, the actual financial performance achieved by the Group may be materially lower than the targets, or the Group may experience a decline in revenue, which could have a material adverse effect on the Group's profitability and the price of the Ordinary Shares. The Group's medium-term targets should not be taken as an indication or forecast of the Group's expected future performance or results over any period.

**8. *The Group's financial information includes accounting estimates and judgements concerning the future and other key sources of estimation uncertainty related to the reporting period that could result in a material adjustment to the Group's financial information in future financial periods.***

The Group's assumptions, estimates and judgements related to complex accounting matters could significantly affect its financial results. IFRS and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Group's business, including, but not limited to, revenue recognition (particularly with respect to unbilled revenue), the valuation of amounts recoverable and not recoverable on trade debtors for the Group's trade receivables provision and the valuation of the probable exposure on the uninsured portion of professional indemnity claims are highly complex and involve many subjective assumptions, estimates and judgements by the Group. Unbilled revenue for the Group's time-based services, which constitute the substantial majority of the revenue-generating client engagements of the Group, are recognised based on the time fee earners charge to clients multiplied by the estimated recoverable hourly rate. The estimated recoverable hourly rate is affected by factors, including time spent, the expertise and skills provided and expenses incurred, as well as judgements related to fee disputes and their impact. The amount recognised by the Group on its balance sheet therefore represents the value it considers to be subsequently recoverable through billings, through an assessment of historical recoverability rates, contingencies, the outcomes of previous matters and the terms of engagements with clients. Clients are increasingly seeking fixed-fee engagements for legal services. Fixed-fee and capped engagements, in particular, require the Group to carefully manage the time spent by its fee earners on an engagement, as under these arrangements the Group is more likely required to bear the impact of any cost overruns for its legal services. As consumers of legal services are increasingly focused on alternative fee arrangements such as fixed-fee structures, the Group may increasingly use such arrangements in the future, which could adversely affect its ability to recover time spent by fee earners on such matters and thus its revenue and gross profit.

With respect to the Group's valuation of the amounts recoverable and not recoverable on trade debtors, the Group's estimation of provisions is established based on interactions between the Group's finance team, the fee earner and the client debtor, taking into account the specific circumstances of clients and individual matters and invoices, as well as the Group's calculation rules applied to the aged population of trade debtors. As at 31 October 2018, the Group's trade receivables before allowance for doubtful receivables amounted to £84.1 million of which the bad debt provisions on trade receivables amounted to £7.4 million.

With respect to both unbilled revenue and trade receivables, it is difficult to predict the recoverability of the amounts with certainty. For example, the Group's unbilled revenue and trade receivables are written off for various reasons, including if clients dispute the services the Group provided or otherwise refuse to pay the total time accrued in relation to their engagements. Being able to bill and subsequently collect the amounts owed, and thereby convert the unbilled revenue and trade receivables that arise into cash, may also be more difficult or delayed if there are concerns regarding preserving the relationship and continuing the relationship beyond the present engagement which may take precedence over the Group's usual credit control policies for recovering debtors.

With respect to professional indemnity claims, the valuation of the probable exposure of such claims is determined and a provision is made that takes into account known claims and circumstances to the extent that the Group expects it will be required to pay for those claims. The Group also monitors the portion of such claims for which it expects to be responsible for the excess under its insurance policy. The Group regularly reviews the resulting provision it establishes for such claims but estimations with respect to claims are an area of inherent uncertainty.

Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgements by the Group could require the Group to make changes to its accounting systems to implement these changes that could increase its operating costs and could significantly change the Group's reported or expected financial performance (including material adjustments to the Group's reported financial information), particularly in relation to the accounting measures above that involve a number of assumptions, estimates and judgements. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

**9. *If the Group's lock-up or lock-up days increase, the Group's business may be materially adversely affected.***

The Group's lock-up is comprised of WIP and Gross Debtors (the "lock-up"). WIP represents unbilled revenue and unbilled disbursements. Gross Debtors include only billed, but unpaid, amounts associated with services provided to clients, alongside billed, but unpaid disbursements, and is inclusive of VAT. The Group's lock-up days reflect the lock-up as a proportion of the last 12 months' net revenue (the "lock-up days"). Lock-up days are indicative of the period of time it takes the Group to convert its work on matters into cash. The Group's billing and payment cycles tend to fluctuate with milestones, such as near the mid-point or end of the Group's financial year. While the Group often experiences a spike in billing and payment during these periods, it has in the past experienced and may in the future experience a corresponding decrease in its billings during other periods of the year, which can lead to increased lock-up days. If the Group's lock-up days increase, this can reduce its available working capital, which has in the past increased and may in the future increase borrowing costs, due to increased reliance on the Group's revolving credit facility, and reduce funds available for additional investment. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

**10. *Any harm to the Group's reputation, including as a result of any potential conflicts of interest or other factors, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.***

The Group operates in an industry where integrity, client trust and confidence are paramount and, as a result, maintaining its professional reputation and managing potential conflicts of interest is critical to its business. The Group is exposed to the risk that conflicts of interest, litigation or claims, employee error or misconduct, operational failures, regulatory investigations, press speculation and negative publicity, whether true or not, inadequate services, conflicts of interest, misappropriation of client funds or disclosure of confidential client information, among others, could impact its brand and reputation. DWF's brand could in the future be adversely affected by the independent actions or negative media attention of its clients. The potential for negative brand and reputational exposure has increased with the global flow of information via the internet and social media through which adverse comments, whether substantiated or not, can reach a wide audience very quickly and without appropriate balance or context. Furthermore, should the Group's reputation or its compliance with its regulatory obligations (including professional duties, principles and codes of conduct) in any jurisdiction in which it operates be affected in any way, then any of the regulators of the Group's business (including the Solicitors Regulation Authority ("SRA")) may take enforcement action against the Group for any such breach.

Due to the broad scope of the Group's operations and its client base, it regularly addresses and has had to turn down certain opportunities due to actual and potential conflicts of interest. The Group



faces risks of both (i) client conflicts, which are situations where its services to a particular client conflict, or are perceived to conflict, with the interests of another client, and (ii) own-interest conflicts, which are situations where the Group's duty to act in the best interests of any client in relation to a matter conflicts, or there is a significant risk that it may conflict, with the Group's own interests in relation to that or a related matter. Furthermore, where one or more of the Group's divisions or practices have access to material non-public information that may not be shared with its other divisions or practices, it can also lead to an actual or perceived own-interest conflict. While the Group has extensive procedures and controls that are designed to identify and address conflicts of interest, including those designed to prevent the improper sharing of information among its divisions or practices, appropriately identifying and dealing with conflicts of interest (both client conflicts and own-interest conflicts) is complex and difficult, and the Group's reputation could be damaged and the willingness of clients to enter into engagements with it may be affected if its procedures or controls fail or it otherwise fails, or appears to fail, to identify, disclose and deal appropriately with conflicts of interest. It is also possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions, which could lead to significant reputational harm.

Any negative event about the Group or a party affiliated with the Group could damage the Group's reputation, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***11. Adverse changes in the political or macroeconomic environment, whether in the Group's core market of the United Kingdom or elsewhere, may negatively affect the Group.***

Global economic conditions generally, as well as particularly in the Group's core market of the United Kingdom, where the substantial majority of the Group's revenue is generated, or other countries in which it operates or may operate in the future, impact certain aspects of the Group's business, both directly and indirectly, through their impact on client demand for certain services. Economic slowdown, and economic or political uncertainty in various markets throughout the world and in particular the United Kingdom, has in the past resulted, or may in the future result, in decreased revenue or growth rates for the Group. The United Kingdom is the Group's largest market, with 43% and 37% of the Group's revenue for the financial year ended 30 April 2018 attributable respectively to the Group's Commercial Services and Insurance divisions, which are the Group's primary UK-based operations (which includes advice to clients based outside of the United Kingdom, but excludes the UK-based revenue from the Connected Services division). Adverse macroeconomic conditions, including recessions, inflation, high unemployment, currency fluctuations, volatility or a decline in emerging markets, changes in interest rates, actual or anticipated large-scale defaults or failures, including concerns about European sovereign debt risk and its impact on the European banking system, or slowdown of global trade, as well as political uncertainties, including increased tariffs, sanctions, armed conflicts or the threat of any of the above could decrease consumer and corporate confidence and reduce consumer, government and corporate spending. While the Group typically expects an increase in spending on disputes and regulatory investigations and related matters in such circumstances, if the Group's clients reduce their spending on external legal advice or connected services, including in connection with a decrease in corporate, finance and commercial transactions, a decrease in real estate investment or other investments, a decrease in information technology budgets or otherwise as a result of challenges in the prevailing economic conditions, the Group's revenue could be negatively impacted.

Moreover, the United Kingdom's decision to invoke Article 50 of the Lisbon Treaty to notify the European Union of its decision to withdraw from the European Union ("**Brexit**") by 29 March 2019 could impact the Group. The commercial, regulatory and legal environment existing at the time scheduled for Brexit, and to which the Group would be subject, is difficult to predict, and uncertainty regarding the outcome of Brexit continues and may continue even after 29 March 2019. Any new commercial, regulatory or legal arrangements arising out of Brexit may result in certain changes in the way that the Group is structured or conducts its business, which could result in increased costs. The effect of Brexit on the UK or wider European Union economy generally remains unknown but could cause a recession or a reduced rate of growth in the United Kingdom or in the European Union, which could impact demand for the Group's services or create uncertainty that limits investments in the United Kingdom or otherwise cause geopolitical and macroeconomic effects and impact interest rates, foreign currency exchange rates, equity markets, and cause increased volatility in certain markets in which the Group operates. To the extent that any Brexit consequences result in decreased demand for the Group's services or increased costs which have a greater impact than any

increased demand the Group experiences for its services as a result of advising on Brexit-related matters, the Group's financial performance could be negatively impacted. For example, in the months following the popular vote to leave the EU, the Group experienced some short-term decrease in demand for its real estate practice area.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***12. A significant portion of the Group's revenue is derived from clients in the insurance industry and the Group could be negatively impacted by adverse market conditions or other factors in that industry.***

The Group's client base includes individuals and businesses, with those businesses operating across a variety of industry sectors. The largest of those industry sectors is the insurance sector. Therefore, unfavourable conditions or developments affecting the insurance sector in particular, which may be related to macroeconomic factors, regulatory developments, consumer trends or other factors may result in the Group being negatively impacted. The insurance sector's demand for legal and connected services is often impacted by legislative and regulatory developments. For example, regulatory changes in the insurance industry in 2013 which resulted in reducing the amount of the fixed fee that could be recoverable from the insurer on lower value claims, combined with reforms which removed the claimant's right to recover the success fee and insurance premiums on contingency fee cases, led to a decrease in the volume of insurance claims and a subsequent decrease in demand for the Group's insurance-related services. Future legislative or regulatory changes could also affect the Group's insurance-related services. Significant adverse factors affecting the insurance sector or other factors leading to a material decline in the insurance sectors' demand for legal and connected services could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

***13. The Group depends on efficient and uninterrupted operations of its own and third-party information and communication technology, and any disruption to or interruptions in these operations could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.***

The Group relies on the efficient and uninterrupted operation of its own and other third parties' complex and sophisticated information and communication technology and data-processing systems in order to provide its legal and connected services. Consequently, the Group or the third parties on which it relies must accurately predict and successfully implement infrastructure and software update requirements, and if it fails or if they fail to do so, the Group may be unable to provide legal and connected services which meet its clients' expectations. The Group has in the past experienced and may in the future experience system disruptions, outages and other performance problems. The Group's or its third parties' information and communication technology and data-processing systems and related infrastructure (data centre, hardware and wide and local area networks) are generally exposed to the risk of disturbances, infrastructure changes, human or software errors, damage, electricity failures, fire, other disasters, fraud and spikes in internal or external usage. Furthermore, the Group's datacentres for its UK and certain international operations are located in Manchester and Salford, which are approximately three miles apart, thereby increasing the risk that both datacentres could be affected by disruptions, outages, failures or other performance problems, for example by a regional catastrophic event such as a flood. Any of these events could significantly disrupt the Group's business operations or cause the Group to incur unanticipated losses, including the costs of investigating and remediating any such disruptions and failures, as well as reputational damage.

In addition, the Group relies upon third-party hosted infrastructure partners, including 360 Solutions and Mimecast, to serve customers and operate certain aspects of its services. The Group has experienced certain disruptions to its services due to the actions of its third-party infrastructure partners in the past and any future disruptions of or interference at the Group's hosted infrastructure partners could adversely impact its business.

The Group's strategy envisions significantly increasing the number of users, transactions and data that utilise the Group's operations infrastructure, including the third-party systems on which the Group relies. In order to meet its strategic growth plans, the Group will need to maintain or obtain from a third party sufficient excess capacity in its or a third parties' operations infrastructure to meet the needs of all of its clients, and to ensure that its connected services solutions are accessible within an acceptable load time. The Group will also need excess capacity to facilitate the rapid provision of new client deployments and the expansion of existing client deployments. Furthermore, the Group will also need to plan for and successfully implement the integration of acquired legal or connected

services businesses into the Group's IT infrastructure. If the Group does not accurately predict the infrastructure requirements for its connected services growth, its existing clients may experience service outages and delays as the Group seeks to obtain additional capacity.

Moreover, a number of the Group's client agreements include service level commitments which often include certain information technology security and other requirements to be maintained to protect client data. In some instances, the Group may experience specific performance problems and if the Group is unable to meet the stated service level commitments, the Group could face contract terminations.

Any extended service outages, efficiency failures or other risks outlined above could result in client losses and have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***14. Security breaches and improper access to, disclosure of or use of the Group's information or its clients' information could disrupt the Group's business, lead to reputational harm and legal liability or otherwise have a material adverse effect on the Group's business, reputation, financial condition, results of operations or prospects.***

In the ordinary course of business, the Group receives, stores, hosts, analyses, transmits and secures the Group's and its clients' sensitive, confidential or proprietary information, including, but not limited to, personally identifiable information and commercial, financial and consumer data. The Group's ability to secure and maintain the confidentiality and integrity of such information is critical to its reputation and the success of the Group's business. While the Group is not aware of any material improper access of the Group's information or breaches of confidentiality in the past, the Group is exposed to numerous risks. The Group's industry is prone to cyberattacks by third parties seeking unauthorised access to its information or its clients' information or seeking to disrupt its ability to provide a service. Computer malware, viruses, social engineering (predominantly spear phishing attacks) and general hacking have become more prevalent in the legal industry in recent years leading to certain high-profile security breaches in the industry. Cybersecurity attacks, such as phishing emails, have been attempted on the Group's systems in the past, and are expected to be attempted on its systems in the future. Furthermore, the Group's people could improperly use or disclose confidential information provided by its clients or otherwise allow or participate in a security breach. Moreover, the Group only has limited physical security at certain of its sites which have enabled individuals to access the Group's building and physically confront some of the Group's people without the Group's permission or consent and could result in physical security breaches in the future.

The increased use of mobile technologies can heighten these and other operational risks. If a successful cyberattack or other security breach were to occur, the Group's confidential or proprietary information, or the confidential or proprietary information of its clients or their counterparties, that is stored in, or transmitted through, the Group's information systems could be compromised or misappropriated. Any such cyberattack or other security breach, or any disruption of or failure in the physical or logical infrastructure or operating systems that support the Group's information systems or its business, could significantly impact the Group's ability to operate its business and could result in reputational damage, legal liability, the loss of clients or business opportunities and financial losses to the extent that such losses are either not insured against or not fully covered through any insurance maintained by the Group.

Furthermore, in the course of providing services, the Group provides limited information to certain third parties, based on their scope of services, which such third parties may process or store. If these third parties fail to adopt or adhere to adequate data security practices, or in the event of a breach of their networks, the Group's information or its clients' information could be improperly accessed, used or disclosed.

Although the Group has developed systems and processes that are designed to protect its information and its clients' information, to prevent information loss and to prevent or detect security breaches, there can be no assurance that such measures will provide absolute security. As cyber threats continue to multiply, become more sophisticated and threaten additional aspects of the Group's business, it may also be required to expend additional resources on information security and compliance costs in order to continue to modify or enhance its protective measures or to investigate and remediate any information security vulnerabilities or other exposures.

Any of these events could have a material adverse effect on the Group's business, reputation, financial condition, results of operations or prospects.

**15. *Transactional exchange rate risk and conducting business across multiple jurisdictions exposes the Group to financial risks associated with fluctuations in exchange rates.***

Attracting clients for its UK-based services from numerous jurisdictions and conducting business across multiple jurisdictions exposes the Group to risks associated with fluctuations in exchange rates. The Group's exposure to transactional exchange risks as a result of exchange rate fluctuations could have a material adverse effect on the price competitiveness of the Group's services. The depreciation of the British pounds sterling exchange rate due primarily to uncertainty over the outlook for the United Kingdom's international trading position has made the international legal services of British law firms and other related services more competitively priced compared to law firms and legal businesses in certain international jurisdictions. Conversely, if the British pounds sterling exchange rate were to appreciate compared to other currencies, this trend could reverse, making British legal services less competitively priced.

Furthermore, the Group is exposed to fluctuations in exchange rates as a result of conducting business across multiple jurisdictions. The Group monitors its currency exposures and manages imbalances through its treasury policy measures; however, these measures may not be effective at managing the Group's exposure to foreign currencies within its various offices. The Group is also exposed to the translation of results of overseas operations into its reporting currency, British pounds sterling. For the financial year ended 30 April 2018, the impact of foreign exchange translation was minimal but fluctuations in exchange rates may have a greater impact on the figures consolidated in the Group's accounts in the future, particularly if the Group continues its international expansion or if there is growth in the Group's existing International division. The Group cannot predict the effect of exchange rate fluctuations upon future operating results, and the Group may not be able to compensate for, or hedge against, adverse effects of exchange rate movements, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

**16. *The terms of the Group's indebtedness impose significant restrictions on it.***

The instruments governing the Group's consolidated indebtedness impose significant restrictions on it. These restrictions may limit, directly or indirectly, its ability, among other things, to undertake the following actions:

- borrow money;
- make investments;
- sell assets, including capital stock of subsidiaries;
- guarantee indebtedness;
- enter into agreements that restrict dividends or other distributions from certain subsidiaries;
- enter into transactions with affiliates;
- create or assume security or liens; and
- engage in mergers, joint ventures or consolidations.

Specifically, the Group's New Revolving Loan Facility is subject to several covenants, including minimum thresholds for the total number of Members, subject to agreed headroom; the ratio of consolidated net debt to EBITDA (before taking into account any amounts charged in respect of share based payments under IFRS 2); the ratio of trading work-in-progress including disbursements (less than 180 days outstanding) and trading debtor balances (less than 180 days overdue) to consolidated net borrowings; leverage; gearing and the interest cover.

Although these covenants and other covenants to which the Group is subject have exceptions and qualifications, the breach of any of these covenants could result in a default under the terms of other existing debt obligations, if left uncured (if possible), as applicable. Upon the occurrence of such an event of default, all amounts outstanding under the applicable debt instruments and the debt issued under other debt instruments containing cross-default or cross-acceleration provisions, together with accrued and unpaid interest, if any, might become or be declared immediately due and payable. If such indebtedness were to be accelerated, the Group may have insufficient funds to repay in full any such indebtedness. In addition, in connection with the entry into new financings or amendments to existing financing arrangements, DWF's subsidiaries' financial and operational flexibility may be further reduced as a result of the imposition of covenants that are more restrictive, the requirements for additional obligations or security, and other terms.



**17. *The Group is involved in various legal and regulatory proceedings and may continue to be involved in more in the future.***

The Group, like other legal businesses, has in the past been, is currently and may continue to be, subject to actual or threatened claims, legal proceedings and general litigation (together, “**proceedings**”). Depending on the context, these may be initiated by regulators, clients, employees or other third parties and arise in the normal course of the Group’s business, including matters alleging drafting or procedural errors or challenging the appropriateness or accuracy of the legal advice provided. Furthermore, in connection with the Group’s pursuit of strategic transactions, the Group has in the past and may in the future have injunctive or other proceedings brought against it by third parties, including for claims alleging tortious interference with contract or misappropriation of information. Any of these proceedings may seek, among other things, compensation for alleged losses, civil penalties or injunctive or declaratory relief. Proceedings alleging that the Group performed below its agreed standard of care or breached any other obligations or professional duties to a client or other parties could expose the Group to significant liabilities and, regardless of the merit of any claims brought or the outcome, could damage the Group’s reputation, distract the Group’s management and be costly to defend. If any such proceeding is ultimately resolved unfavourably, and the Group’s professional indemnity insurance policy does not cover the claim for any reason (including insolvency of the insurer or an exclusion or otherwise) or if the Group is required to bear all or a portion of the costs arising from such proceedings, the outcome could cause significant reputational harm or financial cost to the Group, which could have a material adverse effect on the Group’s business, reputation, financial condition, results of operations or prospects.

**18. *The Group’s internal controls, policies and procedures may fail to prevent and the Group’s insurance coverage may fail to cover all of the risks to which the Group may be exposed and the cost of insurance could increase significantly.***

The Group’s business entails the risk of liability resulting from litigation, including malpractice litigation, actions taken by regulatory authorities, damage or business interruption from power loss, systems or telecommunication failure, labour issues, material employee errors, omissions and misconduct, extreme weather conditions, fire, terrorist or other violent or criminal activity, or other natural or man-made disasters. The Group’s operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. While the Group has developed and implemented certain internal controls, policies and procedures designed to prevent or mitigate the risks it assesses to be material, such policies and procedures may not be effective in all instances. For example, it is not always possible to identify and deter misconduct or errors by the Group’s people and the precautions the Group takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, which often do not come to light until several years after they are made, if at all. Furthermore, while the Group has various disaster recovery and business continuity plans in place, and maintains various types of insurance, including professional indemnity, employer liability, public liability, combined office and commercial, directors and officers liability and asset protection insurance, there can be no assurance that a claim or claims will be covered by insurance or, if covered, will not exceed the limits of available insurance coverage, or that any insurer will remain solvent and will meet its obligations to provide the Group with coverage.

Furthermore, there is no guarantee that insurance coverage will continue to be available at sufficient limits at a reasonable cost. Under the minimum terms and conditions required for professional indemnity insurance for solicitors, the Group’s professional indemnity insurance policies have had to respond to a small number of high-value and unanticipated claims, with a number arising from work carried out by acquired businesses prior to the acquisition.

In addition, as is typical practice in the legal industry, DWF Law LLP and DWF LLP each provide uncapped indemnities in favour of each Member for costs, charges, losses, expenses and liabilities incurred by them in their capacity as a Member in the performance by them of their duties as a Member in their ordinary and proper conduct of the business of DWF Law LLP and DWF LLP (as applicable), except in certain limited circumstances, such as to the extent that such liabilities arose from a partner’s own fraud, dishonesty, reckless conduct, wilful neglect, wilful default, or any criminal act. DWF LLP also indemnifies each partner of the partnerships in Ireland, France, Germany, Italy and Australia on a similar basis, in their capacity as a partner of the relevant partnership. In Northern Ireland, DWF (Northern Ireland) LLP will provide this indemnity to the local partners.

If the Group or the partners become subject to any high-value future claims, the Group's insurance premiums could increase significantly. The future costs of maintaining insurance coverage or meeting liabilities not covered by insurance could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

#### **Risks relating to regulation and legislation**

***19. The Group's new legal practice structure to be adopted in connection with the Reorganisation may entail risks in relation to regulatory approval, corporate governance and financial management.***

In preparation for the Offer and Admission, the Group has undertaken certain steps as part of a reorganisation of its structure, governance and internal contractual arrangements and will undertake certain further steps immediately prior to and in connection with Admission (the "**Reorganisation**"). The Company will become the ultimate parent company of both the DWF LLP Sub-group and DWF Law LLP Sub-group. The Company and its Board will control, consolidate and have access to the economics of the subsidiaries and the subsidiary undertakings of the DWF Law LLP Sub-group and the DWF LLP Sub-group.

DWF LLP will be a subsidiary undertaking of the Company by virtue of a governance agreement between DWF Law LLP and DWF LLP and, in turn, each subsidiary undertaking of DWF LLP will continue to be considered as such by virtue of local governance agreements between DWF LLP and each such subsidiary undertaking, without, however, equity ownership of any undertaking of the DWF LLP Sub-group by the Company or any other member of the DWF Law LLP Sub-group.

In preparation for the Reorganisation and Admission, the Group consulted with the local legal service regulators of each of the Group's legal service providers in the various jurisdictions in which they provide legal services (together, the "**Local Legal Service Regulators**" and each, a "**Local Legal Service Regulator**"), including in respect of certain Group structure and governance arrangements and financial management aspects. Formal approval for the Reorganisation was not required or offered by any of the Local Legal Service Regulators, other than in England and Wales where a legal practice seeking to operate as an alternative business structure must be formally authorised by the Solicitors Regulation Authority. However, the Company has sought to obtain the best level of comfort (whether written or verbal) obtainable, from a practicable perspective, from each of the Local Legal Service Regulators and none of them has expressed any objection regarding the Group's new structure and governance arrangements (or any specific part of it) or asserted that the Group's new structure and governance arrangements do not comply with local regulations. Notwithstanding that no objections were expressed during consultations with these Local Legal Service Regulators, it cannot be excluded that one or more of them may determine in the future that the legal practice structures of the Group do not comply with their local laws or regulations.

Also, the Group's acquisition strategy envisages expanding into new jurisdictions through future acquisitions, and the Group will consult (where necessary) the Local Legal Service Regulator in any new jurisdiction on its structure post-Reorganisation prior to acquiring a business to ensure it can operate it as part of the Group. To the extent that any such Local Legal Service Regulator in a new jurisdiction expresses any objections, this could make adjustments to the structure necessary or result in the Group deciding not to pursue its acquisition strategy in certain markets which could have a negative impact on the Group's ability to meet one of its key strategies of being able to increase revenue from its International and Connected Services divisions.

Separately, changes in laws, regulations or interpretations thereof in jurisdictions where the Group operates may in the future mean that the new legal structure of the Group implemented by the Reorganisation (or part thereof) does not comply with local laws or regulations.

In respect of each of the issues above, if the Group cannot amend its legal practice structures to sufficiently address any concerns raised by Local Legal Service Regulators in the future or any relevant changes in laws and regulations, this could impact the Group's ability to control, consolidate and have access to the economics of the subsidiaries and subsidiary undertakings which could require that the relevant local business may ultimately need to be removed from the Group. There is also a risk that any, or all, of the individual lawyers in the various jurisdictions in which DWF operates may be open to regulatory action by the relevant Local Legal Service Regulator in connection with any such concerns regarding DWF's legal practice structures. This may result in the relevant office of DWF not being able to retain its local lawyers. Under such circumstances, to the extent permitted by local laws and regulations, the Group could seek to operate the removed business as a closely associated third-party law firm, with contractual arrangements put in place to align governance and



interests generally and to retain as much of the economic interest in that office as possible. However, there is no guarantee that such associations or contractual arrangements will be possible under such circumstances, which could result in the loss of any revenue generated by that office for the Group's results of operations. Such removal could also lead to the removed business operating more, or completely, autonomously, which could impede or prevent the Group from being able to realise its strategy, particularly its ability to continue its international development and expansion in that country as currently envisaged.

The Group cannot exclude the possibility that any circumstances that lead to it or its lawyers being noncompliant with local regulations could subject the Group or its lawyers in the relevant jurisdictions to fines, penalties or other regulatory actions or reputational damage either as a result of any alleged breach of regulations or due to any delay in the Group taking remedial steps in the event that a breach is ultimately determined to have occurred.

Any such changes to the Group's structure or regulatory actions may have a material adverse effect on the Group's distribution of dividends, business, reputation, results of operations, financial condition or prospects.

**20. *The Company's subsidiary undertakings, their partners, employees, staff and consultants are subject to professional duties and these duties may differ from or conflict with the best interests of the Company's shareholders.***

A substantial portion of the services provided by the Group are legal services and as legal practitioners the Company's subsidiary undertakings, their partners, employees, staff and consultants have professional duties towards their clients and the court, including to provide services to clients in a manner which protects their interests, to protect clients' confidential information and to co-operate and comply with court orders. As such, there may be instances in which the Group, some of its Directors and its lawyers are required to act in accordance with their professional duties, contrary to other corporate responsibilities and the best interests of the Company's shareholders. For example, lawyers' professional duties to work in the best interests of their clients, considering the clients' time and money, might require a lawyer to settle a dispute, even though the most profitable outcome for shareholders might be to seek a higher award through additional litigation. The Company's articles of association state that, in the case of any conflict or potential conflict between the Company's and the directors' duty to shareholders and the professional duties of the Company's subsidiary undertakings, their partners, employees, staff and consultants as legal practitioners, the professional duties of legal practitioners will prevail over the Company's and the directors' duty to shareholders. As a result, there may be instances in which the Company's subsidiary undertakings, their partners, employees, staff and consultants, in exercising their duties to the court or to a client (or both), must act other than in the best interests of the Company's shareholders.

**21. *There are laws and regulations, in particular the Legal Services Act 2007, imposing ownership restrictions on the shareholders of the Company under which a shareholding of 10% or more in the Company by persons who are not authorised to practice law by the Solicitors Regulation Authority requires the notification and prior approval of the Solicitors Regulation Authority.***

In England and Wales, the Legal Services Act 2007, as amended (the "LSA"), places restrictions on the holding of a Restricted Interest in a Licensed Body by a Non-authorised Person (alone or in aggregate with their "associates"). For the purposes of these restrictions, (i) a "Restricted Interest" includes an interest of 10% or more in the issued share capital of a Licensed Body and (ii) a "Non-authorised Person" is, generally, a person who is not a solicitor, a registered European lawyer, a registered foreign lawyer, a law firm regulated by the SRA, a barrister, a licensed conveyancer, a legal executive or other similar legal practitioner under the regulatory supervision of a recognised regulator of the legal professions in England and Wales.

As DWF Law LLP, DWF Costs Limited and DWF Advocacy Limited are Licensed Bodies, any Non-authorised Person must give prior notice to the Company and the SRA of its proposal to take steps to acquire, and have obtained the approval of the SRA before taking steps to acquire (alone or in aggregate with their associates), a shareholding of 10% or more in the Company and any approval of the SRA may have conditions attached. A person commits a criminal offence if they fail to comply with these requirements.

Additionally, such failure of a person to comply will automatically cause a breach of the LSA by the Licensed Bodies, which may result in the SRA taking any of the following actions: revoking or suspending the SRA's authorisations of the Licensed Bodies, such as DWF Law LLP,

disenfranchising the person of all rights in respect of their entire shareholding in the Company, and/or applying to the High Court of England and Wales for an order to divest the person of their shares.

Furthermore, the LSA restrictions on Non-authorised Persons holding a Restricted Interest in the Company, could discourage a public takeover bid, which could delay or deprive investors of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Group and might affect the value of the Ordinary Shares.

Any of these circumstances could have a material adverse effect on the Group's reputation, business, results of operations, financial condition or prospects.

***22. The Group's regulated business is subject to extensive regulation both in the United Kingdom and internationally, and the Group faces risks and costs associated with compliance with these regulations.***

The legal sector is heavily regulated in the jurisdictions where the Group operates and, as a result, the Group and its partners, employees, staff and consultants must comply with multiple frameworks of extensive regulation. These frameworks may increase further as a result of the Group's international expansion plans. All regulators impose a number of duties on members of the Group and their lawyers relating to, for example, client confidentiality, conflicts of interest, duties to the courts and legal professional privilege. There may also be regulatory requirements in connection with any Legal Service Regulators' routine monitoring or investigations. Unanticipated regulatory compliance costs, operational difficulties in central oversight of regulatory compliance in international offices, or material violations of any of the regulatory frameworks, could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group is subject to anti-money laundering ("AML"), and anti-bribery and corruption ("ABC") laws which govern its operations. AML and ABC laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision and enforcement (including by banks and other parties subject to such laws and regulations), requiring businesses to invest in improved systems, sophisticated monitoring and skilled compliance personnel. Financial crime is continually evolving, and the expectations of regulators and other parties are increasing. This requires proactive and adaptable responses from the Group to deter threats and criminality. However, even known threats can never be fully eliminated, and there may in the future be instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. While the Group has procedures to assure compliance with applicable AML and ABC laws in each relevant jurisdiction, there remains the risk that through the failure of the Group's control framework, the illegal actions of a client or other party, or employee fraud or negligence, the Group might violate the relevant AML and ABC laws.

The Group stores certain personal data (including name, address, age, bank and other personal data) from its clients, business contacts, and its people as part of the operation of its legal and connected services. The Group is subject to regulations in the jurisdictions in which it operates regarding the use of personal data. Those regulations generally impose certain requirements on the Group in respect of the collection, retention, use and processing of such personal information. Specifically in the EU, the EU General Data Protection Regulation ("GDPR") came into force and has applied directly to the legislation of all EU Member States from 25 May 2018, replacing historical EU data privacy laws.

The Group seeks to ensure that procedures are in place to comply with the relevant data protection regulations by its people and any third-party service providers, and also implements security measures to help prevent cyber theft, misuse or inadvertent destruction. Notwithstanding such efforts, the Group is exposed to the risk that such procedures could currently or in the future be ineffective and this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws.

The consequences of being accused or found guilty of any of these or other offences may include time-consuming and expensive investigations, fines, cease-and-desist orders and imprisonment (for individuals) or censure, fines, suspension of business or other sanctions, including revocation of licences and/or registrations with the respective regulatory agencies, criminal penalties and civil lawsuits (for companies), as well as disruption to the Group's operations or financial systems. Moreover, the reputational damage to the Group's business and brand from such a breach could be severe. The direct and indirect impact of such proceedings could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Moreover, the Group may not always be able to predict the impact of future legislation and regulation, or changes in the interpretation or operation of existing legislation or regulation. A change to a regulatory framework could lead to increased compliance costs, changes to the Group's structure, the delay or abandonment of any proposed acquisitions, or other growth opportunities.

**23. *The Group's operations are directly and indirectly subject to the risk of adverse changes in the laws, regulations and regulatory requirements in the markets in which it and its clients operate.***

Laws, regulations and regulatory requirements currently affecting the Group and its clients in the various jurisdictions in which it and its clients operate may change at any time in ways that increase the Group's regulatory burden, limit its ability to complete its growth strategy (including by limiting its ability to complete acquisitions) or otherwise in ways that increase the Group's costs or constrict its ability to offer its services. In addition, judges and regulators in certain jurisdictions may change their interpretation of various laws and regulations. Furthermore, the Group's Connected Services division's work in claims handling and loss-adjusting is currently unregulated, and if these services were to become regulated in certain jurisdictions, the Group could incur significant additional expenses or no longer be able to provide these services in such jurisdictions.

Moreover, if regulatory or tax authorities change their policy or policy approach in a jurisdiction in which the Group operates, clients may withdraw or reduce the exposure of their structures and entities to such jurisdiction. Accordingly, it is possible that the Group may experience reduced or eliminated demand for its services in certain jurisdictions, which could have significant costs.

Furthermore, many of the Group's clients are also in highly regulated industries, and regulatory and legislative changes affecting these industries in the Group's international markets could impact the demand for the Group's service offerings, render its current service offerings obsolete, or increase the competition among providers of these services.

The Group cannot predict the impact of future legislation or regulation or changes in the interpretation or operation of existing legislation or regulation on its business, financial condition, results of operations or prospects.

**24. *Changes in the interpretation of tax laws, changes to tax rates or the introduction of new tax legislation may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.***

Adverse changes in taxation laws (including changes to rates of taxation or restrictions relating to transfer pricing) and adverse changes in the interpretation and application of existing taxation laws by courts or taxation authorities in any of the jurisdictions in which the Group operates could impact demand for the Group's legal and connected services. With operations in various jurisdictions, the Group's financial results are subject to the content and interaction of various tax regimes.

The Group cannot predict the impact of future adverse changes in tax legislation. Amendments to existing legislation (particularly if there is a withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules in the United Kingdom or other jurisdictions where the Group operates may have an impact on the Group's profitability. Changes from time to time in the interpretation of existing tax laws, amendments to existing tax rates or the introduction of new tax legislation could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

**25. *The Company will incur additional costs as a newly listed company and its management will be required to devote substantial time to new compliance matters.***

As a newly listed public company, the Company will incur significant legal, accounting and other expenses, including those resulting from public company reporting obligations and compliance with corporate governance-related rules, including the admission requirements of the FCA and the London Stock Exchange. There can be no assurance that, under changed ownership, and in an environment where the Group is subject to greater scrutiny and disclosure requirements, it will be able to manage its operations in the same manner as it has done as a legal business before Admission as a private business under the ownership of the equity partners and not in a public company environment. In particular, the Group will be subject to increased regulatory obligations as a result of being listed, and management, as well as other employees, will need to devote a substantial amount of time to ensure that the Group's business complies with all of these requirements. In addition, the reporting requirements, rules and regulations will increase the Group's legal and financial compliance costs and

make some activities more time-consuming and costly, which may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

### **Risks Relating to the Offer**

**26. *There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.***

Prior to the Offer and Admission, there has been no public trading market for the Ordinary Shares. There can be no assurance that an active trading market will develop or, if it does develop, that it will be maintained. The trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including short-term selling pressures, equity market fluctuations, general economic conditions and regulatory changes, which may adversely affect the market price of the Ordinary Shares, regardless of the Group's actual performance or conditions in its key markets.

The market price of the Ordinary Shares may fall below the Offer Price. The market price of the Ordinary Shares may also fluctuate substantially due to various factors, some of which may be specific to the Group, and some of which may be related to the legal and connected services industries and equity markets in general. The Company cannot guarantee that investors will be able to (re)sell their Ordinary Shares at or above the Offer Price, or at all. An inactive market may also impair the Company's ability to raise equity capital by further issues of Ordinary Shares. Furthermore, the concentration of ownership by individuals affiliated with the Group may affect the liquidity of the market for Ordinary Shares on the London Stock Exchange and contribute to a perception that the ownership structure is not conducive to an investment decision involving the Group in the short- to medium-term. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected and investors may have difficulty selling their Ordinary Shares.

**27. *Immediately following Admission, the partners who are Selling Shareholders will collectively hold approximately 63.5% of the Ordinary Shares and there could be instances where all or a substantial number of the partners who are Selling Shareholders' interests diverge from those of the other Shareholders.***

Immediately following Admission, the partners who are Selling Shareholders will collectively hold approximately 63.5% of the Ordinary Shares. While as at 31 October 2018, there were approximately 225 individuals that were partners who will be Selling Shareholders, based in 7 different jurisdictions, who may have differing interests, there could be instances when all or a substantial number of the partners who are Selling Shareholders have interests that are aligned with each other but diverge from those of the other Shareholders. As a result, the partners who are Selling Shareholders have the ability to exercise influence over the business of the Group and determine the outcome of certain matters submitted to the vote of shareholders. In particular, certain shareholder resolutions requiring approval by more than a simple majority to pass, such as special resolutions, could be blocked by a smaller number of the partners who are Selling Shareholders. Moreover, certain shareholder resolutions requiring approval by a simple majority to pass, such as the appointment or re-election of directors, could be passed by the partners who are Selling Shareholders irrespective of the vote of any other Shareholder, if the partners who are Selling Shareholders' interests were aligned. For example, the partners who are Selling Shareholders' influence over the Group may have the effect of delaying or deterring a change in control of the Group (including DWF being acquired), could deprive investors of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Group and might affect the value of the Ordinary Shares. Furthermore, future acquisitions by DWF may result in an increase in the collective shareholding of partners who are Selling Shareholders of DWF.

**28. *The Company may not be able to, or may decide not to, pay dividends at a level anticipated by Shareholders on its Ordinary Shares, which could reduce investors' return on Ordinary Shares.***

The Company's results could fluctuate and its ability to pay dividends is dependent on, among other things, it achieving sufficient post-tax profits and free cash flow. Although a significant portion of self-employed Members' compensation is expected to come from dividends, the Company may not pay dividends if the Directors believe this would cause the Company to be less than adequately capitalised or that there are otherwise insufficient distributable reserves or for various other reasons. The payment of dividends is at the discretion of the Directors and will be subject to, among other things, applicable law, regulations, restrictions, the Group's financing arrangements, the Group's



financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

Under the Group's structure, its ability to pay dividends in the future is affected by a number of factors, including the revenue it is able to accrue and its ability to maintain intra-group fund flows across the Group without the economic flows being viewed by one or more Local Legal Service Regulators as incompatible with local requirements. Any of the foregoing could restrict the Company's ability to pay dividends to Shareholders.

***29. Substantial future sales of Ordinary Shares could impact the trading price of the Ordinary Shares.***

The Company is subject to restrictions on the issue of new Ordinary Shares during the period from 9 March 2019 until 180 days from the date of Admission. However, the issue of a substantial number of Ordinary Shares in the public market after the lock-up restrictions in the Underwriting Agreement expire (or are waived by the Joint Global Co-ordinators), or the perception that such an issue may occur, may depress the market price of the Ordinary Shares and could impair the Group's ability to raise capital through the issuance and sale of additional equity securities.

Upon Admission, partners who are Selling Shareholders will in aggregate hold 190,586,916 Ordinary Shares, representing 63.5% of the issued Ordinary Shares immediately following Admission. The Ordinary Shares held by them immediately following Admission will be subject to lock-up arrangements with the Banks, subject to certain customary exceptions. Shortly after Admission, the Directors will in aggregate hold 24,224,127 Ordinary Shares, representing 8.1% of the issued Ordinary Shares immediately following Admission. These Ordinary Shares will also be subject to lock-up arrangements with the Banks. The lock-up period with the Banks for the Ordinary Shares held by the Directors and partners, who are Selling Shareholders, will be 365 days from the date of Admission, subject to certain customary exceptions. In addition to these lock-up arrangements, certain Members of DWF LLP who are Selling Shareholders have entered into a further lock-up agreement with the Company pursuant to which such partners have agreed that during the period from Admission until the announcement of the Company's preliminary financial results for the financial year ended 30 April 2024, they will not, without the prior written consent of the Company, sell or contract to sell, grant any option over or otherwise dispose of or encumber any Ordinary Shares they hold immediately following Admission (or any interest therein) (such Ordinary Shares not to include any Ordinary Shares transferred by the Selling Shareholder pursuant to a deed of donation between the Company and certain Selling Shareholders, or such other arrangement for donation, under which the Selling Shareholders will each donate 1% of the Ordinary Shares that such Selling Shareholder holds immediately following the Offer to the DWF Charitable Foundation) or enter into any transaction with the same economic effect as any of the foregoing, save that 20% of each individual's holding will be released from such restrictions on the announcement of the Company's preliminary financial results for the financial year ending 30 April 2020, and 10% of each individual's holding will be released from such restrictions on each announcement of the Company's preliminary financial results for the next four financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2021 (each a "**Time Tranche**"), and a further 10% of each individual's holding will be released from such restrictions on each announcement of the Company's preliminary annual results for the next four financial years commencing with the financial year ending 30 April 2021, provided the individual has received a fully achieving performance rating as determined by the Company in accordance with the partner review process with respect to the financial year to which the preliminary financial results relate (each a "**Performance Tranche**"). Ordinary Shares will also be released in the event an individual becomes a "good leaver". Ordinary Shares which have not yet been released from the lock-up arrangements will be clawed back at nominal value in the event an individual becomes a leaver (otherwise than as a "good leaver") during the lock-up period, and in relation to Ordinary Shares subject to a Performance Tranche may be clawed back in the event the individual fails to receive at least a "fully achieving" performance rating with respect to the financial year applicable to that Performance Tranche. For the purposes of such clawback provisions, Ordinary Shares subject to each Time Tranche are deemed released from the lock-up arrangements on the anniversary of Admission preceding the relevant release of preliminary financial results. The locked up equity held by the CEO and the Chairman will be released in five equal tranches over the lock-up period and will not be subject to clawback based on individual performance (and the CFO's IPO award will vest on the same basis). New partners (and a small number of recent partner joiners) will be subject to a two year lock-up period, during which the Ordinary Shares subject to the lock up provisions will be released in two equal tranches following announcement of the Group's financial results each year commencing with the financial year 30 April

2020 (reflecting that their equity holding is equal to what they would have received as an IPO allocation had they not been promoted, or, in the case of recent partner joiners, the fact that their equity holding will be of a similar amount to newly promoted partners). The Board will have discretion to vary or waive the lock-up and clawback arrangements. Any partner who resigns within two years from the date of Admission will be subject to clawback on any cash realised through the Offer (net of any taxation due on the disposal of Ordinary Shares in the Offer).

**30. *The Ordinary Shares will be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to the Group's operating performance.***

The Ordinary Shares in the Company will be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to the Group's operating performance. The market price of the Ordinary Shares may be volatile and subject to wide fluctuations as a result of a variety of factors, including, but not limited to, those referred to in this section, "*Risk Factors*", as well as period-to-period variations in operating results or changes in revenue or profit estimates by the Company, industry participants or financial analysts. The market price of the Ordinary Shares could also be affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Company, speculation about the Company in the press or the investment community, strategic actions by competitors, including acquisitions or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not the Company derives significant revenue therefrom. Investors may not be able to sell their Ordinary Shares at or above the Offer Price. In addition, potential investors should be aware that no stabilisation will be carried out in connection with the Offer and therefore there may be a greater risk of price volatility following the Offer than would otherwise be the case. Further, Shareholders may earn a negative or no return on their investment in the Company.

**31. *The issuance of additional Ordinary Shares in the Company in connection with future acquisitions or otherwise may dilute all other shareholdings.***

In the long term, the Company may seek to raise financing to fund future acquisitions and other growth opportunities, invest in its business, or for general purposes and for these reasons may issue additional equity or convertible equity securities. Furthermore, if the Group's hiring of lateral partners or promotions of partners exceed its current plans, or if the self-replenishing features or expectations underlying the Group's discretionary trusts, including Ordinary Share price appreciation, do not occur as expected, the Group may be required to top-up the discretionary trusts in a manner that is dilutive to Shareholders. Any of such additional issuances or top-up may result in the dilution of the percentage ownership of the Company's existing Shareholders or may materially adversely affect the price of the Ordinary Shares.

**32. *Overseas shareholders may be subject to exchange rate risk.***

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in British pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not British pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of British pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

**33. *Shareholders in the United States or other jurisdictions may not be able to participate in future equity offerings.***

The Company's Articles provide for pre-emptive rights to be granted to Shareholders, unless such rights are disapplied by a special resolution of shareholders. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights unless either the rights and Ordinary Shares are registered under the US Securities Act, or the rights and Ordinary Shares are offered pursuant to an exemption from, or transaction not subject to, the registration requirements of the US Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other Shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.



**34. *Overseas shareholders may have only limited ability to bring actions or enforce judgements against the Company or its Directors.***

The ability of an overseas shareholder to bring an action against the Group may be limited under law. The rights of holders of Ordinary Shares are governed by English law and by the Company's Articles. These rights differ in certain respects from the rights of shareholders in comparable US corporations and some other non-UK corporations. All of the Directors are residents of the United Kingdom and most of their assets are located in the United Kingdom. Consequently, it may not be possible for an overseas shareholder to affect service of process upon the Group or its Directors and executive officers within the overseas shareholder's country of residence or to enforce against the Company or its Directors or executive officers judgements of courts of the overseas shareholder's country of residence based on civil liabilities under that country's securities laws. An overseas shareholder may not be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than the United Kingdom against the Directors or executive officers of the Company who are residents of the United Kingdom or countries other than those in which such judgement is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or its Directors or executive officers in a court of competent jurisdiction in England or other countries.

## PART II

### PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless the context requires otherwise, in this Prospectus references to the “Company” are to DWF Group Limited (to be re-registered as a public limited company, DWF Group plc, prior to Admission) and references to “the Group” or “DWF” are to, following Admission, the Company, DWF Holdings Limited, the DWF Law LLP Sub-group and the DWF LLP Sub-group and, before Admission, the Pre-Reorganisation Group.

#### 1. General

This Prospectus comprises a prospectus for the purposes of Article 5 of Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU and any implementing measure (the “**Prospectus Directive**”), and is issued in compliance with the Listing Rules.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Company, the Selling Shareholders, the Directors or the Banks to subscribe for or purchase any Ordinary Shares in any jurisdiction where it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering of the Ordinary Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Company, the Selling Shareholders, the Directors and the Banks to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Ordinary Shares and distribution of this Prospectus, see *Part IX—“Details of the Offer—8 Selling restrictions”*.

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Offer, other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or any of the Banks. No representation or warranty, express or implied, is made by any of the Banks or any selling agent or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by any of the Banks or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to the FSMA, neither the delivery of this document nor any subscription or sale of Ordinary Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this document or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this document by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs after the publication of the Prospectus and prior to Admission, or if this document contains any material mistake or inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Ordinary Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, business adviser, financial adviser or tax adviser for legal, business, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

Each of the Banks is authorised and regulated by the FCA in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Offer. None of the Banks will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. None of the Banks nor any of their respective affiliates accept any responsibility whatsoever for the contents of this Prospectus, including its accuracy, completeness and verification, or for any other statement made or purported to

be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer. Each of the Banks and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law or regulation (including under the FSMA or the regulatory regime established thereunder), all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement. Subject to the foregoing sentence, no representation or warranty, express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders or any of the Banks or any of their representatives that any recipient of this document should subscribe for or purchase the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase the Ordinary Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination, analysis and enquiry of the Company and the terms of this document and the Offer, including the risks involved.

Investors who subscribe for or purchase Ordinary Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Banks or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this document; and (iii) that no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders or any of the Banks.

None of the Company, the Directors, the Selling Shareholders or any of the Banks or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Ordinary Shares in the Offer regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Offer, the Banks and any of their respective affiliates, acting as investors for their own accounts, may subscribe for and acquire Ordinary Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, dealing or placing by each of the Banks and any of their affiliates acting as investors for their own accounts. In addition, certain of the Banks or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Banks (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. None of the Banks intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Banks and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholders, for which they would have received customary fees. The Banks and any of their respective affiliates may provide such services to the Company and the Selling Shareholders and any of their respective affiliates in the future.

## **2. Presentation of Financial Information**

Unless otherwise stated, the financial information in this Prospectus has been prepared in accordance with the requirements of the Prospectus Directive Regulation and the Listing Rules and International Financial Reporting Standards as adopted by the European Union (“IFRS”). The significant accounting policies applied in the financial information of the Group are applied consistently in the financial information in this Prospectus, except where otherwise stated in *Note 1.20 Changes in significant accounting policies*, and are set out within Note 1 Accounting policies in *Part XIII—“Historical Financial Information”*.

The Company's financial year ends on 30 April. The financial information for the three financial years ended 30 April 2016, 30 April 2017 and 30 April 2018 and the six months ended 31 October 2018 included in *Part XIII—“Historical Financial Information”* is covered by the accountants' report therein which was prepared in accordance with Standards for Investment Reporting (“**Standards for Investment Reporting**”) issued by the Financial Reporting Council.

Unless otherwise stated in this document, financial information in relation to the Group referred to in this Prospectus has been extracted without material adjustment from the Historical Financial Information in *Part XIII—“Historical Financial Information”* or has been extracted from those of the Group's accounting records and its financial reporting and management systems that have been used to prepare that financial information. Investors should ensure that they read the whole of this Prospectus and not only rely on the key information or information summarised within it.

## 2.1 *Basis of Presentation*

### *Existing Basis of Presentation*

The Group's financial information in *Part XIII—“Historical Financial Information”* (the “**Historical Financial Information**”) reflects the Group's current operational structure. However, in line with the requirements of PR Annex 1 20.1 (which requires that an issuer prepare its audited historical financial information in a form consistent with the (i) accounting standards, (ii) legislation disclosure requirements and (iii) accounting policies which will be adopted in the issuer's next published annual financial statements, as if they had already adopted the new framework), the Historical Financial Information in this Prospectus is presented under IFRS and in compliance with the disclosure requirements of the Companies Act 2006 to reflect the proposed Reorganisation and in a form consistent with how DWF Group plc would prepare its first annual report. Prior to adopting this form of presentation, DWF LLP, the parent of the Pre-Reorganisation Group, which is incorporated under the Limited Liability Partnership Act 2000, prepared and presented its statutory accounts in accordance with the accounting standards FRS 102 (the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland), rather than IFRS, and according to the disclosure requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships, rather than the Companies Act 2006. With respect to the accounting policies, the accounting policies set out in the Historical Financial Information, except where otherwise stated in *Note 1.20 Changes in significant accounting policies*, have been applied consistently to all periods presented therein and in preparing an opening IFRS balance sheet as at 1 May 2015 for the purposes of the transition to IFRS. There will be no changes to the accounting policies between those used in the Historical Financial Information and those that will be published in the Company's first published annual financial statements after Admission, subject to any applicable accounting pronouncements.

Partner remuneration is currently determined by reference to the profit-sharing rules specified within the existing DWF LLP partnership agreement between DWF LLP and the Members (the “**Existing Membership Agreement**”). The Existing Membership Agreement stipulates that fixed share partners receive a fixed profit share, which is recognised within “Members' remuneration charged as an expense”. Equity partners receive a contractual monthly profit allocation which is included within “Members' remuneration charged as an expense” and a discretionary allocation based on “Profit for the period after Members' remuneration charged as an expense and available for discretionary division among Members” calculated in accordance with the Existing Membership Agreement. Amounts paid during a financial period to both fixed share partners and equity partners are recognised as “Members' remuneration charged as an expense”, while any incremental profit allocation distributed to equity partners is recognised as a drawing through “Total Members' Interest” (together with amounts paid under “Members' remuneration charged as an expense”, the “**total partner compensation**”).

Within the Historical Financial Information, partnership taxes on profits of DWF LLP are the personal liabilities of the Members of the DWF LLP, although payment of such liabilities is administered by the Group on behalf of the Members, with these tax payments typically made by the Group in January and July each year in line with income tax payment cycles. These income tax payments are typically phased over 12 to 18 months after the profits are generated. As a result, the financial year ended 30 April 2019 and the financial year ended 30 April 2020 will both include tax payments relating to partner tax payments for Members' personal tax liabilities prior to the implementation of the revised compensation model. Partners will continue to be paid net of income tax following and in the event of any Admission and the

implementation of the revised compensation model, but due to the adjustments in remuneration, the personal tax payment liabilities that accrue following the Reorganisation for the existing Members are expected to be lower.

#### *Post-Admission Basis of Presentation*

Although there will not be changes to the (i) accounting standards, (ii) legislation disclosure requirements or (iii) accounting policies, in connection with the Reorganisation and Admission, the Group will implement certain contractual and operational changes, whereby the application of IFRS and the Group's existing accounting policies, as disclosed in the Historical Financial Information, will lead to partner remuneration and certain tax items being reflected differently post-Admission. With respect to partner remuneration, the Company will remunerate partners on a fixed basis post-Admission, with the remainder of partners' remuneration primarily coming from dividend income derived from holding Ordinary Shares, and, in some cases where performance warrants additional remuneration, participation in the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. Post-Admission, with the exception of Sir Nigel Knowles and Andrew Leaiterland, whose remuneration will be as described in *Part XVI "Additional Information- 9. Directors' terms of employment—9.1.1 Chief Executive Officer"*, partner Members based in Ireland, recently promoted partners and partner equivalents (who are salaried partners or senior employees in the Connected Services division whose salaries were historically reflected in direct costs and will continue to be reflected in direct costs), partners' remuneration paid by the Company will be scaled back from their entitlement at the point of Admission in order to generate net profits for all Shareholders (rather than retaining the existing approach where partners are allocated nearly all of the profits through their drawings), with those Members who are equity partners having their total partner compensation reduced by 60% and all other partners having their total partner compensation reduced by 10% (the **"fixed profit share"**), with certain Members receiving a nominal salary (the nominal salary together with the fixed profit share, the **"Total Fixed Annual Compensation Amount"**). Post-Admission, in addition to the Total Fixed Annual Compensation Amount, partner compensation will be comprised of: (a) dividend income derived from a holding of Ordinary Shares; (b) participation in a partner annual bonus pool anticipated to be equivalent to up to 5% of the Group's profit before tax (before exceptionals) for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan and recorded as a direct cost; and (c) subject to meeting the relevant eligibility requirements, participation in the Share Incentive Plans.

Following Admission, partner remuneration will no longer be determined by the terms of the Existing Membership Agreement, but will be in accordance with the DWF Law LLP Constitutional Deed, the DWF LLP Constitutional Deed and the DWF Law LLP and DWF LLP Member Handbooks (as defined below). See *Part XVI "Additional Information—16. Material contracts—16.4 DWF Law LLP Constitutional Deed"* and *"16.7 DWF LLP Constitutional Deed"*. These contractual agreements entered into in connection with the Reorganisation, which revise the terms of partners' remuneration, will result in the Total Fixed Annual Compensation Amount being recognised in direct costs in the financial statements of DWF Group plc, rather than being recognised as "Members' remuneration charged as an expense" and a discretionary profit allocation within "Other reserves classified as equity" as previously presented as described in the Existing Basis of Presentation above. Partner remuneration to be received as a result of dividends as Shareholders in DWF Group plc, reflects the receipt of a proportion of profits via dividends (as it will for all other Shareholders) and therefore this will continue to be accounted for through reserves in the DWF Group plc financial statements in line with the accounting standards, legislation and accounting policies disclosed in the Historical Financial Information. Under the revised compensation model, following Admission self-employed partners will have their paid-in-capital contributions reduced in line with their revised remuneration. This is expected to result in approximately two-thirds of the Member capital outstanding at the time of any Admission, to be repaid. The remaining Member capital outstanding will be available to the Group for general corporate purposes. In the event of any insolvency proceedings, Member paid-in-capital is an unsecured debt of the Group owed to Members which ranks ahead of any equity interests held by Shareholders. Under both the existing basis of presentation and the post-Admission basis of presentation, the Company will continue to account for expenses within the income statement as expenses and



distributions through reserves, with the resulting changes in presentation arising from operational changes as a result of the new contractual arrangements entered into in connection with the Reorganisation through the adoption and implementation of new governance agreements and partnership policies discussed above.

With respect to taxation, as a result of the Reorganisation, DWF Holdings Limited (a recently incorporated subsidiary of the Company) will become a Member of DWF Law LLP (which will hold most of the revenue-generating operations of or held by DWF LLP prior to the Reorganisation). DWF Holdings Limited will receive the residual profits after Members' remuneration is paid (which Member remuneration will consist of the annual fixed profit share). As a result, the remaining profits earned by DWF Law LLP during a period will be regarded as income for DWF Holdings Limited. As a corporate entity, DWF Holdings Limited will be liable for corporation tax. Consequently, while DWF LLP's profits were not subject to corporation tax nor related deferred taxation and only a limited number of entities in the Group were subject to tax in the period covered by the Historical Financial Information, a greater proportion of the Group's profits will be subject to such tax going forward as a result of the new entities and structure of the Group after the Reorganisation. See *Part XIV—"Unaudited Pro Forma Financial Information"* for a presentation of the Group's financial information to illustrate the impact of the Offer, repayment of partner capital and the impact of the revised compensation model on the Historical Financial Information.

#### *Internal Gross Profit*

In various parts of the Prospectus, including *Part X—"Selected Financial Information"*, the Group presents "*Internal gross profit*" which is the gross profit measure on a segmental basis included in *Part XIII "Historical Financial Information"-Note 2. Operating Segments*, and it represents the gross profit measure reported internally by the Company. Internal gross profit represents the gross profit measure reported internally by the Company based on the sum of the total segmental net revenue and the internally reported direct costs (which includes direct costs and the internally reported partner remuneration as described below). Internal gross profit in *Part XIII "Historical Financial Information"-Note 2. Operating Segments* differs from gross profit reported in the Income Statement due to the inclusion of a substantial portion of partner remuneration, in addition to direct costs, as a cost above internal gross profit at the segmental level as a result of the Group's internal reporting practices. Internal gross profit includes actual fixed share partner costs and notional equity partner costs at an assumed £200,000 of remuneration for each of the equity partners, in order to reflect a notional fixed cost representation of equity partner costs and these costs are listed as a separate line item in the Notes and added to the direct costs line item to derive internal gross profit. For the Income Statement, the internally reported partner remuneration costs are reversed in full to derive an IFRS gross profit measure as partner remuneration is required to be recognised either within "members' remuneration charged as an expense" or as an equity drawing in the statutory accounts as opposed to an income statement expense. As a result, the Income Statement does not include any equity partner or fixed share remuneration costs in direct costs. Fixed share partners may have received a bonus which, during the period under review was reflected in administrative expenses. However, *Part XIII "Historical Financial Information"-Note 2 Operating Segments* provides a reflection of the Group's gross profit Post-Admission once changes to partner remuneration arising from operational changes as a result of the new contractual arrangements entered into in connection with the Reorganisation through the adoption and implementation of new governance agreements and partnership policies discussed above which will result in remuneration being treated as an expense; however, it does not reflect the scaled back remuneration aspects of the new contractual arrangements. Detail relating to the impact of the scaled back revised compensation model on the Historical Financial Information is available in *Part XIV—"Unaudited Pro Forma Financial Information"* which reflects the fixed share partner remuneration being reduced by 10%, and equity partner remuneration being reduced by 60% as described above.

Following Admission, the Company's partner fixed remuneration portion will be reported as direct costs in the income statement of the Company in line with the operational changes to be implemented.



### 3. Non-IFRS Financial Measures

The Group uses certain measures to assess the financial performance of its business. Certain of these measures are termed non-IFRS financial measures because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS (“**Non-IFRS Financial Measures**”). The Group’s Non-IFRS Financial Measures include:

- **Cost:Income ratio** is defined as administrative expenses (including depreciation) divided by net revenue.
- **Adjusted Cost:Income ratio** is calculated based on administrative expenses adjusted to exclude non-underlying items (such as costs related to the Reorganisation and Admission) divided by net revenue.
- **Net Revenue** is defined as revenue presented on an IFRS 15 basis less recoverable expenses. Revenue for the years ended 30 April 2016, 30 April 2017 and 30 April 2018 is not presented under IFRS 15 and thus does not include recoverable expenses. In the Historical Financial Information, IFRS 15 has been adopted from 1 May 2018, resulting in the recognition of recoverable expenses within revenue from this date. In order to facilitate comparisons between revenue figures before and after the adoption of IFRS 15, net revenue has been presented. Net revenue is a non-IFRS measure from 1 May 2018 given the adoption of IFRS 15 in that period.
- **Net cash from operating activities before transactions with Members** is “Net Cash From Operating Activities before transactions with members”, excluding payments to Members.
- **Operating cash conversion** is net cash from operations before transactions with members divided by profit for the period before members’ remuneration and profit shares. These calculations reflect the exclusion of partner remuneration from the line items used to calculate operating cash conversion. Post-Admission, both the numerator and the denominator of the calculation will be impacted by the inclusion of partners’ remuneration.
- **Organic net revenue** includes all net revenue during a financial year of any business unit that has been in the Group for at least 12 months (and always excludes the first 12 months net revenue of any business unit that was acquired, which is considered inorganic net revenue). Net revenue from month 13 after an acquisition falls into the “organic net revenue” category on the basis that such net revenue is driven by DWF’s management after that point. Net revenue from lateral hires who did not join the Group in the context of an acquisition is considered organic net revenue.
- **Organic growth** represents the organic net revenue that exceeds the organic net revenue from the comparable period in the prior financial year.
- **Inorganic net revenue** includes all net revenue during a financial year of any business unit for the first 12 months following its date of acquisition.
- **Lock-up days** reflect the lock-up as a proportion of the last 12 months’ net revenue. Net revenue is used to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis. Since lock-up is comprised of WIP (which amounts includes unbilled disbursements) and Gross Debtors (which amounts include disbursements and VAT), and net revenue is reported excluding disbursements and VAT, the lock-up days are greater than it would be if the lock-up components were also reported excluding disbursements and VAT. Net revenue for the years ended 30 April reflect the net revenue on the income statement for the applicable financial year. However, net revenue used to calculate the lock-up days for the six months ended 31 October represents the last 12 months of net revenue of the Group.
- **Net revenue per average full-time equivalent partner and partner equivalent** is calculated as net revenue divided by the average full-time equivalent partners and partner equivalents in the financial period. Net revenue is used for comparability purposes across the periods. Partners consist of equity and fixed share partners. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. See “—Other Information-Partner and partner equivalents” below for additional information. See also Part XI “Operating and Financial Review—Factors Affecting Results of Operations-Fee

*Earners Headcount: Revenue Generation and Personnel costs*” below for the average number of full-time equivalent partners and partner equivalents in the financial years ended 30 April 2016, 30 April 2017, 30 April 2018 and the six months ended 31 October 2018.

The Directors believe that the presentation of these Non-IFRS Financial Measures provides prospective investors with additional, supplemental information by which to analyse and compare the Group’s underlying performance between periods. Net Revenue results from the adoption of IFRS 15 from 1 May 2018 and changes in the recognition of revenue from this date. As a result, the Group’s revenue results prior to 1 May 2018 reflects a differing approach to revenue recognition than revenue recognition from 1 May 2018 onwards. Net revenue is provided for comparability purposes with the past periods. The Group has defined how it presents organic net revenue and organic growth as a measure to help prospective investors separate the impact of recent acquisitions on the Group’s Income Statement in the Historical Financial Information. However, the Non-IFRS Financial Measures included in this Prospectus have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, measures presented in accordance with IFRS. In addition, the Non-IFRS Financial Measures presented by the Group may not be comparable to similarly titled measures presented by other businesses, as such businesses may define and calculate such measures differently than the Group. Accordingly, undue reliance should not be placed on the Non-IFRS Financial Measures contained in this Prospectus. Prospective investors should not consider these Non-IFRS Financial Measures in isolation, as an alternative to consolidated profit before tax, as an indication of operating performance, as an alternative to cash flows from operations, or as a measure of the Company’s profitability or liquidity. All non-IFRS financial measures are unaudited.

#### 4. Other Information

The Group has certain key performance indicators which include IFRS and non-IFRS financial measures. See *Part X—“Selected Financial Information”* for a list of the Group’s key performance indicators. To assist prospective investors in comparing the Group’s historical financial performance from period to period, or at a particular time, certain other operating metrics have been presented in this Prospectus. These other operating metrics are defined as follows:

- **Headcount figures:** Headcount figures are provided as at or on an average full-time equivalent basis during the period as indicated. From 1 May 2018, the Group has reported consultants as part of the full-time equivalent headcount figures. The Connected Services division, and in particular, DWF Resource, employs consultants that may do work for DWF’s clients. As at 31 October 2018, the Group employed 133 consultants on a full-time equivalent basis, 93 of which were employed by the Connected Services division with the remaining 40 distributed across each of the Group’s other divisions.
- **Average partners or fee earners per year on a full-time equivalent basis:** A number of the headcount figures provided in the Prospectus are provided on an average basis over the period. This is because partners, partner equivalents and fee earners will only generate revenue for the Group and will typically receive remuneration for the periods during which they are at the Group. Due to the retention rates and the changes in overall numbers that can occur within a period, the Directors believe it is more accurate to share average headcount figures in many instances since the figures as at the end of the period will not capture the variability within the period. In determining these averages, headcount figures are adjusted to reflect the time the person is with the Group for each period. For example, a fee earner that joins halfway through one period and is at the Group for the entirety of the next period will be counted as one half of a fee earner in the period in which they join and as one fee earner in the period in which they were with the Group for the entire period.
- **Partner and partner equivalents:** Pre-admission, partners include equity partners and fixed share partners, a classification that will cease to exist following Admission as self-employed Members will receive an annual fixed profit share. In the pre-Admission context, fixed share partners receive a fixed profit share, whereas equity partners receive a contractual monthly profit allocation and a discretionary allocation which is based on profit for the period, as calculated in accordance with the DWF LLP partnership agreement. The Group’s offices in Australia became an Incorporated Legal Practice (as defined below) as at 1 February 2019. Under this new corporate structure, the title partner changed to principal lawyer. Principal lawyers are referred to as partners in this document and pre-Admission include equity partners and fixed share partners. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements (such as those in Dubai, Qatar and Singapore) or as a result of

their seniority), as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division. When “partners” are referred to generally, this typically refers to all partners and partner equivalents, as the context requires. However, references to partner remuneration do not include partner equivalents as partner equivalents are paid a salary and their compensation is already reflected in the Group’s direct costs in the Historical Financial Information. Furthermore, the partner remuneration that will apply to the Group post-Admission in the context of the Group’s revised compensation model (defined below) refers to the compensation of partner Selling Shareholders. In the context of the revised compensation model, any other partners or partner equivalents, which include partner Members based in Ireland (who have not paid-in capital to DWF LLP), recently promoted partners and salaried partners in Dubai, Qatar and Singapore (who are salaried employees for local regulatory reasons), will not have their compensation scaled back and will be entitled to a Free Share award (as defined below) which will be held via the trusts subjecting to the relevant vesting provisions rather than a five-year award (as defined below) (the “**Irish partner Members and partner equivalent revised compensation model exceptions**”). Furthermore, Sir Nigel Knowles and Andrew Leatherland, post-Admission remuneration, which will be as described in *Part XVI “Additional Information—9. Directors’ terms of employment—9.1 Chief Executive Officer”*, will also be outside of the revised compensation model (the “**certain senior manager revised compensation model exceptions**”), together with the Irish partner Members and partner equivalent revised compensation model exceptions, the “**revised compensation model exceptions**”).

- **Revised compensation model:** Partner remuneration immediately post-Admission will be determined by providing former equity partners with 40% of their estimated partnership drawings entitlement immediately prior to Admission and former fixed share partners will receive 90% of their latest fixed drawings immediately prior to Admission (the “**revised compensation model**”), with the exception of the revised compensation model exceptions. Equity partners’ partnership drawings entitlement is determined by the number of profit points (each, a “**marble**”), which are based on seniority and performance indicators. For the purpose of calculating each former equity partners’ post-Admission fixed remuneration, a value of £15,000 has been allocated for each marble (prior to being scaled back by 60%). Certain partners are excluded from the revised compensation model, consisting of the partners that are part of the revised compensation model exceptions. Following the implementation of the revised compensation model, all partners will have fixed profit shares, which will be reviewed annually and subject to adjustment based on individual performance during the relevant financial year.
- **Fee earners:** DWF’s people are each typically characterised as either a fee earner or a non-fee earner. Fee earner is a generic term used by legal businesses for employees who generate fee income for the business. Fee earners are not in all cases legally qualified with practising certificates; however, as the work becomes more complex, then, typically, qualified solicitors or lawyers will be involved in giving legal advice and liaising with the client. Fee earners include equity partners, fixed share partners and salaried partners, but when partners and fee earners are discussed together, partners are typically excluded from the meaning of fee earners in those instances, as the context requires. Fee earners are also distinguished by referencing them as qualified fee earners and non-qualified fee earners.
- **Client satisfaction:** DWF measures the satisfaction of its key client accounts at an annual client care meeting. Clients are asked, “On a scale of one to ten (where ten is the highest), how satisfied are you with the service you receive from DWF?”.
- **Key client accounts:** DWF’s key client accounts are the clients that DWF’s management has identified for business development and marketing purposes to prioritise. DWF meets at least annually with its key client accounts to hold a client care meeting to understand its clients’ key priorities and their critical success factors for legal services. Clients are also asked questions to assess their satisfaction and loyalty. DWF updates the clients it considers part of its key client accounts programme from time to time to reflect changes in client retention or acquisition strategy.
- **Top 200 Clients and Top 400 Clients:** For the financial year ended 30 April 2018, DWF identified its top 200 and top 400 clients by revenue (the “**Top 200 Clients**” and “**Top 400 Clients**”, respectively) and analysed the revenue generated by its Top 200 Clients and Top 400

Clients in each of its three financial years ended 30 April 2018. The Company's analysis of its Top 200 Clients and Top 400 Clients excluded revenue from Germany and Australia, which represented 3.8% of the Group's revenue in the financial year ended 30 April 2018.

- **Net Promoter Score:** DWF tracks a net promoter score ("**net promoter score**") to measure its clients' loyalty and to gauge its clients' overall perception of DWF's brand, to predict clients' future use of services and to predict their referral behaviour. A positive net promoter score indicates clients are more likely to refer DWF and its services and a negative score means clients are more likely to discourage others from using DWF's services. DWF collects its net promoter score at its client care meetings with its key client accounts and is thus limited to these clients. The net promoter score is calculated by asking clients how likely is it that they would recommend DWF to a friend or colleague on a scale of one to ten. Respondents with a score of nine or ten are considered promoters and those responding with a zero to six are considered detractors. DWF subtracts the percentage of respondents classified as detractors from the percentage classified as promoters to yield the net promoter score, which can range from a low of -100 to a high of 100. Those respondents with a score between seven to eight are considered passives and do not impact the net promoter score. DWF monitors each of its key client accounts and if a passive or detractor score is received, DWF investigates the reason and endeavours to put in place procedures to improve the client experience. DWF also monitors the net promoter score to allow it to measure itself against competitors and it is used as a proxy for gauging clients' overall satisfaction with DWF's services in comparison.

The other information included in this Prospectus and described above is derived from management estimates, is not part of the Group's financial statements or financial accounting records and has not been audited or otherwise reviewed by outside auditors, consultants or experts. The Group's use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies in the payments processing industry. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS. For definitions of certain other terms relating to the other information, please see *Part XVII—“Definitions”*.

## 5. Currency Presentation

Unless otherwise indicated, all references in this document to "**British pounds sterling**", "**sterling**", "**pounds sterling**", "**GBP**", "**£**" or "**pence**" are to the lawful currency of the United Kingdom. The Company prepares its financial information in pounds sterling.

All references to the "**euro**" or "**€**" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended. All references to "**US dollars**" or "**US\$**" are to the lawful currency of the United States. All references to "**AU dollars**" or "**AUS\$**" are to the lawful currency of Australia.

## 6. Roundings

Certain data in this document, including financial, statistical and operating information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

## 7. Market, economic and industry data

Certain information regarding market size, market data, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this document consists of Directors' estimates based on data compiled by professional organisations and on data from other external sources, including industry data published by MarketLine. In addition, the following sources have been cited throughout this Prospectus:

- Association of British Insurers, UK Insurance and Long-Term Savings – The State of the Market, February (2018)
- EY Global Insurance Trends Analysis (June 2018)
- IBISWorld Pty Ltd, World Industry Report M6931: Legal Services in Australia (September 2017)
- Law Society, Legal Services Sector Forecasts (August 2018)



- Office for National Statistics, TOPSI: Turnover of legal activities (August 2018)
- Statista, Size of the legal services market worldwide from 2013 to 2021 (2018) (Statista estimates based on BRC (2013-2017))
- Statista, Legal activities revenue in Germany from 2010 to 2022 (2018) (based on data from Eurostat, (2016))  
Statista, Forecast: legal activities revenue in France from 2010 to 2022 (2018) (based on data from Eurostat (2016))  
Statista, Revenue of legal services (NAICS 5411) in the United States from 2008 to 2018 (in million US dollars) (2018) (based on data from US Census Bureau (2008-2018))
- The Lawyer (September 2018)
- The Legal Services Board, Evaluation: ABS and investment in legal services 2011/12-2016-17 – Main report (June 2017)
- The Global Legal Post, Top 100 law firms increase debt to £4.3 billion to fund growth
- PwC, Law Firms Survey 2018 – Resilience through Change
- Statista, Spend by law departments on technology in the US, 2015 – 2019, by software type
- The Law Society, The GC 350 – Benchmarking Study of In-house Community: Wave 1 (May 2016)

Industry publications and market research generally state that the information they contain has been obtained from sources the Directors believe to be reliable but that the accuracy and completeness of such information is not guaranteed and any estimates or projections they contain are based on a number of significant assumptions.

In some cases there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Group to rely on internally developed estimates. The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this document. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

The Company confirms that all such data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this document, the source of such information has been identified.

## **8. Service of process and enforcement of civil liabilities**

The Company has been incorporated under the laws of England and Wales. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since most directly owned assets of the Company are outside the United States, any judgement obtained in the United States against it may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under US federal securities laws in original actions in English courts, and, subject to certain exceptions and time limitations, English courts will treat a final and conclusive judgement of a US court for a liquidated amount as a debt enforceable by fresh proceedings in the English courts.

## **9. No incorporation of website information**

The contents of the Group's websites do not form part of this document.

## **10. Definitions and glossary**

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in *Part XVII—“Definitions”*.

## **11. Information not contained in this document**

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be



relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time subsequent to the date hereof.

## 12. Forward-looking statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "targets", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates. In particular, the statements under the headings "*Summary Information*", *Part I—"Risk Factors"*, *Part VI—"Business Description"* and *Part XI—"Operating and Financial Review"* regarding the Company's strategy, targets and expectations in respect of DWF's expected revenue, revenue mix, profit, efficiencies and leverage afforded by greater implementation of managed services, growth, dividend policy, accounting tax rates, IFRS 2 charges, capital expenditure, realisation rates, increasing contributions of managed and connected services, and the effect of the Reorganisation and Admission upon the operating results of the Group as well as other expressions of DWF's targets and expectations and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts, involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause DWF's actual results to so vary include, but are not limited to:

- the Group's ability to maintain existing client relationships or establish new client relationships;
- the Group's ability to attract or retain partners, senior management, legal talent and other key personnel;
- the Group's ability to successfully anticipate and respond to competitive change, client preferences and needs or industry trends in a timely and cost-effective manner;
- the Group's gross profit, which is primarily impacted by the revenue generated by its fee earners and its direct costs;
- the hourly rates that the Group's fee-earning personnel record on client matters;
- the Group's ability to successfully complete acquisitions, other strategic transactions and other key strategies related to growing its market share, increasing its share of a client's overall legal work, increasing the fees generated per partner and substantially increasing the revenue from its International and Connected Services divisions;
- any harm to the Group's reputation, including as a result of any potential conflicts of interest or other factors;
- adverse changes in the political or macroeconomic environment, whether in the Group's core market of the United Kingdom or elsewhere;
- adverse market conditions or other factors in the Group's key industries, particularly the insurance industry;
- the operation of the Group's information and communication technology, as well as any disruption to or interruptions in these operations;
- security breaches and improper access to, disclosure of or use of the Group's information or its clients' information;

- financial risks associated with fluctuations in exchange rates, primarily between British pounds sterling, euro and Australian dollars;
- the Group's involvement in various legal and regulatory proceedings;
- the operation of the Group's internal controls, policies and procedures, as well as the coverage of the Group's insurance policies;
- regulatory approvals, corporate governance and financial management of the Group's new legal structure to be adopted in connection with the Reorganisation;
- the professional duties of the Company's subsidiary undertakings, their partners, employees, staff and consultants as well as any conflicts between these duties and the best interests of the Company's shareholders;
- regulations concerning certain percentage shareholdings or types of shareholders of the Company, in particular the Legal Services Act 2007, under which a shareholding of 10% or more in the Company by persons who are not SRA-authorised requires the approval of the SRA;
- laws affecting and regulations of the Group both in the United Kingdom and internationally, including tax and transfer pricing regulations, as well as risks and costs associated with compliance with these laws and regulations, including changes in the laws, regulations and regulatory requirements in the markets in which the Group and its clients operate; and
- costs and management attention associated with DWF's status as a newly listed company.

Forward-looking statements contained in this document speak only as at the date of this document. The Company, the Directors, the Selling Shareholders and the Banks expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules.

### **PART III**

#### **DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS**

<b>Directors</b>	Sir Nigel Knowles – Chairman Andrew Leatherland – Chief Executive Officer Chris Stefani – Chief Financial Officer Chris Sullivan – Senior Independent Director Teresa Colaianni – Independent Non-Executive Director Vinodka Murria OBE – Independent Non-Executive Director Luke Savage – Independent Non-Executive Director Samantha Tymms – Independent Non-Executive Director Matthew Doughty – Partner Director
<b>Company Secretary</b>	Mollie Stoker
<b>Registered Office of the Company</b>	20 Fenchurch Street London EC3M 3AG United Kingdom
<b>Sponsor</b>	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom
<b>Joint Global Co-ordinators and Joint Lead Bookrunners</b>	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom  Jefferies International limited 68 Upper Thames Street London EC4V 3BJ United Kingdom
<b>Lead Manager</b>	Zeus Capital Ltd 10 Old Burlington Street Mayfair London W15 3AG United Kingdom
<b>English and US Legal Advisers to the Company</b>	Allen & Overy LLP One Bishops Square London E1 6AD United Kingdom
<b>Legal Advisers to the Company</b>	DWF LLP 20 Fenchurch Street London EC3M 3AG United Kingdom
<b>English and US Legal Advisers to the Banks</b>	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ United Kingdom

**Reporting Accountants and  
Auditors**

Deloitte LLP  
1 New Street Square  
London EC4A 3HQ  
United Kingdom

**Registrar**

Equiniti Limited  
Aspect House, Spencer Road,  
Lancing BN99 6DA  
United Kingdom

## PART IV

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

#### Expected timetable of principal events

Latest date for receipt of indications of interest from institutional investors under the Offer.....	8 March 2019
Announcement of the Offer results of the Offer through a Regulatory Information Service announcement and notification of allocations ....	7.00 a.m. on 11 March 2019
Commencement of conditional dealings in Ordinary Shares on the London Stock Exchange .....	8.00 a.m. on 11 March 2019
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange .....	8.00 a.m. on 15 March 2019
CREST accounts credited in respect of Ordinary Shares acquired in the Offer in uncertificated form.....	15 March 2019
Dispatch of definitive share certificates (where applicable).....	from 28 March 2019

*Each of the times and dates in the above timetable is subject to change. References to times are to London time.*

***It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.***

#### Offer Statistics

Offer Price (per Ordinary Share).....	122 pence
Number of Ordinary Shares in issue on Admission .....	300,000,000
• Number of Ordinary Shares in the Offer to be issued by the Company .....	61,475,410
• Number of Ordinary Shares in the Offer to be sold by the Selling Shareholders .....	16,577,304
Total number of Offer Shares .....	78,052,714
Percentage of the Company's enlarged issued Ordinary Share capital being offered in the Offer.....	26.0%
Estimated net proceeds of the Offer receivable by the Company <sup>(1)</sup> .....	£53.0 million
Estimated net proceeds of the Offer receivable by the Selling Shareholders <sup>(2)</sup> .....	£19.5 million
Estimated market capitalisation of the Company at the Offer Price at Admission <sup>(3)</sup> .....	£366.0 million
Expenses charged to the subscribers or purchasers of Offer Shares by the Company or the Selling Shareholders.....	nil

#### Notes:

1. The net proceeds receivable by the Company are stated after deduction of estimated underwriting commissions of £2.3 million (which assumes the discretionary underwriting commission is paid in full) and £19.7 million in other estimated Offer-related and Reorganisation fees and expenses of the Offer payable by the Company (consisting of professional fees and other expenses incurred in connection with the Offer and the Reorganisation, including any fees contingent on the successful completion of the Offer of approximately £0.6 million). The Company will not receive any of the net proceeds from the sale of the Existing Ordinary Shares in the Offer.
2. The net proceeds receivable by the Selling Shareholders are stated after deduction of underwriting commissions (which assumes the discretionary underwriting commission is paid in full) and other expenses of approximately £0.7 million.
3. The market capitalisation of the Company at any given time will depend on the price of the Ordinary Shares at the time. There can be no assurance that the market price of an Ordinary Share will be equal to or exceed the Offer Price.



## PART V

### INDUSTRY OVERVIEW

*The information in this Part V—“Industry Overview” has been provided for background purposes. The information has been extracted from a variety of sources released by public and private organisations as described in Part II—“Presentation of Financial and Other Information”.*

*The Company confirms that the information in this Part V—“Industry Overview” has been accurately reproduced from these sources and, as far as the Company is aware and is able to ascertain from information published by these sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Company believes that these industry publications, surveys and forecasts are reliable but the Company has not independently verified them and cannot guarantee their accuracy or completeness.*

*The projections and forward-looking statements in this Part V—“Industry Overview” are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See Part I—“Risk Factors” and Part II—“Presentation of Financial and Other Information—12 Forward-looking statements”.*

#### **Global legal business**

DWF is a global legal business, supplying services not only to the global legal market but also providing complementary connected services to its clients. While the majority of DWF’s revenue is currently derived from its complex legal and managed services offering across its Insurance, Commercial Services and International divisions, DWF believes there is significant opportunity to expand the amount of revenue generated by its Connected Services division, which includes consulting, claims handling and technology solutions offerings.

#### *Global Legal Services Market*

The global legal services market was estimated at approximately £653 billion in 2017 and is projected to grow to £778 billion in 2021 (Source: Statista based on BRC estimates 2013 to 2021, market size quotes in USD, converted to GBP using an exchange rate of 1 GBP: 1.3 USD). The demand for legal services is driven by, general macroeconomic factors, as well as more structural long-term growth drivers such as the international expansion of corporates, continuing regulatory change and a general trend towards outsourcing certain in-house legal services to third-party providers such as DWF. In addition to this global market for legal services, there exists a much wider addressable market for legal and non-legal services, encompassing work performed both by a broader range of professional service providers and alternative legal service providers (“**ALSPs**”).

The USA was the largest country in the legal services market in 2017, accounting for approximately £218 billion or 33% of the global market (Source: Statista based on data from US Census Bureau). The UK was the second largest market, and the largest market in Europe, accounting for approximately £33.3 billion or 5% of the global market (Source: Office for National Statistics). Germany and France were the third and fourth largest markets, both accounting for approximately £20 billion or 3% of the global market (Source: Statista based on Eurostat data).

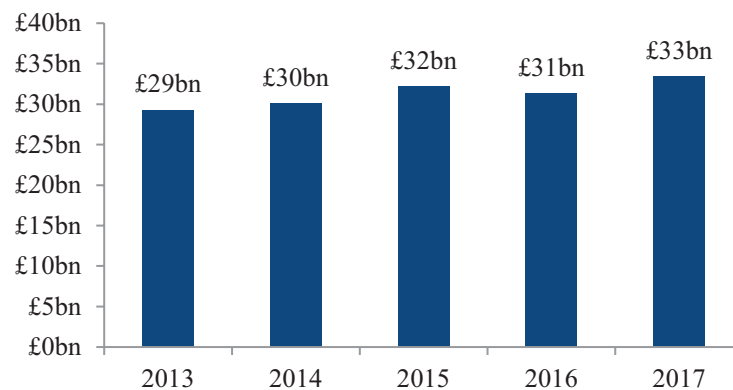
The global legal services market remains highly fragmented with no single law firm representing a meaningful proportion of global legal fee revenue. The global market for legal services can be stratified into firms with a global presence across sectors and practice areas, firms with an international presence but with more limited reach than a global firm, firms predominantly focused on a single geography or a niche offering, and smaller regional or high street firms within each jurisdiction. DWF currently operates primarily in the UK, Europe and Australia and therefore competes with other global, international and regional law firms.

#### *United Kingdom*

Revenue generated by legal services in the UK was approximately £33.3 billion in 2017, and grew at a compound annual growth rate (“**CAGR**”) of approximately 3.4% from 2013 to 2017. The Law Society of England and Wales expects a slowdown in the average annual growth rate in the coming years, noting that the legal services market has been relatively buoyant through 2017 to 2018, due to a combination of Brexit-related work, steady demand from UK businesses and an increase in work

from non-UK clients taking advantage of the depreciation of the pound. It predicts an average annual growth from 2019 to 2025 in the legal services market in the United Kingdom of 2.2% per year over the period assuming a “soft” Brexit where the United Kingdom maintains a close but not frictionless trading relationship with the EU and continues to make contributions to the EU budget as if it were a full member of the EU, an annual growth rate of 1.5% per year over the period under a hard Brexit where a free-trade style agreement is implemented with the EU or an annual growth rate of 1.1% per year over the period under a “no deal” scenario where the United Kingdom and the EU rely on World Trade Organisation rules for international trade (Source: Law Society, Legal services sector forecasts, August 2018).

#### *UK Legal Services Revenue 2013 – 2017*



*Source: Office for National Statistics*

In 2018, 15 UK firms had revenues above £450 million. These firms, which include a group of five of the top global firms called the “magic circle”, generally serve a number of Fortune 500 and FTSE 100 companies and largely advise on major mergers and acquisitions, international financing and high-profile litigation. Furthermore, in 2018, there were over 180 “mid-market” UK firms that had revenues between £450 million and £10 million, which includes DWF which was ranked 23rd in the UK by revenue in 2018. (Source: The Lawyer, The Lawyer’s top 200 UK law firms revealed). These firms operate mostly regionally, with some operating nationally and a few internationally. They predominantly serve commercial clients, including domestic banks, mid-market private equity and real estate developers and investors. Additionally, in the United Kingdom there are approximately 10,250 “high street” law firms with revenues below £10 million per year, who typically advise private individuals on their personal legal requirements, such as domestic conveyancing, will and probate law, and small claims. While there are a large number of firms in the United Kingdom, few of these law firms have coverage across England, Wales, Scotland, Northern Ireland and the Republic of Ireland.

Furthermore, the United Kingdom’s top 100 law firms have recently taken on significant amounts of debt to fund expansion through mergers and acquisitions in key overseas locations (Source: The Global Legal Post: Top 100 law firms increase debt to £4.3 billion to fund growth). Moreover, in the four years ending September 2017, mid-market law firms in the United Kingdom 200 collectively boosted overseas revenue by 48%, meaning that 42% of the increase in total revenue came from overseas work. (Source: The Lawyer, International expansion boosts mid-tier revenues by 48% (September 2018)).

#### *Europe*

Western Europe’s legal services market is the second largest in the world after the USA with the two largest markets, after the UK, being Germany and France. Its estimated market share in 2016 was 26.8%, accounting for approximately £68 billion of the global market, with France and Germany growing at CAGRs of 2.8% and 4.4%, respectively, from 2013 to 2017. There is a well-established legal system supported by traditions of rigorous implementation of legal and regulatory requirements, similar to the UK market, with EU driven regulatory work also helping to drive demand for traditional legal services in the region. The European law services market is also fragmented with many of the London based firms competing in Europe as well (Source: The Lawyer, International expansion boosts mid-tier revenues by 48% (September 2018)).

### *Asia Pacific*

The Directors believe that the Asia Pacific legal services market is valued at over £70 billion and estimate that it will grow at a CAGR of over 6.0% to reach approximately £100 billion by 2022.

### *Australia*

Within the Asia Pacific legal services market, the market for legal services across Australia is well developed and is estimated to be approximately £11 billion in 2017, employing over 100,000 people and comprising over 20,000 firms. The Australian legal market grew by 1.1% annually from 2013 to 2018, including 1.4% from 2017 to 2018, and is projected to grow by 1.0% from 2018 to 2023, due to pricing pressures created by the entrance of external players and associated market saturation (Source: IBISWorld Pty Ltd, World Industry Report M6931: Legal Services in Australia (September 2017) (“Ibis”). However, the legal industry value added (i.e. the industry’s contribution to the overall economy) is projected to increase by an annualised 2.0% over the 10 years ending 2022-2023, which represents a slight underperformance relative to gross domestic product (“GDP”) which is forecast to grow at an annualised 2.5% over the same period (Source: Ibis). Two-thirds of the legal fees in the Australian legal market in 2018 financial year came from the following sectors: energy and resources, technology (IT and communications), health, pharmaceutical and biotechnology, insurance, financial services, banking, and real estate, property and development (Source: Ibis). The geographic spread of legal services is broadly in line with Australia’s business activity and population distribution, therefore the legal services industry is heavily concentrated on the eastern seaboard, with New South Wales, Victoria and Queensland containing more than 80% of all industry enterprises (Source: Ibis). The Australian market is fragmented, with the top six law firms representing an estimated market share of 12.7% (Source: Ibis). International law firms have established positions in the Australian market through office openings, associations and acquisitions, with four of the top six law firms having been acquired by or entered into associations with international players over the last six years. The Directors believe that the Australian market is less mature than existing markets in the UK and Europe and as a consequence there exists significant opportunities for DWF to benefit from the growth and development of the Australian market in the coming years.

See *Part VI—“Business Description—Legal and Connected Services—C. International”* for more detail regarding DWF’s existing operations in Europe and Australia.

### **Principal markets**

DWF services the insurance market by providing services to a broad range of sub sectors of the non-life insurance market, working with large blue chip insurers on regulatory compliance, policy document drafting and handling claims for and against insurers. Within the commercial services market, DWF provides corporate legal services, real estate and litigation services. Within the connected services market, DWF currently generates the most revenue from its claims handling business through this aspect of its Connected Services division. Within each of DWF’s Insurance, Commercial and Connected Services divisions there is a range of industry factors impacting the markets in which DWF operates and the demand for DWF’s services. The market and demand drivers for each of these are discussed below.

### *Insurance*

The UK insurance market is one of the most developed markets in the world, with the UK general insurance sector writing approximately £87 billion in gross written premia in 2016 with over 900 companies authorised by UK regulators to write general insurance, such as motor, accident and sickness, property damage and general liability (Source: Association of British Insurers). The European market is also sizeable with markets such as Germany representing approximately £92 billion and France approximately £65 billion of non-life insurance gross written premia in 2016 (Source: EY global insurance trends analysis, USD:GBP converted at 1.3:1). Within the sector technology and digitisation are creating opportunities and threats for insurers, with automation technologies becoming common practice. Industry consolidation is also a feature of the insurance market as key players merge or are acquired by private equity.

The sector is exposed to macroeconomic factors through consumer spending patterns in housing and motor vehicles impacting the demand for related insurance products. However, certain drivers of the industry can be counter-cyclical or a-cyclical, such as changing government policy and regulation that can impact the economics and volume of insurance written.

The legal services market to the insurance sector is sizeable with legal services being an essential part of the policy documentation, cyber risk, regulatory, data protection and claims management requirements of insurers, insurance brokers and related intermediaries. The market is highly fragmented ranging from international players to smaller independent firms and individual practitioners, though consolidation has led to fewer players in certain areas. Insurers remain focused on optimising their businesses and reducing costs and therefore are looking for more efficient methods in how legal services can be delivered, for example by reducing panels globally and using players with global offerings, which can create opportunities for players who are able to offer a broader selection of offerings. Furthermore, certain large corporates have created their own captive insurance companies which increases the opportunity for cross-selling certain services.

