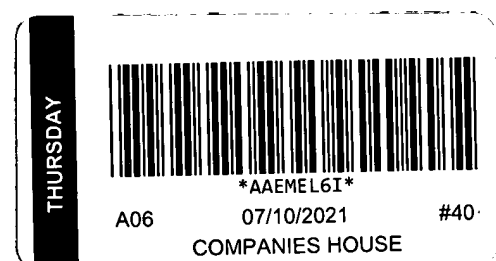




Annual Report and Accounts 2021

A leading global provider of integrated legal
and business services



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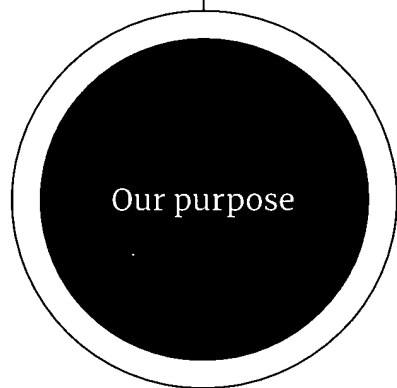
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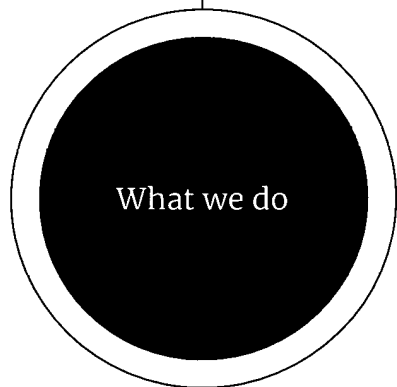
Introduction



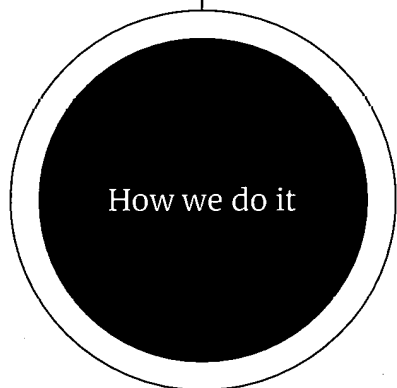
DWF is a leading global provider of integrated legal and business services.



Delivering positive outcomes with our colleagues, clients and communities.



We have listened to our clients and there is a growing desire for legal and business services to be delivered in an easier and more efficient way. So, we've built our range of services on this principle.



We have three offerings – Legal Advisory, Mindcrest and Connected Services. Our ability to seamlessly combine any number of these services to deliver bespoke solutions for our clients is our key differentiator. Delivered through our global teams across eight core sectors, our Integrated Legal Management approach delivers greater efficiency, price certainty and transparency for our clients without compromising on quality or service.

Measuring our performance

Key performance indicators

At a Group level, we have several key financial and operational measures which we use to assess our performance. The Board monitors various KPIs on a regular basis, to ensure that our strategic objectives are being achieved. To ensure our management's focus is aligned with our Shareholders, our KPIs are reflected in the remuneration through our management incentive schemes.

See page 91 of the Directors' Remuneration report for more detail.

Key

Financial KPIs ●

Non-financial KPIs ○

FY2020/21

FY2019/20

Net revenue growth

Definition*: The change in net revenue achieved year on year

+14%

-10.9%

Adjusted EBITDA

Definition*: See note 2 of the financial statements

£58.1m

£36.9m

Underlying organic net revenue growth

Definition*: Net revenue of any business unit that has been in the Group for at least 12 months, always excluding the first 12 months of any business unit that was acquired

+8.0%

-2.0%

Adjusted profit before tax

See note 2 of the financial statements

£34.2m

£15.2m

Gross profit margin

Definition*: Gross profit divided by net revenue

50.8%

47.9%

(Loss)/Profit before tax

£(30.6)m

£18.2m

Cost to income ratio

Definition*: See note 2 of the financial statements

39.2%

41.4%

Adjusted diluted EPS

Definition*: See note 8 of the financial statements

7.4p

3.0p

*When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes reference to Alternative Performance Measures ('APMs') of historical or future financial performance, financial position or cash flows that are not defined or specified under International Financial Reporting Standards ('IFRS'). The APMs used by the Group are financial APMs, usually derived from the financial statements prepared in accordance with IFRS. A reconciliation of the APMs used within this report is included within note 2 to the financial statements on page 137 and the Glossary on page 173.

Net revenue per partner

Definition*: Net revenue divided by the total number of partners in the Group

£924k

£784k

Lock-up days

Definition*: See note 29 of the financial statements

186

206

Free cash flow

Definition*: See note 29 of the financial statements

£32.1m

£(6.6)m

Net debt

Definition: see note 29 of the financial statements

£60.2m

£64.9m

Net promoter score

Definition: The proportion of clients surveyed who rank as 'promoters' (scoring DWF a 9 or 10), minus the proportion of clients who rank as 'detractors' (scoring DWF a 1-6)

49

47

Engagement survey score

Definition: The aggregate score taken from three key engagement questions in our internal Pulse Survey

76

76

% Executive Board roles held by women

40%¹

25%

¹ As at 12 July 2021

% Senior leadership positions held by women

Definition: The proportion of roles in career bands 1 to 3a held by women

28.9%

27.6%

Our business at a glance

Integrated legal and business services

Our vision

To be the leading global provider of integrated legal and business services

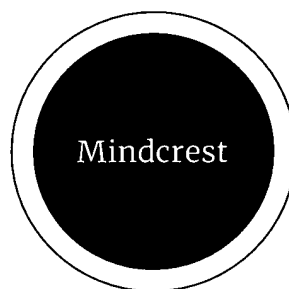
Our purpose

Delivering positive outcomes with our colleagues, clients and communities

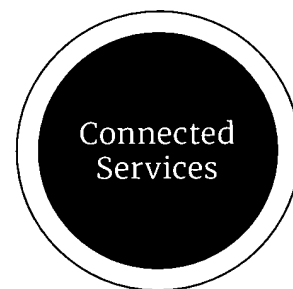
Our offerings



Premium legal advice and excellent client service. Our teams bring commercial intelligence and relevant industry experience.



Outsourced and process-led alternative legal service offering, designed to standardise, systematise, scale and optimise legal workflows for areas such as contract management and ensuring regulatory obligations are met for our customers.



Our range of products and business services that enhance and complement our legal offering.

Our differentiator

Our Integrated Legal Management approach

Our ability to seamlessly combine any number of our offerings to deliver bespoke solutions for our clients is our key differentiator. Delivered through our global teams across eight core sectors, our Integrated Legal Management approach delivers greater efficiency, price certainty and transparency for our clients without compromising on quality or service.

Our values

Always aim higher

We exceed the expectations of our colleagues and our clients in everything we do.

Be better together

We listen, recognise and support each other to protect a diverse and inclusive culture and sustain our business, clients and communities.

Disrupt to progress

We embrace change and new ways of working to enhance our performance and reputation.

Keep all promises

By keeping the promises we make to our colleagues and our clients, we build trust, loyalty and credibility.

Attend to details

We achieve the best results to complex problems by focusing on simple and effective solutions.

DWF in 2021

Commercial Services

Having experienced a material adverse effect due to COVID-19 in Q4 of FY2019/20, this year marks a strong recovery and financial performance with net revenue growing by 2.9% to £110.7m. Litigation was the key driver of the division's improved financial performance, but H2 also saw improved activity levels and higher net revenue for both Corporate Services and Real Estate. Gross margin improved by 3.1ppts to 58.2%.

Insurance Services

The Insurance division performed well achieving net revenue of £103.9m, a growth rate of 3.3%. The division also saw gross margin improvement of 2.4ppts to 50.4%. Professional Indemnity was the stand out performer with more than 30% growth year-on-year, driven by work generated as a result of the Financial Conduct Authority's business interruption litigation. The division also saw a strong pipeline of new client wins, including appointment and reappointment to the Allianz and LV= panels respectively.

Managed Services

As a newly formed division in FY2020/21, Mindcrest continued to deliver strong momentum on divisional objectives with the primary focus on the Operating Model, Pricing Framework and Transformation of Service Delivery. Macro-economic headwinds restricted FY2020/21 external sales as the uncertainty of COVID-19 continued, impacting the pipeline conversion rate on large strategic bids. However, concentration in Analytics and Contracts, through annuity client relationships, has been supported by expansion into Litigation and eDiscovery services to widen the offering and strengthen margin conversion.

International

International grew by 32.5% in FY2020/21, delivering net revenues of £85.3m and a gross margin improvement of 2.6ppts to 42.5%. This followed a year of consolidation with the closure or slimming down of operations in a number of locations. There were strong performances in a number of locations, including Spain which generated net revenue of £33.5m in the first full year for DWF-RCD.

Connected Services

Connected Services had a strong year with net revenue increasing by 21.5% to £25.3m, all of which was organic growth. Gross margin increased by 10.8ppts to 43.1%. There was strong interest in a range of products and services within this division, including Claims Management and Adjusting, Advocacy and 360. The outlook remains positive as new services gain traction and the appeal of DWF's integrated approach creates new opportunities.

Sectors we work with

- Consumer
- Energy and Natural Resources
- Financial Services
- Insurance
- Government and Public Sector
- Real Estate
- Technology, Media and Communications
- Transport

Our new operating structure

From 1 May 2021, we introduced a new internal operating structure to align with our three client offerings. The Group has moved from its five divisions of Commercial Services, Insurance Services, International, Connected Services and Managed Services into three more streamlined and efficient global divisions of Legal Advisory, Mindcrest and Connected Services. This structure will ensure even greater integration and alignment of our people and our services, for the benefit of our clients.

We will report under this new operating structure from our half-year results.

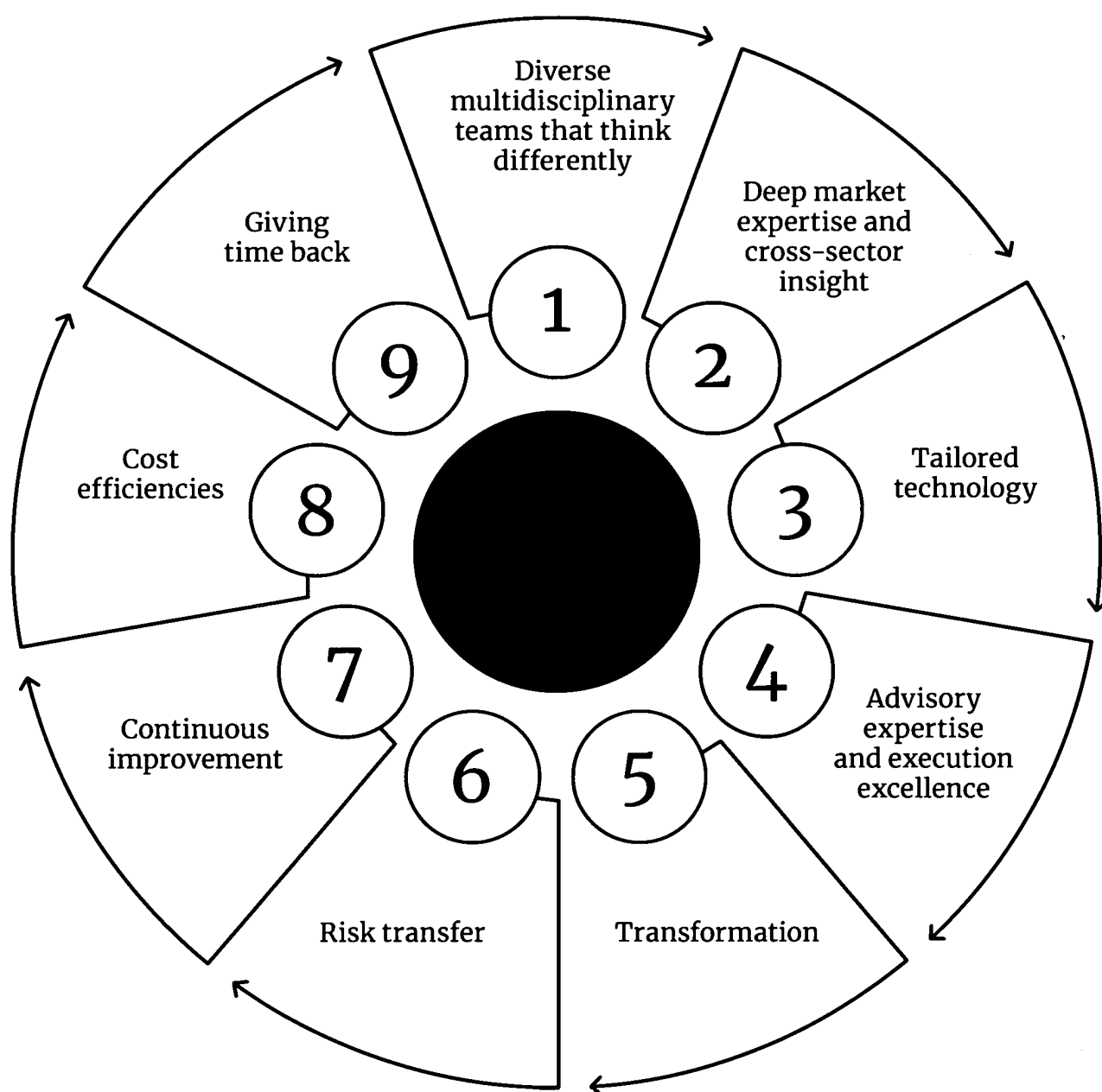
Our ESG approach

Our ambition is to make DWF a world leader at responsible business, mobilising our collective strength as a force for good in society. We recognise that how we do business is just as important as what we do.

As we evolve our Environmental, Social and Governance ('ESG') approach in response to the changing expectations of investors, clients, our employees and of society more broadly, we will:

- engage and listen to stakeholders through our 2021 Materiality Assessment, to guide our strategy and reporting;
- continue to work with law-abiding businesses that demonstrate responsible business in practice, meeting all legal and regulatory requirements; and
- enhance our metrics and reporting of our most material ESG risks primarily on our website and through our Annual Report and Accounts, on issues beyond our financial performance.

Our approach helps clients achieve so much more





Our approach

1. Diverse multidisciplinary teams that think differently

We are a provider of integrated legal and business services with colleagues drawn from many different professions, backgrounds and skillsets.

2. Deep market expertise and cross-sector insight

With expertise in eight primary sectors and offices and associations located across the globe, we deliver commercial insights on the challenges that our clients face.