#### *Commercial legal services*

The market for commercial legal services is broad, covering day-to-day operational legal matters as well as transactional, financing and structuring work. Fees for legal services are traditionally charged on a time basis, however alternative fee arrangements, such as fixed, capped, blended or contingent fees, are becoming more common within the sector.

The need for commercial legal services is influenced by macroeconomic factors, with economic growth stimulating demand for various types of legal services, including for transactional and financing legal services. The legal sector also benefits from some counter-cyclical drivers, with demand for restructuring legal services being enhanced in times of economic contraction. In addition, regulatory change can increase the demand for legal services as clients adapt their operational systems and procedures to comply with the new rules. Recent examples of this in Europe include the new requirements of the GDPR introduced in May 2018, issues related to pay-equality and the legal challenges related to Brexit. It is estimated that the total value of Brexit-related work that needs to be undertaken by the legal sector in the UK alone is approximately £270 million per year on average over the period 2017 – 2025 (assuming a “soft” Brexit) (Source: Law Society, Legal services sector forecasts).

#### *Connected services*

There is a very broad range of connected services which are complementary to the provision of legal services in the financial services, insurance and real estate sectors. The addressable connected services market for DWF’s Connected Services division could therefore be extremely wide. The overall market in Europe for legal, accounting and management consulting services is very large and in markets such as the UK, France and Germany has seen low single digit compound growth rates over the period 2013-2017 (Source: Statista based on Eurostat data).

The demand from insurance companies for claims management services, such as those offered by the Connected Services division’s DWF Claims and DWF Adjusting services, is often driven by the industry-wide claims volumes. This in turn is affected by, among other things, the insurance underwriting cycle, natural events, general economic activity, overall employment levels and workplace injury rates. Demand is also impacted by decisions insurance companies and self-insured entities make with respect to the level of claims outsourced to independent claims management companies as opposed to those handled by their own in-house teams.

The global claims management services market comprises a large number of companies, with DWF competing with a substantial number of smaller local and regional firms as well as national and global companies, providing a broad spectrum of companies. The Directors believe that, globally and within the UK, Europe, Australia and North America, due to the fragmented nature of the market, there exists potential for both consolidation and further growth in the future.

Additionally, ALSPs are increasingly providing both legal and non-legal connected services to corporates. Accounting firms, particularly Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (the “**Big Four**”), have a significant amount of revenue in legal services, particularly in the UK, which is complementary to their core offering. The Big Four have been expanding their legal services offering in recent times, evidenced by Ernst & Young’s acquisition of Riverview Law, expanding its global managed legal services network.

#### **Market Trends**

The legal services sector is becoming increasingly complex as traditional law firms, ALSPs and technology firms increasingly compete and collaborate. Technology is increasingly viewed as a strategic enabler to proactively offer client-centric solutions. For example, the majority of the top 25



UK-headquartered law firms identified technology as the key challenge facing the legal sector in the period from 2018 to 2020 and more than 50% of the top 100 UK-headquartered law firms now have adopted mobile apps, client collaboration tools, or automated/semi-automated document production tools. (Source: PwC Law Firms Survey 2018 – Resilience through Change). One source found that three of the largest increases in corporate legal technology expenditures by law departments in the United States between 2015 and 2019 were in knowledge management, legal project management and contract management (Source: Statista estimates: Spend by law departments on technology in the US, 2015 – 2019, by software type). This ongoing evolution is a response to client-led demand and the increasing disaggregation of service delivery across the spectrum of legal services providers. With this dynamic in mind, legal businesses are increasingly investing in IT capabilities and new technology to provide as part of their service offering to clients. The use of technology is a key development in the market with technological solutions increasingly being used for a number of traditional in-house legal tasks.

In addition, investment by law firms in their own internal IT capabilities can allow legal services to be provided in a more efficient and cost-effective manner which can help improve the efficient utilisation of fee earners, and support or enhance profit margins.

#### *Client consolidation of suppliers*

The legal services market is competitive and clients can receive services from multiple law firms and ALSPs, with some larger corporates formalising the arrangement by having legal panels of a preselected number of law firms from whom they can purchase services. Across the market, particularly in the insurance sector, many clients are seeking to consolidate their supply chains and seek professional advice from fewer sources.

Some larger corporate clients are also reducing the size of their legal panels in order to make their procurement processes more efficient and competitive. This is driven by a desire by corporate clients to manage their legal budgets, which can also be achieved, for example, through seeking technology solutions to leverage in-house resources or through outsourcing arrangements. For example, while large levels of process driven work is still undertaken in-house, departments with larger budgets (larger than £5 million) outsource three times as much of this type of work as those with smaller budgets, and UK focused businesses tend to outsource more (Source: The Law Society: The GC 350 – Benchmarking Study of In-house community: Wave 1 (May 2016)).

Yet due to the fact that a number of clients perform regular due diligence procedures on each of their suppliers to ensure compliance with various obligations, a reduction in the number of suppliers used can lead to a decrease in the clients' due diligence expenses. Given the potential scale of such costs for larger clients, the ability of legal service providers to be able to offer a wide range of integrated and related services can be a key differentiator.

#### *Alternative to traditional law firm model*

The legal services market place has seen an influx of new entrants to the market, ALSPs, looking to challenge the longstanding service model offered by law firms to their clients, whereby clients traditionally looked to law firms to provide a full range of legal and non-legal services. Part of the reason for this emerging market is the trend for in-house counsel to seek more cost-effective solutions and standardised processes, particularly in relation to their low-risk or standardised, high-volume tasks. Historically, this work was generally handled by traditional law firms and executed by trained lawyers. However, there is increasing demand from clients for traditional legal services to be provided in a differentiated manner to that of the traditional law firm, for example through the provision of flexible resource to support in-house counsel or through the ability to access legal advice in a modernised, cost-effective manner. Large managed services companies are re-shaping the supply chain and supplying services to both end customers and law firms. ALSPs, such as Keystone Law, Axiom and Lawyers on Demand, although offering much more limited service propositions compared to DWF, are examples of businesses which aim to benefit from this larger trend. The Directors believe that DWF's ability to provide complex legal services while addressing clients' demand for managed services more efficiently, in addition to its connected services offering, means it is well placed to provide an attractive alternative to the traditional law firm model and benefit from these trends in the market.

#### *Law firm consolidation*

Recent years have seen consolidation within the legal services market with a number of significant mergers or acquisitions having been completed within the sector, at both a national and cross-border



level. The Directors believe this trend will continue as firms seek to benefit from greater scale and operational efficiencies in order to service ever evolving client demands. Furthermore, the Directors believe certain markets, such as Australia and Canada, have experienced less consolidation and represent opportunities for further consolidation and growth in market share. Additionally, there is evidence of law firms and other professional entities seeking to expand their managed services offerings through acquisitions. DWF sees multiple opportunities for further consolidation in relation to its international operations. See also *Part VI—“Business Description—Legal and Connected Services”* and *“—DWF’s Acquisition Process—Timetable of Recent Acquisition Activity and Future Strategy”*.

#### *The Legal Services Act 2007*

The Legal Services Act 2007, as amended (“**LSA**”) was passed by the UK Government to liberalise and reform the way in which legal services are regulated in England and Wales. A key principle of the LSA is to de-regulate the ownership and management of all types of legal services firms. On the basis that a firm converted to an Alternative Business Structure (“**ABS**”), non-lawyers would be able to take ownership and management positions in legal services businesses.

Recent years have seen an increasing trend of external investment in legal businesses, enabled by the changes introduced by the LSA. For example, at least 16 private equity firms are believed to have invested in the legal sector (source: The Legal Services Board) and five English-based law firms have been admitted to trading on AIM since the first in May 2015. Additionally, the “Big Four” accountancy firms have established in-house ABS legal functions. For example PricewaterhouseCoopers Legal LLP had legal services revenues of approximately £60 million in 2016. Most ABS firms operate within the consumer legal market, as opposed to the segment of the market dominated by the mid-tier and top 100 firms.

The introduction of the ABS has acted as a market disrupter, creating a new environment for the provision of legal services in England and Wales. In particular, for those firms with a retail rather than a commercially focused business, it has produced an increase in competition. This has, in the opinion of the Directors, led to a greater focus on the needs of the end-user of legal services and this will ultimately re-shape the commercial market as the demands of clients in that market create a need for an ever more relevant and value-based service offering by the markets served by the mid-tier and top 100 firms. There are several UK law firms which have listed on the London Stock Exchange, since the introduction of the LSA, including Gateley Holdings plc, Gordon Dadds Group plc, Knights Group Holdings plc, Keystone Law Group plc and Rosenblatt Group plc.

Australia, in a similar manner to the UK, recognises the capability of non-lawyers to own and manage legal firms, through the Legal Profession Amendment (Incorporated Legal Practices) Act 2000 and the Legal Profession Amendment (Incorporated Legal Practices) Regulation 2001 (with such businesses referred to as an “**Incorporated Legal Practice**”).

Across Europe, most geographies in which DWF currently operates do not have similar regulations in place at this time allowing for non-lawyers ownership of law firms. This is discussed further in *Part XVI—“Additional Information—4. Reorganisation—4.2. Pre-Admission steps under the Reorganisation”*.

## PART VI

### BUSINESS DESCRIPTION

*The following should be read in conjunction with the other information regarding the Group in this Prospectus, including Part I—“Risk Factors”, Part XI—“Operating and Financial Review” and the Company’s consolidated Historical Financial Information and the related notes included in Part XIII—“Historical Financial Information”. Unless otherwise stated, the financial information relating to the Group set out in this section has been extracted without material adjustment from the Financial Information in Part XIII—“Historical Financial Information” of this Prospectus.*

*This section includes forward-looking statements that reflect the current view of the Directors and involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus.*

#### Overview

DWF is a global legal business, supplying services not only to the global legal market but also providing complementary connected services to its clients. DWF’s stated purpose is to transform legal services through its people for its clients using its three principal strategic objectives: understanding our clients, engaging our people and doing things differently. DWF aims to deliver its strategy by building long-term relationships with its clients, recruiting talented individuals to maintain a high service level culture and continually innovating in its provision of complex legal services, managed and connected services to address client needs and increase its market share. The Directors believe that DWF’s values are integral to the achievement of its strategy by ensuring a consistent corporate culture with existing and new employees across all of its global offices and its relationships with its clients.

As at 31 October 2018, DWF had 27 offices in 14 jurisdictions across four continents and employed approximately 3,100 people globally, which included approximately 319 partners and partner equivalents. LegalWeek ranked DWF as the 23rd largest commercial law firm in the United Kingdom by 2017-2018 revenue. DWF has delivered significant revenue growth over its last twelve financial years with an 18% CAGR and revenue growth of 12.5% CAGR over its last three financial years.

DWF’s business is organised into four divisions (which are also the Group’s financial reporting segments):

- **Commercial Services:** This division provides a range of complex legal services and managed services to clients and includes the corporate, litigation and real estate practice groups, each of which has a number of practice areas;
- **Insurance:** This division provides a range of complex legal services and managed services predominantly to insurers and their insureds and includes the catastrophic personal injury, occupational health and casualty; motor, fraud, resolution law and in-house teams; and professional indemnity and commercial insurance practice groups, each of which has a number of practice areas;
- **International:** This division includes the DWF offices that provide complex legal services and managed services outside of Great Britain. The International division focuses on the same areas of legal services as the Commercial Services and Insurance divisions, and though it is in an earlier stage of its development in relation to the Commercial Services and Insurance divisions, it is an important component of the Group’s growth strategy; and
- **Connected Services:** This division offers complementary products or services to the traditional legal services offered by DWF’s other three divisions and consists of a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions.

The total net revenue for the Commercial Services, Insurance, International and Connected Services divisions during the six months ended 31 October 2018 was £55.1 million, £43.3 million, £25.8 million and £9.1 million, respectively, and during the financial year ended 30 April 2018 was £102.8 million, £88.6 million, £30.2 million and £15.0 million, respectively. The internal gross profit for these same divisions during the six months ended 31 October 2018 was £31.8 million, £19.5 million, £11.3 million and £3.7 million, respectively, and during the financial year ended 30 April 2018 was £56.6 million, £39.8 million, £11.0 million and £4.8 million, respectively.

In order to transition to a public company with public shareholders, DWF has undertaken certain steps as part of the Reorganisation, which will change DWF's corporate structure as well as its partner remuneration policy. Further information is set out in *Part XVI—“Additional Information—4 Reorganisation”*.

DWF delivers a mixture of legal services across its Commercial Services, Insurance and International divisions, which can be characterised as (i) complex legal services and (ii) managed services. DWF's complex legal services represent traditional legal advice and services for which clients typically seek outside counsel and DWF competes with other large, multinational and national legal services firms in the provision of these services (“**complex legal services**”). DWF's managed services are process oriented, can be performed from a variety of locations, and often comprise high volume work that benefits from being performed on a value and efficiency basis (“**managed services**”). Managed services can include areas such as support in the contract lifecycle, litigation support, transaction drafting, transaction fact finding, legal project management and resourcing. DWF is focused on delivering its legal services as efficiently as possible and as part of its strategy will seek to increase and improve upon the delivery of managed services from its lower cost centres utilising standardised systems and processes.

In addition to its legal services, DWF provides a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions to its clients (“**connected services**”) through its Connected Services division. This offering is complementary to the traditional legal services offered by DWF's other three divisions and are offered either directly to clients as stand-alone services or as part of a combined offering alongside DWF's other services. This allows DWF to provide multi-disciplinary teams across different professional and business services in a seamless, integrated offering. The ability for DWF to be able to offer bundled and integrated services allows it to offer its clients a broader offering of services, which have proven attractive to its large multinational clients seeking to consolidate and streamline their supply chains. While the Connected Services division is DWF's smallest division by revenue generated, it represents a key means for fulfilling DWF's purpose to transform legal services and is integral to DWF's strategy.

DWF has adopted a client-centric sector approach which focuses on three global sectors, financial services, insurance and real estate, as these sectors generate demand for a large volume of both complex legal services and managed services, an emphasis among clients to consolidate its supply chain of legal service providers and attractive growth opportunities in international jurisdictions. See “—*Business Model—DWF Brand and Marketing—Marketing and Sector Strategy*” below. The Directors believe that DWF's sector approach enhances its ability to provide complex legal services and also to identify and address clients' managed services work more efficiently, as well as to identify the need for and to provide other value-added connected services.

Depending on a client's requirements, any given client engagement can involve more than one division, working across one or more of DWF's office locations. DWF has a number of longstanding client relationships, with the Top 200 Clients by revenue and Top 400 Clients by revenue in the financial year ended 30 April 2018, representing an average of 61% and 72% respectively, of the Group's revenue in the three financial years ended 30 April 2018. DWF's clients include established corporate names from the United Kingdom and elsewhere which often operate on a global basis.

## History

The business was founded in 1977 by Jim Davies and Guy Wallis as a Liverpool-based law firm, specialising in real estate and licensing. Over time, DWF expanded to provide corporate and commercial legal services, added its insurance offering through the acquisition of Dodd Ashcroft and launched a finance and restructuring practice. In 2006, Andrew Leaiterland became Managing Partner and CEO, and, in 2007 DWF merged with Leeds-based Ricksons, becoming DWF LLP.

Under Andrew Leaiterland's leadership, DWF has expanded significantly to become a global legal business offering a range of legal and connected services. As the needs of clients have become more complex and international, DWF has aligned its operations with its clients' businesses by creating sector-specific teams across practices and offices and has expanded DWF's geographic footprint within the United Kingdom and internationally. DWF first established itself in London in 2008 and following organic and inorganic growth opened its current London office at 20 Fenchurch Street in September 2014. The Directors believe that DWF's entry into the London market, and its deliberate and continued investment in that market over the last ten years, has created the platform to extend DWF's relationships with its larger clients based globally and to access more complex legal services work. Between 2014 and 2018, DWF's international expansion beyond the United Kingdom and

Ireland accelerated and it now has operations in 14 jurisdictions, with its operations in the United States and Canada being limited to connected services. DWF also has associated firms in seven countries, including in the United States. Building on existing products and services, DWF formally launched its Connected Services offering as a separate division in October 2017 in response to the growing demand from its clients and to expand its service delivery model as part of its strategic growth plans.

Since 2006 and under Andrew Leatherland's direction, DWF has consummated 14 acquisitions, opened 25 new offices globally, expanded from a presence in the United Kingdom to 14 jurisdictions with revenue increasing substantially from approximately £32 million, for the financial year ended 30 April 2006, to £236 million for the financial year ended 30 April 2018.

## **Competitive Strengths**

### ***A. Attractive and large market opportunity***

The Directors believe that DWF is a unique legal business with international reach and scale that operates within a large and highly attractive global market for legal and connected services. The global legal services market was estimated to be approximately £653 billion in size and is projected to grow to £778 billion in 2021 (Source: Statista based on BRC estimates 2013 to 2021, market size quoted in USD, converted to GBP using an exchange rate of 1 GBP:1.3 USD). The Directors believe that increased demand for legal services is – in addition to general macroeconomic factors – driven by regulatory and economic uncertainty driving the need for legal and other guidance and advice potentially culminating in litigation. The Directors believe DWF is well positioned to benefit from the growing demand for legal services as management estimates its fees billed on litigation and litigation related matters represented over 65% of the Group's revenue in the financial year ended 30 April 2018. Relevant recent regulatory themes driving increased demand for legal services include GDPR compliance, pay-equality, and the legal challenges related to Brexit. In addition to the legal services market, DWF has a further significant growth opportunity in the much broader non-legal, managed and connected services markets.

The global market for legal services remains highly fragmented. In the UK, the top 25 law firms are estimated to account for just over half the revenue with a large tail of an estimated 10,000 smaller independent law firms. DWF is among this group of top 25 law firms. The Directors believe that DWF's scale, sector expertise and international capabilities position it to be able to grow and strengthen its legal and connected services offerings. Furthermore, the Directors believe that it will become increasingly difficult for smaller independent law firms to compete with DWF and its peers due to the fact that they will find it more difficult to make the required technology investments, build scale or develop their businesses internationally in line with changing market demand.

### ***B. Global growth platform with established UK business***

As at 31 October 2018, DWF had 27 offices in 14 jurisdictions across four continents and employed approximately 3,100 people globally, which included approximately 319 partners and partner equivalents. The UK market, which is the second largest legal services market in the world, remains DWF's largest source of revenue. DWF's focus on litigation and related practice areas – which management estimates the fees billed comprised over 65% of the revenue generated by the Group in the financial year ended 30 April 2018 – provides it with an offering that is less correlated to GDP growth. DWF has grown its UK business and significantly broadened its offering since it expanded into London over ten years ago. DWF has a well-developed regional office network with a presence in numerous major cities which allows DWF to effectively cover the United Kingdom. This national footprint represents a key competitive advantage over DWF's competitors who are exclusively or predominantly London based as it gives DWF access to a lower cost base and also over DWF's regional competitors where DWF has greater scale and broader expertise. DWF's business model seeks to leverage this lower cost footprint by utilising regional fee earners for London-based work where appropriate to do so, as well as by further developing managed services centres in certain regional locations for different types of high volume process oriented work, such as its existing Legal Services Centre in Manchester which supports commercial services work (e.g. corporate services, real estate and litigation) and its centralised team for managed motor insurance legal services in its Liverpool office.

As at 31 October 2018, approximately 73 partners and partner equivalents were based outside the United Kingdom following DWF's strategic move in 2014 to grow its international capabilities organically as well as through selected acquisitions, with a focus on expanding coverage in areas that



will provide opportunities for larger deals and bolt-ons to increase density and breadth of the Group's offering and benefit DWF's three global sectors: financial services; insurance; and real estate. DWF has established the scale and reach to serve many UK and multinational clients in their home jurisdictions and overseas and has provided access to fast-growing emerging legal markets as well as a new pool of potential global clients headquartered internationally. Currently ten clients have placed the Group on their panels in more than one country. The Directors believe that DWF has been able to build a brand that is increasingly recognised internationally by both clients and lawyers in the market alike providing the opportunity for DWF to continue to grow its market share, particularly in its International division. DWF's International division covers key jurisdictions in Europe with offices in Berlin, Cologne, Munich, Brussels, Dublin, Milan and Paris. In the Middle-East DWF has offices in Dubai and Qatar. In Asia-Pacific DWF has a strong base with offices in Brisbane, Melbourne, Newcastle, Sydney and Singapore. In North America DWF has offices in Chicago and Toronto, as part of its Connected Services division, and an association with Wood, Smith, Henning and Berman LLP ("WSHB") which has 23 offices across the United States. DWF and WSHB have formed a steering group with key individuals from each business that will have a market and client led focus with the objective of growing revenues from mutual clients and through referrals of business opportunities, including with respect to DWF's insurance claims handling operations in Chicago. DWF has identified potential future opportunities to add legal service capabilities in these markets in DWF's selected sectors. In addition, DWF is developing its managed service strategy to be deployed in certain international locations, such as Australia, where a dedicated centre is expected to be established to deliver this work more efficiently.

DWF believes that, following its substantial level of investment in the business over the last three years which has driven its strong recent revenue growth, there are opportunities to utilise its current platform to continue to deliver growth in its global sectors, exploiting its competitive advantage of its international presence and scale, coupled with its connected services, which represents a key differentiator for DWF when compared to other predominantly UK-based traditional law firms.

### ***C. Comprehensive suite of legal and connected services to capture a larger share of revenue from its clients***

The Directors believe that there is an increased trend to simplify the global supplier base of outsourced legal and connected services among DWF's larger multinational clients. DWF promotes its full suite of professional services and technology solutions, which are tailored to the needs of such clients, allowing it to build on its sector expertise and leverage existing client relationships internationally. This approach has enabled DWF to become a preferred supplier and to capture a larger share of revenue from clients who are seeking to consolidate their global supply chains. For example, DWF's connected services enhance its traditional litigation service offering by providing clients with products and services such as: EvoClaim, DWF Claims, DWF Forensic, DWF Adjusting, DWF Advocacy and DWF Costs, which can offer a digital claims platform to track the entire claim lifecycle, claims handling management resources, forensic accountants and investigators to advise whether or not to litigate from a financial perspective, technical adjustment specialists to advise on whether or not to settle, as well as specialist attorneys and barristers to advise or advocate on certain elements of the dispute, respectively. This multi-disciplinary approach to litigation services is further enhanced by the ability to offer litigation funding solutions under DWF FundLit; these funding solutions may include third-party funding or conditional or damages based fee arrangements with its clients. See "*—Business Model—Fee Generation*" below. DWF provides its clients with a comprehensive portfolio of complex legal, managed and connected services. In recognition of the strength of DWF's legal services, DWF has been recognised by various bodies including the Legal Week – Legal Innovation Awards and The Financial Times – Innovative Lawyers, was shortlisted for the Legal Business Awards for Innovator of the Year 2018, and according to Legal Week, DWF was ranked as the 23rd largest commercial law firm in the United Kingdom for 2017 to 2018, further underpinning DWF's track-record of quality, innovation and service delivery. In addition to legal services, DWF offers a range of additional products and services via its Connected Services division.

### ***D. High quality client base across variety of sectors underpins well-diversified and repeat client revenue business model***

DWF has had notable success in its client-led approach across various sectors such as insurance, financial services and retail food and hospitality, contributing to a strong brand recognition and many longstanding client relationships driving significant repeat clients and with a considerable opportunity for DWF to increase the types of services it provides to such clients, particularly through its services and solutions available from its Connected Services division. DWF's client base is diversified with



limited revenue concentration and consists of a wide range of clients from large multinationals and government and public bodies to high net worth individuals. DWF's clients include established international blue chip corporate names such as The Royal Bank of Scotland plc, Aviva plc, RSA Insurance Group plc, QBE Insurance (Europe) Ltd, Santander Consumer (UK) plc, Tokio Marine Kiln Group Limited, Telefonica UK Limited, and Wm Morrison Supermarkets plc.

DWF has many longstanding client relationships, with the Top 200 Clients by revenue and Top 400 Clients by revenue in the financial year ended 30 April 2018, representing an average of 61% and 72%, respectively, of the Group's revenue in the three financial years ended 30 April 2018. Moreover, DWF currently works with 23% of the FTSE 100 constituents (as the FTSE 100 was constituted on 31 December 2018).

For the period beginning 1 May 2017 and ending 29 November 2018, 62% of DWF's clients had started its client relationship with DWF ten or more years ago. For the financial year ended 30 April 2018, fees billed to DWF's top five clients (on a consolidated group basis) amounted to 16.1% of the Group's net revenue and for the six month period ended 31 October 2018 fees billed to the top five clients (on a consolidated group basis) amounted to 13.8% of the Group's net revenue.

#### ***E. Innovative technology solutions***

Innovative technology solutions allow DWF to drive stronger and more entrenched client relationships by offering new technology and software solutions directly to clients. Technology also allows DWF itself to deliver its services more cost efficiently and leverage its global sector expertise across all its offices. DWF pursues new revenue opportunities by developing new tools and services for internal and external use that meet the continuous changing demand for legal and connected services. Technology plays an important role across all of DWF's operations. Within its Connected Services division, technology is one of the cornerstones of product innovation and service development. Certain complex legal services are supported by AI- and data-analytics tools and project management solutions. Internally, technology and workflow solutions are used to increase the operating leverage within the DWF organisation itself to improve efficiency across the Group's network of offices, leveraging its offices in lower cost centres. The Directors believe DWF is at the forefront of technology use and development when compared to many of its competitors in the United Kingdom and particularly advanced in specific tools and solutions for insurance clients. In 2017 DWF was ranked as the 10th most innovative firm and legal service provider in Europe in the Financial Times rankings, Most Innovative Law firms 2017, and it was ranked the 11th most innovative law firm in 2018. The Directors further believe that the need for continuous development of new technology solutions within the legal and related professional services industry is a strain for law firms operating a traditional partnership model, including in particular those which are smaller legal services firms, and will be another driver for continued consolidation in the legal services market sector to drive scale and to leverage future technology investments.

#### ***F. Compelling financial profile***

DWF has successfully delivered substantial growth over the last three financial years with a revenue CAGR of 12.5%, of which 5.0% has been delivered through organic growth, via new office openings, fee earner recruitment, growth in acquired businesses following the first 12 months (which 12 months is accounted for by management as inorganic growth) and continuous new service development. The growth rate has increased significantly, with net revenues growing 18.6% in the financial year ended 30 April 2018 and 18.3% in the six months ended 31 October 2018. The Directors believe that DWF has significant growth and operational efficiency potential from both increasing market share in its UK legal business and greater revenue generation per partner or partner equivalent (with net revenue per average full-time equivalent partners and partner equivalents having grown from £716,000 in the financial year ended 30 April 2016 to £787,000 in the financial year ended 30 April 2018), as well as growing its International and Connected Services divisions. The ratio of fee earners to non-fee earners is expected to continue to increase driven by the advances in technology to create further operating leverage in the business for the delivery of legal, managed and connected services.

DWF expects to continue to develop its business while generating sufficient cash flow to underpin its planned dividend policy and continued organic and non-organic expansion. The legal business is an asset light business model compared to some other service businesses and as such requires modest investments to sustain its operations or grow the business and is highly scalable. Operating cash conversion for the financial year ended 30 April 2018 was 80%, which would support the Group's intended dividend policy if historical levels are maintained post-Admission.

### ***G. Large consolidation opportunity with a strong track record of integration***

DWF operates in a highly fragmented global market for legal and connected services and has a proven track record of successfully identifying, acquiring and integrating acquisitions in existing and new markets, often on a client-led basis. DWF will continue to focus on value accretive acquisition opportunities which the Directors believe will meet the Group's strategic aspirations. Acquisitions allow DWF to continue to develop its service capabilities, its sector expertise and its international operations. DWF has successfully acquired and integrated 14 businesses since 2006 with 11 new jurisdictions entered into since the start of 2014. DWF has rigorous identification, selection, review and project execution processes in place for acquisitions. DWF has identified an attractive pipeline of potential acquisition opportunities which are in various stages of discussion and which it would seek to progress following Admission. All potential acquisition targets are evaluated on – among others – cultural fit with DWF's core values, financial potential, key fee earner performance metrics, quality and fit of the client base as well as additional sales opportunities. Any acquisitions selected on this basis would be expected to be value accretive to DWF's stand-alone business plan and likely structured with a significant equity component to the consideration payable to align interests with retained key partners in any of the acquired entities.

### ***H. Strong management team with a cohesive strategy built on a value centric performance culture***

DWF's management team is led by Andrew Leaiterland (CEO), Chris Stefani (CFO) and Sir Nigel Knowles (Chairman of the Board). DWF has undergone significant growth and evolution, driving innovation, the expansion of its services and international offerings, and the growth of its international client base. Since Andrew's appointment, DWF has taken the business's total office count from 2 to 27 expanding from its location in the United Kingdom to 12 countries, in 14 jurisdictions across four continents. DWF has also delivered significant strategic and operational progress over the past three years, with investments in technology, resourcing and service delivery. DWF has a very clear strategy focused on continuing to globalise its existing service lines across its financial services, insurance and real estate sectors but also by introducing and developing a broader range of connected services. At the foundation of DWF's ambitions and strategy is a clearly defined set of values which serve as a benchmark for many of DWF's strategic decisions and are fundamental to DWF's approach to talent management, talent development and talent acquisition. DWF's values are (i) Always aim higher, (ii) Be better together, (iii) Keep all promises, (iv) Disrupt to progress and (v) Attend to details.

More recently, management has led a rigorous review of partners across the firm, focused on improving certain key performance indicators such as net revenue per average full-time equivalent partner and partner equivalent while maintaining cultural fit and focus on achieving DWF's core values. As a result, since the financial year ended 30 April 2015 and through the financial year ended 30 April 2018, 136 partners have joined DWF, while 124 partners and partner equivalents have exited the business over the same period (including partners who have been realigned to director or consultancy roles). Net revenue per average full-time equivalent partner and partner equivalent experienced a 4.8% CAGR from the financial year ended 30 April 2016 to the financial year ended 30 April 2018, demonstrating DWF's managements' commitment to constant improvement in the partner base and rigorous screening of performance across internal key performance indicators. DWF now has a stronger platform for delivering higher quality, complex legal services to clients (which the Directors believe will drive incremental revenue and improvement in profit margin over time as well as enable DWF to deliver dividends to shareholders in line with the Group's intended dividend policy). DWF's executive management team's commitment to those common values enables DWF to continue to recruit, retain and develop high quality people who are experts in their field. Additionally DWF's common values have and will continue to provide an important reference point for DWF's successful acquisition selection and people integration strategy.

### **Growth Strategy**

As described below, DWF's organic growth strategy is built on three principal strategic objectives (A) "Understanding our clients", (B) "Engaging our people" and (C) "Doing things differently" and DWF's organic growth strategy is complemented by (D) a disciplined acquisition strategy.

#### ***A. "Understanding our clients" – Increase share of clients' overall legal work across DWF's sectors globally***

DWF's strategy is at its core based on providing the best possible service for its clients. Fundamental to the best possible service is an understanding of client needs in an international context in order to

maximise DWF's revenue opportunity. DWF will continue to develop its sector capabilities, particularly in its global sectors of financial services, insurance and real estate through recruiting talent, international expansion and seeking to increase the range of services it provides to each client. In addition, DWF will consider taking on outsourced managed service and connected service functions from clients where this represents a profitable opportunity to grow DWF's business.

DWF will bring to bear its legal talent and a continued commitment to grow its Connected Services division's capabilities and technological solutions to better serve clients. By providing its clients with the opportunity to rationalise their supply chains, with DWF as a single source for multiple services, DWF has the opportunity to market and cross-sell its various services. Moreover, by continuing to provide top quality legal and strategic advice in complex matters across DWF's global sectors, as well as cost-competitive managed services and a broad suite of connected services, DWF aims to become an irreplaceable long-term partner for all its clients and to leverage its existing employees and infrastructure to improve its internal gross profit margin.

***B. "Engaging our people" – Develop, recruit and retain high quality talent***

As a legal business within the professional services industry, employee engagement is at the core of a competitive services offering. The ability to develop, recruit and retain high performers and high quality legal and professional talent is vital to DWF maintaining its competitive advantage and providing top service to its clients. Employee engagement is built around common values, a clear set of goals and the right incentive structures. The Directors believe that Admission will enhance DWF's visibility in the market place as a legal service business of choice for future talent and help develop DWF's international brand proposition further. It will also allow management to use equity based incentive schemes as an incentive tool to attract and retain talent globally. The Directors believe that the ability to use equity based incentive structures is unique in most of its international jurisdictions and a differentiating competitive advantage compared to many of DWF's peers. DWF is able to offer such talent equity alignment with appropriate lock-ups and incentive regimes while allowing for a degree of career flexibility in the longer term. See "*—People and Talent—Attracting, Developing and Retaining Talent*" below.

***C. "Doing things differently" – Continue to innovate and accelerate growth trajectory of Connected Services***

Innovation is at the forefront of DWF's strategy of providing a competitive and differentiated offering for its clients and its Connected Services division is a key driver of innovation. DWF believes this will enable it to become the go-to partner for outsourced legal and connected services for many of its key client accounts. The development and growth of the Connected Services division is therefore a core part of DWF's long-term growth strategy in order to obtain a larger share of clients' work. DWF plans to grow its Connected Services division through a variety of avenues: providing more services to existing clients by offering greater service and product suite offerings, internal development of additional products and services via internal research and development (primarily by expanding existing services in scope and through geographic coverage), investment in talent, sales and marketing capabilities, expanding the depth of service offerings available across DWF's offices to be able to serve clients across more jurisdictions and finally through acquisitions (discussed below). DWF's partners are continuously encouraged and incentivised to drive increased additional sales of connected services within the existing client base.

***D. Continue to execute on a disciplined and value accretive acquisition strategy***

Alongside DWF's organic growth strategy, it expects to continue to pursue a highly disciplined acquisitive strategy as it has since 2006. DWF has a proven method of identifying, executing and integrating revenue generating acquisitions of traditional partnership structures internationally. DWF's acquisition growth strategy will predominantly focus on taking advantage of two major high growth opportunities:

- ***Growing internationally:*** DWF plans to continue to acquire complementary legal businesses in order to consolidate and build upon its position in its existing geographies as well as in selected new geographic markets with attractive fundamentals which are strategically complementary to DWF's current capabilities across its global sectors and geographies.
- ***Accelerate development of the Connected Services division:*** DWF plans to continue to utilise acquisitions to broaden its service and product capabilities across its Connected Services division. Acquisition priorities are to: (i) acquire new product, software and technology capabilities; (ii) improve the geographical coverage of existing service lines; (iii) gain additional

complementary services and solutions for DWF's practice areas and specialisms; and (iv) build out DWF's current consulting capabilities within the connected services market to take advantage of the sizeable market opportunity.

Acquisition identification, selection and execution will continue to follow strict criteria set out by the Board as part of its overall strategy. See "*—DWF's Acquisition Process*" below.

### **Business Model**

As with traditional law firms, DWF's revenue is primarily driven by the amount of fee generating engagements it undertakes for clients, which is supplemented by other services offered to clients. DWF's suite of legal and connected services provides DWF with the opportunity to offer its existing clients additional complementary services and products. Particularly for DWF's key client accounts, new engagements or new clients, DWF seeks to collaborate with clients to identify where it can meet their needs and add value through its suite of legal and connected services, while also identifying which work should be handled on a complex or managed services basis. This approach can result in DWF being deeply embedded in its clients' volume processes, which can facilitate long-term relationships with clients. In addition, DWF relies on its existing client relationships as well as its brand and referrals from others to maintain and generate new business and client engagements.

### ***Global Platform and Managed Services***

DWF's geographic footprint contributes to its business generation, allowing DWF to attract both multinational and national clients and permits it to develop meaningful client relationships. DWF has ten offices in Great Britain located in the following cities: London, Manchester, Birmingham, Bristol, Edinburgh, Glasgow, Leeds, Liverpool, Milton Keynes and Newcastle. Eight of these offices have full service offerings (services offered by its Commercial Services, Insurance and Connected Services divisions), while the Bristol and Milton Keynes offices are limited to Insurance service offerings. Through its offices in Great Britain, DWF is able to serve a number of multinational companies by offering English and Scottish law advice and connected services. In addition to its presence in Great Britain, DWF has established a global platform through its International division that supports its provision of complex legal services to its clients through operations in multiple offices around the world. DWF's International division has been established in key markets for DWF's clients as well as markets that are important for DWF's global sectors (financial services, insurance and real estate). This aspect of DWF's global footprint enables it to attract and retain multinational clients which may prefer service providers that can provide services to them in various key jurisdictions for their operations.

DWF also utilises its geographic footprint to send work to its offices with a lower cost base within Great Britain to perform certain of its services through its Commercial Services and Insurance divisions, while at the same time maintaining relationship partners in close proximity to key clients in centres, such as London. In addition, where DWF has identified a sufficient volume of managed services being performed, it has consolidated some of that work to be performed by teams in low cost centres within its offices to increase the efficiency of that work by introducing standardised systems and processes and sharing working practices and synergies between teams. For example, DWF's Liverpool office has a centralised team for managed motor insurance legal services and its Manchester office hosts the Legal Services Centre which provides support for its real estate, corporate and litigation practice groups. DWF also currently completes certain of its managed services utilising technology enabled solutions (including through technology available in DWF's Connected Services division, such as Claimsview, DWF's proprietary software application that facilitates claims processing and management). On the other hand, DWF utilises its London office, which has a high cost base, as a platform for partners and other staff in client relationship roles to generate work for the Company by maintaining close contact with its key client accounts in order to strengthen its client relationships. Partners across the global legal business will also travel and spend time in various offices as needed to seek out work opportunities and to meet client needs.

The Directors believe that demand for legal services will increasingly be driven by the general trend of clients outsourcing certain in-house legal services to third-party providers and the desire to work with fewer service providers which better understand their needs in order to simplify their supply chains. In light of this trend, in August 2018, DWF appointed its CEO of Managed Services to advance the Group's strategy of providing clients with an integrated solution for clients' complex legal services, managed services and connected services' needs. The Directors believe that as it strengthens the systems and processes around its provision of managed services, it will be able to



attract an increasing amount of volume, processed oriented managed services traditionally performed in-house that clients are outsourcing or seeking other means of addressing. See *Part V “Industry Overview—Market Trends—Client consolidation of suppliers”* above. Furthermore, clients increasingly want access to a platform both for its business as usual volume activity as well as a platform that can scale up during sharp increases in the volume of activity driven by transactions or other matters. DWF intends to integrate its current nascent managed services offerings as well as other resources and create a single global platform of scale that DWF’s divisions and its clients can utilise for the delivery of such legal services. While complex legal work flows will remain with their respective practice areas, process flows throughout the Group will be evaluated and re-engineered in an effort to provide optimum efficiency by moving elements of standardised work to managed services. The reclassification of complex services to managed services involves identifying factors in the practice areas of the Group’s divisions that have appropriate characteristics for managed services, such as predictable, standardised, process driven and flexible solutions, as well as economies of scale. The Directors believe that creating a single global platform of scale will enable clients to engage with DWF on more long-term service models rather than on the basis of more traditional billing arrangements. While DWF will design its global platform for managed services to address services for all eight sectors on which DWF focuses, DWF expects to focus its managed services global platform on its three global sectors, financial services, insurance and real estate, since these sectors generate demand for a high volume of managed services work as a result of compliance tasks, insurance claims and support for real estate transactions and management that these sectors produce. These three global sectors also all generate demand for a large volume of complex legal services, an emphasis among clients to consolidate its supply chain of legal service providers and attractive growth opportunities in international jurisdictions. Furthermore, in addition to its aim to attract additional outsourced in-house legal work, the Directors believe that DWF’s global platform could also serve as an outsourced provider of managed services work for other law firms providing complex legal services. As DWF seeks to establish its global platform for managed services, it will look for acquisitions that will allow it to build up the scale of this platform. As noted in *Part IX—“Details of the Offer—2. Reasons for the Offer and use of proceeds”*, the Group intends to use up to £10.0 million of the proceeds of the Offering to invest in additional IT systems, with a portion of that amount to contribute to the design and development of the Group’s global platform for managed services, which could occur through internal development or one or more acquisitions, depending on the opportunities available.

### ***Fee Generation***

DWF’s people are each typically characterised as either a fee earner or a non-fee earner. Fee earner is a generic term used for employees who generate fee income for the business. The majority of DWF’s revenue comes from fees billed to clients based on work undertaken by fee earners. Fee earners may work and bill on a time basis (with or without a cap) or work may be undertaken on a fixed fee basis. As the Group increases its managed services work, services undertaken on a fixed fee basis may become more prevalent given its prevalence in managed services work. Clients are also increasingly requesting alternative billing arrangements to the traditional billing method for legal services, and certain divisions may offer alternative fee arrangements to clients such as conditional fee agreements.

A large proportion of the Group’s clients utilise panel arrangements to consolidate and manage their legal spend and, with time, more of the Group’s existing clients may move towards the panel arrangement model. Such panel arrangements typically operate according to a service level agreement with most having work billed on a time basis or fixed fee basis, often on a discounted basis, with the billing rates for the duration of the service level agreement, with many service level agreements entered into for a period of three years. As a result, these service level agreements effectively result in freezing DWF’s billing rates for the duration of the service level agreement and thus impact and are expected to continue to impact the amount of revenue DWF generates from its service to these clients under these agreements.

For the Connected Services division, revenue is generated in a variety of ways. Each service or solution has a primary billing model for its services, reflecting the nature of the particular service or solution provided. For example, DWF Claims, its claims handling business that acts as a third-party administrator for claims, has a fixed fee model with staged fees relating to the stage and complexity of the work. Approximately 90% of the claims matters dealt with are at the claims notification stage, which are the initial stage from which many claims do not progress further. DWF Costs offers a mixture of fixed fee or hourly rate services depending on the nature of the service and its complexity. DWF Advocacy, DWF’s in-house team of barristers, advocates and mediators, primarily charges fixed



fees and generates the majority of its revenue from engagements referred to it by DWF's solicitors. Historically, this team was embedded within DWF's motor practice area, but the establishment of the Connected Services division increased the visibility of this team and has facilitated the use of DWF's internal resource as opposed to instructing third party advocates for matters on which DWF is involved. DWF 360, DWF's software business, typically develops bespoke software applications for clients. For any engagements, DWF 360 draws up a statement of work which includes the costs of development, which is usually paid in stages, with the final payment made on deployment. Following deployment, clients will pay a monthly fee to cover routine maintenance and technical support.

In order to meet clients' desire for flexible funding options, DWF has developed DWF Fundlit a product that offers a range of litigation funding solutions. DWF Fundlit can offer billing solutions that are based on hourly rates and fixed fees through to sharing the risk with conditional fee agreements, damages-based agreements, third party funding or after-the-event insurance.

### ***DWF's Integrated Model to the Provision of Legal and Connected Services***

A number of DWF's large multinational clients seek to consolidate and streamline their supply chains and the Directors believe that this trend will continue to be an important factor for clients seeking service providers. As a result of this trend, through DWF's Connected Services and other divisions, DWF offers bundled and integrated services which provides its clients a broader offering of services and solutions. In areas where DWF has its most developed connected services offerings, this means that DWF can provide the full range of professional and legal services required to address its clients' needs on a matter. For example, by bundling together DWF's connected and legal services, DWF can handle portfolios of insurance claims from first notification (see "*Legal and Connected Services — D. Connected Services — DWF Claims*" below) and an initial assessment about whether the claim is worth litigating with accountancy quantum analysis (see "*Legal and Connected Services — D. Connected Services — DWF Forensic*" below), through to initial review and adjusting (see "*Legal and Connected Services — D. Connected Services — DWF Adjusting*" below), providing complex legal services or managed services advice where needed, which would typically be referred to the Insurance division in the first instance (see "*Legal and Connected Services — B. Insurance*" below), which services can be managed on a global IT platform and claims system (see "*Legal and Connected Services — D. Connected Services — DWF 360*" below). Fraud investigations are another area where DWF's connected and legal services can be bundled to offer an integrated one-stop service offering for clients. Traditionally in fraud investigations clients would need to engage investigators, accountants and lawyers separately, whereas DWF can offer an integrated service covering all three aspects through its Connected Services and other divisions. DWF's Connected Services division has investigators and accountancy services and it will work with the other divisions for the provision of legal services. Typically these legal services might include employment advice concerning employee activities or commercial litigation involvement in the freezing and recovery of assets. To expand the services available to clients in fraud investigations, DWF also works with third parties to address other client needs including data capture and imaging, hosting and analysis.

### ***DWF Brand and Marketing***

#### ***Brand***

DWF seeks to preserve its innovative and responsible brand, which the Directors believe is a differentiating factor for the legal business, and its ability to attract and retain clients. Most of DWF's legal services are offered worldwide using DWF as its single brand or in the case of most of its connected services, by using the DWF brand as part of the name of the connected service. The Directors believe that maintaining, protecting and enhancing DWF's reputation and brand are critical to maintaining and expanding its client engagements. Maintaining, protecting and enhancing the DWF brand will depend largely on its ability to continue to provide high quality and innovative legal and connected services.

#### ***Marketing and Sector Strategy***

A number of DWF's marketing activities are centred on its sector approach, which can each cut across multiple divisions and practice groups. DWF focuses on eight sectors: insurance; financial services; real estate; energy and industrials; public sector; retail, food and hospitality; technology and communications; and transport. Each sector team includes specialists from a range of practice groups and jurisdictions, as well as relevant connected services, allowing DWF to tap into its collective expertise and advise its clients on a global scale. In addition, DWF's support teams have dedicated professionals in the client development and knowledge services functions working on growing and

supporting DWF's sector offering, including through the publication of sector-specific papers and reports that can educate clients and establish DWF as an experienced service provider in the relevant sector. DWF introduced its client-centric sector approach to enable DWF to become much more focused on the needs of clients and their current and future challenges and to be better positioned to advise clients, including those that operate across multiple sectors. The Directors believe that the commercial insight gained by establishing industry sector groups and structuring its services in this manner, which brings together multiple practice groups, enables DWF to develop deeper, longer-lasting client relationships, identify new opportunities and win new clients, making the sector approach an effective marketing strategy for DWF.

Part of DWF's strategy is to continue to identify opportunities for growth in key sectors that would grow DWF's resources, reach and multi-jurisdictional expertise. As part of its sector strategy, DWF aims to work with clients within each sector to drive sector agendas, lobby relevant local and central government departments and contacts, and develop relationships with regulators and influencers. DWF also runs sector-focused campaigns to offer clients value through sector-focused insights, which have recently included "City of London: Blueprint for growth" and "Everyone's a winner? What's next for the UK insurance industry" campaigns.

### ***Referral relationships***

While a number of new client enquiries come to DWF as a result of its general reputation and brand, a significant number also come through various referral sources, with the most significant referrals coming from: (i) existing and former clients; (ii) professional service providers, including law firms and competitors; and (iii) cross-selling DWF products within or between divisions, including as part of DWF's strategy to provide more services for its existing clients. These referrals are an important source of business for DWF's fee-related work.

- ***Existing and former clients:*** Given the importance of clients to existing and new engagements, DWF has a structured approach to client relationships, offering multiple contacts within the legal business and educating them as to the full range of services that are available to them. DWF aims to collaborate with its clients to assist them in achieving their commercial objectives by determining where it might more efficiently serve their legal needs through its managed services offerings or offer complementary connected services. DWF uses third-party solutions where these can enhance the efficiency or otherwise improve its services to clients. DWF has won various awards for its innovation and use of technology for clients. Its awards include Legal Week – Legal Innovation Awards and The Financial Times – Innovative Lawyers, DWF was also shortlisted for the Legal Business Awards Innovator of the Year 2018. In addition, most key client accounts have an up-to-date client plan and team with clear objectives and are visited at least annually by a client relationship manager for a client care meeting in order to gain a deeper understanding of the client and their specific needs, where possible and when such clients agree. DWF also measures clients' satisfaction and their likelihood to recommend DWF to a friend or colleague at these meetings and tracks these through its net promoter score. DWF's average net promoter score from the financial year ending 30 April 2014 to the financial year ending 30 April 2018 was 66. See *Part II—"Presentation of Financial and Other Information"—4. Other Information* for the methodology used by DWF to calculate its loyalty score.
- ***Professional service providers:*** A number of the legal teams and connected service providers have developed relationships with other professionals in similar sectors and areas of practice. These include other lawyers, insurance professionals (including claims handlers), financial advisers, brokers and accountants. The referrals received from these professionals provide a significant flow of work to DWF. Referrals from law firms, including competitors, may occur when the law firm has a conflict and is not able to serve a client that approaches them, wishes to partner with DWF when they do not have the relevant practice areas or specialists or when DWF may be able to provide a managed service that would not be cost effective for the law firm to provide. DWF also benefits from the client relationships that its lateral partners and partners acquired through acquisitions have prior to joining. In most instances, lateral partners and acquired partners are able to maintain their former client relationships and refer their prior work to DWF.
- ***Cross selling DWF products within or between divisions:*** DWF's divisions offering complex legal services and managed services promote and refer existing clients to products offered by its Connected Services division. Likewise, DWF's Connected Services division, particularly DWF

Claims, also works as a referral source for its clients for DWF complex legal services and managed services. With respect to DWF Claims, through its claims handling business, this connected service is involved in determining the legal and other professional services work to be undertaken to manage claims. In the insurance and insured sector, DWF Claims manages claims as a third-party administrator, acting as an outsourced claims function. It can do this either as a stand-alone service, or as part of an integrated package solution, where it engages other parts of DWF to resolve claims quickly and efficiently. This includes engagement of legal services or connected services such as forensic, costs and advocacy services. DWF has also successfully collaborated with existing clients to identify cost efficiencies and value add products that it can offer them through its Connected Services division.

## Legal and Connected Services

DWF's business is divided into four divisions: Commercial Services, Insurance, International and Connected Services.

### A. Commercial Services

DWF's Commercial Services division provides a comprehensive range of legal services to a wide range of clients from large multinationals and government and public sector bodies to high net worth individuals within Great Britain and on an international basis. It advises as to English and Scottish law and has extensive coverage throughout both England and Scotland. Its legal services are complemented by certain connected services provided by the Connected Services division. DWF's Commercial Services division has also been recognised by Legal Week: The Legal Innovation Awards and the FT: Innovative Lawyers. For the financial year ended 30 April 2018, the Commercial Services division had an average of 143 partners and partner equivalents, and 502 full-time employees, including 284 qualified fee earners (excluding partners), 138 non-qualified fee earners and 71 trainees. The fee earners to partners ratio for the financial years ended 30 April 2016, 2017 and 2018 was 2.82x, 3.27x and 3.45x respectively. The Commercial Services division's revenue grew by a CAGR of 1.1% between 1 May 2015 to 30 April 2018. In addition, the division benefits from having minimal reliance on any single partner or group of partners, with only 23.6% of the division's total billings coming from its top 10 billing partners. The following table illustrates certain key financial and operating data for the Commercial Services division:

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 £000	31 October 2018 £000
	<i>(except percentages)</i>				
Segmental Net Revenue .....	100,508	98,576	102,769	51,113	55,113
Net revenue per average full-time equivalent partner and partner equivalent <sup>(1)</sup> .....	609	658	718	355	421
Internal Gross Profit <sup>(2)</sup> .....	52,328	49,993	56,554	28,093	31,784
Internal Gross Margin <sup>(3)</sup> .....	52.1%	50.7%	55.0%	55.0%	57.7%

Notes:

- (1) Average partner figures for the financial years ended 30 April 2016, 2017 and 2018 were 165, 150 and 143 respectively and average partner figures for the six months ended 31 October 2017 and 2018 were 144 and 131 respectively. See Part II "Presentation of Financial and Other Information—Non-IFRS Financial Measures—Net revenue per average full-time equivalent partner and partner equivalent" for information about this metric's basis of preparation.
- (2) See Part X "Selected Financial Information—Segmental Financial Results—Note 3" for further information about this metric's basis of preparation.
- (3) See Part X "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

Key elements of the Commercial Services division include:

- **Practice Groups:** The Commercial Services division comprises the (i) corporate services, (ii) litigation and (iii) real estate practice groups. The three practice groups made roughly equal contributions to Commercial Services division revenue for the financial year ended 30 April 2018, with, however, the litigation practice group representing the largest of the three practice

groups. Furthermore, each of the practice groups comprises a number of practice areas or practice specialisms with particular expertise in the real estate, financial services and insurance sectors.

- **Key Client Accounts:** Whitbread Group plc, Serco Group plc, Santander Consumer (UK) plc, The Royal Bank of Scotland, Wm Morrison Supermarkets plc and Telefonica UK Limited are longstanding clients of the Commercial Services division, while DWF has recently attracted new clients such as Lucozade Ribena Suntory Limited and Sovereign Capital Partners. In addition DWF has been appointed to the panel of the Crown Commercial Services, an executive agency, which gives DWF access to a large number of clients throughout the UK public sector.

Below is a description of the Commercial Services division's three practice groups.

### ***Corporate Services***

DWF's corporate services practice group strives to take a practical approach in providing advice on corporate, commercial and finance issues, grounding the advice and actions taken on an understanding of its clients' needs. The corporate services practice group has particular sector expertise in financial services, insurance, real estate, retail and food, and telecommunications, media and technology. The corporate services practice group work in the insurance, real estate and other sectors, focuses on the corporate services applicable to businesses in these sectors. Such corporate legal services are complimentary to, but distinct from, the insurance and real estate legal services that the Insurance division and real estate practice group, respectively, provide in their respective practice groups and practice areas.

Below is an overview of the corporate services practice group's practice areas:

- **Banking:** The banking practice area incorporates banking and finance services and provides advice on acquisition finance, asset-based lending, corporate banking, hotel finance, public sector finance, real estate finance and renewables finance.
- **Business Restructuring:** The business restructuring practice area provides advice on the acquisition and disposal of insolvent businesses and distressed assets, creditor services, distressed real estate and insolvency litigation services.
- **Commercial and Competition:** The commercial and competition practice area provides clients with advice on business contracts, data protection and information law, EU and competition law, EU and international trade, intellectual property law and licensing, local and central government governance, modern slavery and compliance, public procurement, outsourcing, state aid, technology media and telecoms and contentious data protection.
- **Corporate:** This practice area provides advice on the sale, purchase and financing of public and private companies and businesses, including capital markets and private equity transactions, as well as giving advice with respect to joint ventures and investment structuring. DWF is able to combine its deep transactional experience with its industry sector and regional knowledge.
- **Tax and Private Capital:** This practice area provides advice on corporate and personal tax, indirect taxation, trusts, wealth management, executive engagement and reward and succession planning, both standalone advice and in support of transactions and investments.

### ***Litigation***

The litigation practice group has experience in a wide variety of sectors, including commercial, real estate, intellectual property, employment and financial litigation.

Below is an overview of the litigation practice group's practice areas:

- **Commercial Litigation and Dispute Management:** This practice area advises on complex commercial litigation, including risk management, investigations and dispute avoidance strategies. The core focus is on acting for multinationals, large public and privately owned corporates, and high net worth individuals involved in disputes to be resolved through the High Court, arbitration, mediation and negotiation. The team engages with the Connected Services division (particularly DWF Costs and DWF Forensic) to offer a seamless service. Members of the team also contribute to DWF's international arbitration offering.
- **Employment:** This practice area provides contentious and non-contentious advice on employment matters, including discrimination and equality, employment aspects of acquisitions, executive compensation, immigration, partnerships, restructurings and reorganisations, and trade union and collective issues.



- ***Finance Litigation, Lender Services and Regulation:*** The finance litigation, lender services and regulation practice area has financial services litigation and regulation expertise across a number of areas, including: asset (marine and aviation), consumer and motor finance, general banking and secured lending, defended mortgage repossession work, subrogation, mortgage fraud, and disputes relating to financial products.
- ***Insured Litigation:*** This practice area offers claims handling, legal advice and related dispute resolution services exclusively to legal expense insurers and their customers.
- ***Pensions:*** The pensions practice area covers the management of auto-enrolment obligations, restructuring the benefits for workplace pensions, scheme mergers, reconstructions and terminations, as well as advising on pensions disputes and litigation.
- ***Real Estate Litigation:*** The real estate litigation practice area covers a wide range of property issues, including commercial and residential lease disputes, and handles cases in courts and tribunals at all levels and also uses arbitration and mediation.
- ***Recoveries:*** The recoveries practice area includes debt recovery specialists that work collaboratively with private and public sector clients on the recovery of secured and unsecured debt, guarantee and indemnity claims, book debt collections, rent arrears and service charges.
- ***Regulatory, Compliance and Investigations:*** The regulatory, compliance and investigations practice area has a team that provides advice on environmental and food regulations, retail law, bribery, advertising, transport, care and safe guarding, and health and safety.

### ***Real Estate***

DWF's footprint across the UK enables DWF to provide both lower cost high volume work and complex transactions in a cost-effective manner. The real estate practice group provides services to real estate investors, developers, owners, occupiers, lenders and the public sector covering tenant representation, large-scale development projects, finance, planning, construction and investment. The real estate practice group is organised geographically by East, West and Scotland and has particular sector expertise in financial services, retail, leisure and hospitality, manufacturing, corporate, private and public sectors.

Below is an overview of the real estate practice group's areas of focus:

- ***Asset Management:*** The asset management team offers a full range of services across all asset classes, including retail and leisure and office and industrial, including: acquisition and disposals of freehold and leasehold individual assets and portfolios; lease management; grant and reservation of easements and covenants; dilapidation settlements; disputes and litigation.
- ***Commercial Occupiers:*** The commercial occupiers team supports national occupier clients. The team co-ordinates services for its clients by acting as a conduit for the following types of advice: acquisitions, disposals, asset management, business tenancies and statutory renewal procedures, planning advice, dispute resolution and tax-related issues.
- ***Construction and Infrastructure:*** The construction and infrastructure team advises clients on contentious and non-contentious matters, in pre-contractual stages such as public procurement, joint ventures, service agreements and tendering, through to the negotiation and agreement of construction contracts and professional appointments and other documentation such as performance bonds, parent company guarantees, duty of care deeds and collateral warranties. It also supports the wider real estate practice group teams on due diligence, development agreements, investment and finance projects, as well as undertaking infrastructure and energy projects.
- ***Housing:*** The housing team provides services across the full spectrum of housing types including affordable housing, retirement living, private rented sector, student accommodation, major regeneration projects, private development, strategic land and homelessness funds. It acts for investors, developers, public authorities and registered providers.
- ***Investment and Development:*** The investment and development team draws in expertise from across DWF's construction, planning, tax, banking, corporate, employment and commercial teams, as needed, for each business plan and project. This collaborative approach allows the team to advise and support high-value single asset transactions and development projects, as well as large-scale portfolio acquisitions and disposals.



- **Planning:** The real estate planning team assists with a broad range of matters, from commercial, residential and renewable energy projects, through the development of public spaces and roads to compulsory purchase and compensation.
- **Real Estate Finance:** The real estate finance team advises on real estate finance transactions of all sizes and complexity and has particular experience in advising those active in the financial services, investment, development, housing, hotel, healthcare and retail sectors acting for both borrowers and lenders.

## B. Insurance

DWF's Insurance division has a full service insurance team, handling thousands of outsourced motor, casualty (which consists of employer liability, public liability and product liability claims), property and professional indemnity claims on an annual basis, while continuing to handle the high-value, complex and often sensitive claims for its clients. The Insurance division's clients include some of the United Kingdom's largest and well-known insurers, insurance intermediaries and corporations. The Insurance division is instructed by insurers and their agents, as well as by public bodies and corporates, primarily to deal with their litigated claims. While the majority of work done by the Insurance division is connected to litigation or potential litigation, the division also conducts regulatory, compliance and investigations work for insurers whose insured have suffered a major insured incident. DWF's Insurance division advises on English and Scottish law and has extensive coverage throughout Great Britain. The Insurance division has panel arrangements with a number of its clients, which are typically for two to five years. The Insurance division aims to be a leader in innovation, combining technology and service excellence, and works closely with the Connected Services division to provide such additional services to its clients. Furthermore, the Directors believe that the Group's lower margin managed services provide access to better margin complex work.

DWF's Insurance division has won a number of awards between 2016 and 2018 demonstrating its profile in the market and its market-leading use of technology to advise clients and handle claims. Its awards include The British Insurance Awards Outsource Provider of the Year 2018, the Insurance Post Insurance Law Firm of the Year 2018, the Scott Awards 2018 (Scotland), the Insurance Times Fraud Prevention Solution of the Year 2018, Insurance Times Legal Partner of the Year 2018 and the Fraud Awards Intelligence and Investigation Awards 2017. For the financial year ended 30 April 2018, the Insurance division had an average of 86 partners and partner equivalents, and 749 full-time employees, including 295 qualified fee earners, 385 non-qualified fee earners and 19 trainees. The fee earners to partners ratio for the financial years ended 30 April 2016, 2017 and 2018 was 6.60x, 7.51x and 8.13x respectively. The Insurance division's revenue grew by a CAGR of 6.9% between 1 May 2015 and 30 April 2018. The following table illustrates certain key financial and operating data for the Insurance division:

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 £000	31 October 2018 £000
	<i>(except percentages)</i>				
Segmental Net Revenue .....	77,472	79,620	88,552	42,984	43,312
Net revenue per average full-time equivalent partner and partner equivalent <sup>(1)</sup> .....	877	964	1,031	503	524
Internal Gross Profit <sup>(2)</sup> .....	33,784	36,797	39,771	18,760	19,456
Internal Gross Margin <sup>(3)</sup> .....	43.6%	46.2%	44.9%	43.6%	44.9%

Notes:

(1) Average partner figures for the financial years ended 30 April 2016, 2017 and 2018 were 88, 83 and 86 respectively and average partner figures for the six months ended 31 October 2017 and 2018 were 86 and 83 respectively. See Part II "Presentation of Financial and Other Information—Non-IFRS Financial Measures—Net revenue per average full-time equivalent partner and partner equivalent" for information about this metric's basis of preparation.

(2) See Part X "Selected Financial Information—Segmental Financial Results—Note 3" for further information about this metric's basis of preparation.

(3) See Part X "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

Key elements of the Insurance division include:

- **Practice Groups:** The Insurance division comprises the (i) catastrophic personal injury and occupational health, (ii) motor, fraud, resolution law and in-house teams, and (iii) professional indemnity and commercial insurance practice groups. The catastrophic personal injury and occupational health practice group represented just under half of the divisions revenues for the year ended 30 April 2018, while the professional indemnity and commercial insurance practice group represented just under one third of the division's revenues for the same period. Across these practice groups, DWF has an internationally recognised expertise in complex cross-jurisdictional claims, acting on behalf of insurers, both in the United Kingdom and overseas, in handling their claim. This can be UK insurers dealing with claims in foreign jurisdictions or foreign insurers where the claims occurred in the United Kingdom or the United Kingdom is the chosen forum for the litigation. Furthermore, each of the practice groups comprises a number of practice areas or practice specialisms with particular expertise in the: transport; insurance; energy and industrials; retail, food and hospitality; and public sectors (including local authorities).
- **Key Client Accounts:** DWF has numerous longstanding clients such as Aviva plc, RSA Insurance Group plc, Ageas Insurance Limited, Zurich Insurance Group plc, QBE Insurance (Europe) Ltd, LV= General Insurance, Markerstudy Insurance Services Limited, MS Amlin UK and Tokio Marine Kiln Group Limited among other high-quality clients, such as Halfords Group plc, certain members of Lloyds of London, Serco Group plc, and recent client additions such as Admiral Group plc and NFU Mutual in the Insurance division. DWF has advised several of these clients for over 25 years.

Below is a description of the Insurance division's three practice groups.

#### ***Catastrophic Personal Injury and Occupational Health***

The work of this practice group relates to addressing claims related to serious injury, occupational health and industrial disease and employer and public liability accidents. This practice group includes the following practice areas: catastrophic personal injury; occupational health; and casualty. The catastrophic personal injury and occupational health practice group is the largest practice group within insurance and handles a diverse range of claims from: devastating brain injury to noise induced hearing loss; and industrial cancers to accidents in the street. This practice group's nationwide coverage can be supplemented with DWF Claims, DWF's global insurance claims handling management business, which is part of its Connected Services division.

Below is an overview of the catastrophic personal injury and occupational health practice group's practice areas:

- **Catastrophic Personal Injury:** The catastrophic personal injury practice area has one of the largest teams in the country handling the most complex and high-value multi-million pound claims on behalf of a range of insurer clients. Although the volume of claims is comparatively moderate, the importance of these types of claims to insurers is huge, accounting for well over 50% of their claims reserves.
- **Occupational Health:** DWF's occupational health practice area has a mix of nationally recognised experts in complex diseases such as asbestosis and cancers as well as considerable experience in the volume areas of noise induced hearing loss and hand arm vibration. The occupational health team has a particular reputation for strategic litigation having in recent years successfully taken legal precedent-changing litigation to the Supreme Court.
- **Casualty:** DWF's casualty practice area advises on the full range of employer, product liability and public liability claims for a variety of the biggest insurers, insurance intermediaries and self-insured corporations in the employer liability market. The practice area has one of the biggest public sector teams in England acting for a variety of local authorities and other public bodies in a diverse range of claims. There is particular expertise in the retail, food and hospitality, and transport sectors. DWF believes in target driven claims handling, supported by its case management system and data analytics expertise, which the Directors believe means that DWF can achieve the right outcomes in the most cost-efficient manner.
- **Police and Prison:** The police and prison team is a specialist team which advises on claims involving false imprisonment, malicious prosecution, misfeasance in public office, breach of privacy, personal injury, and claims under the Human Rights Act 1998. This specialist team also

acts on matters including deaths in custody, deaths due to restraint, self-harm, medical complications, mental health issues, police pursuits and firearms-related deaths. The team acts for both public bodies and the private suppliers of services.

### ***Motor, Fraud, Resolution Law and In-House Teams***

The motor, fraud, resolution law and in-house teams practice group operates through locations in Liverpool, Birmingham, Glasgow, Leeds and Manchester while also offering a managed services volume centre in Liverpool for more commoditised motor insurance work. It operates through three distinct practice areas and is an insurance sector offering for personal lines, commercial SME, and fleet risks for general and specialist insurers, legal expense insurers and brokers but also servicing sub-deductible work for their corporate insured customers. A key strength for the practice group is providing upstream intelligence back to insurers on key risks and fraud prevention opportunities, which arise from insight into the data collected at the time of, and subsequent to, instruction.

Below is an overview of the motor, fraud, resolution law and in-house teams practice areas:

- ***Motor:*** The motor insurance practice area has a team that manages all types of claims handling, advising on matters ranging from pre-proceedings Ministry of Justice portal claims, small and fast-track litigation, credit hire, fraud, subrogated recoveries, low velocity impact and multi-track claims. The team has adapted the analytics tools developed by the fraud practice area described below to place it ahead of the competition with innovative route-to-market data to assist insurers with their strategic approach to a range of claims including exaggerated and spurious rehabilitation claims. Commoditised, process oriented work is serviced in the main through a managed services centre in Liverpool, servicing work in a cost-effective manner.
- ***Fraud:*** The fraud practice area has a counter-fraud team whose work spans suspicious claims across all policy classes, from motor fraud to high-value property and commercial cases, as well as general insurance claims, including public liability, household, holiday and pet insurance fraud. This team also provides strategies to deter and identify fraud more effectively. By combining DWF's own and/or client data, industry experience, innovation and knowledge with DWF's analytical software suite, the fraud team is able to identify, collate and convert data into evidence as well as apply the data to better advise insurers on their fraud strategies in relation to a range of fraud claims from phantom passengers to major fraud rings. The practice area also offers, through its intelligence offering, products to insurers such as "insider risk" prevention tools. Within the fraud team DWF has one of the largest intel offerings in the United Kingdom identifying potential fraudulent claims to insurers and other clients. This has led to the identification, defence and subsequent prosecution of a number of high-profile organised fraud rings.
- ***Credit Hire:*** DWF's credit hire team has a wealth of experience in what is a recognised specialist area of motor claims, advising on a range of credit hire issues and claims, from volume fast track claims to complex multi-track claims.
- ***Resolution Law (Claimant Teams):*** The claimant practice area has a team of specialists who primarily handle legal expense-funded personal injury claims as a service to their insurer clients.
- ***In-House Teams:*** Within this practice area, DWF employees work as claims handlers within a client's premises, operating their processes. These DWF employees are among those whose utilisation is not tracked since they are assigned to work only with one particular client while on assignment.

### ***Professional Indemnity and Commercial Insurance***

The professional indemnity and commercial insurance practice group does work across a number of specialisms in the following areas: professional indemnity, product liability, energy, property damage, construction, engineering, financial institutions, director and officer liabilities, healthcare, marine and mining among others.

Below is an overview of the professional indemnity and commercial insurance practice group's key areas of specialism:

- ***Professional Indemnity:*** The professional indemnity team takes a sector-based approach within professional indemnity to enable it to meet the needs of insurers, insureds and brokers. The team provides a cradle to grave service for allegations of inadequate service, negligence or malpractice, from claims handling services in the early days of a complaint through to settlement or defence of fully litigated claims. The professions represented by DWF, often at the

instruction of their insurers and often in situations where the relevant professional regulator demands that at least a basic level of indemnity cover is held, are many and varied, including the traditional professions such as solicitors, accountants, brokers, architects, engineers, surveyors, designers and construction professionals together with the full range of healthcare professionals, through to more niche and still-rapidly developing professions such as those in the charity, education, cyber/IT and data sectors. This team also represents professionals in related proceedings, for example those of a disciplinary or regulatory nature or during public or national inquiries, as well as in the defence of compensation claims. The significant international nature of the claims handled benefits the ability of this team to advise clients as claim trends that begin in one jurisdiction often make their way to others over time.

- **Product Liability:** The product liability team serves United Kingdom and global insurers as well as corporate clients in defending civil claims relating to defective products both domestically and across multiple jurisdictions, as well as in pursuing recoveries along the supply chain where possible, advising on policy coverage, handling national and global product recalls, advising on regulatory compliance in relation to labelling, advertising and product launches, conducting judicial reviews of product regulatory decisions, advising on jurisdiction and choice of law, and handling often complex group litigation.
- **Energy:** Working alongside DWF's wider energy experts covering issues such as: consenting; procurement; financing; construction; commissioning; generation; transmission; distribution; storage; and the supply of energy, the international energy claims team contains experts across all areas of energy, from renewables such as wind, solar or sea to nuclear, utilities, oil and gas, and conventional power generation. From the conversion of waste to energy, to the implementation of blockchain projects in the energy sector, the team provides sector specialists to advise on new and emerging challenges that energy businesses face. The energy team advises high-value, complex, cross-jurisdictional matters, including pollution and fire claims, actions involving tankers and liquid cargoes, contamination claims, as well as representing clients where there has been a breach of the terms of the relevant agreements (including oil storage and terminal usage).
- **Financial Institutions:** The financial institutions team advises on insurance coverage, regulatory issues and the defence of compensation claims against a range of related individuals or organisations, whether from the banking or insurance sectors, investment managers, through to stockbrokers or clearing houses and regulated market place lenders.
- **Director and Officer Liability:** The potential liabilities for directors and officers of businesses increase year on year, whether of an allegedly criminal nature (for example manslaughter or fraud), regulatory (such as health and safety or breach of directors' duties) or compensatory civil claims. The professional indemnity and commercial insurance practice group's specialists represent those individuals and/or their organisations in the investigations or conduct of proceedings arising. Also often referred to as management liability insurance, directors' and officers' cover is sold by insurers either alone or as an adjunct to the company's partnership's own cover.
- **Marine:** The marine team provides technical advice, as well as dispute and liability representation, including in relation to loss of or damage to commodities, shipping, cargo, freight, terminals and/or logistics arrangements. This team primarily advises commodities companies on insurance matters relating to marine and trade disputes and liabilities in relation to operational and commercial contracts, marine finance and leasing, restructuring and insolvency, corporate, regulatory and other matters, alongside major marine incident representation.
- **Mining:** The mining team represents mining companies, commodities traders and insurers in disputes in connection with high-profile incidents. The mining, industries and energy specialists within this team have expertise in insurance-related disputes across the sector. The team also makes use of products offered by DWF's Connected Services division using its software, with which mining companies can monitor existing claims and outcomes, permitting cost-effective pursuit of cargo claims and financial recoveries for losses previously considered to be too small to pursue.
- **Property Damage:** A very significant number of property damage-related claims arise from a wide variety of scenarios, whether subsidence, fires, floods, escapes of water, accidental damage, deliberate acts, impact damage to properties by vehicles, negligence of a property-related



professional (for example by a welder or plumber) or other such cause. The commercial insurance and related teams handle the defence of these claims, with values ranging from a few hundred pounds of damage to a domestic home handled on a managed services platform, to hundreds of millions of pounds of damage to a commercial plant, often in each instance defending those said to have caused the damage but also providing a large-scale subrogated recovery service for sums paid out by insurers to their own insureds where property damage has been suffered.

### C. International

DWF's International division provides both commercial and insurance legal services to companies and high net worth individuals, which are performed by fee earners located in offices outside of Great Britain. DWF has a number of longstanding clients which it is now able to serve in additional jurisdictions through its International division and it has also acquired new clients as a result of the establishment and growth of its International division. The International division is supported by certain connected services products and solutions, with DWF Claims being the most widely available connected service. For the financial years ended 30 April 2016, 2017 and 2018, the International division had an average of 7, 26 and 64 full-time equivalent partners and partner equivalents. Over the past few years, DWF's International division has grown significantly, aligned to markets where DWF's global sectors are present and represent a significant opportunity for growth and driven by client needs, in order to capture a greater portion of client spend and reduce the risk of opening a new office location. In addition to the legal services DWF is able to offer through its international offices, DWF also has relationships with legal providers in certain international jurisdictions ("associated firms") that supplement DWF's international footprint. The International division's revenue has grown by a CAGR of 173.3% between 1 May 2016 and 30 April 2018.

The following table illustrates certain key financial and operating data for the International division:

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 £000	31 October 2018 £000
	<i>(except percentages)</i>				
Segmental Net Revenue .....	4,044	13,749	30,192	11,135	25,790
Net revenue per average full-time equivalent partner and partner equivalent <sup>(1)</sup> .....	622	538	475	200	282
Internal Gross Profit <sup>(2)</sup> .....	1,261	6,162	11,017	3,297	11,275
Internal Gross Margin <sup>(3)</sup> .....	31.2%	44.8%	36.5%	29.6%	43.7%

Notes:

- (1) Average partner figures for the financial years ended 30 April 2016, 2017 and 2018 were 7, 26 and 64 respectively and average partner figures for the six months ended 31 October 2017 and 2018 were 56 and 92 respectively. See Part II "Presentation of Financial and Other Information—Non-IFRS Financial Measures—Net revenue per average full-time equivalent partner and partner equivalent" for information about this metric's basis of preparation.
- (2) See Part X "Selected Financial Information—Segmental Financial Results—Note 3" for further information about this metric's basis of preparation.
- (3) See Part X "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

Below is a description of the International division's offices and associated firms.

#### Australia

DWF initially entered the Australian market in January 2017 via the acquisition of Triton Global, a claims management business with offices in Australia, Canada and the United States (and which now forms the core of DWF Claims in the Connected Services division). That was followed in February 2018 by the acquisition of Kaden Boriss' Australian practice with offices in Brisbane and Melbourne, which was identified as a complementary legal offering to the Triton Global claims management business, and which resulted in the Group having a total of 66 people in Australia, which included seven partners and partner equivalents and 21 additional fee earners. DWF now has four offices in Australia: Brisbane, Melbourne, Newcastle and Sydney. For the financial year ending 30 April 2018, the Australian team had an average of eight full-time employees. As at 31 October 2018, the



Australian team had 14 partners and partner equivalents, five directors and 108 staff total. Three internal promotions to partner took effect in February 2019 and three lateral partner hires joined in early 2019. The Group recently announced the expansion of its business in Australia through the hire of seven partners from the Melbourne law firm, WARD Lawyers, as well as 16 additional fee earners and support staff, which significantly increased the Group's presence in Melbourne. As a result of this team hire and other hires mentioned above, the Group's legal business in Australia increased by 26 individuals, including partners, fee earners and support staff. There are also a number of ongoing discussions with other potential lateral partner hires. The Directors believe that DWF is the first global legal business in the Australian market to provide complex, managed and connected services via an incorporated capital model and that there is a strong demand for managed and connected services due to a demand for technology and software to provide more sophisticated legal service offerings. The Australian legal market is heavily fragmented and DWF believes that the market provides consolidation opportunities. DWF's Australian offices primarily advise on corporate, commercial and insurance law, and the sectors supported from within Australia include all of the Group's global sectors (real estate (including construction), financial services and insurance). DWF's revenue in Australia for the financial year ended 30 April 2018 was £2.0 million.

### ***Belgium***

DWF entered the Belgian market in December 2015 in order to provide a Brussels base for its competition and procurement practice. It has since added an international trade partner. DWF's Belgium office is in Brussels and as at 31 October 2018 comprised two fee earners.

### ***France***

DWF entered the French market in January 2017 acquiring the business of Heenan Paris, which comprised 13 people, including four partners and partner equivalents and seven additional fee earners. The acquisition strengthened DWF's broader continental European offering and provided strategic links into the French-speaking sub-Saharan Africa region. The office specialises in commercial legal services and arbitration, with a team that has considerable experience in Africa. As at 31 October 2018, the team had grown to 35 people, which included 12 partners and partner equivalents and 17 additional fee earners. The sectors supported from within France include: real estate, insurance, energy and industrials, technology and communications, and retail, food and hospitality.

### ***Germany***

In December 2015, DWF acquired BridgehouseLaw Germany Rechtsanwaltsgesellschaft mbH ("BridgehouseLaw"), with offices in Munich and Cologne, giving DWF a stronger European footprint designed to drive further opportunities in Europe's largest economy in the context of Brexit, as well as a focus on the technology sector in particular, though DWF has since been broadening its sector and service line offering and is focusing on growth in the market. DWF Germany initially comprised 30 people, which included six partners and partner equivalents and 16 additional fee earners. It now has offices in Berlin, Cologne and Munich and the Group primarily advises German organisations engaged in local and international projects, including a team from Cologne that advises on projects in Israel. The sectors supported from within Germany include all the Group's global sectors (real estate, financial services and insurance); as well as other sectors including energy and industrials; technology and communications; food, retail and hospitality; and transport. For the financial year ended 30 April 2018, DWF's revenue in Germany was £6.9 million. As at 31 October 2018, the team comprised 79 people, which included 16 partners and partner equivalents and 41 additional fee earners.

### ***Ireland and Northern Ireland***

In February 2013, the Group acquired the business of Fishburns LLP, adding an office in Dublin focused primarily on insurance clients. In December 2016, the Group acquired the business of C&H Jefferson, a leading commercial law firm in Belfast, Northern Ireland, making DWF one of only a small number of law firms to have a pan-Ireland footprint, as well as UK-wide coverage. The sectors supported from within Ireland include all of the Group's global sectors (real estate (including construction, financial services and insurance), as well as other sectors such as energy and industrials, technology and communications, retail, food and hospitality, and infrastructure. For the financial year ended 30 April 2018, DWF's revenue in Ireland was £4.8 million. As at 31 October 2018, the team comprised 127 people, which included 27 partners and partner equivalents and 62 additional fee earners.

### ***Italy***

DWF entered the Italian market in October 2017 initially with 12 people, which included three partners and partner equivalents and eight additional fee earners. DWF's office is in Milan and it advises primarily on commercial services (with a focus on private equity and commercial transactions, real estate, tax as well as litigation). As at 31 October 2018, the team had grown to 43 people, which included seven partners and partner equivalents and 27 additional fee earners. Italy represented an opportunity to expand further in continental Europe, with DWF gaining a presence in the third largest economy in the Eurozone and one which with its largest trading partners, Germany and France, represented markets where DWF already had an established presence. The team in Italy had strong client connections to Germany, in particular, as well as a renewable energy practice that strengthened DWF's energy sector client base. The sectors supported from within Italy include all of the Group's global sectors (real estate; financial services and insurance); energy and industrials; and retail, food and hospitality.

### ***Middle East***

DWF entered the UAE market in March 2015 initially with three people, which included one partner and one additional fee earner in order to both satisfy demand from a major insurer client of the business and to develop and expand its construction-related insurance work. DWF entered the Qatari market in June 2018 initially with three people. The opening of DWF's office in Qatar was primarily driven by client demand and need as DWF had Qatari clients and non-Qatari clients with interests in Qatar and client requests for services there. DWF's offices in the UAE and Qatar are in Dubai and Doha, respectively, and they primarily advise on construction and infrastructure projects, corporate and commercial transactions, finance and international arbitration. DWF believes there is significant potential to expand into the currently untapped insurance market, as well as the retail, food and hospitality sector. The sectors supported from within the Middle East include: real estate (including construction); financial services; energy and industrials; and technology and communications (including defence technology). For the financial year ended 30 April 2018, DWF's revenue in the UAE was £3.5 million. As at 31 October 2018, DWF's UAE office comprised 38 people, which included eight partners and partner equivalents and 19 additional fee earners, while its Qatar office comprised seven people, which included two partners and partner equivalents and four additional fee earners.

### ***Singapore***

DWF entered the Singaporean market in July 2017 initially with six people, which included two partners and partner equivalents and three additional fee earners. DWF launched in Singapore as part of its strategy to build a business in Asia Pacific and in the regional hub for the fast growing Association of Southeast Asian Nations around its three global sectors: financial services; insurance; and real estate. In particular, DWF's insurance practice had already been working with clients in the region for many years and a presence in Singapore enabled DWF to develop its client relationships and grow its revenues in its three global sectors in one of the world's fastest growing economic regions. As at 31 October 2018, the Singapore team had grown to 11 people, which included three partners and partner equivalents and four additional fee earners. DWF's Singapore office primarily advises on international commercial and investment arbitration, construction and public international law and the sectors supported from within Singapore include: real estate; public sector; energy and industrials; and insurance.

### ***Associated Firms***

DWF can also serve clients in additional jurisdictions through its relationships with other legal partners referred to as DWF's associated firms. DWF has entered into exclusive agreements with its partner firms in Saudi Arabia, Turkey, South America and with WSHB in the United States, and will work with these firms in priority to other firms in those regions, subject to certain exceptions such as client preference. DWF does not generate income from the work undertaken by its associated firms but these relationships facilitate DWF's ability to serve its clients with operations around the globe. From time to time DWF's associated firms may refer work to it relating to the jurisdictions in which it operates, but referrals from its associated firms are not a significant source of revenue generation.

DWF's associated firms include the following:

- ***United States:*** Wood, Smith, Henning and Berman LLP
- ***Saudi Arabia:*** Harasani & Alkhamees, with offices in Jeddah and Riyadh

- **Turkey:** Özkan-Gürden
- **Argentina:** Vagedes & Asociados
- **Colombia:** Duarte Garcia Abogados
- **Panama:** Fabrega Molino
- **South Africa:** Thomson Wilks

With the exception of South Africa, DWF has entered into written association agreements with each of its associated firms. According to the terms of the applicable written agreement, the association can be terminated by either party, subject to the applicable notice period, which typically ranges from one to three months.

#### **D. Connected Services**

While the Connected Services division is DWF's smallest division by revenue generated, DWF's strategy of "doing things differently" is manifest in its Connected Services division and its products and solutions reflect DWF's efforts towards achieving its purpose of transforming legal services through its people for its clients and the value it places on "disrupting to progress".

DWF formally launched its Connected Services offering as a separate division in October 2017 in response to the growing demand from its clients and to expand its service delivery model as part of its strategic growth plans. The Connected Services division was built on existing products and services, including DWF's pre-existing costs business, its insurance claims handling business and technology business (both acquired from Fishburns LLP in January 2013), and its international claims management business, software and technology company (acquired from Triton Global Limited in January 2017), as well as other service lines, such as loss adjusting.

The Connected Services division offers complementary products or services to the traditional legal services offered by DWF's other three divisions and consists of a range of business, professional or consulting services, a number of which include or are enabled by technology products and solutions. The connected services are offered either directly to clients as stand-alone services or as part of a complementary offering to DWF's traditional legal services. The Connected Services division offers products and services in Great Britain and in a number of the international jurisdictions where DWF's International division is present, as well as in Canada and the United States where it is the only division currently present. As at 31 October 2018, the Connected Services division was present in 11 offices, including Sydney, Dublin, Chicago, Toronto and Milan. The Connected Services division's revenue has grown by a CAGR of 76.2% between 1 May 2016 and 30 April 2018.

The Connected Services division has employees dedicated to selling the division's products and services. The partners, employees, staff and consultants in DWF's other divisions also promote these to existing clients. The Directors believe that its connected services allow DWF to offer added value to clients, which in turn allows it to build more collaborative relationships and understand clients' businesses in a new way. It also allows DWF to provide multi-disciplinary teams across different professional and business services in an integrated package.

The following table illustrates certain key financial and operating data for the Connected Services division:

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 £000	31 October 2018 £000
Segmental Net Revenue .....	4,826	7,377	14,975 <sup>(1)</sup>	7,497	9,141
Internal Gross Profit <sup>(2)</sup> .....	2,894	3,763	4,776	2,357	3,662
Internal Gross Margin <sup>(3)</sup> .....	60.0%	51.0%	31.9%	31.4%	40.1%

#### Notes:

(1) DWF Adjusting and DWF Claims cumulatively represented just over one half of the Connected Services division's revenue for the financial year ended 30 April 2018, while DWF Costs represented just over a quarter and DWF 360 represented one tenth of the division's revenue for the same period.

(2) See Part X "Selected Financial Information—Segmental Financial Results—Note 3" for further information about this metric's basis of preparation.

(3) See Part X "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

DWF's Connected Services division comprises the following services and products:

- **DWF 360:** DWF 360 is the software business in DWF's Connected Services division, offering software solutions, as well as support with implementation and ongoing development and maintenance of business critical applications and systems. It also provides technical consulting services. It offers a suite of fully configurable software to clients ranging from insurers, brokers, retailers, energy, construction and engineering companies and professional service firms, as well as to the public sector, local government and housing associations. DWF's proprietary claims management system, "Claimsview", was developed and is supported by DWF 360 technology. See "*—DWF Claims*" below.
- The DWF 360 software suite (EvoSuite) and other services include the following:
  - *EvoClaim:* EvoClaim is a claims management software platform that covers the entire claim lifecycle, from first notice of loss through to settlement and claim file closure. It includes sophisticated standard and bespoke management information reporting options, as well as direct client real time access to claims files.
  - *EvoSafe:* EvoSafe covers the entire compliance lifecycle, including risk prevention, effective process management, collecting clients' monitoring and auditing data, initial notification of an incident, more robust and speedy accident investigation processes and a robust claims solution. EvoSafe allows clients to self-build reporting and management information, providing access to the information on demand.
  - *EvoRisk:* EvoRisk is designed to help organisations manage risk, compliance and auditing, including by coordinating audit activities and results across a business in one clear log.
  - *EvoDataProtect:* EvoDataProtect is a tool designed to help organisations prepare and arrange their responsibilities under GDPR and to allow clients to manage data compliance more easily on a day-to-day basis while safeguarding and protecting data from corruption or loss.
  - *DWF Notify:* DWF Notify is a mobile device crisis management notification tool that can be used for sending alerts or logging incidents in EvoClaim/EvoSafe. It also allows for the distribution of compliance/policy and risk assessments by role/location to ensure the latest documents are available, read and understood to mitigate risk.
  - *DWF Pinpoint:* DWF Pinpoint is a cloud-based software package that allows clients to manage multiple asset portfolios in one place. Clients can log in and access, control and measure their asset portfolio information. They can share information with colleagues or potential buyers and create reports, such as lease breaks or expiry dates across a portfolio.
  - *IT Services:* Alongside DWF 360's suite of products, this team also provides technology and infrastructure advisory services including cloud services, infrastructure as a service, co-location of data storage, remote desktop services, and security and data protection.
- **DWF Adjusting:** DWF Adjusting provides professional services in relation to the investigation and settlement of complex losses with a particular focus on property, construction and engineering claims. Its clients are commercial insurers and their policyholders as well as corporates and professional services businesses. The team specialises in the technical investigation of claims, working either directly with clients or in collaboration with lawyers at DWF as part of a multi-disciplinary approach to provide early and comprehensive advice. DWF Adjusting also serves DWF Claims connected services business by providing early technical assessment of claims to promote a cost-effective resolution for less complex or lower value issues. In February 2019, DWF acquired FT Adjusting, a loss adjuster with offices in Sydney and Melbourne and a team of ten staff, which became part of DWF Adjusting.
- **DWF Advantage:** DWF Advantage integrates online learning into a client's business. DWF Advantage has over 30 modules and uses a blend of in-house content and industry standard content from its content partners. It offers three key learning categories: legal and compliance, business skills, and management and leadership.
- **DWF Advocacy:** DWF Advocacy consists of a dedicated team of experienced barristers, advocates and mediators, across the United Kingdom, which works alongside DWF's internal legal teams. It provides specialist advocacy services at telephone or in-person court hearings, in all courts across England and Wales, as well as supporting them with advice and drafting. The Directors believe that getting the best results from advocacy relies on specialist understanding



and up-to-date experience. For that reason, DWF Advocacy is separated into sub-teams, drawing together experts in employment, motor fraud, occupational health and casualty, catastrophic injury, professional indemnity, costs assessments, inquests and arbitration both in the UK and internationally. DWF Advocacy is one of the regulated connected services and is an ABS regulated by the SRA.

- **DWF Claims:** DWF Claims is a global insurance claims handling management business specialising in the management and administration of all classes of commercial lines claims. It seeks to provide the capabilities of an in-house claims department for businesses on an outsourced basis, reducing the clients claims spend and life-cycle, while representing fewer suppliers for the client to manage and improving client risk management. It has particular expertise in matters concerning professional indemnity, general liability, healthcare, legal expenses, motor and property insurance. DWF Claims has developed its own proprietary claims management system, called “Claimsview”, which enables DWF to help insurers, corporates that are self-insured, brokers and policyholders to monitor their exposure, not only in terms of reserves and payments on a claim-by-claim basis, but also the performance of the classes of business for underwriting purposes. It provides this through a client dashboard which shows a graphical analysis of losses according to statistical indicators (such as location and loss code), as well as opportunities to investigate varying data sets (such as year of account or period) or to access a full electronic file (incorporating incoming and outgoing correspondence, internal referrals and all policy documentation). DWF Claims is charged on flexible fee structures for claim management. Claimsview was developed and is supported by DWF 360. DWF Claims is located across the globe in: London, Bristol, Manchester, Birmingham and Leeds in the United Kingdom; and in Sydney, Australia; Paris, France; Milan, Italy; Dublin, Ireland; Toronto, Canada; and Chicago, the United States. Furthermore, the Directors believe that there is scope for growth in the property and casualty segments in North America and Latin America, as well as opportunities for increasing marine claims in Singapore and Asia, in addition to overall geographical expansion in Europe.
- **DWF Company Secretarial:** DWF Company Secretarial offers a range of company secretarial support. Services include company incorporations, annual compliance services, corporate health checks, registered office services, named company secretary and annual general meeting services. The team can also assist with more technical issues such as the review of constitutional documents, small group reorganisations and cash repatriation schemes.
- **DWF Compliance:** DWF Compliance is a connected service available for the Singapore market that provides advisory services to financial institutions, trust companies and corporates on regulatory requirements, in areas such as data protection, the Foreign Account Tax Compliance Act, Common Reporting Standards, Anti-Money Laundering and Financing of Terrorism.
- **DWF Consulting:** DWF Consulting offers three separate business consulting services spanning data, business improvement and contract drafting:
  - **DWF Improvement and Innovation:** DWF Improvement and Innovation offers process advice to model and re-engineer a client’s organisational processes and plans to reduce risk and improve productivity.
  - **DWF Data Analytics:** DWF Data Analytics specialists work with clients to understand and interpret a range of data sets, using DWF’s own systems and software.
  - **DWF Draft:** DWF Draft is an automated contract drafting solution which has been developed from Thomson Reuters’ contract automation platform, Contract Express. DWF offers this consulting service to its clients and employs it in certain areas within DWF’s own practice groups to improve efficiency of work. DWF utilises DWF Draft within each of the practice areas of its Commercial Services division as a drafting tool, which the Directors believe increases the efficiency of its fee earners, saving its clients fees, while also reducing DWF’s costs.
- **DWF Costs:** DWF Costs is one of the largest costs businesses in the United Kingdom, providing advice and guidance in relation to costs matters, including legal and other service provider costs. It provides specialist advice on cost budgeting and assessment in litigation cases, as well as advisory services to clients on managing the costs of service providers. For cases litigated in England, throughout the litigation process there are times when the costs for legal fees will be presented to the court for approval, including prior to trial, to agree on a costs budget and after trial to award the provision of legal costs for the successful party. Specialist



costs lawyers are typically involved at each of these stages for complex matters. In addition to its costs solicitors, DWF Costs has also developed a predictive fixed fee cost tool to help insurers and other clients that have a high volume of low value claims to analyse and determine a representative value for the claim or service in order to be able to assess a fair cost themselves for legal fees on these high volume but low value matters. This enables clients to manage and control their costs for legal fees on matters where it would not be reasonable to pay for DWF Costs' individual advice and provides an example of managed services within the Connected Services division. As at 31 October 2018, DWF Costs had approximately 50 people across six DWF offices. The team includes solicitors, chartered legal executives and costs lawyers. DWF Costs is one of the regulated connected services and is an ABS regulated by the SRA.

- **DWF Forensic:** DWF Forensic is a team of forensic accountants and investigators that specialise in the quantum and investigative aspects of commercial disputes, insurance claims, corporate crime and regulatory issues. It also provides intelligence advice and reports (including DWF Sonar and DWF Radar), which provide clients with risk, due diligence and financial profiling information.
- **DWF Resource:** DWF Resource is a flexible resourcing service, providing high quality legal support according to client needs. It provides legal support with fixed costs, which is adaptable to a client's changing needs. Support can be provided on a short-term basis, for project-specific roles, interim and cover roles as well as for on-site or off-site support. It also provides the same service to clients for other non-legal professional services, including risk and compliance, auditing and forensic accounting. As at 30 April 2018 and 31 October 2018, DWF Resource had 80 and 90 legal support professionals registered with its service, respectively.
- **DWF Ventures:** DWF Ventures is a wholly-owned new ideas incubator and an innovation company. It focuses on client-focused research and development opportunities, as well as nurturing early-growth services.
- **Vueity:** Vueity is DWF's dedicated, international insurance auditing operation which allows insurers to audit their performance against Lloyd's of London's standards. It provides audits of third-party administrators and delegated authorities as well as general underwriting audits.