3. Tailored technology

We offer methodologies and solutions, including the use of automation and artificial intelligence ('AI'), that complement and are compatible with clients' in-house technology.

4. Advisory expertise and execution excellence

We have years of experience working side-by-side with our blue chip clients to help them execute their plans and deliver on their strategies.



What we deliver for our clients

5. Transformation

We assist clients to transform how their legal function supports their business. We cover the full spectrum of transformation from ways of working to a fully outsourced managed services delivery model.

6. Risk transfer

We reduce client risk by providing services on an outsourced basis against clear and agreed budgets.

7. Continuous improvement

Our data-led improvement of operations offers scalability and flexibility, future-proofing client legal teams.

8. Cost efficiencies

Our approach creates efficiencies and offers sustainable cost reduction.

9. Giving time back

Combined, our approach allows our clients to focus their time and skills on the strategically important activities within their functions.

Our investment case

Reasons to invest in us

A unique, modern and integrated service platform

DWF is the only legal and business services provider leading with the integrated proposition multinational clients want, and the only one to own a top tier provider of alternative legal services, Mindcrest. Our integrated approach combines premium legal advice, outsourced and process-led legal services and associated business services and products, helping to improve efficiency while ensuring quality.

A global business with multi-jurisdictional expertise

With offices and associations located across the globe, our presence distinguishes us from other listed legal services providers and enables us to support clients on complex cross-border mandates and secure appointment to multi-jurisdictional legal panels.

Predictable, recurring and diverse revenues sit alongside a quality M&A track record

Our growth is underpinned by our significant recurring revenues from blue chip clients in our largest markets of insurance, financial services and real estate – supported by our strategy of acquiring complementary businesses with high recurring revenues and strong cash generation. Our breadth of services and sector expertise, together with our global presence, ensure our revenues are diversified and we are well positioned throughout the economic cycle.

Talented and incentivised experts at the heart of everything we do

Our business is powered by people who are experts at what they do, and by combining their talents with investment in technology and innovation driven by client need, we offer something new, compelling and highly effective. Offering equity in our compensation makes us unique as a global provider of integrated legal and business services, creates an alignment of interests between all of our Shareholders, and enables a long-term perspective.

An experienced and diverse management team focused on growth

Led by Sir Nigel Knowles, our Executive Board offers years of experience across legal and business services. They work together to inspire a global one team culture, which maximises new business and growth opportunities across all our markets.

Building on our established programmes to become the market leader on ESG

We have well-established programmes in place to drive progress on Diversity and Inclusion, governance, risk and compliance, and social mobility and sustainability. We take action in support of the UN Global Compact and the Sustainable Development Goals. We are now going further to live our purpose and achieve our goal of being a market leader on ESG.

Building on our established programmes to become the market leader on ESG

An experienced and diverse management team focused on growth

**A unique, modern and
integrated service platform**

**A global business with
multi-jurisdictional expertise**



**We are a leading global provider of integrated
legal and business services.**

The opportunity: The \$750bn global legal services market
is growing at 5% annually and it is transforming in a
technology-driven era, with the alternative legal
services market growing at 15%.

**Talented and incentivised
experts at the heart of
everything we do**

**Predictable, recurring and
diverse revenues sit alongside
a quality M&A track record**

Chair's statement

"These positive financial results reflect the success of DWF's differentiated offering which is resonating with clients and is therefore benefitting many of our stakeholders."

Jonathan Bloomer
Chair

Dear Shareholder,

I am delighted to welcome you to our Annual Report and Accounts for the year ended 30 April 2021. This has been an extraordinary year, a period during which we have all continued to adapt and respond to the challenges posed by COVID-19, but where the Group has been able to deliver a strong financial performance.

I would like to start by offering my thanks, and the thanks of all Board members, to all of our colleagues across the business who have shown incredible commitment, dedication and excellence throughout the year.

Group performance

We are delighted with our results for FY2020/21 which show a significant improvement on the prior year. Organic revenue growth has been strong, we have significantly improved our adjusted profitability¹ and we have made

progress in improving our operational efficiency, not least with a good reduction in our gross lock-up days.

These positive financial results reflect the success of DWF's differentiated offering which is resonating with clients and is therefore benefitting many of our stakeholders. The results are also testament to the decisive actions taken at the start of this financial year, following the appointment of a new management team led by Sir Nigel Knowles as Group Chief Executive Officer.

The difficult decisions made at that time, which included closing offices and reducing our presence in certain locations, have been a contributory factor in the improved gross profit this year, but also provide the Group with a platform to deliver further sustainable profitable growth in the future.

Leadership and Board changes

You can read the detail of all changes to the Board's composition during the past financial year on page 72 of this report. I would like to thank all members of the Board for the leadership displayed through a very important and successful year for DWF. I would also like to welcome Seema Bains and Michele Cicchetti, who joined the Board in October as Partner Directors, introducing a broader set of skills, experience, knowledge and diversity of thought, all of which are key to a resilient board.

Our response to COVID-19

In broad terms, we saw the headwinds from COVID-19 substantially ease through the course of the year, with activity levels returning to those seen prior to the pandemic. There were, of course, differences by location as restrictions were imposed or removed in different parts of the world. Our Executive team worked closely with our office and country Managing Partners to ensure each location was supported – with the emphasis being on prioritising the physical and mental health of our colleagues and clients.

COVID-19 has been one of the key areas of engagement with our colleagues over the past year. This has led to the establishment of a Wellbeing Committee to develop a programme of activities and resources to support colleagues in coping with the mental health challenges created by COVID-19. The DWF Foundation, an independent charity, was also able to donate funds to support organisations most in need – including a number of food banks in the UK and around the world and to the India Red Cross.

In recent months, attention has turned to how we enable colleagues to return to the office in greater numbers. We have conducted a global survey to better understand colleagues' preferences of where and how they will work – and we are now following up with a series of forums to ensure those preferences are reflected in our future plans. We know that almost all of our colleagues want to

work in the office some of the time, but relatively few want to be in an office five days a week. Whilst there will be some variation by location, or by team, we anticipate most people having greater flexibility to choose how often they work in the office in the future.

Environmental, Social and Governance

ESG has been a growing influence in the legal services sector for a number of years and a number of its central themes are aligned to our purpose, values and culture. DWF already has a well-established programme of ESG-related activities, especially in areas such as Diversity and Inclusion and Social Mobility, but there has clearly been a marked increase in the focus given to ESG as an issue from all of our stakeholders over the past year.

I am delighted that Kirsty Rogers is DWF's first Group Head of ESG and I can confirm that this autumn we will be sharing more detail with Shareholders on our global ESG strategy. We are already well-progressed in a number of areas, including having published Diversity and Inclusion targets for our Board and Executive Board and for BAME and female representation in other senior leadership positions. We have also extended our gender pay gap reporting to incorporate ethnicity pay reporting and we have communicated our new five-year Diversity and Inclusion strategy. We have also made a commitment to set climate targets in line with limiting global temperature rise to 1.5°C.

I talk more about our purpose, values and culture in the Governance introduction on page 57. You can read more detail on our priorities in the Environmental, Social and Governance report on pages 42 to 46.

Dividend

The Group's capital allocation policy is to prioritise having sufficient capital to fund ongoing operating requirements, and to invest in the Group's long-term growth. Taking this into account the Board targets a pay-out ratio of up to 70% of adjusted profit after tax¹. For FY2019/20, a higher pay-out ratio of 90% was applied as a one-off given the exceptional trading conditions due to COVID-19. For FY2020/21, the Board has proposed a final dividend of 3 pence per share, taking the total dividend for the year to 4.5 pence, reflecting a pay-out ratio of 61% of adjusted profit after tax. This

pay-out ratio reflects our capital allocation policy and is viewed as a meaningful step towards the target of up to 70%.

Annual General Meeting 2021

The Annual General Meeting will be held on Tuesday 28 September 2021. You can read more on the arrangements for the AGM on page 178.

Section 172(1)

The Directors have had regard to matters set out in section 172 (1)(a)-(f) of the Companies Act 2006 when performing their duties under section 172(1). They consider they have acted in good faith, in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with, and are affected by, our business. You can read more about how we engage with our stakeholders on pages 36 to 39.

Jonathan Bloomer
Chair

21 July 2021

1 The statutory loss before tax is £30.6m (2019/20: £18.2m profit) – see the Financial Review for more details. Adjusted profit before tax is £34.2m (2019/20: £15.2m) a 125% improvement on prior year.
2 Adjusted profit after tax is defined in the Glossary.

Q&A with the Group Chief Executive Officer

Q&A

“We expect a favourable trading environment for FY2021/22 and for our approach to Integrated Legal Management to continue to expand existing client relationships and secure new client wins.”

Sir Nigel Knowles
Group Chief Executive Officer

Q How did the Group perform through the year?

A We are delighted with our performance throughout this financial year. It has been especially pleasing to see revenue and gross profit margin growth across every division of the Group. This reflects strong activity levels and pipeline conversion and is also reflective of operational improvements that we are driving across the Group.

Our litigation practice saw sustained client demand throughout FY2020/21 and was a key driver of revenue growth in our Commercial Services division. We have also seen good growth in our Insurance division with the COVID-19 related business interruption litigation driving activity in our professional indemnity practice – and with our Claims Management, Adjusting and Forensic Accountancy teams in Connected Services. Connected Services had a very strong year with 21.5% of organic growth as we believe awareness of our breadth of services continues to grow with our clients.

It was a year of consolidation for our International division which saw the closure or scaling back of our presence in a small number of locations. We also moved operations in Belfast and Dublin out of our International division to improve efficiencies and integration with our wider UK & Ireland teams. Nevertheless, International grew by 33% in the year and we saw strong performances in Italy, Poland and Spain, where our DWF-RCD team generated revenue of £33.5m in its first full year with the Group. The performance of Dubai was pleasing, where following action

taken earlier in the financial year, the scaled-back team went on to deliver one of the strongest gross profit performances across the International division.

Q You made some difficult decisions on office closures at the start of FY2020/21. Why did you do that?

A When I was appointed as Group Chief Executive Officer last May, part of my 100-day plan was to conduct a review of the business to ensure that all constituent parts were making a contribution to the profitable growth of the Group and were aligned with our global strategy. We determined that this wasn't the case in a small number of locations and in order to ensure we have the right platform to drive sustainable, profitable growth, we made the difficult decision to close or scale back our presence in certain locations.

Decisions such as these are always very difficult and inevitably they come with the consequence of some colleagues leaving our business. The decisions were taken in the interests of the long-term success of the business and with consideration to all stakeholders. We discussed these decisions with colleagues and explained our rationale through written communication and 'Town Hall' style presentations and Question and Answer sessions.

The collective effect of these actions is to remove annualised EBITDA losses of c.£7m from the Group and ensures that the shape of the business coming into FY2021/22 is strategically aligned, right-sized and provides the platform that we need.

Q How important is purpose and culture in relation to the Group's performance?

A It is hugely important – and in my view, more so now than ever before. In a period where all of our colleagues will have been personally challenged in one way or another by COVID-19, finding a collective purpose and shared culture at work is essential.

I have emphasised the importance of our 'one team' culture, where we work together, for and with each other, to deliver positive outcomes with all of our stakeholders including our colleagues, clients and communities. In more than 40 years in the legal profession, I have never before worked in a business where people are so committed to operating as one team. This is one of our greatest achievements in

the past 12 months – we are breaking down barriers to work more effectively – within and across practice area, division and jurisdiction.

Coupled with our integrated offering and more streamlined operating model, this commitment to work together and share in our collective success is helping us to win with clients for the benefit of the business as a whole.

Q Why did you decide to introduce a new operating structure from 1 May?

A We launched our new operating structure to streamline the Group into three global divisions of Legal Advisory, Mindcrest and Connected Services. We believe this new structure is an important step forward in our strategy and will help us to fulfil our vision of becoming the leading global provider of integrated legal and business services.

Together, the three divisions will support our Integrated Legal Management approach through which we can seamlessly combine any number of these services to deliver bespoke solutions to our clients with greater efficiency, price certainty and transparency. We see it as the next natural step in the development of our modern, global business and it is a cornerstone of the three-year business plan we have developed since my appointment.

Q How important will Mergers & Acquisitions be in enabling you to fulfil your ambitions?

A When I became Group Chief Executive Officer, I said that we would be putting M&A on hold for the foreseeable future. This was to allow the business time to focus on consolidating investments already made, deal with under-performing or misaligned businesses and also to focus on our response to COVID-19. We drove a lot of improvements to improve the business in FY2020/21 and now, as we see the external market start to stabilise, I'm pleased to say that we have resumed M&A and in May 2021 we announced the acquisition of two businesses to complement our Connected Services offering.

M&A will remain an important element of our growth strategy and I am confident that we will be an active participant, in a market that we believe will continue to consolidate, as we look for opportunities to further build our global presence where it is needed and to strengthen our capabilities.

M&A isn't the only way in which we will grow the business. We already have association relationships with several excellent law firms and in April 2021 we announced two new associations in Singapore and South Africa. We will also continue to strengthen through new partner recruitment and I am delighted that we are currently seeing very strong interest from high quality candidates in joining DWF.

Q What is the outlook for the year ahead?

A The first two months of trading for FY2021/22 have been strong, showing continued organic revenue growth and gross margin development, with our new operating model already leading to a greater sharing of clients across practice areas and borders.

As restrictions continue to ease slowly, we expect a favourable trading environment for FY2021/22 and for our approach to Integrated Legal Management to continue to expand existing client relationships and secure new client wins. Whilst there is competitive pressure for talent across what is proving to be a buoyant legal sector, which may lead to upwards cost pressure, the removal of material drag factors (i.e. closures and scale-backs in FY2020/21) is expected to support continued growth in net profitability.

Sir Nigel Knowles
Group Chief Executive Officer
21 July 2021

Our market drivers

Underpinned by strong market drivers

A growing and consolidating market

The legal services industry continues to grow globally at around 5% each year, whilst sub-sets of the industry, such as alternative legal services are growing much more quickly, at 15% plus. Ordinarily, we would anticipate seeing consolidation across this global industry, which remains highly fragmented, but COVID-19 has been a clear inhibiting factor in this regard. We anticipate consolidation in the sector to slowly resume through the remainder of calendar year 2021 and then accelerate in 2022.

What this means for our industry

Historically, the steady pace of growth across the legal services industry has allowed law firms to innovate only as quickly as necessary not to fall behind. When combined with our other market drivers, we believe that those legal businesses most able to adapt and embrace technology-enabled disruption will be able to meet the changing needs of clients and capitalise on this growing market. In turn, they will be in the strongest position to take advantage of opportunities for consolidation.

Our opportunity

Our differentiated offering already gives us an advantage through our ability to offer integrated legal and business services. As a listed business, our structure also gives us an opportunity with a greater focus and expectation from stakeholders for longer-term planning and investment, an area in which many traditional players in the market have struggled.

Our response

From 1 May 2021, we introduced a new internal operating structure which aligns with our offerings and will ensure even greater integration, supporting our Integrated Legal Management approach. Following a brief pause during the period under review, we have also recently returned to our M&A strategy with two acquisitions in Connected Services and we have extended our network of associations with Thomson Wilks and Eldan Law. We anticipate further growth in the future through both M&A and associations.

Alternatives to the traditional law firm model

We have noted this trend as a market driver in the legal services industry for a number of years, but we believe its relevance has only increased as the Alternative Legal Services Provider ('ALSP') model enters a new phase of maturity. There is now increasing acceptance and validation of the ALSP model, with the ALSP market now worth an estimated \$14bn. This market, where the client is increasingly driving the demand, is growing at more than 15% each year.

What this means for our industry

We see threats and opportunities for the industry as a whole. Increasingly we are seeing clients shifting to a more direct relationship with ALSPs, rather than through their traditional suppliers. We are also seeing some blue chip clients introduce ALSP panels alongside their traditional legal services panels. But we are also seeing a number of law firms successfully partnering with ALSPs to deliver a more end-to-end service, albeit through separate businesses.

Our opportunity

As the only legal and business services provider to lead with the integrated proposition that multinational clients want, we are well placed to win work such as that delivered for Mileway (for further information see pages 22 and 23). As the only legal and business services provider to own a top tier provider of alternative legal services in Mindcrest, we are uniquely placed to win appointments to blue chip ALSP panels. This combination of factors gives us a distinct advantage over our competition.

Our response

We acquired Mindcrest in March 2020 and have since focused on driving integration of the business within the wider Group, along with identifying opportunities for further investment. This has included transferring the right work to Mindcrest from Legal Advisory. Mindcrest is one of three divisions under our new global operating structure, reflecting its importance to our Integrated Legal Management approach.

Market overview

COVID-19 has been a major contributory factor in the evolution of the legal services industry over the past 12 months. Technology-enabled disruption has accelerated and been more conspicuous throughout this time, resulting in changing needs and expectations from clients, as well as a permanent shift in ways of working. As attention now shifts to the prospects for economic recovery following COVID-19, focus has also increased on ESG factors as businesses, investors and policymakers look to a greener or more equitable model. Whilst COVID-19 has influenced all of our market drivers, we also see the global economy's emergence from COVID-19 as a market driver in its own right this year.

ESG rises up the agenda

We raise ESG as a new market driver in this Annual Report and Accounts, although in reality, a number of features of ESG have been a growing influence in the market for a number of years. However, there has been a very significant increase in the prominence of ESG as a driver in the legal services industry. Thanks to a variety of factors such as high profile environmental campaigns, the Black Lives Matter movement and the UK Government's Build Back Better programme we are seeing significant change in the sector.

What this means for our industry

More blue chip companies are including ESG considerations as factors when it comes to choosing their legal and business services providers. Some companies are also awarding automatic panel reappointments to their panel firm with the best ESG credentials, such as performance against Diversity and Inclusion metrics. Increasingly, legal services firms cannot expect to secure panel appointments without a coherent and visible ESG Strategy with demonstrable proof points of its success.

Our opportunity

We want to have a clear and visible strategy on ESG that is aligned to our purpose. This is the right thing to do. As the only Main Market listed legal and business services provider, we also see an opportunity on ESG. We already have far more robust governance processes and are committed to far greater transparency in our reporting than many competitors. We are already a market leader in many aspects of ESG and see opportunities to strengthen client relationships as we develop our client-facing proposition.

Our response

We already manage a wide range of ESG factors and take action in support of the 10 principles of the United Nations Global Compact. We are also accelerating our contribution to the delivery of the Sustainable Development Goals. We have established environmental and Diversity and Inclusion targets and in January 2021, we announced the appointment of our first Global Head of ESG. We have also communicated our new five-year Diversity and Inclusion strategy. All of which is aligned with our purpose and values-led culture.

Emergence from COVID-19

The world's emergence from COVID-19 is not a linear process. Some countries have substantially reopened their economies, whilst others remain under pressure from high case rates – including some markets in which DWF operates. However, it is already clear that the global economy post COVID-19 will be very different from the one of early 2020 – in terms of ways of working and the implications for retaining culture, competition for talent, the ways in which we support clients and so on. Adapting to this environment will be a key driver in our sector for some time.

What this means for our industry

The industry successfully transitioned to new ways of working throughout COVID-19, but now faces a challenge to establish the right balance between old and new working environments – whilst retaining organisational culture. In turn, this raises questions about the purpose and future use of office space, which is one of the highest costs of any professional services business. There will be implications for the competition for talent – both in terms of where companies recruit and in terms of the types of skills needed.

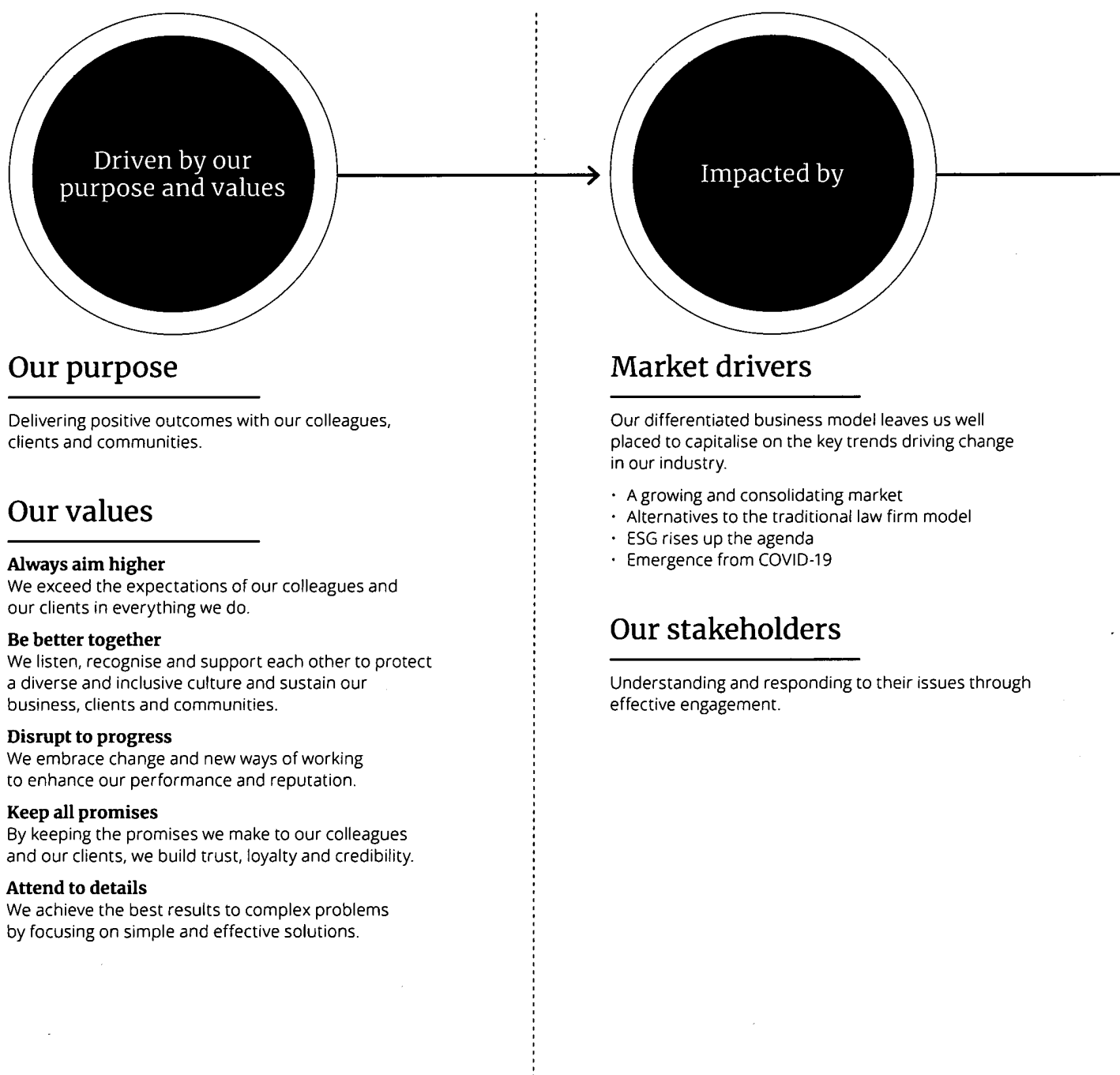
Our opportunity

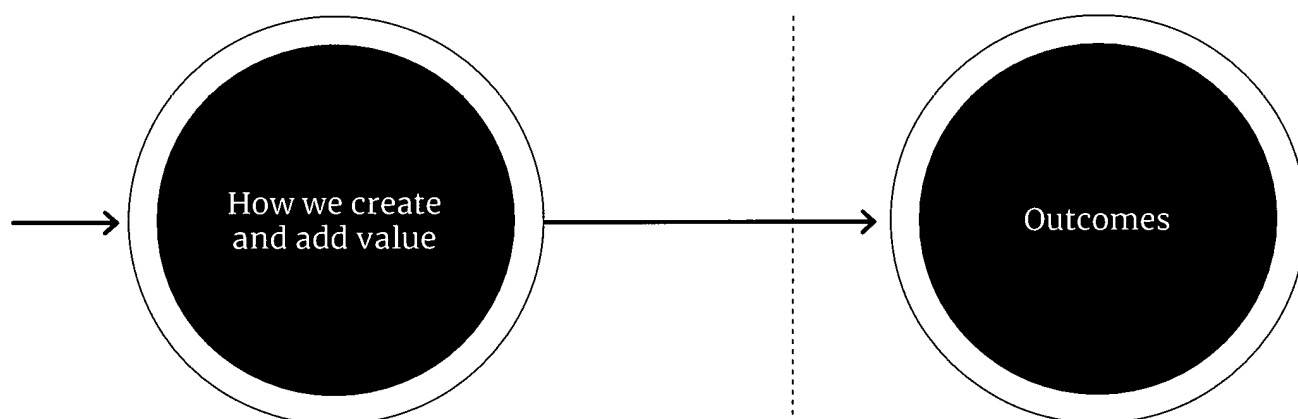
As a business that embraced agile working prior to 2020, we have well-established processes for remote working. We anticipate a future hybrid working model that will deliver on our purpose by providing positive outcomes with our colleagues, through enhanced agility and work-life balance, whilst positively enhancing productivity; with our clients, through greater flexibility and efficiency in how we collaborate and deliver services; and with our communities, as reduced office space and business travel help to reduce our carbon footprint.

Our response

We conducted a Future Ways of Working survey with all colleagues to ensure they were able to inform our strategy. This was followed up by a series of Ways of Working Focus Groups to get into more detail on specific themes such as the balance between office and remote working and the best use of our physical space. Concurrently, we have also embarked on a review of all of our office space. We have already moved to smaller, more suitable space in Glasgow and Dublin and renegotiated leases in Birmingham and Leeds.

Delivering positive outcomes





Our main activities

Legal Advisory

Premium legal advice and excellent client service. Our teams bring commercial intelligence and relevant industry experience.

Mindcrest

Outsourced and process-led alternative legal service offering, designed to standardise, systematise, scale and optimise legal workflows.

Connected Services

Our range of products and business services that enhance and complement our legal offering.

Our differentiated position

Our ability to seamlessly combine any number of these offerings to deliver bespoke solutions for our clients is our key differentiator. Delivered through our global teams across eight core sectors, our Integrated Legal Management approach delivers greater efficiency, price certainty and transparency for our clients without compromising on quality or service.

Delivering positive outcomes

Through our differentiated proposition and by living to our values, we deliver positive outcomes with our colleagues, clients and communities.

We grow revenue profitably

Gross margin has improved across each division, with adjusted profit before tax increasing by 125%.

Reducing cost

The actions we have taken this year have supported our cost reduction priorities, whilst also underpinning our platform for further sustainable profitable growth.

Cash generation

Through a concerted focus at all levels in the business, we have reduced lock-up by 20 days and decreased net debt by more than £4m.

Progressing our ESG agenda

We have appointed our first Group Head of ESG and will publish our global ESG Strategy this autumn – whilst continuing to progress existing activities, such as the launch of our new Group Diversity and Inclusion Strategy.

Our strategy at a glance

A clear strategy for growth

Our measures of success

Our management teams track a range of metrics through which we assess the progress made on our strategy. These metrics, which incorporate some of the KPIs on pages 2 and 3 as well as other internal data points, are designed to focus strategic progress around four key areas: growing revenue profitably, cost reduction and value leakage, cash generation, and ESG.



How we compete

How we compete

Doing things differently

We continue to talk to our clients about our strategic differentiator – our delivery of integrated legal and business services through any combination of Legal Advisory, Mindcrest and Connected Services – whilst also leveraging our ability to identify new innovative products and services based around current and emerging client needs. We are beginning to pivot the right work to Mindcrest to provide an enhanced client service.

Where we compete

Where we compete

Understanding our clients

Through a 'one team' approach we aim to grow the number and contribution of our institutional client relationships, extending those relationships into new jurisdictions and practice areas. We will do this through our enhanced customer value proposition.

Geography

We will strengthen in priority locations through M&A, associations and recruitment. We create channels for greater collaboration to bring together all of the strengths within our business to help support our clients.

Services

We continue to invest in our Legal Advisory capabilities, but we will also scale our Mindcrest platform and seek new ways of introducing our clients to Mindcrest and Connected Services globally.

Our enablers

Our enablers

Engaging our people

We are embedding a culture of open, transparent and honest communication to further increase engagement across the business. By doing the right work, in the right place through the right people, we will drive greater profitability and therefore deliver greater reward and incentivisation for our strong performers. We recruit, retain and develop people aligned to our values, improving diversity and agility.