### **DWF's Acquisition Process**

DWF's divisions have benefited from acquisition activity undertaken by DWF to expand its legal and connected services offerings. DWF follows a rigorous selection and acquisition process and has completed a number of recent acquisitions. DWF also utilises its central services change management team, an internal consulting and project management team, to oversee and help manage its acquisition process described below.

### **Selection and Integration Process**

DWF follows a rigorous selection and acquisition process. With respect to the selection of acquisition targets, DWF is very selective and has historically declined numerous opportunities at early stages, for example, DWF considered approximately 14 targets in Australia before identifying its eventual acquisition target. In addition to ensuring a match with DWF's core values, DWF's selection focuses on its target's sector focus (including whether it has work that can be divided into complex legal services and managed services), financial profitability (including an assessment of the sector's return on invested capital, as a base case) and growth metrics. Targets that are determined to not fit these elements will be eliminated from consideration. Once a target is identified and makes it through the initial selection criteria (which include an evaluation of the number of revenue generating partners, quality of client base and fit with DWF's existing clients, and profitability), it is assessed for its strategic fit and if approved will move forward to the due diligence process. During the majority of acquisitions, the due diligence process is run in parallel with transition planning. Historically, the due diligence process and transition plan were summarised into a business case, which was sent to the equity partners to be approved. After Admission, the business case prepared will be presented to the Board for approval. If approved, the next phase of the process consists of four parts: day one readiness; a 30-day transition and integration plan and project/integration closure, which focuses on ensuring that the systems are all in place once the acquisition completes; embedding new systems and people into DWF; and resolving any immediate issues within the initial 30 days, with longer term issues addressed as part of the integration phase which may last several months. Once all stakeholders are agreed that the plan and/or benefits of integration have been realised, the project/integration

phase will be closed, with lessons learned fed back into the framework process for continuous improvement.

### ***Associations***

While DWF's business model is based on having its own subsidiaries or contractual control over its own integrated offices wherever possible, DWF establishes associations with third party law firms as an alternative in certain situations, including where:

- Regulation in the jurisdiction in question does not permit DWF to acquire the business;
- DWF wishes to test a chosen market before committing to acquiring the business; or
- DWF and its partner business may not be ready to integrate without a period of associated cooperation to increase mutual trust pre-merger.

Associations provide DWF with technical expertise matching its sectors and business areas, tested service delivery to meet its clients' expectations and defensive safe-harbours of client relationships.

Associations can be either:

- ***Non-exclusive***, where DWF and the third party law firm will try to work together wherever possible, but have a non-binding relationship and are free to work with other firms, upon the desire of either; or
- ***Exclusive***, where DWF and its partner contractually agree that they will always work together in the jurisdiction in which both are present (subject to having the required expertise and client preference).

Furthermore, where local regulations permit, it may be possible to agree fee arrangements with the associated businesses.

### ***Timetable of Recent Acquisition Activity and Future Strategy***

Below is a timetable of the more recent acquisition activity undertaken by DWF, including factors considered in the selection of the targets:

- In January 2012, DWF acquired the business of Newcastle-based Crutes LLP. The Crutes LLP acquisition expanded DWF's insurance practice and added a public sector practice.
- In May 2012, DWF acquired the business of Birmingham-headquartered Buller Jeffries LLP, which helped to further expand DWF's insurance practice.
- In July 2012, DWF also acquired the business of Scottish practice, Biggart Baillie LLP, expanding its UK national footprint and giving the combined business the opportunity to participate in UK-wide panels for large clients by offering Scottish law advice, especially in the financial services and real estate sectors, as well as presenting the opportunity to extend DWF's insurance sector coverage into Scotland, which was subsequently achieved.
- DWF thereafter continued to expand its national footprint through its acquisition of the respective businesses of two additional UK practices:
  - In February 2013, DWF acquired the business of Cobbetts LLP, which provided DWF with critical mass in the Birmingham market and further enhanced DWF's real estate and financial services sector focus.
  - In February 2013, DWF acquired the business of Fishburns LLP, which added offices in Bristol, London and Dublin, and gave DWF access to London market insurance work, as well as its first insurance claims handling business and a technology business. The business of Fishburns LLP, together with DWF's pre-existing DWF Costs business, became the initial cornerstone of DWF's Connected Services division.
- In May 2015, DWF acquired the business of London-based Watmores for £1.1 million, an insurance services practice with significant expertise in local authority insurance work.
- In December 2015, DWF engaged in further international expansion as it acquired BridgehouseLaw, with offices in Munich and Cologne, Germany for £1.1 million, giving a stronger European footprint designed to drive further opportunities in the context of Brexit, as well as a focus on the technology sector in particular.

- DWF strengthened its insurance practice further with the acquisition of two more UK practices:
  - In May 2016, DWF acquired the business of Fox Hartley in Bristol for £1.0 million, a transaction that was initiated by a major insurer client's desire to consolidate its relationships (and which has led to further expansion internationally as that relationship has continued to grow).
  - In December 2016, DWF acquired the business of C&H Jefferson in Belfast, Northern Ireland for £3.9 million, making DWF one of only a small number of law firms to have a UK-wide footprint.
- Following this, DWF acquired a number of international operations:
  - In January 2017, DWF acquired the businesses of Heenan Paris in France for £0.2 million, and Triton Global for £1.2 million, a claims management business with offices in Australia, Canada and the United States (and which now forms the core of DWF Claims).
  - In February 2018, DWF acquired the businesses of Kaden Boriss for £0.9 million, an Australian business, with offices in Brisbane and Melbourne and complimented the claims management business acquired in January 2017.
  - In June 2017, DWF also acquired the Neolaw costs business from Keeleys LLP for £0.5 million, which was integrated into DWF Costs and brought into the Connected Services division.

Going forward, across each region of interest globally, DWF has developed a specific strategy for international expansion, which includes priority countries for either future associations or additional acquisitions, as well as DWF's long-term views on the attractiveness of additional legal markets it would like to enter:

- **Continental EU:** Focus on expansion opportunities in:
  - *Spain:* Spain provides an opportunity in the technology, insurance and financial services sectors and is currently a key missing presence from the Group's continental European portfolio. It would also provide an anchor in Europe for a future Latin America strategy.
  - *Poland:* Poland provides an opportunity in the real estate, financial services, technology and energy sectors and provides an important geopolitical hub for Central Europe, Eastern Europe and South-eastern Europe. Poland also has strong trade links with Germany and the US.
- **Asia-Pacific:** Focus on expansion opportunities in Hong Kong.
  - *Hong Kong:* Hong Kong provides an Asia Pacific-wide insurance led opportunity. It would also provide a location that supports financial services and real estate business, along with corporate services in due course.
- **Americas:** Focus on expanding beyond DWF's Connected Services platform in the US and Canada by entering into associations with or acquiring complex legal and managed services businesses to underpin up-selling to existing clients of its Connected Services division (e.g. the DWF Claims handling business in Toronto) by adding local legal capabilities. Canada also provide opportunities in the insurance and financial services sectors, while the US represents the largest legal market in the world. Further expansion into Latin America over the long term, with Brazil, Panama and Argentina potentially attractive markets.
- **MENA:** Aim to consolidate existing Dubai and Qatar operations, seek closer strategic relationship with DWF's associated firm in Saudi Arabia and, over the long term, consider expansion into Africa.
- In addition, DWF continues to seek out opportunities to strengthen its ability to serve its global sectors in its various offices through acquisitions. It has also identified loss adjusting and safety investigation businesses as additional complementary services that could be acquisition opportunities to further expand its Connected Services offering in certain countries.

## People and Talent

### *DWF's Values*

DWF's values are at the heart of its culture, providing a clear foundation for its people. DWF is a global legal business with its purpose being to transform legal services through its people for its clients. The Directors believe that DWF's values are integral to the achievement of its strategy by ensuring a consistent corporate culture with existing and new employees across all of its global offices and its relationships with its clients. They influence actions and behaviours, complement DWF's strategic direction and support the integration of people that join the business.

DWF's stated values are:

- ***Always aim higher:*** By refusing to do only the minimum and reaching further every time, we expand the realm of what's possible.
- ***Be better together:*** By supporting each other and working as a team we can achieve more for our clients and ourselves.
- ***Disrupt to progress:*** Just because there's an established way of doing things, it doesn't mean it's the best way.
- ***Keep all promises:*** A promise is a promise, no matter how large or small. By keeping promises, we build trust, loyalty and commitment.
- ***Attend to details:*** Paying attention to every last detail is the right way to ensure that clients experience the very best of DWF.

The Directors believe that these values define DWF as an organisation, guide them in the selection of businesses to acquire and facilitate the integration of such businesses and will contribute to DWF's ability to achieve future success.

DWF seeks to reinforce its values and to ensure consistency of behaviours through its performance framework based on these values and Objective Manager ("OM"), a system that allows DWF's people to set, agree and manage their objectives. DWF's performance framework enables each employee to set out personal goals for the new financial year and to evaluate their progress over time. Personal goals can be linked to those of colleagues and the OM system is designed to align personal objectives to DWF's strategy and values and can help promote consistency of behaviours across the business.

In line with its values, the Directors strive to create and promote a positive, open and collaborative environment which ensures all people within the business feel recognised for their wide range of contributions, and includes promoting a culture that allows everyone to recognise each other for their efforts. To that end, DWF introduced and uses a recognition application which provides functionality to allow colleagues to thank, praise and recognise each other's efforts within the applicable environment.

### *People and the Revised Compensation Model*

DWF's ability to deliver lasting value and results to its clients has been, and will continue to be, a product of the strong character, expertise and dedication of its people. DWF's people work to solve difficult problems by combining legal training and speciality with sector expertise. DWF's people are supported by a culture of innovation and inclusion and are guided by DWF's values.

As at 31 October 2018, DWF engaged 3,100 people, including employees, partners and partner equivalents. The following table shows a full-time equivalent breakdown of DWF's people in its four divisions as at 31 October 2018:

	<b>31 October 2018</b>	
	<b>FTE Partners and Partner Equivalents<sup>(1)</sup></b>	<b>FTE Full-time employees</b>
<b>Divisions</b>		
Commercial Services .....	124	519
Insurance.....	80	770
International .....	93	277
Connected Services.....	11	311
<b><i>Divisions Subtotal</i></b> .....	<b>308</b>	<b>1,877</b>
Central Services.....	4	829
<b>Group Total</b> .....	<b>312</b>	<b>2,706<sup>(2)</sup></b>

(1) Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division.

(2) This total includes 133 consultants, 93 of which were employed by the Connected Services division with the remaining 40 distributed across each of the Group's other divisions.

DWF's people are each typically characterised as either a fee earner or a non-fee earner. Fee earner is a generic term used by legal businesses for employees who generate fee income for the business. Fee earners are not in all cases legally qualified with practising certificates; however, as the work becomes more complex, then, typically, qualified solicitors or lawyers will be involved in giving legal advice and liaising with the client. Legally qualified fee earners are referred to as qualified fee earners (or "QFEs") and those that are not legally qualified are referred to as non-qualified fee earners (or "NQFEs").

The terminology for each fee earner will vary in DWF's various international offices, but fee earners as a collective are typically made up of the following roles or their equivalents:

- ***Partners and partner equivalents:*** A partner is a qualified solicitor or lawyer who heads up a team of fee earners and typically has a strong following of clients within their chosen practice. The Group's offices in Australia became an Incorporated Legal Practice as at 1 February 2019. Under this new corporate structure, the title partner changed to principal lawyer. Principal lawyers are referred to as partners in this document and pre-Admission include equity partners and fixed share partners. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) who are also fee earners. The Group also has partner equivalents that are senior staff within the Connected Services division who earn over £100,000 per year. While these senior staff are not fee earners, they are tasked with revenue generation and have revenue targets for the teams they are responsible for. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered and billing arrangements in that division.
- ***Directors, senior associates, associates and solicitors:*** These fee earners are typically qualified lawyers with practising certificates with experience ranging from those initially qualified to directors which is typically one of the last positions before one may become a partner. Associate is a more general term for a qualified lawyer who is certified by the regulator of their applicable jurisdiction. In England and Wales, a solicitor is a qualified solicitor who has a practising certificate issued by the SRA.



- **Trainees:** A trainee is an individual who has completed a degree (or equivalent) and is undertaking their training contract (which ordinarily takes two years to complete) with their employer law firm in order to qualify, for example as a solicitor with a practising certificate issued by the SRA (for those within England and Wales) or another applicable local regulatory body.
- **Paralegals:** A paralegal is ordinarily an individual with a legal background, be that completion of a law degree or some form of legal work experience, which provides support to more senior fee earners. There is typically no requirement that paralegals be qualified as legal practitioners in the jurisdiction in which they work. Within DWF's headcount figures, those characterised as non-qualified fee earners are mostly paralegals.
- **Laterals:** A term used to refer to a partner, director, senior associate or associate that is hired after working initially for another law firm or in-house rather than starting since qualification with their place of business.

DWF also has other members of staff who play an important role in the functioning of DWF as a legal business, a number of which are in business critical central services teams such as those supporting the Connected Services division and the wider business.

### *Attracting, Developing and Retaining Talent*

DWF seeks to reinforce its culture and values through its recruitment, training and retention efforts. DWF seeks to attract, develop and retain its people and believes a number of its key characteristics contribute to these efforts.

#### *Attracting Talent*

The Directors believe that DWF is an ambitious, dynamic and innovative business which provides opportunities for growth for those that join. DWF strives to make its career path clear, providing growth opportunities for its fee earners and people to develop, build skills and be appreciated for their contributions as they provide services to DWF's clients. DWF uses its values to lead and unify its people and has a commitment to agile working. It has a range of diversity initiatives and embraces change and opportunities to innovate. DWF also strives to provide its people with high quality work opportunities and training. DWF strives to ensure that its people know they are making a difference while growing their careers, which furthers their commitment to DWF and its clients, and makes them ambassadors for future talent.

DWF attracts talent through a variety of channels. For its fee earners, trainees represent one channel through which DWF develops its talent pipeline. However, a number of laterals are also hired after working at other law firms or businesses, including other alternative legal services providers. For the period from 1 May 2015 to 31 October 2018, the Group attracted 102 lateral hires (averaging approximately 26 lateral hires annually over the last three financial years). Over half of the lateral hires came to the International division, and just under a third came to the Commercial division, with an increasing number of lateral hires to the Group every period. Furthermore, DWF has brought an additional 56 partners and partner equivalents into the Group during the same period through acquisitions. Historically, DWF has used large lateral hires to build up its offices in certain locations and the Directors believe DWF has a track record of retaining its lateral partner hires at a competitive rate. DWF's attrition rate for its lateral partners for the financial years ending 30 April 2016, 30 April 2017 and 30 April 2018 was 20%, 13% and 10%, respectively.

The Directors believe that DWF's Reorganisation and Admission will also further DWF's ability to attract, develop and retain talent as they expect it will drive growth, increase DWF's brand visibility, contribute to increased quality of work and provide resources for additional new technology.

#### *The Revised Compensation Model*

Following Admission, the Group will have a compensation model for its partners and fee earners that the Directors believe will be unique among its peers. A key component of that model will be the ability to provide equity incentives via discretionary trusts (the "**Trusts**") established for the benefit of partners, employees, staff and consultants across the Group, to be operated in conjunction with the Share Incentive Plans (see *Part XVI—"Additional Information—"*). The trustees of the Trusts will subscribe for Ordinary Shares in the aggregate equivalent to approximately 10% of the market capitalisation of the Company at Admission, to be held for the purposes of the future incentivisation of the Group's partners, employees, staff and consultants. The Directors believe that the Group's

compensation model, supported by such a significant transfer of value into the Trusts, will enable the Group to retain and attract high quality talent to its business over the long term.

Most partners will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise: (a) an annual fixed profit share; (b) dividend income derived from a holding of Ordinary Shares; (c) participation in a partner annual bonus pool anticipated to be equivalent to up to 5% of the Group's profit before tax for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or DWF LLP Sub-group Deferred Bonus Plan and recorded as a direct cost; (d) for Members of DWF Law LLP based in England, a nominal salary as an employee of a Connected Services entity; and (e) subject to meeting the relevant eligibility requirements, participation in the Share Incentive Plans. Self-employed partners of DWF Law LLP and DWF LLP will be required to pay in capital equivalent to 30% of their annual fixed profit share (subject to a minimum contribution of £25,001). Such paid-in-capital will be available to the Group for general corporate purposes. In the event of any insolvency proceedings, Member paid-in-capital is an unsecured debt of the Group owed to Members which ranks ahead of any equity interests held by shareholders.

Following Admission, the revised compensation model as described in *Part II "Presentation of Financial and Other Information—Other Information—Revised compensation model"* will be implemented, which will result in Members who are equity partners having their total partner compensation reduced by 60% and all other partners having their total partner compensation reduced by 10%, except for the revised compensation model exceptions, in order to generate net profits for all Shareholders (rather than retaining the existing approach where partners are allocated nearly all of the profits through their drawings). The Directors believe that the scaled back compensation resulting in the relevant partners Total Fixed Annual Compensation Amount will be substantially offset by the value of the other elements of compensation described above and, when taken together with the net proceeds of sale received by each individual as a Selling Shareholder and the ongoing holding of Ordinary Shares following Admission through the share award awarded prior to Admission, a proportion of which will vest immediately and the resulting Ordinary Shares sold in the Offering with the remainder vesting in five equal tranches upon announcement of the Group's financial results for the five-year period ended 30 April 2024 (which will be subject to various lock-up and clawback arrangements – see *Part XVI—"Additional Information—16.2 Lock-up arrangements"*) (a **"five-year share award"**), will represent a significant retention and incentivisation tool for the Group. Partners' post-tax cash realised at IPO is subject to a clawback arrangement if they resign within two years of Admission, which clawback period will end on 15 March 2021. Those partners joining the business following Admission will receive an annual fixed profit share at a level which is competitive with market rates, supplemented by share awards granted under the Share Incentive Plans. All partners' fixed profit shares will be reviewed annually and subject to adjustment based on individual performance during the relevant financial year.

All qualifying employees and certain consultants in the International division (who are consultants for local tax and legislative reasons) of the Group at Admission will receive a Free Share award (as defined below), a proportion of which will be sold in the Offering with the remainder vesting in two equal tranches upon announcement of the Group's financial results for the financial years ended 30 April 2020 and 2021. Certain senior managers (non-partners) will also receive a five-year share award. Additional share awards may be made to partners, employees, staff and consultants to reward strong individual performance on an annual basis. There will also be set levels of award for associates and partners upon promotion to a higher career level following IPO, as well as for lateral hires joining the Group at an equivalent level, all of which will be subject to vesting and leaver provisions. Partner lateral hires are expected to be awarded a five-year share award. It is intended that the first regular annual grant of awards under the Share Incentive Plans will commence following announcement of the Group's financial results for the financial year ended 30 April 2019.

The key terms of the Share Incentive Plans are described in *Part XVI—"Additional Information—11. Remuneration Policy—Share Incentive Plans"*.

#### *Development and Training*

DWF's Human Resources team has 55 members and is responsible for managing and developing talent within the organisation. As part of its people development programmes, employees are supported through professional qualification and training courses. A commitment to continual professional development maintains knowledge, skills and management capabilities, ensuring that

DWF's people understand and adapt to regulatory developments and general market trends across multiple jurisdictions.

The DWF Academy is at the centre of this commitment to professional development and training. It provides a structured development platform to its people, giving access to materials and training which are tailored to particular career levels, performance and ambitions. The key elements of the DWF Academy are business skills, compliance and governance and leadership and management programmes suitable for all levels of line manager. DWF Academy offers over 50 training modules online and workshops, which are used both within Great Britain and internationally. DWF also offers leadership programmes for the heads of its divisions and has conducted upward reviews and seeks feedback for equity partners based on an assessment against the required behaviours, their financial contribution, and their ability to live by DWF's values which are conducted on an annual basis. DWF also invests in "paid for" development activities for its staff from suppliers, such as LexisNexis or Kaplan.

#### *Retention Strategies*

Engaging its people is one of DWF's key strategic goals. DWF recognises that retention of key contributors to DWF's vision and purpose is paramount to the success of the business. DWF uses people engagement surveys to provide a valuable sense check on progress and to identify appropriate interventions.

Furthermore, the importance DWF places on its people continues to receive external recognition. DWF is a top 30 employer among UK organisations for leading the way in promoting flexible and agile workplaces through its smart workplace designs, technology and progressive policies. DWF was the first legal business in the United Kingdom to achieve and retain ClearAssured status for identifying and removing barriers to disabled talent and the first to achieve Disability Confident Leadership status. DWF has also been recognised by the Financial Times as one of the most innovative law firms on diversity and as a top employer on LGBT inclusion. DWF received Gold standard performance in the Law Society's Diversity and Inclusion report 2017 and was ranked 59th in the Stonewall Workplace Equality Index 2019. DWF has further received recognition or certification from Think, Act, Report – Gender Equality at work, Employers for Carers, Stonewall Diversity Champion, Prime, Living Wage Employer and Top 30 Employer for Working Parents.

DWF also provides career opportunities through apprenticeships, 5 STAR Futures and trainee programmes which are all designed to grow and retain talent. Induction and on-boarding programmes are available globally and have been created to engage new staff in DWF's culture and values and strengthen commitment to the Group.

Nevertheless, there is generally attrition after acquisitions as the business restructures to align to the DWF model. Moreover, DWF's transition away from being solely centred on complex legal services has presented a challenge for some of DWF's people and this subsequently drives a level of natural attrition.

#### **Corporate Social Responsibility**

The Directors believe in the power of DWF's people to make a difference beyond their provision of legal and connected services by giving their time and talent to the community. DWF's community investment strategy is focused on education, employability, health and wellbeing, and homelessness, and it supports its commitment to foster inclusive growth, reduced inequality and strong and sustainable neighbourhoods.

Volunteering and fundraising have been part of the culture at DWF for a number of years and initiatives are targeted to address some of the most pressing societal issues. It is one of only 22 businesses in the United Kingdom to currently hold Business in the Community's Community Mark, the United Kingdom's only national standard that publicly recognises excellence in community investment. DWF has several corporate and social responsibility initiatives which reflect its core commitment to this work: (i) the DWF Foundation; (ii) the UN Global Compact; (iii) its Diversity and Inclusion initiatives; and (iv) its focus on the environment.

#### **DWF Foundation**

At DWF, its values underpin not only its culture, but also set the future course that DWF wants to take as a business. The launch of the DWF Foundation (a UK registered charity) in December 2015 marked a significant step in DWF's journey as a responsible business and force for good. The DWF

Foundation's sole aim is to provide funds, resources and support to help build stronger communities and is aligned to DWF's existing community pillars, homelessness, health and wellbeing, employability and education. The DWF Foundation has been set up particularly to help with initiatives that tackle specific community issues, to help voluntary and community groups become more effective and efficient, to encourage the involvement in the community of those too often excluded, and to enable young people to develop skills for the benefit of the community. Location-based corporate social responsibility teams support the Foundation objectives, inspiring colleagues to support both fundraising and volunteering activities. Shortly after Admission, Members and the Estera Trust (Jersey) Limited (as trustee of the DWF Group plc Reward Share Trust) intend to provide a gift of approximately 1.8 million Ordinary Shares collectively to the DWF Foundation to support its initiatives.

### ***UN Global Compact***

DWF supports the principles of Human Rights set out in the Universal Declaration of Human Rights and the International Labour Organisation core labour standards and launched its Global Human Rights Policy in February 2018.

DWF is a signatory to the UN Global Compact and its business principles covering human rights, employment standards, environment and anti-corruption. In 2016, DWF also became a signatory of the UN Women's Empowerment Principles. Additionally, DWF seeks to integrate and align its business operations to the UN Sustainable Development Goals and reports on its progress against the UN Global Compact's measurable outcomes annually.

### ***Diversity and Inclusion***

DWF is committed to a vibrant, energetic, diverse and inclusive business and to cultivating an environment that allows its people to be themselves. DWF encourages and supports its people to take ownership and responsibility for its inclusion agenda, which is aimed at ensuring mutual respect, and dignity is seen and valued as an integral part of DWF's culture and the way it does business.

DWF launched a global diversity and inclusion strategy and business case in October 2017. Its Diversity & Inclusion Leadership Group comprises 39 senior leaders and drives activity through six action plans covering gender, disability, LGBT, flexible working, race and ethnicity, and age. DWF has a dedicated team to support the implementation of its strategic diversity objectives and is recognised as a top performer in diversity benchmarking indices.

### ***Environment***

DWF is a member of the Legal Sustainability Alliance on Climate Change and has achieved a 24% reduction in its carbon footprint (from 3,728 to 2,827 tonnes of carbon dioxide equivalents) between 2015 and 2017. DWF has an established environmental management system in place which is accredited to the ISO14001:2015 certification in the United Kingdom.

### **Risk Management and Internal Control: The DWF Business Excellence Team**

Responsibility for risk management and internal control rests with the management of DWF. The DWF internal procedural audit process is independent from operational and line management responsibilities. DWF uses its business excellence team (the "**Business Excellence Team**") to conduct internal procedural audits ("**Internal Procedural Audits**"). The Business Excellence Team works in partnership with managers and colleagues across the firm to develop and maintain adequate and reliable systems of internal control. The Internal Procedural Audits are an integral part of the DWF performance management framework that seeks to provide an independent and objective opinion of existing management controls and adherence to DWF's standards and codes, and highlight where there is weakness or strong performance across the firm.

The goals of an Internal Procedural Audit are to:

- provide opportunities for improving service delivery;
- enhance the client experience; and
- protect the organisation's image and brand.

The Business Excellence Team adopts a flexible risk driven approach while delivering a pre-planned audit programme. As part of the firm-wide management review, the Business Excellence Team provides a six-month update to the Executive Board on the activities of internal audits and the progress or the challenges that they face. They may also conduct additional special reviews required



by the senior management team or other risk management teams, where risks have been identified. In addition, the Business Excellence Team can also complete proactive “health checks” on client service level agreements to see how DWF’s performance compares with the agreement so that any remedial action can be taken prior to a client completing an audit. If DWF were found not to be meeting the standards set in its service level agreements with clients, this could lead to the loss of future work with such clients.

The Risk Management team is responsible for maintaining high standards of compliance in respect of client on-boarding, Anti-Money Laundering (“AML”) and fulfilment of jurisdictional regulatory requirements. The Group routinely invests time and resources to ensure its risk management and compliance framework, procedures and processes are up to date and robust.

DWF maintains AML (including client due diligence) policy and procedures based on its understanding of best practice and the legal and regulatory requirements in each relevant jurisdiction. It has different frameworks in place in the different jurisdictions where required and has established procedures in an attempt to satisfy these as efficiently as possible. Specific jurisdictional requirements are defined, approved and implemented through central controls maintained by the Risk Management Team. DWF also has training programmes in place to educate its people on regulatory requirements, including with respect to AML, client due diligence, conflicts of interest and other topics. In addition to online training, the Risk Management Team also provides in-person training on various topics for its offices in various locations.

The work of the Business Excellence Team is externally assessed in accordance with the ISO 9001:2015 quality management standard for its operations in England, Scotland and Northern Ireland. The Business Excellence Team also works towards identifying and sharing good practice, identifying issues and providing guidance on root cause analysis and implementing solutions.

### **Information Technology**

DWF’s information technology (“IT”) strategy is based on the principle of delivering a single global platform capable of supporting the needs of its complex legal services and managed services as well as its connected services businesses. Currently, approximately 89% of DWF’s business operates on its standard global platform and the remaining 11% is scheduled to be migrated during the 2019 calendar year. Future acquisitions are planned to be integrated using DWF’s standardised IT and systems integration methodology.

The global IT operation is centred in Manchester, UK, with some staff in other locations as required for support, time zone and specialist reasons. IT operates under industry standard operating methods and practices, based on a leading framework for IT service management, the IT Infrastructure Library framework, and is certified under an information security management system standard, ISO27001. A small number of trusted industry partners work alongside DWF under service level agreements and with appropriate relationship management.

DWF’s core infrastructure is built on industry standard Microsoft, Citrix, Netapp and Cisco technologies, aimed at providing the levels of performance, resilience and scalability required to enable DWF’s growth. Applications are delivered via a blend of industry standard packages, unique configurations of niche products, and bespoke development; the choice of approach depends on the requirements of each individual situation. For example, DWF takes an industry standard approach to core financial and enterprise resource planning (“ERP”) functions, but a proprietary configuration and bespoke approach to the technology portfolio within the Connected Services division, and to solutions supporting DWF’s provision of managed services. DWF owns its proprietary DWF 360 EvoSuite software solution, with the other technology solutions within its Connected Services division being licensed from third parties. DWF has customised and configured some solutions that it has licensed from other third-party providers. For example, LexisNexis Visualfiles is a relatively standard workflow product, which DWF has configured to deliver efficient and automated bespoke workflows, and to support data analytics. DWF leverages the software capability within its Connected Services division, using its claims and risk management products internally.

DWF expects to invest in its technology with certain of the proceeds of the Offer. See *Part IX—“Details of the Offer—2. Reasons for the Offer and use of proceeds”* for additional detail.

### **Cloud as a Competitive Advantage**

DWF is strategically committed to cloud-based solutions. Many business systems already run on a cloud computing service, Microsoft Azure or O365 platform, including Yammer (a collaboration tool



used to share knowledge and capability globally). DWF has adopted the telecommunications application software, Skype, globally, and has commenced its full migration to Office 365, which is expected to complete in 2019. DWF's cloud strategy has four objectives:

- to deliver a high quality working and collaboration platform for its existing users in all of its markets;
- to act as a key differentiator for acquisition targets, for whom the platform will represent a major advance;
- to facilitate acquisition activity and the IT integration of any businesses acquired; and
- to drive down operating costs in the long term.

### Core Applications

DWF's core applications are as follows:

- **Finance including ERP:** Thomson Reuters Elite 3E is the leading ERP solution in the legal sector. 3E supports client and matter financial management from inception to collection, as well as all ERP financial functions.
- **New Business Intake:** IntApp Open is a leading business intake solution in the legal sector. It is used internationally to onboard new business, managing ethical and commercial conflicts, and regulatory, financial and reputational risks.
- **Case Management:** LexisNexis Visualfiles is one of the leading workflow and legal case automation solutions. It is highly configured by DWF to provide customised capabilities in case management, including business process automation, document automation and storage, and data capture to enable data analytics. The software is used to manage almost all of DWF's managed services workload. The software is managed and enhanced using continuous improvement methods, such as Agile development.
- **Document Management:** iManage Worksite is the leading document and email management solution in the legal sector. It is used for all complex legal services work products to provide a centralised repository for matter documents and emails. DWF has extended the repository using Workshare secure file sharing to enable DWF's people to streamline how they work with internal and external stakeholders.
- **DWF Draft:** DWF Draft is an automated contract drafting solution which has been developed from Thomson Reuters' contract automation platform, Contract Express. This technology is designed to allow people to more efficiently produce legal documents, contracts and reports. This technology seeks to enable DWF's people to dedicate more time to higher value bespoke drafting and negotiation. Using document automation software has historically improved DWF's accuracy and risk management through a more consistent approach. See "*—Legal and Connected Services—D. Connected Services*" above.
- **DWF Diligence:** DWF Diligence is a specialist platform licensed from High Q, and designed to support a transaction such as the selling or purchasing of an asset for a client. It allows the user to create permissions to documents at a granular level along with other advanced features such as audit reports and indexing.
- **EvoSuite:** DWF 360's software suite EvoSuite, developed and marketed by the Connected Services division, is also used internally both for the full lifecycle of claims management workloads and for internal management of DWF's risk and complaints processes. It also provides the technology for Claimsvue, DWF's proprietary software application that facilitates claims processing and management.

### Artificial Intelligence and Analytics

DWF has collaborated with a small number of external experts in an effort to develop artificial intelligence ("AI") based solutions to help lawyers with data extraction and document review. DWF already has significant experience in delivering predictive analytics for fraud detection and other applications. The Company believes that AI and data analytics capabilities have significant potential to drive growth and margin improvement in DWF's complex legal, managed and connected services businesses.

DWF sees the main opportunities as:

- extracting data from documents to speed up labour-intensive processes;

- identifying and visualising patterns in the review of documents and data;
- the deployment of predictive analytics to DWF's insurance claims data set, which, due to its market share and longevity in the market, the Company believes to be one of the largest such data sets in the industry; and
- the data-driven optimisation of performance and processes within DWF's managed services provision.

### ***Resilience and Security***

All core IT infrastructure is protected through industry standard redundancies at all key component levels. Two UK datacentres, located in Manchester and Salford, have direct replication of data to ensure disaster recovery capability. Email is fully replicated globally, by a world-leading cloud email solution that also provides malware and other protection.

DWF conducts routine disaster recovery testing on its IT infrastructure. At the last test, all systems were recovered as expected without business disruption.

DWF's information security team is responsible for effective information risk management and embedding protection and security of information into IT operations and business culture. The information security team has management processes at all levels of the business with monitoring in place to control the risks and threats it faces.

The effectiveness of the controls and early warnings of any potential control failings are measured through a layered security architecture and metrics.

As an ISO27001 accredited organisation, DWF's information security team uses four service lines:

- ***IT Risk Management:*** The IT team seeks to identify, assess, evaluate and control information-related risks through the establishment and maintenance of an information security management system ("ISMS"). The ISMS has a risk assessment, statement of applicability and risk treatment plan which identifies how information-related risks are controlled. DWF's information security officer is responsible for the management and maintenance of the risk treatment plan. Additional risk assessments may, where necessary, be carried out to determine appropriate controls for specific risks. The ISMS is subject to continuous, systematic review and improvement.
- ***Threat and Vulnerability Management:*** Threats are evaluated through an information risk framework process. DWF's information security team seeks to identify and assess risks and controls, and remediation activity is implemented to address any risks found to be outside the parameters of acceptable risk.
- ***Identity and Access Management:*** DWF employs robust identity and access management processes. Access is allocated by role profiling to ensure access rights are granted on a "least privilege" basis at various layers of the IT system.
- ***Security Incident Management & Monitoring:*** DWF's information security team uses ISO27001 standards in response to security incidents, which requires key stakeholders to be informed, including the information security officer who assesses the incident for escalation to the relevant teams. When required, the incident management team or the critical response team will be convened. DWF performs post-incident analysis on security incidents to identify lessons to be learned and to improve processes.

### ***Intellectual Property***

DWF utilises a variety of proprietary rights in delivering legal and connected services to clients. DWF claims a proprietary interest in certain of its offerings, products, software tools, methodologies and know-how and also has certain licences to third-party intellectual property it utilises.

DWF relies on a combination of non-disclosure agreements and other contractual arrangements, as well as trademark and trade secret laws to protect its proprietary information. It also enters into proprietary information and intellectual property agreements with its people, which require them to disclose any inventions created during employment, to transfer such rights to inventions to DWF, to waive their moral rights to the same and to restrict any disclosure of proprietary information.

DWF has a variety of proprietary marks registered in the United Kingdom and certain foreign countries, including "DWF". Generally, registered trademarks have perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks, though this is not the

case in all jurisdictions. DWF has registered trademarks related to its name and logo in the United Kingdom, with the earliest renewal in February 2021, while the earliest renewal for its trademarks outside of the United Kingdom is in June 2024. DWF also owns a number of domain names for its legal business.

### **Property**

DWF's largest operations are located in London, Manchester and Liverpool. DWF's registered office is located at 20 Fenchurch Street, London EC3M 3AG (the "**London office**"). DWF's principal office is in Manchester where a number of central service functions (including the Group's global IT function) and the Group's Legal Services Centre is located (the "**Manchester office**").

DWF's London, Manchester and Liverpool offices are leased for fixed terms with annual rent payable. In addition to rent, the leases typically require the payment of VAT, insurance rent and service charges.

### **Insurance**

DWF maintains insurance cover to protect its business in the event of claims. In particular, regulated businesses are required to carry professional indemnity insurance that meets specified requirements. DWF meets all of these requirements and maintains a good relationship with insurers based on transparent risk management procedures.

The Directors monitor and regularly review DWF's insurance coverage and believe that its current insurance coverage is appropriate for its business, in respect of its level and applicable excesses and deductibles, considering its business location as well as the scale of its operations.

### **Dividend policy**

The Directors intend, following Admission, to adopt a dividend policy, which will retain sufficient capital to fund ongoing operating requirements and to invest in the Group's long-term growth. The Group will target a dividend payout ratio of up to 70% of DWF Group plc's profit after tax. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year. The Directors expect that the interim dividends would account for a third of the total planned amount and the final dividends would account for two thirds of the total planned amount to be paid in relation to each respective financial year. In addition to the above general dividend policy, the Directors plan on paying in September 2019, subject to approval by the Company's shareholders, a final dividend of £3 million in respect of the financial year ending on 30 April 2019. The Directors then intend, in respect of the six month period ending on 31 October 2019, to pay an interim dividend in December 2019 and another interim dividend in February 2020, with these two interim dividends each individually expected to represent approximately one sixth of the total planned dividend amount to be paid in relation to the financial year ended 30 April 2020. The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends.

## PART VII

### REGULATORY OVERVIEW

#### Legal Services Regulators

Regulators of legal service providers (“**Legal Services Regulators**”) regulate lawyers, law firms and non-lawyers (such as managers and employees of legal service providers) and other types of lawyers such as registered foreign lawyers.

In addition to legislative and regulatory provisions, Legal Services Regulators regulate professional duties by setting rules, principles and codes of conduct by which those regulated by them must abide in order to provide legal services in the relevant jurisdiction. The Legal Services Regulators supervise individual lawyers and (in some cases) law firms and certain non-lawyers and have the power to take enforcement action against those breaching the applicable regulations. As part of such enforcement action, the Legal Services Regulators may issue a warning, impose a disciplinary sanction (e.g. a fine), refer the individual or firm to a disciplinary tribunal, revoke the relevant practising licence or close down the legal services provider.

Legal Services Regulators also regulate various matters relating to individual lawyers licensed in their jurisdiction, such as ensuring that those regulated by them are and remain qualified to provide legal services by setting qualification standards, monitoring training, assessing the character and suitability of individuals regulated by them, administering the list of lawyers authorised to practise in their jurisdiction and making sure that lawyers from other jurisdictions meet their standards of training and suitability and language requirements before those lawyers can practise within their jurisdiction.

The following is a list of the Legal Services Regulators in each of the jurisdictions in which DWF currently provides regulated legal services. DWF has engaged with all of these Legal Services Regulators on the Reorganisation and its new structure and governance arrangements. The jurisdictions in which DWF provides connected services only are not subject to legal services regulation by the Legal Services Regulators.

Jurisdiction	Legal Services Regulator
<b>Australia</b>	
New South Wales.....	Law Society of New South Wales
Victoria.....	Victorian Legal Services Board & Commission
Queensland .....	Queensland Law Society
<b>Belgium</b> .....	The Dutch Brussels Bar ( <i>Nederlandse Orde van Advocaten bij de Balie te Brussel</i> )
	The French Brussels Bar ( <i>Ordre français des avocats du barreau de Bruxelles</i> )
<b>England and Wales</b> .....	Solicitors Regulation Authority
<b>France</b> .....	Paris Bar ( <i>Ordre des Avocats au Barreau de Paris</i> )
<b>Germany</b> .....	Bar Association of Cologne ( <i>Rechtsanwaltskammer Köln</i> )
<b>Ireland</b> .....	Law Society of Ireland
<b>Italy</b> .....	Milan Bar ( <i>Consiglio dell'Ordini degli Avvocati di Milano</i> )
<b>Northern Ireland</b> .....	Law Society of Northern Ireland
<b>Qatar</b> .....	Qatar Financial Centre Authority
<b>Scotland</b> .....	Law Society of Scotland
<b>Singapore</b> .....	Legal Services Regulatory Authority
<b>UAE</b> .....	Legal Affairs Department of the Government of Dubai

### **Professional duties of lawyers**

Lawyers and law firms have professional duties under a mixture (depending on the jurisdiction) of legislation, regulations, rules, principles and codes of conduct made by legislators and Legal Services Regulators. These professional duties, which are overseen and enforced by Legal Services Regulators, typically include, among other things, obligations:

- to provide services to clients in a manner which protects clients' interests;
- to ensure that they have the resources, skills and procedures to carry out clients' instructions;
- to provide services in a timely manner;
- to take into account clients' needs and circumstances;
- to communicate clearly and effectively with clients;
- to disclose matters in which they have a personal interest if consulted by clients on those matters;
- to manage conflicts between the interests of two or more clients or potential clients (by informing clients and/or declining the work);
- only to enter into fee agreements that are reasonable and legal;
- to disclose material information to clients;
- to protect clients' confidential information;
- never to discriminate based on race, sex, marital status, disability, sexuality, religion or age;
- not to attempt to deceive or mislead the court;
- not to be complicit in another person deceiving or misleading the court;
- to co-operate and comply with court orders; and
- not to be in contempt of court.

In addition, lawyers and law firms have other professional duties, such as duties towards Legal Services Regulators. They must, for example, comply with reporting and notification requirements and report any serious misconduct by any individual or firm authorised by the relevant regulator.

### **Legislation and regulation impacting the structure of the DWF Law LLP Sub-group**

#### ***England and Wales – DWF Law LLP***

Under the Legal Services Act 2007, as amended, a “**Licensed Body**” is a legal practice that is authorised to carry on reserved legal activities by virtue of a licence granted to it by the SRA or another Relevant Licensing Authority in England and Wales and in which at least one Non-authorised Person is a manager or a holder of an interest. DWF Law LLP will be a Licensed Body following the Reorganisation and will be required to operate in accordance with the terms of its licence and other applicable SRA regulation. The SRA has authorised DWF Law LLP as a Licensed Body, pursuant to a licence issued by the SRA to DWF Law LLP on 8 March 2019. The Legal Services Act 2007 places restrictions on the holding of a Restricted Interest in a Licensed Body by a Non-authorised Person. If a person (alone or in aggregate with their associates) who is a Non-authorised Person proposes to acquire a Restricted Interest, that person must not take any steps to acquire such Restricted Interest until after it has: (a) notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest; and (b) received the necessary approvals from the Relevant Licensing Authority, as may be required under the Legal Services Act 2007 and the Regulatory Arrangements. It is a criminal offence under the Legal Services Act 2007 for a Non-authorised Person to fail to comply with these obligations.

On completion of the Reorganisation, five Non-authorised Persons will hold Restricted Interests in DWF Law LLP. The SRA has approved each of the following Non-authorised Persons to be a holder of a Restricted Interest in DWF Law LLP: the Company in its capacity as the ultimate holding company of DWF Law LLP; DWF Holdings Limited in its capacity as the controlling member of DWF Law LLP; Estera Trust (Jersey) Limited in its capacity as trustee of the Employee Benefit Trust and the Reward Share Trust; Equiniti Financial Services Limited in its capacity as the legal title holder of shares in the Company held on behalf of certain partners, staff and employees of the Group; and Wealth Nominees Limited in its capacity as the legal title holder of shares in the Company held on behalf of certain partners, staff and employees of the Group.



Under the Legal Services Act 2007, for so long as a Divestiture Condition is satisfied in relation to a Non-authorised Person, a Licensed Body will automatically be in breach of the Legal Services Act 2007, which may result in the Solicitors Regulation Authority: (a) commencing a process to revoke or suspend its authorisation as a Licensed Body to carry on its legal practice; and/or (b) taking either of the following actions against the breaching Non-authorised Person: (i) upon written notice to the breaching Non-authorised Person, immediately apply the Disenfranchisement Restrictions (as explained below) to the breaching Non-authorised Person's entire shareholding in the parent company of the Licensed Body; and/or (ii) apply to the High Court of England and Wales for an order to divest the breaching Non-authorised Person of such number of its shares representing its Restricted Interest in a Licensed Body that will result in the breaching Non-authorised Person no longer holding a Restricted Interest in a Licensed Body. "**Disenfranchisement Restriction**" includes each of the following restrictions: (a) a transfer of (or agreement to transfer) the Relevant Shares, or, in the case of unissued shares, a transfer of (or agreement to transfer) the right to be issued with them, is void; (b) no voting rights are to be exercisable in respect of the Relevant Shares; (c) no further shares are to be issued in right of the Relevant Shares or in pursuance of any offer made to their holder; (d) except in a liquidation, no payment is to be made of any sums due from the issue of the Relevant Shares, whether in respect of capital or otherwise; and (e) any other restriction that the Relevant Licensing Authority may impose in respect of the Relevant Shares in accordance with the Legal Services Act 2007 and Regulatory Arrangements.

#### *Regulatory intervention powers*

The SRA has certain intervention powers in relation to a Licensed Body, which are derived from Section 102 and Schedule 14 of the Legal Services Act 2007. These powers are primarily designed to protect clients' interests and client money. The grounds for intervention include: (a) where the terms of the Licensed Body's licence have not been complied with; (b) where a person has been appointed receiver or manager of property of the Licensed Body, a resolution for the voluntary winding-up of the Licensed Body is passed, the Licensed Body enters into administration or an administrative receiver is appointed, or an order for the winding-up of the Licensed Body is made; (c) the SRA has reason to suspect dishonesty on the part of any manager or employee of the Licensed Body in connection with the Licensed Body's business or any trust of which the Licensed Body was a trustee; (d) the SRA is satisfied that there has been undue delay on the part of the Licensed Body in connection with any matter in which it was acting on behalf of a client or any trust in which it is or was a trustee; or (e) the SRA is satisfied that it is necessary to intervene in order to protect the interests of clients of the Licensed Body or the beneficiaries of any trust of which the Licensed Body is or was a trustee.

On intervention, the SRA's powers include: (a) applying to the High Court of England and Wales for an order that a person holding money on behalf of the Licensed Body may not make any payment of the money except with the leave of the court; (b) to vest in the SRA all sums of money held by the Licensed Body in connection with its activities or with any trust which it is or was a trustee of, and any right to recover or receive debts due to the law firm in connection with its practice, and to hold them on trust for the persons beneficially entitled to them; (c) to take possession of all documents in the possession of the Licensed Body related to its activities; (d) to apply to the High Court for a communication redirection order for the redirection of post, emails and telephone communications to the SRA; and (e) to do all things which are reasonably necessary for the purpose of facilitating the exercise of these powers.

#### *Other DWF Law LLP Sub-group jurisdictions*

In Australia, regulations permit non-lawyer involvement in the ownership and management of legal service providers, subject to a restriction on the sharing of revenue or other income arising from the provision of legal services with disqualified persons or persons convicted of an indictable offence. In the UAE regulations do not prohibit the ownership and management of legal service providers by non-lawyers.

In both Australia and the UAE, as is common across all jurisdictions in which the Group provides regulated legal services, control by non-lawyers of matters falling within the scope of the professional duties of lawyers (such as the types of matters summarised in the section titled "Professional duties of lawyers" above), by non-lawyers is generally prohibited and control of these matters must remain in the hands of lawyers.

### *Regulatory intervention powers*

In Australia, Legal Services Regulators have certain powers of intervention, including in respect of the dissolution or insolvency of a law firm, where a law firm is not dealing adequately with client or trust money, or where a law firm fails to fulfil requirements for admission to practise law. The type of regulatory action that the Australian Legal Services Regulators can take against a law firm in the event of a breach of local regulations includes taking possession of documents, obtaining freezing orders in relation to the law firm's bank accounts or otherwise taking control or directing payment of client or trust money.

In the UAE, Legal Services Regulators have narrow powers of intervention in that the only regulatory action that could be taken against a law firm in this context is suspending or revoking the firm's licence to practise law in that jurisdiction.

### **Legislation and regulation impacting the structure of the DWF LLP Sub-group**

#### ***Scotland***

Following the Reorganisation, DWF LLP will continue to be regulated by the Law Society of Scotland as a recognised multinational practice and an incorporated practice.

The direct ownership and management of law firms operating in Scotland by non-lawyers is generally prohibited.

Control by non-lawyers of matters falling within the scope of the professional duties of lawyers regulated by the Law Society of Scotland (such as the types of matters summarised in the section titled "Professional duties of lawyers" above), is also generally prohibited. In designing the new structure and governance arrangements of the Group, the Company distinguished matters of professional duties from matters concerning the general business affairs of a law firm (such as, for example, business strategy, financial management and reporting, corporate governance, procurement and IT systems) and confirmed to the Law Society of Scotland that the new structure and governance arrangements of the Group would result in (i) local lawyers retaining control of matters falling within the scope of their professional duties and (ii) DWF Law LLP, and ultimately the Company, controlling matters concerning the general business affairs of DWF LLP, subject to the local professional duties requirement. On the basis of its engagement with the Law Society of Scotland, the Company concluded that the Scottish regulations do not require that general business matters falling outside the scope of a Scottish lawyer's professional duties must be controlled by lawyers, provided at all times that the control of such matters by non-lawyers does not prevent lawyers in Scotland from complying with their professional duties.

The sharing of profits of a Scottish law firm with non-lawyers is generally prohibited. However, under the local Scottish regulations, an English "Licensed Body" will fall within the definition of "lawyer" and, therefore, the profits of a Scottish law firm may be shared with an English "Licensed Body".

### *Regulatory intervention powers*

The Council of the Law Society of Scotland has certain powers of intervention in relation to a recognised multinational practice and an incorporated practice, such as DWF LLP. Those powers include, where dishonesty of any solicitor or employee is alleged, the power to take possession of documents and information held by the practice and to apply to the Scottish Court of Session for an order that no payment be made out of any of the practice's bank accounts without leave of the Court of Session. Furthermore, in an insolvency situation (including the appointment of a liquidator or an administrator or the making of a winding-up order) the Council may order that money in clients' accounts kept by the practice be distributed back to the clients.

#### ***Other DWF LLP Sub-group jurisdictions***

In Belgium, Singapore, Northern Ireland, Ireland, France and Germany, subject to certain exceptions, the direct ownership and management of law firms by non-lawyers and/or the sharing of profits with non-lawyers is generally prohibited. In Italy and Qatar, regulations do not explicitly prohibit ownership and/or management of legal service providers by non-lawyers or sharing of profits with non-lawyers, subject to certain restrictions.

Control by non-lawyers of matters falling within the scope of the professional duties of lawyers regulated by the relevant Legal Services Regulators (such as the types of matters summarised in the section titled "Professional duties of lawyers" above) is generally prohibited. As noted above, in designing the new structure and governance arrangements of the Group, the Company distinguished

matters of professional duties from matters concerning the general business affairs of a law firm (such as, for example, business strategy, financial management and reporting, corporate governance, procurement and IT systems) and confirmed to the relevant Legal Services Regulators that the new structure and governance arrangements of the Group would result in (i) local lawyers retaining control of matters falling within the scope of their professional duties and (ii) DWF Law LLP, and ultimately the Company, controlling matters concerning the general business affairs of DWF LLP and each other member of the DWF LLP Sub-group subject to the local professional duties requirement. On the basis of its engagement with the relevant Legal Services Regulators, no Legal Services Regulator has objected to these arrangements or asserted that they do not comply with applicable local regulations.

#### *Regulatory intervention powers*

Broadly speaking, the intervention powers of the Legal Services Regulators in respect of these DWF LLP Sub-group jurisdictions fall into one of two categories as regards their ability to take regulatory action against a local law firm (as opposed to its individual lawyers) for breach of local law firm regulations: (i) no powers of intervention against the law firm itself (i.e. in Belgium, Italy, and Qatar); or (ii) limited powers of intervention against the law firm itself (i.e. in France, Germany, the Republic of Ireland, Northern Ireland and Singapore).

The intervention powers of Legal Services Regulators in jurisdictions falling into category (i) above are focussed on individual lawyers rather than on law firms. In the category (ii) jurisdictions, Legal Services Regulators are empowered to take regulatory action against law firms only in specific circumstances, principally on one or more of the following events occurring:

- (a) the dissolution or insolvency of a law firm;
- (b) where a law firm is not dealing adequately with client or trust money; or
- (c) where a law firm fails to fulfil requirements for admission to practise law.

In some category (ii) jurisdictions (such as Germany), the type of regulatory action that the Legal Services Regulators can take against a law firm is restricted to suspending or revoking the firm's admission to practise law; any other regulatory action (such as the imposition of fines or ordering the firm to change its conduct) would have to be taken against the individuals managing the local firm instead of the firm itself.

#### **Regulatory engagement relating to the new structure and governance arrangements of the Group**

In designing the new structure and governance arrangements of the Group, the Company and its legal advisors sought to ensure that all parts of the Group will continue to comply with the regulatory requirements which apply to law firms and lawyers in the various jurisdictions in which the Group currently provides legal services, in particular with the restrictions relating to non-lawyer ownership, control, management and profit sharing in the jurisdictions where such restrictions exist (as described above). Formal approval for the Reorganisation or the new structure and governance arrangements of the Group was not required or offered by any of the relevant Legal Services Regulators (other than in respect of DWF Law LLP, where a legal practice seeking to operate as an alternative business structure in England and Wales must be formally authorised by the SRA, as described above). However, due to the nature of and the way in which certain of these rules and regulations are framed in certain jurisdictions, the Company felt it prudent to engage directly with all relevant Legal Services Regulators to seek their confirmation that the new structure and governance arrangements of the Group comply with the applicable regulatory regimes.

Accordingly, in respect of each member of the Group which provides regulated legal services, including each member of the DWF LLP Sub-group (i.e. in Scotland, Qatar, Belgium, Singapore, Italy, Northern Ireland, Ireland, France and Germany), the Company and its legal advisors approached and engaged with each of the local Legal Service Regulators to (a) explain the Reorganisation and the new structure and governance arrangements of the Group, (b) answer any questions the relevant regulator may have on the proposals, (c) seek clarity (where required) on the likely scope, application and interpretation of the relevant local regulations in each jurisdiction, (d) discuss the continued compliance by the relevant legal practices in the Group with those local regulations, and (e) obtain confirmation, where available, that the proposed structure and governance arrangements of the Group comply with the local regulations. The Company and its legal advisors sought to obtain the best level of comfort (whether written or verbal) obtainable, from a practicable perspective, from each of the Legal Services Regulators. As noted above, none of the Legal Services

Regulators provided formal written approval of the new structure and governance arrangements (as they are not required to do so under relevant regulation and a number of the regulators noted that as a matter of policy they do not provide such formal approvals). However, all of the relevant Legal Services Regulators have acknowledged (in most cases in writing) the structure and governance arrangements that the Company presented to them. None of the relevant Legal Services Regulators with which the Company has engaged has expressed any objection regarding the Reorganisation (or any specific part of it) or asserted that the new structure and governance arrangements of the Group (or any part of them) do not comply with local regulations. See *Part XVI—“Additional Information—4. Reorganisation”* for more detail.

## PART VIII

### DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

#### 1. Directors

The following table sets out certain information with respect to the members of the Board as at the date of this Prospectus. The business address for each of the Directors is 20 Fenchurch Street, London EC3M 3AG.

Name	Position	Date appointed
Sir Nigel Knowles .....	Chairman of the Board	1 November 2018 <sup>(1)</sup>
Andrew Leaitherland .....	Chief Executive Officer and Managing Partner	10 September 2018 <sup>(2)</sup>
Chris Stefani.....	Chief Financial Officer	10 September 2018 <sup>(3)</sup>
Chris Sullivan.....	Senior Independent Director	1 November 2018
Teresa Colaianne .....	Independent Non-Executive Director	1 November 2018
Vinodka Murria OBE .....	Independent Non-Executive Director	1 November 2018
Luke Savage.....	Independent Non-Executive Director	1 November 2018
Samantha Tymms .....	Independent Non-Executive Director	1 December 2018
Matthew Doughty.....	Partner Director	1 November 2018 <sup>(4)</sup>

Note:

(1) Date of appointment as a director of DWF Group Limited. Appointed to the position with DWF LLP on 1 September 2017.

(2) Date of appointment as a director of DWF Group Limited. Appointed to the position with DWF LLP on 1 May 2006.

(3) Date of appointment as a director of DWF Group Limited. Appointed to the position with DWF LLP on 18 April 2016.

(4) Date of appointment as a director of DWF Group Limited. Appointed as a member of DWF LLP on 1 June 2016.

The management experience and expertise of each of the Directors is set out below.

#### *Sir Nigel Knowles*

Sir Nigel became Chairman of the Group in September 2017. He spent over 38 years at DLA Piper, a global law firm, where he was Global Co-Chairman and Senior Partner, and, previously, Global Co-CEO and Managing Partner from 1996 to 2015. During his tenure as leader of DLA Piper and its legacy firms, revenues of DLA Piper grew from £52 million to in excess of £1.5 billion. Sir Nigel received a knighthood in 2009 in recognition of his services to the legal industry. In 2015, he was awarded the Legal Business “Outstanding Individual Achievement Award” and in 2016 the Financial News “Editor’s Choice” award. He is the Senior Independent Director of Morses Club plc, the Chairman of Zeus Capital and a Trustee of The Prince’s Trust. He was also High Sheriff of Greater London 2016/17. Sir Nigel holds an LLB degree from the University of Sheffield and a Postgraduate Diploma in Legal Practice from the College of Law, Chester. He received an Honorary Doctorate of Laws from the University of Sheffield and is a Fellow of Harris Manchester College Oxford. Sir Nigel was admitted as a solicitor by the Solicitors Regulation Authority in 1980 and is a registered foreign lawyer with the Law Society of Scotland.

#### *Andrew Leaitherland*

Andrew became CEO and Managing Partner of the Group in May 2006. During his tenure, he has led the business of the Group from two offices in the UK to 27 offices in 14 jurisdictions across four continents, with revenue of the Group increasing during that time from approximately £32 million for the financial year ended 30 April 2006 to £236 million for the financial year ended 30 April 2018 and the total headcount increasing to approximately 3,100 people. Andrew was awarded Managing Partner of the Year at the Legal Business Awards 2014 and the Financial Times recognised Andrew as one of the Top 10 innovative lawyers in Europe as a nominee for the Innovative Lawyer Awards in 2018. He holds an LLB degree from Lancaster University, together with an alumni award in 2013 for substantial contribution to the legal sector, and an LLM degree in employment law and industrial relations from the University of Leicester. He is a member of the Law Society of England and Wales and is a registered foreign lawyer with the Law Society of Scotland.

#### *Chris Stefani*

Chris became CFO of the Group in April 2016. He has had approximately 20 years of experience in the professional services sector. He was previously the Finance Director of Ernst & Young’s EMEA



Advisory business (from 2014 to 2016), the Global Service Line reporting lead of Ernst & Young London (from 2013 to 2014), a director in the UK Core Business Services Finance team of Ernst & Young London (from 2012 to 2013) and the CFO of Ernst & Young Republic of Ireland (from 2010 to 2011). He has extensive experience in advising executive boards on all aspects of financial management, control, and performance and profitability improvement, as well as a track record of business optimisation to drive profit improvements and/or cost savings while also supporting revenue growth. Chris is a trustee and honorary treasurer of the UK-based charity KIDS which delivers services to support disabled children and their families. He holds an LLB degree from the University of Strathclyde and was admitted to the Association of Chartered Certified Accountants in 2001.

#### ***Chris Sullivan***

Chris became the Senior Independent Director of the Company in November 2018. Chris has been a member of the Westminster Abbey Investment Committee since 2014 and was appointed as chairman in 2017. He also serves as a non-executive director of The Goodwood Estate Company Limited. Chris retired from his role as Chief Executive of the Corporate and Investment Bank at Santander UK in October 2018. He was the Deputy Group Chief Executive at The Royal Bank of Scotland Group plc from 2014 to 2015, the Chief Executive of the Corporate Banking Division at The Royal Bank of Scotland Group plc from 2009 to 2014 and the Chief Executive of RBS Insurance (now Direct Line Group) from 2006 to 2009. He started his career at The Royal Bank of Scotland Group plc in 1975. In recognition of his services to Scottish banking during his various roles at RBS, Chris earned a Fellowship of Chartered Institute of Bankers Scotland. In 2014, Chris received a Lifetime Achievement Award from the European Leasing Association for his contribution to the asset finance industry and in 2011, he was recognised as the European Diversity Champion of the Year.

#### ***Teresa Colaianni***

Teresa became an Independent Non-Executive Director of the Company in November 2018. She has more than 20 years of experience in human resources management. Teresa is on the boards of The Watches of Switzerland Group Ltd, SD Worx Group and SD Worx Holding. She has previously served on the boards of Bounty Brands Holdings, Mothercare plc, Royal Bournemouth and Christchurch Hospitals, Poundland Group plc and Alexandra Palace Trading Company. Teresa was Group Human Resources Director at Merlin Entertainments plc from 2010 to 2016 and Vice President of Human Resources in Europe of Hilton Hotels Corporation from 2002 to 2009. Teresa holds a law degree from the University of Bari, Italy and a master's degree in European community law, economics and politics from the University of Perugia, Italy. She holds an advanced diploma in coaching and mentoring from Oxford Brookes University. She was admitted to the Italian Bar in 1995.

#### ***Vinodka Murria OBE***

Vinodka (Vin) became an Independent Non-Executive Director of the Company in November 2018. She has more than 25 years of experience in the software sector. Vin has been an Operating Partner at HG Capital since 2016 and is a director of Softcat plc, Sophos Group plc and FinnCap Group plc. She is also a director of ADV Technology plc, Elderstreet Holdings Limited and the PS Foundation. Her previous directorships have included serving as a director of Zoopla Property Group plc, subsequently ZPG Plc, and Chime plc. Vin was the founder and CEO of Advanced Computer Software Group plc from 2008 to 2015 and the CEO of Computer Software Group from 2002 to 2007. Vin holds a bachelor's degree in computer science, an MBA from the University of London and a Doctorate in Business Administration (Honorary) from Edinburgh Napier University. She became an Officer of the Most Excellent Order of the British Empire in 2018.

#### ***Luke Savage***

Luke became an Independent Non-Executive Director of the Company in November 2018. He has more than 34 years of experience in the financial and professional services sector. Luke has been serving on the board of Liverpool Victoria Friendly Society Ltd as a non-executive director since January 2018. He has previously served as a non-executive director on the boards of HDFC Life Insurance Company Ltd, Standard Life Employee Services Ltd, Standard Life Finance Ltd and Standard Life Oversea Holding Ltd. Luke has experience in managing regulatory, analyst, investor and banking relationships for major institutions. He was Group CFO at Standard Life from 2014 to 2017 and CFO of Lloyd's of London from 2004 to 2014. Luke holds a bachelor's degree in electrical and electronic engineering from Imperial College. He holds an ACA qualification and is a member of the institute of Chartered Accountants of England and Wales.

***Samantha Tymms (also known as Samantha Jane Duncan and formerly Samantha Lyden-Cowan)***

Samantha became an Independent Non-Executive Director of the Company in December 2018. She has more than 30 years' experience in the financial services sector, including extensive work in corporate governance and risk management. Samantha has served as a non-executive director on the board of IG Group plc since 2013, where since 2016 she has chaired its risk committee. Samantha has been a Managing Director at Promontory Financial Group (UK) Ltd since 2007 and previously undertook a number of roles at the Financial Conduct Authority. Samantha holds a bachelor's degree from the Roehampton Institute of Higher Education.

***Matthew Doughty***

Matthew became a Partner Director of the Company in November 2018. Matthew has been a partner at DWF LLP since June 2016 and is head of the London Corporate Team. He was previously a corporate partner at Squire Patton Boggs from 2013 to 2016, a corporate partner at Dorsey & Whitney from 2009 to 2013 and a corporate partner of Addleshaw Goddard from 2007 to 2009. Matthew holds an LLB degree from the University of Birmingham and completed the Law Society Final Examination in 1993 from the College of Law, Chester. He was admitted as a solicitor by the Solicitors Regulation Authority in 1996 and is a registered foreign lawyer with the Law Society of Scotland.

## **2. Senior Managers**

The following table sets out certain information with respect to the Group's Senior Managers as at the date of this Prospectus. The business address for each of the Senior Managers is 20 Fenchurch Street, London EC3M 3AG.

<b>Name</b>	<b>Position</b>	<b>Date of birth</b>	<b>Date appointed</b>
Andrew Leaiterland.	Chief Executive Officer and Managing Partner	15 October 1969	1 May 2006
Chris Stefani.....	Chief Financial Officer	20 June 1977	18 April 2016
Glyn Jones.....	Chief Executive Officer – Insurance	9 June 1959	21 May 2018
Stephen Miles .....	Chief Executive Officer – Commercial Services	26 November 1966	26 August 2014
Stefan Paciorek.....	Chief Executive Officer – International	16 September 1967	30 October 2017
Jason Ford .....	Head of Connected Services	21 August 1967	24 July 2017
Anup Kollanethu.....	Chief Executive Officer – Managed Services	11 February 1978	1 August 2018
Daniel Pollick.....	Chief Information Officer	27 March 1965	6 August 2018
Helen Hill.....	Director of Human Resources	12 November 1974	28 November 2016
Zelinda Bennett .....	Client Development Director	8 January 1966	2 January 2019
Mollie Stoker.....	Group General Counsel and Company Secretary	31 March 1977	24 January 2019

The management experience and expertise of each of the Senior Managers (other than Andrew Leaiterland and Chris Stefani, whose experience and expertise are stated above) is set out below.

***Glyn Jones***

Glyn joined the Group in January 2007 and became CEO of the Insurance division in May 2018. He is responsible for executing the Group's Insurance division strategy, driving forward the Group's market-facing activities in relation to the Insurance division and co-ordinating the practice groups within the Insurance division. Glyn specialises in dealing with complex catastrophic injury claims, as well as other serious injury and fatal claims, and also advises on insurance policy issues. Prior to becoming the CEO of the Insurance division, Glyn was the Practice Group Partner for DWF's Catastrophic Personal Injury, Large Loss, Occupational Health and Casualty team for six years. In 2018, Glyn was ranked by the legal directory Chambers and Partners Guide UK as a leader in his

field for defendant work. He holds a BA Law Languages degree from Manchester Metropolitan University and passed the Solicitors Final Examination course in 1980. Glyn was admitted as a solicitor by the Solicitors Regulation Authority in 1983 and is a registered foreign lawyer with the Law Society of Scotland.

#### ***Stephen Miles***

Stephen joined the Group in August 2014 as a partner and the CEO of the Commercial Services division. He specialises in banking and finance and has acted for both financial institutions and corporate borrowers with particular expertise in private equity and leveraged finance transactions. He is responsible for executing the Group's Commercial Services division strategy, driving forward the Group's market-facing activities in relation to the Commercial Services division and co-ordinating the practice groups within the Commercial Services division. Prior to joining the Group, Stephen led the banking and restructuring, financial services and employment and pensions practices at Pinsent Masons LLP, a leading international law firm. He was a partner at Pinsent Masons LLP from 1997 to 2014. Stephen actively supports the Group's CSR and diversity initiatives, particularly the women's network, which is designed to support the development of female talent, and Out Front, the Group's LGBT network. He holds an LLB degree from Reading University and a Postgraduate Diploma in Legal Practice from the College of Law, Guildford. He was admitted as a solicitor by the Solicitors Regulation Authority in 1991 and is a registered foreign lawyer with the Law Society of Scotland.

#### ***Stefan Paciorek***

Stefan joined the Group in January 2015 and became CEO of the International division in October 2017. He is responsible for delivering the Group's international strategy and leading the development of its international business. Prior to joining the Group, he was a partner at Pinsent Masons LLP for 13 years. Stefan also has over 20 years' experience in international dispute resolution and project renegotiation particularly within the technology and energy sectors. He has acted for major corporations, governments and not for profit organisations, often in high-profile disputes, across jurisdictions. He was a trustee and director of Percy Bilton Charity from 2002 to 2018. Stefan holds an LLB degree from Buckingham University and a Postgraduate Diploma in Legal Practice from the College of Law, London. He was admitted as a solicitor by the Solicitors Regulation Authority in 1992, and admitted as a solicitor in Northern Ireland. He is a member of the Chartered Institute of Arbitrators and is a registered foreign lawyer with the Law Society of Scotland.

#### ***Jason Ford***

Jason joined the Group in January 2017 as a partner and became head of the Group's Connected Services division in July 2017. He is responsible for delivering the Group's suite of connected services to clients as effectively as possible so that clients may experience the unique multi-disciplinary approach that the Group is able to provide. Prior to joining the Group, from 2013 to 2017, Jason was the Chief Operating Officer at Triton Global Ltd, a multi-disciplinary alternative business structure and one of the first businesses in 2013 to be granted a licence following the implementation of the Legal Services Act. From 2003 to 2013, Jason worked as a partner at Robin Simon LLP. He holds an LLB degree from the University of Sheffield and a Postgraduate Diploma in Legal Practice from the College of Law, Chester. He was admitted as a solicitor by the Solicitors Regulation Authority in 1991 and is a registered foreign lawyer with the Law Society of Scotland.

#### ***Anup Kollanethu***

Anup joined the Group in August 2018 as the CEO of Managed Services. Anup is responsible for advancing the Group's strategy of providing clients with an integrated solution for clients' complex legal services, managed services and connected services needs. Prior to joining the Group, Anup was the Chief of Business Operations at Freshfields Bruckhaus Deringer LLP from 2015 to 2018 where he successfully led the re-engineering of the firm's operational platform by creating a centralised managed services centre providing both legal and business services to the global offices. With over 17 years of experience, Anup has a track record in delivering strategic business change projects within the professional and financial services sectors, having led teams to align transformational change objectives with operating models and business architecture outcomes with a specific focus on clients. From 2012 to 2015, Anup was a Managing Director at Aviva Investors and from 2008 to 2011, he was the Chief Operating Officer of the Asia Pacific business and the Director of Global Operations Transformation at Aviva Investors. He holds a bachelor's degree from Christ College Bangalore, and an MBA from Grenoble Graduate School of Business and Economics.

### ***Daniel Pollick***

Daniel joined the Group in August 2018 and is the Group's Chief Information Officer. With over 30 years of experience in the IT industry, he oversees the strategic and operational application of the Group's IT infrastructure, as well as the development of the business's data strategy. Daniel also has responsibility for the Group's business transformation function. He most recently served as DLA Piper LLP's Chief Information Officer, a position Daniel held for more than two decades. He has been a non-executive director on the board of Thongsbridge Tennis Club Ltd since 2015. He holds a degree in Philosophy, Politics and Economics from the University of Oxford.

### ***Helen Hill***

Helen joined the Group in November 2016 as the Group's Director of Human Resources. With over 20 years of experience in generalist HR positions across multiple sectors, Helen is focused on developing the Group's HR team's contribution to business growth, performance and profitability by aligning the team's strategic and operational goals to the overall Group business plans. Prior to joining the Group, Helen was the HR Director at Princes Limited from 2012 to 2016 and prior to that was an HR consultant at Townhouse Consulting Ltd from 2006 to 2012. She holds a bachelor's degree in Business Administration with an HR Specialism from Teesside University and a Chartered Institute of Personnel and Development qualification from the Manchester Metropolitan University.

### ***Zelinda Bennett***

Zelinda became the Marketing and Client Development Director of the Group in January 2019. She has more than 20 years of experience in law firm marketing and business development. Zelinda was the International Marketing Director at DLA Piper from 2008 to 2018 and the Marketing Director of Eversheds Sutherland from 2005 to 2007. She holds a bachelor's degree in French and German Languages and Literature from Manchester Metropolitan University, a diploma in marketing from the Chartered Institute of Marketing and a postgraduate certificate in marketing management from Manchester Metropolitan University.

### ***Mollie Stoker***

Mollie became the Group General Counsel and Company Secretary in January 2019. She has more than 17 years of private practice and in-house legal experience. Prior to joining the Group, Mollie was the Director of Business Development at Suntory Beverage and Food Europe from 2017 to 2018 and the General Counsel at Lucozade Ribena Suntory from 2014 to 2017. She was a professional support lawyer at Orrick, Herrington & Sutcliffe LLP from 2011 to 2014 and a senior associate in the corporate department of K&L Gates LLP from 2005 to 2011. Mollie holds a master's degree in classics from Cambridge University and a post-graduate diploma in law and a post-graduate diploma in legal practice from the University of Law. Mollie is a member of the Law Society of England.

## **3. Corporate Governance**

### ***UK Corporate Governance Code***

The Board has established five committees: an Audit Committee, a Risk Committee, a Nomination Committee, a Remuneration Committee and a Disclosure Committee. If the need should arise, the Board may set up additional committees as appropriate.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the board of directors to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. As at the date of this Prospectus, the Board consists of the non-executive chairman (the "**Chairman of the Board**"), five independent non-executive Directors (the "**Independent Non-Executive Directors**"), the chief executive officer (the "**Chief Executive Officer**"), the chief financial officer (the "**Chief Financial Officer**") and one partner Director (a "**Partner Director**"). It is intended that the Company will appoint one other Partner Director after Admission. The Company regards all of the Independent Non-Executive Directors as "independent" within the meaning of the UK Corporate Governance Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The UK Corporate Governance Code recommends that the Chairman of the Board should be "independent" on appointment. The Board considers that the Chairman of the Board was "independent" on appointment as chairman of DWF in September 2017 when assessed against the



circumstances set out in paragraph 10 of the UK Corporate Governance Code. While the Chairman of the Board is not subject to the “independence” requirements of the UK Corporate Governance Code other than on appointment, for completeness, it is noted that, following his appointment, the Chairman of the Board became a full equity partner of DWF (and he has not exercised any executive functions of DWF), as is customary practice in English law firms. On becoming a full equity partner of DWF, for the purposes of paragraph 10 of the UK Corporate Governance Code, the Chairman of the Board (i) established a “material business relationship” with DWF and (ii) began to receive additional remuneration apart from a director’s fee and to participate in a performance-related pay scheme by way of DWF’s profit sharing arrangements among its partners. Further details of the Chairman’s arrangements with DWF before Admission and following Admission are set out at “— 7. *Directors’ and Senior Managers’ interests in the Company*”.

The UK Corporate Governance Code recommends that the board of directors of a company should appoint one of the Independent Non-Executive Directors to be the senior independent director (“**Senior Independent Director**”) to provide a sounding board for the Chairman of the Board and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of the CEO has failed to resolve or for which such contact is inappropriate. Accordingly, Chris Sullivan has been appointed Senior Independent Director.

The UK Corporate Governance Code further recommends that directors should be subject to annual re-election. The Company intends to comply with these recommendations.

For the 12-month period from Admission, all of the Independent Non-Executive Directors will be members of each committee. Within 12 months after Admission, the Board will review membership of each committee and determine, in accordance with the UK Corporate Governance Code, the ongoing membership of each committee following the initial 12-month period from Admission. The Chairman of the Board will be a member of the remuneration committee and will be a member of, and chair, the nomination committee.

#### ***Audit Committee***

The Audit Committee is made up of a minimum of three members who are all Independent Non-Executive Directors and includes one member with recent and relevant financial experience. The UK Corporate Governance Code recommends that the Chairman of the Board should not be a member of the Audit Committee. The Audit Committee is chaired by Luke Savage.

The Audit Committee will meet at least three times a year and otherwise as the chair shall require and as requested by the internal or external auditor. The Audit Committee has responsibility for, among other things, monitoring and reviewing the financial reporting process of the Group and the involvement of the auditors in that process.

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Company’s annual and half-yearly financial statements, making recommendations on the appointment, reappointment and removal of the external auditor, monitoring the independence of the external auditor, reviewing the objectivity and effectiveness of the audit process and reviewing the scope of the audit and non-audit work undertaken by the external auditor.

The terms of reference of the Audit Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Audit Committee to carry out its duties.

#### ***Risk Committee***

The Risk Committee is made up of a minimum of three members who are all Independent Non-Executive Directors and includes members with experience with regard to risk management issues and practices. The UK Corporate Governance Code recommends that the Chairman of the Board should not be a member of the Risk Committee. The Risk Committee is chaired by Samantha Tymms.

The Risk Committee will meet at least three times a year and otherwise as the chair shall require and as requested by the Director of Risk Management and Excellence. The Risk Committee has responsibility for, among other things, monitoring and reviewing the effectiveness of the Group’s internal control and risk management systems.



The duties of the Risk Committee include providing advice to the Board in relation to the assessment of the principal risks facing the Group, including management and mitigation of those risks and considering the effectiveness of the Group's compliance function, as well as providing oversight and advice to the Board in relation to future risk strategy.

The terms of reference of the Risk Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Risk Committee to carry out its duties.

#### ***Nomination Committee***

The Nomination Committee is made up of a minimum of three members, a majority of whom are Independent Non-Executive Directors. The Nomination Committee is chaired by the Chairman of the Board.

The Nomination Committee will meet at least twice per financial year of the Company and otherwise as the chair shall require.

The Nomination Committee assists the Board in reviewing the structure, composition and make-up of the Board and any committees of the Board, succession planning, evaluating the balance of skills, experience, independence and knowledge on the Board and leading the process for board appointments and making recommendations to the Board on such matters. It is also responsible for assisting with any evaluation process to assess the overall and individual performance of the Board and its committees and reviewing the policies on diversity and progress on achieving objectives under the policy.

The terms of reference of the Nomination Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Nomination Committee to carry out its duties.

#### ***Remuneration Committee***

The Remuneration Committee is made up of a minimum of three members, all of whom are Independent Non-Executive Directors. The UK Corporate Governance Code recommends that (i) the Chairman of the Board should not be a member of the Remuneration Committee if he was not "independent" on appointment and, in any case, should not chair the Remuneration Committee and (ii) before appointment as chair of the Remuneration Committee, the appointee should have served on a remuneration committee for at least 12 months. The Remuneration Committee is chaired by Teresa Colaanni.

The Remuneration Committee will meet at least four times a year and otherwise as the chair shall require.

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on remuneration, determining the individual remuneration packages, including pension rights and any compensation payments of each of the Company's Chief Executive Officer, Chief Financial Officer, Chairman of the Board, Partner Directors and senior management team. The Remuneration Committee is also responsible for considering and making recommendations to the Board with regard to the design and targets in relation to share plans and equity incentive plans and reviewing the ongoing appropriateness and relevance of the remuneration policies of the Group.

The terms of reference of the Remuneration Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Remuneration Committee to carry out its duties.

#### ***Disclosure Committee***

The Disclosure Committee includes all Directors of the Company and is chaired by Sir Nigel Knowles. The Disclosure Committee is not a requirement of the UK Corporate Governance Code but is considered best practice by the Group.

The duties of the Disclosure Committee include procuring the timely and accurate disclosure of all information that is required to be disclosed to meet its legal and regulatory obligation as a company admitted to the premium listing segment of the Official List and to trading on the London Stock

Exchange. The Disclosure Committee will meet as frequently as is necessary or appropriate to fulfil its responsibilities.

The terms of reference of the Disclosure Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Disclosure Committee to carry out its duties.

***Share dealing***

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Ordinary Shares and a policy with respect to the entry into transactions with persons related to the Company which is based on the rules of the MAR, and will apply to the Directors, senior management and other relevant partners, employees, staff and consultants of the Group. The policy is based on the mandatory provisions of MAR and of the Listing Rules which apply to the Company.

## PART IX

### DETAILS OF THE OFFER

#### 1. The Offer

Under the Offer, the Offer Shares are being offered to certain institutional and professional investors in the United Kingdom and elsewhere outside the US in reliance on Regulation S, to QIBs in the US in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Admission is expected to become effective, and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 15 March 2019.

Under the Offer, all Offer Shares will be sold at the Offer Price.

On Admission, the nominal value of the issued Ordinary Share capital of the Company will be £3,000,000 divided into 300,000,000 Ordinary Shares of one pence each, which will be issued fully paid.

Immediately following Admission, it is expected that approximately 25.7% of the Company's issued ordinary share capital will be held in public hands.

The New Ordinary Shares issued pursuant to the Offer will represent 20.5% of the issued share capital of the Company immediately following Admission. The Existing Ordinary Shares sold by the Selling Shareholders under the Offer will represent 5.5% of the issued share capital of the Company immediately following Admission.

The Company expects to receive net proceeds of approximately £53.0 million from the Offer. The aggregate underwriting commissions (in connection with New Ordinary Shares) and other estimated Offer-related and Reorganisation fees and expenses incurred in connection with the Offer and Admission are to be borne by the Company and are estimated to be approximately £22.0 million (which estimate assumes the discretionary underwriting commission is paid in full and includes any professional fees contingent on the successful completion of the Offer). The Company intends to pay these amounts out of the gross proceeds of the Offer.

The net proceeds from the Offer receivable by the Selling Shareholders will be approximately £19.5 million after deducting underwriting commissions (which estimate assumes the discretionary underwriting commission is paid in full) and amounts in respect of stamp duty and other estimated expenses of approximately £0.7 million payable by the Selling Shareholders.

Certain restrictions that apply to the distribution of this Prospectus and the offer, issue and sale of Ordinary Shares in jurisdictions outside the United Kingdom are described in 8—“*Selling restrictions*” below.

The Offer is also subject to the satisfaction of conditions, which are customary for transactions of this type, contained in the Underwriting Agreement, including the Reorganisation having been duly completed in accordance with its terms (subject only to Admission, and save for those steps which are to be completed after Admission), Admission becoming effective no later than 8.00 a.m. on 15 March 2019 (or such later date and time, not being later than 8.00 a.m. on 31 March 2019, as the Joint Global Co-ordinators may agree with the Company) and the Underwriting Agreement not having been terminated prior to Admission.

The issue and sale of the Offer Shares under the Offer has been underwritten, subject to certain conditions which are customary for transactions of this type, by the Underwriters.

Admission is expected to become effective and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 15 March 2019. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. The earliest date for settlement of such dealings will be 15 March 2019.

When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BJMD6M39, SEDOL number BJMD6M3 and LEI number 213800O9QREOHTOGQ266, and it is expected that the Ordinary Shares will be traded under ticker symbol DWF.

The Offer Shares will, upon Admission, rank equally in all respects with all other Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission. The Ordinary Shares will, immediately on and from Admission, be freely

transferable, subject to the applicable law, the Articles and any contractual obligations of a Shareholder.

The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any money received in respect of the Offer will be returned to investors without interest.

No stabilisation will be carried out in connection with the Offer.

## **2. Reasons for the Offer and use of proceeds**

The Directors believe the Offer and Admission will raise client and investor awareness of the Group and will provide it with a long-term framework to support future growth and investment.

The Directors believe the Offer and Admission will position the Group for its next stage of development by:

- providing it with a framework to support future growth;
- enhancing market awareness of the Group;
- giving the Company access to a wider range of capital-raising options which may be of use in the future, including for funding future strategic acquisitions;
- creating a liquid market in the Ordinary Shares; and
- assisting the Group in attracting, retaining and incentivising talent, including partners, senior management, fee earners and staff.

The Directors believe that Admission will assist in the attraction, retention and incentivisation of talent, by providing the opportunity for a broader population of the Group's employees to own equity in the business. The Group aims to create a compensation model that is distinct from those offered among the Group's law firm peers through the ability to offer equity-based incentives and equity participation.

The gross proceeds receivable by the Company are £75.0 million, of which the Company expects to receive approximately £53.0 million in net proceeds after deducting underwriting commissions and fees of approximately £2.3 million (which estimate assumes the discretionary underwriting commission is paid in full) and £19.7 million in other estimated Offer-related and Reorganisation fees and expenses (consisting of professional fees and other expenses incurred in connection with the Offer and the Reorganisation, including any fees contingent on the successful completion of its initial public offering). The Company intends to use such net proceeds of the Offer receivable by the Company as follows:

- approximately £19.0 million is intended to be used to repay a portion of Members' capital contribution to DWF LLP;
- up to £10.0 million is intended to be used to invest in additional IT systems, with a portion of that amount to contribute to the development of the Group's global platform for managed services, which development could occur through internal development or one or more acquisitions, depending on the opportunities available; and
- the remainder will be used to fund general corporate purposes (including working capital and any future potential acquisitions that support the Group's strategy).

## **3. The Selling Shareholders**

The Selling Shareholders are the Members who have paid in capital to DWF LLP and who have qualified to receive Ordinary Shares in connection with the Reorganisation and Admission, and Estera Trust (Jersey) Limited in its capacity as trustee of the RST and as trustee of the EBT (as defined in paragraph 11 of *Part XVI – "Additional Information"*) (together, the "**Selling Shareholders**"), who will sell shares pursuant to the Offer.

## **4. Underwriting arrangements**

On 9 March 2019, the Company, DWF LLP, the Agent (acting for and on behalf of the Selling Shareholders), the Directors and the Banks have entered into an underwriting and sponsor's agreement (the "**Underwriting Agreement**") pursuant to which, on the terms and subject to the conditions contained therein (which are customary in agreements of this nature), each of the

Underwriters has severally agreed to underwrite a proportion of, and together to underwrite in aggregate all of, the issue and sale of the Offer Shares.

The Offer is conditional upon, among other things, the Reorganisation having been duly completed in accordance with its terms (subject only to Admission, and save for those steps which are to be completed after Admission), Admission occurring not later than 8.00 a.m. on 15 March 2019 (or such later date and time, not being later than 8.00 a.m. on 31 March 2019, as the Joint Global Co-ordinators may agree with the Company) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. The underwriting commitment of the Underwriters will cease to be conditional at the point of Admission. If the conditions to the Underwriting Agreement have not been satisfied and the Joint Global Co-ordinators determine that the Underwriting Agreement should be terminated, or if the Underwriters otherwise cease to underwrite the Offer in accordance with the terms of the Underwriting Agreement, Admission will not occur.

The Underwriting Agreement provides for the Banks to be paid certain commissions by the Company and the Agent (on behalf of the Selling Shareholders in their respective proportions) in respect of the Offer Shares issued and sold in the Offer. Any commissions received by the Banks may be retained, and any Ordinary Shares acquired by them may be retained or dealt in by them, for their own benefit.

Under the terms and conditions of the Underwriting Agreement, the Sponsor has agreed to act as sponsor to the Company in connection with Admission, in accordance with the Listing Rules.

Further details of the Underwriting Agreement are set out in *Part XVI—“Additional Information—16. Material contracts—16.1 Underwriting Agreement”*.

## **5. Lock-up arrangements and exceptions**

Each of the Selling Shareholders and the Directors has agreed to certain lock-up arrangements in respect of the Ordinary Shares they hold immediately following Admission.

The Directors and the Selling Shareholders have agreed that, subject to the exceptions described below, during the period of 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of Shares issued pursuant to the grant or exercise of options under the Share Incentive Plans in existence on the date of Admission described in *Part XVI—“Additional Information—12. Share Incentive Plans”* or prohibit a Director or Selling Shareholder from:

- (a) selling Existing Ordinary Shares pursuant to the Offer;
- (b) accepting a general offer made to all holders of issued and allotted Ordinary Shares for the time being (other than Ordinary Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Companies Act 2006) made in accordance with the City Code on Takeovers and Mergers (the “**City Code**”) on terms which treat all such holders alike;
- (c) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Ordinary Shares or any interest therein) as is referred to in paragraph (b) above;
- (d) selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares in the Company;
- (e) transferring or disposing of Ordinary Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the court under the Companies Act 2006;
- (f) taking up Ordinary Shares or other rights and disposing of any rights granted in respect of a rights issue or other pre-emptive share offering by the Company;



- (g) transferring Ordinary Shares to any connected person (as defined in the Companies Act 2006) or any family trust (and upon change of trustees of a trust, to the new trustees of such family trust) and by the trustees of such family trusts to the beneficiaries thereof;
- (h) transferring the legal interest in Ordinary Shares provided that the beneficial owner shall not change;
- (i) transferring Ordinary Shares where a disposal is required by law or by any competent authority or by order of a court of competent jurisdiction; or
- (j) with respect to Directors, transferring Ordinary Shares to the personal representatives of an individual who dies during the lock-up period, or with respect to the Selling Shareholders, transferring Ordinary Shares to the personal representatives or beneficiary or beneficiaries under the will of, or rules of intestacy in relation to an individual who dies during the lock-up period,

provided that, in the case of paragraphs (g), (h) and, with respect to Selling Shareholders only, (j) above, prior to any such transfer the relevant transferee has entered into a deed of adherence.

The Company has agreed that, subject to the exceptions described below, during the period of 180 days from the date of Admission, neither it nor any member of the Group will, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of: (a) the issue of Ordinary Shares pursuant to the Offer; (b) the issue of Ordinary Shares pursuant to the Reorganisation; or (c) the issue of Ordinary Shares pursuant to the grant, vesting or exercise of options or awards under the Share Incentive Plans in existence on the date of Admission described in *Part XVI—“Additional Information— 12. Share Incentive Plans”*.

In addition to these lock-up arrangements, certain Members of DWF LLP who are selling shares have entered into a further lock-up agreement with the Company pursuant to which such partners have agreed that, during the period from Admission until the announcement of the Company’s preliminary financial results for the financial year ended 30 April 2024, they will not, without the prior written consent of the Company, sell or contract to sell, grant any option over or otherwise dispose of or encumber any Ordinary Shares they hold immediately following Admission (or any interest therein) (such Ordinary Shares not to include any Ordinary Shares transferred by the Selling Shareholder pursuant to a deed of donation between the Company and certain Selling Shareholders, or such other arrangement for donation, under which the Selling Shareholders will each donate 1% of the Ordinary Shares that such Selling Shareholder holds immediately following the Offer to the DWF Charitable Foundation) or enter into any transaction with the same economic effect as any of the foregoing, save that 20% of each individual’s holding will be released from such restrictions on the announcement of the Company’s preliminary financial results for the financial year ending 30 April 2020, and 10% of each individual’s holding will be released from such restrictions on each announcement of the Company’s preliminary financial results for the next four financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2021 (each a “**Time Tranche**”), and a further 10% of each individual’s holding will be released from such restrictions on each announcement of the Company’s preliminary annual results for the next four financial years commencing with the financial year ending 2021, provided the individual has received a “fully achieving” performance rating with respect to the financial year to which the preliminary financial results relate (each a “**Performance Tranche**”). Certain senior managers of the Group who are selling shares will receive restricted share awards which will vest over the same time periods subject to the same conditions. Ordinary Shares will also be released in the event an individual becomes a “good leaver”. Ordinary Shares which have not yet been released from the lock-up arrangements will be clawed back at nominal value in the event an individual becomes a leaver (otherwise than as a “**good leaver**”) during the lock-up period, and in relation to Ordinary Shares subject to a Performance Tranche may be clawed back in the event the individual fails to receive at least a “fully achieving” performance rating with respect to the financial year applicable to that Performance Tranche. For the purposes of such clawback provisions, Ordinary Shares subject to each Time Tranche are deemed released from the lock-up arrangements on the anniversary of Admission preceding the relevant release of preliminary financial results. The locked up equity held by the CEO and the Chairman will be released in five equal tranches over the lock-up period and will not be

subject to clawback based on individual performance (and the CFO's IPO award will vest on the same basis). New partners (and a small number of recent partner joiners) will be subject to a two year lock-up period, during which the Ordinary Shares subject to the lock up provisions will be released in two equal tranches following announcement of the Group's financial results each year commencing with the financial year 30 April 2020 (reflecting that their equity holding is equal to what they would have received as an IPO allocation had they not been promoted, or, in the case of recent partner joiners, the fact that their equity holding will be of a similar amount to newly promoted partners). The Board will have discretion to vary or waive the lock-up and clawback arrangements. Any partner who resigns within two years from the date of Admission will be subject to clawback on any cash realised through the Offer (net of any taxation due on the disposal of Ordinary Shares in the Offer).

## **6. Dealing arrangements**

Application will be made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for those Ordinary Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 11 March 2019. The earliest date for settlement of such dealings will be 15 March 2019. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 15 March 2019. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued" basis, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. The abovementioned dates and times may be changed without further notice.

Each investor will be required to undertake to pay the Offer Price for the Offer Shares issued or sold to such investor in such manner as shall be directed by the Joint Global Co-ordinators.

It is intended that, where applicable, definitive share certificates in respect of the Offer Shares will be dispatched from 28 March 2019 or as soon thereafter as is practicable. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account(s) shall be at the sole risk of the persons concerned.

Following Admission, the Ordinary Shares held by the Selling Shareholders and the Directors will be subject to the lock-up arrangements described in *Part IX—"Details of the Offer—5. Lock-up arrangements and exceptions"* above.

## **7. CREST**

CREST is a paperless settlement system enabling securities to be transferred from one CREST account to another without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and, also with effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

## **8. Selling restrictions**

The distribution of this document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the

distribution of this document and the offer of Ordinary Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

#### 8.1 *EEA*

In relation to each Relevant Member State, no Ordinary Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive (“**Qualified Investors**”);
- (b) to fewer than 150 natural or legal persons (other than Qualified Investors) subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the Banks, the Selling Shareholders and the Company that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to subscribe for or purchase any Ordinary Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to Qualified Investors or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Banks and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a Qualified Investor and who has notified the Banks of such fact in writing may, with the prior consent of the Joint Global Co-ordinators, be permitted to acquire Ordinary Shares in the Offer.

#### 8.2 *United States of America*

The Ordinary Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Ordinary Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer of the Ordinary Shares, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriting Agreement provides that the Banks may directly or through their respective US broker-dealer affiliates arrange for the offer and resale of Ordinary Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Each acquirer of Ordinary Shares within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (a) it is (i) a QIB within the meaning of Rule 144A, (ii) acquiring the Ordinary Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (iii) acquiring the Ordinary Shares for investment purposes, and not with a view to further distribution of such Ordinary Shares and (iv) aware, and each beneficial owner of the Ordinary Shares has been advised, that the sale of the Ordinary Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- (b) it understands that the Ordinary Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (i) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) or (iv) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

It further (A) understands that the Ordinary Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Ordinary Shares established or maintained by a depositary bank, (B) acknowledges that the Ordinary Shares (whether in physical certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Ordinary Shares and (C) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Ordinary Shares made other than in compliance with the abovementioned restrictions;

- (c) it understands that the Ordinary Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

**THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE**



ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR REALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

- (d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Ordinary Shares while they remain “restricted securities” within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Banks and their affiliates, and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

### 8.3 *Australia*

This document: (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; (c) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Ordinary Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Ordinary Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Ordinary Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Ordinary Shares, each subscriber or purchaser of Ordinary Shares represents and warrants to the Company, the Selling Shareholders, the Banks and their affiliates that such subscriber or purchaser is an Exempt Investor.