Governance, risk and compliance

The legal market is changing and we need to adapt and evolve as the world begins to emerge from COVID-19. We have defined our culture and values, our partner and employee value proposition, including our commitment to Diversity and Inclusion, and our global ways of working. We have also developed our Group Risk Taxonomy and focused on excellence through our Behaviours Framework, Code of Conduct and DWF Academy.

Infrastructure

We ensure that we remain operationally efficient through our business, with the right infrastructure and services that are robust and scalable for future growth. We actively manage our cost base and lock-up days and have introduced better controls on pricing and cost.

Our purpose in action

Delivering positive outcomes with our colleagues

Through the past year, we have focused on instilling a 'one team' ethos, ensuring everybody buys in to the Group's strategy and vision and is pulling in the same direction to achieve our goals. A critical element of making this a success is our Reward & Recognition programme. We know our colleagues are dedicated, hardworking and talented and it is absolutely right and essential that those characteristics are rewarded and recognised.

The challenge

With almost all of our colleagues working remotely during the past year, it was more important than ever that people felt connected, recognised and fairly rewarded for their efforts.

The solution

This year, we introduced our new Group Bonus Plan to ensure that all colleagues have the opportunity to share in the collective success of the business. With gateways around personal, divisional and Group performance, the plan seeks to strengthen responsibility and accountability, whilst also ensuring alignment with the success of the business.

We also adapted our main Recognition programmes: The Rubies, our annual Awards programme; and DWF Achievers, our day-to-day recognition platform.

We launched The Rubies last year with a showpiece event in Manchester to celebrate our colleagues' successes. This year, the Awards celebrations became a virtual event with Executive Board members recording video messages to reveal the winners in each of our 10 categories. Winners were announced each day over a 10-day period in December.

We integrated DWF Achievers with Microsoft Teams, which made the recognition process even quicker and easier, and we highlighted one Achiever recognition through our weekly communication, DWF Digest. Wellbeing was added as a recognition category to help celebrate the unsung heroes who have gone above and beyond to put others first. Executive Board members took a more active role by reviewing Achievers each week and 'Boosting' recognitions, which awarded people points with a cash equivalent value.

The outcome

In its first year, the Group Bonus Plan is anticipated to pay a bonus to more than 90% of eligible colleagues – the largest bonus distribution in DWF history. Despite being fully virtual, the Rubies Awards received a record number of nominations with nearly 600 colleagues submitted for at least one category. DWF Achievers was even more successful, with more than 10,000 individual recognitions submitted – that is 40 people publicly saying "thank you" to a colleague for a job well done, every single working day. Together, we believe that the 'one team' ethos so clearly reflected in these outcomes has been a critical feature in the successful year we report on through this Annual Report.

Our purpose in action

Delivering positive outcomes with our clients

Our ability to seamlessly combine any number of our Legal Advisory, Mindcrest and Connected Services to deliver bespoke solutions for our clients is our key differentiator. Delivered through our global teams across eight core sectors, our Integrated Legal Management approach delivers greater efficiency, price certainty and transparency for our clients without compromising on quality or service.

Our work for Mileway, Europe's largest last mile logistics real estate company, is an example of how our Integrated Legal Management approach is delivering positive outcomes with our clients.

The challenge

Mileway is the leading provider of last mile logistics real estate across Europe. It helps consumer businesses get closer to their customers – enabling fast delivery and accessibility with excellent customer service. To accommodate growing e-commerce demand and greater delivery expectations of an already large and growing property investment portfolio in some of Europe's most strategically important locations, including the UK, Germany, France, Spain, Italy, the Netherlands, Sweden, Finland and Denmark, it needed a simpler way to manage its extensive UK portfolio. Mileway worked with DWF's Legal Advisory, Mindcrest and Connected Services teams to find the right solution and deliver positive outcomes.

The solution

DWF's Legal Advisory team had an existing relationship with Mileway, advising on a range of legal matters connected with the management of its portfolio in the UK. Our Legal Advisory team brought in Mindcrest to utilise process and technology expertise with respect to the asset management tenancy verification process.

The Connected Services division played its part too, with the 360 team delivering a bespoke version of EvoClaim, which Mileway and DWF have utilised to streamline its online real estate portfolio instructions. This proptech offering is an interactive asset management secure platform, allowing the client to communicate and collaborate with DWF's Legal Advisory team securely on matters across the client's portfolio. This is an ongoing project and other market leading proptech advances are being taken to fulfil Mileway's increasing requirements. This has and will continue to further assist in expediting legal delivery, reducing risk management of the same and ultimately delivering a more efficient process for the drafting of a wide suite of Asset Management documentation and service to the client.

The outcome

This solution has significantly streamlined the portfolio management process for Mileway in the UK, saving time and resources and it has made sharing work with the DWF team more efficient. This has led to increased quality control and reduced risk management and has been a contributory factor in Mileway increasing the number of its instructions with DWF.

Our purpose in action

Delivering positive outcomes with our communities

Supporting the communities in which we operate has long been a focus of DWF and a source of pride for our colleagues. From volunteering in support of good causes, participating in our '5 STAR Futures' social mobility programme, to fundraising for the DWF Foundation, our work with communities has been a strong driver of engagement for our people.

The challenge

The past 12 months have presented fundamental and profound challenges to people from all over the world. Perhaps none more so than communities in need and those charities and other organisations that provide support to them. With physical interaction and fundraising opportunities significantly limited, it has been very difficult for those organisations to provide the support to help individuals, groups and communities achieve their full potential.

The solution

Thanks to the resourcefulness and engagement of our colleagues, many of our activities to support the DWF Foundation and our communities more broadly were able to continue remotely. This included virtual 10k fundraising runs, with team members submitting photographs of their efforts to the Group intranet and remote 5 STAR Future sessions where young people were still able to gain mentoring support and guidance from people across our business.

The DWF Foundation also focused its resources to support those most impacted by COVID-19. This included providing £30,600 of funding to food banks across all of our locations, whilst our Mindcrest team continued to work with two schools in Pune, India, by providing funds, food and clothing to help the blind girls and orphaned boys who attend those schools.

The outcome

Despite the restrictions in place, colleagues gave up 5,876 hours of volunteering time in the last year. They also helped to support more than 600 young people to develop their skills, and continued to raise funds for the DWF Foundation which through the last financial year was able to make more than £200,000 worth of grants to charities in the UK and internationally.

Financial review

“The Board is delighted with a FY2020/21 financial performance that reflects a more focused delivery of the strategy, greater operating discipline, a significant adjusted profit improvement and a robust balance sheet.”

Chris Stefani
Chief Financial Officer

A transformational year

Revenue and adjusted profit growth, and cash generation

The FY2020/21 financial performance is much improved compared to the results in FY2019/20, which were particularly impacted by COVID-19. Under new leadership, the Group has underpinned the strategy with a focus on profitable growth, cost control and cash generation. Trading performance throughout FY2020/21 has been resilient with minimal impact from ongoing COVID-19 restrictions, with the Group delivering net revenue growth of 14%, 8% of which was organic (FY2019/20: 11%, 2% of which was organic).

In addition to a strong revenue performance, a number of decisions have been taken to remove loss-making and non-strategically aligned elements of the Group. This led to the closure of Cologne in FY2019/20, closure of Singapore and Brussels operations in FY2020/21 together with the scaling back of Dubai and Australia operations. The associated one-off restructuring costs in the year of £15m have been recognised as non-underlying administrative expenses in the income statement. The collective impact of this restructuring removes annualised EBITDA losses of c.£7m from the Group and ensures that the shape of the business coming into the current year is strategically aligned, right-sized and represents an improved platform from which to drive future profitable growth.

The Group has produced a statutory loss before tax of £31m (FY2019/20: £18m profit before tax). This statutory loss before tax is driven by £64.8m of adjusting items the majority of which are non-cash with just over 50% of this amount relating to the recognition of an expense that forms part of the purchase price of historical acquisitions. The acquisition expense represents the element of the purchase price not treated as consideration and is driven by the accelerated release of the prepayment related to ongoing service obligations as a result of the RCD deal term modification. This acquisition cost is recognised as an adjusting item along with the costs of office closures and scale backs and a small amount of other costs.¹ The adjusted metrics show a material improvement in profitability despite absorbing the trading losses from the aforementioned closures and scale backs, with the Group achieving record adjusted profit before tax performance of £34m (FY2019/20: £15m).

The profitable growth performance has been delivered alongside a strengthening of the balance sheet. Net debt has reduced to £60m (FY2019/20: £65m) despite the fact that the Group has settled £17m of acquisition related expenses. This reflects record free cash flow generation for the Group of £32m inflow (FY2019/20: £7m outflow) which was supported by a reduction in gross lock-up days of 20 days, from 206 as at April 2020 to 186 as at April 2021.

The Board is delighted with a FY2020/21 financial performance that reflects a more focused delivery of the strategy, greater operating discipline, a significant adjusted profit improvement and a robust balance sheet. These factors, alongside the implementation of a new global operating model, set the Group up well to meet medium-term aspirations to further enhance net profit margins whilst deleveraging the balance sheet.

Revenue

Revenue is £401m (FY2019/20: £357m) representing growth of 12%. However, the Group focuses revenue measurement on net revenue as revenue is distorted by the level of recoverable expenses incurred on delivery of client matters where such expenses do not necessarily reflect the activity levels of the projects or the business.

Net revenue for the Group was £338m (FY2019/20: £297m) representing growth of 14% (8% organic). Inorganic growth was driven by the acquisitions of RCD and Mindcrest in FY2019/20, reflecting a full year in FY2020/21.

Divisional performance

The divisional performance is set out to reflect the five divisions reported to the Board throughout FY2020/21. Effective from 1 May 2021 and for the whole of FY2021/22 the divisional performance will be reported to the Board under the new global operating structure that comprises three divisions (Legal Advisory, Connected Services and Mindcrest).

Highlights of the performance by division are set out below:

Commercial Services (33% of Group net revenue / 38% of Group gross profit)

£m	FY2020/21	FY2019/20	Change (%)
Revenue	128.1	124.4	+ 2.9%
Net revenue	110.7	107.5	+ 2.9%
Direct costs	(46.2)	(48.2)	
Gross profit	64.4	59.3	+ 8.7%
Gross margin (%) / pts	58.2%	55.1%	+ 3.1 pts

COVID-19 caused a material adverse impact to the financial performance of Commercial Services in Q4 of FY2019/20. In this context, the division has had a particularly strong year in FY2020/21, delivering net revenue growth of 3% (3% organic) which reflects 10% growth in H2 as activity levels picked up.

Contentious and regulatory work remained buoyant against a dynamic economic backdrop. As such, the Litigation practice group has seen sustained client demand and has been a key driver of the division's positive net revenue results, as well as delivering an improved gross margin.

Likewise, transactional activity in the Corporate Services and Real Estate practice groups also held up well in spite of the macroeconomic uncertainty, with net revenues on an upward trajectory through the year, and H2 net revenues for both markedly higher than those in H1.

As anticipated at the end of H1, actions taken through the course of FY2020/21 to right-size the division's direct costs have reduced excess capacity and improved utilisation. As a result, the profile of divisional teams is now better structured to match the requirements of client delivery. This, coupled with the progress made in relation to connectivity with the Mindcrest division, has led to year-on-year gross margin improvement for Commercial Services of 3.1pts, to 58.2%.

With its continued focus on Integrated Legal Management, the Commercial Services division, working alongside the Mindcrest and Connected Services divisions, has continued to attract and deliver more complex legal work in FY2020/21. It has been able to develop broader institutional client relationships and has seen increased fees from a greater number of clients spending >£1m with the division versus FY2019/20.

¹ See 'Administrative expenses' section of the Financial review.

Financial review continued

Key partner lateral hires that joined at or just prior to the start of this financial year, for example in our newly launched Data Protection team, have also contributed to the divisional results in FY2020/21. The investment made in the prior year has laid a positive foundation for success; significant client wins and panel appointments secured throughout FY2020/21 have both added to performance and will continue to enhance results in future periods. The pipeline for the division remained strong at the close of FY2020/21, and a number of additional lateral partner hires have since joined across each of the core practice groups, supporting what is a positive outlook for FY2021/22.

Insurance (31% of Group net revenue / 30% of Group gross profit)

£m	FY2020/21	FY2019/20	Change (%)
Revenue	141.7	137.2	+ 3.3%
Net revenue	103.9	100.6	+ 3.3%
Direct costs	(51.6)	(52.3)	
Gross profit	52.3	48.2	+ 8.5%
Gross margin (%) / ppts	50.4%	48.0%	+ 2.4 ppts

The Group's Insurance division delivered net revenue growth of 3% (3% organic). The gross margin improved by 2.4 ppts to 50.4% reflective of tight cost control.

The Professional Indemnity practice group has performed particularly well with year-on-year growth of over 30% assisted by the additional work generated by the FCA business interruption litigation, in which we advised some of the group's largest insurance clients. Although the litigation has concluded, the emphasis has now switched to resolving the business interruption claims which are generating additional work not just for Insurance but also for the Connected Services division.

The Catastrophic Injury ('CAT PI') and Casualty practice group was impacted by the decline in casualty (workplace) and public liability (predominantly local authority) claims during the height of COVID-19 with that impact being felt more in the second half of the year due to the usual claims cycle where there is a time lag between date of accident and date of instruction. The Cat PI practice area performed particularly strongly to offset the declines elsewhere which helped the practice group to maintain the same level of profitability year-over-year.

As expected, the Motor and Fraud practice group which relies very heavily upon motor claims was the most impacted by the lockdown. The division carefully mitigated the reduction in claims with reduced hours working and a small number of redundancies. Instruction levels have since recovered to a large extent and the division is confident that once remaining lockdown restrictions are released the practice group will enjoy strong growth aided by client wins during the course of the year.

The division has enjoyed a strong pipeline of new work wins during the course of the year with new work streams from existing clients such as Aviva and RSA and panel wins including the appointment to the Allianz and LV= panel following a competitive tender. Those wins, combined with some key lateral hires including the new Southampton team, are expected to drive a further increase in demand for Insurance services in FY2021/22.

International (25% of Group net revenue / 21% of Group gross profit)

£m	FY2020/21	FY2019/20	Change (%)
Revenue	92.5	69.9	+ 32.3%
Net revenue	85.3	64.3	+ 32.5%
Direct costs	(49.0)	(38.6)	
Gross profit	36.2	25.7	+ 41.1%
Gross margin (%) / ppts	42.5%	39.9%	+ 2.6 ppts

The International division grew net revenue by 33% and delivered significantly more gross profit in FY2020/21 compared to FY2019/20, supported by inorganic growth from the full year inclusion of RCD in Spain and offset by closures of Cologne (Q4 FY2019/20), Singapore and Brussels (Q1 FY2020/21) and the scale back of Dubai and Australia in Q1 and Q4 respectively.

The scale back of the Australian business was made to better focus our offering on core strengths in insurance, which complements the existing Connected Services businesses in the same territory. This decision led to the closure of the operations in Melbourne, Sydney and Newcastle, whilst retaining the Brisbane office and the Group's Connected services operations in Sydney, Melbourne and Brisbane. Despite some one-off non-underlying closure costs, the changes are anticipated to be earnings enhancing for the Group in FY2021/22.

Organic growth (excluding the impact of acquisitions, closures and scale backs in both years) was 13%, reflecting mixed results across different geographies. We are particularly pleased with the progress made on the like-for-like gross margin percentage for the division which increased by 6.2 ppts to 43%. Cost savings implemented in the course of FY2020/21 assisted in protecting the gross margin from the challenges faced by locations which were restructured during the year.

Whilst some operations have been closed or scaled back, the International business remains a key growth focus for the Group. Both Italy and Poland showed strong organic net revenue growth because of investments in new partner hires. RCD in Spain completed its first full financial year as part of the Group and performed strongly achieving revenue of £33.5m. The recently rationalised Dubai office is performing well and has delivered one of the strongest gross profit contributions in the division.

Connected Services (7% of Group net revenue / 6% of Group gross profit)

£m	FY2020/21	FY2019/20	Change (%)
Revenue	25.6	21.1	+ 21.5%
Net revenue	25.3	20.9	+ 21.5%
Direct costs	(14.4)	(14.1)	
Gross profit	10.9	6.7	+ 62.2%
Gross margin (%) / ppts	43.1%	32.3%	+ 10.8 ppts

The Group's Connected Services division has had a strong year delivering net revenue growth of 22% in FY2020/21, all of which was organic. This growth reflects the continued development of Connected Services capabilities and greater synergies and connections with other divisions and with the Group's clients.

There has also been a marked improvement in profitability in FY2020/21 with gross profit margin increasing to 43%, almost 11 percentage points ahead of the prior year.

Our unified approach to COVID-19 related business interruption claims has resulted in our Claims Management and Adjusting colleagues working closely with our Forensic Accountancy team (and legal colleagues) to support the quantification and challenge of business interruption losses in the UK. As a result, the UK Claims Management and Adjusting service, and the Forensic Accounting team, have had particularly strong revenue performances. Despite the reduction in Casualty claims due to geographically specific lockdowns, the Claims Management and Adjusting services (with presence in Australia, Canada, France, Ireland, Italy, UK and USA) have grown slightly ahead of the overall divisional performance.

Although initially instruction levels declined as the UK was in lockdown, one of the most mature services, Costs, has grown by 9% and this area is expected to continue to grow by supporting new insurance client wins. The rebuild of Advocacy (DWF's alternative solution to the external Bar and traditional chambers) following a change in personnel has been successful and, despite the disruption, the team performed well. The upgraded team is expected to grow strongly, with improved profitability due to more effective structuring and management of the team. The demand for services within the 360 software development business has improved (following a number of large projects being put on hold at the start of COVID-19) with new client wins supporting further growth.

The outlook for FY2021/22 remains positive as new services gain traction, existing services grow from the foundations laid this year and global expansion continues through M&A activity, the launch of the new Global Entity Management proposition and the integration of Spain's Connected Service (Ges-start – Accounting, Tax and Labour consultants) as a result of DWF's new global operating structure.

Connected Services also played a significant role in providing integrated solutions for clients and provided fee referrals to Legal Advisory in excess of £5m.

Managed Services (4% of Group net revenue / 5% of Group gross profit)

£m	FY2020/21	FY2019/20	Change (%)
Revenue	13.0	4.0	+ 228.2%
Net revenue	13.0	4.0	+ 228.2%
Direct costs	(5.1)	(1.6)	
Gross profit	7.9	2.3	+ 239.5%
Gross margin (%) / ppts	60.5%	58.5%	+ 2.0 ppts

Financial review continued

As a newly formed division, strong momentum on divisional objectives continued, with primary focus on the Operating Model, Pricing Framework and Transformation of Service Delivery. The growth of 228% reflects the full year impact of the acquisition of Mindcrest, transfers of work from other divisions and 163% organic growth. Macro-economic headwinds restricted FY2020/21 external sales as the uncertainty of COVID-19 continued, impacting the pipeline conversion rate on large strategic bids. However, concentration in Analytics and Contracts, through annuity client relationships, has been supported by expansion into Litigation and eDiscovery services to widen the offering and strengthen margin conversion.

Economic recovery and regulatory easing provide cautious optimism for FY2021/22, further buoyed by improved Q4 activity levels, success in institutional panel appointments and returning pipeline traction. Furthermore, the capital investment into a 1,000 seat facility in Pune, India, provides the strategic infrastructure to scale, as well as accelerate synergies through further Group integration, transition of Legal Advisory activity and best-shoring of back-office functions.

Direct costs

Direct costs, which reflect the salary costs of fee-earning partners and staff, have increased by £11.4m, or 7%, to £166.3m. The acquisitions of RCD and Mindcrest accounted for £14.8m of year-on-year cost increases, so the underlying trend on direct costs was a reduction of £3.4m. This reflects a combination of headcount reductions from rationalisations and tight control of costs and capacity levels due to the uncertain trading environment particularly in the first half of the year.

Gross profit

The combination of strong net revenue growth and strict control of costs has delivered a gross profit of £171.8m, representing a £29.5m, or 21%, increase vs. FY2019/20. This reflects a gross margin % of net revenue of 50.8% (FY2019/20: 47.9%). The 2.9 percentage point improvement reflects uplifts across all divisions and is despite the dilutive impact of some of the businesses that were rationalised during the year.

Administrative expenses

Reported administrative expenses has increased compared to the previous year, from £120.1m in FY2019/20 to £197.4m in FY2020/21. On an underlying basis, excluding adjusting items, administrative expenses for FY2020/21 are £132.6m (FY2019/20: £123.1m), an increase of £9.5m or 8%. Previously acquired Mindcrest and RCD businesses contributed a full year's worth of expense totalling £11m compared to £3m in FY2019/20, an increase of £8m.

Group administrative expenses, excluding the acquisition increases, are therefore broadly flat. This includes a reduction in expenditure in specific areas such as support headcount combined with COVID-19 related savings, offset by an increase in bonus expenditure to reflect the improved performance of the Group during FY2020/21. The COVID-19 related restrictions have led to savings in office consumables, recruitment, travel and business development expenditure. Whilst some of these expenditure lines will increase as restrictions ease, it is expected that continued agile working, having proved the model during FY2020/21, will avoid spend returning to pre-COVID-19 levels.

The cost-to-income ratio has fallen from 41.4% in FY2019/20 to 39.2% in FY2020/21 as a result of good cost control and improved net revenue performance.

Adjusting items have increased to £64.8m in FY2020/21 from a £3.0m gain in FY2019/20. The table below provides more details with full analysis contained in note 4 to the financial statements:

	FY2020/21 £'000	FY2019/20 £'000
Office closures and scale-backs	14,898	-
Acquisition-related expenses	20,743	12,274
Acquisition-related gain on bargain purchase	-	(25,084)
DWF RCD modification impact	13,796	-
Change of CEO*	1,011	-
Impact of COVID-19*	1,011	230
Other share-based payment expenses	13,333	9,590
Adjusting items	64,792	(2,990)

* Costs relating to COVID-19 and the change of CEO were incurred wholly in H1.

Whilst the FY2020/21 figures feature a high value of adjusting items, the overall assessment of administrative expenses can be summarised as:

- an underlying administrative expenses position that increased by 8% compared to net revenue growth of 14%;
- the impact of the modification to the RCD acquisition agreement in February 2021 which accelerated the remaining income statement expense which formed a significant proportion of the purchase price on acquisition. This, in part, offsets the gain on bargain purchase recognised, also as an adjusting item, in FY2019/20;
- share based payment expenses reflecting grants from the Employee Benefit Trust; and
- non-recurring material costs relating to office rationalisations, and some one-off expenses relating to COVID-19 and the change of Group Chief Executive Officer.

Net finance expense & interest payable on leases

Net finance expenses relating to bank charges and borrowings were £2.7m (FY2019/20 £1.9m). The increase is a result of lower interest receivable on cash balances with interest receivable of £0.1m compared to £0.5m in FY2019/20, due to reduced rates of interest. The balance of the increase is due to a higher average net debt figure in FY2020/21 compared to FY2019/20.

Interest payable on leases of £2.3m (FY2019/20: £2.0m) reflects the notional interest cost relating to lease borrowings.

(Loss)/profit before tax

The Group reported a loss before tax of £31m (FY2019/20: £18m profit before tax). The reported loss before tax is a result of adjusting items totalling £65m (FY2019/20: £3m gain) referenced under the administrative expenses section above. Only £13m of these items represent cash outflows in FY2020/21 (FY2019/20: £11m).

Adjusted PBT is £34.2m (FY2019/20: £15.2m) which represents a 125% increase on the prior year. This improvement in profitability is a result of strong revenue growth, cost control and actions taken in loss-making locations, and delivery efficiency leading to an improvement in gross profit margins. In addition, good control of administrative expenses delivering an improved cost to income ratio. These factors together have generated an adjusted PBT margin (using net revenue) for FY2020/21 of 10.1% (FY2019/20: 5.1%).

Tax

The reported tax charge for the year is £4.6m despite a reported loss before tax of £35m. The reported loss before tax includes significant non-underlying expenses and share-based payments expense. Non-underlying expenses consist of costs relating to the acquisition of RCD in Spain, as well as the Mindcrest business, and the cost of office closures and scale-backs. Furthermore, £18.8m of the share-based payments expense relates to share-based consideration for the acquisition of RCD. Tax relief is not available for these expenses due to either non-deductibility under local tax laws or the lack of taxable profits against which deductions can be utilised. Total non-deductible expenses increase the tax charge by £7.6m, whilst total tax losses not recognised as assets increase the tax charge by a further £2.6m.

Deferred tax liabilities of £7.6m have been recognised as at 30 April 2021 in respect of intangible assets recognised on consolidation. Deferred tax assets of £4.6m have been recognised in respect of tax depreciation timing differences (£1.2m), expected tax deductions for share-based payments (£2.4m), tax losses in the UK, USA, Spain and Poland (£0.8m) and other temporary differences (£0.2m).

The Group's current tax expense of £7.0m (FY2019/20: £6.2m) mainly relates to its entities in the UK (£5.6m), Spain (£1.4m) and India (£0.2m).

With the exception of an open transfer pricing enquiry in India relating to a pre-acquisition period of the Mindcrest business, for which the Group has adequate indemnification from the sellers, there are no open tax audits or investigations across the Group. In line with Group's tax strategy, it is not considered that any aggressive or materially uncertain tax positions have been adopted by any of the Group entities. As such, the level of tax risk faced by the Group is considered to be low.

EPS

Diluted EPS from continuing operations has decreased from 5.3p in FY2019/20 to (11.9p) in FY2020/21 predominantly reflective of the statutory profit after tax change, driven by mostly one-off adjusting items, between the two years. Adjusted Diluted EPS has increased in line with the increase in adjusted PBT from 3.0p in FY2019/20 to 7.4p in FY2020/21, a 147% improvement.

Financial review continued

Dividend

The Group's capital allocation policy is to prioritise having sufficient capital to fund ongoing operating requirements, and to invest in the Group's long-term growth. Taking this into account the Board targets a pay-out ratio of up to 70% of adjusted profit after tax. For FY2019/20, a higher pay-out ratio of 90% was applied as a one-off given the exceptional trading conditions due to COVID-19. For FY2020/21, the Board has declared a final dividend of 3 pence per share, taking the total dividend for the year to 4.5 pence, reflecting a pay-out ratio of 61% of adjusted profit after tax. This pay-out ratio reflects our capital allocation policy and is viewed as a meaningful step towards the target of up to 70%. This final dividend is subject to approval at the AGM on 28 September 2021 and, if approved, will be paid on 8 October 2021 to all Shareholders on the register of members at the close of business on 10 September 2021.

Working capital, cash flow & net debt

The Group measures working capital efficiency using "Gross lock-up days". Gross lock-up days are comprised of 2 elements: Work-in-progress ('WIP days'), representing the amount of time between performing work and invoicing clients; and Debtor days, representing the length of time between invoicing and cash collection.

Driving working capital efficiency has continued to be a key focus for the Group in FY2020/21 with a number of initiatives deployed in order to achieve a permanent reduction in the lock-up day cycle. Closing lock-up days at the end of April were 186 (FY2019/20: 206) which is a 20 day, or 10%, reduction. The 20 day reduction reflects an increase in WIP days of 1 combined with a reduction in Debtor days of 21. The WIP day increase is simply a reflection of growth in the business, whilst the Debtor day reduction reflects an increase in cash collection efficiency.

The lock-up improvements have supported a strong performance on free cash flow, with FY2020/21 delivering £32.1m free cash inflow whilst FY2019/20 had an outflow of £6.6m (re-presented from an outflow of £4.4m to include a reclassification of outflows associated with the supplier payment facility). The Group has also benefitted from some COVID-19 related deferrals, with the VAT deferral of £10.7m from March 20 being paid in monthly instalments in FY2021/22. The Group expects the vast majority of the deferred liabilities, including deferred consideration for acquisitions, to be settled in FY2021/22.

The gross lock-up and cash flow performance, and deferrals, have helped to reduce net debt to £60.2m (FY2019/20: £64.9m). This reduction is despite FY2020/21 deferred consideration and acquisition related outflows of £17m. These are non-recurring outflows with only £7m of acquisition related expense from these past acquisitions remaining to be paid in FY2021/22. The Group's strategy continues to be to manage borrowings such that the leverage ratio (borrowings as a multiple of adjusted EBITDA) reduces. This is expected to be achieved through a combination of profitable growth and net debt gradually reducing over time through working capital efficiencies.

The Group has an £80m RCF, a £15m contingency facility and various other ancillary working capital facilities. The Group expects to continue to operate well within its available facilities and for all covenants to be compliant for the remaining tenure. A refinancing exercise for our main RCF of £80m that is due to mature in January 2023 is expected to start shortly after the finalisation of the FY2020/21 results with a target completion date of December 2021.