As any offer of Ordinary Shares under this document, any supplement or the accompanying prospectus or any other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Ordinary Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Ordinary Shares, each subscriber or purchaser of Ordinary Shares undertakes to the Company, the Selling Shareholders and the Banks that such subscriber or purchaser will not, for a period of 12 months from the date of issue or purchase of the Ordinary Shares, offer, transfer, assign or otherwise alienate those Ordinary Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.



#### 8.4 *Canada*

The offer and sale of the Ordinary Shares in Canada will only be made in the Relevant Provinces or to residents thereof and not in, or to the residents of, any other Province or Territory of Canada. Such offers and sales will be made only pursuant to a Canadian Offering Memorandum consisting of this prospectus accompanied by a Canadian supplement.

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or Subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies of rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

#### 8.5 *Japan*

The Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended ("**FIEL**"). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

#### 8.6 *DIFC*

This offering circular relates to an exempt offer in accordance with the offered securities rules ("**Offered Securities Rules**") of the Dubai Financial Services Authority ("**DFSA**"). This offering circular is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with exempt offers in accordance with the Offered Securities Rules. The DFSA has not approved this offering circular nor taken steps to verify the information set forth herein and has no responsibility for the offering circular. The Offer Shares to which this offering circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Shares offered should conduct their own due diligence on the Offer Shares. If you do not understand the contents of this offering circular you should consult an authorised financial adviser.

#### 8.7 *Switzerland*

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Offer Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Issuer or the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Offer Shares will

not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of Offer Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Shares.

## PART X

### SELECTED FINANCIAL INFORMATION

The following review of DWF's financial condition and operating results sets out selected historical, financial information for DWF as at and for each of the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018 and for the six months ended 31 October 2018, in each case, prepared in accordance with IFRS. The information has been extracted without material adjustment from the financial information in Part XIII—"Historical Financial Information" in this Prospectus. The following tables also include certain non-IFRS financial information for the periods indicated.

The selected historical financial information should be read in conjunction with the information referred to above and in Part XI—"Operating and Financial Review". Investors are advised to read the whole of this Prospectus and not rely on the information summarised in this Part X—"Selected Financial Information".

#### Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
<b>Revenue*</b> .....	<b>186,850</b>	<b>199,322</b>	<b>236,488</b>	<b>112,729</b>	<b>157,168</b>
Recoverable expenses .....	—	—	—	—	(23,812)
<b>Net revenue</b> .....	<b>186,850</b>	<b>199,322</b>	<b>236,488</b>	<b>112,729</b>	<b>133,356</b>
Direct costs .....	(60,870)	(67,951)	(85,388)	(41,543)	(46,248)
<b>Gross profit</b> .....	<b>125,980</b>	<b>131,371</b>	<b>151,100</b>	<b>71,186</b>	<b>87,108</b>
Administrative expenses .....	(78,144)	(89,026)	(102,994)	(50,690)	(66,164)
Gain on bargain purchase .....	—	1,273	—	—	—
<b>Operating profit</b> .....	<b>47,836</b>	<b>43,618</b>	<b>48,106</b>	<b>20,496</b>	<b>20,944</b>
<b>Adjusted operating profit</b>	<b>54,134</b>	<b>48,575</b>	<b>56,338</b>	<b>23,875</b>	<b>31,849</b>
Depreciation and amortisation	(6,181)	(5,919)	(6,328)	(3,155)	(2,876)
Non-underlying items	(117)	962	(1,904)	(224)	(8,029)
Financial income .....	312	355	405	318	79
Financial expenses .....	(1,137)	(1,617)	(1,843)	(1,192)	(907)
<b>Net financing expense</b> .....	<b>(825)</b>	<b>(1,262)</b>	<b>(1,438)</b>	<b>(874)</b>	<b>(828)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares</b> .....	<b>47,011</b>	<b>42,356</b>	<b>46,668</b>	<b>19,622</b>	<b>20,116</b>
Corporate and other entity based taxation .....	(898)	(37)	(92)	(98)	(28)
<b>Profit for the period before Members' remuneration and profit shares</b> .....	<b>46,113</b>	<b>42,319</b>	<b>46,576</b>	<b>19,524</b>	<b>20,088</b>
Members' remuneration charged as an expense .....	(23,169)	(23,025)	(25,452)	(12,150)	(14,784)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> .....	<b>22,944</b>	<b>19,294</b>	<b>21,124</b>	<b>7,374</b>	<b>5,304</b>

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
<b>Other comprehensive (expense)/ income</b>					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences – foreign operations .....	(159)	221	(392)	(6)	451
<b>Total comprehensive income for the period available for discretionary division amongst Members .....</b>	<b>22,785</b>	<b>19,515</b>	<b>20,732</b>	<b>7,368</b>	<b>5,755</b>

\*IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date. Please see note *Part XIII—“Historical Financial Information—Note 1.21 Changes in significant accounting policies”* for further details.

# Consolidated Balance Sheet

	As at			As at
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
<b>Non-current assets</b>				
Property, plant and equipment.....	16,747	15,560	14,184	14,117
Intangible assets and goodwill.....	2,516	3,409	3,801	4,017
Investments.....	—	254	254	254
<b>Total non-current assets .....</b>	<b>19,263</b>	<b>19,223</b>	<b>18,239</b>	<b>18,388</b>
<b>Current assets</b>				
Trade and other receivables .....	103,419	122,573	140,975	144,680
Cash and cash equivalents.....	9,976	3,327	5,130	10,585
<b>Total current assets .....</b>	<b>113,395</b>	<b>125,900</b>	<b>146,105</b>	<b>155,265</b>
<b>Total assets .....</b>	<b>132,658</b>	<b>145,123</b>	<b>164,344</b>	<b>173,653</b>
<b>Current liabilities</b>				
Trade and other payables.....	29,986	42,674	41,665	42,147
Accruals and deferred income .....	8,079	7,563	9,549	13,798
Current tax liabilities.....	483	—	23	22
Interest-bearing loans and borrowings.....	896	1,264	9,704	18,295
Provisions .....	3,984	1,930	1,371	1,377
Members' capital .....	24,071	25,193	29,071	29,152
Other amounts due to Members .....	5,892	5,318	6,644	19,257
<b>Total current liabilities .....</b>	<b>73,391</b>	<b>83,942</b>	<b>98,027</b>	<b>124,048</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings.....	40,463	40,192	49,522	51,285
Trade and other payables.....	—	200	—	—
Accruals and deferred income .....	14,186	12,902	11,489	10,831
<b>Total non-current liabilities .....</b>	<b>54,649</b>	<b>53,294</b>	<b>61,011</b>	<b>62,116</b>
<b>Total liabilities .....</b>	<b>128,040</b>	<b>137,236</b>	<b>159,038</b>	<b>186,164</b>
<b>Net (liabilities)/assets .....</b>	<b>4,618</b>	<b>7,887</b>	<b>5,306</b>	<b>(12,511)</b>
<b>Equity</b>				
Other reserves classified as equity .....	4,618	7,887	5,306	(12,511)
<b>Equity.....</b>	<b>4,618</b>	<b>7,887</b>	<b>5,306</b>	<b>(12,511)</b>
<b>Total Members' interests</b>				
Members' capital classified as a liability .....	24,071	25,193	29,071	29,152
Other amounts due to Members classified as a liability.....	5,892	5,318	6,644	19,257
Other reserves classified as equity .....	4,618	7,887	5,306	(12,511)
<b>Total Members' interests.....</b>	<b>34,581</b>	<b>38,398</b>	<b>41,021</b>	<b>35,898</b>



## Consolidated Cash Flow Statement

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
<b>Cash flows from operating activities</b>					
Profit for the period before Members' remuneration and profit shares .....	46,113	42,319	46,576	19,524	20,088
<i>Adjustments for:</i>					
Depreciation, amortisation and impairment .....	6,181	5,919	6,333	3,160	2,876
Gain on bargain purchase .....	—	(1,273)	—	—	—
Financial income .....	(312)	(355)	(405)	(318)	(79)
Financial expense .....	1,137	1,617	1,843	1,192	907
Taxation .....	898	37	92	98	28
	54,017	48,264	54,439	23,656	23,820
Decrease/(increase) in trade and other receivables .....	1,510	(9,722)	(15,956)	(5,840)	(3,705)
(Decrease)/increase in trade and other payables .....	(2,546)	4,023	60	2,801	5,224
Increase/(decrease) in provisions .....	277	(2,054)	(559)	306	6
Corporation tax paid.....	(939)	(520)	(69)	(98)	(29)
Effect of foreign exchange rate changes .....	(159)	221	(227)	256	455
<b>Net cash from operating activities before transactions with Members ...</b>	<b>52,160</b>	<b>40,212</b>	<b>37,688</b>	<b>21,081</b>	<b>25,771</b>
Payments to Members .....	(45,083)	(39,023)	(46,412)	(20,639)	(24,284)
<b>Net cash from/(used in) operating activities .....</b>	<b>7,077</b>	<b>1,189</b>	<b>(8,724)</b>	<b>442</b>	<b>1,487</b>
<b>Cash flows from investing activities</b>					
Interest received.....	312	291	240	56	75
Acquisition of subsidiary, net of cash acquired .....	(1,941)	(1,962)	(1,376)	(1,223)	(270)
Acquisition of property, plant and equipment .....	(3,798)	(3,501)	(4,211)	(1,647)	(2,345)
Acquisition of other intangible assets.....	(234)	(581)	(1,028)	(346)	(680)
Acquisition of investments .....	—	(254)	—	—	—
<b>Net cash used in investing activities..</b>	<b>(5,661)</b>	<b>(6,007)</b>	<b>(6,375)</b>	<b>(3,160)</b>	<b>(3,220)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings.....	39,781	—	75,911	11,007	28,980
Interest paid.....	(761)	(2,489)	(3,137)	(2,611)	(2,571)
Repayment of borrowings.....	(20,436)	(271)	(59,115)	(1,271)	(21,566)
Payment of finance lease liabilities.....	(293)	(862)	—	—	—
Acquisition of subsidiary, deferred consideration .....	—	—	(897)	(883)	(881)
Capital contributions by Members .....	2,975	3,996	7,780	1,090	2,287

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
Repayments to former Members .....	(4,836)	(2,874)	(3,902)	(1,241)	(2,206)
<b>Net cash from/(used in) financing activities .....</b>	<b>16,430</b>	<b>(2,500)</b>	<b>16,640</b>	<b>6,091</b>	<b>4,043</b>
Net increase/(decrease) in cash and cash equivalents .....	17,846	(7,318)	1,541	3,373	2,310
Cash and cash equivalents beginning of period .....	(7,870)	9,976	2,772	2,772	4,228
Effects of foreign exchange rate changes on cash and cash equivalents .....	—	114	(85)	76	(56)
<b>Cash and cash equivalents at end of period .....</b>	<b>9,976</b>	<b>2,772</b>	<b>4,228</b>	<b>6,221</b>	<b>6,482</b>

## Segmental financial results

	Year ended						Six months ended			
	30 April 2016		30 April 2017		30 April 2018		31 October 2017 (unaudited)		31 October 2018	
	£000	% <sup>(1)</sup>	£000	% <sup>(1)</sup>	£000	% <sup>(1)</sup>	£000	% <sup>(1)</sup>	£000	% <sup>(1)</sup>
<b>Segmental Net Revenue ..</b>										
Commercial Services .....	100,508	53.8%	98,576	49.5%	102,769	43.5%	51,113	45.3%	55,113	41.3%
Insurance .....	77,472	41.5%	79,620	39.9%	88,552	37.4%	42,984	38.1%	43,312	32.5%
International .....	4,044	2.2%	13,749	6.9%	30,192	12.8%	11,135	9.9%	25,790	19.3%
Connected Services .....	4,826	2.6%	7,377	3.7%	14,975	6.3%	7,497	6.7%	9,141	6.9%
<b>Total segmental net revenue .....</b>	<b>186,850</b>	<b>100%</b>	<b>199,322</b>	<b>100%</b>	<b>236,488</b>	<b>100%</b>	<b>112,729</b>	<b>100%</b>	<b>133,356</b>	<b>100%</b>
<b>Internal Gross Profit .....</b>	<b>£000</b>	<b>%<sup>(2)</sup></b>	<b>£000</b>	<b>%<sup>(2)</sup></b>	<b>£000</b>	<b>%<sup>(2)</sup></b>	<b>£000</b>	<b>%<sup>(2)</sup></b>	<b>£000</b>	<b>%<sup>(2)</sup></b>
Commercial Services .....	52,328	52.1%	49,993	50.7%	56,554	55.0%	28,093	55.0%	31,784	57.7%
Insurance .....	33,784	43.6%	36,797	46.2%	39,771	44.9%	18,760	43.6%	19,456	44.9%
International .....	1,261	31.2%	6,162	44.8%	11,017	36.5%	3,297	29.6%	11,275	43.7%
Connected Services .....	2,894	60.0%	3,763	51.0%	4,776	31.9%	2,357	31.5%	3,662	40.1%
<b>Total internal gross profit<sup>(3)</sup> .....</b>	<b>90,267</b>	<b>48.3%</b>	<b>96,715</b>	<b>48.5%</b>	<b>112,118</b>	<b>47.4%</b>	<b>52,507</b>	<b>46.6%</b>	<b>66,177</b>	<b>49.6%</b>
Internally reported partner remuneration <sup>(4)</sup> ..	35,713	N/A	34,656	N/A	38,982	N/A	18,679	N/A	20,931	N/A
<b>Gross profit<sup>(5)</sup> .....</b>	<b>125,980</b>	<b>N/A</b>	<b>131,371</b>	<b>N/A</b>	<b>151,100</b>	<b>N/A</b>	<b>71,186</b>	<b>N/A</b>	<b>87,108</b>	<b>N/A</b>

(1) The figures shared in this column represent the segmental net revenue as a proportion of Group net revenue.

(2) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. N/A is an abbreviation for not applicable.

(3) Internal gross profit presented above is the profit or loss measure included in the Company's IFRS 8 segmental analysis note to the Historical Financial Information in *Note 2 Operating Segments*. Internal gross profit represents the gross profit measure reported internally by the Company based on the sum of the total segmental net revenue and the internally reported direct costs (which includes direct costs and the internally reported partner remuneration as described below). Internal gross profit in *Part XIII "Historical Financial Information"—Note 2. Operating Segments* differs from gross profit reported in the Income Statement due to the inclusion of a substantial portion of partner remuneration, in addition to direct costs, as a cost above internal gross profit at the segmental level as a result of the Group's internal reporting practices. Internal gross profit includes actual fixed share partner costs and notional equity partner costs at an assumed £200,000 of remuneration for each of the equity partners. These costs are listed as a separate line item in the Notes and added to the direct costs line item to derive internal gross profit. These costs are reversed in full to derive an IFRS gross profit measure, with the amounts paid to both fixed share partners and equity partners during a financial period being recognised as "Members' remuneration charged as an expense", while any incremental profit allocation distributed to equity partners is recognised as a drawing through "Total Members' Interest".

(4) Internally reported partner remuneration represents the actual fixed share partner costs and notional equity partner costs referred to in footnote (3) which are reversed in full to derive the gross profit measure presented on the face of the income statement.

(5) Gross profit as reported in the Group income statement.

## Key Performance Indicators

	Year ended			Six months ended	
	30 April 2016	30 April 2017	30 April 2018	31 October 2017 (unaudited)	31 October 2018
Internal gross margin <sup>(1)</sup> .....	46.3%	48.3%	47.4%	46.6%	49.6%
Pro forma gross margin <sup>(2)</sup> .....	N/A	N/A	50.4%	N/A	51.5%
Operating cash conversion <sup>(3)</sup> .....	113.1%	95.0%	80.9%	108.0%	128.3%
Cost:income ratio <sup>(4)</sup> .....	41.8%	44.7%	43.6%	45.0%	49.6%
Adjusted cost:income ratio <sup>(5)</sup> .....	41.8%	44.5%	42.7%	44.8%	43.6%
Net revenue per average full-time equivalent partners and partner equivalents (£000) <sup>(6)</sup> .....	716	766	787	385	423
Lock-up days <sup>(7)</sup> .....	175	202	200	N/A	193

- (1) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. Internal gross profit is the profit or loss measure included in the Company's IFRS 8 segmental analysis note to the Historical Financial Information in *Note 2 Operating Segments*. See footnotes (2) and (3) to the table titled "Segmental financial results" above for more information. Upon Admission, the Group's internal gross margin metric will no longer be applicable.
- (2) The Group has prepared the unaudited pro forma statement of profit and loss and other comprehensive income statement and the unaudited pro forma statement of net assets (together the "Pro Forma Financial Information"), see *Part XIV "Unaudited Pro Forma Financial Information"*. The Pro Forma Financial Information has been prepared to illustrate the impact of the Reorganisation and Admission. Following the Reorganisation and post-Admission, the Group's financial statements will no longer include an income statement line item "Members' remuneration charged as an expense". Instead the Total Fixed Annual Compensation Amount will be recognised in direct costs and thus reflected in gross profit. Pro forma gross margin is the unaudited pro forma gross profit expressed as a percentage of net revenue for the relevant period. The pro forma statement of profit and loss and other comprehensive income has been prepared for the year ended 30 April 2018 and the six months ended 31 October 2018 and is not available for the other periods.
- (3) Operating cash conversion represents net cash from operations before transactions with members divided by profit for the period before members' remuneration and profit shares. These calculations reflect the exclusion of partner remuneration from the line items used to calculate operating cash conversion. Post-Admission, both the numerator and the denominator of the calculation will be impacted by the inclusion of partners' remuneration. See *Part II "Presentation of Financial and Other Information—2. Presentation of Financial Information—2.1 Basis of Presentation"*.
- (4) Cost:income ratio is defined as administrative expenses (including depreciation) divided by net revenue.
- (5) Adjusted Cost:income ratio is calculated based on administrative expenses adjusted to exclude non-underlying items (such as costs related to the Reorganisation and Admission) divided by net revenue. See "*—Reconciliation of Adjusted Cost:income Ratio*" below.
- (6) Net revenue per average full-time equivalent partner and partner equivalent is calculated as net revenue divided by the average full-time equivalent partners and partner equivalents in the financial period. Net revenue is used for comparability purposes across the periods. Partners consist of equity and fixed share partners. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division.
- (7) Lock-up days reflect the lock-up as a proportion of the last twelve months' net revenue. Net revenue is used to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis. Since lock-up is comprised of WIP (which amounts include unbilled disbursements) and Gross Debtors (which amounts include disbursements and VAT), and net revenue is reported excluding disbursements and VAT, the lock-up days are greater than it would be if the lock-up components were also reported excluding disbursements and VAT. See *Part XI "Operating and Financial Review – Factors Affecting Results of Operations – Lock-up Days and Net Finance Expense"*. Revenue for the years ended 30 April reflect the revenue on the income statement for the applicable financial year. However, net revenue used to calculate the lock-up days for the six months ended 31 October represents the last twelve months of net revenue of the Group. The lock-up days as at 31 October 2017 are not available.

## Reconciliation of Adjusted Cost:Income Ratio

	Year ended			Six months ended	
	30 April 2016	30 April 2017	30 April 2018	31 October 2017	31 October 2018
Net revenue .....	186,850	199,322	236,488	112,729	133,356
Administrative expenses .....	(78,144)	(89,026)	(102,994)	(50,690)	(66,164)
Non-underlying items <sup>(1)</sup> .....	(117)	962	(1,904)	(224)	(8,029)
Gain on bargain purchase .....	—	(1,273)	—	—	—
Adjusted administrative expenses....	(78,027)	(88,715)	(101,090)	(50,466)	(58,135)
Adjusted cost:income ratio% <sup>(2)</sup> .....	41.8%	44.5%	42.7%	44.8%	43.6%

(1) See Part XIII—“Historical Financial Information”—Note 4. Profit for the period’.

(2) Adjusted Cost:Income ratio is calculated based on adjusted administrative expenses, which is administrative expenses adjusted to exclude non-underlying items (such as costs related to the Reorganisation and Admission), divided by net revenue. The gain on bargain purchase included within non-underlying items in the Financial Year ended 30 April 2017 is not recognised within reported administrative expenses and is therefore presented as an adjustment to non-underlying items in the table above.



## PART XI

### OPERATING AND FINANCIAL REVIEW

*This Part XI—“Operating and Financial Review” should be read in conjunction with Part II—“Presentation of Financial and Other Information”, Part V—“Industry Overview”, Part VI—“Business Description” and Part XIII—“Historical Financial Information”. Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part XI—“Operating and Financial Review” is extracted from the financial information set out in Part XIII—“Historical Financial Information”.*

*Unless the context otherwise requires, reference in this Part XI—“Operating and Financial Review” to the Group means (i) when discussing operations relating to periods prior to Admission, the Pre-Reorganisation Group and (ii) with respect to operations following Admission, the Company, DWF Holdings Limited, the DWF Law LLP Sub-group and the DWF LLP Sub-group.*

*The following discussion of the Group’s results of operations and financial condition contains forward-looking statements. The Group’s actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly under Part I—“Risk Factors” and Part II—“Presentation of Financial and Other Information—12. Forward-looking statements”. In addition, certain industry issues also affect the Group’s results of operations and are described in Part V—“Industry Overview”.*

#### Overview

DWF is a global legal business, supplying services not only to the global legal market but also providing complementary connected services to its clients. DWF’s stated purpose is to transform legal services through its people for its clients using its three principal strategic objectives: understanding our clients, engaging our people and doing things differently. DWF aims to deliver its strategy by building long-term relationships with its clients, recruiting talented individuals to maintain a high service level culture and continually innovating in its provision of legal services, managed and connected services to address client needs and increase its market share.

DWF’s business is organised into four divisions (which are also the Group’s financial reporting segments):

- **Commercial Services:** This division provides a range of complex legal services and managed services to clients and includes the corporate, litigation and real estate practice groups, each of which has a number of practice areas;
- **Insurance:** This division provides a range of complex legal services and managed services predominantly to insurers and their insureds and includes the catastrophic personal injury, occupational health and casualty; motor, fraud, resolution law and in-house teams; and professional indemnity and commercial insurance practice groups, each of which has a number of practice areas;
- **International:** This division includes the DWF offices that provide complex legal services and managed services outside of Great Britain. The International division focuses on the same areas of legal services as the Commercial Services and Insurance divisions, and though it is in an earlier stage of its development in relation to the Commercial Services and Insurance divisions, it is an important component of the Group’s growth strategy; and
- **Connected Services:** This division offers complementary products or services to the traditional legal services offered by DWF’s other three divisions and consists of a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions.

DWF delivers a mixture of legal services across its Commercial Services, Insurance and International divisions, which can be characterised as complex legal services and managed services. In addition to its legal services, DWF also provides connected services through its Connected Services division.

#### Segments

Net revenue from the Commercial Services, Insurance, International and Connected Services divisions (which are its reportable operating segments) represented 41.3%, 32.5%, 19.3% and 6.9% of net revenue, respectively, in the six months ended 31 October 2018 and 43.5%, 37.4%, 12.8% and 6.3% of net revenue, respectively, in the financial year ended 30 April 2018.

## Current Trading and Prospects

The Group has continued to trade in line with the Directors' expectations since 31 October 2018. The Directors are confident about the performance and prospects of the Group for the current financial year.

## Financial Targets

As set out below, the Group has established certain financial targets as measures of its performance which are based on the Group's business plan and a number of assumptions which the Directors believe are appropriate, but which may turn out to be incorrect or different than expected. The Group's financial targets are based on the organic growth plans of the Group. The targets are forward-looking statements and the Group's ability to achieve them will depend on a number of factors, many of which are outside of its control, including significant business, economic and competitive uncertainties and contingencies and risks including those described in *Part I—"Risk Factors"*. See also *Part II—"Presentation of Financial and Other Information—12.—Forward-looking statements"*. As a result, the Group's actual results may vary from the targets and those variations may be material. Except as specifically set out below, the Company has not defined, by reference to specific periods, the term "medium term", and the financial targets are not intended to be in respect of any particular financial year.

The Group has delivered strong revenue growth in the six months ended 31 October 2018 across all of its divisions, and in particular in its International division as investment over recent years in expanding its international operations has resulted in significant growth. This trend is expected to continue and the Company is targeting medium-term net revenue growth on a CAGR basis of (i) approximately 4% to 5% in addition to the UK GDP growth rate over the medium term in its Commercial and Insurance divisions, (ii) between approximately 35% to 40% in its International division and (iii) between approximately 20% to 30% in its Connected Services division. The Group's medium term net-revenue growth targets represent averages over that period, with the Group anticipating higher revenue growth in the initial phase, particularly in the International division. The Group is also targeting the Group's net revenue per average full-time equivalent partners and partner equivalents to progress to between approximately £0.95 million to £1.05 million per annum in the medium term, which figure includes the Group's plan to continue to increase its net partner and partner equivalent joiners by 15 to 25 partners and partner equivalents per year, with the improvements expected in part as a result of recent partner hires becoming more established at DWF and increases in their utilisation and productivity. These changes are also expected to contribute to the revenue growth at the divisional level, with the International and Connected Services divisions benefiting in particular, due to the recent investments in them through lateral partner hires and other investments made to set up new services and processes in the International and Connected Services divisions, respectively. The Directors also believe that revenue growth and improvements in the net revenue per average full-time equivalent partner and partner equivalent will be as a result of recoverable hourly rate increases for the Group's services, particularly those provided by its Commercial Services and Insurance divisions, as well as additional high quality fee engagements.

The Company is targeting increasing the Group's gross profit margin by between 5% to 6% in the medium term (excluding any IFRS 2 charge and on a net revenue basis), compared to the pro forma gross profit margin for the year ended 30 April 2018 of 50.4% available in *Part XIV—"Unaudited Pro Forma Financial Information"*. A strong uplift is targeted in the International division as this business matures to a margin which is expected to be a blend of the margins deliverable in the Group's Commercial and Insurance divisions, as a result of investments made in the International division during the period under review which are expected to be realised in the medium term. In addition, the Connected Service division's gross margin is targeted to mature to the Group's average gross margin over the medium term, as this business scales further.

The Company is targeting a reduction in the Group's adjusted cost:income ratio by between 2% to 4% in the medium term from 42.7% for the year ended 30 April 2018. The Group anticipates that its adjusted cost:income ratio will decrease in part as a result of the implementation of certain cost efficiency initiatives, its expectation that its premises costs will not increase significantly as the legal business grows as a result of excess square footage currently available and due to the Group's agile working environment which does not require as much square footage due to its flexible working arrangements. Furthermore, the Group expects its ratio of fee earners to support staff to continue its upward trend, which would also support its ability to meet this target. The Directors believe that comparable law firms in the UK have cost income ratios of between 37% to 40% as evidenced by the

PwC Law Firms' Survey 2018. The Company is also targeting reduced interest expense in the medium to long term as it retains cash and has greater cash reserves to use for its working capital needs as opposed to borrowings used for working capital purposes as a result of its expectations around its improved profitability. With respect to the Group's capital structure, as a result of the Group's Reorganisation, the Group is targeting a net debt to EBITDA (before taking into account any amounts charged in respect of share based payments under IFRS 2) ratio of around 1x, excluding outstanding members paid-in capital, or around 1.5x including members paid-in capital in the medium term. The Group also aims to reduce its lock-up days by five to ten days in the medium term. In the meantime, revenue growth is expected to result in an increase in the lock-up driven by an increase in the Group's revenue. Trade and other payables are anticipated to remain broadly in line with those reported for the financial year ended 30 April 2018 in the medium term.

Following Admission, the Group expects its effective tax rate to be approximately 2% above the UK average effective tax rate.

## **Basis of Presentation**

### *Existing Basis of Presentation*

The Group's financial information in *Part XIII—“Historical Financial Information”* (the “**Historical Financial Information**”) reflects the Group's current operational structure. However, in line with the requirements of PR Annex 1 20.1 (which requires that an issuer prepare its audited historical financial information in a form consistent with the (i) accounting standards, (ii) legislation disclosure requirements and (iii) accounting policies which will be adopted in the issuer's next published annual financial statements, as if they had already adopted the new framework), the Historical Financial Information in this Prospectus is presented under IFRS and in compliance with the disclosure requirements of the Companies Act 2006 to reflect the proposed Reorganisation and in a form consistent with how DWF Group plc would prepare its first annual report. Prior to adopting this form of presentation, DWF LLP, the parent of the Pre-Reorganisation Group, which is incorporated under the Limited Liability Partnership Act 2000, prepared and presented its statutory accounts in accordance with the accounting standards FRS 102 (the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland), rather than IFRS, and according to the disclosure requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships, rather than the Companies Act 2006. With respect to the accounting policies, the accounting policies set out in the Historical Financial Information, except where otherwise stated in Note 1.21 *Changes in significant accounting policies*, have been applied consistently to all periods presented therein and in preparing an opening IFRS balance sheet as at 1 May 2015 for the purposes of the transition to IFRS. There will be no changes to the accounting policies between those used in the Historical Financial Information and those that will be published in the Company's first published annual financial statements after Admission, subject to any applicable accounting pronouncements.

Partner remuneration is currently determined by reference to the profit sharing rules specified within the Existing Membership Agreement. The Existing Membership Agreement stipulates that fixed share partners receive a fixed profit share, which is recognised within “Members' remuneration charged as an expense”. Equity partners receive a contractual monthly profit allocation which is included within “Members' remuneration charged as an expense” and a discretionary allocation based on “Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members” calculated in accordance with the Existing Membership Agreement. Amounts paid during a financial period to both fixed share partners and equity partners are recognised as “Members' remuneration charged as an expense”, while any incremental profit allocation distributed to equity partners is recognised as a drawing through “Total Members' Interest” (together with amounts paid under “Members' remuneration charged as an expense”, the “**total partner compensation**”).

Within the Historical Financial Information, partnership taxes on profits of DWF LLP are the personal liabilities of the Members of DWF LLP, although payment of such liabilities is administered by the Group on behalf of the Members, with these tax payments typically made by the Group in January and July each year in line with income tax payment cycles. These income tax payments are typically phased over 12 to 18 months after the profits are generated. As a result, the financial year ended 30 April 2019 and the financial year ended 30 April 2020 will both include tax payments relating to partner tax payments for Members' personal tax liabilities prior to the implementation of the revised compensation model. Partners will continue to be paid net of income tax following and in the event of any Admission and the implementation of the revised compensation model, but due to

the adjustments in remuneration, the personal tax payment liabilities that accrue following the Reorganisation for the existing Members are expected to be lower.

#### *Post-Admission Basis of Presentation*

Although there will not be changes to the (i) accounting standards, (ii) legislation disclosure requirements or (iii) accounting policies, in connection with the Reorganisation and Admission, the Group will implement certain contractual and operational changes, whereby the application of IFRS and the Group's existing accounting policies, as disclosed in the Historical Financial Information, will lead to partner remuneration and certain tax items being reflected differently post-Admission. With respect to partner remuneration, the Company will remunerate partners on a fixed basis post-Admission, with the remainder of partners' remuneration primarily coming from dividend income derived from holding Ordinary Shares, and, in some cases where performance warrants additional remuneration, participation in the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. Post-Admission, with the exception of the revised compensation model exceptions, partner remuneration paid by the Company will be scaled back to the Total Fixed Annual Compensation Amount in order to generate net profits for all Shareholders (rather than retaining the existing approach where partners are allocated nearly all of the profits through their drawings). Post-Admission, in addition to the Total Fixed Annual Compensation Amount, partner compensation will comprise: (a) dividend income derived from a holding of Ordinary Shares through the five-year share award; (b) participation in a partner annual bonus pool anticipated to be equivalent to up to 5% of the Group's profit before tax (excluding exceptionals) for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan and recorded as a direct cost; and (c) subject to meeting the relevant eligibility requirements, participation in the Share Incentive Plans.

Following Admission, partner remuneration, subject to the revised compensation model exceptions, will no longer be determined by the terms of the Existing Membership Agreement, but will be determined in accordance with the DWF Law LLP Constitutional Deed, the DWF LLP Constitutional Deed and the DWF Law LLP and DWF LLP Member Handbooks (as defined below). See *Part XVI—“Additional Information—16. Material contracts—16.4. DWF Law LLP Constitutional Deed”* and *“16.7. DWF LLP Constitutional Deed”*. These contractual agreements entered into in connection with the Reorganisation, which revise the terms of partners' remuneration, will result in the Total Fixed Annual Compensation Amount being recognised in direct costs in the financial statements of DWF Group plc, rather than being recognised as “Members' remuneration charged as an expense” and a discretionary profit allocation within “Other reserves classified as equity” as previously presented and described in the Existing Basis of Presentation above. Partner remuneration to be received as a result of dividends as Shareholders in DWF Group plc reflects the receipt of a proportion of profits via dividends (as it will for all other Shareholders) and therefore this will continue to be accounted for through reserves in the DWF Group plc financial statements in line with the accounting standards, legislation and accounting policies disclosed in the Historical Financial Information. Under the revised compensation model, following Admission self-employed partners will have their paid-in-capital contributions reduced in line with their revised remuneration. This is expected to result in approximately two-thirds of the Member capital outstanding at the time of any Admission, to be repaid. The remaining Member capital outstanding will be available to the Group for general corporate purposes. In the event of any insolvency proceedings, Member paid-in-capital is an unsecured debt of the Group owed to Members which ranks ahead of any equity interests held by Shareholders. Under both the existing basis of presentation and the post-Admission basis of presentation, the Company will continue to account for expenses within the income statement as expenses and distributions through reserves, with the resulting changes in presentation arising from operational changes as a result of the new contractual arrangements entered into in connection with the Reorganisation through the adoption and implementation of the new governance agreements and partnership policies discussed above.

With respect to taxation, as a result of the Reorganisation, DWF Holdings Limited (a newly incorporated subsidiary of the Company) will become a Member of DWF Law LLP (which will hold most of the revenue generating operations of or held by DWF LLP prior to the Reorganisation). DWF Holdings Limited will receive the residual profits after Members' remuneration is paid (which Member remuneration will consist of the annual fixed profit share). As a result, the remaining profits earned by DWF Law LLP during a period will be regarded as income for DWF Holdings Limited. As a corporate entity, DWF Holdings Limited will be liable for corporation tax. Consequently, while



DWF LLP's profits were not subject to corporation tax nor related deferred taxation and only a limited number of entities in the Group were subject to tax in the period covered by the Historical Financial Information, a greater proportion of the Group's profits will be subject to such tax, going forward, as a result of the new entities and structure of the Group after the Reorganisation. See *Part XIV—“Unaudited Pro Forma Financial Information”* for a presentation of the Group's financial information to illustrate the impact of the Offer, repayment of partner capital and the impact of the revised compensation model on the Historical Financial Information.

#### *Internal Gross Profit*

In various parts of the Prospectus, including *Part X—“Selected Financial Information”*, the Group presents “*Internal gross profit*”, which is the gross profit measure on a segmental basis included in *Part XIII—“Historical Financial Information—Note 2. Operating Segments”*, and it represents the gross profit measure reported internally by the Company. Internal gross profit in *Part XIII—“Historical Financial Information—Note 2. Operating Segments”* differs from gross profit reported in the Income Statement due to the presentation of a substantial portion of partner remuneration in addition to direct costs to derive internal gross profit at the segmental level as a result of the Group's internal reporting practices. Internal gross profit includes actual fixed share partner costs and notional equity partner costs at an assumed £200,000 of remuneration for each of the equity partners in order to reflect a notional fixed cost representation of equity partner costs, and these costs are listed as a separate line item in the Notes and added to the direct costs line item to derive internal gross profit. For the Income Statement, the internally reported partner remuneration costs are reversed in full to derive an IFRS gross profit measure excluding partner remuneration which is required to be recognised as an equity drawing in the statutory accounts as opposed to an income statement expense. As a result, the Consolidated Statement of Profit and Loss and Other Comprehensive Income does not include any equity partner or fixed share partner remuneration costs in direct costs. Fixed share partners may have received a bonus, which, during the period under review, was reflected in administrative expenses. However, *Part XIII—“Historical Financial Information”—Note 2. Operating Segments* provides a reflection of the Group's gross profit Post-Admission once changes to partner remuneration arising from operational changes as a result of the new contractual arrangements entered into in connection with the Reorganisation through the adoption and implementation of new governance agreements and partnership policies discussed above which will result in remuneration being treated as an expense; however, it does not reflect the scaled back remuneration aspects of the new contractual arrangements. Detail relating to the impact of the scaled back revised compensation model on the Historical Financial Information is available in *Part XIV—“Unaudited Pro Forma Financial Information”*, which reflects the fixed share partner remuneration being reduced by 10% and equity partner remuneration being reduced by 60% as described above.

Following Admission, the partner's Total Fixed Annual Compensation Amount will be reported as direct costs in the income statement of the Company in line with the operational changes to be implemented.

#### **Factors Affecting Results of Operations**

##### *Acquisitions and the Inorganic and Organic Growth of the International and Connected Services Divisions*

Over the past several years, the Group has significantly transformed its operations from a UK law firm to growing into a global legal business with a deep UK legal and an expanded connected services offering complemented by international offices. This transformation was accelerated by acquisitions undertaken during the period. Prior to the financial year ended 30 April 2016, nearly all of the Group's revenue was generated from legal services within Great Britain, represented by the revenue of the Commercial Services and Insurance segments. Furthermore, while the Group offered connected services, it only formally established its Connected Services division in October 2017, following the acquisition of Triton Group Limited and its subsidiaries in January 2017, which increased the scale of the connected services offered by the Group to a degree to warrant its own division. In connection with the Group's international expansion and the formal establishment and growth of its Connected Services division, partly through acquisitions, the proportion of the Group's revenue generated by its International and Connected Services segments has grown. As a proportion of the Group's net revenue, the International segment has grown from 2.2% for the financial year ended 30 April 2016, to 6.9% for the financial year ended 30 April 2017, to 12.8% for the financial year ended 30 April 2018 and to 19.3% for the six months ended 31 October 2018, and its Connected Services segment has grown from 2.6%, to 3.8%, to 6.3% and to 6.9% over the same periods, respectively. During the period under review, acquisitions also benefited the Insurance division, with



the acquisition of Triton Group Limited and its subsidiaries, including a professional indemnity insurance legal business within the United Kingdom that became part of the Insurance division's professional indemnity practice group.

The Directors characterise organic net revenue as all net revenue during a financial year except for net revenue that directly flows from any acquisition during the 12 calendar months after an acquisition is finalised. Organic growth represents the organic net revenue that exceeds the net revenue from the comparable period in the prior financial year ("**organic growth**").

#### *Organic net revenue bridge*

	Year ended 30 April						Six months ended 31 October				
	2016 £000	Organic growth <sup>(1)</sup> £000	Inorganic growth <sup>(2)</sup> £000	2017 £000	Organic growth <sup>(1)</sup> £000	Inorganic growth <sup>(2)</sup> £000	2018 £000	2017 £000	Organic growth <sup>(1)</sup> £000	Inorganic growth <sup>(2)</sup> £000	2018 £000
Commercial.....	100,508	(1,932)	—	98,576	4,193	—	102,769	51,113	4,000	—	55,113
Insurance .....	77,472	(1,514)	3,662	79,620	5,266	3,666	88,552	42,984	328	—	43,312
International .....	4,044	3,050	6,655	13,749	9,066	7,377	30,192	11,135	9,712	4,943	25,790
Connected .....	4,826	339	2,212	7,377	634	6,964	14,975	7,497	1,644	—	9,141
<b>Net Revenue .....</b>	<b>186,850</b>	<b>(57)</b>	<b>12,529</b>	<b>199,322</b>	<b>19,159</b>	<b>18,007</b>	<b>236,488</b>	<b>112,729</b>	<b>15,684</b>	<b>4,943</b>	<b>133,356</b>

(1) Inorganic growth represents the net revenue from acquired businesses for the first twelve months after the acquisition that exceeds such net revenue from the comparable period in the prior financial year.

(2) Organic growth represents the organic net revenue (as defined in *Part II—“Presentation of Financial and Other Information—3. Non-IFRS Financial Measures”*) that exceeds the organic net revenue from the comparable period in the prior financial year. As the financial year ended 30 April 2015 falls outside the historical financial period, see *Part XIII “Historical Financial Information”*, the Group is not showing organic growth for the year ended 30 April 2016.

While the International and Connected Services segments have made increasing contributions to the Group's revenue and organic growth, on an internal gross profit level, the results have been more mixed in part due to investments made in these segments during the period under review. Internal gross profit margin for the International segment was 31.2%, 44.8% and 36.5% for financial years ended 30 April 2016, 2017 and 2018, respectively. Internal gross profit margin for the Connected Services segment was 60.0%, 51.0% and 31.9% for financial years ended 30 April 2016, 2017 and 2018, respectively. Fluctuations in the internal gross profit during the period under review related largely to investments made in connection with the expansion efforts of the International and Connected Services segments, which included additional direct costs as a result of redundancy costs and lateral hires following the acquisitions. Furthermore, within the Connected Services division, internal gross profit margin decreased over the period primarily due to the addition of the Triton Group claims management business in the second half of the financial year ended 30 April 2017 which has a lower margin profile. However, the Group experienced growth in internal gross profit margins for the International and Connected Services segments in the six months ended 31 October 2018, which grew to 43.7% and 40.1%, respectively, as the divisions started to benefit from certain of its past investments in prior periods, including acquisitions.

With respect to the Group's expansion efforts, the Group has historically made acquisitions and plans to continue to do so where available in line with the Group's strategy. The Directors believe that acquisitions are typically more profitable at an earlier stage as a result of bringing existing business and client relationships which are typically then supplemented by lateral hires, as opposed to the self-build approach through the opening of new offices, which typically requires more initial investment in partners and other senior staff to generate business and can take more time for the Group to establish business and realise revenue.

#### ***Fee Generation: Clients, the Realisation Rate, Unbilled Revenue and the Mix of Billing and Service Models***

As with traditional law firms, the Group's revenue is primarily driven by traditional fee generating legal engagements, supplemented by fees for managed and non-legal services. The Group's suite of legal and connected services provides it with the opportunity to offer its existing clients additional complementary services and products. Longstanding client relationships are important to the Group's business and any loss of clients or reduction in the level of work engaged for by a client may result in less revenue generated by the Group. Conversely, the addition of new clients or the increase in revenue generated from existing clients may increase the revenue generated. The Group has a number of longstanding client relationships, with the Top 200 Clients by revenue and Top 400 Clients by

revenue in the financial year ended 30 April 2018, representing an average of 61% and 72%, respectively, of the Group's revenue over the three financial years ended 30 April 2018. However, the Group operates in a competitive market and competition exists whenever tender opportunities arise.

In addition to the amount of fee-generating engagements undertaken, the Group's results of operations are impacted by its realisation rate for these engagements. The Group tracks its realisation rates to assess its performance. The realisation rate for a client engagement reflects the amount of billed work that is collected from the client (realisation) divided by the fees at the Group's standard billing rate, expressed as a percentage (the "**realisation rate**"). The realisation rate will reflect any agreed discounts from standard rates, write-downs (fee reductions taken before sending the bill) and write-offs (fee reductions after sending the bill). There are two primary reasons why the Group and other law firms typically will not achieve a realisation rate of 100%. First, the billing partner reviewing the bill may write down time charged to the matter by fee earners for a number of reasons, including: a task took longer than it should have taken, multiple timekeepers billed for the same task; the task billed was inconsistent with any billing guidelines for a particular client; or the partner chose to write down the time client-specific reasons, including contractual agreements. Second, the bill may result in write-offs as the client may refuse or be unable to pay the bill, request a fee reduction or contest the validity of certain time entries. The realisation rate can generally also be enhanced through best practices with respect to billings and collections, including: being prompt with billings, tracking all past-due accounts with detailed ageing reports, regularly contacting late-paying clients, having clear write-down and write-off policies, maintaining accurate timekeeping procedures and maintaining good communication with clients.

DWF's unbilled revenue reflects revenue which has been recognised under the Group's accounting policies but has not yet been billed to the client. As a result, while DWF may accrue time for work performed on client engagements that will be impacted by the realisation rate, its unbilled revenue, which is reported in the Group's Historical Financial Information, takes into account factors such as historical recoverability rates, contingencies, the outcomes of previous matters (such as the realisation rate) and agreements with clients when determining the amount of billings that should be recognised as unbilled revenue. See *Part XIII—"Historical Financial Information—Note 1.22—Accounting estimates and judgements—Key sources of estimation uncertainty—Unbilled revenue"* for more detail of the key assumptions and sources of estimation used in reporting unbilled revenue. As a result, during the period under review, the Group typically collected most of the unbilled revenue once it was billed. See *Part XIII—"Historical Financial Information—Note 11—Trade and other receivables"* for more information on provisions established for doubtful receivables during the period under review.

DWF monitors its key performance indicators to assess its fee generation levels and its recoverability, including net revenue per average full-time equivalent partner and partner equivalent (to assess its fees generated on a partner and partner equivalent basis), as well as its lock-up days (which reflect the approximate time it takes to bill and receive cash from WIP and Gross Debtors, respectively). The Group also monitors its net working capital, including the ageing of its trade receivables to monitor any provisions that should be made for its trade receivables.

DWF's revenue is also impacted by its billing rates for its services, as adjusted for any write-downs or write-offs of its billing. DWF's billing rates typically vary based on the geographic market, the nature of the service being performed, any specific rates agreed under client panel arrangements, its complexity and the seniority of the fee earner doing the work. The Group's standard terms of business outline that billing rates are reviewed annually, although they have remained largely constant during the period under review with the exception of the Commercial Services division which raised rates in October 2018. In addition, a large proportion of the Group's clients utilises panel arrangements to consolidate and manage their legal spend and, with time, more of the Group's existing clients may move towards the panel arrangement model. Such panel arrangements typically operate according to a service level agreement with most having work billed on a time basis, often on a discounted or fixed fee basis, with the billing rates for the duration of the service level agreement, with many service level agreements entered into for a period of three years. As a result, these service level agreements effectively freeze DWF's billing rates for the duration of the service level agreement and thus have impacted and are expected to continue to impact the amount of revenue DWF generates from its service to these clients under these agreements.

For the Connected Services division, each service or solution has a primary billing model for its services, reflecting the nature of the particular service or solution provided. For example, DWF Claims, its claims handling business that acts as a third-party administrator for claims, has a fixed fee model with staged fees relating to the stage and complexity of the work. See *Part VI—"Business*

*Description-Business Model—Fee Generation*” for additional information about the fee models of the Group’s other key connected services. If the Connected Services division makes an increasing contribution to the Group’s revenue moving forward as anticipated by the Group’s strategy, this will impact the mix of fee models moving forward which could impact the results of operations depending on the nature of the mix and the nature of the growth in the Connected Services division and which fee models are the most prominent.

The varying fee generation models related to DWF’s services also impact the Group’s gross profit margin and further impact is expected through the implementation of the managed services model. The Group’s results of operations for the period under review, including the six months ended 31 October 2018, do not yet reflect the efficiencies that the Directors anticipate should result from the further consolidation of certain of its managed services into low cost centres and the introduction of additional standardised systems and processes for such services. While certain managed services work was performed during the period under review at low cost centres, there is a plan to consolidate a greater volume of managed services work and the introduction of additional standardised systems and processes to improve the efficiency of this work. While this process began in August 2018 with the appointment of DWF’s CEO of Managed Services and the identification of additional processes to be implemented, the processes and improvements identified to date have yet to be implemented and additional improvements are still being identified. As a result, the benefits from such improvements are anticipated to be received in the medium term as the systems and processes become fully implemented and operational. Once these are implemented, the efficiencies are expected to allow fee earners that currently perform a mix of complex legal services and managed services to spend more time on complex matters, while managed services can be delivered in a more efficient manner through technology efficiencies which are expected to permit the scaling up of the services that can be performed without a corresponding increase in costs due to an increased headcount. However, during the period covered by the Historical Financial Information, the Group did experience some redundancy costs and short-term duplication of staff roles in connection with its consolidation of managed legal services work in Liverpool which impacted the Insurance division’s internal gross profit margin.

#### ***Lock-up Days and Net Finance Expense***

The Group’s management carefully monitors its lock-up (WIP plus Gross Debtors) and lock-up days (with lock-up days defined as the lock-up expressed as a proportion of the past 12 months net revenue). Net revenue is used in the calculation of lock-up days to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis. WIP which has been recognised in accordance with the Group’s revenue recognition policies, which take into account recoverability, the billing terms and previous engagements with repeat clients to determine the appropriate amount to recognise as unbilled revenue as well as unbilled disbursements, with Gross Debtors representing the billed work outstanding until paid which includes disbursements and VAT. The lock-up days trend is representative of the time it takes to bill or collect the WIP and Gross Debtors, respectively, and represents a measure of the period of time it takes the Group to convert its work on matters into cash.

The Group’s management monitors lock-up and lock-up days on an ongoing basis as a measure of effective cash collection and working capital management. The following table illustrates the amount of the Group’s lock-up as at 30 April 2016, 2017, 2018 and 31 October 2018.

	As at 30 April			As at 31 October
	2016 £000	2017 £000	2018 £000	2018 £000
WIP.....	24,781	35,673	43,003	54,151
Gross Debtors .....	64,914	74,767	86,658	84,133
Lock-up .....	89,695	110,440	129,661	138,284

The table below shows the WIP days, debtor days and lock-up days as at 30 April 2016, 2017, 2018 and 31 October 2018.

	As at 30 April			As at 31 October
	2016	2017	2018	2018
WIP days <sup>(1)</sup> .....	48	65	66	74
Debtor days <sup>(2)</sup> .....	127	137	134	119
Lock-up days <sup>(3)</sup> .....	175	202	200	193

(1) The Group's WIP days reflect its WIP as a proportion of the last twelve months net revenue. Net revenue is used from 1 May 2018 to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis.

(2) The Group's debtor days reflect Gross Debtors as a proportion of the last twelve months net revenue.

(3) Lock-up days reflect the lock-up as a proportion of the last twelve months' revenue or net revenue. Net revenue is used to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis. Since lock-up is comprised of WIP (which amounts includes unbilled disbursements) and Gross Debtors (which amounts include disbursements and VAT), and net revenue is reported excluding disbursements and VAT, the lock-up days are greater than it would be if the lock-up components were also reported excluding disbursements and VAT. Revenue for the years ended 30 April reflect the revenue on the Income Statement for the applicable financial year. However, net revenue used to calculate the lock-up days for the six months ended 31 October represents the last twelve months of net revenue of the Group.

To fund its expenses during the lock-up period, the Group has in the past and plans in the future to rely upon its cash reserves and its credit facility or other borrowings. The extent to which the Group relies on its credit facility or other borrowings to fund its working capital needs during the lock-up period will impact the Group's net financing expenses related to interest payable on bank borrowings. During the financial year ended 30 April 2018, the lock-up balance was £129.7 million and lock-up days were 200, which means that each ten-day reduction in lock-up days would have resulted in approximately £6.5 million of additional cash being available for the Group's operations.

Efficient working capital management through the billing and collection of WIP and Gross Debtors, respectively, and reducing lock-up days is a feature across the legal sector, and DWF monitors its performance against industry benchmarks and introduced process improvements and strengthened its leadership team in the six months ended 31 October 2018 as part of the Group's efforts to improve its performance in relation to this metric. The Group also has other programmes underway to target a reduction in its lock-up days (which are often impacted by the type of work performed rather than jurisdictional factors), including new partner initiatives, hiring additional finance team members, as well as internal trainings to optimise certain operational aspects relating to the lock-up, which has contributed to the reduction in lock-up days from 200 as at 30 April 2018 to 193 as at 31 October 2018.

#### ***Fee Earner Headcount: Revenue Generation and Personnel costs***

The Group's headcount, particularly its fee earner headcount, impacts the Group's ability to generate revenue since its people are key to the delivery of DWF's services. However, increased fee earner headcount also increases the Group's direct costs and administrative expenses. If the Group increases its fee earner headcount and as a result generates sufficient additional revenue from these fee earners to exceed the direct costs, administrative and any other costs associated with these additional fee earners, this should generally have a positive impact on the Group's profitability. Increases in productivity, utilisation or other increased operating efficiencies can also benefit revenue without corresponding increases in headcount. The following table details the breakdown of the average number of partners and partner equivalents on a full-time equivalent basis, as well as the fee earners and the support staff employed by the Group for the periods indicated below by category.

	Year ended 30 April			Six months ended 31 October
	2016	2017	2018	2018
Number of partners and partner equivalents:.....	261	260	301	315
Fee earners (excluding partners and partner equivalents).....	1, 120	1,223	1,420	1,504
Support staff.....	811	839	936	1,007

#### *Partners and partner equivalents*

During the period under review, the average number of full-time equivalent partners and partner equivalents, decreased from 261 partners, and partner equivalents for the year ended 30 April 2016 to 260 partners and partner equivalents for the year ended 30 April 2017, in part due to exits through performance management in 2017, which was followed by a significant investment of laterals the following year, with the average number of partners and partner equivalents for the year ended 30 April 2018 increasing to 301. During the six months ended 31 October 2018, there were an additional 25 full-time equivalent partner and partner equivalents that joined the Group since 30 April 2018, and one partner promotion. The performance management exits were part of the Group's efforts to remove low performers as the business repositioned itself to secure higher quality work with a focus on larger national and international clients enabling it to successfully improve partner productivity levels (such as profit per partner). The partners that left during the financial year ended 30 April 2018 mainly represented the managing out of partners who were performing below group targets and who joined through acquisitions, as well as baseline attrition of approximately 14% of partners and partner equivalents per year and represented approximately £4.8 million of profit share among the partners that were retained, with minimal impact on revenue during that same period. The following table presents the improvements made in net revenue per average full-time equivalent partner and partner equivalent over the historical period under review:

	Year ended 30 April			Six months ended 31 October
	2016 £000	2017 £000	2018 £000	2018 £000
Net revenue per average full-time equivalent partner and partner equivalent <sup>(1)</sup> .....	716	766	787	423

(1) Net revenue per average full-time equivalent partner and partner equivalent is calculated as net revenue divided by the average full-time equivalent partners and partner equivalents in the financial period. Net revenue is used for comparability purposes across the periods. Partners consist of equity and fixed share partners. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division. See “-Personnel costs” below for the average number of full-time equivalent partners and partner equivalents in the financial years ended 30 April 2016, 30 April 2017, 30 April 2018 and the six months ended 31 October 2018.

#### *Fee earners (excluding partners and partner equivalents)*

Fee earner (excluding partners and partner equivalents) growth over the period under review was primarily the result of recruitment by the Group to meet demand for its services as well as through fee earners acquired through acquisitions. The Group's two largest divisions, Commercial Services and Insurance, both saw increases in their fee earner to partner ratio, with the Commercial Services division's ratio growing from 2.82 to 3.27 to 3.45 for the year ended 30 April 2016, 2017 and 2018, and this same ratio growing from 6.60 to 7.51 to 8.13 in the Insurance division over that same period. Within the Commercial Services division, the partner to fee earner ratio reflects the nature of the services provided, with a significant amount of the work being complex services compared to the Insurance division which has more volume work that has a lower reliance on partners to complete it. The nature of the services provided by each of these divisions also impacts the types of fee earners employed by each of the divisions, with the Insurance division employing a greater proportion of paralegals (non-qualified fee earners) compared to the Commercial Services division. For the financial



year ended 30 April 2018, the Commercial division comprised 22% partners and partner equivalents, 45% qualified fee earners, 22% non-qualified fee earners and 11% trainees compared to the Insurance division which comprised 11% partners and partner equivalents, 38% qualified fee earners, 49% non-qualified fee earners and 2% trainees. The Group aims to achieve the right balance in its mix of fee earners for the nature of the work available in its divisions to increase each division's gross margin, which is impacted by the amount that can be charged for the work and the costs associated with completing the work, which is typically impacted by the seniority of the fee earner completing the services.

#### *Support Staff*

The increase in support staff during the period under review was primarily the result of the acquisition of the Triton Group claims management business. While the overall number of support staff increased during the period under review, the fee earner to support staff ratio increased over the period from 1.70 to 1.77 to 1.84 fee earners per support staff for the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018.

#### *Connected Services Division*

If the Connected Services division grows as anticipated by the Group's strategy, the Directors would expect that the number of more junior career levels required in that division will result in the non-qualified fee earner and support staff headcount growing at a greater rate than that of the qualified fee earner headcount of the Group. Furthermore, the Connected Services division does more fixed fee work, so a utilisation rate is not tracked in that division as it is for the other three divisions.

#### *Personnel costs*

Personnel costs, are reflected within both direct costs and administrative expenses depending on the type of personnel. Fee earners (excluding equity partners and fixed share partners) are included in direct costs, and central administration and support staff are included in administrative expenses. Personnel costs include wages and salaries, social security costs, and contributions to defined contribution plans, and were the largest expense of the Group during the period under review.

Equity partner and fixed share partner remuneration are not included within direct costs or administrative expenses in the Income Statement of the Historical Financial Information, but moving forward, direct costs will include Members' remuneration which will consist of a portion of the Members' historical remuneration reflected in the Historical Financial Information as the Members' remuneration charged as an expense line item. See "*—Basis of Presentation—Post-Admission Basis of Presentation*" above. However, during the period under review, the Group's internal reporting of divisional financial performance, as disclosed in *Note 2 Operating Segments* to the Historical Financial Information, includes the remuneration of its partners during each of the periods assuming equity partners are paid on a consistent assumed basis (the "**notional equity partner cost**"). Internally reported partner remuneration consists of actual fixed share partner costs, as well as the notional equity partner cost, with the notional equity partner cost being £200,000 per each financial year.

The total internally reported partner remuneration for the year ended 30 April 2018 amounted to £39.0 million and the average number of full-time equivalent fixed share partners and equity partners for the year ended 30 April 2018 were 155 and 70, respectively. With notional equity partner cost assumed to be £200,000, the total equity partner remuneration as calculated on this basis amounted to £14.0 million of the £39.0 million of internally reported partner remuneration, leaving £25.0 million relating to the actual fixed share partner costs for the year ended 30 April 2018 or an average salary of £161,000 for the fixed share partners as calculated on this basis. These notional equity partner remuneration figures are not the actual average remuneration figures during the period under review, but are what is reported for the Group's internal divisional financial performance assessment. The actual average equity partner remuneration for the year ended 30 April 2018 was approximately £342,000. However, the internally reported partner remuneration does not account for the Group's revised compensation model expected post-Reorganisation and Admission. In order to present the Group's financials on a basis which reflects the scaled down partner remuneration following Admission, the Group has prepared pro forma financial information set out in *Part XIV—"Unaudited Pro Forma Financial Information"* (the "**Pro Forma Financial Information**"). The revised compensation model is further detailed in *Part VI—"Business Description—People and Talent—Attracting, Developing and Retaining Talent—Attracting Talent"*. On the basis of the approach taken in the Pro Forma Financial Information, the average salary for equity partners amounts to £137,000 and the average salary for fixed share partners amounts to £144,000 for the year ended 30 April 2018. The

average salaries derived from the Pro Forma Financial Information approach are a closer reflection of the Group's expectations relating to the annual fixed profit share to be paid to Members post-Admission, with such annual fixed profit share paid to Members post-Admission to be reported as a direct cost in the Group's financial results post-Admission. Partner remuneration post-Admission will be determined by providing equity partners with 40% of their estimated partnership drawings entitlement immediately prior to Admission, and fixed share partners will receive 90% of their latest fixed drawings immediately prior to Admission. Equity partners' remuneration is determined by the number of marbles, which are based on seniority and performance indicators. For the purpose of calculating each equity partners' post-Admission fixed remuneration, a value of £15,000 was allocated for each marble (prior to being scaled back by 60%).

In order to highlight the changes in equity partner and fixed share partner numbers over the period, the following table presents the average number of full-time-equivalent equity partners, fixed share partners and partner equivalents for each of the Group's segments for the years ended 30 April 2016, 30 April 2017 and 30 April 2018 and the six months ended 31 October 2018:

	Year ended 30 April			Six months ended 31 October
	2016	2017	2018	2018
<b><i>Average FTE Equity Partners</i></b>				
Commercial Services .....	35	36	35	29
Insurance.....	29	28	26	23
International .....	1	5	9	16
Connected Services .....	—	—	—	0
<b>Group total.....</b>	<b>66</b>	<b>69</b>	<b>70</b>	<b>69</b>
<b><i>Average FTE Fixed Share Partners</i></b>				
Commercial Services .....	105	88	85	86
Insurance.....	50	43	50	52
International .....	3	6	19	34
Connected Services .....	—	—	2	2
<b>Group total.....</b>	<b>157</b>	<b>137</b>	<b>155</b>	<b>174</b>
<b><i>Average FTE Partner Equivalents<sup>(1)</sup></i></b>				
Commercial Services .....	25	26	23	16
Insurance.....	9	12	10	7
International .....	2	14	36	42
Connected Services .....	1	2	6	8
<b>Group total.....</b>	<b>38</b>	<b>54</b>	<b>76</b>	<b>73</b>
<b><i>Average FTE Total Partners (Equity Partners, Fixed Share Partners and Partner Equivalents)</i></b>				
Commercial Services .....	165	150	143	131
Insurance.....	88	83	86	83
International .....	6	25	64	92
Connected Services .....	1	2	8	10
<b>Group total.....</b>	<b>261</b>	<b>260</b>	<b>301</b>	<b>315</b>

	Year ended 30 April			Six months ended 31 October
	2016	2017	2018	2018
<b>Average Group Staff by Category</b>				
Partners.....	261	260	301	315
Qualified Fee Earners .....	566	593	653	679
Non-qualified Fee Earners.....	455	532	670	727
Trainees.....	98	97	97	98
Support .....	811	839	936	1,007
<b>Group total.....</b>	<b>2,192</b>	<b>2,321</b>	<b>2,656</b>	<b>2,827</b>
<b>Fee earner to support staff ratio</b>	<b>1.70</b>	<b>1.77</b>	<b>1.84</b>	<b>1.81</b>

(1) Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division.

(2) Group totals may not sum due to rounding.

### 31 October 2018 Snapshot

The following table provides a snapshot of DWF's partners and partner equivalents and full-time employees, both on a full-time equivalent basis, for its four divisions as at 31 October 2018:

	31 October 2018	
Divisions	FTE Partners and Partner Equivalents <sup>(1)</sup>	FTE Full-time employees
Commercial Services .....	124	519
Insurance.....	80	770
International .....	93	277
Connected Services.....	11	311
<b>Divisions Subtotal.....</b>	<b>309</b>	<b>1,876</b>
Central Services.....	4	829
<b>Group Total(3) .....</b>	<b>313</b>	<b>2,705<sup>(2)</sup></b>

(1) Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division.

(2) This total includes 132 consultants, 89 of which were employed by the Connected Services division with the remainder distributed across each of the Group's other divisions.

(3) Group totals may not sum due to rounding.

### Utilisation of Fee Earners

Utilisation of fee earners relates to the number of chargeable hours they perform as a percentage of their standard hours. To the extent that the Group's personnel, particularly the Group's fee earners, are not utilised or allocated to fee earning assignments, expenses are incurred without any revenue generated, which impacts the Group's internal gross profit and gross margin. The Group monitors the utilisation (billable hours targets) and staffing of its fee earners and has objectives in place with the aim to increase the Group's profitability by increasing the productivity and utilisation of its fee earners through appropriate resourcing, leveraging the Group's connected services capabilities and

improving processes and efficiencies, including through the use of technology solutions to increase productivity. While increased utilisation rates can improve the Group's gross profit, when client engagements are performed on a fixed fee basis, increased utilisation will not benefit the Group's gross profit if the hours charged exceed the fixed fee. As a result, for fixed fee work it is more important that such client engagements are staffed appropriately and that costs are controlled allowing the return on fee earner hours to be maximised. Furthermore, the impact of utilisation upon the Group's gross profit will also depend on the mix of fee earners whose utilisation is impacted. If non-qualified fee earners increase their utilisation (who are typically lower cost and lower revenue generating) but partner utilisation decreases (who would typically generate more revenue and are more costly), there may not be a benefit to the Group's gross profit depending on the extent of the overall mix and changes in utilisation. The Group has some fee earners whose utilisation is not tracked due to the nature of work undertaken (e.g., the Insurance division's in-house team). Furthermore, utilisation data is not available for all of the Group's International division and utilisation is not tracked within the Connected Services division due to the nature of the services provided by that division. However, the Directors believe the utilisation data available to the Group is representative of the general trends experienced. Subject to the limitations set out above, during the period under review, utilisation has generally increased within the Group. As discussed above, the Group implemented performance management initiatives to improve the performance of partners during the period under review. This resulted in increased utilisation rates in the Commercial Services division. The Group also experienced increased utilisation in the Insurance division during the period under review as the staff mix moved toward non-qualified fee earners whose utilisation is typically higher since they have less non-chargeable responsibilities like business development or leadership. Within the International division, utilisation was the lowest among the divisions where utilisation is tracked during the period under review, as the opening of new offices and the growth of the division required staff to perform more non-chargeable work to help grow and establish the business.

#### *Administrative expenses*

Increases in headcount can lead to increased administrative expenses, including as a result of additional support staff required, increased healthcare benefit costs, learning and development and general office expenses, increased costs for premises if additional office space is required, and software and infrastructure support, including IT licences for knowledge services provided by third parties which licences are linked to the number of employees that require access to the software.

The Group's administrative expenses also include recruitment costs for fee earners and support staff. While these costs have been broadly stable as a percentage of personnel costs, they represented approximately 5% to 10% of people-related administrative expenses during the period under review and were primarily associated with replacing staff through attrition. For the financial year ended 30 April 2018, administrative expenses were £102.8 million, of which £44.6 million were people costs, £20.2 million were premises costs, £15.0 million were office expenses, £10.0 million were central costs, £6.3 million were depreciation and amortisation expenses and £6.7 million were other administrative expenses.

#### *Expenses Related to the Reorganisation and Admission*

The Group incurred a number of expenses in relation to the Reorganisation, Admission and its preparation to be a public company. During the financial year ended 30 April 2018 and during the six months ended 31 October 2018, the Group incurred £1.5 million and £8.0 million, respectively, of non-underlying costs primarily consisting of Offer-related and Reorganisation fees, expenses and VAT (consisting of professional fees and other expenses incurred in connection with the Offer and the Reorganisation but excluding any fees contingent on the successful completion of the Offer) (the **"Offer-related and Reorganisation expenses"**). Furthermore, the Group expects to incur an estimated additional £10.3 million of Offer-related and Reorganisation expenses for the financial year ended 30 April 2019, which amount excludes any underwriting commissions and fees, but includes professional fees contingent on the successful completion of the Offer. Following the financial year ended 30 April 2019, the Group does not expect any further material non-underlying costs associated with the Reorganisation however, it does anticipate there will be ongoing costs each year as a consequence of the Group's expected ongoing compliance obligations post-Admission.

#### *The Trusts*

Post-Admission, a key component of the Group's compensation model for partners and fee earners will be the ability to provide equity incentives via discretionary trusts, including the Employee Benefit

Trust (“**EBT**”), the Reward Share Trust (“**RST**”) and a Share Incentive Plans trust to be operated in conjunction with the UK share incentive plan (the “**SIP Trust**” and together with the EBT, and RST the “**Trusts**”), which will be established for the benefit of partners, employees, staff and consultants across the Group. The Trusts will be used to fund share award allocations for lateral hires and promotions, as well as the existing partner and employee incentive scheme. These Trusts are designed to attract lateral hires and incentivise strong performance among the Group’s partners, partner equivalents and staff. See *Part XVI—“Additional Information” 11 Share Incentive Plans*.”

The trustees of the Trusts will subscribe for Ordinary Shares in the aggregate equivalent of up to 33,659,635 Ordinary Shares, to be held for the purposes of the future incentivisation of the Group’s partners, employees, staff and consultants. This initial subscription by the Trusts will be dilutive for the Members’ ownership interests in the Group before Admission, but will not result in the dilution of the percentage of ownership of Shareholders that acquire New Ordinary Shares in the Offer (the “**New Shareholders**”). While the Ordinary Shares in the Trusts will be issued share capital, for accounting purposes these shares will be treated as treasury shares and will be consolidated within its financial statements in accordance with IAS 32 “*Financial Instruments: Presentation*”.

The substantial equity value held by the Trusts arising from the dilution of the Members’ interests before Admission has been structured with the aim of setting aside a sufficient number of Ordinary Shares for the Trusts in order for the Company to meet its share award allocations for the medium to long term. The Group intends for the initial share grant to the Trusts to meet the share incentive needs of the Group over ten years to 2029 since the Trusts have self-replenishing features, including through the expected receipt of non-dilutive future funding, possible Ordinary Share price appreciation, clawback from leavers and clawback or non-vesting of Ordinary Shares of the Performance Tranche from underperformers. See “*Part XVI—“Additional Information” 11 Share Incentive Plans*”. If the self-replenishing features operate as anticipated by the Group, including that the Ordinary Share price appreciates at least 4.3% per year over the ten-year period, the Group believes that the Trusts will not require any material dilutive top-up of Ordinary Shares. However, if one or more of the Trusts’ self-replenishing features do not operate as anticipated, the Group may need a top-up of Ordinary Shares to meet the Group’s anticipated share award allocations over the ten-year time horizon. If DWF’s growth is greater than expected, this could also impact the availability of shares for grants in the Trusts, as greater than expected growth would likely result in additional lateral hire awards, additional LTIP awards to additional senior managers and additional staff awards. The Group’s expectations regarding the Trusts are forward-looking statements and the Group’s ability to achieve them will depend on a number of factors, many of which are outside of its control, including significant business, economic and competitive uncertainties and contingencies and risks, including those described in *Part I—“Risk Factors*”. See also *Part II—“Presentation of Financial and Other Information—Forward-looking statements*”. As a result, the performance of the Trusts described within this factor may vary from the expectations described here and those variations may be material.

### ***IFRS 2 Charges***

IFRS 2 governs the recognition of share-based payments in a Company’s financial statements. In connection with the grant of awards through the Trusts, the Group expects to incur IFRS 2 charges in connection with (i) the grant of one-off awards following Admission (including Free Share awards (as defined below) to all eligible employees and awards to certain non-partner senior managers), as well as through (ii) ongoing awards that it anticipates making in the future under its share incentive plans (including its Equity Incentive Plan, long-term incentive awards (“**LTIP awards**”), a Buy as You Earn Plan (“**BAYE**”) and a Deferred Bonus Plan (“**DBP**”)).

The awards’ vesting schedules will determine the timing of the IFRS 2 charges reflected in the Group’s financial statements, which will be reflected in accordance with the Company’s accounting policies and relevant accounting regulation as the award vests, see *Part XVI—“Additional Information” 11 Share Incentive Plans*” for a description of the vesting schedules of the various equity incentive plans. For any IFRS 2 charges that are incurred, which awards subsequently do not vest, such charges will be adjusted as necessary. The IFRS 2 charges on share options will also give rise to a deferred tax liability.

Upon Admission, the Trusts will hold approximately 31,360,370 Ordinary Shares, representing approximately 10.5% of the entire issued share capital of the Company. The grant of the one-off awards in connection with Admission will result in an initial income statement charge of approximately £5.0 million for the financial year ended 30 April 2019 of which approximately



£1.0 million being a charge under IFRS 2, with an average charge of approximately £5 million per annum in the medium term as the one-off awards vest. The ongoing awards under the Group's recruitment, promotion and share incentive plans will result in IFRS 2 charges arising for the fair value of the amount of the award and are anticipated to be an average of approximately £4.0 million to £4.5 million per year over the medium term and beginning in the financial year ended 30 April 2020. The Group anticipates the average ongoing IFRS 2 charges to increase over the medium to long term as additional hires and awards are made. The Directors expect to present an adjusted profit measure which excludes IFRS 2 charges, since the Trusts will hold approximately 33,659,635 Ordinary Shares upon Admission. The Group's estimates with respect to the IFRS 2 charges for the ongoing awards are based on several assumptions, including attrition rates, vesting rates, the growth in the number of employees, including through lateral hires, and the remuneration of such hires. The estimated IFRS 2 charges are forward-looking statements and the assumptions, including those listed above, are made as at the date of this Prospectus, and are subject to risks and uncertainties. For further information on such forward-looking statements, see *Part II "Presentation of Financial and Other Information—Forward-looking statements"*.

### ***Macroeconomic Conditions, Regulatory Changes and their Impact upon Demand for the Group's Services and its Results of Operation***

Demand for the Group's legal and connected services are impacted to a certain extent by macroeconomic factors, with certain practice areas, products or connected services more or less sensitive to macroeconomic factors. For example, the Group's corporate services and real estate practice group generally benefits from positive macroeconomic conditions, but generally experiences adverse effects from negative macroeconomic developments, with the real estate practice group experiencing some slowdown in work following the Brexit vote in June 2016. See *Part I—"Risk Factors—Risks relating to the Group's business and the industry in which it operates—11 Adverse changes in the political or macroeconomic environment, whether in the Group's core market of the United Kingdom or elsewhere, may negatively affect the Group"*. Moreover, as the Group's revenue generation has historically been concentrated in the United Kingdom, the Group's revenue is impacted by the exchange rate of the British pound sterling to other currencies as changes in the exchange rate can impact demand for the Group's services charged in British pound sterling. For example, demand for the Group's services from international clients could increase if the exchange rate were to move favourably in relation to international clients' currencies as this would result in the Group's services being less costly for these clients assuming all other factors remained constant. Alternatively, demand for the Group's services could decrease if the exchange rate were to move unfavourably in relation to international clients' currencies.

The Group also has divisions and practice groups that the Directors believe are less sensitive to macroeconomic factors than its legal services that are transactionally driven. Management estimates that the Group's fees billed on litigation and litigation related matters represented over 65% of the Group's revenue in the financial year ended 30 April 2018.

With respect to regulatory changes, demand for the Group's services can be impacted by regulatory developments that lead to increased or decreased demand for its services. For example, during the period under review, certain of the Group's divisions benefited from the introduction of GDPR, which led to increased demand for the Group's complex legal services. On the other hand, the UK government has announced plans to increase the small claims limit for personal injury claims from £1,000 to £5,000. It is currently unclear what impact this change will have upon claims volumes for insurers, though the Directors anticipate the motor insurance practice area within the Insurance division may experience a downturn in fees. However, the Directors currently expect the anticipated changes are unlikely to have more than a modest impact on the other practice areas of the Insurance division.

### ***Seasonality***

Historically, the Group has experienced some slight seasonality in its revenue between the first half of its financial year and the second half of its financial year, with the first half of the financial year generating slightly less revenue than the second half of the year. However, the Group's direct costs historically have been relatively flat between the first half of its financial year and the second half of its financial year. This has historically been primarily due to a slight decrease in revenue generation during the summer holiday period which falls during the first half of the financial year, whereas direct costs are not impacted. As a result, the Group has historically experienced a certain portion of gross profit margin improvements between the first half of its financial year and the second half of its

financial year attributable to the seasonality of its revenue. For similar reasons, the Group's adjusted cost:income ratio has historically reflected the opposite pattern with the adjusted cost:income ratio higher in the first half of its financial year compared to the second half of its financial year.

## **Principal Components of Results of Operations**

### ***Description of Key Line Items***

#### *Revenue*

Revenue, which excludes disbursements and value-added tax, represents the fair value of the consideration receivable in respect of legal and connected services provided during the period by the Group's divisions.

Revenue includes billed and unbilled amounts, known as unbilled revenue. Revenue is recognised when time is charged to engagements. Where hourly rates are charged, (complex legal services) accrued fees will be held as unbilled revenue until billed. Accrued fees for fixed fee revenues do not have a large unbilled revenue element as this tends to be for shorter engagements. With respect to contingent fee engagements, unbilled revenue is only recognised once the conditional or contingent event occurs.

Legal services are typically provided on a cost and time basis (with or without a cap) or on a fixed fee basis. While alternative fee arrangements exist, such as conditional fee arrangements, they are not yet a substantial part of the Group's revenue. For connected services, each service or solution has a primary billing model for its services, reflecting the nature of the particular service or solution provided. See *Part VI—"Business Description—Business Model—Fee Generation"* for a discussion of the billing model for the Group's most common connected services offered.

The Group has adopted IFRS 15 with effect from the date of initial application (i.e. 1 May 2018). Accordingly, the information presented for the periods ending 30 April 2016, 30 April 2017, 31 October 2017 and 30 April 2018 has not been restated. It is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. The only material impact on the Group's financial information following adoption of IFRS 15 *Revenue from contracts with customers* is the recognition of recoverable expenses in revenue as these are deemed to be a component of the transaction price with a customer as defined by IFRS 15. Recoverable expenses represent out of pocket expenses and disbursements incurred in delivering performance obligations on assignments and that are expected to be recoverable from clients. Recoverable expenses are subsequently deducted from revenue to derive net revenue on the Group's Income Statement. Net revenue is presented as this relates to the revenue generated by the activity of the Group on which the Group earns a margin.

#### *Recoverable expenses*

Recoverable expenses represent out of pocket expenses and disbursements in delivering performance obligations in respect of assignments and are expected to be recovered from clients.

#### *Net revenue*

Recoverable expenses are deducted from revenue to derive net revenue on the Group's profit and loss account.

#### *Direct costs*

The Group's direct costs consist of fee earners salaries (excluding equity partners and fixed share partners) and obligations to defined contribution plans and liabilities in relation to short-term benefits earned by the Group's fee earners (excluding equity partner and fixed share partners).

For accounting periods following Admission, Members, subject to eligibility, will receive compensation through an annual bonus pool (whereas prior to Admission only fixed share partners were eligible to receive a bonus with any such payment being recorded as an administrative expense, whereas equity partners received a profit distribution by reference to their profit sharing units without additional compensation) and, for certain partners, executive directors and senior managers, awards through the Share Incentive Plans, which will be recorded as direct costs. Members of DWF Law LLP based in England will also receive a nominal salary as an employee of a Connected Services entity. Members' remuneration will no longer include an entitlement to an allocated share of profits other than through Members' annual fixed profit share and any dividends received as a result of being a shareholder. Accordingly, the direct costs line item is expected to increase significantly post-Admission as a result of the reallocation of Members' remuneration and this is expected to impact the gross profit and gross profit margin of the Group's results of operations post-Admission.

#### *Administrative expenses*

The Group's administrative expenses consist of central services and support staff salaries and obligations to defined contribution plans and liabilities in relation to short-term benefits earned by the Group's central services and support staff, costs in relation to office space, including leased premises, IT, depreciation and amortisation and other administrative costs, including travel and recruitment costs. The Group's depreciation expenses relate to capital expenditure on the Group's computer equipment, leasehold improvements and office equipment. Amortisation expenses relate to the Group's purchased software and internally developed software.

#### *Net financing income/expense*

The Group's net financing expense consists of financing income and financing expenses reported on a net basis.

Financing income comprises interest receivable on funds invested, dividend income and foreign exchange gains. Foreign currency gains and losses are reported on a net basis, and if there is a net foreign currency gain, it is reported as financial income, whereas a net foreign currency loss is reported as a financial expense.

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions and foreign exchange losses.

#### *Corporate and other entity based taxation*

Corporate and other entity based taxation represents the sum of current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies. Current tax is the expected tax payable or receivable on taxable income or loss of the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustments to tax payable in respect of previous periods.

#### *Members' remuneration charged as an expense*

Members' remuneration charged as an expense consist of the drawings of equity partners, with drawings representing a portion of anticipated profit share based on their profit sharing unit, which is distributed in advance of the actual profit share being finalised, together with the annual fixed profit share of the fixed share partners. As a result, the amount recorded under members' remuneration charged as an expense will represent distribution entitlements for equity partners that arise from various periods but represent the drawings that have been made in that reporting period.

## Comparison of Six Months Ended 31 October 2018 and 31 October 2017

The following table presents the Group's result of operations for the periods indicated.

	Six months ended 31 October	
	2017 (unaudited) £000	2018 £000
<b>Revenue<sup>(1)</sup></b> .....	112,729	157,168
Recoverable expenses.....	—	(23,812)
Net revenue.....	112,729	133,356
Direct costs .....	(41,543)	(46,248)
<b>Gross profit</b> .....	<b>71,186</b>	<b>87,108</b>
Administrative expenses.....	(50,690)	(66,164)
Gain on bargain purchase .....	—	—
<b>Operating profit</b> .....	<b>20,496</b>	<b>20,944</b>
<b>Net financing expense</b> .....	<b>(874)</b>	<b>(828)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares</b>	<b>19,622</b>	<b>20,116</b>
Corporate and other entity based taxation .....	(98)	(28)
<b>Profit for the period before Members' remuneration and profit shares</b> .....	<b>19,524</b>	<b>20,088</b>
Members' remuneration charged as an expense.....	(12,150)	(14,784)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> .....	<b>7,374</b>	<b>5,304</b>

(1) IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date. Please see *Part XIII – "Historical Financial Information – Note 1.20 Changes in significant accounting policies"* for further details.

### Revenue

Revenue increased by £44.4 million to £157.2 million in the six months ended 31 October 2018 from £112.7 million in the six months ended 31 October 2017. The increase was driven by the impact of IFRS 15, which resulted in the inclusion of recoverable expenses within revenue of £23.8 million as well as the increase in revenue described in net revenue below. As a result of the implementation of IFRS 15, the revenue in the six months ended 31 October 2018 and in the six months ended 31 October 2017 are not prepared on the same basis, as the requirements in IFRS 15 have been applied since 1 May 2018. See "*-Net Revenue*" below for more information.

### Recoverable expenses

The Group recognised £23.8 million in recoverable expenses for the six months ended 31 October 2018. The recognition of recoverable expenses in revenue is the only material impact on the Group's financial information following the adoption of IFRS 15 from 1 May 2018. The disclosure requirements of IFRS 15 have not been applied to the six months ended 31 October 2017 (or any other periods prior to 1 May 2018) and thus there are no recoverable expenses reported for the comparative period.

### Net revenue

Net revenue increased by £20.6 million, or 18.3%, to £133.4 million in the six months ended 31 October 2018 from £112.7 million in the six months ended 31 October 2017. The increase was driven by an increase in net revenues in all four divisions with particularly strong growth in the International division. Of the £20.6 million increase in net revenue, £15.7 million was attributable to organic growth, with £9.7 million, £4.0 million, £1.6 million and £0.3 million of organic growth in the International, Commercial Services, Connected Services and Insurance divisions, respectively. The remaining £4.9 million increase in net revenue was attributable to inorganic net revenue, which represented net revenue generated in the six months ended 31 October 2018 from acquisitions

completed less than one year ago. There were no new acquisitions completed in the six months ended 31 October 2018.

#### *Direct costs*

Direct costs increased by £4.7 million, or 11.3%, to £46.2 million in the six months ended 31 October 2018 from £41.5 million in the six months ended 31 October 2017. This increase related largely to payroll costs as a result of headcount increases in qualified and non-qualified fee earners for the six months ended 31 October 2018 compared with the six months ended 31 October 2017, as well as wage increases as a result of promotions and pay increases.

#### *Administrative expenses*

Administrative expenses increased by £15.4 million, or 30.5%, to £66.2 million in the six months ended 31 October 2018 from £50.7 million in the six months ended 31 October 2017. Of this increase, £8.0 million was attributable to non-underlying transaction costs incurred in connection with the Reorganisation and the Offer. The Group also hired additional support staff in the United Kingdom and across the International division as a result of increased business volumes increasing staff costs by £2.9 million compared with the previous period. During the six months ended 31 October 2018, premises costs increased by £1.0 million compared with the six months ended 31 October 2017 reflecting in part the Group's expansion in new territories. In addition, the Group incurred higher professional indemnity insurance premiums reflecting changes in prevailing rates following several insurers withdrawing from the market that offered the type of coverage required for the Group's business. The Group's cost:income ratio grew to 49.6% for the six months ended 31 October 2018 from 45.0% for the six months ended 31 October 2017 primarily as a result of non-underlying costs related to the Reorganisation and Admission. However, the Group's adjusted cost:income ratio improved to 43.6% for the six months ended 31 October 2018 from 44.8% for the six months ended 31 October 2017 once non-underlying costs were excluded.

Administrative expenses include depreciation and amortisation charges which decreased by £0.3 million, or 8.8%, to £2.9 million in the six months ended 31 October 2018 from £3.2 million in the six months ended 31 October 2017.

#### *Net financing expense*

Net financing expense was broadly the same at £0.8 million in the six months ended 31 October 2018 compared with £0.9 million in the six months ended 31 October 2017. A decrease in financial income was matched by a similar decrease in financial expenses.

#### *Corporate and other entity based taxation*

Corporate and other entity based taxation decreased by £0.1 million to nil in the six months ended 31 October 2018 from £0.1 million in the six months ended 31 October 2017.

#### *Members' remuneration charged as an expense*

Members' remuneration charged as an expense increased by £2.6 million, or 21.7%, to £14.8 million in the six months ended 31 October 2018 from £12.1 million in the six months ended 31 October 2017. The increase was driven by an increase in the number of Members.



## Segmental Results

The following table presents the Group's segmental results of operations for the periods indicated.

	Six months ended 31 October			
	2017		2018	
	(unaudited)			
	£000	% <sup>(1)</sup>	£000	% <sup>(1)</sup>
<b>Segmental Net Revenue</b>				
Commercial Services .....	51,113	45.3%	55,113	41.3%
Insurance.....	42,984	38.1%	43,312	32.5%
International .....	11,135	9.9%	25,790	19.3%
Connected Services .....	7,497	6.7%	9,141	6.9%
<b>Total segmental net revenue.....</b>	<b>112,729</b>	<b>100%</b>	<b>133,356</b>	<b>100%</b>
	£000	% <sup>(2)</sup>	£000	% <sup>(2)</sup>
<b>Internal Gross Profit</b>				
Commercial Services .....	28,093	55.0	31,784	57.7
Insurance.....	18,760	43.6	19,456	44.9
International .....	3,297	29.6	11,275	43.7
Connected Services .....	2,357	31.5	3,662	40.1
Total internal gross profit <sup>(3)</sup> .....	52,507	46.6	66,177	49.6
Internally reported partner remuneration.....	18,679	N/A	20,931	N/A
<b>Gross profit.....</b>	<b>71,186</b>	<b>N/A</b>	<b>87,108</b>	<b>N/A</b>

(1) The figures shared in this column represent the segmental net revenue as a proportion of Group net revenue.

(2) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. N/A is an abbreviation for not applicable. See Part X "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

(3) See Part X "Selected Financial Information—Segmental Financial Results—Note 3" for further information about this metric's basis of preparation.

### Segmental Net Revenue

Net revenue from the Commercial Services division increased by £4.0 million, or 7.8%, to £55.1 million in the six months ended 31 October 2018 from £51.1 million in the six months ended 31 October 2017. The increase was driven by increased performance from all three practice groups within the Commercial Services division, with higher realisation rates from a similar number of fee earners. The largest contribution to the increase came from the corporate services practice group, primarily as a result of lateral partner hires in the prior periods achieving increased utilisation levels whereas in the comparative period they had lower utilisation levels as they grew their practices following their lateral move to the Group. The litigation practice group is the largest and most mature of the three practice groups within the Commercial Services division and, during the six-month period to 31 October 2018, appointments to a number of new panels and growth in net revenues from the employment practice area primarily contributed to the increased net revenue in that practice group. The division also benefited from improvements in the pricing for its services.

Net revenue from the Insurance division increased by £0.3 million, or 0.8%, to £43.3 million in the six months ended 31 October 2018 from £43.0 million in the six months ended 31 October 2017. The increase was driven by increased net revenue in the catastrophic personal injury and occupational health practice group and motor, fraud, resolution law and in-house teams practice group as a result of increased volumes from existing clients including appointments to additional panels. However these increases were partially offset by a decrease in net revenue in the professional indemnity and commercial insurance practice group compared with the previous period due to certain large litigation

matters in the six months ended 31 October 2017 which did not recur in the six months ended 31 October 2018.

Net revenue from the International division increased by £14.7 million, or 131.6%, to £25.8 million in the six months ended 31 October 2018 from £11.1 million in the six months ended 31 October 2017. The increase reflects the inclusion of results for businesses in Australia and Italy which were acquired and established, respectively, in the second half of the financial year ended 30 April 2018, as well as a continuation of the trading levels from the other international businesses that was experienced in the second half of the financial year ended 30 April 2018. As a result, the International division's businesses in Ireland, Germany, France, Singapore, Dubai and Qatar for the six months ended 31 October 2018 demonstrated net revenue growth compared to the six months ended 31 October 2017. Net revenue from the Dubai business was more than double the six months ended 31 October 2017 following a change of leadership and the replacement of underperforming partners.

Net revenue from the Connected Services division increased by £1.6 million, or 21.9%, to £9.1 million in the six months ended 31 October 2018 from £7.5 million in the six months ended 31 October 2017. The increase was principally driven by the performance of the DWF Costs, DWF Advocacy and DWF Forensics connected services businesses within the division. Net revenue from the Triton Global business for the six months ended 31 October 2018 was broadly consistent with the net revenue for the six months ended 31 October 2017.

#### *Internal Gross Profit*

Internal gross profit from the Commercial Services division increased by £3.7 million, or 13.1%, to £31.8 million in the six months ended 31 October 2018 from £28.1 million in the six months ended 31 October 2017. This represents an increase in internal gross profit margin to 57.7% for the six months ended 31 October 2018 compared to 55.0% for the six months ended 31 October 2017. The increase was principally a result of net revenue growth outpacing a moderate increase in direct costs from period to period. The direct cost increase was a result of increased staff costs paid to an average number of fee earners (including partners and partner equivalents) broadly the same as the six months ended 31 October 2017. The average number of partners and partner equivalents for the six-month period ended 31 October 2018 on a full-time equivalent basis was 13 less than the six months ended 31 October 2017 while additional non-qualified fee earners were hired in support of the continuing optimisation of process orientated volume work across the division.

Internal gross profit from the Insurance division increased by £0.7 million, or 3.7%, to £19.5 million in the six months ended 31 October 2018 from £18.8 million in the six months ended 31 October 2017. This represents an increase in internal gross profit margin to 44.9% for the six months ended 31 October 2018 compared to 43.6% for the six months ended 31 October 2017. This increase was driven by the catastrophic personal injury and occupational health practice group and the motor, fraud, resolution law and in-house teams practice group where increased net revenues were delivered as a result of higher recovery rates on the same direct cost base as the comparative period. This also drives up internal gross profit margin for the division. These gains were partially offset by a decline in gross profit from the professional indemnity and commercial insurance practice group (which had a slightly reduced internal gross profit margin) as well as from an increase in the division's management costs. Staff mix across the division of qualified to non-qualified fee earners remained broadly stable in the Insurance division from the six months ended 31 October 2018 to the six months ended 31 October 2017.

Internal gross profit from the International division increased by £8.0 million, or 242.0%, to £11.3 million in the six months ended 31 October 2018 from £3.3 million in the six months ended 31 October 2017. This represents an increase in internal gross profit margin to 43.7% for the six months ended 31 October 2018 compared to 29.6% for the six months ended 31 October 2017. The increase in internal gross profit and internal gross profit margin was driven by the inclusion of the results for businesses in Australia and Italy which were acquired and established, respectively, in the second half of financial year ended 30 April 2018, at higher gross profit margins than the division average. In addition, the trading levels and gross profit margin achieved from the other international businesses was consistent with that experienced in the second half of the financial year ended 30 April 2018 reflecting the ongoing maturation of the fairly newly established operations. Therefore compared to the six months ended 31 October 2017, increases in internal gross profit were reported by all the businesses with the exception of Northern Ireland which reported a marginal decline in internal gross profit with a slightly lower internal gross profit margin. The average number of full-time equivalent partners and partner equivalents and fee earners in the International division increased to 92 and 174,

respectively, for the six months ended 31 October 2018 from 55 and 89, respectively, for the six months ended 31 October 2017.

Internal gross profit from the Connected Services division increased by £1.3 million, or 55.3%, to £3.7 million in the six months ended 31 October 2018 from £2.4 million in the six months ended 31 October 2017. This represents an increase in internal gross profit margin to 40.1% for the six months ended 31 October 2018 compared to 31.5% for the six months ended 31 October 2017. The increases were principally driven by the performance of the DWF Costs, DWF Advocacy and DWF Forensics connected services businesses within the division where the net revenue growth was greater than the increase in direct costs, resulting in a higher internal gross margin. Internal gross profit from the Triton Group business was broadly the same as the previous six month period, at similar internal gross profit margin.

### Comparison of Financial Years Ended 30 April 2018 and 30 April 2017

The following table presents the Group's result of operations for the periods indicated.

	Year ended 30 April	
	2017 £000	2018 £000
<b>Revenue</b> .....	199,322	236,488
Direct costs .....	(67,951)	(85,388)
Gross profit.....	131,371	151,100
Administrative expenses.....	(89,026)	(102,994)
Gain on bargain purchase .....	1,273	—
<b>Operating profit</b> .....	<b>43,618</b>	<b>48,106</b>
<b>Net financing expense</b> .....	<b>(1,262)</b>	<b>(1,438)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares</b> .....	<b>42,356</b>	<b>46,668</b>
Corporate and other entity based taxation .....	(37)	(92)
<b>Profit for the period before Members' remuneration and profit shares</b> .....	<b>42,319</b>	<b>46,576</b>
Members' remuneration charged as an expense .....	(23,025)	(25,452)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> .....	<b>19,294</b>	<b>21,124</b>

#### Revenue

Revenue increased by £37.2 million, or 18.6%, to £236.5 million in the financial year ended 30 April 2018 from £199.3 million in the financial year ended 30 April 2017. Of this increase, £19.2 million was attributable to organic growth and £18.0 million was attributable to the impact of acquisitions, with £9.1 million, £5.3 million, £4.5 million and £0.4 million of organic growth in the International, Insurance, Commercial Services and Connected Services divisions, respectively. The increase in revenue was principally driven by all four divisions with strong organic growth in the International division, in particular as a result of growth in Germany and Ireland, as well as a result of organic growth in the Group's core Insurance and Commercial divisions.