Balance sheet & capital expenditure

Balance sheet

Key balance sheet movements during the year are set out below:

- a decrease in trade and other receivables of £3.7m (excluding a decrease of £20.5m due to the impact of the RCD modification) reflective of a decrease in lock up days from 206 in FY2019/20 to 186 in FY2020/21;
- an increase in net tax liabilities of £1.5m largely reflective of the increase in taxable profits of the business;
- an increase in trade and other payables, lease liabilities and provisions of £6.2m (excluding an increase of £3.2m due to the impact of the RCD modification) due to tighter working capital management;
- a decrease in deferred consideration of £7.3m primarily reflects the settlement of the purchase price due to the Sellers of RCD, Mindcrest and Poland;
- a decrease in net debt of £4.7m as a function of the improved profitability and cash generation; and
- a decrease in trade and other receivables and an increase in liabilities amounting to £23.7m in connection with the modification of the RCD-DWF acquisition agreement finalised in January 2021 and an impairment of intangible assets of £1.4m in connection with the decision taken in Q4 to scale-back the Australian business.

Capital expenditure ('Capex')

Whilst the Group's operating structure is not capital intensive, we continue to invest in the Mindcrest business (including the build of this division's platform and the fit out of new offices in Pune). Overall Capex (excluding right-of-use asset additions under IFRS 16) in FY2020/21 was £10.6m compared to £6.0m in FY2019/20.

Conclusion

The Group has delivered on its business plan targets for FY2020/21 to drive adjusted profitable growth, control costs and improve cash generation. As well as effecting cost reduction programmes after the first COVID-19 lockdown, decisions have been made to rationalise various sub-scale and/or underperforming businesses and whilst some of these actions have benefitted the FY2020/21 income statement, the full impact of these actions is expected to be reflected in FY2021/22 performance and beyond. The decision taken in January 2021 (effective from 1 May 2021) to change the operating model to a three-division structure, focusing on delivering the Integrated Legal Management offering more efficiently, is also expected to deliver further progress on the aforementioned business plan objectives. The FY2020/21 performance has allowed the Group to return to M&A, with the acquisition of Zing365 and BarnesCraig & Associates announced in May 21. The Group enters FY2021/22 with a strong balance sheet and an improving level of profitability, allowing the Board to propose the largest dividend that the Group has delivered since listing in 2019.

Chris Stefani

Chief Financial Officer

21 July 2021

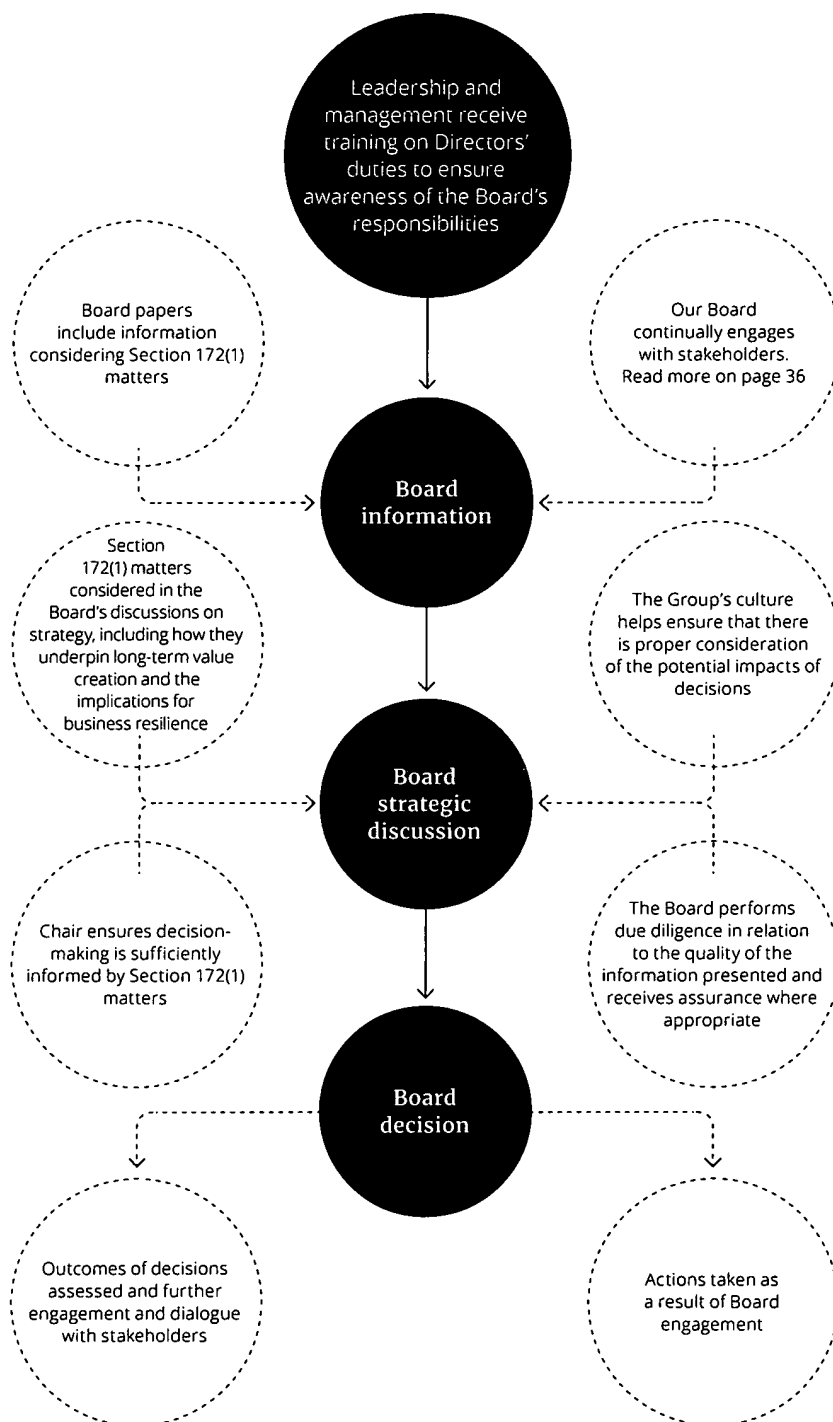
Section 172(1) statement

Section 172(1) (a)–(f) of the Companies Act 2006 ('Section 172(1)') requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

The Directors have had regard to the matters set out in Section 172(1) when performing their duties. They consider they have acted in good faith, in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with, and are affected by, our business.

The chart to the right demonstrates the Board process in considering Section 172(1) in its decision-making.

Details of how the Directors have had regard to Section 172(1) in carrying out their duties in making three key decisions during the year are set out on page 35. See pages 36 to 39 for more information on how we engage with our stakeholders and page 63 of the Corporate Governance report on how the Board's discussions and decisions have been informed by different stakeholder considerations.



Read more	Stakeholder engagement	p36-39
	Culture	p40-41 and p64
	Values	p4

Closure of offices and reduction of presence in locations

Following a strategic review throughout the year, the Board took decisions to close offices in Brussels, Singapore and Australia whilst reducing its presence in Dubai.

Management reviewed operations and performance levels to ensure all locations aligned with the Group strategy and demonstrated an ability to deliver profitable revenue growth.

In considering the closure of these offices the Board considered key stakeholder groups including our people, our clients and our Shareholders and were conscious of the need for effective engagement to relay their decision.

These decisions aligned with the Group's strategy to deliver profitable revenue growth, cost reduction and generate increased free cash flow.

How we engaged

- One-to-one calls with management and key affected partners.
- Virtual Town Halls with all employees and partners to notify them of the changes and answer any questions.
- Analysts were briefed and an operating and trading update was released to the market via RNS.
- Key clients were briefed and consistent communications were sent to all clients.

Outcome of engagement

- Successful closure of offices with remaining locations performing well.
- Employees and partners have embraced the changes with minimal disruption.
- Shareholders have understood the strategic rationale behind the Board's decisions and support the decisions.

New operating model

During the year, the Board undertook a strategic review to provide a clear vision statement, client value proposition and strategy. In order to be the leading global provider of integrated legal and business services, the Group's client offering and operating model needed to adapt.

The revised structure better supports the strategy of offering clients an Integrated Legal Management approach. Further information on this can be found on pages 4 and 5.

The Board considered the risks and impact of changes to the Group's key stakeholder groups, particularly our people and our clients.

How we engaged

- Engaged with clients through the client census and meetings to understand what they expect from legal and business services to inform the new operating structure.
- Virtual Town Halls with all employees and partners to inform them of the changes in the operating structure and answer any questions.
- Announcements were made on Rubix, the Company's intranet.
- An operating update was released to the market via RNS.

Outcome of engagement

- Successful implementation of new operating structure from 1 May 2021.
- Movement towards a one team, no borders culture.
- Introduced a streamlined and efficient global offering to meet the needs of clients and help fulfil the Company's aim of becoming the leading global provider of integrated legal and business services.

Recommence M&A

Following the challenges of FY2019/20 and COVID-19, the Board decided to put a temporary pause on M&A. As performance during this year improved, the Board revisited its appetite for M&A and took the decision to recommence M&A if appropriate opportunities arose, as M&A is a key factor in enabling the Group to achieve its strategy.

Towards the end of the financial year the Board approved in principle, the acquisitions of Zing 365 Holdings Limited and BCA Claims & Consulting Limited. The acquisition of Zing 365 Holdings Limited was completed on 24 May 2021 and the acquisition of BCA Claims & Consulting Limited was completed on 25 May 2021.

The Board considered how the proposals aligned with the Group's strategy, the synergies that may be achieved post-acquisition, whether the targets were a cultural fit for the Group and the risks and benefits to our key stakeholders.

How we engaged

- Engaged with relevant internal teams as part of the assessment of the synergies, cultural fit, risks and benefits.
- Global Virtual Town Halls with all employees and partners to inform them of the FY2020/21 Trading Statement including confirmation that the acquisitions had completed with an opportunity for questions to be asked.
- Announcements were made on Rubix, the Company's intranet, the Company's website and social media platforms.
- FY2020/21 Trading Statement released to the market via RNS.

Outcome of engagement

- Shareholders have responded well to the return to M&A.

Engaging with our stakeholders

Listening and responding to our stakeholders

Our people (employees and partners)

Why we engage

Our people are the heart and soul of our business and the key to its success. It is important to properly incorporate our people's views in Board decision-making.

We understand that it is vital that we recruit, retain and develop the best people. By doing this we will be able to implement our strategy and fulfil our purpose.

How we engage

- Virtual Town Halls hosted by the Group Chief Executive Officer and supported by Non-Executive Directors or Executive Board members, as appropriate
- Weekly email and recorded video briefings from the Group Chief Executive Officer to all colleagues
- Global Pulse Surveys
- Partner representation on the Board through our Partner Directors
- Rubix, our Company intranet, provides a range of useful information for our people and updates on the performance of the Company and other business matters
- Formal and informal engagements with the Board appointed Designated Non-Executive Director for the workforce
- Rubies and Achievers employee recognition platforms

Key interests

- Strategy, business plan and budget
- Recognition and fair reward
- Open communication
- Diversity and Inclusion
- Ways of working including our response to COVID-19
- Opportunities for professional and personal development

Outcome of engagement

- Company specific COVID-19 guidance and regular updates
- Increased provision and support for flexible working
- Improved guidance on managing mental health and wellbeing
- Launch of new Group Bonus Plan
- Launch of study support in UK and Ireland to aid self development whilst staff are in their current role
- Pulse Forum to consider the results of the Pulse Survey and provide recommendations to further improve our people proposition, comprising representatives from across our locations, offices and career levels
- Exploring opportunities to re-shape our premises strategy following responses to the global employee survey

Clients

Why we engage

Clients are integral to everything we do, and so it is important we understand how we need to evolve to provide them with the right support.

How we engage

- Key Account Programme with a dedicated Executive Board sponsor
- Client Census to discover satisfaction metrics and key themes of feedback
- A special COVID-19 hub to help clients with current challenges
- Client Relationship Partners

Key interests

- High quality service delivery
- Legal and business services to be delivered in an easier and more efficient way
- Development of new services and areas of expertise
- Expansion of our offering globally
- Response to COVID-19

Outcome of engagement

- An above industry average Client Net Promoter Score of 49
- 56% of our clients rated us a 9 or 10 on a scale of 0-10 for service
- A strong record of retaining existing clients and winning new business, including a double panel appointment with LV= and Allianz

As a professional services business, the relationships we build and sustain are critical to delivering our strategy and ensuring the long-term success of our business. We use a range of engagement mechanisms in order to understand and consider stakeholder views in the Board's decision-making and general oversight.

In the following table, we set out who our key stakeholder groups are. By illustrating why each stakeholder group is important to us and through the engagement methods we use with them, we are able to demonstrate what is important to each stakeholder group. This ultimately informs the decision-making of the Board and the Group as a whole.

Suppliers	Shareholders
Why we engage Effective and trusted relationships are key to our service offering. We engage to ensure suppliers are providing value for money, performing to our standards and conducting business to our expectations for a mutually beneficial relationship.	Why we engage Our Shareholders play an important role in monitoring and safeguarding the governance of our Group. Some are also employees and partners, who have a critical role to play in the continued success of our business.
How we engage • Through a fair and consistent evaluation process • Use of competitive Request for Proposal ('RFP') processes where appropriate • Regular review meetings with key suppliers • Ongoing feedback to maintain openness and to improve value from supplier relationships	How we engage • Financial reporting and trading updates via RNS • A series of events throughout the financial year, including our AGM, and presentations of our half-year and full-year results • Management attend relevant conferences and meet with investors and potential investors throughout the year
Key interests • RFP process • Due diligence requirements • Good governance expectations • Payment processes and terms • Impact of COVID-19	Key interests • DWF's strategy for growth and any associated risks and opportunities • Financial and operating performance of the business • Long-term sustainable and profitable growth of the Company • Progress in reducing debtor and WIP days and reducing net debt • Environmental, social and governance issues • Our response to COVID-19 • Transparency and good governance
Outcome of engagement • Strong supplier relationships • Development and continuous improvement of processes to improve overall consistency such as a standardised RFP, a supplier categorisation and assurance framework, and a Supplier Code of Conduct and Ethical Sourcing Questionnaire	Outcome of engagement • Trading updates to the market • Engagement with larger Shareholders and potential investors

Engaging with our stakeholders continued

Debt providers

Why we engage

Access to working capital is the lifeblood of any business, especially in the current environment as companies need to ensure they have sufficient liquidity to navigate the challenges presented by COVID-19. It is essential we have strong relationships with our banking providers and that they are clear about our strategy.

How we engage

- Representatives from each bank attend our full-year and half-year results presentations
- Management have regular discussions with our banks about our strategic priorities

Key interests

- Initiatives to improve lock up days
- Capital allocation strategy
- Risk appetite and approach to leverage and the provision of ancillary products over and above the Revolving Credit Facility to support the Group's growth ambitions

Outcome of engagement

- Strong and supportive relationships
- Achieved a one year extension to the Revolving Credit Facility
- Covenant relaxation in place until January 2022

Our communities

Why we engage

We believe that we can build thriving communities in which we live and work, create a skilled and inclusive workforce today and for the future, and innovate to repair and sustain our planet.

How we engage

- Volunteering in local communities
- Charitable giving by the DWF Foundation
- 5 STAR Futures, our community education programme, workshops and awards evening
- Pro bono work

Key interests

- Environmental and social issues including climate change
- Developing skills in young people to become more work ready
- Business ethics
- Employment
- Wider community support programmes
- Response to COVID-19

Outcome of engagement

- DWF Foundation donated £203,515 through 133 grants investing in education, employability, health & wellbeing, homelessness, environment and COVID-19 response
- 5,876 hours volunteered by our people
- 2,613 hours of pro bono support
- 1,691 hours invested in education and employability activities

Our regulators

Why we engage

We engage with our regulators in each jurisdiction in which we operate, including the Solicitors Regulation Authority ('SRA') in England, which is our largest market, to maintain and build the constructive and trusted relationships vital to any regulated entity.

How we engage

- Regular meetings with our regulators
- Quarterly meetings with our SRA Regulatory Manager
- Annual reporting to the SRA on strategy, risk management and regulatory compliance
- Attendance at SRA-led Compliance Forum

Key interests

- Professional standards and compliance
- Training programme
- Innovation and data-driven disruption
- Impact of COVID-19

Outcome of engagement

- Constructive relationships and an open dialogue
- Regular regulatory updates provided to the Board

Policymakers

Why we engage

We work with national and local Governments, policymakers, regulators and trade bodies to help shape policy for the benefit of the Company, our people, our clients and our communities.

How we engage

- Participation in consultations
- Attendance and participation at conferences and business network events
- Membership of relevant industry bodies
- Creation of thought leadership

Key interests

- Regulatory change in the sector
- Innovation in the provision of legal services
- Response to COVID-19, and the broader impact on different sectors

Outcome of engagement

- Opportunity to shape policy development
- Positive client relationships with governmental bodies

DWF Life

DWF Life brings together all of the essential elements of what it means to be a part of DWF, ensuring that together all of our colleagues continue to make DWF a great place to work.

Building a one team culture underpinned by our global values and behaviours is essential if we want to provide a rewarding and fulfilling working environment, with routes to develop and the freedom to grow. Our business thrives on empowering each other to share experiences and ideas, where our people feel valued, recognised, and can be themselves. Our people are key to DWF's ability to deliver our vision to become the leading global provider of integrated legal and business services, which in turn will help us to attract and retain talent, which is essential to our success.

Culture

We are a people business. We strive to ensure that this is reflected in a positive and inclusive culture, underpinned by our values and behaviours, which helps us to retain the best talent and deliver for our clients, our communities, and each other.

Excellence

As we aspire to become the leading global provider of integrated legal and business services, excellence should be at the heart of everything we do. With excellence comes quality, and in order to embed excellence we need everyone doing quality work for quality clients.

Career Development

With clients and colleagues located across the world, our collaborative approach creates the perfect opportunity to gain broader 'hands on' experience. At DWF, defined career paths and programmes enable our people to thrive and develop both professionally and personally. In addition to more structured learning, colleagues have open access to a growing library of self-paced learning.

Reward & Benefits

We reward performance and behaviours that reflect our values and promote the success of our business. Our listing on the London Stock Exchange offers our colleagues the opportunity to own a stake in DWF, creating a genuine partnership that enables everyone to benefit from our financial performance. We provide a range of benefits that are designed to suit the health and wellbeing, lifestyle, savings and protection needs of colleagues and their families.

Work Environment

DWF is a collaborative and inclusive environment that celebrates achievements and promotes a healthy work-life balance. Connectivity is essential for building relationships internally and externally, whether this be in one of our locations or via our flexible approach to agile and home working. Working together is a key driver behind our global infrastructure where we think digital first. We continue to explore innovative ways in which colleagues can maximise flexibility, whilst delivering excellent service.

DWF Life encompasses everything about who we are and what we do. The five pillars of DWF Life reflect how it feels to work at DWF and describe the commitments we make to all our people.

Environmental, Social and Governance report

ESG

At DWF, we seek to create long-term value for all of our stakeholders.

The Board is committed to strategically integrating and advancing our Environmental, Social and Governance ('ESG') efforts. The Board will soon approve a new ESG Strategy to scale our collective impact and ambition globally.

A Group Head of ESG has been appointed, and an ESG Leadership Group established, to oversee and monitor the implementation of the ESG Strategy. Day-to-day, the ESG Leadership Group will actively challenge and champion ESG at all levels of the business, help remove barriers to progress, and support the establishment of ESG policies, procedures and metrics. Members of the ESG Leadership Group are invited from across the business and include DWF's Group Chief Operating Officer and as a minimum, appropriate representatives from Company Secretariat, Client Development, Facilities, Property & Procurement, Finance, Risk and HR.

The ESG Leadership Group identifies and, via the Group Head of ESG, reports quarterly to the Executive Board and at least twice a year to the Board, on ESG risks and opportunities, and actions needed to improve ESG in line with the ESG Strategy and evolving internal and external stakeholder expectations.

As a leading global provider of integrated legal and business services, we play an important role in helping businesses to grow and prosper. However, as the only Main Market listed business in our sector, we recognise that there is increased stakeholder interest in how we do business, where and who we do business with, and the level of our ambition and action to integrate and manage ESG risks into our business operations.

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

The Board will report on the governance, strategy, risk management, metrics and targets in respect of climate-related risks in the TCFD section of its Annual Report and Accounts next year. As part of the development of the Group's soon to be launched new ESG Strategy and its implementation, the Board, supported by the ESG Leadership Group, will integrate new, and refresh existing, processes into the Group's overall risk management framework to identify, assess, and manage climate-related risks and opportunities over the short, medium, and long term. Consideration will continue to be given to the impact of climate-related risks and opportunities on the Group's businesses, strategy and financial planning; and the resilience of the Group's strategy in different climate related scenarios. For information on our annual greenhouse gas emissions (including SECR) please see pages 111 and 112.

We already manage a wide range of ESG factors and have taken action in support of the 10 principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption (more information can be found here dwfgroup.com/about-us/responsible-business). We are also accelerating our contribution to the delivery of the Sustainable Development Goals ('SDGs') and the UN Women's Empowerment Principles, as an integral and deliberate part of our business strategy aligned to the UN 2030 agenda and 1.5C pathway.

COVID-19 has changed society and the business landscape. The challenge and opportunity now is to respond to the global call for businesses to build back better from COVID-19, in a way that visibly

aligns to the UN 2030 Agenda. That is why our Group Chief Executive Officer joined with other business leaders in 2020, to call on the UK Government to ensure that SDGs are at the heart of the UK's COVID-19 recovery plans.

Participation in the UN's SDG Ambition Accelerator Initiative and a soon to be launched new ESG Strategy, will help to scale our collective impact and ambition globally.

How we make a meaningful difference

- Operationalising our ESG Strategy in line with our purpose and values
- Creating and sustaining a business that is diverse and inclusive for all employees
- Empowering young people in areas with low social mobility to enter the world of work
- Raising funds to enable the DWF Foundation to provide grants to charities whose work impacts people in locations where we have a presence
- Donating our time and skills to tackle local social issues
- Minimising our impact as a low-carbon and more circular business
- Ensuring a zero tolerance approach to modern slavery and human trafficking in our supply chain

Materiality

Working with Business in the Community, the largest business-led membership organisation dedicated to responsible business, we are undertaking a comprehensive materiality assessment to identify the ESG risks and opportunities that are most important for our Group and our stakeholders to inform our new ESG Strategy. The approach we are taking aligns with external ESG frameworks including GRI, SASB and the UN Global Compact.

We are following a four-stage process:

1. desk-based research to create a "long list" of material issues – Completed;
2. stakeholder mapping and interviews with internal and external stakeholders to ensure diverse insight and perspectives and prioritise the most material issues – Completed;
3. validate the draft materiality matrix through additional stakeholder engagement – In progress; and
4. use the completed materiality assessment to inform our ESG Strategy to 2030 – To follow.

A systematic approach to materiality will enable us to effectively drive the implementation of our new ESG Strategy across our business, measure whether the changes we implement are having an effect, and so better respond to stakeholder expectations. The final materiality matrix will clearly illustrate the ESG issues that our materiality assessment suggests are important to our Group. We are committed to working closely with all our stakeholders and will review our materiality matrix at least every two years to ensure our approach remains fit for purpose. The materiality matrix can also be used by our stakeholders to understand the focus of our approach and track our progress.

We provide our draft materiality matrix below. Our final materiality matrix and new ESG Strategy will be available on our website by autumn 2021.

Risk Management

The Group has in place a comprehensive suite of policies and processes for managing climate-related risks. Our ISO14001:2015 certified Environmental Management System is firmly embedded.

It identifies and controls the environmental impact of our business and supports the enhancement of our working practices.

During FY2020/21, the Board oversaw the climate-related risks and opportunities facing the Group by receiving regular reports, including a quarterly Health & Safety report, a bi-annual ISO Standards report, and papers regarding the development of the new ESG Strategy and the materiality assessment. Processes for identifying, assessing and managing climate-related risks are integrated into our overall risk management. Our Board approved Group Risk Taxonomy ensures we consider the full and evolving spectrum of risks the Group faces. Processes and controls are subject to independent audit and assurance. We are evolving our approach to the management of climate-related risks by:

- strengthening scenario analysis to robustly quantify the operational risk and incremental impact arising from climate change;
- continuing to work with law-abiding businesses that demonstrate responsible business in practice, meeting all our legal and regulatory

requirements, and supporting clients to improve their ESG performance rather than decline all transactions that carry heightened environmental or social risks. Our business teams form the first line of defence by applying policies, procedures and controls;

- reviewing our due diligence processes for identifying and escalating clients in high-risk sectors and/or jurisdictions to consider where additional due diligence should be applied to mitigate how environmental or social risks are managed by our clients. We will consider the extent to which we can work with the client going forwards to address their ESG risks and whether they are unwilling or unable to mitigate the risks identified; and
- undertaking a materiality assessment. The final materiality matrix will further support the identification and assessment of climate related risks.

Environmental, Social and Governance report continued

Metrics and targets – ESG in practice

Environment

Climate change has become a critical environmental and business challenge. We recognise our role in supporting the global transition to a sustainable low-carbon economy, and aim to lead by example in our own operations. Continuing to take a sustainable view of our business performance, means integrating ESG principles across our operations, building our resilience to climate change, and playing our part to help repair and sustain the planet.

Our approach

In supporting the principles of sustainable development, we have in place an Environmental Management System to identify and control the environmental impact of our business and support the enhancement of our working practices.

How we make a meaningful difference

- Supporting the aims of the 2015 Paris Agreement.
- Actively managing our carbon emissions aligned to a 1.5C pathway.
- Working to incorporate climate change scenarios to understand the impact on our business model.
- Taking action to ensure efficient use of resources, following the 'Reduce, Reuse, Recycle' waste hierarchy.
- Investing in technology to help drive our sustainability agenda.
- Maintaining ISO14001 certification as part of the external auditing of our sustainability performance.
- Collaborating to develop, apply and promote environmental best practice to enhance our resilience to climate change.

Setting science-based targets

We recognise that companies that set science-based targets build long-term business value and safeguard their future profitability. To hold off some of the worst climate impacts and avoid irreversible damage to our societies, economies and the natural world, we must hold temperature rises to no more than 1.5C above pre-industrial levels.

DWF has signed the commitment to setting science-based targets and will track and report progress annually.

SDG Ambition

We are taking part in the UN's SDG Ambition, a global accelerator initiative that aims to challenge and support UN Global Compact companies to set ambitious corporate targets into its core business management. This programme runs from October 2020 to July 2021 and a key outcome will be aligning our decarbonisation goals with science-based targets and embedding a set of material sustainability goals delivered by 2030 to accelerate our contribution to the SDGs. For information on our annual greenhouse gas emissions (including SECR) please see pages 111 and 112.

Our people

Inclusive culture

We have a collaborative and inclusive culture that drives our decisions. This means:

- sustaining a workplace where everyone is included, valued and equipped with skills for today and the future;
- nurturing a collaborative culture to maximize the expertise and abilities of all our people;
- maintaining workplaces that live our values and the importance of employee wellbeing;
- ensuring all our people are treated fairly and with respect and dignity, in a safe and comfortable environment that values and promotes diversity and inclusion; and
- providing opportunities for dialogue, as well as personal and professional growth.

Diversity and Inclusion strategy

Our five priorities

1. Ownership

Enabling and empowering our people to own our Diversity and Inclusion agenda, not just engage or take part.

2. Representation

Ensuring our actions are data driven so we can build diverse representation at all levels of our business through the development of targets and metrics.

3. Global direction

As a global business we recognise the importance of understanding local priorities and that collaboration without borders is vital to achieving full inclusion.

4. Driving decisions

Increasing accountability and transparency of this strategy means moving from executive engagement to executive ownership and ensuring every decision our business takes has a Diversity and Inclusion lens.

5. Sense of belonging

Representation is meaningless unless our people feel they belong and are empowered to do their best. When our people feel they belong, they want to stay and grow with us. We believe this circle of belonging is essential to our future.