#### Direct costs

Direct costs increased by £17.4 million, or 25.6%, to £85.4 million in the financial year ended 30 April 2018 from £68.0 million in the financial year ended 30 April 2017. This increase related largely to the annualised effect on direct costs of the businesses acquired by the International and Connected Services division businesses in the prior year. These costs are primarily payroll costs for qualified and non-qualified fee earners as a result of headcount increases of qualified and non-qualified fee earners as at the financial year ended 30 April 2018 compared to the financial year ended 30 April 2017 as well as wage increases as a result of promotions and pay increases, in addition to significant partner

equivalent growth (whose salaries are recorded as a direct cost) in the International division, which increased from an average of 14 full-time equivalent partner equivalents in the financial year ended 30 April 2017 to 36 full-time equivalent partner equivalents in the financial year ended 30 April 2018.

#### *Administrative expenses*

Administrative expenses increased by £14.0 million, or 13.6%, to £103.0 million in the financial year ended 30 April 2018 from £89.0 million in the financial year ended 30 April 2017, largely due to the full year effect in the financial year ended 30 April 2018 of the additional support staff acquired as part of the Triton Global Limited acquisition in January 2017. The Group's cost:income ratio improved to 43.5% for the financial year ended 30 April 2018 from 44.7% for the financial year ended 30 April 2017.

One of the most significant drivers for the increased costs was the continuing cost of establishing the business internationally, where people, premises and office costs were incurred to support this growth. People costs are the largest component of administrative expenses; while support staff headcount and therefore payroll costs remained similar year on year, redundancy, bonus, healthcare and travel costs were all significantly higher than the previous year. Certain other costs also increased during the period as a result of the increased business volumes e.g. office expenses, insurance premiums and marketing costs.

Administrative expenses include depreciation and amortisation charges which increased by £0.4 million, or 6.9%, to £6.3 million in the financial year ended 30 April 2018 from £5.9 million in the financial year ended 30 April 2017.

Administrative expenses for the financial year ended 30 April 2018 also included £1.9 million of non-underlying items in relation to transaction costs for acquisitions, the Reorganisation and the Offer.

#### *Gain on bargain purchase*

There was no gain on bargain purchases for the year ended 30 April 2018, a decrease of £1.3 million, or 100%, compared to the financial year ended 30 April 2017. The financial year ended 30 April 2017 benefited from a gain on bargain purchase of £1.3 million arising on the purchase of the Triton Group since the assets of the international division were acquired for less than their fair market value, which did not recur in the financial year ended 30 April 2018.

#### *Net financing expense*

Net financing expense increased by £0.2 million, or 13.9%, to £1.4 million in the financial year ended 30 April 2018 from £1.3 million in the financial year ended 30 April 2017. The increase was principally driven by increased interest charges in relation to the refinancing in the financial year ended 30 April 2018, but was offset by a reduction in bank fees.

#### *Corporate and other entity based taxation*

Corporate and other entity based taxation increased by £0.1 million, or 148.6%, to £0.1 million in the financial year ended 30 April 2018 from £0.0 million in the financial year ended 30 April 2017. The increase was principally driven by tax due from foreign entities.

#### *Members' remuneration charged as an expense*

Members' remuneration charged as an expense increased by £2.4 million, or 10.5%, to £25.5 million in the financial year ended 30 April 2018 from £23.0 million in the financial year ended 30 April 2017. The increase was principally driven by an increase in the number of Members.

## Segmental Results

The following table presents the Group's segmental results of operations for the periods indicated.

	Year ended 30 April			
	2017		2018	
	£000	% <sup>(1)</sup>	£000	% <sup>(1)</sup>
<b>Segmental Net Revenue</b>				
Commercial Services .....	98,576	49.5%	102,769	43.5%
Insurance.....	79,620	39.9%	88,552	37.4%
International .....	13,749	6.9%	30,192	12.8%
Connected Services .....	7,377	3.7%	14,975	6.3%
<b>Total segmental net revenue .....</b>	<b>199,322</b>	<b>100%</b>	<b>236,488</b>	<b>100%</b>
	£000	% <sup>(2)</sup>	£000	% <sup>(2)</sup>
<b>Internal Gross Profit</b>				
Commercial Services .....	49,993	50.7	56,554	55.0
Insurance.....	36,797	46.2	39,771	44.9
International .....	6,162	44.8	11,017	36.5
Connected Services .....	3,763	51.0	4,776	31.9
Total internal gross profit <sup>(3)</sup> .....	96,715	48.5	112,118	47.4
Internally reported partner remuneration .....	34,656	N/A	38,982	N/A
<b>Gross profit .....</b>	<b>131,371</b>	<b>N/A</b>	<b>151,100</b>	<b>N/A</b>

(1) The figures shared in this column represent the segmental net revenue as a proportion of Group net revenue.

(2) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. N/A is an abbreviation for not applicable. See Part X "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

(3) See Part X "Selected Financial Information—Segmental Financial Results—Note 3" for further information about this metric's basis of preparation.

Net revenue from the Commercial Services division increased by £4.4 million, or 4.5%, to £102.8 million in the financial year ended 30 April 2018 from £98.3 million in the financial year ended 30 April 2017. The increase was driven by increased performance from all three practice groups within the Commercial Services division, in part as a result of investments in lateral partner hires across the division in the prior periods, particularly within the Corporate practice group in London, which generated additional engagements for the Group during the financial year ended 30 April 2018. The largest contribution to the increase came from the corporate services practice group where the commercial and competition and corporate practices areas in particular performed well, some of which was attributable to the new GDPR legislation. The litigation practice group is the largest of the three practice groups within the division where during the period under review good growth in commercial, employment, pensions and the regulatory, compliance and investigations practice areas was offset slightly by lower net revenues in the litigation practice group's other practice areas. The real estate practice group reported modest net revenue growth for the period. The Commercial Services division also benefited from a modest increase in fee earner utilisation in the financial year ended 30 April 2018 compared to the financial year ended 30 April 2017.

Net revenue from the Insurance division increased by £8.9 million, or 11.2%, to £88.6 million in the financial year ended 30 April 2018 from £79.6 million in the financial year ended 30 April 2017. The largest contributor to the increase was the professional indemnity and commercial insurance practice group which benefited from the full-year contribution of the professional indemnity legal business acquired as part of the Triton Global Limited acquisition in January 2017. The catastrophic personal injury and occupational health practice group is the largest of the three practice groups within the division and it experienced good net revenue growth during the period as a result of new client wins



and increased matter volumes. The motor, fraud, resolution law and in-house teams practice group reported more modest growth in net revenues where increases in volumes as a result of the Group's managed services in the motor practice area was offset by lower net revenue in the other practice areas. The Insurance division experienced increased fee earner utilisation overall in the financial year ended 30 April 2018 compared to the financial year ended 30 April 2017, despite a decrease in utilisation among the partners.

Net revenue from the International division increased by £16.4 million, or 119.7%, to £30.2 million in the financial year ended 30 April 2018 from £13.7 million in the financial year ended 30 April 2017. The increase was driven by the acquisition of the business in Australia, and the establishment of new international offices in Italy, Qatar and Singapore, together with full-year net revenues from international offices acquired in the previous year, namely France, Germany and Northern Ireland. The Group's businesses in Ireland also reported increased net revenue as a result of extending its range of services beyond its insurance practice following lateral partner hires in other practice groups.

Net revenue from the Connected Services division increased by £7.3 million, or 96.2%, to £15.0 million in the financial year ended 30 April 2018 from £7.6 million in the financial year ended 30 April 2017. The increase was principally driven by a full-year contribution of the claims handling business of Triton Global Limited which was acquired in January 2017 and NeoLaw which was acquired in June 2017, as well as growth in net revenue from DWF's existing connected services, in particular DWF Costs, DWF Advocacy and DWF Forensics which benefited from increased referrals for work from within DWF in connection with their increased visibility following the formal establishment of DWF's Connected Services division in October 2017.

Internal gross profit from the Commercial Services division increased by £6.6 million to £56.6 million in the financial year ended 30 April 2018 from £50.0 million in the financial year ended 30 April 2017. This represents an increase in internal gross profit margin to 55.0% for the financial year ended 30 April 2018 compared to 50.7% for the financial year ended 30 April 2017. This increase in internal gross profit margin was driven by a change in the mix of staff compared to the previous year, where a lower number of partners and an increased number of non-qualified fee earners were able to deliver increased divisional net revenue at a lower aggregated direct cost.

Internal gross profit from the Insurance division increased by £3.0 million to £39.8 million in the financial year ended 30 April 2018 from £36.8 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 44.9% for the financial year ended 30 April 2018 compared to 46.2% for the financial year ended 30 April 2017. This decrease in internal gross profit margin was driven by lower internal gross profit margins in the motor, fraud, resolution law and in-house teams practice areas as a result of one-off costs from the closure of an office and the consolidation of a managed services volume centre in Liverpool which resulted in a short-term duplication of roles and increased direct costs. Furthermore, the Fraud practice area experienced pricing pressure to complete certain tasks on a fixed fee as opposed to an hourly rate basis. In addition, while the Insurance division experienced an increase in utilisation overall among its fee earners, the utilisation increase was concentrated among the managed services work which is priced at a lower rate and therefore did not directly result in an improved internal gross margin among the mix of other net revenue and costs experienced within the division.

Internal gross profit from the International division increased by £4.9 million to £11.0 million in the financial year ended 30 April 2018 from £6.2 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 36.5% for the financial year ended 30 April 2018 compared to 44.8% for the financial year ended 30 April 2017. The decrease in internal gross profit margin was primarily as a result of investment in partners and other fee earning staff in advance of net revenue generation in connection with the Group's international expansion. These investments notably impacted gross profit margins in the Dubai and Germany offices which reported lower gross profit for the financial year ended 30 April 2018 than the previous year. While new office openings in Italy, Qatar and Singapore did contribute to internal gross profit in their first year of operation, the mix of staff was weighted towards partners and senior staff meaning costs were higher relative to other business, and gross profit margins lower. The business in Ireland reported strong growth in internal gross profit and delivered internal gross profit margins well above the average for the division, which reflected a change in the mix of services provided and partner capabilities in that office as its service offering expanded to include the ability to do work in the Group's three global sectors.

Internal gross profit from the Connected Services division increased by £1.0 million to £4.8 million in the financial year ended 30 April 2018 from £3.8 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 31.9% for the financial year ended 30 April 2018 compared to an internal gross profit margin of 51.0% for the financial year ended 30 April 2017. The decrease in internal gross profit was impacted by the change in mix of the business as a result of typically high volume lower margin work associated with the claims management business acquired as part of the Triton Global Limited acquisition. The other businesses within the Connected Services division generated similar levels of internal gross profit margin for the financial year ended 30 April 2018 to the previous year.

### Comparison of Financial Years Ended 30 April 2017 and 30 April 2016

The following table presents the Group's result of operations for the periods indicated.

	Year ended 30 April	
	2016 £000	2017 £000
<b>Revenue</b> .....	<b>186,850</b>	<b>199,322</b>
Direct costs .....	(60,870)	(67,951)
<b>Gross profit</b> .....	<b>125,980</b>	<b>131,371</b>
Administrative expenses .....	(78,144)	(89,026)
Gain on bargain purchase .....	—	1,273
<b>Operating profit</b> .....	<b>47,836</b>	<b>43,618</b>
<b>Net financing expense</b> .....	<b>(825)</b>	<b>(1,262)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares</b> .....	<b>47,011</b>	<b>42,356</b>
Corporate and other entity based taxation .....	(898)	(37)
<b>Profit for the period before Members' remuneration and profit shares</b> .....	<b>46,113</b>	<b>42,319</b>
Members' remuneration charged as an expense .....	(23,169)	(23,025)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> .....	<b>22,944</b>	<b>19,294</b>

#### *Revenue*

Revenue increased by £12.5 million, or 6.7%, to £199.3 million in the financial year ended 30 April 2017 from £186.9 million in the financial year ended 30 April 2016. Of this increase, £12.5 million was attributable to inorganic net revenues as a result of acquisitions, which was offset by a decrease of £0.1 million in organic net revenue. With respect to organic growth, the Commercial and Insurance divisions recorded revenue decreases of £1.9 million and £1.5 million, respectively, due to one-off factors, including decreases in organic net revenue in the real estate practice group in the context of the Brexit vote and the decision not to re-tender for a particular client engagement due to its low margins, which were not sufficiently offset by the organic growth of £3.0 million and £0.3 million in the International and Connected Services divisions, respectively.

#### *Direct costs*

Direct costs increased by £7.1 million, or 11.6%, to £68.0 million in the financial year ended 30 April 2017 from £60.9 million in the financial year ended 30 April 2016. This increase relates largely to the International division, including the annualised impact of acquisitions made during the financial year ended 30 April 2016 (annualised effect), plus the annualised impact of acquisitions made during the financial year ended 30 April 2017. Direct costs are primarily payroll costs for qualified and non-qualified fee earners (excluding equity partners and fixed share partners) whose average full-time equivalents headcount increased by 99 fee earners, or 7%, to 1,414 fee earners for the financial year ended 30 April 2017 compared with 1,315 fee earners for the financial year ended 30 April 2016.

Direct costs also increased due to wage increases to qualified and non-qualified fee earners as a result of promotions and pay increases.

#### *Administrative expenses*

Administrative expenses increased by £10.9 million, or 13.9%, to £89.0 million in the financial year ended 30 April 2017 from £78.1 million in the financial year ended 30 April 2016. The Group's cost:income ratio worsened to 44.5% for the financial year ended 30 April 2017 from 41.7% for the financial year ended 30 April 2016.

One of the most significant drivers of change in administrative expenses was in relation to the newly acquired businesses in Germany, Northern Ireland and France where support staff, premises and office costs were incurred to support the operations. Certain other costs also increased during the period as a result of the increased business volumes e.g. office expenses, insurance premiums and marketing costs.

Administrative expenses include depreciation and amortisation charges which decreased by £0.2 million, or 4.2%, to £5.9 million in the financial year ended 30 April 2017 from £6.2 million in the financial year ended 30 April 2016.

Administrative expenses for the financial year ended 30 April 2018 also include £0.3 million of non-underlying items in relation to transaction costs for acquisitions.

#### *Gain on bargain purchase*

Gain on bargain purchase increased in the financial year ended 30 April 2017 to £1.3 million, from nil in the financial year ended 30 April 2016, arising on the purchase of the Triton Group discussed above.

#### *Net financing expense*

Net financing expense increased by £0.4 million, or 53.0%, to £1.3 million in the financial year ended 30 April 2017 from £0.8 million in the financial year ended 30 April 2016. The increase was principally driven by a £0.4 million foreign exchange loss in the financial year ended 30 April 2017.

#### *Corporate and other entity based taxation*

Corporate and other entity based taxation decreased by £0.9 million, or 95.9%, to £0.0 million in the financial year ended 30 April 2017 from £0.9 million in the financial year ended 30 April 2016. The decrease was principally driven by the closure of DWF Services, a service company, following the transfer of the activities of DWF Services into DWF LLP.

#### *Members' remuneration charged as an expense*

Members' remuneration charged as an expense decreased by £0.1 million, or 0.6%, to £23.0 million in the financial year ended 30 April 2017 from £23.2 million in the financial year ended 30 April 2016. The amounts remain broadly comparable period to period as the number of Members remained broadly comparable.

## Segmental Results

The following table presents the Group's segmental results of operations for the periods indicated.

	Year ended 30 April			
	2016		2017	
	£000	% <sup>(1)</sup>	£000	% <sup>(1)</sup>
<b>Segmental Net Revenue</b>				
Commercial Services .....	100,508	53.8%	98,576	49.5%
Insurance.....	77,472	41.5%	79,620	39.9%
International .....	4,044	2.2%	13,749	6.9%
Connected Services .....	4,826	2.6%	7,377	3.7%
<b>Total segmental net revenue.....</b>	<b>186,850</b>	<b>100%</b>	<b>199,322</b>	<b>100%</b>
	£000	% <sup>(2)</sup>	£000	% <sup>(2)</sup>
<b>Internal Gross Profit</b>				
Commercial Services .....	52,328	52.1%	49,993	50.7%
Insurance.....	33,784	43.6%	36,797	46.2%
International .....	1,261	31.2%	6,162	44.8%
Connected Services .....	2,894	60.0%	3,763	51.0%
Total internal gross profit <sup>(3)</sup> .....	90,267	48.3%	96,715	48.5%
Internally reported partner remuneration .....	35,713	N/A	34,656	N/A
<b>Gross profit .....</b>	<b>125,980</b>	<b>N/A</b>	<b>131,371</b>	<b>N/A</b>

(1) The figures shared in this column represent the segmental net revenue as a proportion of Group net revenue.

(2) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. N/A is an abbreviation for not applicable. See *Part X "Selected Financial Information—Segmental Financial Results—Note 2"* for further information about this metric's basis of preparation.

(3) See *Part X "Selected Financial Information—Segmental Financial Results—Note 3"* for further information about this metric's basis of preparation.

Net revenue from the Commercial Services division decreased by £1.9 million, or 1.7%, to £98.6 million in the financial year ended 30 April 2017 from £100.5 million in the financial year ended 30 April 2016. The decrease was principally driven by a £3.0 million decline in net revenue generated by the real estate practice group which was impacted by a slowdown in property transactions following the Brexit referendum decision as well as the departure of staff in one of DWF's offices that were not replaced during the financial year ended 30 April 2017. This decrease was partially offset by increases in utilisation among the division as well as through net revenue generated by the corporate services practice group. The litigation practice group's net revenue was similar period to period.

Net revenue from the Insurance division increased by £2.1 million, or 2.8%, to £79.6 million in the financial year ended 30 April 2017 from £77.5 million in the financial year ended 30 April 2016. The largest contributor to the increase was the professional indemnity and commercial insurance practice group which benefited from the part-year contribution of the professional indemnity legal business acquired as part of the Triton Global Limited acquisition in January 2017. The motor, fraud, resolution law and in-house teams practice group also reported increased net revenue, but this was partially offset by a decrease in net revenue from the catastrophic personal injury and occupational health practice group as well as the loss of net revenue from a client which was determined to not be sufficiently commercially attractive to re-tender for the work. Utilisation among the fee earners in the Insurance division increased during the financial year ended 30 April 2017 compared to the financial year ended 30 April 2016.

Net revenue from the International division increased by £9.7 million, or 241.5%, to £13.7 million in the financial year ended 30 April 2017 from £4.0 million in the financial year ended 30 April 2016.

The increase was principally driven by new international offices in Northern Ireland and France, together with full-year net revenue from international offices established in the previous year, namely Germany and Dubai, with the Group also benefiting from organic growth from the Dublin office.

Net revenue from the Connected Services division increased by £2.5 million, or 52.9%, to £7.4 million in the financial year ended 30 April 2017 from £4.8 million in the financial year ended 30 April 2016. The increase was principally driven by the part-year contribution the claims handling business acquired as part of the Triton Global Limited acquisition, in January 2017.

Internal gross profit from the Commercial Services division decreased by £2.3 million to £50.0 million in the financial year ended 30 April 2018 from £52.3 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 50.7% for the financial year ended 30 April 2017 compared to 52.1% for the financial year ended 30 April 2016. This decrease in internal gross profit margin was driven by a reduction in net revenue compared to the previous financial year, while direct costs and internally reported partner remuneration for the division remained similar to the previous financial year, although a change of cost structure was initiated such that the number of partners and partner equivalents was reduced as a result of a performance management programme, while the number of non-qualified fee earner staff was increased.

Internal gross profit from the Insurance division increased by £3.0 million to £36.8 million in the financial year ended 30 April 2017 from £33.8 million in the financial year ended 30 April 2016. This represents an increase in internal gross profit margin to 46.2% for the financial year ended 30 April 2017 compared to 43.6% for the financial year ended 30 April 2016. This increase was driven by the professional indemnity and commercial insurance practice group which reduced its partner headcount and improved its fee earner utilisation. The motor, fraud, resolution law and in-house teams practice group also increased its internal gross profit and internal gross profit margin through changing volume pricing arrangements with clients.

Internal gross profit from the International division increased by £4.9 million to £6.2 million in the financial year ended 30 April 2017 from £1.3 million in the financial year ended 30 April 2016. This represents an increase in internal gross profit margin to 44.8% for the financial year ended 30 April 2017 compared to 31.2% for the financial year ended 30 April 2016. The increase in internal gross margin was driven by the internal gross profit margins achieved by the Northern Ireland and France businesses acquired during the year and the progress of the German business acquired during the previous year.

Internal gross profit from the Connected Services division increased by £0.9 million to £3.8 million in the financial year ended 30 April 2017 from £2.9 million in the financial year ended 30 April 2016. This represents a decrease in internal gross profit margin to 51.0% for the financial year ended 30 April 2017 compared to 60.0% for the financial year ended 30 April 2016. The increase was primarily generated by the claims management business acquired as part of the Triton Global Limited acquisition in January 2017, however this changed the mix of business within the division and as a result has driven the internal gross profit margin change. As described above, the claims business is a high-volume lower value managed service, which has a lower underlying internal gross profit margin than the other businesses within Connected Services.

## **Liquidity and Capital Resources**

### ***Overview***

The Group's principal sources of funds are cash generated from operating activities and, to the extent necessary, commitments available under its credit facilities. The Group's principal external funding arrangements are described under "*Borrowings*" below.



The following table summarises the Group's consolidated cash flows for the periods indicated and has been extracted without material adjustment from the consolidated Historical Financial Information set out in *Part XIII — "Historical Financial Information"*:

	Year ended 30 April			Six months ended 31 October	
	2016	2017	2018	2017 (unaudited)	2018
	£000	£000	£000	£000	£000
Net cash from operating activities before transactions with Members ..	52,160	40,212	37,688	21,081	25,771
Payments to Members .....	(45,083)	(39,023)	(46,412)	(20,639)	(24,284)
Net cash used in investing activities	(5,661)	(6, 007)	(6,375)	(3,160)	(4,043)
Net cash from/(used in) financing activities .....	16,430	(2,500)	16,640	6,091	4,043
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<b>17,846</b>	<b>(7,318)</b>	<b>1,541</b>	<b>3,373</b>	<b>2,310</b>
<b>Cash and cash equivalent at the beginning of the period .....</b>	<b>(7,870)</b>	<b>9,976</b>	<b>2,772</b>	<b>2,772</b>	<b>4,228</b>
<b>Cash and cash equivalents at end of period .....</b>	<b>9,976</b>	<b>2,772</b>	<b>4,228</b>	<b>6,221</b>	<b>6,482</b>

***Net cash from operating activities before transactions with Members***

Net cash from operating activities before transactions with Members was £25.8 million for the six months ended 31 October 2018, being a £4.7 million increase from £21.1 million for the six months ended 31 October 2017. This was due to favourable working capital movement in respect of trade and other payables principally arising from an increase in accruals, which was partially offset by an unfavourable working capital movement in respect of trade and other receivables which increased as a result of increased revenue, despite the improvement in lock-up days.

Net cash from operating activities before transactions with Members were £37.7 million in the financial year ended 30 April 2018, being a £2.9 million reduction from £40.2 million in the financial year ended 30 April 2017. This was due to an investment in working capital, principally an increase in trade and other receivables to support the growth in the business and the acquisitions undertaken in the period.

Net cash from operating activities before transactions with Members were £40.4 million in the financial year ended 30 April 2017, being an £11.8 million reduction from £52.2 million in the financial year ended 30 April 2016. This was principally due to an increase in trade and other receivables to support expansion through acquisitions undertaken during the period, alongside the adjustment of the non-cash £1.3 million gain on bargain purchase arising on the Triton acquisition which was recognised during the financial year ended 30 April 2017.

***Payments to Members***

Payments to Members disclosure in the cash flow statement represents amounts paid in the period in relation to partner drawings, profit shares and other related amounts.

Net cash payments to Members were £24.3 million for the six months ended 31 October 2018.

Net cash payments to Members were £46.4 million for the financial year ended 30 April 2018.

Net cash payments to Members were £39.0 million for the financial year ended 30 April 2017.

Net cash payments to Members were £45.1 million for the financial year ended 30 April 2016.

### ***Net cash used in investing activities***

Net cash used in investing activities was £3.2 million for the six months ended 31 October 2018, principally relating to acquisitions of property, plant and equipment of £2.3 million, and acquisitions of other intangible assets of £0.7 million.

Net cash used in investing activities was £6.4 million for the financial year ended 30 April 2018, principally relating to acquisitions of property, plant and equipment of £4.2 million, intangible assets of £1.0 million and the acquisition of a subsidiary (net of cash acquired) was £1.4 million and cash inflow from interest received was £0.2 million.

Net cash used in investing activities was £6.0 million for the financial year ended 30 April 2017, relating to acquisitions of property, plant and equipment of £3.5 million and intangible assets £0.6 million. Net cash used for the acquisition of a subsidiary (net of cash acquired) was £2.0 million and net cash used for the acquisition of investments was £0.3 million and cash inflow from interest received was £0.3 million.

Net cash used in investing activities was £5.7 million for the financial year ended 30 April 2016, relating to acquisitions of property, plant and equipment of £3.8 million and intangible assets of £0.2 million. Net cash used for the acquisition of a subsidiary (net of cash acquired) was £1.9 million and cash inflow from interest received was £0.3 million.

### ***Net cash from financing activities***

Net cash from financing activities was £4.0 million for the six months ended 31 October 2018, principally as a result of net increase in the Existing Revolving Credit Facility of £1.9 million, the amount outstanding under the Supplier Payment Facility being £2.5 million higher than at 30 April 2018, and a £2.9 million increase in other unsecured borrowings. These movements in borrowings were offset by interest paid of £2.6 million and net finance lease payments of £0.8 million. Cash inflow from capital contributions by Members was approximately equal to cash outflow in respect of repayments to former Members at £2.3 million and £2.2 million, respectively.

Net cash from financing activities was £16.6 million for the financial year ended 30 April 2018, principally as a result of draw-down of the Existing Revolving Credit Facility (following an increase in the facility), as defined below, and other facilities including the Supplier Payment Facility, totalling £75.9 million which was used to repay previous borrowings of £59.1 million. Cash inflow from capital contributions by Members of £7.8 million while cash outflow in respect of repayments to former Members was £3.9 million. Interest paid was £3.1 million.

Net cash used in financing activities was £2.5 million for the financial year ended 30 April 2017. Cash inflow from capital contributions by Members of £4.0 million while cash outflow in respect of repayments to former Members was £2.9 million. Repayments of borrowings and finance lease liabilities amounted to £0.3 million and £0.9 million respectively, while interest payments were £2.5 million.

Net cash from financing activities was £16.4 million for the financial year ended 30 April 2016, principally as a result of draw-down of the Existing Revolving Credit Facility, which was first entered into during the financial year ended 30 April 2016, of £39.8 million which was used to repay previous borrowings of £20.4 million. Cash inflow from capital contributions by Members of £3.0 million while cash outflow in respect of repayments to former Members was £4.8 million. Repayments of finance lease liabilities amounted to £0.3 million and interest paid was £0.8 million.

## Capital Expenditures

	Year ended 30 April			Six months ended 31 October	
	2016	2017	2018	2017 (unaudited)	2018
	£000	£000	£000	£000	£000
Property, plant and equipment .....	3,798	3,501	4,211	1,647	2,345
Intangible assets .....	234	581	1,028	346	680
<b>Total Capital Expenditures .....</b>	<b>4,032</b>	<b>4,082</b>	<b>5,239</b>	<b>1,993</b>	<b>4,025</b>

The Group primarily funded its capital expenditure through borrowings during the period under review. The Group defines its capital expenditure as investments in property, plant, equipment and software (excluding those acquired through acquisitions), which are expected to be used for more than one year. Once any asset purchased is being used, it is depreciated over time. The Group has historically had low levels of capital expenditures since its business model does not require much capital, which in turn results in limited depreciation. During the period under review, capital expenditure was primarily used for office fit out and refurbishment (for example, the Manchester office) and the purchase of computer equipment to enable agile working.

## Borrowings

The Group's principal sources of borrowings are the Existing Revolving Credit Facility (to be replaced by the New Revolving Loan Facility, conditional upon Admission), the Lloyds Bank Loan, the Overdraft facilities and the Supplier Payment Facility. The table below summarises the Group's principal sources of borrowings and amounts outstanding as at 31 October 2018. See *Part XIII—“Historical Financial Information—Note 13. Other interest-bearing loans and borrowings”* for further information.

	As at 31 October 2018 £000
<b>Non-current liabilities</b>	
Bank loans .....	51,285
<b>Current liabilities</b>	
Current portion of bank loans .....	6,798
Corporate purchasing card facility .....	7,394
Bank Overdrafts.....	4,103
<b>Total borrowings.....</b>	<b>68,924</b>

## Details of the Group's principal facilities are set out below:

### Existing Revolving Credit Facility

On 2 March 2018, DWF LLP, entered into a £50.0 million revolving facility agreement (the “**Existing Revolving Facility Agreement**”) with, among others, HSBC Bank plc (“**HSBC Bank**”) and Lloyds Bank plc (“**Lloyds Bank**”) as Mandated Lead Arrangers and Bookrunners providing for two facilities comprising a £36.0 million multicurrency revolving loan facility (“**Facility A**”), and a £14.0 million revolving loan facility (“**Facility B**”) (and together with Facility A, the “**Existing Revolving Credit Facility**”). In January 2019, Facility A was increased to £46.0 million when the Group exercised the accordion option, resulting in the total loan capacity under the Existing Revolving Credit Facility increasing to £60.0 million. The Existing Revolving Credit Facility will be replaced by the New Revolving Loan Facility upon Admission. Facility A and Facility B are described below:

As at 31 October 2018, £36.0 million was outstanding under the Facility A and £14.0 million under Facility B.

The expected final maturity for Facility A and Facility B is 22 July 2021 (subject to an extension option of up to two further years). The interest period of the loan is one or three months, or any other period agreed between DWF LLP and the agent under the Existing Revolving Facility Agreement. Interest periods start on the utilisation date of the relevant loan and end on the prescribed date as set out in the utilisation request. Repayment of the loans is made at the end of the relevant interest period as set out in the utilisation request. Loans can be “rolled-over” on to subsequent periods, as is usual for a revolving facility of this nature. No loan can extend past the final maturity date of the facility. The purpose of Facility A is general corporate and working capital purposes of the Group, including, but not limited to, refinancing a then existing facility and funding permitted acquisitions. The purpose of Facility B is funding liabilities of the Group in respect of tax.

For a loan in euro, Facility A bears interest at a rate equal to the aggregate of the Euro Interbank Offered Rate (“**EURIBOR**”) plus the agreed margin per year. For a loan in any other currency, Facility A bears interest at a rate equal to the aggregate of the London Interbank Offered Rate (“**LIBOR**”) plus the agreed margin per year. Facility B bears interest at a rate equal to the aggregate of LIBOR plus the agreed margin per year.

#### *New Revolving Loan Facility*

On 31 January 2019, the Company entered into a revolving facility agreement (the “**New Revolving Facility Agreement**”) with, amongst others, HSBC UK Bank plc (“**HSBC UK**”), National Westminster Bank plc and Lloyds Bank plc, as Mandated Lead Arrangers (together with any other entities which become a lending party under the New Revolving Facility Agreement the “**New RCF Lenders**” and each a “**New RCF Lender**”) and HSBC UK as Bookrunner, comprising a £80.0 million multicurrency revolving loan facility (the “**New Revolving Loan Facility**”). The New Revolving Loan Facility is conditional on Admission, with Admission itself being the final condition to be satisfied for drawdown. The New Revolving Facility Agreement will be based on the form of the Existing Revolving Facility Agreement, amended to reflect other terms agreed between the Company and the New RCF Lenders. The New Revolving Facility Agreement is governed by English law and its utilisation is conditional upon Admission.

- *Purpose:* The purpose of the New Revolving Loan Facility is general corporate and working capital purposes of the Group including to refinancing the Existing Revolving Facility Agreement, funding the Reorganisation and funding permitted acquisitions and any related costs.
- *Fees:* A commitment fee applies to New Revolving Loan Facility at a rate of the 40% of the applicable margin per year on the unused and uncanceled amount of the New Revolving Loan Facility for the availability period (i.e. the period from the signing of the New Revolving Facility Agreement until one month prior to the Termination Date, as defined below, (the “**Availability Period**”). The accrued commitment fee is payable quarterly in arrear during the Availability Period, on the last day of the Availability Period and on the cancelled amount of the New Revolving Loan Facility at the time a cancellation is effective. No commitment fee is payable on any available commitment of a New RCF Lender for any day on which such a New RCF Lender is a defaulting lender. An arrangement fee, which will be in line with customary terms for such facilities, will be paid in respect of the New Revolving Loan Facility and certain customary fees will also be payable to the facility agent. An extension fee, which will be in line with customary terms for such facilities, will be payable in the event of an extension of the Termination Date, as defined below. This includes the provision of an ancillary facility mechanic whereby the Company and a New RCF Lender (or an affiliate of a New RCF Lender) may agree that all or part of a New RCF Lender’s commitment under the New Revolving Facility Agreement may be made by way of an overdraft facility, a guarantee, bonding, documentary or stand-by letter of credit facility, a short term loan facility, a derivatives facility, a foreign exchange facility, any other facility or accommodation required in connection with the business of the Group and which is agreed by the Company with a New RCF Lender. The payment of fees in connection with any ancillary facility will be determined by agreement between the relevant New RCF Lender and the borrower of that ancillary facility based upon normal market rates and terms.
- *Interest Rate:* For a loan in euro, the New Revolving Loan Facility will bear interest at a rate equal to the aggregate of EURIBOR plus the agreed margin per year. For a loan in any other currency, the New Revolving Loan Facility will bear interest at a rate equal to the aggregate of LIBOR plus the agreed margin per year. The interest period of the loan is one, three or six

months, or any other period agreed between the Company and the New RCF Lenders. For any ancillary facility, the payment of interest will be determined by agreement between the relevant New RCF Lender and the borrower of that ancillary facility based upon normal market rates and terms.

- *Currency:* The New Revolving Loan Facility may be drawn in British pounds sterling, or may, subject to certain conditions also be drawn in optional currencies including US dollars, euros or other currencies approved by the agent acting on instructions of all the New RCF Lenders.
- *Termination Date:* The New Revolving Loan Facility matures on 31 January 2022, subject to an extension option of up to two additional years (the “**Termination Date**”). Each loan is due to be repaid on the last day of its interest period and, in the case of interest periods of longer than six months, on the dates falling at six-monthly intervals after the first day of the interest period but may be re-borrowed during the Availability Period.
- *Voluntary prepayment and voluntary cancellation:* Subject to certain conditions, all or part of the utilisations under the New Revolving Loan Facility may be voluntarily prepaid and all or part of the available commitments under the New Revolving Loan Facility may be cancelled, in each case without penalties. Voluntary prepayments or cancellations are required to be made in a minimum amount of £100,000 (or its equivalent) and in integral multiples of £100,000 (or its equivalent) in respect of each of the utilisations under the New Revolving Loan Facility and such voluntary cancellations are required to be made in a minimum amount of £100,000 (or its equivalent) and integral multiples of £100,000 (or its equivalent), in each case, following giving the agent five business days’ notice of such prepayment or cancellation.
- *Mandatory Prepayment:* If it becomes unlawful in any applicable jurisdiction for any New RCF Lender to perform its obligations, the New Revolving Loan Facility must be prepaid and cancelled. Furthermore, upon a delisting of any part of the share capital of the Company from the main market of the London Stock Exchange, the Company ceasing to be admitted to the premium segment of the Official List maintained by the FCA or a sale of all or substantially all of the assets of the Group except in relation to the Reorganisation, the New Revolving Loan Facility shall be cancelled and repaid on the same business day. Any prepayment shall be made with accrued interest on the amount prepaid and, subject to breakage costs, without premium or penalty.
- *Change of control:* If any person or group of persons, other than the members of DWF Law LLP and DWF LLP (as defined under the DWF Law LLP Constitutional Deed and the DWF LLP Constitutional Deed, respectively, on the date of the New Revolving Facility Agreement)(the “**RCF Members**”) , acting in concert gains direct or indirect control (controlling, or holding, more than 50% of the votes or shares or assets or income) of the Company, subject to certain conditions, any New RCF Lender may cancel the amount of its respective commitment under the New Revolving Loan Facility and the respective amount can be declared immediately due and payable.
- *Security:* The New Revolving Loan Facility is not secured, but has the benefit of guarantees given by the Company, and other DWF entities that will accede to the New Revolving Facility Agreement as guarantors (as a condition subsequent to the New RCF) (the “**Guarantors**”).
- *Financial Covenants:* The New Revolving Facility Agreement is also subject to certain financial covenants including that the total number of RCF Members shall not at any time be less than 180, that the ratio of trading work-in-progress (including disbursements) that is less than 180 days outstanding and trading debtor balances that are less than 180 days overdue to consolidated net borrowings of the Group (excluding obligations to other members of the Group and any liabilities of the Group or loans to RCF Members in respect of the aggregate capital contribution of each RCF Members’ fixed capital, but including the capitalised value of finance leases and deducting the aggregate amount of cash and cash equivalents held by the Company or any Guarantor at any time) may not be less than 2.00:1.00; that the ratio of consolidated net debt to EBITDA (before taking into account any amounts charged in respect of share based payments under IFRS 2) in respect of any relevant period shall not exceed 1.50x (with certain tests measured at 1.75x); interest cover in respect of any relevant period shall not be less than 4.00x and the ratio of net assets to net debt shall not exceed 1.00:1.00. These financial covenants will be tested on the consolidated financial covenants of the Group on each financial quarter date, with the first test on the first financial quarter date falling after the date of the New Revolving Facility Agreement.



- Other Covenants:* The New Revolving Facility Agreement contains certain covenants customary for a listed entity, including that it prohibits the Company or any Guarantor from granting or permitting any security over its assets or entering into arrangements similar to security. There are also specific restrictions on drawings and other distributions by the Company. Furthermore, no fixed capital may be repaid to RCF Members, subject to certain exceptions including certain permitted payments, without the consent of the New RCF Lenders. Permitted payments include but are not limited to payments in the context of the Reorganisation. The New Revolving Facility Agreement also restricts the ability of the Group to enter into transactions to acquire any business or company, subject to certain exceptions, including (i) that the entity is engaged in a business substantially the same as or complementary to that carried on by the Group or that forms part of the strategy of the Group; (including the strategy as set out in the Prospectus), (ii) that the aggregate consideration (including any assumed financial indebtedness) for all such acquisitions shall not exceed £50,000,000 (or its equivalent) over the life of the New Revolving Loan Facility and (iii) aggregate consideration (including any assumed financial indebtedness) for all such acquisitions does not exceed £20,000,000 (or its equivalent) in any financial year. The New Revolving Facility Agreement includes a restriction on any member of the Group entering into a transaction or a series of transactions to dispose of any asset other than disposals: (i) for customary exceptions or (ii) where the higher of market value or consideration receivable for disposals of assets (excluding shares, businesses, real property and intellectual property) (x) does not exceed £50,000 per asset and (y) does not exceed £1,000,000 in any financial year of the Company. There are also certain restrictions imposed on the members of the Group, subject to various exceptions, in respect of the treasury transactions, mergers, debt incurrence, ability to give guarantees or indemnities, ability to be a creditor in respect of any financial indebtedness or ability to invest in, transfer any assets to or give guarantees for, joint ventures. The New Revolving Facility Agreement also includes a guarantor coverage covenant whereby the Company must ensure that the aggregate gross assets of the Guarantors and the aggregate turnover of the Guarantors (in each case calculated on an unconsolidated basis and excluding all intra-Group items and investment in subsidiaries of the Group) does not represent less than 80% of the Group's EBITDA (before taking into account any amounts charged in respect of share based payments under IFRS 2) post Group recharges that arise from the Support Service Fee and Intangibles Service Fee, each as defined below in *Part XII "Additional Information—4. Reorganisation—4.4 Key agreements under the Reorganisation—4.4.8 Services agreements and 4.4.9 Intangible services agreements"*, and consolidated turnover and 70% of the Group's consolidated gross assets.
- Events of Default:* The New Revolving Facility Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including non-payment, cross-default, a qualified audit opinion on annual audited accounts, breach of the financial covenants described above, failure to comply with any other provision of the New Revolving Facility Agreement and the fee letters executed by the Company (including certain customary undertakings). The occurrence of an event of default would allow the New RCF Lenders of the New Revolving Loan Facility to, amongst other things, accelerate all or part of the outstanding loans and/or cancel the commitments and/or declare all or part of the loans payable on demand, as well as make a demand under the guarantee and indemnity.

#### *Lloyds Bank Loan*

On 26 October 2018, DWF LLP entered into a fixed rate loan with Lloyds Bank plc ("**Lloyds Bank**") ("**Lloyds Bank Loan**") with a total of £6.0 million. The interest on the loan is a fixed rate of 1.06% per annum. The expected maturity date of the loan is October 2019. As at 31 October 2018, the amount outstanding on the Lloyds Bank Loan was £6.0 million. The Lloyds Bank Loan was used to fund the Group's professional indemnity insurance.

#### *Overdraft facilities*

On 20 July 2015, DWF LLP entered into a sterling overdraft facility with Lloyds Bank plc ("**Lloyds Bank Overdraft Facility**") with a maximum amount outstanding of £2.5 million. The interest on the loan was 1.15% per annum over the base rate which is the official bank rate of the Bank of England base rate which on 20 July 2015 was 0.5%. The Lloyds Bank Overdraft Facility is available on rolling terms, and is repayable upon demand. As at 31 October 2018, the amount outstanding on the Lloyds Bank Overdraft Facility was nil.

On 20 July 2015, DWF LLP entered into a sterling overdraft facility with The Royal Bank of Scotland plc (“**RBS**”) (“**RBS Overdraft Facility**”) with a maximum amount outstanding of £2.5 million. The interest on the loan was 1.15% per annum over the base rate which on 20 July 2015 was 0.5%. The RBS Overdraft Facility is available on rolling terms, and is repayable upon demand. As at 31 October 2018, the amount outstanding on the RBS Overdraft Facility was £1.7 million.

#### *Supplier Payment Facility*

On 20 July 2017, DWF LLP entered into a corporate payment card customer agreement with HSBC Bank plc (“**HSBC Bank**”) (“**Supplier Payment Facility Agreement**”), with a maximum amount outstanding of £11.0 million. The facility has a foreign exchange rate commission of 2.75%. The facility provides a settlement term of 25 days after the date of the most recent statement, with a late payment fee of £15 per month and 2% per month in interest. The expected maturity date is 13 July 2022 (and will then continue on a rolling basis until terminated by either party). As at 31 October 2018, the amount outstanding on the Supplier Payment Facility was £7.4 million.

#### *Off Balance Sheet Arrangements*

The Group does not have any off balance sheet financing arrangements.

#### **Contractual Obligations and Committed Capital**

The Group has various contractual obligations and commercial commitments to make future payments, including lease obligations.

The table below summarises the Group’s contractual obligations as at 31 October 2018, reflecting the minimum lease payments and non-cancellable operating lease rentals payable.

	<b>Within 1 year £000</b>	<b>From 1 to 5 Years £000</b>	<b>More than 5 years £000</b>	<b>Total £000</b>
<b>Operating leases</b>				
Land and buildings <sup>(1)</sup> .....	12,026	45,374	22,269	79,669
Others <sup>(2)</sup> .....	803	535	—	1,338

(1) Land and buildings consist of the operating lease obligations in respect of the Group’s office property portfolio.

(2) Others consist of the operating lease obligations primarily in respect of IT equipment, such as photocopiers.

#### **Provisions**

The Group maintains three types of provisions: dilapidations provisions, professional indemnity provision and the Forum of Insurance Lawyers (“**FOIL**”) provision. The Group’s FOIL provision represents the total VAT (partial exemption) exposure on historical claims handling engagements of which the provision was £1.3 million as at 31 October 2018, with a net exposure of £400,000 as at 31 October 2018 when taking into account the attributable reimbursement asset described in *Part X—“Historical Financial Information—Note 11 Trade and other receivables”*. See *Part XIII—“Historical Financial Information—Note 16—Provisions”*.

#### **Net Working Capital**

The Group’s net working capital is comprised of WIP, Gross Debtors (reflecting current and past due trade receivables) and other current assets, less the trade receivables provision (relating to doubtful receivables) and trade and other payables, and accruals and deferred income. Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

The table below presents the Group's net working capital for the periods presented.

	As at 30 April			As at 31 October
	2016 £000	2017 £000	2018 £000	2018 £000
WIP.....	24,781	35,673	43,003	54,151
Gross Debtors .....	64,914	74,767	86,658	84,133
Trade receivables provision <sup>(1)</sup> .....	(2,409)	(2,964)	(3,854)	(7,384)
Other current assets <sup>(2)</sup> .....	16,133	15,097	15,168	14,780
Trade and other payables.....	(29,986)	(42,674)	(41,665)	(42,147)
Accruals and deferred income .....	(8,079)	(7,563)	(9,549)	(13,798)
<b>Net working capital</b> .....	<b>65,354</b>	<b>72,336</b>	<b>89,761</b>	<b>89,735</b>

(1) The valuation of amounts recoverable and not recoverable on trade debtors involves significant judgement. The estimation of provisions is established based on interactions between finance, the fee earner and clients, mindful of the specific circumstances of clients and individual matters and invoices and guided by calculation rules applied to the aged population of all trade debtors (excluding those already addressed by more specific provisions). For amounts aged between 180 days and 599 days, provisions are made based on the specific circumstances of each debt. For amounts aged 600 days and over 100% provision is made.

(2) Other current assets comprises the line items "other receivables" "prepayments and accrued income" and "reimbursement asset" from the balance sheet of the Historical Financial Information.

### Quantitative and Qualitative Disclosure about Credit Risk, Liquidity Risk and Market Risk

The principal categories of risk to which the Group is exposed are credit risk, liquidity risk and market risk.

#### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Credit checks are performed for new customers and ongoing monitoring takes place for existing customers.

#### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk. The Group is financed through a combination of partners' capital (repayable on demand when a Member leaves or were to leave DWF LLP or DWF Law LLP), retained earnings, cash and bank borrowing facilities. Management undertakes rolling 13-week cash flow forecasts to ensure visibility of short-term liquidity and manage facility usage, in addition to annual budgets and longer-term forecasts. For a description of the Group's principal facilities see "*Liquidity and Capital Resources—Borrowings*" above.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The Group's exposure to market risk predominantly relates to foreign currency risk and interest rate risk.

#### Interest Rate Risk

The Group's bank borrowings incur both fixed and variable interest rate charges, with the variable charges linked to LIBOR plus a margin. For an interest rate sensitivity analysis, see *Part XIII—“Historical Financial Information—Note 17—Financial instruments—Financial Instruments Sensitivity Analysis—Interest Rate Sensitivity”*.

#### Foreign Currency Risk

The Group has overseas operations in Europe, the Middle East, Australia, Canada and North America and is therefore exposed to changes in the respective currencies in these territories. The Group maintains bank balances in local currency. Cash positions are monitored and any imbalances are dealt with by purchasing currency at the spot rate. For a foreign exchange rate sensitivity

analysis, see *Part XIII—“Historical Financial Information—Note 17—Financial instruments—Financial Instruments Sensitivity Analysis—Foreign exchange rate sensitivity”*.

### **Critical Accounting Policies and Estimates**

The preparation of consolidated financial information under Adopted IFRSs requires management to make judgements, estimates and assumptions which affect the financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis.

The key areas of judgement, estimate and assumptions relate to the fair value of unbilled revenue, the valuation of trade receivables provision and the valuation of the probable exposure of professional indemnity claims. See *Part XIII—“Historical Financial Information—Note 1.22—Accounting estimates and judgements”*.

## PART XII

### CAPITALISATION AND INDEBTEDNESS

The tables below set out the capitalisation and indebtedness of DWF, prepared under IFRS using policies which are consistent with those used in preparing DWF's Historical Financial Information set out in Section B of *Part XIII*—"Historical Financial Information".

The capitalisation information has been extracted, without material adjustment, from DWF's Historical Financial Information in *Part XIII*—"Historical Financial Information" as at 31 October 2018.

You should read this table together with *Part XI*—"Operating and Financial Review" and *Part XIII*—"Historical Financial Information".

	As at 31 October 2018 £000
<b>Gross financial indebtedness</b>	
<b>Total current debt</b>	
Secured.....	—
Unsecured .....	18,295
<b>Total non-current debt</b>	
Secured.....	—
Unsecured .....	51,285
<b>Total gross financial indebtedness .....</b>	<b>69,580</b>
<b>Shareholders' equity</b>	
Other reserves classified as equity.....	(12,511)
<b>Total Shareholders' equity .....</b>	<b>(12,511)</b>
<b>Total.....</b>	<b>57,069</b>

Save as disclosed in the net indebtedness table below, there has been no material change in the Group's capitalisation since 31 October 2018.



## Net Indebtedness

The following table sets out the net indebtedness of DWF as at 31 January 2019.

	As at 31 January 2019 £000
A. Cash.....	17,062
B. Cash equivalent (Detail) .....	—
C. Trading securities.....	—
<b>D. Liquidity (A)+(B)+(C) .....</b>	<b>17,062</b>
<b>E. Current Financial Receivable.....</b>	<b>—</b>
F. Current Bank debt.....	32,571
G. Current portion of non-current debt .....	—
H. Other current financial debt.....	—
<b>I. Current Financial Debt (F)+(G)+(H) .....</b>	<b>32,571</b>
<b>J. Net Current Financial Indebtedness (I)-(E)-(D) .....</b>	<b>15,508</b>
K. Non-current Bank loans.....	49,809
L. Bonds Issued.....	—
M. Other non-current loans .....	—
<b>N. Non-current Financial Indebtedness (K)+(L)+(M) .....</b>	<b>49,809</b>
<b>O. Net Financial Indebtedness (J)+(N).....</b>	<b>65,317</b>

The information as at 31 January 2019 is unaudited. The statement of indebtedness has been extracted without material adjustment from the management accounts, which have been prepared using policies that are consistent with those used in preparing the Historical Financial Information as disclosed in *Part XIII—“Historical Financial Information”*.

## PART XIII

### HISTORICAL FINANCIAL INFORMATION

#### SECTION A – ACCOUNTANTS’ REPORT ON THE HISTORICAL FINANCIAL INFORMATION

**Deloitte.**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

The Board of Directors on  
behalf of DWF Group Limited

2 Hardman Street  
Manchester  
United Kingdom  
M3 3AA

Stifel Nicolaus Europe Limited  
150 Cheapside  
London  
United Kingdom  
EC2V 6ET

11 March 2019

Dear Sirs

#### **DWF LLP**

We report on the financial information for the three years ended 30 April 2018 and the six-month period ended 31 October 2018 on DWF LLP set out in Part XIII (the “**Historical Financial Information**”) of the prospectus dated 11 March 2019 of DWF Group Limited (the “**Company**” and, together with its subsidiary undertakings, the “**Group**”) (the “**Prospectus**”). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 1.1 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the “**Prospectus Directive Regulation**”) and is given for the purpose of complying with that requirement and for no other purpose.

We have not audited or reviewed the financial information for the six-month period ended 31 October 2017 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of

significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

#### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 October 2018, 30 April 2018, 30 April 2017, 30 April 2016 and 1 May 2015 and of its profits, cash flows and changes in equity for the three years to 30 April 2018 and six-month period ending 31 October 2018 in accordance with International Financial Reporting Standards as adopted by the European Union.

#### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation and for no other purpose.

Yours faithfully

Deloitte LLP

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients.*

## SECTION B – HISTORICAL FINANCIAL INFORMATION

### CONSOLIDATED HISTORICAL FINANCIAL INFORMATION AS AT AND FOR THE THREE FINANCIAL YEARS ENDED 30 APRIL 2016, 30 APRIL 2017 AND 30 APRIL 2018 AND AS AT AND FOR THE SIX MONTHS ENDED 31 OCTOBER 2018

#### Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Note	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
Revenue* .....	1.20	186,850	199,322	236,488	112,729	157,168
Recoverable expenses .....		—	—	—	—	(23,812)
<b>Net revenue</b> .....	2	<b>186,850</b>	<b>199,322</b>	<b>236,488</b>	<b>112,729</b>	<b>133,356</b>
Direct costs .....		(60,870)	(67,951)	(85,388)	(41,543)	(46,248)
<b>Gross profit</b> .....		<b>125,980</b>	<b>131,371</b>	<b>151,100</b>	<b>71,186</b>	<b>87,108</b>
Administrative expenses .....		(78,144)	(89,026)	(102,994)	(50,690)	(66,164)
Gain on bargain purchase .....	22	—	1,273	—	—	—
<b>Operating profit</b> .....	4	<b>47,836</b>	<b>43,618</b>	<b>48,106</b>	<b>20,496</b>	<b>20,944</b>
<b>Adjusted operating profit</b> .....		<b>54,134</b>	<b>48,575</b>	<b>56,338</b>	<b>23,875</b>	<b>31,849</b>
Depreciation and amortisation .....		(6,181)	(5,919)	(6,328)	(3,155)	(2,876)
Non-underlying items .....	4	(117)	962	(1,904)	(224)	(8,029)
Financial income .....	5	312	355	405	318	79
Financial expenses .....	5	(1,137)	(1,617)	(1,843)	(1,192)	(907)
<b>Net financing expense</b> .....		<b>(825)</b>	<b>(1,262)</b>	<b>(1,438)</b>	<b>(874)</b>	<b>(828)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares</b> .....		<b>47,011</b>	<b>42,356</b>	<b>46,668</b>	<b>19,622</b>	<b>20,116</b>
Corporate and other entity based taxation .....	7	(898)	(37)	(92)	(98)	(28)
<b>Profit for the period before Members' remuneration and profit shares</b> .....		<b>46,113</b>	<b>42,319</b>	<b>46,576</b>	<b>19,524</b>	<b>20,088</b>
Members' remuneration charged as an expense .....	1.19	(23,169)	(23,025)	(25,452)	(12,150)	(14,784)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> .....		<b>22,944</b>	<b>19,294</b>	<b>21,124</b>	<b>7,374</b>	<b>5,304</b>
<b>Other comprehensive (expense)/ income</b>						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences – foreign operations ...		(159)	221	(392)	(6)	451
<b>Total comprehensive income for the period available for discretionary division amongst Members</b> .....		<b>22,785</b>	<b>19,515</b>	<b>20,732</b>	<b>7,368</b>	<b>5,755</b>

\* IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date. Please see note 1.20 for further details.

## Consolidated Balance Sheet

	Note	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
<b>Non-current assets</b>						
Property, plant and equipment ....	8	18,870	16,747	15,560	14,184	14,117
Intangible assets and goodwill .....	9	1,715	2,516	3,409	3,801	4,017
Investments .....	10	—	—	254	254	254
<b>Total non-current assets</b> .....		<b>20,585</b>	<b>19,263</b>	<b>19,223</b>	<b>18,239</b>	<b>18,388</b>
<b>Current assets</b>						
Trade and other receivables .....	11	102,884	103,419	122,573	140,975	144,680
Cash and cash equivalents .....	12	2,905	9,976	3,327	5,130	10,585
<b>Total current assets</b> .....		<b>105,789</b>	<b>113,395</b>	<b>125,900</b>	<b>146,105</b>	<b>155,265</b>
<b>Total assets</b> .....		<b>126,374</b>	<b>132,658</b>	<b>145,123</b>	<b>164,344</b>	<b>173,653</b>
<b>Current liabilities</b>						
Trade and other payables .....	14	28,735	29,986	42,674	41,665	42,147
Accruals and deferred income .....		12,990	8,079	7,563	9,549	13,798
Current tax liabilities .....		524	483	—	23	22
Interest-bearing loans and borrowings .....	13	32,107	896	1,264	9,704	18,295
Provisions .....	16	3,707	3,984	1,930	1,371	1,377
Members' capital .....	21	25,932	24,071	25,193	29,071	29,152
Other amounts due to Members	21	10,909	5,892	5,318	6,644	19,257
<b>Total current liabilities</b> .....		<b>114,904</b>	<b>73,391</b>	<b>83,942</b>	<b>98,027</b>	<b>124,048</b>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings .....	13	975	40,463	40,192	49,522	51,285
Trade and other payables .....	14	—	—	200	—	—
Accruals and deferred income .....		12,141	14,186	12,902	11,489	10,831
<b>Total non-current liabilities</b> .....		<b>13,116</b>	<b>54,649</b>	<b>53,294</b>	<b>61,011</b>	<b>62,116</b>
<b>Total liabilities</b> .....		<b>128,020</b>	<b>128,040</b>	<b>137,236</b>	<b>159,038</b>	<b>186,164</b>
<b>Net (liabilities)/assets</b> .....		<b>(1,646)</b>	<b>4,618</b>	<b>7,887</b>	<b>5,306</b>	<b>(12,511)</b>
<b>Equity</b>						
Other reserves classified as equity		(1,646)	4,618	7,887	5,306	(12,511)
<b>Equity</b> .....		<b>(1,646)</b>	<b>4,618</b>	<b>7,887</b>	<b>5,306</b>	<b>(12,511)</b>
<b>Total Members' interests</b> .....						
Members' capital classified as a liability .....	21	25,932	24,071	25,193	29,071	29,152
Other amounts due to Members classified as a liability .....		10,909	5,892	5,318	6,644	19,257
Other reserves classified as equity		(1,646)	4,618	7,887	5,306	(12,511)
<b>Total Members' interests</b> .....		<b>35,195</b>	<b>34,581</b>	<b>38,398</b>	<b>41,021</b>	<b>35,898</b>



## Consolidated Cash Flow Statement

		Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
	Note					
<b>Cash flows from operating activities</b>						
Profit for the period before Members' remuneration and profit shares.....		46,113	42,319	46,576	19,524	20,088
<i>Adjustments for:</i>						
Depreciation, amortisation and impairment.....	8,9	6,181	5,919	6,333	3,160	2,876
Gain on bargain purchase .....	22	—	(1,273)	—	—	—
Financial income.....	5	(312)	(355)	(405)	(318)	(79)
Financial expense.....	5	1,137	1,617	1,843	1,192	907
Taxation.....	7	898	37	92	98	28
		54,017	48,264	54,439	23,656	23,820
Decrease/(increase) in trade and other receivables .....		1,510	(9,722)	(15,956)	(5,840)	(3,705)
(Decrease)/increase in trade and other payables.....		(2,546)	4,023	60	2,801	5,224
Increase/(decrease) in provisions.....		277	(2,054)	(559)	306	6
Corporation tax paid .....		(939)	(520)	(69)	(98)	(29)
Effect of foreign exchange rate changes.....		(159)	221	(227)	256	455
<b>Net cash from operating activities before transactions with Members .....</b>		<b>52,160</b>	<b>40,212</b>	<b>37,688</b>	<b>21,081</b>	<b>25,771</b>
Payments to Members .....		(45,083)	(39,023)	(46,412)	(20,639)	(24,284)
<b>Net cash from/(used in) operating activities.....</b>		<b>7,077</b>	<b>1,189</b>	<b>(8,724)</b>	<b>442</b>	<b>1,487</b>
<b>Cash flows from investing activities</b>						
Interest received .....		312	291	240	56	75
Acquisition of subsidiary, net of cash acquired.....		(1,941)	(1,962)	(1,376)	(1,223)	(270)
Acquisition of property, plant and equipment.....		(3,798)	(3,501)	(4,211)	(1,647)	(2,345)
Acquisition of other intangible assets.....		(234)	(581)	(1,028)	(346)	(680)
Acquisition of investments.....		—	(254)	—	—	—
<b>Net cash used in investing activities .....</b>		<b>(5,661)</b>	<b>(6,007)</b>	<b>(6,375)</b>	<b>(3,160)</b>	<b>(3,220)</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowings.....		39,781	—	75,911	11,007	28,980
Interest paid .....		(761)	(2,489)	(3,137)	(2,611)	(2,571)
Repayment of borrowings .....		(20,436)	(271)	(59,115)	(1,271)	(21,566)
Payment of finance lease liabilities .....		(293)	(862)	—	—	—
Acquisition of subsidiary, deferred consideration.....		—	—	(897)	(883)	(881)
Capital contributions by Members .....		2,975	3,996	7,780	1,090	2,287
Repayments to former Members .....		(4,836)	(2,874)	(3,902)	(1,241)	(2,206)
<b>Net cash from/(used in) financing activities.....</b>		<b>16,430</b>	<b>(2,500)</b>	<b>16,640</b>	<b>6,091</b>	<b>4,043</b>
Net increase/(decrease) in cash and cash equivalents .....		17,846	(7,318)	1,541	3,373	2,310
Cash and cash equivalents beginning of period.....		(7,870)	9,976	2,772	2,772	4,228
Effects of foreign exchange rate changes on cash and cash equivalents .....		—	114	(85)	76	(56)
<b>Cash and cash equivalents at end of period.....</b>	12	<b>9,976</b>	<b>2,772</b>	<b>4,228</b>	<b>6,221</b>	<b>6,482</b>

# Consolidated Statement of Changes in Equity

	Other reserves classified as being total equity	
	£000	£000
At 1 May 2015.....		(1,646)
Profit for the year after Members' remuneration charged as an expense and available for discretionary division among Members.....	22,944	
Unrealised foreign exchange translation differences .....	(159)	
Total Comprehensive Income.....		22,785
Allocation of profit.....		(16,521)
<b>At 30 April 2016 .....</b>		<b>4,618</b>
At 1 May 2016.....		4,618
Profit for the year after Members' remuneration charged as an expense and available for discretionary division among Members.....	19,294	
Unrealised foreign exchange translation differences .....	221	
Total Comprehensive Income.....		19,515
Allocation of profit.....		(16,246)
<b>At 30 April 2017 .....</b>		<b>7,887</b>

## Consolidated Statement of Changes in Equity

	Other reserves classified as being total equity	
	£000	£000
At 1 May 2017.....		7,887
Profit for the year after Members' remuneration charged as an expense and available for discretionary division among Members.....	21,124	
Unrealised foreign exchange translation differences .....	(392)	
Total Comprehensive Income.....		20,732
Allocation of profit.....		(23,313)
<b>At 30 April 2018 .....</b>		<b>5,306</b>
At 1 May 2017.....		7,887
Profit for the period after Members' remuneration charged as an expense and available for discretionary division among Members.....	7,374	
Unrealised foreign exchange translation differences .....	(6)	
Total Comprehensive Income.....		7,368
Allocation of profit.....		(17,064)
<b>At 31 October 2017.....</b>		<b>(1,809)</b>
At 1 May 2018.....		5,306
Profit for the period after Members' remuneration charged as an expense and available for discretionary division among Members.....	5,304	
Unrealised foreign exchange translation differences .....	451	
Total Comprehensive Income.....		5,755
Allocation of profit.....		(22,059)
Impact of IFRS 9 transition.....		(2,510)
Impact of IFRS 15 transition .....		997
<b>At 31 October 2018.....</b>		<b>(12,511)</b>

## NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

*(forming part of the historical financial information)*

### **1 Accounting policies**

#### **1.1 General information and basis of accounting**

DWF LLP (the “LLP”) is incorporated, domiciled and registered in England and Wales in the UK as a Limited Liability Partnership under the Limited Liability Partnership Act 2000. The registered address is 1 Scott Place, 2 Hardman Street, Manchester, M3 3AA.

The historical financial information (“HFI”) consolidates the LLP and its subsidiary undertakings (together referred to as the “Group”).

The Group HFI has been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRSs”).

The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented and in preparing an opening IFRS balance sheet at 1 May 2015 for the purposes of the transition to IFRSs. The exception to this statement is the application of IFRS 9 and IFRS 15 which became effective on 1 January 2018 and adopted by the Group from 1 May 2018.

The functional currency of the LLP is considered to be British pounds sterling because that is the currency of the primary economic environment in which the LLP operates. The Group’s historical financial information is also presented in British pounds sterling. Foreign operations are included in accordance with the policies set out below.

Accounting judgements made by the Members, in the application of these accounting policies, that have a significant effect on the HFI and accounting estimates with a significant risk of material adjustment in the next year are discussed in note 1.22.

#### **1.2 Transition to IFRSs**

The Group has prepared its HFI in accordance with IFRSs for the first time and consequently has applied IFRS 1. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 23.

IFRS 1 grants certain exemptions from the full requirements of IFRSs in the transition period. The following exemptions have been taken in the HFI:

- Business combinations – Business combinations that took place prior to 1 May 2015 have not been restated.
- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at 1 May 2015.

#### **1.3 Measurement convention**

The HFI has been prepared on the historical cost basis except where the IFRS requires an alternative treatment.

#### **1.4 Going concern**

As at 31 October 2018 the Group has committed credit facilities of £57.2m. This includes a £50.0m revolving credit facility which is committed for 3 years through to May 2021. Since 31 October 2018, the Group has secured a further £10 million of committed facilities. Furthermore, the Group meets its day to day funding requirements through both committed and non-committed facilities (together ‘the financing facilities’). Non-committed facilities, including overdrafts, total £17.9m.

Having reviewed the Group’s forecasts, which includes an analysis of both short term cash flow forecasts and longer term cash flow forecasts, the risk and uncertainties surrounding the current and future demand for legal services, and other reasonably possible variations in trading performance, the Group expects to be able to operate within the Group’s financing facilities and in accordance with the covenants set out in those facility agreements.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact our future performance such as lower levels of revenue growth, lower than forecast receipts of cash, and reduced levels of gross margin expansion. In addition, the members have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within the Group’s control. On this basis, the members have a reasonable basis to conclude that the

Group is forecast to continue to trade in line with existing financing facilities for the foreseeable future.

Accordingly the Members continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

### **1.5 Basis of consolidation**

#### *Subsidiary undertakings*

Subsidiary undertakings are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the Group. The financial information of subsidiary undertakings is included in the consolidated financial information from the date that control commences until the date that control ceases.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **1.6 Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the other reserve.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRSs (1 May 2015).

### **1.7 Adjusted operating profit**

The LLP uses adjusted operating profit to assess the financial performance of the business. This measure is a non-IFRS measure because it excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with IFRS. The Members believe adjusted operating profit and similar measures are used by certain investors, analysts and other interested parties as supplemental measures of performance.

Adjusted operating profit may not be comparable to other similarly titled measures used by other companies and it has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the LLP's operating results as reported under IFRS.

The specific items excluded from adjusted operating profit are depreciation and amortisation and non-underlying items. Depreciation and amortisation are excluded because the level of such expense is impacted by the cost and age of tangible assets and the extent to which intangible assets are identifiable, for example, in business combinations. Excluding depreciation and amortisation will make it easier to compare businesses that have grown organically with those that have grown by acquisition.

Non-underlying items are non-trading, non-cash or one-off items disclosed separately in the Consolidated Statement of Profit or Loss where the quantum, nature or volatility of such items are considered by the Members to otherwise distort the underlying performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- IPO professional fees



- Gains on bargain purchase
- Transaction costs associated with mergers and acquisitions

IPO professional fees relate to the LLPs plan to list on the London Stock Exchange and therefore are not considered to be related to the LLP's on-going business operations. Gains on bargain purchase and expenses associated with acquisitions arise from the LLP's acquisition activity and are therefore not considered to relate to the LLP's on-going operations.

### **1.8 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

#### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

#### *Unbilled revenue*

Services provided to client, which at the period end date have not been billed, are recognised as unbilled revenue and included in trade and other receivables.

Unbilled revenue is valued at selling price less provision for any foreseeable under recovery when the outcome of the matter can be assessed with reasonable certainty. Provision is made for such factors as historical recoverability rates, contingencies, agreements with client and amounts considered irrecoverable by fee earners. In respect of contingent fee engagements unbilled revenue is only recognised once the conditional or contingent event occurs.

#### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### *Investments*

Investments are held at fair value through profit and loss.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### **IFRS 9**

The Group has adopted IFRS 9 *Financial Instruments* on 1 May 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

The nature and effects of the key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised in 1.20.

### **1.9 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements Over remaining term of the lease
- Fixtures and fittings 10 years
- Computer equipment 4 years
- Office equipment 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

### **1.10 Business combinations**

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

#### *Acquisitions on or after 1 May 2015*

For acquisitions on or after 1 May 2015, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of any existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

#### *Acquisitions prior to 1 May 2015 (date of transition to IFRSs)*

IFRS 1 grants certain exemptions from the full requirements of IFRSs in the transition period. The Group and the LLP elected not to restate business combinations that took place prior to 1 May 2015. In respect of acquisitions prior to 1 May 2015, goodwill is included at 1 May 2015 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill ceased as required by IFRS 1.

#### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

### **1.11 Intangible assets**

#### *Development expenditure*

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised development costs      4 years
- software costs                              4 years

### **1.12 Impairment**

#### *Financial assets (including receivables)*

A financial asset not at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group has adopted IFRS 9: *Financial instruments* on 1 May 2018 resulting in a change in accounting policy for the impairment of financial assets. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income ("FVOCI"), but not to investments in equity instruments. The impact of adopting IFRS 9: *Financial instruments* is included in 1.20.

#### *Non-financial assets*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"), that are expected to benefit from the synergies of the combination. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes but not at a level higher than the Group's operating segment.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **1.13 Employee benefits**

#### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **1.14 Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### **1.15 Revenue**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of professional services provided during the period, exclusive of recoverable expenses and value added taxes.

A contract with a customer is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a client and therefore before any time is accrued by the LLP. Performance obligations are identified on a contract by contract basis; where contracts are entered into at the same time with the same client at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended terms on its services and therefore no significant financing components are identified by the Group. The Group applies the revenue constraint in respect of variable consideration by estimating the amount from clients on unbilled items. This assessment is based on the Group's historical recoverability rates, contingencies, agreements with clients and amounts considered irrecoverable by fee earners. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, and it is measured by consideration of historical recoverability rates and agreements with clients.

IFRS 15 *Revenue from contracts with customers* became effective from 1 January 2018 and was adopted in the Group's HFI on 1 May 2018. Details of the impact of the adoption of IFRS 15 *Revenue from contracts with customers* is provided in 1.20.

#### **1.16 Expenses**

##### *Operating lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

##### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### *Financing income and expenses*

Financing expenses comprise interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### **1.17 Taxation**

The taxation on profits earned by the LLP is generally the personal liability of the Members, although payment of such liabilities is administered by the Group on behalf of the Members. Consequently, neither taxation nor related deferred taxation is accounted for in the historical financial information, other than to the extent described below.

The tax expense represents the current tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

### **1.18 Members' interests**

Members' capital is repayable on retirement of the Member and is therefore classified as a liability. As Members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, Members' capital is shown as being due within one year.

Other amounts due to Members classified as a liability relate to undistributed profits and Members' taxation reserves.

Other reserves classified as equity relate to unallocated profit or losses and would rank *pari passu* with other creditors who are unsecured in the event of a winding up.

Amounts due to Members classified as a liability rank behind amounts due to creditors and non-Members in the event of an administration or winding up of the LLP.

### **1.19 Divisible profits and Members' remuneration**

Under the terms of the Members agreement, Members' monthly drawings on account, based upon the Members agreement, are automatically divided as drawn and are shown as Members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary distribution among Members.

The remainder of profit shares, which have not been divided until after the balance sheet date, are undivided at the balance sheet date and included within other reserves.

### **1.20 Changes in significant accounting policies**

The Group has applied IFRS 15 (see A) and IFRS 9 (see B) from 1 May 2018.

The effect of initially applying these standards is mainly attributable to the following:

- Recognition of recoverable expenses within revenue (see A); and
- An increase in the impairment losses recognised on financial assets (see B).

#### **A. IFRS 15 Revenue from contracts with customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). Accordingly, the information presented for the periods ending 30 April 2016, 30 April 2017, 31 October 2017 and 30 April 2018 has not been restated – i.e. it is presented, as previously



reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of professional services provided during the period, inclusive of recoverable expenses and exclusive of value added taxes.

A contract with a customer is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a client and therefore before any revenue is recognised by the LLP. Performance obligations are identified on a contract by contract basis; where contracts are entered into at the same time with the same client at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended payment terms on its services and therefore no significant financing components are identified by the Group. The Group applies the revenue constraint in respect of variable consideration by estimating the amount from clients on unbilled items. This assessment will be based on the Group's historical recoverability rates, contingencies, and agreements with clients. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, and it is measured by use of the expected value method which is based on the consideration of historical success and recoverability rates.

The biggest impact on the Group's financial information following adoption of IFRS 15 *Revenue from contracts with customers* is the recognition of recoverable expenses of £23,812,000 in revenue as these are deemed to be a component of the transaction price with a customer as defined by IFRS 15. Recoverable expenses represent out of pocket expenses and disbursements incurred in delivering performance obligations on assignments and that are expected to be recoverable from clients. Recoverable expenses are deducted from revenue to derive net revenue on the Group's profit and loss account. Net revenue is presented as this relates to the revenue generated by the activity of the LLP on which the LLP earns a margin. As such, this change does not have any impact on the Group's balance sheet, profit or loss, or OCI. Previously the Group recognised revenue on contingent fee engagements only to the extent of costs incurred until the contingency was resolved, whereas under IFRS 15 the expected value method has been adopted which has resulted in an adjustment to reserves as at 1 May 2018 of £997,000.

#### B. IFRS 9: Financial instruments

The Group has adopted IFRS 9 *Financial Instruments* on 1 May 2018.

##### i. Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through the profit and loss account ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

##### ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in other reserves as at 1 May 2018. Accordingly, the information presented for the periods ending 30 April 2016, 30 April 2017, 31 October 2017 and 30 April 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the period ending 31 October 2018 under IFRS 9.

The following table summarises the impact, net of tax, of transition to IFRS 9 on other reserves at 1 May 2018.

#### Other reserves

	Impact of adopting IFRS 9 at 1 May 2018 £000
Closing balance under IAS 39 (30 April 2018).....	3,854
Recognition of expected credit losses under IFRS 9.....	2,510
<b>Opening balance under IFRS 9 (1 May 2018).....</b>	<b>6,364</b>

The adoption of IFRS 9 resulted in the reclassification of financial instruments set out in the table below.

Financial assets	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Trade and other receivables	11	Loans and receivables	Amortised cost	3,854	6,364

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of £3.54 million in the allowance for impairment was recognised in opening other reserves at 1 May 2018 on transition to IFRS 9. The above table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 May 2018.

#### 1.21 IFRS not yet applied

The following IFRSs have been issued but have not been applied by the Group in the HFI. Their adoption is not expected to have a material effect on the financial information unless otherwise indicated:

- IFRS 16: Leases
- Amendments to IAS 28: Long-term Interests in Associate and Joint Venture
- Amendments to IAS 40: Transfers of Investment Property
- Amendments to IFRS 2: Amendments to clarify the classification and measurement of share based payment transactions
- Amendments to IFRS 9: Prepayment features with negative compensation
- IFRIC 22 – Foreign currency transactions and advance consideration
- IFRS 23 – Uncertainty over income tax improvements
- Annual improvements to IFRS cycle 2014-2016
- Annual improvements to IFRS cycle 2015-2017

#### IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The Group currently expects to adopt IFRS 16 for the year ending 30 April 2020. No decision has been made about whether to use any of the transitional options in IFRS 16.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off statement of financial position) and

finance leases (on statement of financial position) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

As at 30 April 2018, the Group has non-cancellable operating lease commitments of £79,570,000. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 18. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the Members are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Members complete the review.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for operating leases), the Members do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

## ***1.22 Accounting estimates and judgements***

The preparation of HFI under IFRSs requires management to make judgements, estimates and assumptions which affect the financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis.

The key areas of judgement, estimate and assumptions relate to the fair value of unbilled revenue, impairment of trade receivables, and professional indemnity provisions.

### ***Critical judgements in applying the Group's accounting policies***

#### ***Professional indemnity insurance claims***

There is significant judgement in the recognition and quantification of the liability associated with claims and regulatory proceedings. Recognition is based on the assessed likelihood of an individual claims success. When the outflow is both probable and can be estimated reliably, a liability is recognised for the best estimate of the gross liability with a separate asset recognised for any portion that the Group will recover from its insurers. Where the payment is not probable or cannot be estimated reliably no liability is recognised.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing material adjustment of the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Unbilled revenue***

The valuation of unbilled revenue is based on an estimate of the amount expected to be recoverable from clients on unbilled matters based on the time spent at a rate which is defined by factors including time spent, the expertise and skills provided, and expenses incurred. Provision is made for such factors as historical recoverability rates, contingencies, the outcomes of previous matters and agreements with clients.

### *Trade receivables provision*

The valuation of amounts recoverable and not recoverable on trade debtors involves significant judgement. The estimation of provisions is established based on interactions between finance, the fee earner and clients, mindful of the specific circumstances of clients and individual matters and invoices and guided by calculation rules applied to the aged population of all trade debtors (excluding those already addressed by more specific provision. For amounts aged between 180 days and 599 days provisions are made based on the specific circumstances of each debt. For amounts aged 600 days and over 100% provision is made. Bad debt provision amounting to £3,854,000 was provided at 30 April 2018 under this methodology (30 April 2017: £2,964,000, 30 April 2016: £2,409,000, 1 May 2015: £2,972,00). Further details of trade receivables ageing and provision movement are provided in note 11.

IFRS 9 *Financial instruments* requires the expected credit losses to be measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. IFRS 9 allows practical expedients to be used when measuring credit losses. The Group has elected to use a provision matrix based on the ageing profit of debts and the historical credit loss rates adjusted by a forward looking estimate that includes the probability of a worsening domestic economic environment / specific conditions to a particular customer over the coming quarters. The bad debt provision under IFRS 9 *Financial instruments* amounted to £7,834,000 at 31 October 2018.

## **2 Operating segments**

The Chief Operating Decision Maker (“CODM”) is the Chief Executive Officer. The Group has the following four strategic divisions which are its reportable segments. These divisions offer different services and are reported separately because of different specialisms from the legal teams in those business group.

The difference between segment net revenue and consolidated revenue relates to recoverable expenses, which are disclosed on the face of the consolidation statement of profit and loss and other comprehensive income

The following summary describes the operations of each reportable segment:

<b>Reportable Segment</b>	<b>Operations</b>
Commercial Services	Provides commercial legal services, encompassing Corporate Services, Litigation and Real Estate practice groups.
Insurance	Provides insurance legal services, encompassing our Professional Indemnity & Commercial, Catastrophic Personal Injury & Occupational Health, and Motor, Fraud and Claimant practice groups.
International	A division focussed on supporting clients on a global scale, with a sector-focussed approach to grow a client-orientated practice.
Connected Services	Encompasses various independent businesses that work alongside, support and deliver products and services to our legal teams and clients.

Information relating to each reportable segment is set out below:

*For 6 months ended 31 October 2018*

	<b>Commercial Services £000</b>	<b>Insurance £000</b>	<b>International £000</b>	<b>Connected Services £000</b>	<b>Total £000</b>
Segment net revenue .....	55,113	43,312	25,790	9,141	133,356
Direct costs .....	(13,442)	(17,564)	(9,935)	(5,307)	(46,248)
Internally reported partner remuneration.....	(9,887)	(6,292)	(4,580)	(172)	(20,931)
Internal gross profit .....	31,784	19,456	11,275	3,662	66,177
Internally reported partner remuneration reversal .....					20,931
Gross profit .....					87,108
Administrative expenses.....					(66,164)
Operating profit .....					20,994
Finance income .....					79
Finance expense .....					(907)
Net finance expense .....					(828)
Profit before taxation and Members' remuneration and profit shares.....					20,116
Tax on profit of the subsidiaries.....					(28)
Profit for the financial period before Members' remuneration and profit shares .....					20,088

The difference between segment net revenue and consolidated revenue relates to recoverable expenses, which are disclosed on the face of the consolidated statement of profit and loss and other comprehensive income.

*For 6 months ended 31 October 2017 (unaudited)*

	<b>Commercial Services £000</b>	<b>Insurance £000</b>	<b>International £000</b>	<b>Connected Services £000</b>	<b>Total £000</b>
Segment net revenue .....	51,113	42,984	11,135	7,497	112,729
Direct costs .....	(13,466)	(17,377)	(5,686)	(5,014)	(41,543)
Internally reported partner remuneration.....	(9,554)	(6,847)	(2,152)	(126)	(18,679)
Internal gross profit .....	<b>28,093</b>	<b>18,760</b>	<b>3,297</b>	<b>2,357</b>	<b>52,507</b>
Internally reported partner remuneration reversal .....					18,679
Gross profit .....					71,186
Administrative expenses.....					(50,690)
Operating profit .....					20,496
Finance income .....					318
Finance expense .....					(1,192)
Net finance expense .....					(874)
Profit before taxation and Members' remuneration and profit shares.....					19,622
Tax on profit of the subsidiaries.....					(98)
Profit for the financial period before Members' remuneration and profit shares .....					19,524



*For year ended 30 April 2018*

	<b>Commercial Services £000</b>	<b>Insurance £000</b>	<b>International £000</b>	<b>Connected Services £000</b>	<b>Total £000</b>
Segment net revenue .....	102,769	88,552	30,192	14,975	236,488
Direct costs .....	(26,852)	(34,842)	(13,818)	(9,876)	(85,388)
Internally reported partner remuneration .....	(19,363)	(13,939)	(5,357)	(323)	(38,982)
Internal gross profit .....	56,554	39,771	11,017	4,776	112,118
Internally reported partner remuneration reversal .....					38,982
Gross profit .....					151,100
Administrative expenses .....					(102,994)
Operating profit .....					48,106
Finance income .....					405
Finance expense .....					(1,843)
Net finance expense .....					(1,438)
Profit before taxation and Members' remuneration and profit shares .....					46,668
Tax on profit on subsidiaries .....					(92)
Profit for the financial year before Members' remuneration and profit shares .....					46,576

*For year ended 30 April 2017*

	<b>Commercial Services £000</b>	<b>Insurance £000</b>	<b>International £000</b>	<b>Connected Services £000</b>	<b>Total £000</b>
Segment net revenue .....	98,576	79,620	13,749	7,377	199,322
Direct costs .....	(27,802)	(31,011)	(5,553)	(3,585)	(67,951)
Internally reported partner remuneration .....	(20,781)	(11,812)	(2,034)	(29)	(34,656)
Internal gross profit .....	49,993	36,797	6,162	3,763	96,715
Internally reported partner remuneration reversal .....					34,656
Gross profit .....					131,371
Administrative expenses .....					(89,026)
Gain on bargain purchase .....					1,273
Operating profit .....					43,618
Finance income .....					355
Finance expense .....					(1,617)
Net finance expense .....					(1,262)
Profit before taxation and Members' remuneration and profit shares .....					42,356
Tax on profit of the subsidiaries .....					(37)
Profit for the financial year before Members' remuneration and profit shares .....					42,319

For year ended 30 April 2016

	Commercial Services £000	Insurance £000	International £000	Connected Services £000	Total £000
Segment net revenue .....	100,508	77,472	4,044	4,826	186,850
Direct costs .....	(25,833)	(30,763)	(2,369)	(1,905)	(60,870)
Internally reported partner remuneration .....	(22,347)	(12,925)	(414)	(27)	(35,713)
Internal gross profit .....	52,328	33,784	1,261	2,894	90,267
Internally reported partner remuneration reversal .....					35,713
Gross profit .....					125,980
Administrative expenses .....					(78,144)
Operating profit .....					47,836
Finance income .....					312
Finance expense .....					(1,137)
Net finance expense .....					(825)
Profit before taxation and Members' remuneration and profit shares .....					47,011
Tax on profit of the subsidiaries .....					(898)
Profit for the financial year before Members' remuneration and profit shares .....					46,113

#### Revenue by region

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
UK .....	182,810	187,593	208,188	102,492	108,644
Rest of Europe .....	2,760	7,922	17,466	6,122	12,026
Middle East .....	1,280	3,023	4,281	1,965	4,345
Rest of world .....	—	784	6,553	2,150	8,341
<b>Total net revenue .....</b>	<b>186,850</b>	<b>199,322</b>	<b>236,488</b>	<b>112,729</b>	<b>133,356</b>

No balance sheet analysis is provided on a segmental basis as no such information is provided to the Chief Operating Decision Maker.

### 3 Earnings per share

The historical capital structure of the Group is that of an LLP and therefore does not include share capital. In line with the provisions of paragraph 60 of SIR 2000 the Group has not provided an earnings per share calculation as it is not considered meaningful.

#### 4 Profit for the period

Included in profit are the following:

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
Depreciation of tangible assets.....	5,352	4,987	5,316	2,769	2,311
Depreciation of assets held under finance lease.....	492	472	375	147	101
Amortisation of intangible assets ....	337	460	637	239	464
Impairment of intangible assets .....	—	—	5	5	—
Operating lease costs on land and buildings .....	5,997	9,634	10,285	4,556	5,984
Operating lease costs on other leases	984	691	753	395	211

Non-underlying items:

Transaction costs associated with mergers and acquisitions .....	117	311	453	224	—
IPO professional fees.....	—	—	1,451	—	8,029
Gain on bargain purchase .....	—	(1,273)	—	—	—
<b>Total non-underlying items .....</b>	<b>117</b>	<b>(962)</b>	<b>1,904</b>	<b>224</b>	<b>8,029</b>

Transaction costs items relate to the acquisitions of BridgehouseLaw Germany Holding GbR in the year ended 30 April 2016, the acquisition of Triton Global Limited in the year ended 30 April 2017 and the acquisition of Kaden Boriss in the year ended 30 April 2018.

IPO professional fees relate to the proposed IPO in the financial year ended 30 April 2018 and the period ended 31 October 2018.

The gain on bargain purchase relates to the acquisition of Triton Global Limited.

#### 5 Finance income and expense

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
<i>Finance income</i>					
Foreign exchange gains .....	—	64	165	262	4
Other interest receivable.....	312	291	240	56	75
<b>Total finance income .....</b>	<b>312</b>	<b>355</b>	<b>405</b>	<b>318</b>	<b>79</b>
<i>Finance expense</i>					
Interest payable on bank borrowings.....	803	762	1,124	490	183
Other interest payable .....	33	133	107	75	105
Bank and other charges.....	301	297	302	246	417
Foreign exchange loss .....	—	425	310	381	202
<b>Total finance expense .....</b>	<b>1,137</b>	<b>1,617</b>	<b>1,843</b>	<b>1,192</b>	<b>907</b>

## 6 Members and employee information

The average number of persons employed by the Group (excluding Members) during the periods, analysed by category, was as follows:

	Number of employees				
	Year ended 30 April 2016	Year ended 30 April 2017	Year ended 30 April 2018	6 months ended 31 October 2017 (unaudited)	6 months ended 31 October 2018
Fee earners .....	1,267	1,394	1,548	1,485	1,536
Support staff.....	770	807	1,108	1,084	1,158
	<u>2,037</u>	<u>2,201</u>	<u>2,656</u>	<u>2,569</u>	<u>2,694</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
Wages and salaries .....	75,131	87,134	101,976	50,320	54,083
Social security costs.....	7,985	8,685	9,628	4,844	5,441
Contributions to defined contribution plans .....	2,206	2,750	3,107	1,472	2,400
	<u>85,322</u>	<u>98,569</u>	<u>114,711</u>	<u>56,636</u>	<u>61,924</u>

## 7 Taxation

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
UK corporation tax on profit .....	898	29	—	—	—
Foreign tax on profit.....	—	8	92	98	28
Current tax expense.....	<u>898</u>	<u>37</u>	<u>92</u>	<u>98</u>	<u>28</u>

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly.

Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

## 8 Property, plant and equipment

	Leasehold improvements £000	Office equipment and fixtures & fittings £000	Computer equipment £000	Asset under construction £000	Total £000
<b>Cost</b>					
Balance at 1 May 2015 .....	13,891	5,802	27,994	—	47,687
Acquisitions through business combinations .....	—	102	—	—	102
Additions .....	128	55	2,547	889	3,619
Balance at 30 April 2016 .....	14,019	5,959	30,541	889	51,408
Balance at 1 May 2016 .....	14,019	5,959	30,541	889	51,408
Acquisitions through business combinations .....	365	474	104	—	943
Additions .....	215	1,011	2,104	—	3,330
Transfers .....	889	—	—	(889)	—
Balance at 30 April 2017 .....	15,488	7,444	32,749	—	55,681
Balance at 1 May 2017 .....	15,488	7,444	32,749	—	55,681
Acquisitions through business combinations .....	45	59	—	—	104
Additions .....	226	2,363	1,630	—	4,219
Disposals .....	(44)	(3)	—	—	(47)
Effects of movements in foreign exchange .....	(11)	5	(2)	—	(8)
Balance at 30 April 2018 .....	15,704	9,868	34,377	—	59,949
Balance at 1 May 2018 .....	15,704	9,868	34,377	—	59,949
Additions .....	348	1,028	952	—	2,328
Effects of movements in foreign exchange .....	(7)	22	2	—	17
Balance at 31 October 2018 .....	16,045	10,918	35,331	—	62,294



	Leasehold improvements £000	Office equipment and fixtures & fittings £000	Computer equipment £000	Asset under construction £000	Total £000
<b>Depreciation</b>					
Balance at 1 May 2015 .....	6,357	3,629	18,831	—	28,817
Depreciation charge for the year .....	1,465	367	4,012	—	5,844
Balance at 30 April 2016.....	7,822	3,996	22,843	—	34,661
Balance at 1 May 2016 .....	7,822	3,996	22,843	—	34,661
Depreciation charge for the year .....	1,084	537	3,838	—	5,459
Balance at 30 April 2017.....	8,906	4,533	26,681	—	40,121
Balance at 1 May 2017 .....	8,906	4,533	26,681	—	40,121
Depreciation charge for the year .....	1,762	751	3,178	—	5,691
Disposals .....	(44)	(3)	—	—	(47)
Balance at 30 April 2018.....	10,624	5,281	29,860	—	45,765
Balance at 1 May 2018 .....	10,624	5,281	29,860	—	45,765
Depreciation charge for the period.....	538	603	1,271	—	2,412
Balance at 31 October 2018 .....	11,162	5,884	31,131	—	48,177
<b>Net book value</b>					
At 1 May 2015 .....	7,534	2,173	9,163	—	18,870
At 30 April 2016 .....	6,197	1,963	7,698	889	16,747
At 30 April 2017 .....	6,582	2,911	6,068	—	15,560
At 30 April 2018 .....	5,080	4,587	4,517	—	14,184
<b>At 31 October 2018 .....</b>	<b>4,883</b>	<b>5,034</b>	<b>4,200</b>	<b>—</b>	<b>14,117</b>

## 9 Intangible assets and goodwill

	Goodwill £000	Software costs £000	Capitalised development costs £000	Total £000
<b>Cost</b>				
Balance at 1 May 2015.....	695	57	1,387	2,139
Acquisitions through business combinations .....	721	4	—	725
Additions – internally developed.....	—	—	413	413
Effects of movements in foreign exchange .....	4	(4)	—	—
Balance at 30 April 2016 .....	1,420	57	1,800	3,277
Balance at 1 May 2016.....	1,420	57	1,800	3,277
Acquisitions through business combinations .....	600	—	—	600
Additions – internally developed.....	—	—	449	449
Additions – externally purchased .....	—	301	—	301
Effects of movements in foreign exchange .....	2	—	—	2
Balance at 30 April 2017 .....	2,022	358	2,249	4,629
Balance at 1 May 2017.....	2,022	358	2,249	4,629
Acquisitions through business combinations .....	5	1	—	6
Additions – internally developed.....	—	—	431	431
Additions – externally purchased .....	—	576	—	576
Effects of movements in foreign exchange .....	25	8	(1)	32
Balance at 30 April 2018 .....	2,052	943	2,679	5,674
Balance at 1 May 2018.....	2,052	943	2,679	5,674
Additions – internally developed.....	—	—	253	253
Additions – externally purchased .....	—	439	—	439
Effects of movements in foreign exchange .....	(12)	—	—	(12)
Balance at 31 October 2018.....	2,040	1,382	2,932	6,354

The above capitalised development costs relate to the development of software used internally and as products for customers of the Group.

	Goodwill £000	Software costs £000	Capitalised development costs £000	Total £000
<b>Amortisation and impairment</b>				
Balance at 1 May 2015.....	313	13	98	424
Amortisation for the year.....	—	14	323	337
Balance at 30 April 2016.....	313	27	421	761
Balance at 1 May 2016.....	313	27	421	761
Amortisation for the year.....	—	14	446	460
Balance at 30 April 2017.....	313	41	867	1,221
Balance at 1 May 2017.....	313	41	867	1,221
Amortisation for the year.....	—	103	534	637
Impairment charge.....	5	—	—	5
Effects of movements in foreign exchange.....	3	8	—	11
Balance at 30 April 2018.....	321	152	1,401	1,873
Balance at 1 May 2018.....	321	152	1,401	1,873
Amortisation for the period.....	—	158	306	464
Balance at 31 October 2018.....	321	310	1,707	2,337
<b>Net book value</b>				
At 1 May 2015.....	382	44	1,289	1,715
At 30 April 2016.....	1,107	30	1,379	2,516
At 30 April 2017.....	1,709	317	1,382	3,408
At 30 April 2018.....	1,731	791	1,279	3,801
At 31 October 2018.....	1,719	1,072	1,226	4,017

Goodwill has been allocated to cash generating units or groups of cash generating units (“CGU”) as follows:

#### Goodwill

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
Connected Services....	382	382	382	382	382	382
International.....	—	658	660	682	676	670
Insurance.....	—	67	667	667	667	667
	382	1,107	1,709	1,731	1,725	1,719

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of each of the above CGU’s are determined from value in use calculations. The calculations have been based on a discounted cash flow model covering a period of 3 years using

forecast revenues and costs, extended to perpetuity. In each case, the calculations use a growth rate of 2% and a pre-tax discount rate of 15%.

No reasonably possible change in assumption would cause an impairment, as such no charge has been recognised in any of the disclosed periods. The recoverable amount of the goodwill in each case being in excess of the carrying amount.

## 10 Investments

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
<b>Other investments</b>						
At the start of the period .....	—	—	—	254	254	254
Additions in the period .....	—	—	254	—	—	—
At the end of the period .....	—	—	254	254	254	254

The LLP holds a £204,000 investment (10% interest) in Dealscoper Limited and £50,000 investment (<0.1% interest) in Mercantile Ports and Logistics Limited; these are deemed to be approximate to the investment's fair value based on management information available.

The Group has investments in the following subsidiary undertakings:

Subsidiaries	Principal place of business	Nature of business	1 May 2015	30 April 2016	Proportion of ownership		31 October 2017	31 October 2018
					30 April 2017	30 April 2018		
Direct								
Davies Wallis Foyster Limited*** .....	United Kingdom	Non trading	100%	100%	100%	100%	100%	100%
DWF Services Limited*** .....	United Kingdom	Provision of employment services	100%	100%	100%	100%	100%	100%
Resolution Law Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Pension Trustees Limited*** .....	United Kingdom	Provision of pension trustees services	100%	100%	100%	100%	100%	100%
Davies Wallis (unlimited)* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Solicitors Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF (Nominees) 2013 Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF (Trustee) Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
Bailford EBT Trustees Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
Bailford Trustees Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Directors (Scotland) Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Secretarial Services (Scotland) Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Trustee (Scotland) Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Connected Services Limited.....	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF (TG) Limited .....	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF Germany Holding GbR **/** .....	Germany	Law services	—	100%	100%	100%	100%	100%
DWF LLP Studio Legale Associato* .....	Italy	Law services	—	—	—	100%	100%	100%
DWF (Dublin) *** .....	Republic of Ireland	Law services	100%	100%	100%	100%	100%	100%
DWF (Middle East) LLP *** ....	United Arab Emirates	Law services	100%	100%	100%	100%	100%	100%
DWF (NI) LLP .....	Northern Ireland	Law services	100%	100%	100%	100%	100%	100%
DWF (France) AARPI.....	France	Law services	100%	100%	100%	100%	100%	100%
Indirect								
DWF Secretarial Services Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Nominees Limited* .....	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Claims Limited .....	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF Loss Adjusting Limited ....	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF Audit Limited.....	United Kingdom	Dormant	—	—	100%	100%	100%	100%
15squared Limited*** .....	United Kingdom	Software provider	100%	100%	100%	100%	100%	100%
DWF Middle East Group LLP*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
Triton Global Claims Ireland Limited.....	Republic of Ireland	Law services	—	—	100%	100%	100%	100%
Triton Global LLC.....	USA	Law services	—	—	100%	100%	100%	100%
Triton Global Claims (Canada) Limited.....	Canada	Law services	—	—	100%	100%	100%	100%
Triton Global (Australia) Pty Limited.....	Australia	Law services	—	—	100%	100%	100%	100%
Triton Global Claims (HK) Limited.....	Hong Kong	Dormant	—	—	100%	100%	100%	100%
Triton Global Claims (Asia) Pte Limited.....	Singapore	Law services	—	—	100%	100%	100%	100%
Other Investments								
Dealscoper Limited.....	United Kingdom	Software provider	10%	10%	10%	10%	10%	10%
Mercantile Ports & Logistics Limited.....	Guernsey	Asset investment	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%

\* Subsidiary undertakings have been excluded from the consolidation on the basis of immateriality.

\*\* The statutory year end for DWF Germany Holding GbR in the period being reported is 31 December.

\*\*\* These entities are related entities of DWF LLP since the majority of its Members are also Members of DWF LLP. In substance it is controlled by DWF LLP and so its results are included in the consolidation.



All of these entities are related entities of DWF LLP since the majority of its Members are also Members of DWF LLP. In substance it is controlled by DWF LLP and so its results are included in the consolidation as required under IFRS 10 *Consolidated financial statements*.

## 11 Trade and other receivables

	<b>1 May 2015 £000</b>	<b>30 April 2016 £000</b>	<b>30 April 2017 £000</b>	<b>30 April 2018 £000</b>	<b>31 October 2018 £000</b>
Trade receivables .....	61,385	62,505	71,803	82,804	76,749
Other receivables .....	3,952	4,149	5,293	4,064	4,519
Unbilled revenue.....	21,868	21,347	30,906	37,854	48,577
Unbilled disbursements .....	4,191	3,434	4,767	5,149	5,574
Prepayments and accrued income ...	8,053	9,615	9,472	10,252	8,409
Reimbursement asset* .....	3,435	2,369	332	852	852
	<u>102,884</u>	<u>103,419</u>	<u>122,573</u>	<u>140,975</u>	<u>144,680</u>

\* Reimbursement asset attributable to FOIL provision, see note 16.

All trade and other receivables are due within one year.

Trade receivables disclosed above include amounts, which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

### *Movement in allowance for doubtful receivables*

	<b>1 May 2015 £000</b>	<b>30 April 2016 £000</b>	<b>30 April 2017 £000</b>	<b>30 April 2018 £000</b>	<b>31 October 2018 £000</b>
Brought forward provision.....	1,792	2,972	2,409	2,964	3,854
Provision utilised and other movements.....	(1,407)	(2,513)	(1,716)	(1,368)	(823)
Charges to profit and loss .....	2,587	1,950	2,271	2,258	4,353
	<u>2,972</u>	<u>2,409</u>	<u>2,964</u>	<u>3,854</u>	<u>7,384</u>

These balances are held against trade receivables.

*Ageing of trade receivables before provision*

	<b>1 May 2015 £000</b>	<b>30 April 2016 £000</b>	<b>30 April 2017 £000</b>	<b>30 April 2018 £000</b>	<b>31 October 2018 £000</b>
Current .....	26,682	26,655	26,975	28,714	25,829
<i>Trade receivables past due</i>					
0-90 days.....	24,715	26,341	33,749	40,354	35,144
91-180 days.....	4,239	3,792	4,256	7,052	9,772
181-270 days.....	2,455	2,412	2,758	2,990	5,166
271-365 days.....	772	1,444	1,642	1,642	1,966
More than 365 days .....	5,494	4,270	5,387	5,906	6,256
Trade receivables before allowance for doubtful receivables.....	64,357	64,914	74,767	86,658	84,133
Less: Allowance for doubtful receivables.....	(2,972)	(2,409)	(2,964)	(3,854)	(7,384)
Total trade receivables .....	61,385	62,505	71,803	82,804	76,749

**12 Cash and cash equivalents**

	<b>1 May 2015 £000</b>	<b>30 April 2016 £000</b>	<b>30 April 2017 £000</b>	<b>30 April 2018 £000</b>	<b>31 October 2018 £000</b>
Cash at bank and in hand.....	2,905	9,976	3,327	5,130	10,585
Bank overdrafts.....	(10,775)	—	(555)	(902)	(4,103)
Cash and cash equivalents per cash flow statement .....	(7,870)	9,976	2,772	4,228	6,482

**13 Other interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 17.

	<b>1 May 2015 £000</b>	<b>30 April 2016 £000</b>	<b>30 April 2017 £000</b>	<b>30 April 2018 £000</b>	<b>31 October 2018 £000</b>
<b>Non-current liabilities</b>					
Bank loans.....	975	40,324	40,192	49,522	51,285
Finance lease liabilities.....	—	139	—	—	—
	975	40,463	40,192	49,522	51,285
<b>Current liabilities</b>					
Current portion of bank loans .....	21,289	433	551	3,872	6,798
Current portion of finance lease liabilities.....	43	463	158	—	—
Corporate purchasing card facility..	—	—	—	4,930	7,394
Bank overdrafts .....	10,775	—	555	902	4,103
	32,107	896	1,264	9,704	18,295

*Finance lease liability commitments:*

	<b>1 May 2015 £000</b>	<b>30 April 2016 £000</b>	<b>30 April 2017 £000</b>	<b>30 April 2018 £000</b>	<b>31 October 2018 £000</b>
<b>Future payments of finance lease</b>					
Within one year .....	43	463	158	—	—
Between one and five years .....	—	139	—	—	—
<b>Present value of the finance lease liabilities</b> .....	<b>43</b>	<b>602</b>	<b>158</b>	<b>—</b>	<b>—</b>
<b>Present value of the finance lease liabilities</b>					
Within one year .....	43	602	158	—	—
Between one and five years .....	—	—	—	—	—
	<b>43</b>	<b>602</b>	<b>158</b>	<b>—</b>	<b>—</b>

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. No asset is being pledged to secure these finance lease contracts. All lease obligations are denominated in sterling.

*Terms and debt repayment schedule*

	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Year of maturity</b>	<b>1 May 2015 Carrying amount* £000</b>	<b>30 April 2016 Carrying amount* £000</b>	<b>30 April 2017 Carrying amount* £000</b>	<b>30 April 2018 Carrying amount* £000</b>	<b>31 October 2018 Carrying amount* £000</b>
Unsecured bank loan .....	<b>GBP</b>	<b>3.75%</b>	<b>2019</b>	22,264	—	385	192	151
Unsecured bank loan .....	<b>GBP</b>	<b>LIBOR +1.35%</b>	<b>2021</b>	—	40,757	40,172	47,740	49,650
Unsecured bank loans .....	<b>GBP</b>	<b>1.77% to 8.50%</b>	<b>2019-21</b>	—	—	—	4,452	7,432
Unsecured bank loan .....	<b>EUR</b>	<b>2.00%</b>	<b>2020</b>	—	—	186	138	113
Unsecured bank loan .....	<b>AUD</b>	<b>6.50%</b>	<b>2021</b>	—	—	—	872	737
Finance lease liabilities .....	<b>GBP</b>	<b>4.00%</b>	<b>2022</b>	43	602	158	—	—
Corporate purchasing card facility .....	<b>GBP</b>	<b>n/a</b>	<b>2019</b>	—	—	—	4,930	7,394
Bank overdraft .....	<b>GBP</b>	<b>Base rate +1.15%</b>	<b>2019</b>	10,775	—	555	902	4,103
				<b>33,082</b>	<b>41,359</b>	<b>41,456</b>	<b>59,226</b>	<b>69,580</b>

\* The carrying amount of these loans and borrowings equates to the fair value.

## 14 Trade and other payables

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
<b>Current</b>					
Trade payables .....	16,516	20,176	23,533	23,306	25,973
Other payables.....	1,839	2,270	10,545	8,390	7,935
Other taxation and social security...	10,380	7,540	8,596	9,969	8,239
	<u>28,735</u>	<u>29,986</u>	<u>42,674</u>	<u>41,665</u>	<u>42,147</u>
<b>Non-current</b>					
Other trade payables .....	—	—	200	—	—

Advances for which related work has not started, and billings in excess of cost incurred and recognised profits are presented as deferred income and amounted to £189,000 at 31 October 2018 (30 April 2018 £85,000, 30 April 2017 £277,000, 30 April 2016 £667,000 and 1 May 2015 £555,000).

## 15 Employee benefits

### Defined contribution plans

The Group operates a number of defined contribution pension plans.

The amounts charged to the profit and loss account in respect of this scheme represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution scheme was £3,107,000 for the year ended 30 April 2018 (30 April 2017: £2,750,000; 30 April 2016: £2,206,000) and the outstanding balance at period end was £550,000 at 30 April 2018 (30 April 2017: £420,000; 30 April 2016: £318,000).

For the 6 months ended 31 October 2018, the cost was £2,400,000 (6 months to 31 October 2017: £1,472,000) the outstanding balance at period end was £558,000 at 31 October 2018 (31 October 2017: £800,000).

## 16 Provisions

### Dilapidations provisions

Dilapidation provisions are established for property leases, held at the date of the statement of financial position. Such provisions are estimated at the start of the lease and updated annually. The Group's current lease portfolio terminate sporadically over the next 10 years.

### FOIL provision

The Forum of Insurance Lawyers (FOIL) provision represents the total VAT (partial exemption) exposure on historical claims handling engagements. There is an attributable reimbursement asset in note 11, resulting in net exposure of £400,000 as at 31 October 2018 (30 April 2018: £400,000, 30 April 2017: £920,000, 30 April 2016: £1,338,000). The enquiry is ongoing and therefore it is not possible to estimate when the provision will crystallise.

## Dilapidations provisions

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	Six months ended 31 October 2018 £000
Balance at beginning of year/period.....	—	277	678	119
Provisions made during the year/period.....	277	958	613	234
Provisions used during the year/period .....	—	(200)	(655)	(200)
Provisions reversed during the year/period .....	—	(357)	(517)	(28)
<b>Balance at end of year/period .....</b>	<b>277</b>	<b>678</b>	<b>119</b>	<b>125</b>
Non-current .....	—	—	—	—
Current .....	277	678	119	125
	277	678	119	125

## FOIL provision

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	Six months ended 31 October 2018 £000
Balance at beginning of year/period.....	3,707	3,707	1,252	1,252
Provisions reversed during the year/period .....	—	(2,455)	—	—
<b>Balance at end of year/period .....</b>	<b>3,707</b>	<b>1,252</b>	<b>1,252</b>	<b>1,252</b>
Non-current .....	—	—	—	—
Current .....	3,707	1,252	1,252	1,252
	3,707	1,252	1,252	1,252

## Total provisions

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	Six months ended 31 October 2018 £000
Balance at beginning of year/period.....	3,707	3,984	1,930	1,371
Provisions made during the year/period.....	277	958	613	234
Provisions used during the year/period .....	—	(200)	(655)	(200)
Provisions reversed during the year/period .....	—	(2,812)	(517)	(28)
<b>Balance at end of year/period .....</b>	<b>3,984</b>	<b>1,930</b>	<b>1,371</b>	<b>1,377</b>
Non-current .....	—	—	—	—
Current .....	3,984	1,930	1,371	1,377
	3,984	1,930	1,371	1,377



## **17 Financial instruments**

### **Financial risk management**

The Members have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Members, who also monitor the status of agreed actions to mitigate risks.

The Group's principal financial instruments comprise trade and other receivables, unbilled revenue, cash and cash equivalents, trade and other payables and bank borrowings.

### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Credit checks are performed for new customers and ongoing monitoring takes place for existing customers.

### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk.

DWF LLP is financed through a combination of partners' capital (repayable on demand when a Member leaves the LLP), undistributed profits, cash and bank borrowing facilities.

The Group's principal facilities are a £50 million revolving credit facility ("RCF") and a £5 million overdraft facility. Details of amounts drawn can be found in note 13. Management undertake rolling thirteen week cash flow forecasts to ensure visibility of short term liquidity and manage facility usage, in addition to annual budgets and longer term forecasts. The RCF matures in 2021 and there are no contracted repayments until that date. The Group anticipates continued utilisation of the facility to fund business growth.

### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk.

### **Interest rate risk**

The Group's bank borrowings incur both fixed and variable interest charges, with the variable charges linked to LIBOR plus a margin.

### **Foreign currency risk**

The Group has overseas operations in Europe, Middle East, Australia, Canada and North America and is therefore exposed to changes in the respective currencies in these territories. The Group maintains bank balances in local currency. Cash positions are monitored and any imbalances are dealt with by purchasing currency at the spot rate.

### **Fair value measurements**

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables and short terms borrowings

The fair value approximates to the carrying value because of the short maturity of these instruments.

Long term borrowings

The majority of the value of the Group's borrowings are on a variable rate linked to LIBOR. Interest on this is paid quarterly. Therefore the fair value of bank loans and other loans approximates to the carrying value reported in the Group's balance sheet.

		Year ended 1 May 2015 £000	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months to 31 October 2018 £000
Cash and cash equivalents	12	(7,870)	9,976	2,772	4,228	6,482
<i>Amortised cost</i>						
Trade and other receivables .....	11	94,831	93,804	113,101	130,723	136,271
<i>Fair value through profit or loss</i>						
Investments .....	10	—	—	254	254	254
<b>Total financial assets .....</b>		<b>86,961</b>	<b>103,780</b>	<b>116,127</b>	<b>135,205</b>	<b>143,007</b>
<i>Measured at amortised cost</i>						
Trade and other payables	14	28,735	29,986	42,874	41,665	42,147
Borrowings .....	13	22,307	41,359	40,901	58,324	65,477
Amounts due to Members classified as a liability .....		36,841	29,963	30,511	35,715	37,908
<b>Total financial liabilities ...</b>		<b>87,883</b>	<b>101,308</b>	<b>114,286</b>	<b>135,704</b>	<b>145,532</b>

#### Financial instruments sensitivity analysis

The Group has exposure to interest rate and foreign exchange rate movements given the nature of its borrowings and operations. At the end of the reporting period, the effect of hypothetical changes in interest and currency rates are as follows.

##### Interest rate sensitivity

A change of 100 basis points in interest rates at the balance sheet date would have increased / (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative periods.

The impact of the results in the statement of profit and loss and other comprehensive income and equity would be:

	Year ended 1 May 2015 £000	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months to 31 October 2018 £000
Impact on profit and loss .....	(330)	(369)	(410)	(478)	(339)

A 100 bps decrease in interest rates would have had the equal but opposite effect on the above to the amounts shown above, on the basis that all other variables remain constant.

##### Foreign exchange rate sensitivity

A 10% weakening of the following currencies against the pound sterling would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for comparative periods.

The Group transacts in the following currencies which have been incorporated into the sensitivity analysis; Euro, US Dollar, Australian Dollar, Singaporean Dollar, UAE Dirham, and Canadian Dollar.

The impact of the results in the statement of profit and loss and other comprehensive income and equity would be:

	Year ended 1 May 2015 £000	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months to 31 October 2018 £000
Impact on equity .....	(74)	(67)	(169)	(24)	(126)
Impact on profit and loss .....	68	35	12	(229)	(522)
Impact on gross assets .....	(280)	(126)	(846)	(1,646)	(2,325)
Impact on gross liabilities .....	206	59	677	1,622	2,199

A 10% strengthening of the above currencies against the pound sterling would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## 18 Operating leases

Present value of minimum lease payments and non-cancellable operating lease rentals are payable as follows:

	1 May 2015		30 April 2016		30 April 2017		30 April 2018		31 October 2018	
	Land and buildings £000	Others £000	Land and buildings £000	Others £000	Land and buildings £000	Others £000	Land and buildings £000	Others £000	Land and buildings £000	Others £000
Less than one year	9,763	—	10,834	1,015	10,636	543	11,849	964	12,026	803
Between one and five years .....	30,579	1,015	34,576	—	40,927	—	40,923	643	45,374	535
'More than five years .....	33,348	—	36,721	—	28,665	—	25,191	—	22,269	—
	73,690	1,015	82,131	1,015	80,228	543	77,963	1,607	79,669	1,338

## 19 Related parties

### *Compensation paid to key management personnel*

The Group considers the Strategic Board Members as the key management personnel. The total remuneration for key management personnel for the period was £4,670,000 at 30 April 2018 (30 April 2017: £3,500,000; 30 April 2016: £3,428,000).

For the 6 months ended 31 October 2018, the cost was £2,729,000 (6 months to 31 October 2017: £1,686,000).

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months to 31 October 2018 £000
Emoluments .....	3,428,000	3,500,000	4,461,000	1,686,000	2,729,000
Other .....	—	—	209,000	—	—

## 20 Ultimate parent undertaking and parent undertaking of the Group

In the opinion of the Members, there is no controlling party of the LLP.

## 21 Members interests

Members' interests comprises other reserves, Members' capital classified as liabilities and other amounts due to Members as follows:

	Members' capital classified as liabilities £000	Other amounts due to Members £000	Total loans and other debts due to Members £000	Other reserves classified as equity £000	Total Members' interest £000
At 1 May 2015 .....	25,932	10,909	36,841	(1,646)	35,195
Profits for the financial year available for division among Members .....	—	—	—	22,944	22,944
Members' remuneration charged as an expense .....	—	23,169	23,169	—	23,169
Foreign currency translation differences .....	—	—	—	(159)	(159)
.....	25,932	34,078	60,010	21,139	81,149
Allocation of profit.....	—	16,521	16,521	(16,521)	—
Introduced by the Members .....	2,975	—	2,975	—	2,975
Repayments of capital .....	(4,836)	—	(4,836)	—	(4,836)
Drawings .....	—	(44,707)	(44,707)	—	(44,707)
<b>Members' interest as at 30 April 2016 .....</b>	<b>24,071</b>	<b>5,892</b>	<b>29,963</b>	<b>4,618</b>	<b>34,581</b>
	Members' capital classified as liabilities £000	Other amounts due to Members £000	Total loans and other debts due to Members £000	Other reserves classified as equity £000	Total Members' interest £000
At 1 May 2016 .....	24,071	5,892	29,963	4,618	34,581
Profits for the financial year available for division among Members .....	—	—	—	19,294	19,294
Members' remuneration charged as an expense .....	—	23,025	23,025	—	23,025
Foreign currency translation differences .....	—	—	—	221	221
.....	24,071	28,917	52,988	24,133	77,121
Allocation of profit.....	—	16,246	16,246	(16,246)	—
Introduced by the Members .....	3,996	—	3,996	—	3,996
Repayments of capital .....	(2,874)	—	(2,874)	—	(2,874)
Drawings .....	—	(39,845)	(39,845)	—	(39,845)
<b>Members' interest as at 30 April 2017 .....</b>	<b>25,193</b>	<b>5,318</b>	<b>30,511</b>	<b>7,887</b>	<b>38,398</b>

	Members' capital classified as liabilities £000	Other amounts due to Members £000	Total loans and other debts due to Members £000	Other reserves classified as equity £000	Total Members' interest £000
At 1 May 2017.....	25,193	5,318	30,511	7,887	38,398
Profits for the financial year available for division among Members.....	—	—	—	21,124	21,124
Members' remuneration charged as an expense.....	—	25,452	25,452	—	25,452
Foreign currency translation differences	—	—	—	(392)	(392)
	25,193	30,770	55,963	28,619	84,582
Allocation of profit.....	—	23,313	23,313	(23,313)	—
Introduced by the Members.....	7,780	—	7,780	—	7,780
Repayments of capital.....	(3,902)	—	(3,902)	—	(3,902)
Drawings.....	—	(47,439)	(47,439)	—	(47,439)
<b>Members' interest as at 30 April 2018...</b>	<b>29,071</b>	<b>6,644</b>	<b>35,715</b>	<b>5,306</b>	<b>41,021</b>
At 1 May 2017.....	25,193	5,318	30,511	7,887	38,398
Profits for the financial period available for division among Members.....	—	—	—	7,374	7,374
Members' remuneration charged as an expense.....	—	12,150	12,150	—	12,150
Foreign currency translation differences	—	—	—	(6)	(6)
	25,193	17,468	42,661	15,255	57,916
				(17,064	
Allocation of profit.....	—	17,064	17,064	)	—
Introduced by the Members.....	1,090	—	1,090	—	1,090
Repayments of capital.....	(1,241)	—	(1,241)	—	(1,241)
Drawings.....	—	(21,666)	(21,666)	—	(21,666)
<b>Members' interest as at 31 October 2017</b>	<b>25,042</b>	<b>12,866</b>	<b>37,908</b>	<b>(1,809)</b>	<b>36,099</b>
At 1 May 2018.....	29,071	6,644	35,715	5,306	41,021
Profits for the financial period available for division among Members.....	—	—	—	5,304	5,304
Members' remuneration charged as an expense.....	—	14,784	14,784	—	14,784
Foreign currency translation differences	—	—	—	451	451
	29,071	21,428	50,499	11,061	61,560
Allocation of profit.....	—	22,059	22,059	(22,059)	—
Impact of IFRS 9 transition.....	—	—	—	(2,510)	(2,510)
Impact of IFRS 15 transition.....	—	—	—	997	997
Introduced by the Members.....	2,287	—	2,287	—	2,287
Repayments of capital.....	(2,206)	—	(2,206)	—	(2,206)
Drawings.....	—	(24,230)	(24,230)	—	(24,230)
<b>Members' interest as at 31 October 2018</b>	<b>29,152</b>	<b>19,257</b>	<b>48,409</b>	<b>(12,511)</b>	<b>35,898</b>



## 22 Acquisition of subsidiary undertakings

### Acquisitions in the period ended 31 October 2018

There have been no acquisitions during the period ended 31 October 2018.

### Acquisitions in the year ended 30 April 2018

On 1 May 2017, the Group laterally hired the staff of and acquired the trade receivables of NeoLaw from Keelys LLP for total consideration of £469,000. This consideration comprised £469,000 cash. The principal activity of the team is Connected Services. The acquisition of NeoLaw will enable the Group to expand the existing Birmingham cost team, contributing to the continued growth in the Connected Services division.

On 1 December 2017, the Group acquired 100% control of Kaden Boriss a general partnership for total consideration of £911,000. This consideration comprised £365,000 cash and £546,000 deferred consideration. Professional fees incurred in connection with the acquisition have been recognised in operating expenses in the statements of profit or loss in the amount of £205,600. Revenue generated post acquisition and recognised in the year ended 30 April 2018 was £2,049,000 leading to the profit of £10,600 which has been included in the consolidated statement of profit or loss and other comprehensive income. The principal activity of the acquired business is that of Legal Services. If the acquisition has taken place at the start of the year revenue and profit would have been £4,917,000 and £25,400 respectively. The acquisition of Kaden Boriss will provide the Group with expanded access to the Australian legal services market.

#### *Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	NeoLaw Fair values on acquisition £000	Kaden Boriss Fair values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>		
Tangible assets .....	—	104
Intangible assets .....	—	1
Trade and other receivables .....	464	1,982
Cash and cash equivalents .....	—	391
Trade and other payables .....	—	(588)
Other interest bearing loans and borrowings .....	(979)	
Net identifiable assets and liabilities .....	464	911
<b>Consideration paid:</b>		
Initial cash price paid .....	469	365
Deferred consideration at fair value .....	—	546
Total consideration .....	469	911
Goodwill .....	5	—

### Acquisitions in year ended 30 April 2017

On 1 May 2016, the Group acquired 100% control of Trevor Fox T/A Fox Hartley a sole trade for total consideration of £1,009,000. This consideration comprised £409,000 cash consideration and £600,000 contingent consideration. The contingent consideration is payable in equal annual instalments over a three year earn out period with reference to earn out revenue target. The principal activity is Legal Services. The acquisition of Trevor Fox T/A Fox Hartley provided the Group with access to the Fox Hartley customer base. The goodwill is attributable to the technical skills of Trevor Fox T/A Fox Hartley's work force and the synergies expected to be achieved from integrating the business into the Group's existing business.

On 1 December 2016, the Group acquired 100% control of C&H Jefferson LLP a sole trade for total consideration of £3,927,000. This consideration comprised £1,167,000 cash and £2,760,000 deferred consideration. The principal activity is Legal Services. In the 5 months to 30 April 2017, the subsidiary contributed operating profit of £538,000 and revenue of £2,787,000. If the acquisition had occurred on 1 May 2016, revenue would have been £6,422,000 and net profit would have been £1,240,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The acquisition of C&H Jefferson LLP provided the Group with access to the Northern Irish legal services market.

On 1 January 2017, the Group acquired 100% control of Heenan Paris a partnership for total consideration of £170,000. This consideration comprised £170,000 deferred consideration. The principal activity is Legal Services. In the 4 months to 30 April 2017, the subsidiary contributed operating profit of £211,000 and revenue of £833,000. If the acquisition had occurred on 1 May 2016, revenue would have been £2,500,000 and net profit would have been £633,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The acquisition of Heenan Paris provided the Group with access to the French legal services market.

On 24 January 2017, the Group acquired 100% control of Triton Global Limited and its subsidiaries for total consideration of £1,193,000. This consideration comprised cash of £263,000 and £930,000 deferred consideration. Contractual receivables associated with the acquisition amounted to £5,395,000. The principal activity is Legal Services. In the 3 months to 30 April 2017, the subsidiary contributed operating profit of £457,000 and revenue of £5,504,000. If the acquisition had occurred on 1 May 2016, revenue would have been £17,864,000 and net profit would have been £1,483,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The gain on bargain purchase arising on acquisition has been recognised immediately to the income statement in accordance with IFRS 3. The acquisition of Triton Global Limited provided the Group with an expanded claims management offering.

#### *Effect of acquisitions*

The acquisitions had the following effect on the Group's assets and liabilities.

	<b>Fox Hartley Fair values on acquisition £000</b>	<b>C&amp;H Jefferson Fair values on acquisition £000</b>	<b>Heenan Paris Fair values on acquisition £000</b>	<b>Triton Group Fair values on acquisition £000</b>
<b>Acquiree's net assets at the acquisition date:</b>				
Property, plant and equipment.....	31	371	234	307
Trade and other receivables .....	616	4,149	628	4,039
Cash and cash equivalents.....	128	—	5	79
Trade and other payables.....	(366)	(593)	(697)	(1,959)
Net identifiable assets and liabilities.....	409	3,927	170	2,466
<b>Consideration paid:</b>				
Initial cash price paid .....	409	1,167	—	263
Deferred consideration at fair value.....	—	2,760	170	930
Contingent consideration at fair value.....	600	—	—	—
Total consideration.....	1,009	3,927	170	1,193
Goodwill/(Gain on bargain purchase).....	600	—	—	(1,273)

### *Acquisitions in year ended 30 April 2016*

On 15 May 2015, the Group acquired 100% control of Watmores Solicitors Limited for total consideration of £1,089,000. This consideration comprised £480,000 cash and £609,000 deferred consideration. The company's principal activity is Legal Services. The acquisition of Watmores Solicitors Limited provided the Group with access to the Watmores Solicitors Limited customer base.

On 1 January 2016, the Group acquired 100% control of BridgehouseLaw Germany holding GbR and BridgehouseLaw Germany RmbH for total consideration of £1,069,000. This consideration comprised £819,000 cash and £250,000 deferred consideration. The company's principal activity is Legal Services. In the 4 months to 30 April 2016, the subsidiary contributed operating profit of £189,000 and revenue of £970,000. If the acquisition had occurred on 1 May 2015, revenue would have been £2,910,000 and operating profit would have been £567,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2015. The acquisition of BridgehouseLaw Germany holding GbR provided the Group with access to the German legal services market. The goodwill is attributable to the technical skills of the acquired work force and market access.

### *Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	<b>Watmores Solicitors Fair values on acquisition £000</b>	<b>BridgehouseLaw Germany Holding GbR Fair values on acquisition £000</b>
<b>Acquiree's net assets at the acquisition date:</b>		
Tangible assets .....	—	102
Intangible assets .....	—	4
Trade and other receivables .....	1,481	564
Cash and cash equivalents .....	33	82
Trade and other payables .....	(492)	(337)
	<hr/>	<hr/>
Net identifiable assets and liabilities .....	1,022	415
	<hr/>	<hr/>
<b>Consideration paid:</b>		
Initial cash price paid .....	480	819
Deferred consideration at fair value .....	609	250
	<hr/>	<hr/>
Total consideration .....	1,089	1,069
	<hr/>	<hr/>
Goodwill .....	67	654
	<hr/>	<hr/>

## **23 Explanation of transition to IFRSs**

As stated in note 1, this is the Group's first HFI prepared in accordance with IFRSs.

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial information prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

*Reconciliation of equity*

	1 May 2015			30 April 2016			30 April 2017					
	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000
<b>Non-current assets</b>												
Property, plant and equipment .....	18,870	—	—	18,870	16,747	—	—	16,747	15,560	—	—	15,560
Intangible assets and goodwill .....	1,715	—	—	1,715	1,723	793	—	2,516	2,391	1,018	—	3,409
Investments .....	—	—	—	—	—	—	—	—	254	—	—	254
<b>Total non-current assets .....</b>	<b>20,585</b>	<b>—</b>	<b>—</b>	<b>20,585</b>	<b>18,470</b>	<b>793</b>	<b>—</b>	<b>19,263</b>	<b>18,205</b>	<b>1,018</b>	<b>—</b>	<b>19,223</b>
<b>Current assets</b>												
Trade and other receivables	99,449	—	3,435	102,884	101,050	—	2,369	103,419	120,634	—	1,939	122,573
Cash and cash equivalents..	2,905	—	—	2,905	9,976	—	—	9,976	3,327	—	—	3,327
<b>Total current assets .....</b>	<b>102,354</b>	<b>—</b>	<b>3,435</b>	<b>105,789</b>	<b>111,026</b>	<b>—</b>	<b>2,369</b>	<b>113,395</b>	<b>123,961</b>	<b>—</b>	<b>1,939</b>	<b>125,900</b>
<b>Total assets .....</b>	<b>122,939</b>	<b>—</b>	<b>3,435</b>	<b>126,374</b>	<b>129,496</b>	<b>793</b>	<b>2,369</b>	<b>132,658</b>	<b>142,166</b>	<b>1,018</b>	<b>1,939</b>	<b>145,123</b>
<b>Current liabilities</b>												
Bank overdraft .....	10,775	—	—	10,775	—	—	—	—	555	—	—	555
Other interest-bearing loans and borrowings.....	21,332	—	—	21,332	896	—	—	896	709	—	—	709
Trade and other payables	29,007	—	(272)	28,735	31,323	278	(1,615)	29,986	42,527	200	(53)	42,674
Accruals and deferred income .....	13,751	(761)	—	12,990	8,094	(242)	227	8,079	7,181	(152)	534	7,563
Tax payable .....	524	—	—	524	483	—	—	483	—	—	—	—
Provisions .....	—	—	3,707	3,707	—	—	3,984	3,984	—	—	1,930	1,930
Members' capital .....	25,932	—	—	25,932	24,071	—	—	24,071	25,193	—	—	25,193
Other amounts due to Members .....	10,909	—	—	10,909	5,892	—	—	5,892	5,318	—	—	5,318
<b>Total current liabilities .....</b>	<b>112,230</b>	<b>(761)</b>	<b>3,435</b>	<b>114,904</b>	<b>70,759</b>	<b>36</b>	<b>2,596</b>	<b>73,391</b>	<b>81,483</b>	<b>48</b>	<b>2,411</b>	<b>83,942</b>





## Reconciliation of profit and loss

	Year ended 30 April 2016				Year ended 30 April 2017			
	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000
<b>Revenue</b> .....	<b>186,850</b>	—	—	<b>186,850</b>	<b>199,322</b>	—	—	<b>199,322</b>
Direct costs .....	(60,870)	—	—	(60,870)	(67,951)	—	—	(67,951)
<b>Gross profit</b> .....	<b>125,980</b>	—	—	<b>125,980</b>	<b>131,371</b>	—	—	<b>131,371</b>
Administrative expenses a, b	(80,716)	2,799	(227)	(78,144)	(89,018)	237	(245)	(89,026)
Gain on bargain purchase ...	—	—	—	—	1,273	—	—	1,273
<b>Operating profit</b> .....	<b>45,264</b>	<b>2,799</b>	<b>(227)</b>	<b>47,836</b>	<b>43,626</b>	<b>237</b>	<b>(245)</b>	<b>43,618</b>
Financial income .....	312	—	—	312	355	—	—	355
Financial expenses .....	(1,137)	—	—	(1,137)	(1,617)	—	—	(1,617)
<b>Net financing expense</b> .....	<b>(825)</b>	—	—	<b>(825)</b>	<b>(1,262)</b>	—	—	<b>(1,262)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares</b> .....	<b>44,439</b>	<b>2,799</b>	<b>(227)</b>	<b>47,011</b>	<b>42,364</b>	<b>237</b>	<b>(245)</b>	<b>42,356</b>
Corporate and other entity base taxation .....	(898)	—	—	(898)	(37)	—	—	(37)
<b>Profit for the period before Members' remuneration and profit shares</b> .....	<b>43,541</b>	<b>2,799</b>	<b>(227)</b>	<b>46,113</b>	<b>42,327</b>	<b>237</b>	<b>(245)</b>	<b>42,319</b>
Members' remuneration charged as an expense .....	(23,169)	—	—	(23,169)	(23,025)	—	—	(23,025)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> .....	<b>20,372</b>	<b>2,799</b>	<b>(227)</b>	<b>22,944</b>	<b>19,302</b>	<b>237</b>	<b>(245)</b>	<b>19,294</b>
<b>Other comprehensive income</b> <i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation differences – foreign operations .....	(159)	—	—	(159)	221	—	—	221
<b>Total comprehensive income for the period available for discretionary division amongst Members</b> .....	<b>20,213</b>	<b>2,799</b>	<b>(227)</b>	<b>22,725</b>	<b>19,523</b>	<b>237</b>	<b>(245)</b>	<b>19,515</b>

## Notes to the reconciliation of profit

- Goodwill amortisation – goodwill amortisation recognised under FRS 102 has been reversed under IFRS and goodwill frozen at the date of the acquisition and subject to impairment testing on an annual basis. In addition, the gain on bargain purchase on the acquisition of Triton Global Limited has been immediately credited to the income statement.
- Lease incentives – an adjustment has been made to spread lease incentives over the term of lease. A grandfathering exemption was taken under FRS 102 to not re-state old leases which is not available under IFRS 1.

#### *Historical corrections*

- c) Provisions – an adjustment has been made to recognise the full liability due in relation to claims and regulatory proceedings and separately the asset in relation to the amounts recoverable under the Group's insurance cover. The liability has been recognised in current liabilities and the insurance asset in current assets.
- d) Annual licenses – an adjustment has been made to re-apportion annual software license payments across correct accounting periods.

#### *Explanation of material adjustments to the cash flow statement*

There are no other material differences between the cash flow statement presented under IFRSs and the cash flow statement presented under FRS 102.

## PART XIV

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION A – ACCOUNTANTS’ REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

**Deloitte.**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

The Board of Directors on  
behalf of DWF Group Limited

2 Hardman Street  
Manchester  
United Kingdom  
M3 3AA

Stifel Nicolaus Europe Limited  
150 Cheapside  
London  
United Kingdom  
EC2V 6ET

11 March 2019

Dear Sirs,

#### **DWF Group Limited (the “Company”)**

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in Part XIV of the prospectus dated 11 March 2019 (the “**Prospectus**”), which has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 30 April 2018 and the six months ended 31 October 2018. This report is required by the Commission Regulation (EC) No 809/2004 (the “**Prospectus Directive Regulation**”) and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro forma financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients.*

## SECTION B – UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statements of profit and loss and other comprehensive income and the unaudited pro forma statements of net assets (together the “**Pro Forma Financial Information**”) of the Group set out below have been prepared to illustrate the impact of the Ordinary Share offer, repayment of partner capital, and the impact on the consolidated statement of profit and loss and other comprehensive income of the revised compensation model (as set out in *Part VI—“Business Description—People and Talent—Attracting, Developing and Retaining Talent—Attracting Talent”*) (collectively, the “**Transaction**”).

The Pro Forma Financial Information is based on the Historical Financial Information of the Group as at and for the six months ended 31 October 2018 and as at and for the financial year ended 30 April 2018 as contained in *Part XIII—“Historical Financial Information”*. The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group’s actual financial position or results had the Transaction taken place on the assumed dates, nor is it indicative of the results that may or may not be expected to be achieved in the future.

The Pro Forma Financial Information does not constitute financial statements within the meaning of Section 43 of the Companies Act 2006. Investors should read the whole of this document and not rely solely on the summarised financial information contained in this Section B of *Part XIV—“Unaudited Pro Forma Financial Information”*.

The unaudited pro forma statements of profit and loss and other comprehensive income and the unaudited pro forma statements of net assets have been prepared in accordance with the basis set out below consistent with the accounting policies of the Group set out in *Note 1* contained in *Part XIII—“Historical Financial Information”*, and in accordance with Annex II to the Prospectus Directive Regulation. They should be read in conjunction with the notes below.

The consolidated statement of profit and loss and other comprehensive income presented in *Part X – “Historical Financial Information”* is prepared in accordance with International Financial Reporting Standards as adopted by the EU (“**IFRS**”) where Members’ remuneration is partially recognised as an equity drawing and partially as an expense. Members’ remuneration charged as an expense in the consolidated statement of profit and loss and other comprehensive income represents contractual cash drawings paid to Members during the financial period.

Following the Transaction, the Group’s financial statements will no longer include a statement of profit and loss and other comprehensive income line item “Members’ remuneration charged as an expense”. Instead, the Total Fixed Annual Compensation Amount described below, will be recognised in direct costs.

Following Admission, most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) their annual fixed profit share and for certain Members a nominal salary (the “**Total Fixed Annual Compensation Amount**”), (b) dividend income, (c) participation in a discretionary partner annual bonus pool to be administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria).

The impact on the unaudited pro forma statements of net assets has been presented as if the Transaction had taken place as at 30 April 2018 for the unaudited pro forma net assets statement as at 30 April 2018, and as at 31 October 2018 for the unaudited pro forma statement of net assets as at 31 October 2018. The impact on the unaudited pro forma statements of profit and loss and other comprehensive income has been presented as if the Transaction had taken place as at 1 May 2017 for the unaudited pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018, and as at 1 May 2018 for the unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018. The unaudited pro forma adjustments are based on currently available information and certain assumptions that the Group believes are reasonable and supportable.

Adjustments in relation to the discretionary partner annual bonus pool, the Share Incentive Plans and dividends have not been reflected in the unaudited Pro Forma Financial Information as they would not currently be factually supportable as their quantum is not yet known since they are based on future management decisions. Further detail of the potential impact of these adjustments is disclosed in note 7 of the unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.



**Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018**

	Historical Financial Information for the six months ended 31 October 2018	Net Primary Proceeds	Members capital repayment	Revised compensation Model	Corporation tax expense	Unaudited Pro forma for the six months ended 31 October 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
Revenue.....	157,168	—	—	—	—	157,168
Recoverable expenses .....	(23,812)	—	—	—	—	(23,812)
<b>Net revenue .....</b>	<b>133,356</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>133,356</b>
Direct costs.....	(46,248)	—	—	(18,485)	—	(64,733)
<b>Gross profit .....</b>	<b>87,108</b>	<b>—</b>	<b>—</b>	<b>(18,485)</b>	<b>—</b>	<b>68,623</b>
Administrative expenses .....	(66,164)	—	—	—	—	(66,164)
<b>Operating profit .....</b>	<b>20,944</b>	<b>—</b>	<b>—</b>	<b>(18,485)</b>	<b>—</b>	<b>2,459</b>
<b>Adjusted operating profit.....</b>	<b>31,849</b>	<b>—</b>	<b>—</b>	<b>(18,485)</b>	<b>—</b>	<b>13,364</b>
Depreciation and amortisation .....	(2,876)	—	—	—	—	(2,876)
Non-underlying items.....	(8,029)	—	—	—	—	(8,029)
Financial income .....	79	—	—	—	—	79
Financial expenses.....	(907)	—	—	—	—	(907)
<b>Net financing expense.....</b>	<b>(828)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(828)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares .....</b>	<b>20,116</b>	<b>—</b>	<b>—</b>	<b>(18,485)</b>	<b>—</b>	<b>1,631</b>
Corporate and other entity based taxation .....	(28)	—	—	3,512	(3,794)	(310)
<b>Profit for the period before Members' remuneration and profit shares .....</b>	<b>20,088</b>	<b>—</b>	<b>—</b>	<b>(14,973)</b>	<b>(3,794)</b>	<b>1,321</b>
Members' remuneration charged as an expense .....	(14,784)	—	—	14,784	—	—
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members ..</b>	<b>5,304</b>	<b>—</b>	<b>—</b>	<b>(189)</b>	<b>(3,794)</b>	<b>1,321</b>
<i>Other comprehensive (expense)/income Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences – foreign operations .....	451	—	—	—	—	451
<b>Total comprehensive income for the period available for discretionary division amongst Members .....</b>	<b>5,755</b>	<b>—</b>	<b>—</b>	<b>(189)</b>	<b>(3,794)</b>	<b>1,772</b>

Notes

- (1) The financial information of the Group for the six months ended 31 October 2018 has been extracted without material adjustment from *Part XIII—“Historical Financial Information”*
- (2) Net proceeds from the Offer have no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.

- (3) The Members capital repayment has no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.
- (4) Following the Transaction most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) the Total Fixed Annual Compensation Amount, (b) dividend income, (c) participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria). As set out in the overview to this Pro Forma Financial Information pro forma adjustments for components (b), (c) and (d) have not been included in the unaudited pro forma statement of profit and loss and other comprehensive income.
- Following the Transaction, the distinction between equity partners and fixed share partners will no longer exist as all self-employed Members will receive an annual fixed profit share. The annual fixed profit shares post-Admission will be calculated by reference to a percentage reduction to the individual equity partner or fixed share partner's profit share, being a 60% reduction in respect of equity partners and a 10% reduction in respect of fixed share partners, as described in *Part II—"Presentation of Financial and Other Information"*. For the purposes of this pro forma adjustment the percentage reduction has been applied to Profit for the period before Members' remuneration and profit shares for the six months ended 31 October 2018 of £20.1 million (plus an add back of expenses not allocated to members of £8.2 million, permissible under the terms of the existing DWF LLP membership agreement), resulting in £28.3 million split £14.0 million for equity partners and £14.3 million for fixed share partners, which are then scaled back by 60% and 10% respectively. This results in a pro forma adjustment, recognised in direct costs, totalling £18.5 million, of which £5.6 million relates to equity partners and £12.9 million relates to fixed share partners. This adjustment in respect of the revised compensation model does not apply to the CEO and CFO, whose remuneration will be structured as outlined in *Part XVI—"Additional Information—11. Remuneration Policy"*.
- Following Admission the revised compensation model adjustment would have an impact on the corporation tax expense which is reflected as part of this pro forma adjustment. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. Following Admission the actual effective tax rate may vary from the UK statutory rate. This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.
- (5) Following the Transaction the Group will be subject to UK corporation tax. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. This adjustment shows the impact of applying this rate to the unaudited pro forma Profit for the period before taxation, Members' remuneration and profit shares. Following Admission the actual effective tax rate may vary from the UK statutory rate. This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.
- (6) Other than the adjustments detailed in notes 4 and 5 above, no other adjustments have been made for events occurring after 31 October 2018.
- (7) The following matters have not been reflected in the unaudited Pro Forma Financial Information as they would not be factually supportable as their quantum is not yet known since they are based on future management decisions or assumptions related to future events, but they are anticipated following the Transaction:
- Partner bonus pool: as described in *Part VI—"Business Description—People and Talent—Attracting, Developing and Retaining Talent—Attracting Talent"*, the compensation of self-employed Members of both DWF Law LLP and DWF LLP will include participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. It is anticipated that the partner annual bonus pool will be equivalent to up to 5% of the Group's profit before tax (before non-underlying items) for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. The associated statement of profit and loss and other comprehensive income expense will be recorded as a direct cost.
  - Share Incentive Plans: as described in *Part XVI—"Additional Information—12. Share Incentive Plans"*, the Company has established Share Incentive Plans to be operated following Admission. The issuance of share awards to Members and employees will result in IFRS 2 statement of profit and loss and other comprehensive income expenses which have not been reflected in the unaudited pro forma statements of profit and loss and other comprehensive income presented in this Pro Forma Financial Information. Share awards are to be made, on IPO, to qualifying staff of the Group. Based on the Company's latest plans and expectations, and allowing for an assumption that a range of 80% to 100% of these share awards will vest, the one off awards in connection to Admission are expected to result in an IFRS 2 expense between approximately £0.7 million and £1.0 million in the financial year ended 30 April 2019.  
Share awards are anticipated to be fulfilled through the two Trusts which have been established prior to Admission, as outlined in *Part XVI—"Additional Information—12. Share Incentive Plans"*.
  - Dividends: following Admission, the Group intends to declare dividends in line with the intended dividend policy set out in *Part VI—"Business Description—Dividend policy"*.

## Pro forma statement of net assets

	Historical financial information as at 31 October 2018	Net Primary Proceeds	Members Capital Repayment	Revised Compensation Model	Corporation tax expense	Unaudited pro forma as at 31 October 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>Non-current assets</b>						
Property, plant and equipment .....	14,117	—	—	—	—	14,117
Intangible assets and goodwill .....	4,017	—	—	—	—	4,017
Investments .....	254	—	—	—	—	254
<b>Total non-current assets .....</b>	<b>18,388</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,388</b>
<b>Current assets</b>						
Trade and other receivables	144,680	—	—	—	—	144,680
Cash and cash equivalents .	10,585	53,000	(18,061)	—	—	45,524
<b>Total current assets .....</b>	<b>155,265</b>	<b>53,000</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>190,204</b>
<b>Total assets .....</b>	<b>173,653</b>	<b>53,000</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>208,592</b>
<b>Current liabilities</b>						
Trade and other payables...	42,147	—	—	—	—	42,147
Accruals and deferred income .....	13,798	—	—	—	—	13,798
Current tax liabilities .....	22	—	—	—	—	22
Interest-bearing loans and borrowings .....	18,295	—	—	—	—	18,295
Provisions .....	1,377	—	—	—	—	1,377
Members' capital .....	29,152	—	(18,061)	—	—	11,091
Other amounts due to members .....	19,257	—	—	—	—	19,257
<b>Total current liabilities .....</b>	<b>124,048</b>	<b>—</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>105,987</b>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings .....	51,285	—	—	—	—	51,285
Trade and other payables...	—	—	—	—	—	—
Accruals and deferred income .....	10,831	—	—	—	—	10,831
<b>Total non-current liabilities .</b>	<b>62,116</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>62,116</b>
<b>Total liabilities .....</b>	<b>186,164</b>	<b>—</b>	<b>(18,061)</b>	<b>—</b>	<b>—</b>	<b>168,103</b>
<b>Net assets .....</b>	<b>(12,511)</b>	<b>53,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>40,489</b>

### Notes

- (1) The financial information of the Group as at 31 October 2018 has been extracted without material adjustment from *Part XIII*—“*Historical Financial Information*”.
- (2) The Company expects to receive gross proceeds of approximately £75.0 million, resulting in net proceeds of approximately £53.0 million from the Offer. The aggregate underwriting commissions (in connection with New Ordinary Shares) and other estimated Offer-related and Reorganisation fees and expenses incurred in connection with the Offer and Admission are to be borne by the Company and are estimated to be approximately £22.0 million. These amounts form part of the pro forma adjustment to reflect the assumed settlement of these balances on Admission.
- (3) This adjustment includes:
  - A £18.1 million adjustment to cash to reflect the repayment of equity partners and fixed share partners' capital on completion of the Offer to reflect the post-Admission compensation model (as described in *Part II* – “*Presentation of Financial and Other Information*”) and the post-Admission capital holding policy (as described in *Part VI* – “*Business Description – The Revised Compensation Model*”). This has been calculated as:
    - Members' capital as at 31 October 2018 of £29.2 million; less
    - Members' capital required to be retained in DWF Law LLP or DWF LLP on a pro forma basis of £11.1 million, which reflects capital equivalent to 30% of the annualised £18.5 million revised compensation model adjustment per the pro forma

- statement of profit and loss and other comprehensive income for the six months ended 31 October 2018, in accordance with the post-Admission capital holding policy (as set out in *Part VI – “Business Description – The Revised Compensation Model”*).
- (4) The revised compensation model has no impact on this unaudited pro forma statement of net assets.
  - (5) The corporation tax expense has no impact on this unaudited pro forma statement of net assets.
  - (6) Other than the adjustments detailed above, no other adjustments have been made for events occurring after 31 October 2018. As part of the Reorganisation from a limited liability partnership to a public limited company (as described in *Part XVI – “Additional Information—Reorganisation”*), there will be a capital restructuring whereby other reserves classified as equity and total members interests (as presented in Note 21 to *Part XIII – “Historical Financial Information”*) will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.
  - (7) See note 7 of “—*Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018*” above.

**Pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018**

	Historical Financial Information for the year ended 30 April 2018	Net Primary Proceeds	Members capital repayment	Revised compensation Model	Corporation tax expense	Unaudited Pro forma for the year ended 30 April 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
Revenue	236,488	—	—	—	—	236,488
Recoverable expenses .....	—	—	—	—	—	—
<b>Net revenue .....</b>	<b>236,488</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>236,488</b>
Direct costs .....	(85,388)	—	—	(31,881)	—	(117,269)
<b>Gross profit .....</b>	<b>151,100</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>119,219</b>
Administrative expenses .....	(102,994)	—	—	—	—	(102,994)
<b>Operating profit .....</b>	<b>48,106</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>16,225</b>
<b>Adjusted operating profit .....</b>	<b>56,338</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>24,457</b>
Depreciation and amortisation .....	(6,328)	—	—	—	—	(6,328)
Non-underlying items .....	(1,904)	—	—	—	—	(1,904)
Financial income .....	405	—	—	—	—	405
Financial expenses .....	(1,843)	—	—	—	—	(1,843)
<b>Net financing expense .....</b>	<b>(1,438)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,438)</b>
<b>Profit for the period before taxation, Members' remuneration and profit shares .....</b>	<b>46,668</b>	<b>—</b>	<b>—</b>	<b>(31,881)</b>	<b>—</b>	<b>14,787</b>
Corporate and other entity based taxation .....	(92)	—	—	6,057	(8,775)	(2,810)
<b>Profit for the period before Members' remuneration and profit shares .....</b>	<b>46,576</b>	<b>—</b>	<b>—</b>	<b>(25,824)</b>	<b>(8,775)</b>	<b>11,977</b>
Members' remuneration charged as an expense .....	(25,452)	—	—	25,452	—	—
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members ..</b>	<b>21,124</b>	<b>—</b>	<b>—</b>	<b>(372)</b>	<b>(8,775)</b>	<b>11,977</b>
<b>Other comprehensive (expense)/income</b>						
<i>Items that are or may be reclassified subsequently to profit or loss: Foreign currency translation differences – foreign operations .....</i>	<i>(392)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(392)</i>
<b>Total comprehensive income for the period available for discretionary division amongst Members .....</b>	<b>20,732</b>	<b>—</b>	<b>—</b>	<b>(372)</b>	<b>(8,775)</b>	<b>11,585</b>

Notes:

- (1) The financial information of the Group for the year ended 30 April 2018 has been extracted without material adjustment from *Part XIII—“Historical Financial Information”*.
- (2) Net proceeds from the Offer have no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018.
- (3) The Members capital repayment has no impact on this unaudited pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018.



- (4) Following the Transaction most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) the Total Fixed Annual Compensation Amount, (b) dividend income, (c) participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria). As set out in the overview to this Pro Forma Financial Information pro forma adjustments for components (b), (c) and (d) have not been included in the unaudited pro forma statement of profit and loss and other comprehensive income.

Following the Transaction, the distinction between equity partners and fixed share partners will no longer exist as all self-employed Members will receive an annual fixed profit share. The annual fixed profit shares post-Admission will be calculated by reference to a percentage reduction to the individual equity partner or fixed share partner's profit share, being a 60% reduction in respect of equity partners and a 10% reduction in respect of fixed share partners, as described in *Part II—“Presentation of Financial and Other Information”*. For the purposes of this pro forma adjustment, the percentage reduction has been applied to Profit for the period before Members' remuneration and profit shares for the year ended 30 April 2018 of £46.6 million (plus an add back of expenses not allocated to members of £2.0 million, permissible under the terms of the existing DWF LLP membership agreement), resulting in £48.6 million split £23.8 million for equity partners and £24.8 million for fixed share partners, which are then scaled back by 60% and 10% respectively. This results in a pro forma adjustment, recognised in direct costs, totalling £31.9 million, of which £9.5 million relates to equity partners and £22.4 million relates to fixed share partners. This adjustment in respect of the revised compensation model does not apply to the CEO and CFO, whose remuneration will be structured as obtained in *Part XVI—“Additional Information”*

Following Admission the revised compensation model adjustment would have an impact on the corporation tax expense which is reflected as part of this pro forma adjustment. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. Following Admission the actual effective tax rate may vary from the UK statutory rate.

This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.

- (5) Following the Transaction the Group will be subject to UK corporation tax. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. This adjustment shows the impact of applying this rate to the unaudited pro forma Profit for the period before taxation, Members' remuneration and profit shares. Following Admission the actual effective tax rate may vary from the UK statutory rate. This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.
- (6) Other than the adjustments detailed in notes 4 and 5 above, no other adjustments have been made for events occurring after 30 April 2018.
- (7) See note 7 of “—*Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018*” above.

## Pro forma statement of net assets

	Historical financial information as at 30 April 2018	Net Primary Proceeds	Members Capital Repayment	Revised Compensation Model	Corporation tax expense	Unaudited pro forma as at 30 April 2018
	(Note 1) £000	(Note 2) £000	(Note 3) £000	(Note 4) £000	(Note 5) £000	£000
<b>Non-current assets</b>						
Property, plant and equipment .....	14,184	—	—	—	—	14,184
Intangible assets and goodwill .....	3,801	—	—	—	—	3,801
Investments .....	254	—	—	—	—	254
<b>Total non-current assets .....</b>	<b>18,239</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,239</b>
<b>Current assets</b>						
Trade and other receivables	140,975	—	—	—	—	140,975
Cash and cash equivalents .	5,130	53,000	(19,588)	—	—	38,542
<b>Total current assets</b>	<b>146,105</b>	<b>53,000</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>179,517</b>
<b>Total assets .....</b>	<b>164,344</b>	<b>53,000</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>197,756</b>
<b>Current liabilities</b>						
Trade and other payables...	41,665	—	—	—	—	41,665
Accruals and deferred income .....	9,549	—	—	—	—	9,549
Current tax liabilities .....	23	—	—	—	—	23
Interest-bearing loans and borrowings .....	9,704	—	—	—	—	9,704
Provisions .....	1,371	—	—	—	—	1,371
Members' capital .....	29,071	—	(19,588)	—	—	9,483
Other amounts due to members .....	6,644	—	—	—	—	6,644
<b>Total current liabilities .....</b>	<b>98,027</b>	<b>—</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>78,439</b>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings .....	49,522	—	—	—	—	49,522
Trade and other payables...	—	—	—	—	—	—
Accruals and deferred income .....	11,489	—	—	—	—	11,489
<b>Total non-current liabilities .</b>	<b>61,011</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>61,011</b>
<b>Total liabilities .....</b>	<b>159,038</b>	<b>—</b>	<b>(19,588)</b>	<b>—</b>	<b>—</b>	<b>139,450</b>
<b>Net assets .....</b>	<b>5,306</b>	<b>53,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>58,306</b>

### Notes

- (1) The financial information of the Group as at 30 April 2018 has been extracted without material adjustment from *Part XIII*—“*Historical Financial Information*”.
- (2) The Company expects to receive gross proceeds of approximately £75.0 million, resulting in net proceeds of approximately £53.0 million from the Offer. The aggregate underwriting commissions (in connection with New Ordinary Shares) and other estimated Offer-related and Reorganisation fees and expenses incurred in connection with the Offer and Admission are to be borne by the Company and are estimated to be approximately £22.0 million. These amounts form part of the pro forma adjustment to reflect the assumed settlement of these balances on Admission.
- (3) This adjustment includes:
  - A £19.6 million adjustment to cash to reflect the repayment of equity partners and fixed share partners' capital on completion of the Offer to reflect the post-Admission compensation model (as described in *Part II* – “*Presentation of Financial and Other Information*”) and the post-Admission capital holding policy (as described in *Part VI* – “*Business Description – The Revised Compensation Model*”). This has been calculated as:
    - Members' capital as at 30 April 2018 of £29.1 million; less
    - Members' capital required to be retained in DWF Law LLP or DWF LLP on a pro forma basis of £9.5 million, which reflects capital equivalent to 30% of the £31.9 million revised compensation model adjustment per the pro forma statement of profit

and loss and other comprehensive income for the year ended 30 April 2018, in accordance with the post-Admission capital holding policy (as set out in *Part VI – “Business Description – The Revised Compensation Model”*).

- (4) The revised compensation model has no impact on this unaudited pro forma statement of net assets.
- (5) The corporation tax expense has no impact on this unaudited pro forma statement of net assets.
- (6) Other than the adjustments detailed above, no other adjustments have been made for events occurring after 30 April 2018. As part of the Reorganisation from a limited liability partnership to a public limited company (as described in *Part XVI—“Additional Information—Reorganisation”*), there will be a capital restructuring whereby other reserves classified as equity and total members interests (as presented in Note 21 to *Part XIII—“Historical Financial Information”*) will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.
- (7) See note 7 of “—*Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018*” above.

## PART XV

### TAXATION

#### 1. UK Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Offer Shares. They are based on current UK tax legislation and what is understood to be the current published practice of HM Revenue and Customs (“HMRC”) (which may not be binding on HMRC) as at the date of this Prospectus, both of which may change at any time, possibly with retroactive effect.

They relate only to certain limited aspects of the UK taxation treatment of, and are intended to apply only to, Shareholders who are resident and, in the case of individuals, domiciled or deemed domiciled, solely in the United Kingdom for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents) and to whom “split year” treatment does not apply. They apply only to Shareholders who hold their Offer Shares as investments (other than in an individual savings account or a self-invested personal pension) and who are the absolute beneficial owners of both the Offer Shares and any dividends paid on them. The statements may not apply to certain categories of Shareholders, such as (but not limited to) trustees, persons acquiring their Offer Shares in connection with an office or employment, persons holding their shares through trust arrangements, dealers in securities, banks, insurance companies and collective investment schemes.

**The statements summarise the current position and are intended as a general guide only. Prospective subscribers for or purchasers of Offer Shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Offer Shares or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.**

##### 1.1 *Taxation of dividends*

The Company will not be required to deduct or withhold tax at source when paying a dividend, irrespective of the residence or particular circumstances of the Shareholder receiving such dividend payment.

Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

##### 1.1.1 *Individual Shareholders*

A nil rate of income tax will apply for the first £2,000 of dividend income received by individual Shareholders in a tax year (the “**Dividend Allowance**”).

The rate of tax applicable to dividend income in excess of the Dividend Allowance will depend on the wider tax position of the Shareholder. Broadly speaking, after taking into account the amount (if any) of a Shareholder’s personal allowance, and any other allowances, exemptions and reliefs, the Shareholder’s taxable income up to the basic rate limit will fall within the basic rate band; taxable income between the basic rate limit and the higher rate limit will fall within the higher rate band; and taxable income above the higher rate limit will fall within the additional rate band. For the tax year running 6 April 2018 to 5 April 2019, the basic rate limit is £34,500 and the higher rate limit is £150,000. In October 2018, the UK Government announced its intention to raise the basic rate limit to £37,500 for the tax year running 6 April 2019 to 5 April 2020. These limits may be subject to future change.

The rates of income tax on dividends received above the Dividend Allowance are: (a) 7.5% to the extent the dividend income falls in the basic rate band; (b) 32.5% to the extent the dividend income falls in the higher rate band; and (c) 38.1% to the extent the dividend income falls in the additional rate band.

In determining the tax band in which any dividend income over the Dividend Allowance falls, dividend income is treated as the top slice of a Shareholder’s income, and dividend income within the Dividend Allowance is still taken into account.

Because dividend income (including income within the Dividend Allowance) is taken into account in assessing whether a Shareholder’s overall income is above the higher or additional rate limits, the receipt of such income may also affect the amount of personal allowances to which the Shareholder is entitled.

### 1.1.2 *Corporate Shareholders*

Shareholders within the charge to UK corporation tax that are “small companies” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on dividends received from the Company so long as certain conditions are met (including anti-avoidance).

Shareholders within the charge to UK corporation tax that are not “small companies” for this purpose will not be subject to UK corporation tax on any dividend received so long as the dividend falls within an exempt class and certain conditions are met. For example, (i) dividends paid on shares that are “ordinary shares” and are not “redeemable” (as those terms are used in Chapter 3 of Part 9A of the Corporation Tax Act 2009) and which do not carry any present or future preferential rights to dividends or to the Company’s assets on its winding-up, and (ii) dividends paid to a person holding less than 10% of issued share capital in the Company should generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that Shareholder (the main rate of corporation tax is currently 19%, reducing to 17% from 1 April 2020).

## 1.2 *Capital Gains*

A disposal or deemed disposal of Offer Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending on the Shareholder’s circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

### 1.2.1 *Individual Shareholders*

For individual Shareholders, the principal factors that will determine the UK capital gains tax position on a disposal or deemed disposal of Offer Shares are the extent to which the Shareholder realises any other capital gains in the UK tax year in which the disposal is made, the extent to which the shareholder has incurred capital losses in that or earlier UK tax years, the income tax band into which the Shareholder falls, and the level of the annual allowance of tax-free gains in that UK tax year (the “**Annual Exemption**”). The Annual Exemption for the tax year running 6 April 2018 to 5 April 2019 is £11,700. In October 2018, the UK Government announced its intention to raise the Annual Exemption to £12,000 for the tax year running 6 April 2019 to 5 April 2020.

The applicable rate for an individual Shareholder, who is subject to income tax at a rate or rates not exceeding the basic rate and who makes a capital gain on the disposal (or deemed disposal) of Offer Shares, which (after utilising the Annual Exemption and deducting any available capital losses) is liable to UK capital gains tax, is 10%. Where an individual Shareholder is subject to income tax at either the higher or the additional rate, or to the extent that any gain on the disposal (or deemed disposal) takes the individual Shareholder’s aggregate income and gains over the basic rate limit, the applicable rate will be 20%.

Generally, an individual Shareholder who has ceased to be resident in the United Kingdom for tax purposes and then reacquires UK tax residence before five complete tax years have elapsed and who disposes of Offer Shares during that period of non-residence may also be liable on their return to the United Kingdom to UK taxation on any capital gain realised, subject to any available exemptions or reliefs.

### 1.2.2 *Corporate Shareholders*

A disposal or deemed disposal of Offer Shares by a shareholder within the charge to UK corporation tax may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. UK corporation tax is charged on chargeable gains at the rate applicable to that company (the main rate of corporation tax is currently 19%, reducing to 17% from 1 April 2020).



### 1.3 *Stamp duty and SDRT*

The following statements about UK stamp duty and stamp duty reserve tax (“SDRT”) apply regardless of whether or not a Shareholder is resident, domiciled or deemed domiciled in the United Kingdom. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt arrangements and clearance services, may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

#### 1.3.1 *The Offer*

The issue of the New Ordinary Shares direct to persons acquiring Offer Shares pursuant to the Offer will not give rise to stamp duty or stamp duty reserve tax (“SDRT”).

The sale of Existing Ordinary Shares by Equiniti Financial Services Limited (acting as agent for and on behalf of each of the Selling Shareholders) direct to persons acquiring Offer Shares under the Offer will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5% of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). Under the terms of the Underwriting Agreement, Equiniti Financial Services Limited (acting as agent for and on behalf of each of the Selling Shareholders) has agreed to meet such liability. This includes any liability to SDRT of the original purchasers arising in respect of the initial transfer of the Existing Ordinary Shares by the Equiniti Financial Services Limited (acting as agent for and on behalf of each of the Selling Shareholders) within the CREST system at no more than the rate of 0.5% of the Offer Price. Special rules apply to depositary receipt systems and clearance services.

#### 1.3.2 *Deposit of Ordinary Shares in CREST*

Deposits of Offer Shares into CREST will generally not be subject to stamp duty or SDRT unless such a transfer is made for a consideration in money or money’s worth, in which case, a liability to SDRT will arise usually at the rate of 0.5% of the amount or value of the consideration.

#### 1.3.3 *Subsequent transfers within CREST*

Paperless transfers of Offer Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system and to account for this to HMRC.

#### 1.3.4 *Subsequent transfers outside CREST*

The conveyance or transfer on sale of Offer Shares outside the CREST system will generally be subject to stamp duty on the instrument of transfer at the rate of 0.5% of the amount or value of the consideration given (rounded up to the nearest £5).

An exemption from stamp duty is available on an instrument transferring Offer Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An unconditional agreement to transfer Offer Shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration for the Offer Shares. However, where, within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional) an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will generally be refunded (generally, but not necessarily, with interest), provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The purchaser or transferee of the Offer Shares will generally be responsible for paying SDRT. In the absence of contractual agreement, no party is legally responsible for the payment of stamp duty as it is not an assessable tax; however in practice the purchaser or transferee will usually pay this to ensure that the company register of members can be updated by the registrar to show the transfer.

## 2. US Federal Income Taxation

The following discussion is a general summary of certain US federal income tax consequences of the acquisition, ownership and disposition of Ordinary Shares that are relevant to US Holders and non-US Holders (each as defined below). This summary is based on the US Internal Revenue Code of 1986, final, temporary and proposed US Treasury regulations, administrative and judicial interpretations, all as of the date hereof and all of which are subject to change, possibly with retroactive effect.

This summary addresses only investors that acquire Ordinary Shares in the Offer and hold Ordinary Shares as capital assets (generally, property held for investment). The discussion is a general summary; it is not a substitute for tax advice. It does not address the tax treatment of investors subject to special rules, such as banks or other financial institutions, individual retirement accounts and other tax-deferred accounts, tax-exempt entities, insurance companies, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, partnerships, passthrough entities or persons that hold Ordinary Shares through passthrough entities, US expatriates and former long-term residents of the United States, investors that directly, indirectly or constructively own 10% or more of the Company's stock by vote or value, US Holders that do not use the US dollar as their functional currency or investors that hold Ordinary Shares as part of a straddle, hedging, conversion or other integrated transaction. It also does not address tax consequences applicable to holders of equity interests in a holder of Ordinary Shares, US federal estates, gifts, alternative minimum tax or net investment income tax considerations or non-US, US state or local tax considerations.

For purposes of this summary, a “**US Holder**” is a beneficial owner of the Ordinary Shares that is for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and under the primary supervision of a US court or that has validly elected to be treated as a domestic trust for US federal income tax purposes and (iv) an estate the income of which is subject to US federal income tax without regard to its source. A “**non-US Holder**” is a beneficial owner of Ordinary Shares that is neither a US Holder nor a partnership.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes, who holds Ordinary Shares, will depend on the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers concerning the US federal income tax consequences of the acquisition, ownership and disposition of Ordinary Shares.

### 2.1 *Dividends*

Subject to the passive foreign investment company (“**PFIC**”) rules discussed below, distributions made by the Company on Ordinary Shares (including amounts withheld in respect of non-US income tax, if any) will generally be dividend income from foreign sources includible in the gross income of a US Holder as ordinary income to the extent of the Company's current and accumulated earnings and profits as determined under US federal income tax principles. To the extent the amount of such distribution exceeds the Company's current and accumulated earnings and profits as so computed, the distribution will be treated first as a non-taxable return of capital to the extent of such US Holder's adjusted tax basis in the Ordinary Shares and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such Ordinary Shares. The Company does not expect to maintain calculations of earnings and profits for US federal income tax purposes. Therefore, a US Holder should expect that such distribution will generally be treated as a dividend. The dividends will not be eligible for the dividends-received deduction available to US corporations.

Dividends received by individuals and certain other non-corporate US Holders should be taxed at the preferential rate applicable to qualified dividend income if (i) the Company qualifies for the benefits of the income tax treaty between the United States and the United Kingdom (the “**Treaty**”), which the Company believes it does, (ii) the Company is not classified as a PFIC in the year of distribution or the preceding year, which the Company does not expect to be and (iii) the holder has held the Ordinary Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. No assurance can be given that the Company will be eligible for the benefits of the Treaty or that the Company will not be classified as a PFIC in a relevant taxable year.

Dividends on the Ordinary Shares generally will constitute income from sources outside the United States for foreign tax credit limitation purposes. The amount of any distribution of property other than cash will be the fair market value of the property on the date of the distribution.

Dividends paid in a currency other than US dollars (for the purposes of this paragraph 2 only, a “**foreign currency**”) will be included in income in a US dollar amount based on the exchange rate in effect on the date of receipt of the dividend, whether or not the currency is converted into US dollars at that time. A US Holder’s tax basis in the foreign currency will equal the US dollar amount included in income. Any gain or loss on a subsequent conversion or other disposition of the foreign currency for a different US dollar amount will be US source ordinary income or loss. If dividends received in foreign currency are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

## 2.2 *Dispositions*

Subject to the PFIC rules discussed below, a US Holder generally will recognise capital gain or loss on the sale or other disposition of Ordinary Shares equal to the difference between the US dollar value of the amount realised and the US Holder’s tax basis in the Ordinary Shares. A US Holder’s tax basis in the Ordinary Shares will generally be the US dollar cost of the Ordinary Shares. The US dollar cost of an Ordinary Share purchased with foreign currency generally will be the US dollar value of the purchase price paid in the Offer. Any gain or loss generally will be treated as arising from US sources. The gain or loss will be long-term capital gain or loss if the US Holder’s holding period exceeds one year. Deductions for capital loss are subject to significant limitations.

A US Holder that receives foreign currency on the sale or other disposition of the Ordinary Shares will generally realise an amount equal to the US dollar value of the foreign currency on the date of sale or other disposition and will recognise currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realised. However, in the case of Ordinary Shares traded on an “established securities market”, a cash basis or electing accrual basis taxpayer will realise an amount equal to the US dollar value of the foreign currency on the settlement date, and no exchange gain or loss will be recognised at that time. A US Holder will have a tax basis in the foreign currency received equal to its value at the spot rate on the settlement date. Any currency gain or loss realised on the settlement date or on a subsequent conversion of the foreign currency into US dollars will be US source ordinary income or loss.

## 2.3 *Passive Foreign Investment Company Rules*

In general, a corporation organised or incorporated outside the US is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is classified as “passive income” or (ii) at least 50% of the average quarterly value attributable to its assets produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Based on the present nature of its activities, including the Offer, and the present composition of its assets and sources of income, the Company believes that it was not a PFIC for the financial year ending on 30 April 2018 and does not expect to become a PFIC for the current year or for the foreseeable future. There can be no assurances, however, that the Company will not be considered to be a PFIC for any particular year because PFIC status is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. If the Company is classified as a PFIC in any taxable year that a US Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that US Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. If the Company were a PFIC in any taxable year, US Holders would be required (i) to pay a special addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Ordinary Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by the Company would not be eligible for the preferential rates of tax described above under paragraph 2.1—“*Dividends*” above.

## 2.4 *Non-US Holders*

Subject to the backup withholding rules discussed below, a non-US Holder generally should not be subject to US federal income or withholding tax on any distributions made on the Ordinary Shares or gain from the sale, redemption or other disposition of the Ordinary Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that non-US Holder of a trade or business in the United States; or (ii) in the case of any gain realised on the sale or exchange of securities by an individual non-US Holder, that non-US Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

## 2.5 *Information reporting and backup withholding*

Payments made through a US paying agent or US intermediary to a US Holder may be subject to information reporting unless the US Holder establishes that payments to it are exempt from these rules. Payments that are subject to information reporting may be subject to backup withholding if a US Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Non-US Holders may be required to comply with applicable certification procedures to establish that they are not US Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Any amount withheld may be credited against the holder's US federal income tax liability subject to certain rules and limitations. Prospective holders are urged to consult with their own tax advisers regarding the availability of the foreign tax credit under their particular circumstances.

Certain US Holders that own "specified foreign financial assets" that meet certain US dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Offer Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Offer Shares are held in an account at certain financial institutions. US Holders are urged to consult their tax advisers regarding the application of any relevant disclosure requirements to their ownership of the Ordinary Shares.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.**

## 3. **The Proposed Financial Transaction Tax**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Offer Shares (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside the participating Member States. Generally, it would apply to certain dealings in the Offer Shares where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or may be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of the Offer Shares are advised to seek their own professional advice in relation to the FTT.

## PART XVI

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and the Directors, whose names and principal functions are set out in *Part VIII—“Directors, Senior Management and Corporate Governance”*, accept responsibility for the information contained in this Prospectus. To the best knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Incorporation

- 2.1 The Company is a private company limited by shares in the United Kingdom with registered number 11561594, incorporated on 10 September 2018. Prior to Admission, the Company will be re-registered as a public company limited by shares and renamed as DWF Group plc. In accordance with section 755 of the Companies Act 2006 and as part of the terms of the Offer, the Company has undertaken to re-register as a public limited company with the name DWF Group plc prior to Admission.
- 2.2 The Company’s registered office and principal place of business is 20 Fenchurch Street, London EC3M 3AG.
- 2.3 The principal legislation under which the Company operates and under which the Ordinary Shares were created is the Companies Act 2006 and the regulations made thereunder. The Company operates in conformity with its constitution.

#### 3. Share capital

- 3.1 The share capital history of the Company is as follows:
  - (a) on incorporation the share capital of the Company was £1.00 consisting of one Ordinary Share of £1.00, which was allotted to DWF LLP;
  - (b) immediately prior to the publication of this Prospectus, the share capital of the Company was £1.00 consisting of one Ordinary Share of £1.00;
  - (c) prior to Admission, and pursuant to the Reorganisation and (where applicable) the shareholder resolutions referred to in paragraph 3.2 below:
    - (i) DWF LLP will transfer the Ordinary Share held by it to a specified DWF partner at par, for a cash consideration of £1.00;
    - (ii) such Ordinary Share of £1.00 will be sub-divided into 100 new Ordinary Shares of £0.01 each in the Company;
    - (iii) Ordinary Shares of £0.01 each will be allotted and issued to the Members of DWF Law LLP, the EBT and the RST (the “**DWF Holdings Shareholders**”), in exchange for the acquisition of entire issued share capital of DWF Holdings Limited from the DWF Holdings Shareholders. For each share in DWF Holdings Limited transferred to the Company, one Ordinary Share will be issued to the relevant DWF Holdings Shareholder, such that the total number of Ordinary Shares following the issuance will be 238,524,590;
    - (iv) the merger reserve created by the share-for-share exchange referred to in sub-paragraph 3.1(c)(iii) above will be capitalised and applied in paying up in full one new share of a new class of shares in the Company which will be allotted and issued by way of a bonus issue to a specified DWF partner (the “**Capital Reduction Share**”). The Capital Reduction Share will have a nominal value equal to the value of such merger reserve. It will not be admitted to trading or carry any entitlement to attend or vote at general meetings of the Company, and will carry only the right to participate in any return of capital to the extent of the amount paid up or credited as paid up on the Capital Reduction Share but only after the holder of each Ordinary Share has received the amount paid up or credited as paid up on such Ordinary Share and the sum of £10 million in respect of each Ordinary Share; and



- (v) the issued share capital of the Company will be reduced, by cancelling the Capital Reduction Share immediately following issuance, in order to generate distributable reserves to facilitate future dividend distributions. This will be done by way of the directors' solvency statement procedure governed by the Act;
  - (d) prior to Admission, 61,475,410 Ordinary Shares will be allotted and issued in connection with the Offer; and
  - (e) immediately following Admission, the nominal value of the issued Ordinary Share capital of the Company will be £3,000,000 divided into 300,000,000 Ordinary Shares of £0.01 each (all of which will be fully paid or credited as fully paid).
- 3.2 The following resolutions of the members of the Company are anticipated to be passed prior to Admission, and the Offer is conditional on the passing of such resolutions to:
- (a) amend the articles of association of the Company to create a new class of shares, the Capital Reduction Shares, having the rights described in sub-paragraph 3.1(c)(iv) above, and authorise the Directors to issue a bonus share to one member;
  - (b) sub-divide the Ordinary Share of £1.00 in the issued share capital of the Company into 100 Ordinary Shares of £0.01 each in the Company, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing Ordinary Share as set out in the articles of association of the Company for the time being;
  - (c) give the Directors the power to allot a total of 238,524,490 Ordinary Shares of £0.01 each to the DWF Holdings Shareholders in exchange for the acquisition by the Company of the entire issued share capital of DWF Holdings Limited from the DWF Holdings Shareholders, as if section 561(1) of the Act did not apply to such allotment;
  - (d) authorise the Directors to capitalise the merger reserve created by the share-for-share exchange referred to in sub-paragraph 3.2(c) above and apply it in paying up in full one Capital Reduction Share with a nominal value equal to the value of such merger reserve and, in accordance with section 551 of the Act, to allot and issue such Capital Reduction Share by way of a bonus issue to a specified DWF partner;
  - (e) reduce the share capital of the Company by cancelling and extinguishing the Capital Reduction Share;
  - (f) re-register the Company as a public limited company prior to Admission and adopt amended articles of association (with effect from re-registration);
  - (g) adopt amended articles of association (with effect from Admission) in a form suitable for the Company as a company whose shares are admitted to the Official List and to trading on the main market for listed securities of the London Stock Exchange;
  - (h) with effect from the adoption of the articles of association referred to in resolution 3.2(g), authorise a general meeting (other than an annual general meeting) to be called on not less than 14 clear days' notice;
  - (i) conditional on the FCA and the London Stock Exchange having approved the Company's applications for Admission (subject only to the allotment and issue of the New Ordinary Shares to be admitted to the Official List and to trading on the main market for listed securities of London Stock Exchange), generally and unconditionally authorise the Directors, in accordance with section 551 of the Act, to exercise all powers of the Company to allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares, this authority being limited to the allotment and issue of Ordinary Shares in connection with the Offer, such authority to expire on the earlier to occur of Admission and 31 December 2019, and the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired;
  - (j) conditional on Admission, generally and unconditionally authorise the Directors, in accordance with section 551 of the Act, to exercise all powers of the Company to allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares:

- (i) up to a maximum nominal amount in pounds sterling equal to one-third of the Company's issued share capital immediately following Admission; and
- (ii) comprising equity securities (as defined in section 560 of the Act) up to a maximum nominal amount in pounds sterling equal to two thirds of the Company's issued share capital immediately following Admission (including within such limit any shares allotted or rights granted under sub-paragraph 3.2(j)(i) above) in connection with an offer by way of a rights issue:
  - (A) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - (B) to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter, such authority to expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier at the close of business on 31 December 2019, and the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired;

- (k) conditional on the FCA and the London Stock Exchange having approved the Company's applications for Admission (subject only to the allotment and issue of the New Ordinary Shares to be admitted to the Official List and to trading on the main market for listed securities of London Stock Exchange) give the Directors the power to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority referred to in sub-paragraph 3.2(i) above under section 551 of the Act as if section 561 of the Act did not apply to the allotment, provided that the authorities set out in this sub-paragraph 3.2(k) expire on the earlier to occur of Admission and 31 December 2019, and the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired;
- (l) conditional on Admission, give the Directors the power to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority referred to in sub-paragraph 3.2(j) above under section 551 of the Act and to allot equity securities (as defined in section 560(3) of the Act) for cash, in either case as if section 561 of the Act did not apply to the allotment, but this power is limited to:
  - (i) the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under sub-paragraph 3.2(j)(ii), by way of a rights issue only) to or in favour of:
    - (A) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (B) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

- (ii) the allotment of equity securities pursuant to the authority granted under sub-paragraph 3.2(j)(A) above and/or by virtue of section 560(3) of the Act (in each case otherwise than pursuant to sub-paragraph 3.2(l)(i) above) up to a maximum nominal amount in pounds sterling equal to approximately 10% of the Company's issued share capital immediately following Admission,

provided that the authorities set out in this sub-paragraph 3.2(l) above expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 31 December 2019, and the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired;

- (m) conditional on Admission, generally and unconditionally authorise the Company to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares on such terms and in such manner as the Directors may determine, provided that:
  - (i) the maximum number of ordinary shares authorised to be purchased under this authority is 14.99% of the issued ordinary share capital of the Company immediately following Admission; and
  - (ii) the minimum price (exclusive of expenses) which may be paid for an ordinary share is £0.01 (being the nominal value of that ordinary share);
  - (iii) the maximum price (exclusive of expenses) which may be paid for each ordinary share purchased under this authority is the higher of: (A) an amount equal to 105% of the average of the middle market price shown in the quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and (B) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System,

such authority to expire at the close of the next annual general meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 31 December 2019, and the Company may make a contract or contracts to purchase Ordinary Shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract;

- (n) conditional on Admission, in accordance with section 366 of the CA 2006, generally authorize the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect to:
  - (i) make political donations to political parties and/or independent election candidates;
  - (ii) make political donations to political organisations other than political parties; and
  - (iii) incur political expenditure,

provided that the aggregate amount of such donations and expenditure not exceed £100,000 during the period beginning with the date of the passing of this resolution and ending on 31 December 2019 or, if sooner, the conclusion of the annual general meeting of the Company to be held in 2019.

For the purposes of this authority the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the CA 2006.

### 3.3 Save as disclosed in this Prospectus:

- (a) no share or loan capital of the Company or any of its subsidiary undertakings has, within the period covered by the Historical Financial Information set out in this Prospectus (other than intra group issues by wholly-owned subsidiaries or pursuant to the Offer), been issued or been agreed to be issued fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed;

- (b) no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiary undertakings within the period covered by the Historical Financial Information set out in this Prospectus in connection with the issue or sale of any share or loan capital of any such company; and
- (c) no share or loan capital of the Company or any of its subsidiary undertakings is under option or agreed, conditionally or unconditionally, to be put under option.

#### 4. Reorganisation

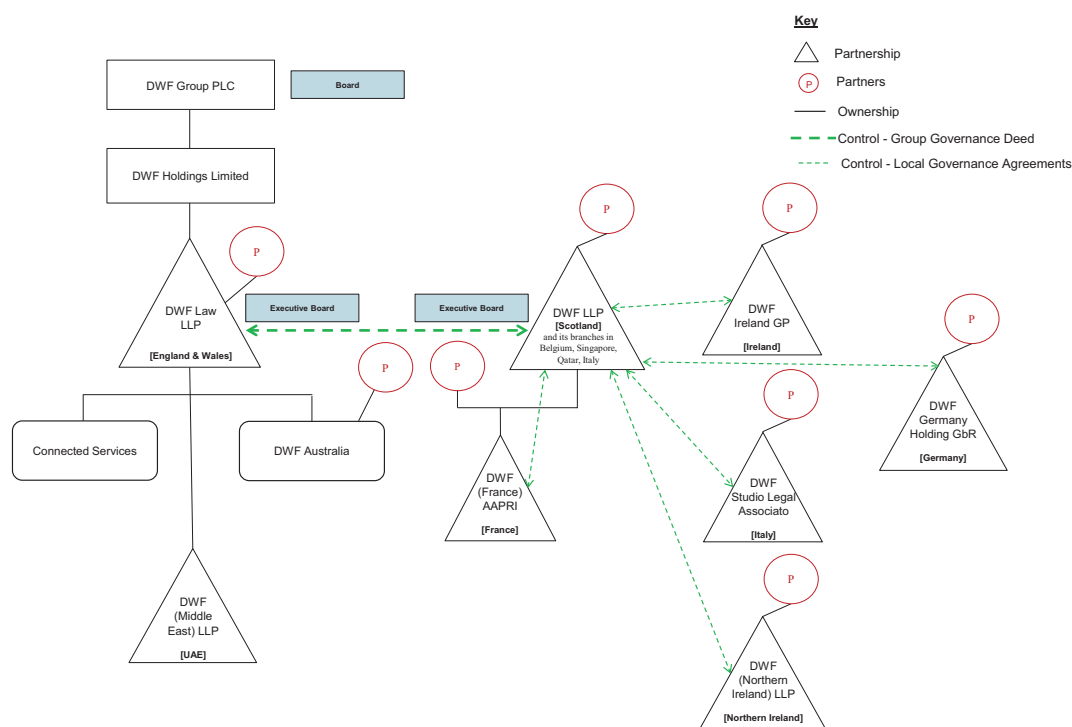
The Group has undertaken certain steps as part of the Reorganisation and will undertake certain further steps immediately prior to and in connection with Admission.

##### 4.1 Structure

The Group is undertaking the Reorganisation in order to allow and facilitate the Company to become the ultimate holding company of the Group and so that the Group will be reorganised into the DWF Law LLP Sub-group and the DWF LLP Sub-group in order to meet local regulatory requirements in certain international jurisdictions in which the Group currently provides legal services.

The Company and its Board will control, consolidate and have access to the economics of the subsidiaries and the subsidiary undertakings of the DWF Law LLP Sub-group and the DWF LLP Sub-group. While DWF's partners will remain members of certain partnerships within the Group, in order to facilitate the structure, they will move to a fixed basis of remuneration at a level which is reduced compared to their current remuneration levels and the partners will forego substantially all of the membership and voting rights they currently benefit from.

The following diagram is a simplified corporate structure diagram of the Group following the key steps of the Reorganisation, as described in more detail below:



##### 4.1.1 DWF Law LLP Sub-group

DWF Law LLP and its subsidiaries (including its connected services subsidiaries), but excluding the DWF LLP Sub-group (as defined below), following the Reorganisation are referred to in this document as “DWF Law LLP Sub-group”.

The Solicitors Regulation Authority (the “SRA”) has authorised DWF Law LLP as a Licensed Body (as defined in the Legal Services Act 2007), pursuant to a licence issued by the SRA to DWF Law LLP on 8 March 2019.

The Group's businesses in certain other jurisdictions where regulations do not prohibit the ownership, control and/or management of legal service providers by non-lawyers (namely, Australia and the UAE) will be, together with DWF's connected services businesses, subsidiaries of DWF Law LLP.

See *Part VII—“Regulatory Overview”* for more details on the local regulatory requirements in respect of the structure and governance arrangements of these legal service providers.

#### 4.1.2 DWF LLP Sub-group

DWF LLP and its subsidiary undertakings following the Reorganisation are referred to in this document as “DWF LLP Sub-group”.

In jurisdictions where the direct ownership, control and/or management of law firms by non-lawyers and/ or the sharing of profits with non-lawyers is generally prohibited (namely, Scotland, Northern Ireland, Ireland, France, Belgium, Singapore and Germany), DWF's legal service providers will be in the DWF LLP Sub-group and will be subsidiary undertakings of the Company, DWF Law LLP and DWF LLP (as applicable) by way of contractual arrangements. In Italy and Qatar, where regulations do not explicitly prohibit ownership, control and/or management of legal service providers by non-lawyers or sharing of profits with non-lawyers (subject to certain restrictions), DWF's legal service providers will remain in the DWF LLP Sub-group to minimise the amount of reorganisation required.

Neither the Company nor any other member of the DWF Law LLP Sub-group will have equity ownership of any member of the DWF LLP Sub-group.

See *Part VII—“Regulatory Overview”* for more details on the local regulatory requirements in respect of the structure and governance arrangements of these legal service providers.

#### 4.1.3 Governance arrangements

Other than the arrangements set out in *Part VIII—“Directors, Senior Management and Corporate Governance”*, the governance arrangements of the Company and the Group are set out in paragraph 16—“*Material contracts*” below.

DWF Holdings Limited (the direct, wholly-owned subsidiary of the Company) will be the controlling Member of DWF Law LLP, but it will not be a Member of DWF LLP because it is not permitted to be a Member of DWF LLP due to local law and regulations applicable to the DWF LLP Sub-group. Most of the Members of DWF LLP will become Members of DWF Law LLP but a limited number of Members of DWF LLP will not become Members of DWF Law LLP.

The constitutional deed of DWF Law LLP (the “**DWF Law LLP Constitutional Deed**”) and the constitutional deed of DWF LLP (the “**DWF LLP Constitutional Deed**”) will set out the terms on which the respective LLPs will be controlled and managed. The respective Constitutional Deeds will provide that the Members of the LLP delegate substantially all control and day-to-day management of the LLP (and its sub-group) to the LLP's Executive Board, subject to the matters reserved to the Board of the Company (in accordance with typical UK Corporate Governance Code practice).

The DWF Law LLP Constitutional Deed will provide that DWF Law LLP is controlled by DWF Holdings Limited, whereas the DWF LLP Constitutional Deed will provide that the business of DWF LLP and the DWF LLP Sub-group will be managed in accordance with the group governance deed between DWF Law LLP and DWF LLP (the “**Group Governance Deed**”) (and, as a result, DWF LLP will be a subsidiary undertaking of DWF Law LLP).

The executive functions of the Group will be exercised by the Executive Board of each LLP, with the membership of such including the Chief Executive Officer, Chief Financial Officer and the Group's senior management team. Due to local legal and regulatory requirements in respect of the DWF LLP Sub-group, a majority of the members of each Executive Board must be lawyers. Members of the DWF Law LLP Executive Board will be appointed by the Company, as senior managers, (as that term applies under the UK Corporate Governance Code). The DWF LLP Constitutional Deed and the Group Governance Deed will provide that the DWF LLP Executive Board will comprise the



same members as the DWF Law LLP Executive Board, or as otherwise determined by the Company. In addition to the contractual arrangements set out in this section, maintaining common Executive Boards for the LLPs will ensure, in practice, a unity of management across the Group.

DWF LLP is already party to local governance agreements with each of its subsidiary undertaking partnerships and their partners in Northern Ireland, Ireland, Germany and Italy, which (other than in respect of Ireland) will be amended before Admission (and these partnerships are, and will continue to be, by virtue of the local governance agreements, subsidiary undertakings of DWF LLP). DWF LLP has a direct partnership interest in DWF France and under the by-laws of DWF France, DWF LLP is the controlling partner and owns all of the assets of DWF France. The subsidiary undertaking in Northern Ireland is a limited liability partnership and the subsidiary undertakings in Ireland, France and Italy are unincorporated partnerships. The Irish partnership has unlimited liability. The subsidiary undertaking in Germany is structured as a civil law partnership (*Gesellschaft bürgerlichen Rechts*) holding undertaking and a limited liability company for lawyers (*Rechtsanwaltsgesellschaft*) operating undertaking. The partners of each of these subsidiary undertaking partnerships are also Members of DWF LLP and partners in Northern Ireland, France, Germany and Italy will also be Members of DWF Law LLP.

#### *4.1.4 Economic flows*

There are a number of ways in which economic surpluses arising from the DWF LLP Sub-group may flow to the Company.

##### *Services and intangible services agreements*

Services and intangible services agreements will be put in place between DWF Law LLP and DWF LLP, as well as between DWF LLP and other local legal businesses of the DWF LLP Sub-group, pursuant to which DWF Law LLP will charge DWF LLP and all other local DWF entities: (i) fees for the use of DWF's brand, intellectual property and other intangibles; and (ii) fees for the provision of support services such as financial and accounting, HR, IT and other administrative services. A summary of the servicing and licensing agreements is set out in paragraph 16 "*Material contracts*".

##### *Intragroup loans*

Where intragroup loans are required they will be provided on arm's length terms and, interest will be charged on such loans at market rates.

##### *Valve-partner arrangements*

Most of DWF's partners will be Members of both DWF Law LLP and DWF LLP. Each partner will have a "home legal practice", which is the subsidiary undertaking of the Group on behalf of which the partner primarily practices as a legal practitioner ("**Home Legal Practice**"). Generally, it is intended that each partner will receive a fixed profit share from his or her Home Legal Practice. The Executive Board will be able to designate a partner as a valve-partner, which means that such partner would receive all or part of his or her fixed profit share from a subsidiary undertaking of the Group other than his or her Home Legal Practice and, thereby, reduce the amount of fixed profit share that such valve-partner would otherwise receive from his or her Home Legal Practice by the amount that he or she will receive from such other subsidiary undertaking of the Group. Before becoming a valve-partner in a given jurisdiction, the partner will need to meet the local regulatory requirements to qualify for registration as a valve partner in the applicable jurisdiction. The purpose of the valve-partner arrangements is to give the Executive Board flexibility in distributing, to valve-partners, surpluses of each Home Legal Practice after having paid all expenses, charges for intra-group services and intangible services agreements and partner fixed profit share of such Home Legal Practice ("**Surpluses**") such that, ultimately, partners with a Home Legal Practice in the DWF Law LLP Sub-group who are designated as valve-partners (the "**DWF Law LLP Valve-Partners**") will receive the aggregate amount of all Surpluses arising in the DWF LLP Sub-group under the valve-partner arrangements, and, thereby, reduce the aggregate fixed profit share that such DWF Law LLP Valve-Partners would otherwise receive from the DWF Law LLP Sub-group by such aggregate amount of



Surpluses that they receive from the DWF Law Sub-group. This arrangement allows the Group to manage the level of retained profits or losses in a manner so that DWF Law LLP has excess profit available for distribution to DWF Holdings Limited to enable it to fund the payment of dividends by the Company.

Valve-partner arrangements are commonly used in the legal industry by integrated international law firms. In addition to providing remuneration flexibility, the valve partner arrangement also enables effective collaboration between the partners and integration across the various entities of the Group as it facilitates providing advice for the benefit of various entities in the Group, the development of client relationships and maintaining and generating new client engagements across geographical boundaries. The Executive Board will, based on the forecast profit of the DWF LLP Sub-group and the policy and budget approved by the Company's Board and remuneration committee, decide on the expected need for, and number of, valve-partners at or before the beginning of each financial year.

#### 4.2 *Pre-Admission steps under the Reorganisation*

4.2.1 As described in sub-paragraph 4.1.3 above, most of the Members of DWF LLP will be admitted as Members of DWF Law LLP.

4.2.2 DWF LLP will transfer its 100,000 subscriber shares of £0.00001 each in DWF Holdings Limited to a specified DWF partner for a cash consideration of £1.00.

4.2.3 The Australian Members will subscribe for shares in DWF Holdings Limited through their partnership trusts. The subscription will be at nominal value plus a small premium, so required in order to make up to the nearest whole pence the sum to be paid by each subscriber. The amount of premium will be recorded in DWF Holdings Limited's share premium account.

4.2.4 The capital interests of the Members of DWF Law LLP will be adjusted between themselves such that the fixed share partners, in addition to the equity partners, will have a share of the capital profits of DWF Law LLP and the surplus assets of DWF Law LLP in the event of a winding-up.

4.2.5 DWF Law LLP will acquire the English legal business, including intellectual property rights associated with the DWF brand, from DWF LLP by way of a business transfer. DWF Law LLP will also acquire from DWF LLP the assets and liabilities associated with the internal operational functions of the Group by way of a business transfer, such that DWF Law LLP will house and operate those internal operational functions on and from Admission.

DWF Law LLP will also acquire the Australian legal business and the Connected Services sub-group from DWF LLP by way of a transfer of the shares held by DWF LLP in DWF Australia Holdings Pty Ltd, DWF Connected Services Holdings Limited, DWF Connected Services Group Limited and Resolution Law Limited.

The transfer of the UAE legal business to DWF Law LLP will be effected by admitting DWF Law LLP as a member of DWF (Middle East) LLP, the vehicle through which DWF provides legal services in Dubai. DWF LLP, which as at the date of publication of this Prospectus is a member of DWF (Middle East) LLP, will retire as a member as soon as possible after Admission.

4.2.6 DWF Holdings Limited will be admitted as a Member of DWF Law LLP.

4.2.7 The Members of DWF Law LLP will subscribe for ordinary shares in DWF Holdings Limited of £0.00001 each, *pro rata* to their capital interests in DWF Law LLP, as adjusted under paragraph 4.2.1 above. The subscription will be at nominal value plus a small premium, so required in order to make up to the nearest whole pence the sum to be paid by each subscriber. The amount of premium will be recorded in DWF Holdings Limited's share premium account. A total of 238,424,590 ordinary shares in DWF Holdings Limited will be allotted and issued to the Members of DWF Law LLP.

The specified DWF partner referred to in sub-paragraph 4.2.2 above will accordingly subscribe for a proportionate amount of shares in DWF Holdings Limited, less the subscriber shares transferred to him by DWF LLP as described in sub-paragraph 4.2.2. To mitigate adverse tax consequences in certain jurisdictions outside the UK, certain partners will also receive fewer shares in DWF Holdings Limited.

- 4.2.8 33,659,635 ordinary shares of £0.00001 each in DWF Holdings Limited will be allotted and issued to the EBT and the RST, together comprising approximately 10% of the fully diluted share capital of DWF Holdings Limited, and the share awards to be made on Admission to certain senior managers (non-partners) of the Group (as described in further detail in sub-paragraph 12.6.1(a) below).
- 4.2.9 The individual Members of DWF Law LLP will transfer their shares of the capital profits of DWF Law LLP, and the surplus assets of DWF Law LLP in the event of a winding-up, to DWF Holdings Limited for nil consideration.
- 4.2.10 The Australian Members will become members of DWF Law LLP.
- 4.2.11 The key agreements set out in paragraphs 16.4 to 16.11 below will come into full force and effect.
- 4.2.12 DWF LLP will transfer its subscriber Ordinary Share of £1.00 in the Company to a specified DWF partner for a cash consideration of £1.00. Such Ordinary Share of £1.00 will be sub-divided into 100 new Ordinary Shares of £0.01 each in the Company.
- 4.2.13 Each of the DWF Holdings Shareholders (being the Members of DWF Law LLP, the EBT and the RST) will be allotted Ordinary Shares of £0.01 each in the Company, *pro rata* to their shareholdings in DWF Holdings Limited.

In exchange, each DWF Holdings Shareholder will transfer to the Company all the ordinary shares held by such shareholder in the capital of DWF Holdings Limited, collectively comprising the entire issued share capital of DWF Holdings Limited (such share-for-share exchange being the “**Share Exchange**”). For each share in DWF Holdings Limited transferred to the Company, one Ordinary Share will be allotted and issued to the relevant DWF Holdings Shareholder, such that a total of 238,524,490 Ordinary Shares will be allotted and issued to the DWF Holdings Shareholders. The specified DWF partner referred to in sub-paragraph 4.2.10 above will receive a proportionate amount of Ordinary Shares, less the subscriber Ordinary Shares transferred to him by DWF LLP and subsequently sub-divided, as described in sub-paragraph 4.2.10 above.

In this way, DWF Holdings Limited will become a wholly-owned subsidiary of the Company and the DWF Holdings Shareholders will become shareholders of the Company.

- 4.2.14 The merger reserve created by the Share Exchange will be capitalised and applied in paying up in full the Capital Reduction Share which will be allotted and issued by way of a bonus issue to a specified DWF partner.

The Capital Reduction Share will have a nominal value equal to the value of such merger reserve. It will not be admitting to trading or carry any entitlement to attend or vote at general meetings of the Company, and will carry only the right to participate in any return of capital to the extent of the amount paid up or credited as paid up on the Capital Reduction Share but only after the holder of each Ordinary Share has received the amount paid up or credited as paid up on such a share and the sum of £10 million in respect of each Ordinary Share.

Accordingly, the Capital Reduction Share will, for all practical purposes, be valueless and will be subsequently cancelled, as described in sub-paragraph 4.2.15 below.

- 4.2.15 The issued share capital of the Company will be reduced, by cancelling the Capital Reduction Share immediately following issuance, in order to generate distributable reserves to facilitate future dividend distributions. This will be effected by way of the directors’ solvency statement procedure governed by the Act.

Following such capital reduction, the Company will be re-registered as a public limited company one day prior to Admission.

#### 4.3 *Post-Admission steps under the Reorganisation*

Following the Offer, each of the Members (other than those who have not paid in capital) intend to make a voluntary donation to the DWF Foundation to support its charitable initiatives. Such Members intend to each donate to the DWF Foundation 1% of the Shares they hold immediately following the Offer (either directly or via the Estera Trust (Jersey) Limited (as trustee of the DWF Group plc Reward Share Trust)).

Following the Offer, and in order for DWF Law LLP to satisfy its obligation to pay the consideration for its acquisition from DWF LLP of the English legal business, the intellectual property rights associated with the DWF brand, the assets and liabilities associated with the internal operational functions of the Group and the shares in the Connected Services sub-group, the Company intends to loan to DWF Holdings Limited, which in turn will loan the equivalent amount to DWF Law LLP (both such loans being on arms length terms), an amount equal to the such consideration amount. DWF LLP will then use all or part of the consideration it receives from DWF Law LLP to repay approximately £19 million of partners' capital in DWF LLP.

## **5. Articles of Association**

The articles of association (the “**Articles**”), which are to be adopted with effect from Admission, include provisions to the following effect. In accordance with section 31(1) of the Act, the objects of the Company are unrestricted and, accordingly, the Articles do not include an objects provision.

All capitalised terms in this section are defined in the Glossary unless the context provides otherwise.

### **5.1 *Licensed Bodies***

The Company will be the ultimate holding company of each Licensed Body.

The Company and the directors shall procure that appropriate systems are implemented and maintained by the Company and its subsidiary undertakings to ensure that they and each of their directors, officers, partners, staff and consultants shall at all times comply with the Legal Services Act and the Regulatory Arrangements in respect of each Licensed Body.

### **5.2 *Professional duties of legal practitioners***

The Company and the directors shall procure that appropriate systems are implemented and maintained to enable the provision of legal services by the Company's subsidiary undertakings and their directors, officers, partners, staff and consultants in accordance with the professional duties of legal practitioners in each jurisdiction in which they practise.

The Company and the directors shall procure that:

- (a) the Company and the directors comply with their statutory and other duties at law and under the Articles to the members;
- (b) the Company's subsidiary undertakings and their directors, officers, partners, staff and consultants comply with their professional duties as legal practitioners in each jurisdiction in which they are entitled to practise law; and
- (c) to the extent of any conflict or potential conflict between:
  - (i) the Company's and the directors' statutory and other duties at law and under the Articles to the members; and
  - (ii) the professional duties of the Company's subsidiary undertakings and their directors, officers, partners, staff and consultants as legal practitioners in each jurisdiction in which they are entitled to practise law,

the professional duties of those legal practitioners will prevail over the Company's and the directors' statutory and other duties at law and under the Articles to members.

### **5.3 *Restricted interest provisions***

It is a cardinal principle of the Company that a Non-authorised Person shall not hold, or take steps to acquire, any Restricted Interest, other than in compliance with the Legal Services Act and the Regulatory Arrangements. The purpose of the restricted interest provisions is to enforce this principle by imposing restrictions on the holding of Restricted Interests.

The restricted interest provisions shall apply notwithstanding, and shall prevail over, every other provision of the Articles. No member (or prospective member) shall have any right of action against the Company or the directors for any loss arising, whether directly or indirectly, from the Company's exercise of its powers under the restricted interest provisions.

The Company may refuse to register a person as a member of the Company or the transfer or allotment of shares or other interests in shares, if the Company believes that such registration may result in a Non-authorised Person holding a Restricted Interest in breach of the Articles, the Legal Services Act or the Regulatory Arrangements.

If a member (or prospective member) who is a Non-authorised Person proposes to acquire a Restricted Interest, that member (or prospective member) shall not take any steps to acquire such Restricted Interest until after it has:

- (a) notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest; and
- (b) received the necessary approvals from the Relevant Licensing Authority,

as may be required under the Legal Services Act and the Regulatory Arrangements. Each member (and prospective member) acknowledges that it is a criminal offence under the Legal Services Act for a Non-authorised Person to fail to comply with its obligations under paragraph (a) above.

A member (or prospective member) who is not a Non-authorised Person (an “**Authorised Person**”) may notify the Company that it is an Authorised Person and shall provide such information to the Company as the Company may request under the Articles as evidence that such member (or prospective member) is an Authorised Person. If an Authorised Person does not notify the Company (to the Company’s satisfaction), such Authorised Person shall be deemed to be a Non-authorised Person for the purposes of the Articles (a “**Deemed Non-authorised Person**”). Each Deemed Non-authorised Person shall comply with the provisions of the Articles that apply to Non-authorised Persons as if such person was a Non-authorised Person.

If an Authorised Person (including a Deemed Non-authorised Person) notifies the Company (to the Company’s satisfaction) that such person is an Authorised Person, such person shall be referred to as an **Approved Person**.

If the Company believes that the Divestiture Condition may be satisfied in relation to a Non-authorised Person (a “**Defaulting Person**”), the Company may give notice to such Defaulting Person that all of the restrictions referred to below shall apply in respect of that Defaulting Person’s Relevant Shares:

- (a) subject to compulsory disposal provisions (noted below), a transfer of (or agreement to transfer) the Relevant Shares, or, in the case of unissued shares, a transfer of (or agreement to transfer) the right to be issued with them, is void;
- (b) no voting rights are to be exercisable in respect of the Relevant Shares;
- (c) no further shares in the Company are to be issued in right of the Relevant Shares or in pursuance of any offer made to their holder;
- (d) except in a liquidation, no payment is to be made of any sums due from the Company on the Relevant Shares, whether in respect of capital or otherwise; and
- (e) any other restriction that the Relevant Licensing Authority may impose in respect of the Relevant Shares in accordance with the Legal Services Act and the Regulatory Arrangements.

In addition, for so long as the restrictions set out above apply to a Defaulting Person, the following compulsory disposal provisions will also apply to such Defaulting Person. The Company may (in its absolute discretion) notify the Defaulting Person that, within seven days of the date of service of the notice, the Defaulting Person must dispose of such number of its Relevant Shares that will result in the Defaulting Person no longer holding a Restricted Interest (the “**Disposal Shares**”).

If the Defaulting Person has not disposed of the Disposal Shares in accordance with the preceding paragraph, the Company shall arrange for the Company to sell the Disposal Shares as soon as reasonably practicable. The Company shall not be liable to the Defaulting Person for any alleged deficiency in the amount of sale proceeds in respect of, or any other matter relating to, the Disposal Shares. The Company may make any arrangements it deems necessary or desirable to sell the Disposal Shares. The Defaulting Person will receive the net proceeds from the sale of the Disposal Shares.

The Company may, from time to time, send a member (or prospective member) or any other person appearing to hold any interest in shares in the Company a notice requiring such person, within seven days of the date of service of the notice, to provide such information to the Company as the Company may request so that it may determine whether such person is an Authorised Person or a Non-authorised Person who holds, or proposes to acquire, a Restricted

Interest. If such a person or any other person appearing to hold any interest in shares in the Company does not respond to a notice served by the Company in accordance with the Articles, the Company may impose the restrictions set out above as if such person was a Defaulting Person.

The Company may establish and maintain such additional share registers as it deems appropriate for the purposes of these restricted interest provisions.

#### 5.4 *Limited liability*

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

#### 5.5 *Rights attaching to shares*

##### 5.5.1 Voting rights of members

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company, the provisions of the Companies Act 2006 shall apply in relation to voting rights. On a poll, every member present in person or by proxy has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

##### 5.5.2 Dividends

Subject to the rights attached to any shares issued on any special terms and conditions, dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls should be treated for these purposes as paid up on the share.

##### 5.5.3 Return of capital

If the Company is in liquidation, the liquidator may, with the authority of a special resolution of the Company and any other authority required by any applicable statutory provision (A) divide among the members in specie the whole or any part of the assets of the Company or (B) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

##### 5.5.4 Capitalisation of reserves

The Board may, with the authority of an ordinary resolution of the Company: (A) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including the share premium account and capital redemption reserve) or any sum standing to the credit of the profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and (B) appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution; provided that the share premium account and the capital redemption reserve, any redenomination reserve and any sum not available for distribution in accordance with the applicable statutory provisions may only be applied in paying up shares to be allotted credited as fully paid up.

#### 5.6 *Issue of Shares*

The Company may from time to time pass an ordinary resolution authorising, in accordance with Section 551 of the Companies Act 2006, the board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).



Subject (other than in relation to the sale of treasury shares) to the board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with Section 551 of the Companies Act 2006, the Company may from time to time resolve, by special resolution, that the board be given power to allot equity securities for cash as if Section 561 of the Companies Act 2006 did not apply to the allotment, but that power shall be limited: (A) to the allotment of equity securities in connection with a rights issue; and (B) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution. The authority shall expire on the day specified in the resolution.

#### 5.7 *Alteration of share capital*

The Company may exercise the powers conferred by the applicable statutory provisions to:

- (a) increase its share capital by allotting new shares;
- (b) reduce its share capital;
- (c) subdivide or consolidate and divide all or any of its share capital; and
- (d) redenominate all or any of its shares and reduce its share capital in connection with such redenomination.

#### 5.8 *Variation of class rights*

Whenever the share capital of the Company is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class. Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or by the purchase or redemption by the Company of any of its own shares.

#### 5.9 *Transfer of Ordinary Shares*

Save as described in paragraph 5.3 “*Restricted interest provisions*” and below, the Ordinary Shares will be freely transferable upon Admission.

A member may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is from time to time approved by the board. The Company shall maintain a record of uncertificated shares in accordance with the applicable statutory provisions.

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place on an open and proper basis) or on which the Company has a lien. The board may also refuse to register any instrument of transfer of a certificated share unless it is left at the registered office, or such other place as the board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the board may reasonably require to prove title of the intending transferor or his right to transfer shares, and in respect of only one class of shares. If the board refuses to register a transfer of a certificated share, it shall, as soon as practicable and in any event within two months after the date on which the instrument was lodged, give to the transferee notice of the refusal together with its reasons for refusal. The board must provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request. Unless otherwise agreed by the board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

#### 5.10 *Disclosure of interests in Ordinary Shares*

If the holder of, or any person appearing to be interested in, any share has been given a notice requiring any of the information mentioned in Section 793 of the Companies Act 2006 (the “**Section 793 Notice**”) and, in respect of that share (a “**Default Share**”), has been in default, for a period of 14 days after the Section 793 Notice has been given, in supplying to the Company the information required by the Section 793 Notice, the following restrictions shall apply: (A) if the Default Shares in which any one person is interested or appears to the Company to be



interested represent less than 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting of the Company; or (B) if the Default Shares in which any one person is interested or appears to the Company to be interested represent at least 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares:

- (a) to attend or to vote, either personally or by proxy, at any general meeting of the Company;
- (b) to receive any dividend or other distribution; or
- (c) to transfer or agree to transfer any of those shares or any rights in them.

#### 5.11 *Forfeiture of shares*

If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Every share which is forfeited or surrendered shall become the property of the Company and (subject to the applicable statutory provisions) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up.

#### 5.12 *Uncertificated shares – general powers*

In relation to any uncertificated share, the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under any applicable statutory provision or the Articles or otherwise in effecting any action. Any provision in the Articles in relation to uncertificated shares which is inconsistent with any applicable statutory provision or the exercise of any powers or functions, including actions by means of a relevant system, by the Company shall not apply. The Company may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form within such period as may be specified in the notice. For the purpose of effecting any action by the Company, the board may determine that shares held by a person in uncertificated form and in certificated form shall be treated as separate holdings but they shall not be treated as separate classes of shares.

#### 5.13 *Communications by the Company*

Subject to the applicable statutory provisions (and other rules applicable to the Company), a document or information may be sent or supplied by the Company to any member in electronic form to such address as may from time to time be authorised by the member concerned or by making it available on a website and notifying the member concerned in accordance with the applicable statutory provisions (and other rules applicable to the Company) of the presence of a document or information on the website. A member shall be deemed to have agreed that the Company may send or supply a document or information by means of a website if the conditions set out in the applicable statutory provisions have been satisfied.

#### 5.14 *General meetings*

An annual general meeting shall be held in accordance with the applicable statutory provisions. Other general meetings may be convened whenever the board thinks fit or on the requisition of members under the applicable statutory provisions.

Subject to the applicable statutory provisions, an annual general meeting shall be called by not less than 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice or by not less than such minimum notice period as is permitted by the applicable statutory provisions.

The requisite quorum for general meetings of the Company shall be two qualifying persons entitled to vote on the business to be transacted at the meeting. A qualifying person is: an individual who is a member of the Company; a corporate representative; or a proxy.

## 5.15 Directors

### 5.15.1 Appointment, resignation and termination

The directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two or more than 15 in number.

A director need not be a member of the Company.

For so long as the members of DWF Law LLP, from time to time, who also hold shares (the “**LLP Members**”), in aggregate hold:

- (a) at least 25% or more of the voting rights that may be exercised at a general meeting, the board shall appoint two LLP Members as directors each of whom (A) meets the selection criteria set by the nomination committee of the board for a person to be eligible to be recommended to be appointed as a director by the nomination committee of the board and (B) is willing to act to be directors; and
- (b) at least 10% but less than 25% of the voting rights that may be exercised at a general meeting, the board shall appoint one LLP Member as a director who (A) meets the selection criteria set by the nomination committee of the board for a person to be eligible to be recommended to be appointed as a director by the nomination committee of the board and (B) is willing to act to be a director,

and each director so appointed shall otherwise be subject to these articles to the same extent as each other director.

This paragraph is a provision for entrenchment and shall not be amended or repealed unless the Company passes a resolution by a majority of more than 90%. A resolution under this paragraph shall be treated in all other respects as a special resolution under the Articles.

In relation to the appointment of the first two LLP Members as directors under paragraph (a) above, one LLP Member shall be appointed (or continue in his appointment) as a director with effect on and from the date of adoption of the Articles and the second LLP Member shall be appointed as a director within 12 months of the date of adoption of the Articles.

At each annual general meeting, every director shall retire from office. A retiring director shall be eligible for re-election, and a director who is re-elected will be treated as continuing in office without a break. A retiring director who is not re-elected shall retain office until the close of the meeting at which he retires. If the Company, at any meeting at which a director retires in accordance with the Articles, does not fill the office vacated by such director, the retiring director, if willing to act, shall be deemed to be re-elected, unless at the meeting a resolution is passed not to fill the vacancy or to elect another person in his place or unless the resolution to re-elect him is put to the meeting and not passed.

### 5.15.2 Conflicts of interest

If a situation (a “**Relevant Situation**”) arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company but which does not arise in relation to a transaction or arrangement with the Company, the director must declare the nature and extent of his interest to the other directors, and the directors (other than the director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may (i) if the Relevant Situation arises from the appointment or proposed appointment of a person as a director of the Company, resolve to authorise the appointment of the director and the Relevant Situation on such terms as they may determine and (ii) if the Relevant Situation arises in other circumstances, resolve to authorise the Relevant Situation and the continuing performance by the director of his duties on such terms as they may determine. Any terms of such authorisation may be imposed at the time of the authorisation or may be imposed or varied subsequently and may include (without limitation):

- (a) whether the interested directors may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;

- (b) the exclusion of the interested directors from all information and discussion by the Company of the Relevant Situation; and
- (c) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the Relevant Situation.

Any authorisation of a Relevant Situation may provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence.

If a director is in any way, directly or indirectly, interested in a proposed or an existing transaction or arrangement with the Company, he must declare the nature and extent of that interest to the other directors.

Subject to any applicable statutory provisions and to declaring his interest to the other directors, a director may:

- (a) enter into or be interested in any transaction or arrangement with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company, or as vendor, purchaser or otherwise;
- (b) hold and be remunerated in respect of any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director;
- (c) act by himself or his firm in a professional capacity for the Company (except as auditor) and be entitled to remuneration for professional services as if he were not a director;
- (d) be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any holding company or subsidiary undertaking of that holding company or any other company in which the Company may be interested; and
- (e) be or become a director of any other company in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of his appointment as a director of that other company.

#### 5.15.3 Remuneration

The directors shall be paid such fees not exceeding in aggregate £2 million per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the board may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and shall accrue from day to day.

The Board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company. Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the board may decide in addition to any remuneration payable under or pursuant to any other of the Articles.

A director shall be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties, including his expenses of travelling to and from board meetings, committee meetings and general meetings. Subject to any guidelines and procedures established from time to time by the board, a director may also be paid out of the funds of the Company all expenses incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.

The board may exercise all the powers of the Company to:

- (a) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the

termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any body corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate, or the relatives or dependants of any such person. For that purpose, the board may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums;

- (b) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme, including shares, share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and
- (c) support and subscribe to any institution or association which may be for the benefit of the Company or of any associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

#### 5.15.4 Indemnity

As far as the applicable statutory provisions allow, the Company may:

- (a) indemnify any director of the Company (or of an associated body corporate) against any liability;
- (b) indemnify a director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;
- (c) purchase and maintain insurance against any liability for any director referred to in paragraph (a) or (b) above; and
- (d) provide any director referred to in paragraph (a) or (b) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

#### 5.15.5 Proceedings of the Board

A director may at any time, and the secretary may at the request of a director, call a meeting of the board. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meeting as it thinks fit. This includes at a meeting which consists of a conference between directors, some or all of whom are in different places; provided that each director may participate in the business of the meeting by any means which allows him both to hear each of the other participating directors (or receive real time communications made by them) and, if he so wishes, to address all of the other participating directors (or communicate in real time with them).

The quorum necessary for the transaction of the business of the board, unless fixed by the board at any other number, shall be two. A board meeting at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the board.

The board may appoint a chairman and one or more deputy chairmen and may at any time revoke such an appointment. The chairman, or failing him any deputy chairman (the longest in office taking precedence), shall, if present and willing, preside at all board meetings but, if no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chairman of the meeting, the directors present shall choose one of their number to act as chairman for that meeting.

Questions arising at a board meeting shall be determined by a majority of votes, and, in the case of equality of votes, the chairman of the meeting shall have a casting vote. A resolution which is signed or approved by all the directors entitled to vote on that resolution shall be valid and effectual as if it had been passed at a board meeting duly called and constituted.

All acts executed in a *bona fide* manner by a meeting of the board, of a committee or by any person acting as a director or committee member, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the board or committee or of the person so acting, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a director and had continued to be a director or member of the committee and had been entitled to vote.

## 5.16 Dividends

### 5.16.1 Declaration of dividends

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the board.

### 5.16.2 Interim dividends

The board may pay such interim dividends as appear to the board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the board whenever the financial position of the Company, in the opinion of the board, justifies its payment. If the board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

### 5.16.3 Calculation and currency of dividends

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (A) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; (B) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and (C) dividends may be declared or paid in any currency using an exchange rate selected by the directors for any currency conversions required, and the directors can also decide how any costs relating to the choice of currency will be met.

### 5.16.4 Dividends not to bear interest

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

### 5.16.5 Calls or debts may be deducted from dividends

The board may deduct from any dividend or other moneys payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

### 5.16.6 Dividends in specie

With the authority of an ordinary resolution of the Company and on the recommendation of the board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets, and in particular, of paid up shares or debentures of any other company.

### 5.16.7 Scrip dividends

The board may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares of that class by way of scrip dividend instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution.



#### 5.16.8 Unclaimed dividends

Any dividend unclaimed for a period of six years after having been declared shall be forfeited and cease to remain owing by the Company.

### 6. Directors and Senior Managers

- 6.1 The Directors, the Senior Managers and their functions within the Group and brief biographies are set out in *Part VIII—“Directors, Senior Management and Corporate Governance”*.
- 6.2 The business address of the Directors and the Senior Managers is 20 Fenchurch Street, London EC3M 3AG.
- 6.3 In addition to their directorships of the Company and directorships and memberships of partnerships of other members of the Group, the Directors and the Senior Managers hold, or have held, the following directorships or equivalent roles and are or were members of the following partnerships, within the previous five years prior to the date of this Prospectus:

Name	Company/Partnership	Position still held
Sir Nigel Knowles.....	Biosure (UK) Limited (Director)	Yes
	Zeus Capital Investment Limited (Director)	Yes
	Zeus Group Limited (Director)	Yes
	Kim Technologies Limited (Director)	Yes
	Getting Capital Limited (Director)	Yes
	The Link App Limited (Director)	Yes
	Onedome Limited (Director)	Yes
	Glasswall Holdings Limited (Director)	Yes
	Morses Club plc (Director)	Yes
	Meetoo Limited (Director)	Yes
	Suntings Limited (Director)	Yes
	Zeus Capital Limited (Director)	Yes
	SGO Corporation Limited (Director)	Yes
	PC Spineinvest LLP (LLP Member)	Yes
	BC Rolatube LLP (LLP Designated Member)	Yes
	Beyond Capital LLP (LLP Designated Member)	Yes
	Scion Films Sale and Leaseback Sixth LLP (LLP Member)	Yes
	Riverview Law Limited (Director)	No
	Riverview Law Holdings Limited (Director)	No
	Langham Park Homes Limited (Director)	No
	Holland 88 Limited (Director)	No
	TMG Group Limited (Director)	No
	Blenheim Capital Services Limited (Director)	No
	Noble Street Limited (Director)	No
	DLA Piper Europe LLP (LLP Designated Member)	No
	DLA Piper International LLP (LLP Member)	No
	DLA Piper UK LLP (LLP Member)	No
	DLA Piper Asia LLP (LLP Member)	No
	DLA Piper Treasury Services Limited (Director)	No
	DLA Piper Prague LLP (LLP Designated Member)	No
	DLA Limited (Director)	No
	Dibb Lupton Alsop Limited (Director)	No
	DLA Group Limited (Director)	No
	Dealmill Limited (Director)	No
	DLA Direct Limited (Director)	No
	Dibb Lupton Broomhead Limited (Director)	No
	Broomheads (Services) Limited (Director)	No
	DLA Piper Limited (Director)	No
	DLA Piper UK Secretarial Services Limited (Director)	No
	DLA Piper Legal Delivery Centre Limited (Director)	No



Name	Company/Partnership	Position still held
	DLA Management Services (Belgium) Limited (Director)	No
	HRExclusive Limited (Director)	No
	DLA Piper International Nominees Limited (Director)	No
	DLA Piper UK Management Services Limited (Director)	No
	A.S.B. Nominees Limited (Director)	No
	DLA UK Limited (Director)	No
	DLA Piper Oman LLP (LLP Designated Member)	No
	DLA Piper Middle East LLP (LLP Designated Member)	No
	Prince's Trust International (Director)	No
	PGI Protection Group International Ltd. (Director)	No
	DLA Piper UK Nominees Limited (Director)	No
	DLA Piper UK Properties Limited (Director)	No
Andrew Leatherland .....	Atelier Bride Limited (Director)	No
Chris Stefani .....	KIDS (Director, Trustee and Treasurer)	Yes
	Play-Train (Director)	No
	Support Education and Respite Care for Children (Director)	Yes
	Strut Limited (Director)	Yes
	Kids Trading Company Limited (Director)	Yes
	Kidsactive (Director)	Yes
Chris Sullivan .....	Cater Allen Limited (Director)	No
	Santander Asset Finance plc (Director)	No
	Abbey National Treasury Services plc (Director)	No
	Santander UK Operations Limited (Director)	No
	Centrepont Soho (Director)	No
	Chris Sullivan Associates Ltd (Director)	Yes
	The Candy Foundation Limited (Director)	Yes
	Goodwood Estate Company Limited (The) (Director)	Yes
	Ship Midco Limited (Director)	No
	Elixirr Partners LLP (LLP Member)	No
	Ashridge Executive & Organisation Development Limited (Director)	No
Teresa Colaianni .....	WIH2020 Ltd (Director)	Yes
	Bounty Brands Holdings Limited (Director)	No
	Shingle Point Limited (Director)	Yes
	Sandboy Management Company Limited (Director)	Yes
	Mothercare plc. (Director)	No
	Poundland Group plc (Director)	No
	Alexandra Palace Trading Limited (Director)	No
	SD Worx Group (Director)	Yes
	SD Worx Holding	Yes
	The Watches of Switzerland Group Ltd	Yes
	Royal Bournemouth and Christchurch Hospitals	
	NHS Foundation Trust (Director)	No
	Merlin Entertainments plc (Director)	No
Vinodka Murria OBE .....	ADV Technology Limited (Director)	Yes
	ADV Software Limited (Director)	Yes
	Elderstreet Holdings Limited (Director)	Yes
	Elderstreet Investments Limited (Director)	Yes

Name	Company/Partnership	Position still held
	FinnCap Group PLC (Director)	Yes
	FinnCap Ltd (Director)	No
	Hay Hill Wealth Management Limited (Director)	Yes
	Intercede 2445 Limited (Director)	Yes
	PS Foundation (Director)	Yes
	Pythagoras Communications Limited (Director)	Yes
	VM.AV Corporate Services Limited Ltd (Director)	Yes
	XCD HR Limited (Director)	Yes
	5 Star Computer Systems Limited (Director)	No
	A.S.R. Computers Limited (Director)	No
	Adastra Software Limited (Director)	No
	ADV Management Services Ltd Limited (Director)	No
	ADV Software (Jersey) Limited (Director)	No
	ADV Technology (Jersey) Limited (Director)	No
	Advanced 365 Limited (Director)	No
	Advanced Accounts Limited (Director)	No
	Advanced Business Software and Solutions Limited (Director)	No
	Advanced Business Solutions CRM Limited (Director)	No
	Advanced Chorus Application Software Limited (Director)	No
	Advanced Communications Software and Solutions Limited (Director)	No
	Advanced Computer Software Group Limited (Director)	No
	Advanced Enterprise Software Limited (Director)	No
	Advanced Field Service Solutions Limited (Director)	No
	Advanced Health and Care Limited (Director)	No
	Advanced Legal Solutions Limited (Director)	No
	Advanced Sharpowl Software Limited (Director)	No
	Advanced Ticketing Limited (Director)	No
	AIM Group Holdings Limited (Director)	No
	Aim Holdings Limited (Director)	No
	AIM Professional Systems Limited (Director)	No
	Alphalaw Limited (Director)	No
	Applied Computer Expertise Limited (Director)	No
	Belmin Group Limited (Director)	No
	BI Inform Limited (Director)	No
	Business Systems 365 Limited (Director)	No
	Business Systems Group Holdings Limited (Director)	No
	Care Business Solutions Limited (Director)	No
	Caresys Software Limited (Director)	No
	Cedar Consulting Holdings Limited (Director)	No
	Cerrus Limited (Director)	No
	Charitysoftware Limited (Director)	No
	Chime Communications Limited (Director)	No
	Cloudhouse Technologies Ltd (Director)	No
	COA Solutions Limited (Director)	No
	Compass Computer Consultants Limited (Director)	No
	Computer Software Group Limited (Director)	No
	Computer Software Holdings Limited (Director)	No
	Computer Software Limited (Director)	No
	Consensus Information Technology Limited (Director)	No
	ConsultCRM Limited (Director)	No
	ConsultGRP Limited (Director)	No

Name	Company/Partnership	Position still held
	Covemead Limited (Director)	No
	CSG Bidco Limited (Director)	No
	CSG Equityco Limited (Director)	No
	CSG Midco Limited (Director)	No
	CSG Shareholder Debtco Limited (Director)	No
	Data Accelerator Limited (Director)	No
	Data Cloud Limited (Director)	No
	Exchequer Software Limited (Director)	No
	Exchequer365 Mobile Solutions Limited (Director)	No
	Fabric Technologies Limited (Director)	No
	Formation Software Limited (Director)	No
	G B Systems Limited (Director)	No
	Goldcrest Solutions Limited (Director)	No
	Healthy Software Limited (Director)	No
	Integra Computer Systems Limited (Director)	No
	Integrated Support Systems Limited (Director)	No
	JBS Computer Services Limited (Director)	No
	Konnekt IT Solutions Limited (Director)	No
	Laserform International Limited (Director)	No
	Lawwwdiary Limited (Director)	No
	LFM Partnership Solutions Limited (Director)	No
	Management Support Systems Limited (Director)	No
	Meridian Law Limited (Director)	No
	Minerva Computer Systems Limited (Director)	No
	Open Accounts Limited (Director)	No
	Open Logistix Systems Limited (Director)	No
	Openpeople Limited (Director)	No
	Opsis Practice Management Solutions Ltd (Director)	No
	Penfold Health Media Limited (Director)	No
	Pinnacle Computer Systems Limited (Director)	No
	Plain Healthcare Ltd (Director)	No
	Prolog Systems Limited (Director)	No
	Redac Limited (Director)	No
	Softcat plc (Director)	Yes
	Sophos Group plc (Director)	Yes
	Springstone Software Services Limited (Director)	No
	Staffplan Enterprise Ltd (Director)	No
	Staffplan Limited (Director)	No
	Strand Technology Limited (Director)	No
	Strata Systems (Holdings) Limited (Director)	No
	Systems Team Limited (Director)	No
	Teamflo Limited (Director)	No
	Teamflow Limited (Director)	No
	Transoft Group Limited (Director)	No
	Transoft Limited	No
	V1 Limited (Director)	No
	Videss Limited (Director)	No
	Webgenerics Limited (Director)	No
	Zoopla Property Group plc, subsequently ZPG plc (Director)	No
	Greenko Group plc (Director)	No
Luke Savage .....	Lutine Yachts Limited (Director)	Yes
	Numis Corporation PLC (Director)	Yes
	Standard Life Employee Services Limited (Director)	No
	Standard Life Finance Limited (Director)	No
	Standard Life Aberdeen plc (Director)	No

Name	Company/Partnership	Position still held
	Standard Life Oversea Holdings Limited (Director)	No
	Standard Life Assurance Limited (Director and Group Chief Financial Officer)	No
	Centrewrite Limited (Director)	No
	Lloyd's Members Agency Services Limited (Director)	No
	Lioncover Insurance Company Limited (Director)	No
	Additional Securities Limited (Director)	No
	HDFC Standard Life Insurance Company Limited (Director, Alternate Director)	No
	Liverpool Victoria Friendly Society Limited (Director)	Yes
	Queen Mary, University of London Foundation	Yes
Samantha Tymms (also known as Samantha Duncan and formerly Samantha Lyden-Cowan).....	IG Group Holdings plc (Director)	Yes
Matthew Doughty .....	Squire Patton Boggs (UK) LLP (LLP Member)	No
	Phoenix Film Partners LLP (LLP Member)	Yes
Stephen Miles .....	Pinsent Masons LLP (LLP Member)	No
	Pinsent Masons Secretarial Limited (Director)	No
	Pinsent Masons Director Limited (Director)	No
Stefan Paciorek .....	The Percy Bilton Charity (Director and Trustee)	No
	Pinsent Masons LLP (LLP Member)	No
Jason Ford.....	Robinsimon LLP (LLP Designated Member)	No
Daniel Pollick .....	Thongsbridge Tennis and Fitness Limited (Director)	Yes
Helen Hill .....	Townhouse Consulting Ltd (Director)	Yes
	Darcy House Ltd (Director)	No
Zelinda Bennett .....	Major Data Systems Limited (Secretary)	Yes
Mollie Stoker .....	Lucozade Ribena Suntory Limited (Director and Secretary)	No
	Lucozade Ribena Suntory Exports Limited (Director and Secretary)	No

Save as set out above, none of the Directors or the Senior Managers has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

- 6.4 There are no family relationships between any Directors, between any of the Senior Managers or between any Directors and Senior Managers.
- 6.5 As at the date of this Prospectus, none of the Directors or the Senior Managers has, at any time within the last five years:
- had any prior convictions in relation to fraudulent offences;
  - been declared bankrupt or been the subject of any individual voluntary arrangement;
  - been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager;
  - been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies);
  - been disqualified by a court from acting in the management or conduct of the affairs of any issuer;
  - been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer;

- (g) been a partner or senior manager in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;
  - (h) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at the time or within the 12 months preceding such event;
  - (i) been a director or senior manager of a company or a partner of a partnership which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors or any business rescue plans generally or any class of creditors, at any time during which he was a director or senior manager of that company or partner of that partnership or within 12 months of his ceasing to be a director or senior manager or partner;
  - (j) been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
  - (k) received public criticism from statutory or regulatory authorities, including professional bodies, and has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
  - (l) been barred from entry into a profession or occupation; or
  - (m) been convicted in any jurisdiction of any criminal offence.
- 6.6 No Director or any of the Senior Managers nor, so far as the Company is aware, any director of the Company who resigned during the last 18 months has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group and which were affected by the Group during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.
- 6.7 Save as disclosed in paragraph 17 "*Related party transactions*", there are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors or any of the Senior Managers.

## **7. Directors' and Senior Managers' interests in the Company**

- 7.1 As at the date of this Prospectus and as is expected to be the position immediately following Admission, except as disclosed in paragraph 7.2 below, none of the Directors nor the Senior Managers, and none of their respective immediate families, has any interest in the share capital of the Company which:
- (a) is required to be notified to the Company pursuant to Article 19 of the Market Abuse Regulation;
  - (b) is an interest of a connected person (within the meaning of Schedule 11B of the FSMA), which would be required to be disclosed under sub-paragraph (a) above and the existence of which is known to or could with reasonable diligence be ascertained by that Director or Senior Manager, as at the date of this Prospectus; or
  - (c) would have been required to be disclosed by sub-paragraph (a) or (b) above if the relevant Senior Manager had been a person discharging managerial responsibilities of the Company.

- 7.2 As at the date of this Prospectus it is expected that immediately following Admission, the following Director and Senior Managers will hold the following awards under the Share Incentive Plans (the “**IPO Awards**”):

<b>Name of Director/Senior Manager</b>	<b>Number of Ordinary Shares subject to share award</b>
Chris Stefani.....	<b>1,114,009</b>
Helen Hill.....	<b>237,705</b>

The IPO Awards will be granted, conditionally on Admission, under the DWF Group plc Equity Incentive Plan, in order to replicate as far as possible, the lock-up provisions in relation to certain partners of DWF LLP. The IPO Awards will vest as described at paragraph 12.4 “*The Equity Incentive Plan ‘EIP’*”. Chris Stefani and Helen Hill will also be awarded a cash bonus on Admission, funded by the sale of Ordinary Shares by the EBT and RST in the Offer, as mentioned in paragraph 12.4.

- 7.3 The following table sets out the expected interests of the Directors and the Senior Managers immediately prior to Admission and immediately following Admission:

<b>Director/Senior Manager</b>	<b>Interests in Ordinary Shares immediately prior to Admission<sup>(1)</sup></b>		<b>Interests in Ordinary Shares immediately following Admission<sup>(2)</sup></b>	
	<b>Number of Ordinary Shares</b>	<b>Percentage of issued Ordinary Share capital</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of issued Ordinary Share capital</b>
Sir Nigel Knowles.....	2,906,507	1.2%	2,663,849	0.9%
Andrew Leitherland.....	7,741,409	3.2%	7,113,352 <sup>(3)</sup>	2.4%
Chris Stefani.....	— <sup>(4)</sup>	—	— <sup>(4)</sup>	—
Chris Sullivan.....	—	—	409,836 <sup>(5)</sup>	0.1%
Teresa Colaianne.....	—	—	— <sup>(6)</sup>	—%
Vinodka Murria OBE.....	—	—	409,836 <sup>(5)</sup>	0.1%
Luke Savage.....	—	—	16,393 <sup>(5)</sup>	0.0%
Samantha Tymms.....	—	—	—	—
Matthew Doughty.....	2,984,508	1.3%	2,681,232	0.9%
Glyn Jones.....	4,005,783	1.7%	3,732,313	1.2%
Stephen Miles.....	4,005,783	1.7%	3,732,313	1.2%
Stefan Paciorek.....	3,505,060	1.5%	3,265,774	1.1%
Jason Ford.....	160,610	0.1%	150,049	0.1%
Helen Hill.....	— <sup>(4)</sup>	—	— <sup>(4)</sup>	—

*Notes:*

- (1) The interests in Ordinary Shares immediately prior to Admission have been stated on the basis that the steps described in *Part XVI—“Additional Information—4. Reorganisation—4.2 Pre-Admission steps under the Reorganisation”* have been completed in full. The issued Ordinary Share Capital prior to Admission excludes the New Ordinary Shares.
- (2) Pursuant to a deed of donation between the Company and certain Selling Shareholders, or such other arrangement for donation, the Directors and Senior Managers will each donate shortly after Admission 1% of the Shares that he or she holds immediately following Admission to the DWF Charitable Foundation. The interests in Ordinary Shares immediately following Admission here, and elsewhere in the Prospectus, have been stated on the basis that the donation to the DWF Charitable Foundation has not been made.
- (3) With regard to Andrew Leitherland’s Ordinary Shares, 4,572,369 Ordinary Shares will be held directly by Andrew Leitherland, 1,721,311 Ordinary Shares will be transferred to ARL Newco 2019 Limited, a company owned and controlled by Andrew Leitherland and his wife Rachael Dawn Leitherland, upon the completion of administrative steps to occur shortly after Admission and 819,672 Ordinary Shares will be held directly by Rachael Dawn Leitherland.
- (4) As mentioned in paragraphs 7.2 and 12.4, these individuals will be awarded a cash bonus on Admission, funded by the sale of Ordinary Shares by the EBT and RST in the Offer, which will be £0.5 million in the aggregate.
- (5) Interests in Ordinary Shares shown for this individual were acquired in the Offer.
- (6) Teresa Colaianne has entered into a firm commitment to purchase 49,180 Ordinary Shares shortly after Admission.



- 7.4 The interests of the Directors and Senior Managers together are expected to represent approximately 10.6% of the issued Ordinary Share capital of the Company immediately prior to Admission and are expected to represent approximately 8.1% of the issued share capital of the Company shortly following Admission.
- 7.5 Save as set out in this paragraph 7, it is not expected that any Director or Senior Manager will have any interest in the share or loan capital of the Company on Admission and there is no person to whom any capital of any member of the Group is under award or option or agreed unconditionally to be put under award or option.
- 7.6 Sir Nigel Knowles has acted as the chairman of Zeus Capital since September 2014, as disclosed in paragraph 6.3 of this *Part XVI—“Additional Information”*. Zeus Capital is acting as a lead manager for the Offer. Sir Nigel Knowles will not have any direct role in Zeus Capital acting for the Company in the Offer. It is expected that Sir Nigel Knowles will continue to be the chairman of Zeus Capital following Admission. Save as disclosed in this paragraph 7.6, there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

## 8. Significant shareholders' interests in the Company

- 8.1 Insofar as it is known to the Company as at the date of this Prospectus, the following persons will, on Admission, be directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital (being the threshold for notification of interests that will apply to Shareholders as at Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules):

Shareholder	Interests in Ordinary Shares immediately before Admission		Ordinary Shares to be sold in the Offer	Interests in Ordinary Shares following Admission	
	No.	% of total issued	No.	No.	% of total issued
Estera Trust (Jersey) Limited as trustee of the DWF Group plc					
Employee Benefit Trust .....	23,103,282	9.7%	670,493	22,432,789	7.5%
Estera Trust (Jersey) Limited as trustee of the DWF Group plc					
Reward Share Trust.....	10,556,353	4.4%	1,628,772	8,927,581	3.0%
Andrew Leatherland.....	7,741,409	3.2%	628,057	7,113,352 <sup>(1)</sup>	2.4%
Miton Group plc .....	—	—	—	13,114,754	4.4%
Sand Grove Capital Management LLP.....	—	—	—	12,295,081	4.1%
Standard Life Aberdeen plc.....	—	—	—	11,926,076	4.0%

(1) See Note 3 to the table setting out the expected interests of the Directors and the Senior Managers in paragraph 7.3 above.

- 8.2 Save as disclosed above, insofar as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company.
- 8.3 Other than as described in paragraph 4 “*Reorganisation*”, the Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
- 8.4 Certain investors are expected to acquire interests of more than 5% of the Ordinary Shares available in the Offer through one or more funds.

## 9. Directors' terms of employment

The Directors and their functions are set out in *Part III—“Directors, Secretary, Registered and Head Office and Advisers”*.

## 9.1 *Executive Directors*

On 8 March 2019, each of the Executive Directors entered into a new service agreement with in respect of Christopher Stefani, DWF Law LLP and, in respect of Andrew Leatherland, DWF Connected Services Holdings Limited (the “**Employer**”, as applicable).

### 9.1.1 Chief Executive Officer

Andrew Leatherland entered into a service agreement on 8 March 2019 in anticipation of Admission and his appointment on the terms set out in that service agreement will begin on the date of the transfer of the English business from DWF LLP to DWF Law LLP as described in paragraph 4.2.5. Under his service agreement, Andrew is entitled to a basic salary of £530,000 per annum. Andrew is entitled to participate in the DWF Group plc Plans (as defined in paragraph 11 “*Share Incentive Plans*”) on such terms as the Remuneration Committee may decide. Any bonus payment is purely discretionary.

The Company has in accordance with Regulation 5EA (Company directors) of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 exercised its discretion not to enrol Andrew into a pension scheme. Instead, Andrew shall receive a pensions allowance equal to 7% of his basic salary.

Andrew is entitled to membership of (a) a private medical insurance scheme for himself, his spouse or civil partner and all dependent children of his, (b) a private health insurance scheme and (c) a life insurance scheme at a rate of four times his salary up to a maximum of £1 million. He is also eligible to benefit from the directors’ indemnity provided for in the Company’s articles of association, and for cover under any directors’ and officers’ liability insurance policy that the Company maintains from time to time. Andrew is entitled to the reimbursement of reasonable business expenses incurred by him in the performance of his duties and may participate in the Group’s flexible benefits scheme. Andrew will receive an annual car parking ticket at a car parking facility of his choice (other than at the Group’s London location).

In addition to bank and public holidays, Andrew is entitled to 33 working days holiday per annum.

Under his service agreement, Andrew’s employment may be terminated by either party providing written notice to the other of not less than 12 months. The Employer may, in its sole discretion, make a payment in lieu of notice equal to the basic salary and benefits which Andrew would have been entitled to during the unexpired portion of the notice period, less all relevant deductions for income tax and National Insurance contributions and not including any bonus or commission which might otherwise have been made, or payment in respect of holiday entitlement that would have accrued, during the unexpired portion of the notice period. The Employer is entitled to dismiss Andrew without notice in certain circumstances, including serious misconduct, following serious or repeated breach of his obligations under his service agreement or if Andrew becomes ineligible to be, or the SRA recommends or determines that he should not be, a director of the Company in connection with the SRA’s regulatory arrangements.

Andrew’s service agreement contains post-termination restrictions, including restrictions on the solicitation of certain clients and employees for a period of 12 months after termination.

Andrew’s appointment as managing partner of each of DWF Law LLP and DWF LLP is under each of the Constitutional Deeds and he is not entitled to receive any remuneration or employee-like benefits under the Constitutional Deeds in connection with his role as managing partner of each of DWF Law LLP and DWF LLP.

### 9.1.2 Chief Financial Officer

Christopher Stefani’s employment commenced on 18 April 2016. He entered into a service agreement on 8 March 2019 in anticipation of Admission and his appointment on the terms set out in that service agreement will begin on the date of the transfer of the English business from DWF LLP to DWF Law LLP as described in paragraph 4.2.5. His service agreement contains terms typical for a senior executive. Under Christopher’s service agreement, he is entitled to a base salary of £320,000 per annum. Christopher is

entitled to participate in the DWF Group plc Plans (as defined in paragraph 12 “*Share Incentive Plans*”) on such terms as the Remuneration Committee may decide. Any bonus payment is purely discretionary.

Christopher is eligible to join the UK Defined Contribution Personal Pension Scheme (as defined in paragraph 13 “*Pensions*”), to which the Company will contribute £5,000 per annum if Christopher chooses to contribute £5,000 per annum. Christopher may contribute more than £5,000 per annum, but the Company’s contribution will not exceed £5,000 per annum. Christopher shall also receive a pensions allowance equal to 7% of his basic salary, less £5,000 (£5,000 represents the Company’s pension contribution to the UK Defined Contribution Personal Pension Scheme).

Christopher is entitled to membership of (a) a private medical insurance scheme for himself, his spouse or civil partner and all dependent children of his, (b) a private health insurance scheme and (c) a life insurance scheme at a rate of four times his salary, subject to a maximum of £1 million. He is also eligible to benefit from the directors’ indemnity provided for in the Company’s Articles, and for cover under any directors’ and officers’ liability insurance policy that the Company maintains from time to time. Christopher is entitled to the reimbursement of reasonable business expenses incurred by him in the performance of his duties and may participate in the Group’s flexible benefits scheme. Christopher will receive an annual car parking ticket at a car parking facility of his choice (other than at the Group’s London location).

In addition to bank and public holidays, Christopher is entitled to 28 days holiday per annum, rising after five years in the role by one day per year up to a maximum of five extra days of holiday per year.

Under his service agreement, Christopher’s employment may be terminated by either party providing written notice to the other of not less than 12 months. The Employer may, in its sole discretion, make a payment in lieu of notice equal to the basic salary and benefits which Christopher would have been entitled to during the unexpired portion of the notice period, less all relevant deductions for income tax and National Insurance contributions and not including any bonus or commission which might otherwise have been made, or payment in respect of holiday entitlement that would have accrued, during the unexpired portion of the notice period. The Employer is entitled to dismiss Christopher without notice in certain circumstances, including serious misconduct, following serious or repeated breach of his obligations under his service agreement or if Christopher becomes ineligible to be, or the SRA recommends or determines that he should not be, a director of the Company in connection with the SRA’s regulatory arrangements.

Christopher’s service agreement contains post-termination restrictions, including restrictions on the solicitation of certain clients and employees for a period of six months after termination.

## 9.2 *Chairman, Independent Non-Executive Directors and Partner Directors*

The Company has appointed a Non-Executive Chairman, five Independent Non-Executive Directors and one Partner Director. It is intended that the Company will appoint one other Partner Director after Admission. Each of these is appointed by a letter of appointment, the principal terms of which are set out below.

### 9.2.1 *Chairman*

Sir Nigel Knowles is entitled to receive an annual fee of £200,000. The duties of the Chairman include: (a) chairing and setting the agenda of all meetings of the Board; (b) ensuring the performance of the Board and management committees is evaluated regularly; and (c) effectively communicating with shareholders and other stakeholders. Sir Nigel Knowles will serve as Chair of the Board’s Nomination Committee and as a member of the Board’s Remuneration Committee. The Chairman is appointed for an initial period of three years commencing on Admission. It is envisaged that the Chairman will devote approximately three and a half days per week to carrying out his duties.

The Chairman will also be a member of DWF Law LLP and DWF LLP, but will not be entitled to any fees or remuneration in his capacity as a member of DWF Law LLP and DWF LLP.

### 9.2.2 Independent Non-Executive Directors

The Independent Non-Executive Directors are entitled to a fee of £65,000 per annum. Chris Sullivan will receive an additional fee of £10,000 per annum for serving as the Senior Independent Non-Executive Director of the Company. Luke Savage, Samantha Tymms and Teresa Colaanni will each receive an additional fee of £7,500 per annum for serving as chair of the Audit Committee, the Risk Committee and the Remuneration Committee, respectively.

The duties of the Independent Non-Executive Directors include: (a) constructively challenging and contributing to the development of strategy; (b) scrutinising management performance against agreed goals and objectives; (c) ensuring financial controls and risk management systems are robust and defensible; and (d) to take into account the views of shareholders and other stakeholders where appropriate. The Independent Non-Executive Directors are appointed for an initial term of three years commencing on Admission. It is envisaged that the Independent Non-Executive Directors will each devote approximately two days per calendar month to carrying out their duties. The Independent Non-Executive Directors are entitled to the reimbursement of reasonable expenses incurred by them in the performance of their duties.

### 9.2.3 Partner Directors

Matthew Doughty is not entitled to receive a fee for undertaking his role as a Partner Director.

The duties of the Partner Director include: (a) constructively challenging and contributing to the development of strategy; (b) scrutinising management performance against agreed goals and objectives; (c) provide constructive challenge to executive decisions made by the CEO, the CFO and the senior management team; (d) to take into account the views of shareholders and other stakeholders where appropriate; and (e) devise and recommend proposals for the Board to have meaningful and regular dialogue with all of the Group's partners and staff.

Matthew Doughty will not serve on any Board Committee. Matthew Doughty is appointed for an initial term of three years commencing on Admission. It is envisaged that Matthew Doughty will devote approximately three days per calendar month to carry out his duties.

Matthew Doughty will also be a member of DWF Law LLP and DWF LLP and an active fee earner of DWF Law LLP. All of the remuneration of each Partner Director from the Group will be provided to them in their capacity as a member of DWF Law LLP and DWF LLP under the terms of the Constitutional Deeds and in accordance with the share incentive plans set out at paragraph 12 "*Share Incentive Plans*".

### 9.2.4 Common Provisions

The Company's Articles require all Directors to retire and seek re-election at each AGM following Admission. The letters of appointment of each of the Chairman and the Partner Director provide that each of their duties as Directors are subject to their professional duties as solicitors authorised by the SRA. The appointment of the Chairman is terminable by either the Chairman or the Company giving the other three months' written notice. The appointments of each of the Independent Non-Executive Directors and the Partner Director are terminable by either the relevant Director or the Company giving the other one month's written notice. Each of their letters of appointment contains a change of control provision which provides for that Director to resign, at the Company's request, with effect from the date on which the change of control becomes effective without any entitlement to notice or to payment in lieu of notice. Control has the meaning given to it in the UK City Code on Takeovers and Mergers (i.e. an interest in shares carrying 30% or more of the voting rights).

Each Director is eligible to benefit from the directors' indemnity provided for in the Company's Articles, and for cover under any directors and officers liability insurance policy that the Company maintains from time to time. The Directors may obtain, at the Company's expense, external legal or professional advice necessary to enable the Director to carry out their duties.

## 10. Directors' and Senior Managers' remuneration

10.1 In the financial year ended 30 April 2018, the aggregate remuneration and benefits to the Directors and the Senior Managers who served during the financial year ended 30 April 2018 was £3,446,282.

10.2 In the financial year ended 30 April 2018, the Directors were remunerated as set out below:

Name	Position	Profit share (£)	Annual salary/fees (£)	Other benefits (£)
Sir Nigel Knowles <sup>(1)</sup> .....	Chairman of the Board	172,785	—	—
Andrew Leaitherland <sup>(1)</sup> .....	Chief Executive Officer	897,629	—	8,862
Chris Stefani .....	Chief Financial Officer	—	231,000	5,825
Chris Sullivan .....	Senior Independent Director	—	—	—
Teresa Colaianne .....	Independent Non-Executive Director	—	—	—
Vinodka Murria .....	Independent Non-Executive Director	—	—	—
Luke Savage .....	Independent Non-Executive Director	—	—	—
Samantha Tymms .....	Executive Director	—	—	—
Matthew Doughty <sup>(1)</sup> .....	Partner Director	329,347 <sup>(2)</sup>	—	3,729 <sup>(2)</sup>

Notes:

(1) This individual was a full equity partner of DWF LLP and in this capacity received remuneration by way of DWF LLP's profit-sharing arrangements among its partners.

(2) The costs for Matthew Doughty in the financial year ended 30 April 2018 were incurred only in his capacity as an Equity Partner.

10.3 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

## 11. Remuneration Policy

### 11.1 Context for Post-Admission Remuneration Policy

The Remuneration Committee has approved a post-Admission remuneration policy for Directors and the Executive Board, which is set out below. The Remuneration Committee will present the full directors' remuneration policy for approval by shareholders at the first annual general meeting of the Company following Admission.

Following Admission most former equity partners and certain individuals on the Executive Board and fixed share partners will be self-employed Members of both DWF LLP and DWF Law LLP and, in that capacity, will contribute capital to one of the LLPs. Their compensation will comprise a combination of (a) an annual fixed profit share, (b) dividend income, (c) participation in a discretionary bonus pool, (d) a nominal salary as an employee of a DWF Group plc entity (for Members in the DWF Law LLP sub-group), and (e) participation in the Share Incentive Plans (subject to eligibility criteria). This compensation model applies to the Partner Director(s) and Members on the Executive Board. The Partner Director(s) have a letter of appointment with the DWF Group plc Board but will not have a service contract with DWF Group plc and will not receive a fee for undertaking the Partner Director role.

The CEO and Chairman will continue to be Members of both DWF Law LLP and DWF LLP but will receive no remuneration or any other benefits in connection with their membership of DWF Law LLP or DWF LLP and will not contribute any capital to either DWF LLP or DWF Law LLP.

The CEO and CFO will each have a service contract with DWF Group plc and will receive remuneration in their capacity as executive Directors of DWF Group plc only.

The Chairman will have a letter of appointment with DWF Group plc and will receive fees in his capacity as a non-executive Chairman of DWF Group plc only.



## 11.2 *Remuneration Policy*

In preparation for Admission, a detailed review of the remuneration for Directors took place, to reflect:-

- the size and complexity of DWF Group plc after flotation;
- the growth strategy of the business;
- that, as a legal business, the Group relies on its partners and senior management in the locations in which it operates; and
- the market for partners, other fee earners and senior management is highly competitive.

The remuneration policy as disclosed in this document will come into force with effect from Admission. The Group's aim is to create a compensation model which is distinct from those offered by the Group's law firm peers through the ability to offer equity based incentives and equity participation. Notwithstanding this, as far as possible, the Remuneration Committee has sought to structure the ongoing remuneration policy for the Directors and the Executive Board broadly in line with those of other UK listed companies of a similar size and complexity, whilst seeking to avoid making unnecessary changes where this is not warranted.

At the Company's first annual general meeting (which will take place in September 2019) a shareholder resolution will be proposed to approve the remuneration policy as it applies to Directors of the Company and any remuneration payments to Directors of the Company from that date will be consistent with the approved policy, unless they are separately approved by shareholders.

### 11.2.1 *Remuneration Strategy*

The Company's remuneration policy is designed to provide a framework to:

- promote the long-term success of the Company;
- recruit, retain and develop high quality people who are experts in their field and to focus the Directors and the Executive Board on the delivery of the Group's growth strategy which is built on the following principal strategic objectives (A) "Understanding our clients", (B) "Engaging our people" and (C) "Doing things differently" complemented by (D) a disciplined acquisition strategy;
- encourage widespread equity ownership across the Directors and the Executive Board as well as the broader partner and fee earner population in order to create a compensation model which is distinct from those offered by the Group's law firm peers and to ensure a long-term focus and alignment of interest with shareholders;
- provide an appropriate balance between fixed and performance-related pay to support a high performance culture and a platform for delivering high quality, complex legal services to clients (which the Board believe will drive incremental revenue and improvement in profit margin over time as well as enabling DWF to deliver dividends to shareholders in line with the Group's intended dividend policy);
- provide a remuneration structure which is easily understood by all stakeholders; and
- adhere to principles of good corporate governance and appropriate risk management.

Consistent with this remuneration strategy, the Remuneration Committee has agreed a post-Admission remuneration policy for the Directors and Executive Board, whereby:

- salaries will be set at competitive, but not excessive, levels compared to peers and taking into account the size and complexity of the Company and its growth strategy and which reflects an individual's experience, performance and responsibilities within DWF;
- performance-related pay, based on stretching targets, will form a significant part of remuneration packages and offer the potential for competitive levels of total pay if targets are delivered; and
- for the CEO and CFO there will be a greater emphasis on rewards for delivery of longer-term performance targets than short-term performance targets.

The remuneration framework intended to deliver this policy post-Admission for Directors and the Executive Board is described in more detail below.



### 11.2.2 Base Salary and Fixed Profit Share

Salaries for the CEO and CFO and annual fixed profit share for the Partner Director(s) and salaries and/or annual fixed profit shares for the Executive Board are reviewed annually and are set at a level considered appropriate for the size and nature of the business. Any increases usually take effect from 1 May each year.

The level of increases for the executive Directors and the Executive Board will take due account of the increases awarded to the workforce as a whole, as well as the performance of the Group and the individual's professional experience, level of responsibility in the role and individual performance.

Base salaries and the annual fixed profit share from Admission for the Directors are set out in the table below.

Director	Annual Salary	Fixed Profit Share
CEO .....	£530,000	n/a
CFO .....	£320,000	n/a
Partner Director .....	£4,000 from Connected Services	£161,000

The Remuneration Committee will next review base salaries for the CEO and CFO in July 2020.

### 11.2.3 Pension and benefits

The Company does not operate a defined benefit pension scheme for the benefit of its Directors or the Executive Board.

The benefits package to be offered to executive Directors and the Executive Board will depend on a number of factors, including the Career Level and employment function (whether legal or non-legal) of each individual. The benefits comprise private medical insurance, life assurance, permanent health insurance and a contribution to the DWF Pension Scheme/DWF defined contribution pension scheme or cash in lieu of such a contribution currently up to a maximum of 10% of base salary per annum for Career Level 1 and 2 employees. For the CEO and CFO it is intended that the maximum employer pension contribution or cash in lieu of such a contribution will be in line with the maximum for the salaried workforce (currently 7%). The Partner Director(s) and individuals on the Executive Board who are self-employed Members of DWF LLP and DWF Law LLP will not receive a pension contribution.

### 11.2.4 Annual Bonus

For the financial year to 30 April 2020 and beyond, it is intended that the compensation of self-employed Members of both DWF LLP and DWF Law LLP will include participation in a partner annual bonus pool. It is anticipated that the partner annual bonus pool will be equivalent to up to 5% of the Group's profit before tax for the relevant financial year.

Under the policy, it is intended that the annual bonus for the CEO will be capped at 150% of annual base salary and will be capped at 100% of annual base salary for the CFO and 100% of fixed profit share and base salary for the Partner Director(s). It is intended that any annual bonus will be half in cash and half in deferred shares under the DBP (see paragraph 12.5 below). For Directors and individuals on the Executive Board who are self-employed Members, the deferred shares will vest after three years, subject to continued employment or, where applicable, membership of DWF Law LLP or DWF LLP. For other individuals on the Executive Board, the deferred shares will vest after two years, subject to continued employment or, where applicable, membership of DWF Law LLP or DWF LLP.

The annual bonus will be discretionary. Performance is measured against an annual scorecard, based on targets set for financial outcomes and non-financial outcomes (taking into account risk, culture and behaviour related measures and personal objectives). The Remuneration Committee will assess and judge performance against the targets set to determine the level of achievement. The Remuneration Committee has discretion to

amend the annual incentive payout based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.

#### 11.2.5 Long-term incentives

Details of the shares held by the CEO, Partner Director(s) and individuals on the Executive Board who are self-employed Members are subject to the lock up provisions described in paragraph 16.2.

The Board adopted a new long-term incentive plan, the DWF Group plc Equity Incentive Plan (the “**PLC EIP**”) and DWF LLP Sub-group Equity Incentive Plan (the “**LLP EIP**”, and together with the PLC EIP, the “**EIP**”), the operation of which is conditional on Admission. This will be the sole long-term incentive arrangement for Executive Directors and the Executive Board and will be operated, in the case of Executive Directors of the Company, in line with any applicable directors’ remuneration policy approved by shareholders from time to time.

In recognition of the contribution made by the CFO and to replicate as far as possible the lock-up provisions that apply to the CEO (as described in paragraph 16.2) the CFO has been granted a cash bonus on Admission and an IPO Award, conditional on Admission, which together have an aggregate value at IPO of £1.5 million. The award will vest as detailed in sub-paragraph 12.4.1(a) below.

It is currently intended that, following Admission, the sole long-term incentive arrangement for Executive Directors will be the grant of LTIP Awards under the EIP. It is not currently intended that Executive Directors will be granted Career Level 1 – 3 Awards or Promotion Awards as referred to in sub-paragraph 12.4.1(b) below.

It is intended that LTIP Awards will be in the form of conditional free shares or nil cost options and will be granted to the Executive Directors on an annual basis. The limit under the EIP rules on the face value of awards that can be made in respect of any financial year will be 200% of the Executive Director’s annual basic salary and where applicable the Executive Director’s annual fixed profit share (as at the date of grant). This value may be exceeded subject to an overall maximum of 400% if the Director joined the Group within the previous 12 months or the Remuneration Committee so determines.

It is currently intended that the first LTIP Awards to Executive Directors under the EIP will be made in 2019, after the announcement of preliminary results for the financial year ended 30 April 2019 at a level of 175% of base salary for the CEO and 125% of base salary for the CFO and up to 125% of the Executive Director’s annual fixed profit share for Partner Director(s). For future grants, the intention is that LTIP Awards to Executive Directors would be made at a level of 200% of base salary for the CEO and 150% of base salary for the CFO and up to 150% of annual fixed profit share and base salary for the Partner Directors(s).

The grant of LTIP Awards is discretionary and the Remuneration Committee will take into consideration prior individual and Company performance when assessing the value of the LTIP Awards. LTIP Awards will vest following a three-year vesting period subject to performance conditions, and with a two-year holding period applying following vesting. Performance conditions will be set for each LTIP Award. The Remuneration Committee will consider the appropriate performance conditions closer to the grant of the LTIP Award and these will be disclosed in the case of LTIP Awards granted to the directors of the Company in the Directors’ Remuneration Report each year.

The Remuneration Committee retains discretion to reduce (to zero if appropriate) the LTIP vesting based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.

A summary of the principal terms of the EIP is set out at paragraph 12.4 below.

#### 11.2.6 Adjustment

Malus and clawback provisions may be operated in respect of awards granted to Directors and the Executive Board in the event of material error or misstatement of results, material failure of risk management, a participant’s material misconduct,

reputational damage to the Group for which a participant should be held responsible, material corporate failure, and or any other circumstances that the Board in its discretion considers to be similar in nature or effect to those events. These provisions may be operated in respect of any annual bonus (including any part of an annual bonus which is deferred into Shares under the DBP) and any award granted under the EIP other than the IPO Awards referred to in paragraph 12.4. These provisions may be applied until the fifth anniversary of grant of an LTIP Award, until the normal vesting date of a DBP Award or a Career Level 1 to 3 Award or Promotion Award, and in the case of Directors until the third anniversary of payment in the case of any cash element of an annual bonus.

The Remuneration Committee retains discretion to reduce (to zero if appropriate) the extent to which Awards will vest, based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.

#### 11.2.7 Shareholding guidelines

While the Directors and the individuals on the Executive Board who are self-employed Members (other than the CFO) will, on Admission, have significant shareholdings in the Company, the Remuneration Committee wishes to ensure that a shareholding guideline is in place for the CEO, CFO and Partner Director(s) in line with best practice. Accordingly, the Remuneration Committee has adopted formal shareholding guidelines in order to encourage the CEO, CFO and Partner Director(s) to build or maintain (as appropriate) a shareholding in the Company.

The shareholding guideline requirement is 250% of base salary for the CEO and 200% of base for the CFO and 100% of the annual fixed profit share and base salary for the Partner Director(s).

Upon leaving the Group, the CEO and CFO are required to retain half of the required shareholding for a period of two years after leaving. If the CEO or CFO has not met their required shareholding on departure, they will be required to retain the Shares they do own up to these limits. The post leaving shareholding guideline does not apply to the Partner Director(s). This recognises the unique nature of the Partner Director role; that the Partner Director(s) do not receive a fee for undertaking this role; and this also maintains consistency with partners who are self-employed Members.

Shares held on Admission, together with any shares acquired following Admission, will count towards the threshold. In addition, Shares subject to awards under the Group share plans may count towards the threshold to the extent they are no longer subject to a risk of forfeiture/lapse – for example, awards which are exercisable but not exercised and LTIP Awards which are in a “holding period”; such Shares shall count on a net of assumed tax basis.

If a person to whom the guideline applies does not meet the guideline, they will be expected to retain shares vesting under the Company’s incentive plans until the guideline is met, although they may dispose of shares to satisfy any tax or social security liability to which they are liable on the exercise or vesting of the award.

#### 11.2.8 Recruitment policy

The Remuneration Committee will take into account all relevant factors when determining the remuneration package for a new Director or member of the Executive Board and will normally expect to apply the policy set out above.

The Remuneration Committee recognises that it may be necessary in some circumstances to provide compensation for amounts foregone from a previous employer (“buyout awards”). Any buyout awards would be limited to what is felt to be a fair estimate of the value of remuneration foregone when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the fair value and other key terms (e.g. time to vesting and performance targets) than the remuneration it is replacing.

### 11.2.9 Termination policy

In the event of termination, service contracts and LLP agreements provide for payments of base salary, pension (or cash in lieu of pension contributions) and benefits only over the notice period.

There is no contractual right to any bonus payment in the event of termination although in certain “good leaver” circumstances the Remuneration Committee may exercise its discretion to pay a bonus for the period of employment and based on performance assessed after the end of the financial year, although in appropriate circumstances (such as cessation due to death or ill health, a bonus may be paid at the date of cessation).

The treatment of awards under the Group’s share plans is summarised below.

Plan	Treatment
EIP	<p><i>Unvested awards</i></p> <p>If the participant leaves because of death, serious ill health, the termination of the participant’s membership in DWF Law LLP by DWF Law LLP in breach of the Constitutional Deed (or membership in DWF LLP by DWF LLP in breach of the constitutional deed), or for any other reason determined by the Remuneration Committee (a Good Leaver), awards ordinarily will vest in accordance with the original vesting schedule and remain subject to any originally applicable holding period, although the Remuneration Committee will have discretion to vest the award when the participant leaves the Group and/or to shorten or disapply any applicable holding period, and would do this where the award vests on death.</p> <p>IPO awards and Career Level 1 – 3 Awards will vest in full if the Good Leaver reason is that a participant leaves the Group because of death, serious ill health or the termination of the participant’s membership in DWF Law LLP by DWF Law LLP in breach of the Constitutional Deed (or membership in DWF LLP by DWF LLP in breach of the Constitutional Deed).</p> <p>IPO awards and Career Level 1 – 3 Awards will vest to the extent determined by the Remuneration Committee if the Good Leaver reason is that the Remuneration Committee determines that a participant should be treated as a Good Leaver for any other reason.</p> <p>Other awards will vest to the extent determined taking into account the extent to which the applicable performance condition has been satisfied and, unless the Remuneration Committee determines otherwise, the proportion of the original performance period which remains outstanding at the date of leaving.</p> <p>If the participant leaves other than as a Good Leaver, the award will lapse.</p> <p><i>Vested awards which are subject to a holding period</i></p> <p>The holding period will ordinarily continue to apply, although the Remuneration Committee will have discretion to bring the holding period to an end and would do this in the event of death. If the participant is dismissed for material misconduct, he/she will forfeit the Shares which were subject to the holding period.</p>
DBP	<p>If a participant leaves as a Good Leaver, any DBP award he/she holds will ordinarily vest in accordance with the original vesting schedule, although the Remuneration Committee will have discretion to vest the award at leaving or at some other date (and will vest at leaving in the event of death). Awards will vest in full, unless the Remuneration Committee decides to reduce the extent of vesting to take account of the proportion of the original vesting period which remains outstanding at the date of leaving.</p> <p>If the participant leaves other than as a Good Leaver, the award will lapse.</p>

### 11.3 *Chairman and Non-Executive Director fee policy*

The Chairman and the other Non-Executive Directors do not participate in any of the Company's incentive arrangements or receive any pension provision.

The Chairman will, from Admission, receive an annual fee of £200,000. This fee is inclusive of all committee roles. He will not participate in the discretionary bonus pool for partners.

Details of the shares held by the Chairman subject to the lock up provisions described in paragraph 16.2 are set out at paragraph 7.3 *“Expected interests of the Directors and the Senior Managers immediately prior to Admission and immediately following Admission”*.

The other Non-Executive Directors will receive a basic Board fee of £65,000, with additional fees of £7,500 payable for chairmanship of the Audit Committee, Risk Committee and Remuneration Committee and £10,000 payable for performing the role of Senior Independent Director.

## 12. **Share Incentive Plans**

### 12.1 *Overview*

A key component of the Group's compensation model is the provision of equity incentives, as described at *Part VI—“Business Description—People and Talent—Attracting, Developing and Retaining Talent”*. It is intended that all qualifying partners and staff of the Group will be eligible to participate in the Share Incentive Plans operating over the Company's shares.

Share awards (**“Awards”**) are to be made, conditionally on Admission, to all qualifying partners and staff of the Group, details of which are set out at paragraphs 12.4 and 12.6. Details of awards made to the Directors and the Senior Managers are disclosed at paragraph 7.3 *“Expected interests of the Directors and the Senior Managers immediately prior to Admission and immediately following Admission”*. It is intended that the first regular annual grant of share awards under the Share Incentive Plans will be made following the release of the Company's annual results for the financial year ended 30 April 2019. The key terms of the Share Incentive Plans and the Trusts (as defined below) are summarised below.

### 12.2 *Share schemes*

The Company has established the following Share Incentive Plans, to be operated on and following Admission:

- (a) the DWF Group plc Equity Incentive Plan (the **“PLC EIP”**);
- (b) the DWF Group plc Deferred Bonus Plan (the **“PLC DBP”**);
- (c) the DWF Group plc Buy As You Earn Plan (the **“PLC BAYE”**). The rules of the PLC BAYE include a UK tax advantaged share incentive plan for UK employees (the **“UK SIP”**),

(together, the **“DWF Group plc Plans”**);

- (d) the DWF LLP Sub-group Equity Incentive Plan (the **“LLP EIP”**, and together with the PLC EIP, the **“EIP”**);
- (e) the DWF LLP Sub-group Deferred Bonus Plan (the **“LLP DBP”**, and together with the PLC DBP, the **“DBP”**); and
- (f) the DWF LLP Sub-group Buy As You Earn Plan (the **“LLP BAYE”**, and together with the PLC BAYE, the **“BAYE”**),

(together, the **“DWF LLP Sub-group Plans”**, and collectively with the DWF Group plc Plans, the **“Share Incentive Plans”**).

12.2.1 Participation in the DWF Group plc Plans is limited to the partners and staff of the DWF Group plc group (**“DWF Group plc Employees”**). Partners will be employees by virtue of holding employment with a DWF Law LLP Sub-group entity. The usual legal and regulatory “employee share scheme” exemptions relating to the operation of employee share plans will apply in respect of the DWF Group plc Plans. The term “DWF Group plc group” in this context includes only subsidiaries of the Company and not its other “subsidiary undertakings”, which means that partners and staff of DWF LLP Sub-group cannot participate in the DWF Group plc Plans. Partners and staff who are not DWF Group plc Employees (the partners and staff of the DWF LLP Sub-group) will participate in the DWF LLP Sub-group Plans; for these purposes “staff” includes



persons such as consultants and self-employed lawyers and others providing services to clients of the DWF LLP Sub-group on behalf of the DWF LLP Sub-group, and relevant references in this section 12 to “staff” should be read accordingly.

12.2.2 Decisions in relation to the DWF Group plc Plans and the DWF LLP Sub-group Plans will be taken by the Board or any duly authorised committee of the Company, which will ordinarily be the Remuneration Committee, and references in this section to the Remuneration Committee should be read accordingly. Decisions in relation to the participation in the EIP and DBP by the Executive Directors and senior management will always be taken by the Remuneration Committee. It is intended the DWF Law LLP and DWF LLP Executive Board will make recommendations to the Company as to individual allocations to their respective partners and staff.

### 12.3 *Trusts*

Two trusts (the “**Trusts**”) have been established prior to Admission, into which a number of Ordinary Shares equal to approximately 10% of the issued Ordinary Shares following Admission will be contributed immediately prior to Admission, to be held for the purposes of incentivisation of partners and staff of the Group. The number of Ordinary Shares contributed to the Trusts is anticipated to be sufficient for the operation of the Share Incentive Plans over ten years to 2029, as described in greater detail in *Part XI “Operating and Financial Review—Factors Affecting Results of Operations—The Trusts”*. A separate trust will also be established to operate in conjunction with the UK SIP (see paragraph 12.6 “*The Buy As You Earn Plan (“BAYE”)*” below).

### 12.4 *The Equity Incentive Plan (“EIP”)*

#### 12.4.1 General

- (a) Awards are to be granted under the PLC EIP and the LLP EIP, conditionally on Admission (the “**IPO Awards**”), to senior managers (non-partners) of the DWF Law LLP Sub-group (including the Company CFO) and certain DWF LLP Sub-group partners. These senior managers and partners will also be awarded a cash bonus on Admission, funded by the sale of Ordinary Shares by the EBT and the RST (as defined below) in the Offer.
- (b) In order to replicate, as far as possible, the lock-up provisions in relation to certain partners of DWF LLP, each IPO Award will vest:
  - (i) as to 10% of the Ordinary Shares subject to the IPO Award on each announcement of the Company’s preliminary results for the first five financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2020, subject to the participant’s ongoing service; and
  - (ii) (except in the case of the IPO Award granted to the CFO) as to 10% of the Ordinary Shares subject to the IPO Award on each announcement of the Company’s preliminary results for the first five financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2020, subject to the participant’s ongoing service and to the participant receiving at least a “fully achieving” performance rating with respect to the financial year to which the relevant announcement of preliminary results relates. To replicate the lock-up provisions that apply to the CEO, this element of the CFO’s IPO award is subject to the CFO’s ongoing service only,

save that IPO Awards granted to the senior managers (non-partners) will vest as to 20% of the Ordinary Shares subject to the IPO Award on the announcement of the Company’s preliminary results for the financial year ending 30 April 2020, as to 10% of the Ordinary Shares subject to the IPO Award on each announcement of preliminary results for the next four financial years of the Company commencing with the year ending 30 April 2021 (subject to ongoing service) and as to 10% of the Ordinary Shares subject to the IPO Award on each announcement of preliminary results for the next four financial years of the Company commencing with the year ending 30 April 2021 (subject to performance as described above).



- (c) Following Admission, it is intended that Awards may be granted to partners, employees, staff and consultants on an annual basis to reward strong individual performance. There will also be set levels of award for associates and partners upon promotion to a higher career level following IPO, as well as for lateral hires joining the Group at an equivalent level, all of which will be subject to vesting and leaver provisions as follows:
- (i) For lateral hires, new promotions or to reward particularly strong performance (partners and non-partners at an equivalent career level), Awards (“**Career Level 1 – 3 Awards**”) will vest:
    - (A) as to 10% of the Ordinary Shares subject to the Award, on the first five anniversaries of the later of (1) the grant of the Award and (2) the date the Company announces its first interim or annual results, if relevant, following the participant’s appointment; and
    - (B) as to 10% of the Ordinary Shares subject to the Award, on the first five anniversaries of the later of (1) the grant of the Award and (2) the date the Company announces its first annual results, if relevant, following the participant’s appointment, subject to achieving a “fully achieving” performance rating with respect to the financial period to which the relevant announcement of results relates;
  - (ii) Promotion awards below partner or partner equivalent career level: it is currently anticipated that Awards will vest after three years subject to meeting the participant’s required performance rating (“**Promotion Awards**”); and
  - (iii) Long-term incentive awards (“**LTIP Awards**”): annual Awards granted at the discretion of the Remuneration Committee, vesting following a three-year vesting period subject, ordinarily, to performance conditions, and with a two-year holding period applying following vesting. LTIP Awards granted to Executive Directors will always be subject to performance conditions, a holding period and malus and clawback provisions.

It is intended that LTIP awards will generally be made annually, with the first annual LTIP Awards granted following the announcement of the Company’s financial results in 2019.

#### 12.4.2 Eligibility

The EIP is a discretionary plan and the Remuneration Committee will determine which partners and staff will be granted Awards and what type of Awards will be granted. All Group partners and staff may participate in the EIP. Participation in the PLC EIP is limited to DWF Group plc Employees. DWF LLP Sub-group partners and staff may participate in the LLP EIP.

#### 12.4.3 Performance condition

- (a) The vesting of Awards may be subject to the satisfaction of a performance condition which will be stated at the date of grant. The Remuneration Committee will determine any performance condition that will apply to an Award and whether and to what extent any performance condition has been met.
- (b) The IPO Awards will be subject to performance conditions as referred to above, and Career Level 1 – 3 Awards will be subject to performance conditions on an equivalent basis. Promotion Awards are expected to be subject to a performance condition based on the participant’s personal performance rating assessed over such period as the Remuneration Committee determines, which will typically be three years.
- (c) LTIP Awards granted to Executive Directors will always be subject to performance conditions. LTIP Awards will ordinarily be subject to performance conditions based on key financial performance measures (which may be based on earnings), divisional performance, operational key performance indicators or personal performance.

- (d) If the Remuneration Committee determines that the overall performance of the Group does not warrant the extent of vesting based on the satisfaction of the performance conditions, it may determine that an Award will vest to a lesser extent or that it will not vest at all.
- (e) Any performance condition may be amended or substituted if the Remuneration Committee considers that an amended or substituted performance condition is more appropriate and not materially less difficult to satisfy.

#### 12.4.4 Individual limit

- (a) The maximum value (as determined by the Remuneration Committee) of Ordinary Shares which may normally be subject to an Award granted to an Executive Director in respect of any financial year will be 200% of the Executive Director's annual basic salary and annual fixed profit share (as at the date of grant). This value may be exceeded subject to an overall maximum of 400% if the Executive Director joined the Group within the previous 12 months or the Remuneration Committee so determines.
- (b) This limit does not apply to any IPO Awards.
- (c) The quantum of LTIP Awards granted to Executive Directors will be determined in accordance with any applicable shareholder approved Directors' Remuneration Policy.

#### 12.4.5 Normal vesting

- (a) Awards will vest, subject to the satisfaction of any applicable performance condition and the participant's ongoing service, in accordance with the vesting schedule determined by the Remuneration Committee at the time of grant.
- (b) For the CEO and CFO (to whom the Company minimum shareholding guidelines (the "**Shareholding Guidelines**") apply), it is expected that vested Ordinary Shares will be retained until the applicable guideline holding has been met, after any sales to realise an amount equal to any tax liability arising in connection with the vesting of the Award or the acquisition of Shares.

#### 12.4.6 Holding Period

- (a) Following the vesting of an LTIP Award, the vested Ordinary Shares may be subject to a holding period, determined by the Remuneration Committee at the time of grant, during which they may not be transferred, assigned or disposed of without consent from the Remuneration Committee other than to realise an amount equal to any tax liability arising in connection with the vesting or exercise.
- (b) It is currently intended that a two-year holding period will apply and that only LTIP Awards will be subject to holding periods.

#### 12.4.7 Leaving the Group

In this summary, reference to a participant "**leaving the Group**" means the participant ceasing to be an officer or employee of the Group and, if relevant, a partner of DWF Law LLP (in the case of a participant in the PLC EIP) or DWF LLP (in the case of a participant in the LLP EIP).

- (a) Unvested award

If a participant leaves the Group before an Award, as defined below, has vested, the Award will normally lapse.

However, if a participant leaves the Group because of death, serious ill health, the termination of the participant's membership of DWF LLP by DWF LLP (or the participant's membership of DWF Law LLP by DWF Law LLP ) in breach of the Constitutional Deed, or for any other reason determined by the Remuneration Committee (taking into account such factors as it may determine including, but not limited to, performance, length of service and the participant's intention to take up new employment or partnership elsewhere) (a "**Good leaver**"), the participant's Award ordinarily will vest in accordance with the original vesting schedule (to the extent set out in "extent of vesting" below) and remain subject to any originally applicable holding period. The Remuneration Committee will have discretion to vest

the Award when the participant leaves the Group and/or to shorten or dis-apply any applicable holding period, and intends to do this where an Award vests on death.

(b) Leaving in a holding period

If a participant leaves the Group during the holding period applying to an Award, that holding period will ordinarily continue to apply. However, the Remuneration Committee will have discretion to bring the holding period to an end and would do this in the event of death in the holding period. If the participant is dismissed for material misconduct, he will forfeit the Ordinary Shares which were subject to the holding period.

12.4.8 Change of control

- (a) If there is a change of control or winding-up of the Company, unvested Awards will normally vest at the time of the relevant event (to the extent set out in “extent of vesting” below) and all applicable holding periods will come to an end.
- (b) The Remuneration Committee may decide that:
  - (i) unvested Awards will not vest on a change of control but will, with the consent of the acquiring company, be exchanged for equivalent awards over shares in the acquiring or another company; and
  - (ii) Awards subject to holding periods will be exchanged for awards subject to an equivalent holding period over shares in such a company.
- (c) In the event of a Company reorganisation or merger, where the shareholders of the acquiring company are substantially the same as the Company’s shareholders immediately before the change of control, unvested Awards will not vest and outstanding Awards will be exchanged for equivalent awards unless the Remuneration Committee determined otherwise. In the event of a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may materially affect the current or future value of Ordinary Shares, the Remuneration Committee may determine that the same treatment will apply as on a change of control.

12.4.9 Extent of vesting

- (a) If a participant leaves the Group as a Good leaver or there is a change of control (or other relevant corporate event) before an Award has vested:
  - (i) any unvested IPO Award or Career Level 1 – 3 Awards will vest in full on a change of control or if the Good Leaver reason is that a participant leaves the Group because of death, serious ill health or the termination of the participant’s membership of DWF Law LLP by DWF Law LLP (or the participant’s membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed;
  - (ii) if the Good Leaver reason is that the Remuneration Committee determines that a participant should be treated as a Good Leaver for any other reason, then any unvested IPO Award or Career Level 1 – 3 Awards will vest to the extent determined by the Remuneration Committee; and
  - (iii) any unvested Promotion Awards and LTIP Award will vest to the extent determined by the Remuneration Committee, taking into account the extent to which the applicable performance condition has been satisfied and, unless the Remuneration Committee determines otherwise, the proportion of the original performance period which remains outstanding at the date of the relevant event.
- (b) Where the participant leaves the Group, the performance condition will be assessed at the end of the original performance period, unless the Remuneration Committee determines it should be assessed when the participant leaves the Group. In the event of a change of control or other relevant event, the performance condition will be assessed at the date of the event. Where a performance condition is assessed before the end of the originally anticipated performance period, it will be assessed on such basis as the Remuneration Committee determines.

## 12.5 *The Deferred Bonus Plan (“DBP”)*

### 12.5.1 General

The DBP will operate in conjunction with the Group’s bonus arrangements, with it first applying in relation to bonuses earned for the Company’s financial year ending in 2020. The Remuneration Committee may, at its discretion, determine that a proportion of a bonus granted to any partners or staff member be deferred into an Award under the DBP. In the case of Executive Directors, the proportion to be deferred will be determined in accordance with the Company’s Directors’ Remuneration Policy, which will initially require deferral of 50% of any bonus earned.

### 12.5.2 Eligibility

The DBP is a discretionary plan and the Remuneration Committee will determine which partners and staff will be granted Awards and what type of Awards will be granted. All current and former Group partners and staff may participate in the DBP. Participation in the PLC DBP is limited to DWF Group plc Employees. DWF LLP Sub-group partners and staff may participate in the LLP DBP.

### 12.5.3 Normal vesting

- (a) Subject to the participant’s ongoing service, Awards will vest in accordance with the vesting schedule determined by the Remuneration Committee at the time of grant. It is currently intended that Awards granted to partners and non-partners at an equivalent career level will vest on the third anniversary of the determination of the annual bonus in respect of which the Award is granted, and Awards granted to all other participants will vest on the second anniversary of the determination of the annual bonus in respect of which the Award is granted.
- (b) If the Remuneration Committee determines that the overall performance of the Group does not warrant the Award vesting, it may determine an Award will vest to a lesser extent or that it will not vest at all.
- (c) For participants to whom the Shareholding Guidelines apply, it is expected that vested Ordinary Shares will be retained until the applicable guideline holding has been met, after any sales to realise an amount equal to any tax liability arising in connection with the vesting of the Award or acquisition of Shares.

### 12.5.4 Leaving the Group

- (a) If a participant leaves the Group before an Award has vested, the participant’s Award will normally lapse.
- (b) If a participant leaves the Group before the vesting of an Award because of death, serious ill health, the termination of the participant’s membership of DWF LLP by DWF LLP (or the participant’s membership of DWF Law LLP by DWF Law LLP) in breach of the Constitutional Deed, or for any other reason determined by the Remuneration Committee (taking into account such factors as it may determine including, but not limited to, performance, length of service and the participant’s intention to take up new employment or partnership elsewhere), the participant’s Award will ordinarily vest in accordance with the original vesting schedule, although the Remuneration Committee will have discretion to vest the Award at the leaving date or at some other date (and will vest at the leaving date in the event of death). Awards will vest in full, unless the Remuneration Committee decides to reduce the extent of vesting to take account of the proportion of the original vesting period which remains outstanding at the date of leaving.

### 12.5.5 Change of control

If there is a change of control or winding-up of the Company, Awards will normally vest in full at the time of the relevant event. The Remuneration Committee may decide that Awards will not vest on a change of control but will, with the consent of the acquiring company, be exchanged for equivalent awards over shares in the acquiring company or another company. In the event of a Company reorganisation or merger, where the shareholders of the acquiring company are substantially the same as the Company’s

shareholders immediately before the change of control, Awards will not vest but will be exchanged for equivalent rights unless the Remuneration Committee determines otherwise.

## 12.6 *The Buy As You Earn Plan (“BAYE”)*

### 12.6.1 General

#### Awards on IPO

- (a) It is intended that awards will be made to all staff on Admission (the “**IPO Allocations**”) who have been rated “fully achieving” at 31 October 2018, and who were employed for 12 months at the date of Admission and not serving notice at the date of Admission (“**Qualifying Staff**”). Each IPO Allocation will have a value (at Admission) up to 18% of the participant’s salary at Admission, converted into UK pounds sterling at an exchange rate determined by the Board where relevant. Qualifying Staff will also be awarded a cash bonus on Admission, with a value of up to 2% of the participant’s salary at Admission, converted into UK pounds sterling at an exchange rate determined by the Board where relevant, and funded by the sale of Ordinary Shares by the RST (as defined below) in the Offer.
- (b) The IPO Allocations will be made as allocations of Free Shares (as defined below) that vest in two equal tranches on announcements of the Group’s financial results for the financial years ending 30 April 2020 and 30 April 2021, subject to the participant remaining in employment (unless the participant leaves for a “**Good Leaver Reason**”).

IPO Allocations will not be made under the UK SIP.

#### Ongoing awards

- (c) Following Admission, it is intended that the BAYE will be operated on an annual basis, from the announcement of the Group’s financial results for the financial year ending 30 April 2019. It is intended that all qualifying staff will be:
  - (i) invited to participate in the BAYE by acquiring Ordinary Shares out of deductions from salary; and
  - (ii) awarded matching shares in respect of Ordinary Shares acquired.
- (d) Where possible, post-Admission offers under the BAYE will be made under the UK SIP.

### 12.6.2 Eligibility

- (a) All Group partners and staff may participate in the BAYE. Participation in the PLC BAYE is limited to DWF Group plc Employees. DWF LLP Sub-group staff may participate in the LLP BAYE. Selection for participation in the BAYE is ultimately at the discretion of the Board (other than as regards the UK SIP as described below). The intention is to operate the BAYE on a broad basis, permitting participation by all qualifying persons, although the Board may impose a qualifying period of service.
- (b) All UK tax resident employees of any participating company must be invited to participate in the UK SIP on each occasion it is operated, although the Board may set a qualifying period of employment which must be met in order to be eligible to participate in the UK SIP.

### 12.6.3 Operation

- (a) The BAYE will be operated as follows:
  - (i) allocations of free Ordinary Shares (“**Free Shares**”) may be made to participants;
  - (ii) participants may be offered the opportunity to purchase Ordinary Shares (“**Purchased Shares**”);
  - (iii) participants who acquire Purchased Shares may be awarded additional Ordinary Shares for free (“**Matching Shares**”); and



- (iv) dividends paid on Purchased Shares and, in the case of the UK SIP, Free Shares and Matching Shares, may be re-invested in further Ordinary Shares (“**Dividend Shares**”),

(together referred to as “**Plan Shares**”).

- (b) Awards may be granted before or within 42 days of Admission. Thereafter, Awards of Free Shares may normally only be made within 42 days of the announcement of the Company’s results for any period, although awards of Free Shares may also be made at other times if the Board determines that there are exceptional circumstances.
- (c) Plan Shares may be held on behalf of participants by a nominee who may be either a trustee of one of the Trusts, or a share plan administrator (or, in the case of UK SIP participants, the trustee of a UK resident trust established to hold Ordinary Shares for the purposes of the UK SIP (the “**SIP Trust**”). Alternatively, in the case of the BAYE which does not constitute the UK SIP, Free Share awards and Matching Share awards may be granted as rights to receive Ordinary Shares.

#### 12.6.4 Free Shares

- (a) The UK SIP provides that each participant may be awarded Free Shares worth up to the statutory maximum (currently £3,600) each tax year. Allocations can be subject to the satisfaction of performance conditions, although it is not currently anticipated that performance conditions will be applied. Other than as regards performance conditions, Free Shares must be awarded to employees on the same terms, although awards can vary by reference to remuneration, length of service or hours worked. Free Shares must be held in the SIP Trust for a holding period specified by the Board of between three and five years (or such other period as the relevant legislation permits).
- (b) The provisions of the BAYE which do not constitute the UK SIP provide that Free Shares may be granted as rights to receive Ordinary Shares on the basis the participant does not become entitled to the Ordinary Shares until the end of the holding period, and subject to continued employment. The maximum Free Share award under the provisions of the BAYE which do not constitute the UK SIP for any Executive Director will be consistent with the UK SIP maximum from time to time, but converted into any relevant currency at an exchange rate determined by the Board, which may be set at the start of a period and be fixed for the duration of that period.

#### 12.6.5 Purchased Shares

Participants may be offered the opportunity to acquire Purchased Shares out of post-tax salary (or, in the case of UK SIP participants, pre-tax salary). The amount of salary that may be applied in the acquisition of Purchased Shares under the UK SIP shall not exceed £1,800 in any tax year (or such other limit as may be permitted by the applicable legislation from time to time). The maximum for the BAYE which does not constitute the UK SIP for any Executive Director will be consistent with the UK SIP maximum from time to time, but converted into any relevant currency at an exchange rate determined by the Board, which may be set at the start of a period and be fixed for the duration of that period. The Purchased Shares may be acquired immediately or the purchase monies may accumulate for any period of up to 12 months before they are used to buy Purchased Shares. It is currently intended that Purchased Shares will be acquired immediately. Applications for Purchased Shares may be scaled back relative to any limit set by the Board on the number which may be acquired and the contribution limits prescribed in any application. Purchased Shares can be withdrawn from the BAYE by the participant at any time and are not subject to forfeiture provisions.

#### 12.6.6 Matching Shares

- (a) Save in respect of the UK SIP, as explained below, provided Purchased Shares are retained for a specified holding period, participants may be awarded Matching Shares, on the basis of such ratio as may be determined by the Board, which may vest or may be forfeited subject to continued employment over a time period



determined by the Board at grant, and/or be subject to such holding period as the Board may determine at grant. Matching Shares will be delivered in the form of a conditional share award, vesting at the end of the applicable holding period.

- (b) Where UK SIP participants acquire Purchased Shares, they may be awarded, for free, a number of Matching Shares determined by reference to the number of Purchased Shares acquired. The maximum matching ratio will be two Matching Shares for each Purchased Share (or such other ratio as may be permitted by the relevant legislation from time to time). For the initial operation, it is proposed that a matching ratio of one Matching Share for two Purchased Shares will be applied. Matching Shares must be held in the SIP Trust for a holding period specified by the Board of between three and five years (or such other period as the relevant legislation permits). For the initial operation, it is intended that a holding period of three years will apply.
- (c) The provisions of the BAYE which do not constitute the UK SIP provide for Matching Shares to be awarded on the basis of a ratio determined by the Board which in the case of any Executive Director, shall not exceed the ratio applicable to the UK SIP from time to time.

#### 12.6.7 Dividend Shares and Dividends

Participants in the UK SIP will be entitled to dividends paid on any Plan Shares held for them (whether Free Shares, Purchased Shares or Matching Shares). Under the UK SIP, Dividend Shares will be subject to a three-year holding period, but are not subject to forfeiture. The Board may impose a limit on the amount of dividends which may be reinvested in Dividend Shares to be held on behalf of any participant. To the extent that the cash dividends exceed any limit imposed, the SIP Trust trustee must pay over cash dividends to the relevant participant as soon as practicable.

#### 12.6.8 Leavers

- (a) For the purposes of the UK SIP, a “**Good Leaver Reason**” is cessation of employment due to death, injury, disability, redundancy or retirement, because of the sale of the participant’s employing company or business out of the Group.
- (b) For the purposes of the BAYE other than the UK SIP, a “**Good Leaver Reason**” is cessation of employment due to death, serious ill health, the termination of the participant’s membership of DWF Law LLP by DWF Law LLP (or the participant’s membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed, or for any other reason determined by the Board (taking into account such factors as it may determine including, but not limited to, performance, length of service and the participant’s intention to take up new employment or partnership elsewhere).
- (c) IPO Free Share Allocations will be forfeited on cessation of employment before the vesting date, other than where cessation is for a Good Leaver Reason. Where the Good Leaver Reason is death, serious ill health or the termination of the participant’s membership of DWF Law LLP by DWF Law LLP (or the participant’s membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed, IPO Free Share Allocations will vest in full. For any other Good Leaver Reason, IPO Free Share Allocations will vest to the extent determined by the Board.
- (d) Purchased Shares will not be forfeited on cessation of employment for any reason. No further Purchased Shares will be acquired following cessation of employment.
- (e) Free Shares (other than those subject to IPO Allocations) and Matching Shares will be forfeited if a participant ceases employment before the end of the applicable holding period, other than where the participant ceases employment for a Good Leaver Reason. Where the Good Leaver Reason is death, serious ill health or the termination of the participant’s membership of DWF Law LLP by DWF Law LLP (or the participant’s membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed Free Shares (other than IPO Allocations) and Matching Shares will vest in full. For any other Good Leaver Reason, Free Shares (other than IPO Allocations) and Matching Shares will vest to the extent determined by the Board.

- (f) Under the UK SIP, non-forfeited Free Shares and Matching Shares will be released to the participant shortly after cessation.
- (g) Under the BAYE which does not constitute the UK SIP, the delivery of Free Shares and Matching Shares which are not forfeited will be delayed until the end of the holding period, unless the Board determines otherwise.

#### 12.6.9 Change of control

On a change of control, participants will be able to instruct the nominee or trustee (including, where relevant, the trustee of the SIP Trust) how to act in relation to Plan Shares held for them. Under the BAYE which does not constitute the UK SIP, Free Share awards and Matching Share awards will vest on a change of control. Free Share awards will vest in full and Matching Share awards will vest in respect of the Matching Shares attributable to the Purchased Shares acquired at the date of the change of control.

### 12.7 *Common terms of the Share Incentive Plans*

#### 12.7.1 Dividends

- (a) Dividends will be paid on Ordinary Shares subject to Awards structured as restricted share awards (unless the Remuneration Committee determines otherwise at the time of grant) or UK SIP awards (in accordance with paragraph 12.6.7 above).
- (b) To the extent an IPO Award or Career Level 1 – 3 Award is granted as a conditional share award or option, on each occasion during the period between the grant and vesting of the Award, the participant will receive a payment equal to the value of dividends that would have been paid on those Ordinary Shares if the participant had owned them.
- (c) Following the vesting of a conditional share award or the exercise of an option (other than a conditional share award or option which is an IPO Award or Career Level 1 – 3 Award), a participant may, if the Remuneration Committee so determines, receive in respect of the Ordinary Shares acquired an additional payment (in cash or further Ordinary Shares) calculated by reference to dividends paid or payable between the grant and vesting of the Award (or if an EIP Award is subject to a holding period, between grant and the end of the holding period), which may assume the reinvestment of dividends into Ordinary Shares. Similar dividend equivalents may be paid in respect of a restricted share award where dividends on the Ordinary Shares are waived over the vesting period.
- (d) Participants in the BAYE which does not constitute the UK SIP will be entitled to dividends paid on Purchased Shares. No dividend equivalents will be paid on the Ordinary Shares which are subject to IPO Allocations.

#### 12.7.2 Limits on the Use of Shares

- (a) Awards may be granted over newly issued Ordinary Shares, Ordinary Shares held in treasury or Ordinary Shares purchased in the market (other than into treasury).
- (b) In any ten-year period, the number of Ordinary Shares that may be issued under the Share Incentive Plans and under any other employees' share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.
- (c) In addition, in any ten-year period, the number of Ordinary Shares that may be issued under the EIP, the DBP or any other employees' share plan adopted by the Company which is operated on a discretionary basis may not exceed 5% of the issued ordinary share capital of the Company from time to time.
- (d) Ordinary Shares transferred into the Trusts in connection with Admission or Awards granted prior to Admission will not count towards these limits.
- (e) Ordinary Shares held in treasury will be treated as newly issued Ordinary Shares for the purposes of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

- (f) For the BAYE, it is envisaged that the Ordinary Shares held in the Trusts (and, in respect of the UK SIP, the SIP Trust) will be used for Free Share and Matching Share awards. Purchased Shares are intended to be acquired in the market.

#### 12.7.3 Variation of Share Capital

The Committee may adjust the number and/or type of Ordinary Shares comprised in any Award, as well as any exercise price or performance condition applicable to that Award, in the event of any variation in the share capital of the Company or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Ordinary Shares.

#### 12.7.4 Cash Alternative

EIP and DBP Awards and Free and Matching Share awards granted under the BAYE (other than the UK SIP) may also be granted as a right to, or may be settled as, a cash payment determined by reference to the value of a notional number of Ordinary Shares, although post-Admission the Company only proposes to grant cash-based awards or settle awards in cash where regulatory restrictions make it impractical to grant share-based awards.

#### 12.7.5 Rights attaching to Share Award

- (a) All Ordinary Shares acquired under Awards will rank equally in all respects with Ordinary Shares then in issue except for any rights attaching to the shares by reference to a record date before the date of acquisition.
- (b) Benefits received by participants under the Plans are not pensionable and, other than Purchased Shares acquired under the BAYE, may not be transferred, assigned, charged or otherwise disposed of to any person (other than to a personal representative on the death of a participant).

#### 12.7.6 Amendment

- (a) The Remuneration Committee may (in the case of the UK SIP, with the consent of the trustee of the UK SIP) at any time amend the Plans, save that any amendments to the advantage of participants in relation to: (i) who is eligible to participate in the Plans; (ii) the limit on the number of Ordinary Shares which may be issued or transferred from treasury; (iii) the maximum entitlement for each participant and the basis for determining a participant's entitlement to Ordinary Shares; and (iv) the basis of any adjustment if there is a variation of share capital, must be approved in advance by the Company's shareholders in a general meeting, unless the alteration or addition is minor in nature and is made to the benefit of the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or a member of the Group.
- (b) The Committee may establish additional schedules to the Plans to operate outside the UK. A schedule may vary the rules of the Plans to take account of any securities, exchange control or taxation laws or regulations in an overseas jurisdiction. However, no schedule may increase the individual limit on the size of an Award and any shares made available under any schedules will count towards the overall limit on the number of shares which may be used under the Plans.

#### 12.7.7 Termination

No Awards can be granted under the Plans more than ten years after Admission.

### 12.8 *Common terms of the EIP and the DBP*

#### 12.8.1 Grant of Awards

- (a) Awards may be granted before or within 42 days of Admission. Thereafter, Awards will normally be granted within 42 days of the announcement of the Company's results for any period. Awards may also be granted within the period of 42 days following the date on which any Directors' Remuneration Policy comes into effect or at other times if the Remuneration Committee determines that there are exceptional circumstances, which would include a person first becoming eligible to participate in the Share Incentive Plans as a result of joining the Group.

- (b) If a restriction prevents the grant of Awards during any of these periods, Awards may be granted within the period of 42 days beginning on the lifting of the restriction. It is intended that Awards will generally be made twice a year. LTIP Awards (as defined below) granted in respect of a financial year will ordinarily be granted following the announcement of the Company's results for the preceding financial year, with the first such Awards granted following the announcement of the Company's results for its financial year ending in 2019. Promotion Awards (as defined below) will ordinarily be granted following the announcement of the Company's interim or full-year results for the period in which the promotion takes effect. Career Level 1 – 3 Awards (as defined below) will be granted as determined by the Remuneration Committee in connection with the recruitment.

#### 12.8.2 Form of Awards

The EIP and DBP rules permit the grant of conditional share awards and nil or nominal cost options over Ordinary Shares. The EIP rules also permit the grant of restricted share awards.

#### 12.8.3 Malus and Clawback

In the event of a material error or misstatement of results, a material failure of risk management, a participant's material misconduct, serious reputational damage to the Group for which a participant should be held responsible, and/or a material corporate failure (or other events similar in the nature or effect), the Remuneration Committee may, in respect of any LTIP Award, DBP Award (as defined below), Career Level 1 – 3 Award or Promotion Award:

- (a) following the grant of the Award but before vesting of the Award, reduce (including to zero) the number of Ordinary Shares subject to an Award or impose additional conditions on the Award; and/or
- (b) at any time within a period determined at the date of grant of the Award (which will be, unless the Remuneration Committee determines otherwise at the time of the grant of the Award, the period of five years from the date of grant of an LTIP Award and the normal vesting date of a DBP Award, Career Level 1 – 3 Award or a Promotion Award), require the repayment of any number of Ordinary Shares (or cash amount) received in respect of the Award.

Malus and clawback provisions do not apply to any IPO Awards granted under the EIP.

#### 12.9 *Employee Benefit Trust (“EBT”) and Reward Share Trust (“RST”)*

The Company has established the DWF Group plc Employee Benefit Trust and the DWF Group plc Reward Share Trust, both of which are constituted by trust deeds entered into between the Company and Estera Trust (Jersey) Limited, a professional Jersey resident trustee. The Company has the power to appoint and remove the trustee of the EBT and the RST.

The beneficiaries of the EBT are the DWF Group plc Employees, former DWF Group plc Employees and certain members of their families. The beneficiaries of the RST are the DWF Group plc Employees, former DWF Group plc Employees, the members of DWF LLP and any other partnership which is a subsidiary undertaking of the Company, former members of DWF LLP and any other partnership which is a subsidiary undertaking of the Company, consultants and self-employed lawyers providing services and former consultants and self-employed lawyers providing or who provided services on behalf of the same, and certain members of their families, along with the DWF Foundation.

Assets held in the EBT may only be used to benefit the beneficiaries of the EBT, and assets held in the RST may only be used to benefit the beneficiaries of the RST. DWF Group plc and its subsidiaries may fund the EBT and the RST by loan or gift to acquire Ordinary Shares, either in the market or by subscription. The trustee of the EBT may use the Ordinary Shares acquired for the purposes of satisfying awards under the DWF Group plc Plans, or other share incentive arrangements established by the DWF Group plc from time to time. The trustee of the RST may use the Ordinary Shares acquired for the purpose of satisfying awards under the Share Incentive Plans, or other share incentive arrangements established by the Group from time to time.

### 13. Pensions

The Group's largest pension scheme is its defined contribution personal pension scheme in the United Kingdom (the “**UK Defined Contribution Personal Pension Scheme**”) which is administered by AEGON. Personal contributions made to the UK Defined Contribution Personal Pension Scheme are matched by the Group at a rate that is based upon the employee's grade. The Group also contributes to a number of small pension vehicles for employees in its international operations, such as state run schemes, and additional voluntary schemes (together with the UK Defined Contribution Personal Pension Scheme, the “**Pension Schemes**”). The Group's Pension Schemes are compliant with relevant local employment law.

The Group's contribution to the Pension Schemes was £2.2 million, £2.8 million, £3.1 million and £2.4 million for the financial years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively.

The Company does not operate a defined benefit pension scheme for the benefit of its Directors or members of senior management.

### 14. Subsidiaries, investments and principal establishments

#### 14.1 Subsidiaries and Subsidiary Undertakings

DWF Group plc will be the parent company of the Group. The following table shows details of DWF Group plc's principal subsidiaries and subsidiary undertakings as at Admission.

Name	Country of incorporation and registered office	Percentage or basis of ownership <sup>(1)</sup>	Percentage or basis of control <sup>(2)</sup>	Principal Activity
<b>Direct subsidiary</b>				
DWF Holdings Limited.....	England	100%	100%	Holding company
<b>DWF Law LLP Sub-Group</b>				
DWF Law LLP .....	England	Note 3	Note 3	Legal services
DWF Connected Services Group Limited.....	England	100% owned by DWF Law LLP <sup>(4)</sup>	100% controlled by DWF Law LLP <sup>(4)</sup>	Holding company
DWF 360 Limited .....	England	100% owned by DWF Law LLP <sup>(4)</sup>	100% controlled by DWF Law LLP <sup>(4)</sup>	Connected services
DWF Middle East Group LLP .....	England	100% owned by DWF Law LLP <sup>(4)</sup>	100% controlled by DWF Law LLP <sup>(4)</sup>	Holding company
DWF (Middle East) LLP .....	UAE	100% owned by DWF Law LLP <sup>(4)</sup>	100% controlled by DWF Law LLP <sup>(4)</sup>	Legal services
DWF Connected Services Holdings Limited <sup>(5)</sup> .....	England	100% owned by DWF Law LLP <sup>(4)</sup>	100% controlled by DWF Law LLP <sup>(4)</sup>	Holding company
DWF Australia Holdings Pty Ltd .....	Australia	100% owned by DWF Law LLP <sup>(4)</sup>	100% controlled by DWF Law LLP <sup>(4)</sup>	Holding company
DWF Law Australia Pty Ltd .....	Australia	Note 6	100% controlled by DWF Law LLP <sup>(6)</sup>	Legal services
<b>DWF LLP Sub-Group</b>				
DWF LLP .....	England	n/a	Note 7	Legal services
DWF Partnership .....	Ireland	n/a	Note 8	Legal services
DWF (France) AAPRI.....	France	n/a	Note 8	Legal services
DWF LLP Studio Legale Associato.....	Italy	n/a	Note 8	Legal services
DWF (Northern Ireland) LLP .....	Northern Ireland	n/a	Note 8	Legal services
DWF Holding Gesellschaft buergerlichen Rechts.....	Germany	n/a	Note 8	Holding undertaking
DWF Germany Rechtsanwalts-gesellschaft mbH .....	Germany	n/a	Note 8	Legal services

Notes:

- (1) The percentage or basis of ownership refers to the extent or manner by which the Company will own each of the subsidiaries and subsidiary undertakings named in this table as at Admission, through shares or other form of membership interest that will be held by the Company directly or indirectly. Subsidiary undertakings listed as “n/a” will be part of the DWF LLP Sub-group following the Reorganisation and will be subsidiary undertakings of the Company (as described in Notes 7 and 8 below) by way of contractual arrangements. Since neither DWF Law LLP nor the Company are members of DWF LLP, the Company will not have any direct or indirect equity ownership in the subsidiary undertakings of the DWF LLP Sub-group.
- (2) The percentage or basis of control refers to the extent or manner by which the Company will control each of its subsidiaries and subsidiary undertakings. For subsidiary undertakings that will be part of the DWF LLP Sub-group, the basis of control is not based on equity ownership, but on contractual arrangements, as described in Notes 6 and 7 below.
- (3) DWF Holdings Limited (the direct, wholly-owned subsidiary of the Company) will be the controlling Member of DWF Law LLP, but since most partners of the Group will also be members of DWF Law LLP, under section 1159(2) of the Companies Act 2006 DWF Law LLP will not be a wholly-owned subsidiary of DWF Holdings Limited or the Company, notwithstanding that DWF Holdings Limited and the Company will control DWF Law LLP and only the matters listed in



paragraph 16.4.1(b) would require the approval of the Members of DWF Law LLP. In terms of ownership, the entitlement of the Members of DWF Law LLP to (i) the capital of DWF Law LLP is limited to the amount of capital they have paid in to DWF Law LLP as set out in each Member's Member Notification and (ii) the profits of DWF Law LLP is limited to their fixed share of profits as set out in each Member's Member Notification.

- (4) This entity will be a wholly-owned subsidiary of DWF Law LLP, under section 1159(2) of the Companies Act 2006.
- (5) DWF Connected Services Holdings Limited is the parent of the following subsidiary undertakings listed in Note 10 in *Part XIII—“Historical Financial Information”*: DWF Connected Services Limited, DWF (TG) Limited, DWF Advocacy Limited, DWF Costs Limited, DWF Resource Limited, DWF Forensic Limited, DWF Ventures Limited, DWF Claims (Italy) S.r.l., DWF Adjusting (Canada) Limited, DWF Compliance (Singapore) Pte Ltd, DWF Claims Limited, DWF Adjusting Limited, Vueity Limited, DWF Claims (Ireland) Limited, DWF Claims (USA) LLC, DWF Claims (Canada) Limited, DWF Claims (Australia) Pty Limited, Triton Global Claims (HK) Limited, Triton Global Claims (Asia) PTE Limited. A number of these subsidiaries are dormant. See Note 10 in *Part XIII—“Historical Financial Information”* for more information. An additional subsidiary undertaking of DWF Connected Services Holdings Limited, DWF Claims France SAS, is intended to be incorporated in March 2019.
- (6) Certain Australian partners of the Group are preference shareholders of DWF Law Australia Pty Ltd accordingly notwithstanding that DWF Law LLP will control (and hold all of the ordinary shares in) DWF Law Australia Pty Ltd, under section 1159(2) of the Companies Act 2006, DWF Law Australia Pty Ltd will not be a wholly-owned subsidiary of DWF Law LLP.
- (7) By virtue of the DWF Law LLP Constitutional Deed, the Group Governance Deed and the DWF LLP Constitutional Deed, DWF LLP will be a subsidiary undertaking of DWF Law LLP under section 1162(4) of the Companies Act 2006 and thus a subsidiary undertaking of the Company by virtue of section 1162(5) of the Companies Act 2006.
- (8) By virtue of the DWF LLP Constitutional Deed and local governance agreements (See “—*Material contracts—Local governance agreements*”), DWF Ireland GP, DWF (France) AAPRI, DWF LLP Studio Legale Associato, DWF (Northern Ireland) LLP, DWF Holding Gesellschaft buergerlichen Rechts and DWF Germany Rechtsanwaltsgesellschaft mbH will be subsidiary undertakings of DWF LLP under section 1162(4) of the Companies Act 2006 and thus (taking into account Note 6 above) subsidiary undertakings of the Company by virtue of section 1162(5) of the Companies Act 2006.

## 14.2 Properties, Investments and Assets

The following are the principal establishments of the Group:

Name and Location	Type of Facility	Tenure	Term Expiry Date
5 St Paul's Square, Old Hall Street, Liverpool, L3 9AE	Office	Lease	17 March 2028
20 Fenchurch Street, London, EC3M 3AG	Office	Lease	17 March 2026
1 Scott Place, 2 Hardman Street, Manchester, M3 3AA	Office	Lease	26 April 2028

## 15. Statutory auditor

By resolution of the Directors dated 18 January 2019, Deloitte LLP, whose registered address is at 1 New Street Square, London EC4A 3HQ, was appointed as the statutory auditor to the Company. Deloitte LLP has prepared the accountants' report in Section A of *Part XIII—“Historical Financial Information”* and Section A of *Part XIV—“Unaudited Pro Forma Financial Information”*. Deloitte LLP is registered to perform audit work by the Institute of Chartered Accountants in England and Wales.

## 16. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group; or (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

### 16.1 Underwriting Agreement

16.1.1 The Company, DWF LLP, the Agent (acting for and on behalf of the Selling Shareholders), the Directors and the Banks have entered into the Underwriting Agreement dated 9 March 2019 pursuant to which, on the terms and subject to the conditions contained therein (which are customary in agreements of this nature):

- (a) the Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, the New Ordinary Shares to be issued in connection with the Offer;
- (b) the Agent (acting for and on behalf of the Selling Shareholders) has agreed, subject to certain conditions, to sell the Existing Ordinary Shares in the Offer at the Offer Price;



- (c) the Underwriters have severally agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers or, failing which, themselves to subscribe for the New Ordinary Shares (in such proportions as are set out in the Underwriting Agreement) and to procure purchasers for or, failing which, to purchase themselves Existing Ordinary Shares pursuant to the Offer; and
- (d) Zeus Capital has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the New Ordinary Shares and to procure purchasers for Existing Ordinary Shares pursuant to the Offer.

Allocations of the Offer Shares among prospective investors will be determined by the Company, in consultation with the Joint Global Co-ordinators. All Offer Shares to be issued or sold under the Offer will be issued or sold at the Offer Price.

- 16.1.2 The Offer is conditional upon, among other things, the Reorganisation having been duly completed in accordance with its terms (subject only to Admission, and save for those steps which are to be completed after Admission), Admission occurring not later than 8.00 a.m. on 15 March 2019 (or such later date and time, not being later than 8.00 a.m. on 31 March 2019, as the Joint Global Co-ordinators may agree with the Company) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. The underwriting commitment of each Underwriter will cease to be conditional at the point of Admission. If the conditions to the Underwriting Agreement have not been satisfied, or if each Underwriter otherwise ceases to underwrite its portion of the Offer in accordance with the terms of the Underwriting Agreement, Admission will not occur.
- 16.1.3 The Underwriting Agreement can be terminated by the Joint Global Co-ordinators at any time prior to Admission in certain customary circumstances set out in the Underwriting Agreement. If these termination rights are exercised by the Joint Global Co-ordinators, the Offer will lapse and any moneys received in respect of the Offer will be returned to applicants without interest.
- 16.1.4 The Underwriting Agreement provides for the Joint Global Co-ordinators to be paid a commission by the Company in respect of the New Ordinary Shares and the Agent (on behalf of the Selling Shareholders in their respective proportions) in respect of the Existing Ordinary Shares issued and sold, as the case may be, by them pursuant to the Offer equal to 2% of the Offer Price multiplied by the aggregate number of Offer Shares. The Underwriting Agreement also provides for Zeus Capital to be paid a commission by the Company in respect of the New Ordinary Shares and the Agent (on behalf of the Selling Shareholders in their respective proportions) in respect of the Existing Ordinary Shares issued and sold, as the case may be, by them pursuant to the Offer equal to 0.2% of the Offer Price multiplied by the aggregate number of Offer Shares. The Company may also, at its absolute discretion, pay an additional commission to the Banks up to 0.8% of the Offer Price multiplied by the aggregate number of Offer Shares, the amount and allocation of which will be determined and notified to the Banks within 30 days of Admission and paid no later than 60 business days following Admission. Any commissions received by the Banks may be retained and any Ordinary Shares acquired by the Underwriters may be retained or dealt in, by them, for their own benefit.
- 16.1.5 The Company has agreed to pay or cause to be paid (together with any applicable irrecoverable amounts in respect of VAT) certain costs, charges, fees and expenses of or arising in connection with or incidental to the Offer. The Agent (acting for and on behalf of the Selling Shareholders) has agreed to pay or cause to be paid (subject to certain limitations) any stamp duty and/or SDRT accruing on sales of their Existing Ordinary Shares pursuant to the Offer.
- 16.1.6 The Company, the Directors and the Agent (acting for and on behalf of the Selling Shareholders) have each given customary representations, warranties and undertakings to the Underwriters, and the Company has given certain indemnities to the Underwriters. DWF LLP has provided a guarantee to be liable for any breach by the Company of its obligations under the Underwriting Agreement. The liability of the Company is unlimited as to amount and time. The liabilities of the Directors and the Agent are limited as to amount and time.

## 16.2 Lock-up arrangements

Each of the Selling Shareholders and the Directors has agreed to certain lock-up arrangements in respect of the Ordinary Shares they hold immediately following Admission.

### 16.2.1 Lock-up in relation to the Directors and Selling Shareholders

The Directors and the Selling Shareholders have agreed that, subject to the exceptions described below, during the period of 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of Shares issued pursuant to the grant or exercise of options under the Share Incentive Plans in existence on the date of Admission described in paragraph 12 “*Share Incentive Plans*” or prohibit a Director or Selling Shareholder from:

- (a) selling Existing Ordinary Shares pursuant to the Offer;
- (b) accepting a general offer made to all holders of issued and allotted Ordinary Shares for the time being (other than Ordinary Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Companies Act 2006) made in accordance with the City Code on Takeovers and Mergers (the “**City Code**”) on terms which treat all such holders alike;
- (c) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Ordinary Shares or any interest therein) as is referred to in sub paragraph (b) above;
- (d) selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares in the Company;
- (e) transferring or disposing of Ordinary Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the court under the Companies Act 2006;
- (f) taking up Ordinary Shares or other rights and disposing of any rights granted in respect of a rights issue or other pre-emptive share offering by the Company;
- (g) transferring Ordinary Shares to any connected person (as defined in the Companies Act 2006) or any family trust (and upon change of trustees of a trust, to the new trustees of such family trust) and by the trustees of such family trusts to the beneficiaries thereof;
- (h) transferring the legal interest in Ordinary Shares provided that the beneficial owner shall not change;
- (i) transferring Ordinary Shares where a disposal is required by law or by any competent authority or by order of a court of competent jurisdiction; or
- (j) with respect to Directors, transferring Ordinary Shares to the personal representatives of an individual who dies during the lock-up period, or with respect to the Selling Shareholders, transferring Ordinary Shares to the personal representatives or beneficiary or beneficiaries under the will of, or rules of intestacy in relation to an individual who dies during the lock-up period,

provided that, in the case of paragraphs (g), (h) and, with respect to Selling Shareholders only, (j) above, prior to any such transfer the relevant transferee has entered into a deed of adherence.

### 16.2.2 Lock-up in relation to the Company

The Company has agreed that, subject to the exceptions described below, during the period of 180 days from the date of Admission, neither it nor any member of the Group will, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of (a) the issue of Ordinary Shares pursuant to the Offer; (b) the issue of Ordinary Shares pursuant to the Reorganisation; or (c) the issue of Ordinary Shares pursuant to the grant, vesting or exercise of options or awards under the Share Incentive Plans in existence on the date of Admission described in paragraph 12 “*Share Incentive Plans*”.

#### 16.2.3 Lock-up in relation to certain partners of DWF LLP

- 16.3 In addition to these lock-up arrangements, certain Members of DWF LLP who are selling shares have entered into a further lock-up agreement with the Company pursuant to which such partners have agreed that, during the period from Admission until the announcement of the Company’s preliminary financial results for the financial year ended 30 April 2024, they will not, without the prior written consent of the Company, sell or contract to sell, grant any option over or otherwise dispose of or encumber any Ordinary Shares they hold immediately following Admission (or any interest therein) (such Ordinary Shares not to include any Ordinary Shares transferred by the Selling Shareholder pursuant to a deed of donation between the Company and certain Selling Shareholders, or such other arrangement for donation, under which the Selling Shareholders will each donate 1% of the Ordinary Shares that such Selling Shareholder holds immediately following the Offer to the DWF Charitable Foundation) or enter into any transaction with the same economic effect as any of the foregoing, save that 20% of each individual’s holding will be released from such restrictions on the announcement of the Company’s preliminary financial results for the financial year ending 30 April 2020, and 10% of each individual’s holding will be released from such restrictions on each announcement of the Company’s preliminary financial results for the next four financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2021 (each a “**Time Tranche**”), and a further 10% of each individual’s holding will be released from such restrictions on each announcement of the Company’s preliminary annual results for the next four financial years commencing with the financial year ending 2021, provided the individual has received a “fully achieving” performance rating with respect to the financial year to which the preliminary financial results relate (each a “**Performance Tranche**”). Certain senior managers of the Group who are selling shares will receive restricted share awards which will vest over the same time periods subject to the same conditions. Ordinary Shares will also be released in the event an individual becomes a “good leaver”. Ordinary Shares which have not yet been released from the lock-up arrangements will be clawed back at nominal value in the event an individual becomes a leaver (otherwise than as a “good leaver”) during the lock-up period, and in relation to Ordinary Shares subject to a Performance Tranche may be clawed back in the event the individual fails to receive at least a “fully achieving” performance rating with respect to the financial year applicable to that Performance Tranche. For the purposes of such clawback provisions, Ordinary Shares subject to each Time Tranche are deemed released from the lock-up arrangements on the anniversary of Admission preceding the relevant release of preliminary financial results. The locked up equity held by the CEO and the Chairman will be released in five equal tranches over the lock-up period and will not be subject to clawback based on individual performance (and the CFO’s IPO award will vest on the same basis). New partners (and a small number of recent partner joiners) will be subject to a two year lock-up period, during which the Ordinary Shares subject to the lock up provisions will be released in two equal tranches following announcement of the Group’s financial results each year commencing with the financial year 30 April 2020 (reflecting that their equity holding is equal to what they would have received as an IPO allocation had they not been promoted, or, in the case of recent partner joiners, the fact that their equity holding will be of a similar amount to newly promoted partners). The Board will have discretion to vary or waive the lock-up and clawback arrangements. Any partner who resigns within two years from the date of Admission will be subject to clawback on any cash realised through the Offer (net of any taxation due on the disposal of Ordinary Shares in the Offer).

#### 16.4 Group Structure, Governance and Internal Contractual Arrangements

The key structure, governance and internal contractual arrangements of the Group (below the level of the Company) are set out in the paragraphs 16.4.1 to 16.4.10 below and comprise the following:

- DWF Law LLP Constitutional Deed;
- Member Handbooks of DWF Law LLP and DWF LLP;
- Group Governance Deed;
- DWF LLP Constitutional Deed;
- Local governance agreements, partnership agreements and related constitutional arrangements; and
- The services agreements and the intangible services agreements.

##### 16.4.1 DWF Law LLP Constitutional Deed

As part of the Reorganisation, DWF Law LLP will adopt a new limited liability agreement (the “**DWF Law LLP Constitutional Deed**”) that sets out the terms on which DWF Law LLP will be organised and the rights and obligations of its Members. The DWF Law LLP Constitutional Deed will come into effect, and shall replace all previous LLP agreements relating to DWF Law LLP, prior to Admission.

##### 16.4.1.1 Executive Board

The DWF Law LLP Constitutional Deed provides for the DWF Law LLP Executive Board, comprised of Members of DWF Law LLP and other persons who hold the roles set out in the terms of reference of the DWF Law LLP Executive Board (the “**DWF Law LLP Executive Board Terms of Reference**”). The DWF Law LLP Executive Board will comprise the members of DWF’s senior management team, as set out in *Part VIII—“Directors, Senior Management and Corporate Governance”*.

Pursuant to the DWF Law LLP Constitutional Deed, the DWF Law LLP Executive Board has the authority to determine all matters in connection with DWF Law LLP in accordance with the DWF Law LLP Executive Board Terms of Reference, except that:

- (a) each reserved matter, as set out in the DWF Law LLP Executive Board Terms of Reference, is a reserved matter (each a “**DWF Law Reserved Matter**” and together the “**DWF Law Reserved Matters**”) subject to the prior written consent of DWF Holdings Limited and includes, *inter alia*, the appointment and removal of members of the DWF Law LLP Executive Board and any amendment to the DWF Law LLP Executive Board Terms of Reference; and
- (b) any of the following amendments (each a “**DWF Law Member Matter**” and together the “**DWF Law Member Matters**”) requires the prior approval by Members of DWF Law LLP:
  - (i) any amendment of any provision of the DWF Law LLP Constitutional Deed or the Member Handbook, which amendment would materially prejudice the rights or interests of any class of individual Members of DWF Law LLP under the DWF Law LLP Constitutional Deed or the Member Handbook (for the avoidance of doubt, the exercise of any discretion by any of DWF Law LLP, DWF Holdings Limited or the DWF Law LLP Executive Board conferred on it under the DWF Law LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision);
  - (ii) any amendment of DWF Law LLP’s policy relating to the obligations on Members to contribute capital to DWF Law LLP (the “**DWF Law Capital Policy**”), except that the DWF Law LLP Executive Board may amend the DWF Law Capital Policy if required by law, regulation or (in the opinion of the DWF Law LLP Executive Board

acting in good faith) to preserve the tax status of DWF Law LLP or some or all of the Members of DWF Law LLP (for the avoidance of doubt, the exercise of any discretion by any of DWF Law LLP, DWF Holdings Limited or the DWF Law LLP Executive Board conferred on it under the DWF Law LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision); or

- (iii) any amendment of the provisions of the DWF Law LLP Constitutional Deed which set out the procedure for voting on the two matters listed above.

The matters covered by (b)(i) above include all terms of the DWF Law LLP Constitutional Deed and the Member Handbook relating to a class of individual Members of DWF Law LLP in respect of their (A) self-employed LLP member status and (B) statutory duties and liabilities resulting from their status as members of an English limited liability partnership, including under applicable statutes and regulations. In terms of their self-employed LLP member status, this includes (but is not limited to) matters such as (i) allocation of profits, (ii) drawing of profits, (iii) expulsion from the LLP, (iv) compulsory retirement, (v) voluntary retirement, (vi) gardening leave and suspension from the LLP and (vii) restrictive covenants. In terms of their status as members of an English limited liability partnership, this includes (but is not limited to) matters such as (i) preparation of statutory accounts, (ii) treatment of member capital contributions, (iii) duties, rights and liabilities of Members as between each other and also the LLP arising by virtue of such status, (iv) indemnities given by the LLP to individual Members of DWF Law LLP to address certain liabilities that may arise by virtue of such status, and (v) providing for those members who act in the capacity of office holders under statute, regulation or professional rules.

Pursuant to the DWF Law LLP Constitutional Deed, DWF Law LLP and the DWF Law LLP Executive Board must act in the best interests of DWF Law LLP and in accordance with, among other things, the terms of the DWF Law LLP Constitutional Deed and the Group Policies.

#### 16.4.1.2 Capital Accounts and Profit Shares

The DWF Law LLP Constitutional Deed includes provisions for the establishment and operation of capital accounts in the name of each Member of DWF Law LLP, with contributions and withdrawals to be made by the Members in accordance with the DWF Law Capital Policy. Pursuant to the DWF Law LLP Constitutional Deed, profits will be allocated to Members in accordance with the Member Handbook (as defined below) and as provided for in each Member Notification (as defined below). The Member Handbook also provides for the “valve-partner arrangements” as further described in paragraph 4.1.4 (Economic flows) above.

#### 16.4.1.3 Customary LLP provisions

The DWF Law LLP Constitutional Deed further contains provisions customary in a limited liability partnership deed, including provisions concerning the admission and retirement of Members, preparation of statutory accounts and provisions governing the procedures for meetings of the Members of DWF Law LLP.

Under the DWF Law LLP Constitutional Deed, each Member of DWF Law LLP agrees to comply with the DWF Law LLP Constitutional Deed, their Member Notification and the Group Policies. Each Member of DWF Law LLP agrees to, among other things, act diligently in the conduct of the business of DWF Law LLP, show the utmost good faith to DWF Law LLP and the other Members of DWF Law LLP in all transactions relating to business of DWF Law LLP and not do anything or omit to do anything that amounts to misconduct (including fraud, dishonesty and reckless conduct).



Pursuant to the DWF Law LLP Constitutional Deed, each Member of DWF Law LLP (other than DWF Holdings Limited) appoints each member of the DWF Law LLP Executive Board as his attorney in connection with (a) that member's obligations under the DWF Law LLP Constitutional Deed, the Member Handbook and Group Policies and (b) in order to implement any decision made in accordance with the DWF Law LLP Constitutional Deed, the DWF Law LLP Executive Board Terms of Reference, the Member Handbook or the Group Policies.

Pursuant to the DWF Law LLP Constitutional Deed, DWF Law LLP has agreed to indemnify each Member against certain costs, charges, losses, expenses and liabilities (together, "**Liabilities**") incurred by those parties, as follows:

- (a) each Member or former Member of DWF Law LLP against all Liabilities incurred by him or her in the proper performance by him or her of his or her duties as a Member in his or her ordinary and proper conduct of the business of DWF Law LLP;
- (b) each Member or former Member of DWF Law LLP (other than any member of the DWF Law LLP Executive Board) against all Liabilities incurred as a result of a failure by the DWF Law LLP Executive Board to properly discharge the Member's statutory duties delegated to the DWF Law LLP Executive Board under the DWF Law LLP Constitutional Deed;
- (c) each DWF Law office holder or former DWF Law office holder against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a DWF Law office holder;
- (d) each member of the DWF Law LLP Executive Board against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a member of the DWF Law LLP Executive Board; and
- (e) each Member or former Member of DWF Law LLP against all Liabilities incurred by him or her in his or her capacity as a Valve Partner (as defined below) in connection with him or her receiving sums from a Group entity in accordance with the Member Handbook, to the extent that such Liabilities are in excess of any liabilities that such Member would otherwise have incurred if he or she had not received sums from such Group entity, including in connection with tax liabilities or compliance costs in additional jurisdiction, with the intention that a Valve Partner neither benefits nor is disadvantaged by being designated a Valve Partner.

Nothing shall require DWF Law LLP to indemnify any Member against any Liability to the extent that:

- (a) such indemnity would be void, illegal or unenforceable or in breach of any law, regulation or rule of a regulatory body in respect of DWF Law LLP or its parent undertakings;
- (b) the Member has improperly derived a personal benefit or profit in connection with such Liabilities; or
- (c) the Liability arises, directly or indirectly, as a result of or in connection with the misconduct (including fraud, dishonesty and reckless conduct or material breach of contract) of the Member.

#### 16.4.2 DWF Law LLP and DWF LLP Member Handbooks

As part of the Reorganisation, DWF Law LLP and DWF LLP will each adopt a group policy known as the "**Member Handbook**". The Member Handbook sets out each LLP's policies for determining and allocating profits and other financial awards to DWF Law LLP Members and to DWF LLP Members, including the policy relating to their contribution of capital to DWF Law LLP and DWF LLP, respectively. This document does not include any policies in respect of amounts to which a Member may become entitled as a shareholder of the Company or as a beneficiary of a Group employee benefit or discretionary trust, which are matters to be determined by the Company.



The Member Handbook includes provisions setting out the valve partner arrangements. Each Member will receive a member notification (the “**Member Notification**”) indicating, among other things, his or her fixed profit share, required capital contribution and other benefits. The DWF Law LLP Executive Board may also designate certain Members as valve partners (each a “**Valve Partner**”) for the purposes of the valve-partner arrangements.

#### 16.4.3 Group Governance Deed

As part of the Reorganisation, DWF Law LLP and DWF LLP will enter into a governance deed (the “**Group Governance Deed**”). The purpose of the Group Governance Deed is to implement the intention of the individual members of DWF Law LLP and DWF LLP for the business of DWF Law LLP and DWF LLP (and their subsidiary undertakings) to continue to be managed and operated on a unified basis. To the extent that there is any conflict between the Group Governance Deed and the DWF LLP Constitutional Deed (as defined below), the provisions of the Group Governance Deed will prevail.

Under the Group Governance Deed, DWF Law LLP and DWF LLP will:

- (a) implement the objectives, strategies and business plans of the unified business of DWF Law LLP and DWF LLP (and their subsidiary undertakings) as approved by DWF Law LLP; and
- (b) manage the unified business of DWF Law LLP and DWF LLP in accordance with (i) the group-wide policies and procedures of the Company and its subsidiary undertakings in force for the time being, the “**Group Policies**”) and (ii) the intra-group arrangements entered into between DWF Law LLP and DWF LLP (the “**Intra-Group Arrangements**”).

DWF LLP will:

- (a) procure that it and its subsidiary undertakings will implement arrangements to ensure that they (and their respective partners, employees and consultants) comply with directions of the executive board of DWF LLP (the “**DWF LLP Executive Board**”), the Group Policies and the Intra-Group Arrangements; and
- (b) procure that neither it nor its subsidiary undertakings will amend the DWF LLP Constitutional Deed, or any constitutional or governance arrangement of any subsidiary undertaking of DWF LLP, without DWF Law LLP’s consent.

DWF LLP will procure that the DWF LLP Executive Board will:

- (a) exercise its powers and responsibilities in accordance with the DWF LLP Executive Board’s terms of reference (the “**DWF Terms of Reference**”), which includes matters reserved for decision to DWF Law LLP. The DWF Terms of Reference may be amended by the DWF LLP Executive Board with the prior written consent of DWF Law LLP; and
- (b) be constituted by the same members who constitute the executive board of DWF Law LLP (the “**DWF Law LLP Executive Board**”) or as otherwise approved by DWF Law LLP.

Each of the lawyers (and other legal practitioners entitled to practice law) of the Group owes professional duties as a member of the legal profession. The Group Governance Deed will provide for the prevalence of such professional duties to the extent of any conflict or potential conflict between such professional duties and the Group Policies or directions given by the DWF LLP Executive Board or the DWF Law LLP Executive Board.

#### 16.4.4 DWF LLP Constitutional Deed

As part of the Reorganisation, DWF LLP will adopt a new limited liability partnership agreement (the “**DWF LLP Constitutional Deed**”) that sets out the terms on which Members of DWF LLP will carry on the practice and profession of solicitors through DWF LLP. The DWF LLP Constitutional Deed will come into effect, and shall replace all previous LLP agreements relating to DWF LLP, prior to Admission.

##### 16.4.4.1 Executive Board

The DWF LLP Constitutional Deed provides for the DWF LLP Executive Board, comprised of Members of DWF LLP and other persons who hold the roles set out in the terms of reference of the DWF LLP Executive Board (the “**DWF LLP Executive Board Terms of Reference**”) and otherwise in accordance with the Group Governance Deed. The DWF LLP Executive Board will comprise the members of DWF’s senior management team, as set out in *Part VIII—“Directors, Senior Management and Corporate Governance”*.

Pursuant to the DWF LLP Constitutional Deed, the DWF LLP Executive Board has authority to determine all matters in connection with DWF LLP in accordance with the DWF LLP Executive Board Terms of Reference and the Group Governance Deed, except that:

- (a) each reserved matter, as set out in the DWF LLP Executive Board Terms of Reference is a reserved matter (each a “**DWF Reserved Matter**” and together the “**DWF Reserved Matters**”) subject to the prior written consent of DWF Law LLP and includes, *inter alia*, the appointment and removal of members of the DWF LLP Executive Board and any amendment to the DWF LLP Executive Board Terms of Reference; and
- (b) any of the following amendments (each a “**DWF Member Matter**” and together the “**DWF Member Matters**”) requires the prior approval by Members of DWF LLP:
  - (i) any amendment of any provision of the DWF LLP Constitutional Deed or the Member Handbook, which amendment would materially prejudice the rights or interests of any class of Members of DWF LLP under the DWF LLP Constitutional Deed or the Member Handbook (for the avoidance of doubt, the exercise of any discretion by either of DWF LLP or the DWF LLP Executive Board conferred on it under the DWF LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision);
  - (ii) any amendment of DWF LLP’s policy relating to the obligations on Members to contribute capital to DWF LLP (the “**DWF Capital Policy**”) except that the DWF LLP Executive Board may amend the DWF Capital Policy if required by law, regulation or (in the opinion of the DWF LLP Executive Board acting in good faith) to preserve the tax status of DWF LLP or some or all of the Members of DWF LLP (for the avoidance of doubt, the exercise of any discretion by either of DWF LLP or the DWF LLP Executive Board conferred on it under the DWF LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision); or
  - (iii) any amendment of the provisions of the DWF LLP Constitutional Deed which set out the procedure for voting on the two matters listed above.

The matters covered by (b)(i) above include all terms of the DWF LLP Constitutional Deed and the Member Handbook relating to a class of Members of DWF LLP in respect of their (A) self-employed LLP member status and (B) statutory duties and liabilities resulting from their status as members of an English limited liability partnership, including under applicable statutes and regulations. In terms of their self-employed LLP member status, this includes (but is not limited to) matters such as (i) allocation of profits, (ii) drawing of profits, (iii) expulsion from the LLP, (iv) compulsory retirement, (v) voluntary retirement, (vi) gardening leave and suspension from the LLP and (vii) restrictive covenants. In terms of their status as members of an English limited liability partnership, this includes (but is not limited to) matters such as (i) preparation of statutory accounts, (ii) treatment of member capital contributions, (iii) duties, rights and liabilities of Members as between each other and also the LLP that may arise by virtue of such status, (iv) indemnities given by the LLP to Members of DWF LLP to address certain liabilities that may arise by virtue of such status, and (v) providing for those members who act in the capacity of office holders under statute, regulation or professional rules.

Pursuant to the DWF LLP Constitutional Deed, DWF LLP and the DWF LLP Executive Board must act in the best interests of DWF LLP and in accordance with, among other things, the terms of the DWF LLP Constitutional Deed, the Group Policies and the Group Governance Deed.

In respect of any director of the Company or member of the DWF LLP Executive Board, to the extent that any provisions of the DWF LLP Constitutional Deed or the Member Handbook conflict with his or her letter of appointment or service contract, or any law or Group Policy applicable to him or her as a director of the Company or as ‘senior management’ (or equivalent senior role), then, to the extent of the conflict or inconsistency, such arrangements prevail over the DWF LLP Constitutional Deed and the Member Handbook.

#### 16.4.4.2 Capital Accounts and Profit Shares

The DWF LLP Constitutional Deed includes provisions for the continuation and operation of capital accounts in the name of each Member of DWF LLP, with contributions and withdrawals to be made by the Members in accordance with the DWF Capital Policy. Pursuant to the DWF LLP Constitutional Deed, profits will be allocated to Members in accordance with the Member Handbook (as defined above) and as provided for in each Member Notification (as defined above). The Member Handbook also provides for the “valve-partner arrangements” as further described in paragraph 4.1.4 “*Economic flows*” above.

#### 16.4.4.3 Customary LLP Provisions

The DWF LLP Constitutional Deed further contains provisions customary in a limited liability partnership deed, including provisions concerning the admission and retirement of Members, preparation of statutory accounts and provisions governing the procedures for meetings of the Members of DWF LLP.

Under the DWF LLP Constitutional Deed, each Member of DWF LLP agrees to comply with the DWF LLP Constitutional Deed, their Member Notification and the Group Policies. Each Member of DWF LLP additionally agrees to comply with the Group Governance Deed. Each Member of DWF LLP agrees to, among other things, act diligently in the conduct of the business of DWF LLP, show the utmost good faith to DWF LLP and the other Members of DWF LLP in all transactions relating to DWF LLP and not do anything or omit to do anything that amounts to misconduct (including fraud, dishonesty and reckless conduct). Each Member of DWF LLP who is also a member of a subsidiary undertaking of DWF LLP through which the practice and profession of solicitors or lawyers is carried out, undertakes to comply with the relevant Local Governance Agreement (see paragraph 16.8 below) and agrees that any material breach by him or her of the relevant Local Governance Agreement will be deemed to be a material breach of the DWF LLP Constitutional Deed.

Pursuant to the DWF LLP Constitutional Deed, each Member of DWF LLP appoints each member of the DWF LLP Executive Board as his attorney in connection with (a) that member’s obligations under the DWF LLP Constitutional Deed, Member Handbook, Group Policies and the Local Governance Agreements, and (b) in order to implement any decision made in accordance with the DWF LLP Constitutional Deed, the DWF LLP Executive Board Terms of Reference, the Member Handbook, the Group Policies or the Local Governance Agreements.

Pursuant to the DWF LLP Constitutional Deed, DWF LLP has agreed to indemnify each Member against certain costs, charges, losses, expenses and liabilities (together, “**Liabilities**”) incurred by them, as follows:

- (a) each Member or former Member of DWF LLP against all Liabilities incurred by him or her in the proper performance by him or her of his or her duties as a Member in his or her ordinary and proper conduct of the business of DWF LLP;

- (b) each Member or former Member of DWF LLP (other than any member of the DWF LLP Executive Board) against all Liabilities incurred as a result of a failure by the DWF LLP Executive Board to properly discharge the Member's statutory duties delegated to the DWF LLP Executive Board under the DWF LLP Constitutional Deed;
- (c) each DWF office holder or former DWF office holder against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a DWF office holder;
- (d) each member of the DWF LLP Executive Board against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a member of the DWF LLP Executive Board;
- (e) each Member or former Member of DWF LLP against all Liabilities incurred by him or her in his or her capacity as a Valve Partner (as defined above) in connection with him or her receiving sums from a Group entity in accordance with the Member Handbook, to the extent that such Liabilities are in excess of any liabilities that such Member would otherwise have incurred if he or she had not received sums from such Group entity, including in connection with tax liabilities or compliance costs in additional jurisdiction, with the intention that a Valve Partner neither benefits nor is disadvantaged by being designated a Valve Partner.

Nothing shall require DWF LLP to indemnify any Member against any Liability to the extent that:

- (a) such indemnity would be void, illegal or unenforceable or in breach of any law, regulation or rule of a regulatory body in respect of DWF LLP or its parent undertakings;
- (b) the Member has improperly derived a personal benefit or profit in connection with such Liabilities; or
- (c) the Liability arises, directly or indirectly, as a result of or in connection with the misconduct (including fraud, dishonesty and reckless conduct, material breach of contract) of the Member.

#### 16.4.5 Local governance agreements

DWF LLP will be party to local governance agreements (the "**Local Governance Agreements**") with each of DWF (France) AARPI ("**DWF France**"), DWF LLP Studio Legale Associato ("**DWF Italy**"), DWF (Northern Ireland) LLP ("**DWF NI**"), DWF Ireland GP ("**DWF Ireland**") and DWF Holding Gesellschaft buergerlichen Rechts and DWF Germany Rechtsanwalts-gesellschaft mbH (together "**DWF Germany**") and each of these entities will be (and currently is) a subsidiary undertaking of the Group.

##### 16.4.5.1 DWF Italy Local Governance Agreement

As part of the Reorganisation, DWF Italy and the members of DWF Italy (the "**Italian Members**") will enter into a local governance agreement in relation to the governance of DWF Italy (the "**DWF Italy Local Governance Agreement**").

The key terms of the DWF Italy Local Governance Agreement include the following

- *Management* – DWF Italy and each Italian Member undertake to manage and conduct the business and affairs of DWF Italy in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each Italian Member agrees to propose and to vote on any resolution of DWF Italy as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board not to propose or vote on any resolution of DWF Italy;
- *Membership* – No person shall be admitted as a member of DWF Italy unless and until the DWF LLP Executive Board has approved such person's admission as a member of DWF Italy and such person has

acceded to the DWF LLP Constitutional Deed. A member of DWF Italy will automatically cease to be a member of DWF Italy upon ceasing to be a member of DWF LLP;

- *Professional duties* – Each Italian Member and employee or consultant of DWF Italy who is a solicitor, lawyer or other legal practitioner entitled to practise in Italy (each an “**Italian Lawyer**”) has professional duties as a member of the legal profession in Italy and the application of Group Policies and directions given by the DWF LLP Executive Board to each Italian Lawyer will be subject to the condition that such Italian Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the Italian Members on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

#### 16.4.5.2 DWF Northern Ireland Local Governance Agreement

As part of the Reorganisation, DWF LLP, DWF NI and the members of DWF NI (the “**Northern Irish Members**”) will enter into a local governance agreement in relation to the governance of DWF NI (the “**DWF Northern Ireland Local Governance Agreement**”). The key terms of the DWF Northern Ireland Local Governance Agreement include the following:

- *Management* – DWF NI and each Northern Irish Member undertakes to manage and conduct the business and affairs of DWF NI in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each Northern Irish Member agrees to propose and to vote on any resolution of DWF NI as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board not to propose or vote on any resolution of DWF NI;
- *Membership* – No person shall be admitted as a member of DWF NI unless and until the DWF LLP Executive Board has approved such person’s admission as a member of DWF NI and such person has acceded to the DWF LLP Constitutional Deed. A member of DWF NI will automatically cease to be a member of DWF NI upon ceasing to be a member of DWF LLP;
- *Professional duties* – Each Northern Irish Member and employee or consultant of DWF NI who is a solicitor, lawyer or other legal practitioner entitled to practise in Northern Ireland (each a “**Northern Irish Lawyer**”) has professional duties as a member of the legal profession in Northern Ireland and the application of Group Policies and directions given by the DWF LLP Executive Board to each Northern Irish Lawyer will be subject to the condition that such Northern Irish Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the Northern Irish Members on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

#### 16.4.5.3 DWF Republic of Ireland Local Governance Agreement

DWF LLP, DWF Ireland and the partners of DWF Ireland (the “**Irish Partners**”) are party to a local governance agreement in relation to the governance of DWF Ireland (the “**DWF Ireland Local Governance Agreement**”). The key terms of the DWF Ireland Local Governance Agreement include the following:

- *Management* – DWF Ireland and each Irish Partner undertake to manage and conduct the business and affairs of DWF Ireland in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each Irish Partner agrees to propose and to vote on any resolution of



DWF Ireland as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board, not to propose or vote on any resolution of DWF Ireland;

- *Membership* – No person shall be admitted as a partner of DWF Ireland unless and until the DWF LLP Executive Board has approved such person's admission as a partner of DWF Ireland and such person has acceded to the DWF LLP Constitutional Deed. A partner of DWF Ireland will automatically cease to be a partner of DWF Ireland upon ceasing to be a member of DWF LLP;
- *Professional duties* – The DWF Ireland Local Governance Agreement provides that DWF LLP, DWF Ireland and each Irish Partner are bound by the DWF LLP Constitutional Deed, which includes provision for DWF LLP to recognise that each Irish Partner and employee or consultant of DWF Ireland who is a solicitor, lawyer or other legal practitioner entitled to practise in Ireland (each an “**Irish Lawyer**”) has professional duties as a member of the legal profession in Ireland and to agree that the application of Group Policies and directions given by the DWF LLP Executive Board to each Irish Lawyer will be subject to the condition that such Irish Lawyer's compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the Irish Partners on a substantially similar basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

#### 16.4.5.4 DWF Germany Local Governance Agreement

As part of the Reorganisation, DWF LLP, DWF Germany and the partners of DWF Germany (the “**German Partners**”) will enter into a local governance agreement in relation to the governance of DWF Germany (the “**DWF Germany Local Governance Agreement**”). The key terms of the DWF Germany Local Governance Agreement include the following:

- *Management* – DWF Germany and each German Partner undertake to manage and conduct the business and affairs of DWF Germany in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each German Partner agrees to propose and to vote on any resolution of DWF Germany as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board, not to propose or vote on any resolution of DWF Germany;
- *Membership* – No person shall be admitted as a member of DWF Germany unless and until the DWF LLP Executive Board has approved such person's admission as a member of DWF Germany and such person has acceded to the DWF LLP Constitutional Deed. A member of DWF Germany will automatically cease to be a member of DWF Germany upon ceasing to be a member of DWF LLP;
- *Professional duties* – Each German Partner and employee or consultant of DWF Germany who is a solicitor, lawyer or other legal practitioner entitled to practise in Germany (each a “**German Lawyer**”) has professional duties as a member of the legal profession in Germany and the application of Group Policies and directions given by the DWF LLP Executive Board to each German Lawyer will be subject to the condition that such German Lawyer's compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the German Partners on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.



#### 16.4.5.5 DWF France Local Governance Agreement

As part of the Reorganisation, DWF LLP and DWF France will enter into a local governance agreement in relation to the governance of DWF France (the “**DWF France Local Governance Agreement**”). As further explained in paragraph 16.9 below, DWF LLP is the controlling member of DWF France and the partners of DWF France (the “**French Partners**”) will not directly be party to the DWF France Local Governance Agreement, but they will be required to comply with its terms pursuant to the By-laws of DWF France.

The key terms of the DWF France Local Governance Agreement are as follows:

- *Management* – DWF France and each French Partner undertake to manage and conduct the business and affairs of DWF France in accordance with the directions of the DWF LLP Executive Board and the Group Policies;
- *Professional duties* – Each French Partner and employee or consultant of DWF France who is a solicitor, lawyer or other legal practitioner entitled to practise in France (each a “**French Lawyer**”) has professional duties as a member of the legal profession in France and the application of Group Policies and directions given by the DWF LLP Executive Board to each French Lawyer will be subject to the condition that such French Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail.

DWF LLP will execute a deed poll of indemnity in favour of the French Partners, from time to time, under which DWF LLP will indemnify the French Partners on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

#### 16.4.6 Local partnership and related constitutional arrangements

Other than DWF France (in which DWF LLP has a direct membership/partnership interest), DWF LLP will not have any equity or other membership/partnership interest (and therefore no direct membership/partnership rights) in the local partnerships (i.e. in respect of DWF Italy, DWF NI, DWF Ireland and DWF Germany).

The partnership and related constitutional arrangements of the local partnerships (DWF France, DWF Italy, DWF NI, DWF Ireland and DWF Germany) contain customary provisions such as those relating to, among others, the duration and dissolution of the partnerships, categories of partners and the appointment of the managing partner, powers of any general meetings of the partners, exclusions or withdrawals of partners and how profits are distributed among partners.

In respect of DWF NI, the limited liability partnership agreement of DWF NI will provide for the indemnification of the partners of DWF NI, rather than the indemnity being provided by DWF LLP.

In respect of DWF France, under its by-laws, DWF LLP is the controlling partner. In respect of voting rights, DWF LLP has the right to cast the majority of votes of all resolutions of DWF France, including, *inter alia*, to appoint the managing partner, admit new partners, terminate partner appointments and amend the terms of the by-laws. It also, *inter alia*, has the right to determine profit share allocations of the partners (including its own profit share allocation) and DWF LLP owns all of the assets of the partnership. Additionally, under the by-laws of DWF France, the French Partners are required to comply with the DWF France Local Governance Agreement.

#### 16.4.7 Services agreements

DWF Law LLP will enter into a services agreement with DWF LLP (the “**Services Agreement**”) under which DWF Law LLP will provide support services to DWF LLP, including financial and accounting, human resources, IT and other administrative support. Pursuant to the agreement, DWF LLP will pay DWF Law LLP a service fee (the “**Support Service Fee**”) based on: (a) the internal costs incurred by DWF Law LLP in providing the services; plus (b) a mark-up, in the case of internal costs. External costs will not be subject to a mark-up. Internal costs include salary, bonus, benefits and certain overhead costs. External costs include third-party costs such as software fees and audit fees.

The Support Service Fee will be calculated in accordance with annually forecast costs data and invoiced monthly in arrears. The Support Service Fee will then be reviewed quarterly, after which review the Support Service Fee will be adjusted to the extent that the forecast revenue and costs differ from the actual revenue and costs. At the end of each financial year, the final instalment of the fee payable for that year will be calculated based on the actual internal costs, associated mark-up and external costs less the aggregate of all instalments of the Support Service Fee paid during that year.

DWF LLP will enter into direct agreements with its subsidiary undertakings on similar terms to the Services Agreement for the provision of the same services which it receives under the Services Agreement (each a “**Local Services Agreement**”). For the purposes of each Local Services Agreement, DWF Law LLP will provide the relevant services as DWF LLP’s sub-contractor but DWF LLP will remain liable for any breaches of a Local Services Agreement by DWF LLP or the relevant subsidiary undertaking. DWF LLP shall also be liable for charging and recovering the relevant service charges payable under each Local Services Agreement which will be calculated as a proportion of the Support Service Fee payable by DWF LLP, based upon the headcount of and likely service usage by the relevant subsidiary undertaking.

Service fees (whether the Support Service Fee payable under the Services Agreement or any charges due under a Local Services Agreement) will not include costs of activities that a member of the Group performs solely in its capacity as a shareholder (e.g., the costs of preparing consolidated accounts).

#### 16.4.8 Intangible services agreements

DWF Law LLP will enter into an intangible services agreement with DWF LLP (the “**Intangible Services Agreement**”), under which DWF Law LLP will provide certain intangibles services and grant certain rights to DWF LLP for the use of certain intellectual property rights, including its brand, trademarks and logos. Pursuant to the Intangible Services Agreement, DWF LLP will pay DWF Law LLP a service fee (the “**Intangibles Service Fee**”), which will be equal to 6% of DWF LLP’s revenue for each financial year.

The Intangibles Service Fee will be calculated in accordance with annually forecast revenue data and invoiced monthly in arrears. The Intangibles Service Fee will then be reviewed quarterly, after every which review the Intangibles Service Fee will be adjusted to the extent that the forecast revenue differ from the actual revenue. At the end of each financial year, the final instalment of the fee payable for that year will be calculated based on the actual revenue of DWF LLP for the relevant financial year less the aggregate of all instalments of the Intangibles Service Fee paid during that year.

The Intangible Services Agreement will entitle DWF LLP to enter into sub-licences with its subsidiary undertakings on similar terms to the Intangible Services Agreement for the grant of the same rights which it receives under the Intangible Services Agreement (each, a “**Sub-Licence Agreement**”). DWF LLP will be liable for any breaches of a Sub-Licence Agreement by DWF LLP or the relevant subsidiary undertaking. DWF LLP shall also be liable for charging and recovering the relevant licence fees payable under each Sub-Licence Agreement which will be calculated on the same basis as the Intangible Services Agreement in relation to the relevant subsidiary undertaking’s revenue.

#### 16.4.9 Existing Revolving Credit Facility

See *Part XI— “Operating and Financial Review—Liquidity and Capital Resources—Borrowings”*.

#### 16.4.10 New Revolving Loan Facility

See *Part XI—“Operating and Financial Review—Liquidity and Capital Resources—Borrowings”*.

### 17. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during at least the 12 months preceding the date of this Prospectus which may have, or have had, significant effects on the Company and/or the Group’s financial position or profitability.

## 18. Related party transactions

Save (i) as disclosed in the following paragraphs and (ii) those steps which have taken place pursuant to the Reorganisation described in paragraph 4 of this *Part XVI*—“*Additional Information*”, no members of the Group entered into related party transactions during the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018 and the six months ended 31 October 2018 or during the period from 31 October 2018 to the date of this Prospectus.

By virtue of being on the Executive Board, Jason Ford will be a related party of the Company.

In July 2017 and July 2018, loan agreements (the “**July 2017 Loan Agreement**” and “**July 2018 Loan Agreement**”, respectively) were made between DWF LLP and six former directors of Triton Global Limited, including Jason Ford (who at the time of the agreements was a member of DWF LLP) (together, the “**Borrowers**”). Under the July 2017 Loan Agreement, DWF LLP provided a total loan of £104,500 to the Borrowers, with interest charged at 3% per annum. Under the July 2018 Loan Agreement, DWF LLP provided a total loan of £293,551 to the Borrowers, with interest charged at 3% per annum. The July 2017 Loan Agreement and July 2018 Loan Agreement were each made for the purpose of repayment by the Borrowers of instalments due under a standstill agreement made among Wesleyan Bank Limited, the Borrowers and DWF LLP in February 2017 (the “**Standstill Agreement**”). The Standstill Agreement provides for payment by the Borrowers to Wesleyan Bank Limited of the sum owed by them under their guarantee of loan facilities totalling £2,000,666 advanced by Wesleyan Bank Limited to Triton Global Limited under various loan agreements made between July 2014 and August 2016. As at 31 October 2018, the total aggregate outstanding loan amount owed by the Borrowers to DWF LLP under the July 2017 Loan Agreement and July 2018 Loan Agreement was £398,051. The Borrowers are jointly and severally liable under those loan agreements.

In March 2017, DWF LLP and Jason Ford entered into a loan agreement, pursuant to which DWF LLP provided a loan of £100,000 to Jason Ford for the purpose of repayment by Jason Ford of a professional corporate investment loan made available by Barclays Bank plc to Jason Ford in December 2015 to fund a shareholder loan to Triton Global Limited. Interest is charged at 3% per annum. The outstanding loan amount owed by Jason Ford to DWF LLP as at 31 October 2018 was £104,024.

## 19. Working capital

In the opinion of the Company, taking into account the facilities available to the Group, and the net proceeds receivable by the Company from the issue of the New Ordinary Shares in the Offer, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## 20. No significant change

There has been no significant change in the financial or trading position of the Group since 31 October 2018, the date to which the Historical Financial Information in *Part XIII*—“*Historical Financial Information*” was prepared.

## 21. Consents

Deloitte LLP which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the inclusion in this Prospectus of its Accountants’ Reports set out in Section A of *Part XIII*—“*Historical Financial Information*” and Section A of *Part XIV*—“*Unaudited Pro Forma Financial Information*”, in this Prospectus in the form and context in which they appear and has authorised those parts of the Prospectus which comprise its Accountants’ reports for the purpose of Rule 5.5.3R(2)(f) of the Prospectus Rules.

A written consent under the Prospectus Rules is different from a consent filed with the SEC under Section 7 of the US Securities Act. As the Ordinary Shares have not been and will not be registered under the US Securities Act, Deloitte LLP has not filed and will not file a consent under Section 7 of the US Securities Act.

## 22. General

The fees and expenses to be borne by the Company in connection with Admission including the FCA fees, underwriting commissions (assuming the discretionary underwriting commission is paid in full),

professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £22.0 million (including VAT).

The financial information contained in this document does not amount to statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. Full audited accounts have been delivered to the Registrar of Companies for the Group for the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018.

## **23. Mandatory bids and compulsory acquisition rules relating to Ordinary Shares**

Other than as provided by the City Code on Takeovers and Mergers (the “**City Code**”) and Chapter 28 of the Companies Act 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

### **23.1 Rule 9 of the City Code**

23.1.1 The City Code applies to the Company.

23.1.2 Rule 9.1 of the City Code states that, except with the consent of the Takeover Panel (the “**Panel**”), when:

- (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or
- (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of such voting rights, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the City Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable and the Panel should be consulted in advance in such cases.

23.1.3 “Interests in shares” is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

23.1.4 “Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

23.1.5 Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

23.1.6 The partners of the Group’s legal businesses (current or promoted or appointed in the future) who become shareholders of the Company, the EBT and the RST (together, the “**Concert Party**”) are currently regarded by the Panel as acting in concert with each other in relation to the Company. Immediately following Admission, the Concert Party will be interested (directly or indirectly) in approximately 74.0% of the voting rights of the Company. Consequently, were such a concert party to be in existence at the relevant time, members of the concert party would be able to increase their aggregate shareholding without incurring any obligation under Rule 9 to make a general offer, although, individual members of the concert party or any sub-group of such concert party may not, without the consent of the Panel, be able to increase their interests in Shares through a Rule 9 threshold (i.e. to or through 30% of the voting rights or any increase between (and including) 30% but no more than 50% of the voting rights) without incurring an obligation under Rule 9 to make a general offer for all of the outstanding shares in the Company.

## 23.2 *Authority of the Company to redeem or purchase its own shares*

- 23.2.1 When a company redeems or purchases its own voting shares, under Rule 37 of the City Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the City Code. Rule 37 of the City Code provides that, subject to prior consultation, the Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the City Code is followed. Appendix 1 to the City Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the City Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the Directors is such that the person is, or is presumed to be, concert parties with any of the Directors. However, there is no presumption that all the Directors (or any two or more directors) are concert parties solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.
- 23.2.2 Under Note 2 on Rule 37 of the City Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a purchase of their own shares by the company would take place. Note 2 generally will not be relevant unless the relevant person knows that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).
- 23.2.3 The Panel must be consulted in advance in any case where Rule 9 of the City Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30% or more but do not hold shares carrying more than 50% of the voting rights of a company, or may become interested in 30% or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30% or more, or may be increased to 30% or more on full implementation of the proposed purchase by the company of its own shares.
- 23.2.4 In the present case, the exercise by the Company of its authority to purchase its own Shares referred to in paragraph 3.2(m) will not give rise to an obligation under Rule 9 in relation to the Concert Party for so long as the Concert Party holds more than 50% of the voting rights of the Company. However, if, following a sell-down of Shares, the aggregate holding of the Concert Party falls below 50% and subsequently the Company exercises the authority to purchase its own Shares referred to in paragraph 3.2(m), such as to result in an increase in the percentage of the Shares owned or controlled by the Concert Party through a Rule 9 threshold, then the effect of Rule 37.1 of the City Code is that, unless agreed otherwise by the Panel, a mandatory offer under Rule 9 would be required.

## 23.3 *Squeeze-out rules*

- 23.3.1 Under the Companies Act 2006, if a "takeover offer" (as defined in Section 974 of the Companies Act 2006) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration



offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

#### 23.4 *Sell-out*

The Companies Act 2006 also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the shares and not less than 90% of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

#### 24. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD, United Kingdom, and at the Company's registered office at 20 Fenchurch Street, London EC3M 3AG:

- (a) the Articles;
- (b) the Historical Financial Information of the Group in respect of the three financial years ended and as at 30 April 2016, 30 April 2017 and 30 April 2018 and the six months ended 31 October 2018, together with the related Accountants' Report from Deloitte LLP, which are set out in *Part XIII—"Historical Financial Information"*;
- (c) the unaudited Pro Forma Financial Information, together with the related Accountants' Report from Deloitte LLP, which are set out in *Part XIV—"Unaudited Pro Forma Financial Information"*;
- (d) the consent letter referred to in paragraph 21 "*Consents*" above; and
- (e) this Prospectus.

Dated 11 March 2019

## PART XVII

### DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>“ABS”</b>	a “licensed body” within the meaning of Part 5 (Alternative Business Structures) of the Legal Services Act
<b>“Admission”</b>	the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities
<b>“AML”</b>	Anti-Money Laundering
<b>“Articles”</b>	the articles of association of the Company to be adopted conditional upon Admission
<b>“ASIC”</b>	Australian Securities and Investments Commission
<b>“Banks”</b>	Stifel Nicolaus Europe Limited, Jefferies International Limited and Zeus Capital Ltd
<b>“Board”</b>	the board of directors of the Company
<b>“Brexite”</b>	the exit of the United Kingdom from the European Union, officially announced on 29 March 2017
<b>“Chambers”</b>	Chambers and Partners
<b>“CISA”</b>	the Swiss Federal Act on Collective Investment Schemes
<b>“City Code”</b>	the UK City Code on Takeovers and Mergers
<b>“Company”</b>	DWF Group Limited (to be re-registered as a public limited company, DWF Group plc, prior to Admission)
<b>“connected services”</b>	DWF’s connected services are offered by DWF’s Connected Services division and are complementary products or services to the traditional legal services offered by DWF’s other three divisions and consist of a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions
<b>“connected services market”</b>	the connected services market includes any products, services or solutions offered by DWF’s Connected Services division as well as other complementary or alternative products or services to traditional legal services including technology solutions, business, consulting or other professional services
<b>“Corporations Act”</b>	the Corporations Act 2001 of the Commonwealth of Australia
<b>“DFSA”</b>	the Dubai Financial Services Authority
<b>“DIFC”</b>	the Dubai International Financial Centre
<b>“Directors”</b>	the directors of the Company as at the date of this Prospectus, whose names appear on page 60 of the Prospectus
<b>“Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules of the FCA made under section 74(4) of the FSMA
<b>“Divestiture Condition”</b>	the same meaning as in the Legal Services Act, which includes where a Non-authorised Person holds a Restricted Interest by virtue of holding shares in the Company, in any of the circumstances set out below:  (a) as a result of the person taking a step in circumstances in which that constitutes an offence under paragraph 24(1) of Schedule 13 to the Legal Services Act (whether or not the person is charged with, or convicted of, an offence under that paragraph);

	<p>(b) in breach of conditions imposed under paragraph 17, 28 or 33 of Schedule 13 to the Legal Services Act; or</p> <p>(c) in contravention of an objection by the Relevant Licensing Authority under paragraph 31 or 36 of Schedule 13 to the Legal Services Act</p>
<b>“DWF Foundation”</b>	the DWF Foundation is a registered charity number 1157229
<b>“DWF Law LLP Sub-group”</b>	DWF Law LLP and its subsidiary undertakings, but excluding the DWF LLP Sub-group, following Admission
<b>“DWF LLP”</b>	DWF LLP is the parent of the Pre-Reorganisation Group and is both a recognised body regulated by the SRA and a multinational practice and incorporated practice regulated by the Law Society of Scotland for out-of-court matters, and after the Reorganisation and Admission, DWF LLP will be the parent undertaking of the DWF LLP Sub-group and will be a multinational practice and incorporated practice regulated by the Law Society of Scotland for out-of-court matters (having applied in connection with the Reorganisation and Admission for revocation of the SRA’s authorisation)
<b>“DWF LLP Sub-group”</b>	DWF LLP and its subsidiary undertakings, following Admission
<b>“Existing Ordinary Shares”</b>	Ordinary Shares to be sold as part of the Offer by the Selling Shareholders
<b>“FCA”</b>	the UK Financial Conduct Authority
<b>“FIEL”</b>	the Financial Instruments and Exchange Law, as amended
<b>“five-year award”</b>	the share award for certain partners, senior managers, lateral partners and certain senior new hires described in <i>Part VI “Business Description—People and Talent—Attracting, Developing and Retaining Talent—Attracting Talent”</i>
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“FTT”</b>	financial transaction tax
<b>“GDP”</b>	gross domestic product
<b>“GDPR” or “EU General Data Protection Regulation”</b>	the General Data Protection Regulation 2016/679
<b>“Great Britain”</b>	a political term for the part of the United Kingdom made up of England, Scotland and Wales (including the outlying islands that they administer), but excluding Northern Ireland
<b>“Gross Debtors”</b>	trade receivables before allowance for doubtful receivables, which includes disbursements and VAT
<b>“Group” or “DWF”</b>	following the Reorganisation and Admission, the Company, DWF Holdings Limited, the DWF Law LLP Sub-group and the DWF LLP Sub-group and before the Reorganisation and Admission, the Pre-Reorganisation Group
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union
<b>“Independent Non-Executive Directors”</b>	the independent non-executive Directors of the Company as at the date of this Prospectus
<b>“Internal gross profit”</b>	the gross profit measure on a segmental basis included in <i>Part XIII “Historical Financial Information”—Note 2. Operating Segments”</i> , and it represents the gross profit measure reported internally by the Company
<b>“IPO”</b>	initial public offering

<b>“Issuer”</b>	DWF Group Limited (to be re-registered as a public limited company, DWF Group plc, prior to Admission)
<b>“Joint Global Co-ordinators”</b>	Stifel Nicolaus Europe Limited and Jefferies International Limited
<b>“Joint Lead Bookrunners”</b>	Stifel Nicolaus Europe Limited and Jefferies International Limited
<b>“Legal Service Regulators”</b>	regulators of legal service providers
<b>“Listing Rules”</b>	the listing rules of the FCA made under section 74(4) of the FSMA
<b>“Licensed Body”</b>	any subsidiary or subsidiary undertaking of the Company which holds a licence under Part 5 (Alternative business structures) of the Legal Services Act
<b>“lock-up”</b>	WIP plus Gross Debtors
<b>“lock-up days”</b>	the lock-up as a proportion of the last 12 months’ net revenue. Net revenue is used to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“LSA”</b>	the Legal Services Act 2007, as amended
<b>“Member States”</b>	member states of the EEA
<b>“Members”</b>	members of DWF LLP prior to the Reorganisation and Admission, and members of DWF LLP and/or DWF Law LLP, as applicable, following the Reorganisation and Admission
<b>“New Ordinary Shares”</b>	new Ordinary Shares in the Company to be allotted and issued as part of the Offer
<b>“Non-authorised Person”</b>	the same meaning as in the Legal Services Act, which includes any person who is not approved to carry on legal activities by the Solicitors Regulation Authority, or another Relevant Licensing Authority, under the Regulatory Arrangements
<b>“Non-IFRS Financial Measures”</b>	certain financial measures that are not defined or recognised under IFRS
<b>“Offer”</b>	the proposed offer to certain investors of Ordinary Shares
<b>“Offer Price”</b>	the price at which each Ordinary Share is to be issued or sold pursuant to the Offer
<b>“Offer Shares”</b>	the 61,475,410 New Ordinary Shares to be issued by the Company and the 16,577,304 Existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Offer as described in <i>Part IX—“Details of the Offer”</i>
<b>“Order”</b>	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
<b>“Ordinary Shares”</b>	the ordinary shares of the Company, having the rights set out in the Articles
<b>“participating Member States”</b>	Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia
<b>“PFIC”</b>	a passive foreign investment company for US federal income tax purposes
<b>“Pre-Reorganisation Group”</b>	DWF LLP (and prior to the incorporation of DWF LLP as a limited liability partnership in 2007, the partnerships and its subsidiary undertakings that became DWF LLP) and its subsidiary undertakings
<b>“Prospectus”</b>	the final prospectus approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA

<b>“Prospectus Directive”</b>	Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU and any implementing measure
<b>“Prospectus Directive Regulation”</b>	Prospectus Directive Regulation EC 809/2004
<b>“qualified institutional buyers” or “QIBs”</b>	has the meaning given by Rule 144A
<b>“Qualified Investors”</b>	persons who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive
<b>“Regulation S”</b>	Regulation S under the US Securities Act
<b>“Regulatory Arrangements”</b>	the same meaning as in the Legal Services Act, which includes all arrangements, rules and regulations of the Solicitors Regulation Authority, and (where applicable) the other Relevant Licensing Authorities in connection with their respective roles as regulators of the legal professions in England and Wales
<b>“Regulatory Information Service”</b>	a primary information provider, that is a person approved by the FCA under section 89P of the FSMA, or an incoming information society service that is established in an EEA state other than the United Kingdom and that disseminates regulated information in accordance with the minimum standards set out in Article 12 of the TD implementing directive
<b>“Relevant Licensing Authority”</b>	the same meaning as in the Legal Services Act, which includes the Solicitors Regulation Authority and, where applicable, each other designated regulator of the legal professions in England and Wales
<b>“Relevant Member State”</b>	Member States that have implemented the Prospectus Directive
<b>“relevant persons”</b>	Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Order and Qualified Investors falling within Articles 49(2)(a) to (d) of the Order and (ii) to whom it may otherwise lawfully be communicated
<b>“Relevant Provinces”</b>	Alberta, British Columbia, Quebec and Ontario
<b>“Relevant Shares”</b>	the same meaning as in the Legal Services Act, which includes all shares in the Company held by a Non-authorised Person in connection with the Divestiture Condition
<b>“Reorganisation”</b>	steps the Group has undertaken as part of a reorganisation of its corporate structure and further steps it will undertake immediately prior to and in connection with Admission, as described more fully in <i>Part XVI—“Additional Information—4. Reorganisation”</i>
<b>“Restricted Interest”</b>	the same meaning as in the Legal Services Act, which includes where a person: <ul style="list-style-type: none"> <li>(a) holds at least 10% of the shares in the Company;</li> <li>(b) is able to exercise significant influence over the management of the Company by virtue of the person’s shareholding in the Company;</li> <li>(c) is entitled to exercise, or control the exercise of, voting power in the Company which, if it consists of voting rights, constitutes at least 10% of the voting rights in the Company; or</li> <li>(d) is able to exercise significant influence over the management of the Company by virtue of the person’s entitlement to exercise, or control the exercise of, voting rights in the Company</li> </ul>
<b>“revised compensation model”</b>	the revised compensation model described in <i>Part II “Presentation of Financial and Other Information—Other Information—Revised Compensation Model”</i>
<b>“Rule 144A”</b>	rule 144A under the US Securities Act



<b>“Selling Shareholders”</b>	the Shareholders described in <i>paragraph 3 of Part IX—“Details of the Offer—The Selling Shareholders”</i>
<b>“Senior Managers”</b>	all members of the Executive Board of DWF Law LLP and DWF LLP
<b>“Share Incentive Plans”</b>	the share incentives arrangements summarised at <i>Part XVI—“Additional Information—11-Share Incentive Plans</i>
<b>“Shareholder”</b>	a holder of the Ordinary Shares
<b>“SIX”</b>	the SIX Swiss Exchange
<b>“Sponsor”</b>	Stifel Nicolaus Europe Limited
<b>“SRA”</b>	Solicitors Regulation Authority
<b>“subsidiary undertaking”</b>	has the meaning given in section 1162 of the Companies Act 2006
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council
<b>“Underwriters”</b>	Stifel Nicolaus Europe Limited and Jefferies International Limited
<b>“Underwriting Agreement”</b>	the underwriting and sponsor’s agreement entered into between the Company, DWF LLP, the Directors, the Agent (acting for and on behalf of the Selling Shareholders) and the Banks described in <i>Part XVI—“Additional Information—16. Material contracts—16.1 Underwriting Agreement”</i>
<b>“US”</b>	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>“US Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended
<b>“US Holder”</b>	a beneficial owner of the Ordinary Shares that is for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust, subject to the control of one or more US persons and the primary supervision of a US court and (iv) an estate the income of which is subject to US federal income tax without regard to its source
<b>“US Securities Act”</b>	US Securities Act of 1933, as amended
<b>“WIP”</b>	unbilled revenue and unbilled disbursements

## SCHEDULE OF CHANGES

The registration document published by the Company on 1 February 2019 (the “**Registration Document**”) contained the information required to be included in a Share Registration Document by Annex I of the Prospectus Directive Regulation. The Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a Share Securities Note and Summary as prescribed by Annexes III and XXII of the PD Regulation. The Prospectus updates and replaces in whole the Registration Document. Any equity investor participating in the Offer should invest solely on the basis of the Prospectus, together with any supplement thereto.

This schedule of changes to the Registration Document (the “**Schedule of Changes**”) sets out, refers to or highlights material updates to the Registration Document.

Capitalised terms contained in this Schedule of Changes shall have the meanings given to such terms in the Prospectus unless otherwise defined herein.

### PURPOSE

The purpose of this Schedule of Changes is to:

- (a) highlight material changes made in the Prospectus, as compared to the Registration Document;
- (b) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Securities Note; and
- (c) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Summary.

### 1. REGISTRATION DOCUMENT CHANGES

- 1.1 Risks relevant once the Company is a public company have been added within the Risk Factors within the part on “Risks relating to regulation and legislation” and under the headings “There are laws and regulations, in particular the Legal Services Act 2007, imposing ownership restrictions on the shareholders of the Company under which a shareholding of 10% or more in the Company by persons who are not authorised to practice law by the Solicitors Regulation Authority requires the notification and prior approval of the Solicitors Regulation Authority” and “The Company will incur additional costs as a newly listed company and its management will be required to devote substantial time to new compliance matters” on pages 41 to 42 and pages 43 to 44 of the Prospectus.
- 1.2 The information under the heading “DWF Group Limited—Corporate Governance” on page 81 of the Registration Document has been amended and replaced in its entirety in the Prospectus, to reflect the Company’s expected corporate governance structure following Admission, which reflects the implementation of changes to the Group’s corporate governance arrangements appropriate for a listed company. Please see pages 116 to 119 of the Prospectus.
- 1.3 The information under the heading “IFRS 2 Charges” on page 104 of the Registration Document has been updated in the Prospectus to reflect the expected IFRS charges associated with one-off awards in connection with Admission as well as the expected IFRS 2 charges associated with ongoing awards anticipated following Admission. Please see pages 152 to 153 of the Prospectus.
- 1.4 The “Pro forma statement of net assets” on page 179 of the Registration Document has been amended in the Prospectus to include adjustments for events related to Admission: the repayment of Members capital and the receipt of net primary proceeds from the Offer. Please see pages 230 to 235 of the Prospectus.
- 1.5 The paragraph entitled “Share capital” on page 183 of the Registration Document has been updated in the Prospectus to reflect the Company’s expected share capital structure prior to and immediately following Admission and resolutions to be passed prior to Admission. Please see pages 242 to 246 of the Prospectus.

- 1.6 The paragraph entitled “Existing Articles of Association” on page 199 of the Registration Document has been removed.
- 1.7 In addition to the change described in paragraph 1.11(e) below, the paragraph entitled “Directors’ and Senior Management’s interests” on page 217 of the Registration Document has been updated in the Prospectus to reflect: (i) the expected interests in the share capital of the Company of the Directors and Senior Managers immediately prior to and immediately following Admission; (ii) the holdings of the Directors and Senior Managers of awards under the Share Incentive Plans immediately following Admission; and (iii) Sir Nigel Knowles’ chairmanship at Zeus Capital, which is acting as a lead manager for the Offer. Please see pages 265 to 267 of the Prospectus.
- 1.8 In addition to the change described in paragraph 1.11(f) below, the paragraph entitled “Significant shareholders’ interests in the Company” on page 218 of the Registration Document has been updated in the Prospectus to reflect expected interests in the share capital of the Company of 3% or more by Shareholders immediately prior to and immediately following Admission. Please see page 267 of the Prospectus.
- 1.9 In addition to the change described in paragraph 1.11(g) below, the paragraph entitled “Subsidiaries, investments and principal establishments” on page 240 of the Registration Document has been updated in the Prospectus to reflect the principal subsidiaries and subsidiary undertakings of the Company as at Admission. Please see pages 289 to 290 of the Prospectus.
- 1.10 In addition to the changes described in paragraph 1.11(h) and (i) below, changes have been made to the paragraph entitled “Material contracts” on pages 241 to 244 of the Registration Document, including the addition of the Underwriting Agreement and lock-up arrangements. Please see pages 290 to 293 of the Prospectus. These arrangements are also discussed elsewhere in the Prospectus, as described below in Securities Note Information, as well as on pages 121 to 124 of the Prospectus.
- 1.11 The following information has been removed as this information was Annex I disclosure under the Prospectus Rules relating to the pre-Reorganisation parent undertaking of the Group:
  - (a) the paragraph entitled “DWF LLP” (including the information on the Strategic Board Members and the corporate governance of DWF LLP) on pages 81 to 82 of the Registration Document;
  - (b) paragraph 2.1 entitled “DWF LLP” on page 183 of the Registration Document;
  - (c) paragraph 4.1 entitled “Pre-Reorganisation Structure of the Group” on page 184 of the Registration Document;
  - (d) paragraph 6.1 entitled “DWF LLP” on pages 211 to 212 of the Registration Document;
  - (e) paragraph 7.1 entitled “DWF LLP” on page 217 of the Registration Document;
  - (f) paragraph 8.1 entitled “DWF LLP” on page 218 of the Registration Document;
  - (g) paragraph 15.1.1 entitled “DWF LLP” on page 240 of the Registration Document;
  - (h) paragraph 17.1 entitled “Existing Membership Agreement” on pages 241 to 243 of the Registration Document; and
  - (i) paragraph 17.2 entitled “Existing governance arrangements” on page 243 of the Registration Document.

## **2. SECURITIES NOTE INFORMATION**

- 2.1 A new section entitled “Risks Relating to the Offer” has been added into the Prospectus to describe the risks relating to the Offer and the Ordinary Shares, including risks relating the liquidity or trading price of the Ordinary Shares, dilution risks, and risks relating to Shareholders in the United States. Please see pages 44 to 47 of the Prospectus.

- 2.2 New sections entitled “Expected Timetable of Principal Events and Offer Statistics” and “Details of the Offer” have been added into the Prospectus, describing the means through which the Ordinary Shares will be offered to institutional investors pursuant to the Offer. Please see page 62 and pages 120 to 129 of the Prospectus. The “Details of the Offer” disclosure also includes: (i) the arrangements entered into between the Company and the Banks, among other parties, pursuant to which the Underwriters agreed to underwrite the Offer; and (ii) the lock-up arrangements that have been entered into or will be entered into ahead of Admission.
- 2.3 A new section entitled “Dividend policy” have been added into Part VI—Business Description of the Prospectus, describing the Company’s intended dividend policy following Admission. Please see page 105 of the Prospectus.
- 2.4 A new section entitled “Capitalisation and Indebtedness” has been added into the Prospectus, describing the capitalisation and indebtedness of the Company as at 31 October 2018. Please see pages 177 to 178 of the Prospectus.
- 2.5 A new section entitled “Taxation” has been added into the Prospectus to provide a general guide to certain tax considerations relevant to the acquisition, ownership and disposition of Ordinary Shares. Please see pages 236 to 241 of the Prospectus.
- 2.6 A new paragraph entitled “Working capital” has been added into the Prospectus, confirming the adequacy of the Group’s working capital. Please see page 305 of the Prospectus.
- 2.7 A new paragraph entitled “Mandatory bids and compulsory acquisition rules relating to Ordinary Shares” has been added into the Prospectus, describing rules and provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company. Please see pages 306 to 308 of the Prospectus.
- 3. SUMMARY INFORMATION**
- 3.1 A new section entitled “Summary” has been added into the Prospectus, to reflect the addition of a Summary as required by Annex XXII of the PD Regulation. Please see pages 6 to 27 of the Prospectus.





# Our culture is shaped by our values.

As a business, we genuinely believe in our value set, which was created by our people.



## Disrupt to progress

Just because there's an established way of doing things, it doesn't mean it's the best way.

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## Attend to details

Paying attention to every last detail is the right way to ensure that clients experience the very best of DWF.

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## Keep all promises

A promise is a promise, no matter how large or small. By keeping promises, we build trust, loyalty and commitment.

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## Be better together

By supporting each other and working as a team we can achieve more for our clients and ourselves.

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## Always aim higher

By refusing to do only the minimum and reaching further every time, we expand the realm of what's possible.