Our five strands

We recognise there are many elements of an individual's identity that overlap and we consider the impact of intersectionality across our strands. Age, Flexible/Agile Working and Social Mobility are woven throughout these strands:

- Gender
- Race & Ethnicity
- LGBT+
- Disability
- Mental Health

Our Annual Diversity Week 2020

- 13 global events
- Launched a global Diversity & Inclusion Hub and Diversity and Inclusion e-learning
- A Diversity and Inclusion video showcased our networks and our values
- Over 1,000 people participated throughout the week across 10 countries

Progress against targets

- The Board to maintain its current gender diversity with no fewer than three women on the Board – Achieved.
- Female representation on the Executive Board to be raised to at least 33% by 2022 – Achieved.
- Women to hold at least 30% of senior leadership positions by 2022 – On target.
- Target to achieve at least 10% Black, Asian and Minority Ethnic ('BAME') representation across senior leadership positions by 2022 – Currently not on target.
- The Board to initiate ethnicity pay gap reporting by the end of 2020 – Achieved.

We are building on the efforts we have made in recruiting and retaining diverse talent by:

- ensuring talent pipelines and succession planning within each division have a focus on female and BAME talent aligned to current targets;
- expanding race and ethnicity reverse mentoring with new members of the Executive Board; and
- utilising high-performance programmes that can advance the careers of BAME colleagues.

All line managers will undertake 'Inclusive Leadership Training' and we have embedded the practice of Blind CVs for all mid to senior management positions resulting in gender balanced new starter demographics (50%).

In support of our Diversity and Inclusion strategy, we have held listening sessions across our locations engaging with over 1,000 colleagues in total: 12 online roundtables with women; three roundtables with men; and two roundtables with BAME colleagues.

Since 2016, DWF have placed 132 newly recruited and existing colleagues on apprenticeships including paralegal, business administration, IT and finance

apprenticeships. Of these, 48% completed their apprenticeship and were offered permanent positions, with a quarter of those progressing onto a higher-level apprenticeship.

Closing the gaps

In 2020, we published our fourth gender pay gap report and for the first time, voluntarily included details of our ethnicity pay gap. This report, which includes our targeted action plan can be found at dwfgroup.com/en/about-us/diversity-and-inclusion/gender-pay-gap.

For a summary of the Board, Executive Board, Senior Management and all employees' gender diversity as at 30 April 2021 see page 71.

2020 gender pay gap

Employee hourly pay gap	2017	2018	2019	2020
Mean hourly pay gap	24%	23%	22%	21%
Median hourly pay gap	27%	24%	23%	24%

Self-employed hourly pay gap	2017*	2018	2019	2020
Mean hourly pay gap	13%	16%	15%	13%
Median hourly pay gap	5%	16%	14%	11%

Combined hourly pay gap	2017*	2018	2019	2020
Mean hourly pay gap	50%	48%	39%	37%
Median hourly pay gap	36%	32%	33%	33%

*Not published in 2017

2020 ethnicity pay gap

Employee hourly pay gap	2020
Mean hourly pay gap	15%
Median hourly pay gap	13%

Self-employed hourly pay gap	2020
Mean hourly pay gap	-15%
Median hourly pay gap	-9%

Combined hourly pay gap	2020
Mean hourly pay gap	23%
Median hourly pay gap	22%

A negative figure indicates a bonus pay gap in favour of BAME colleagues

In the UK, we are recognised as:

- a Times Top 50 Employer for Women;
- a Stonewall Top 100 Employer;
- a Top 10 Employer for Working Families;
- a Top 75 Employer in the Social Mobility Index;
- a Disability Confident Leader;
- Gold Standard in the Employer Network for Equality & Inclusion's TIDE (Talent Inclusion & Diversity Evaluation) benchmark; and
- a UK Living Wage Employer.

Enabling talent

Our Values & Behaviours in Action Guide enables all colleagues to understand the values and behaviours that are expected of them and provides our line managers with guidance on what behaviours and values they should look to role model and encourage in their people.

Based on ongoing feedback, we have also made significant improvements to streamline and simplify our performance review process, making the questions more meaningful to allow for effective conversations and the opportunity to discuss career aspirations, as well as learning and development support that colleagues may be seeking.

The curriculum on the DWF Academy, our global learning platform, supports our people at every stage of their career by providing three programmes of live training – Foundations, Essentials and Leadership. The DWF Academy also houses skills-based e-learning, technical training and our mandatory training – 6,400 training hours in total.

Health & wellbeing

Our Wellbeing Steering Group oversees our strategic focus on four pillars of wellbeing – Physical, Lifestyle, Mental Health and Workplace Environment. Wellbeing Champions act as points of contact and reassurance, to listen non-judgementally, provide support and information and encourage appropriate professional and/or other support. As a signatory to the Mindful Business Charter, we actively encourage a culture of openness to remove the avoidable stressors in the workplace and stigma surrounding mental health.

Environmental, Social and Governance report continued

Our wellbeing hub provides access to resources, guides and a range of other support. During COVID-19, we created a dedicated COVID-19 hub, which demonstrates our commitment to ensuring that we do all we can to protect our colleagues and their families, and empower our colleagues to balance their work and life commitments.

Supporting disability

The Group is committed to creating and sustaining a diverse and inclusive organisation where colleagues with disabilities or long-term health conditions feel valued and supported. We also ensure opportunities for training, career development and promotion are available to all.

We retain our Disability Confident Leadership status, which recognises our inclusive culture and the steps taken to identify and remove barriers to disabled talent reaching their full potential. Our use of Clear Talents online software, helps us manage the process of identifying, implementing and tracking the adjustments that allow colleagues to feel included and perform at their best. The platform is not only there to overcome barriers that a disabled person may face in recruitment and employment but also to overcome barriers which having caring responsibilities, being of a particular race or culture or being trans, for example, may present.

We were delighted to receive the Best Candidate Experience Award from the Recruitment Industry Disability Initiative ('RIDI') in 2020.

Doing business the right way

The legal industry is changing and we are setting the pace as a progressive, innovative global business. A responsible and sustainable approach to doing business remains central to our purpose and in conducting our business activities we are committed to embedding environmental and social considerations into our business processes and decision-making.

Human Rights

DWF supports the principles of Human Rights set out in the Universal Declaration of Human Rights and the International Labour Organisation ('ILO') core labour standards, as well as being a signatory of the UN Global Compact.

Code of Conduct

In 2020, we launched our global Code of Conduct, Ethics Statement and Speak Up policy & helpline, which reinforce our zero tolerance approach to: unsafe, illegal or unethical working practices; discrimination; bullying and harassment; bribery and corruption; and retaliation against anyone who speaks up and does the right thing.

Tax transparency

Our approach to tax is published in our tax strategy. We recognise the important part that taxes play in generating revenue for governments across the globe to meet their economic and social objectives, and the important role that we, as a responsible business, play in contributing to society by paying and collecting taxes.

We comply with all statutory obligations and conduct our tax affairs in a clear, fair and transparent way. Our Chief Financial Officer is the Board member with executive responsibility for tax matters, and presides over an effective system of tax-risk management maintained by an in-house tax team staffed with appropriately qualified individuals. As a responsible business, we do not undertake aggressive tax planning, and seek to develop positive and open relationships with tax authorities.

Modern slavery

Our Modern Slavery Statement is available here dwfgroup.com/en/notices/modern-slavery-statement. In the last 12 months, we have had no reported incidents of slavery or trafficking in our operations or supply chain.

Community

Our community investment through volunteering and fundraising is targeted at making a positive impact on the communities we operate in. The following are some examples of our community initiatives.

5 STAR Futures

Since 2012, our flagship education programme has been designed to advance social mobility and help tackle social disadvantage. The programme helps young people make the most of their potential and increase their prospects of employment by developing their confidence and learning about the essential skills needed in the world of work. Amid the disruption to students over the period, we delivered 12 interactive online sessions covering topics such as routes to law, roles in a legal business, Diversity and Inclusion, innovation and working from home. Further details can be found here: dwfgroup.com/en/about-us/responsible-business/5-star-futures.

The DWF Foundation

The DWF Foundation is an independent charity, founded by DWF. It has the sole aim of providing funds, resources and mentoring support to help individuals, groups and communities to achieve their full potential. Further details about the DWF Foundation and its work can be found here: dwfgroup.com/en/about-us/dwf-foundation.

Throughout COVID-19, the DWF Foundation continued its grant giving and listened to our community partners to support those most impacted. To support charities experiencing a drop in revenue, we launched online training sessions to offer guidance on applications to the DWF Foundation and/or other charitable foundations.

DWF Foundation community investment FY2020/21

A total of £203,515 donated, through 133 grants.

Education	14 grants, £38,215 donated
Employability	7 grants, £20,000 donated
Health & wellbeing	33 grants, £72,830 donated
Homelessness	14 grants, £38,970 donated
Environment	1 grant, £2,900 donated
COVID-19 response	64 grants, £30,600 donated

Non-Financial Information Statement

The following table sets out where stakeholders can find relevant Non-Financial information within this Annual Report and Accounts, further to the Financial Reporting Directive requirements contained in sections 414CA and 414CB of the Companies Act 2006. Where possible, it also states where additional information can be found that support these requirements.

Reporting topic	Policies and standards which govern our approach	Annual Report and Accounts section reference	Page no.
Environmental	- Environmental, Social and Governance Strategy - Supplier Code of Conduct - Sustainable Development Goals	Environmental, Social and Governance report – ESG	42 to 44
Employees	- Environmental, Social and Governance Strategy - Code of Conduct - Ethics Statement - Diversity and Inclusion policy - Speak Up policy & Helpline	Environmental, Social and Governance report – Our people Engaging with our stakeholders DWF Life Corporate Governance report	44 to 46 36 to 39 40 to 41 66
Social and community matters	- Environmental, Social and Governance Strategy - DWF Foundation	Environmental, Social and Governance report – Community Engaging with our stakeholders	46 36 to 39
Respect for Human Rights	- Environmental, Social and Governance Strategy - Supplier Code of Conduct - Modern Slavery Statement - Human Rights policy	Environmental, Social and Governance report – Doing business the right way	46
Anti-Bribery and corruption	Anti-Bribery and Corruption policy	Corporate Governance report	66
Business model		Our business model	16 to 17
Principal risks and uncertainties	- Risk taxonomy - Risk register	Risk Management Principal risks and uncertainties Risk Committee report	48 to 49 50 to 51 82 to 84
Non-financial KPIs	Environmental, Social and Governance Strategy	Measuring our performance	2 to 3

Our approach to risk



Risk Management

Risk management is key to our operations. It assists us in protecting our business for the benefit of all of our stakeholders and helps us to deliver long-term Shareholder value.

The Group's strategy takes into account risks, as well as opportunities, which need to be actively managed. The Board is ultimately responsible for determining the Group's appetite for risk and therefore the nature and extent of the principal risks it is willing to take to achieve our strategic objectives. In addition, the Board challenges management's implementation of effective systems of risk identification, assessment and mitigation.

Our Enterprise Risk Management Framework ('ERMF') is an integral part of our business and is co-ordinated by our Group Risk and Excellence team, which reports to our Group Chief Operating Officer. Risk management activities include identifying risks, undertaking risk assessments and determining mitigating actions. These activities are regularly reviewed by the Executive Risk Committee and Internal Audit, which provide assurance to our Risk Committee, and ultimately to our Board.

Risk Management process

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management activities. The Risk Committee meets at least three times a year to receive updates from risk owners and the Group Risk Director. These activities are designed to identify, assess, respond to, report on and monitor the risks that might threaten our ability to achieve the Group's objectives within its risk appetite.

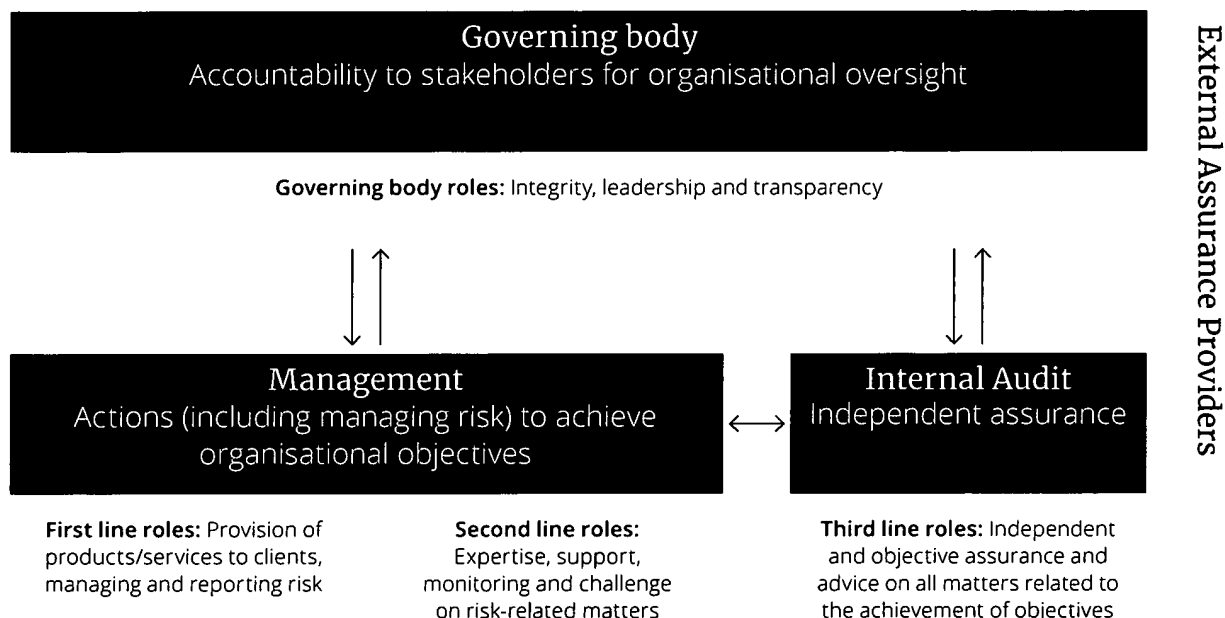
The Group Risk Register, which captures the most significant risks faced by the business, at an inherent and residual level (after consideration of mitigating controls), is regularly reviewed by the Executive Risk Committee, and by the Risk Committee at least twice per year. The Risk Committee recommends to the Board the appropriate appetite for each of the main risks the Group faces.

Control activities – Three Lines of Defence

The Group follows the Three Lines of Defence approach to risk management, with risks owned and managed by the business. In this model:

- the first line comprises those engaged in the delivery of services and products for our clients and stakeholders, including associated support functions such as Finance, HR, IT, Client Development and Marketing. This first line identifies, manages and reports on its risks;
- our Risk, Excellence and Compliance functions are our Second Line of Defence, which establishes Group policies and procedures under which first line activities are conducted and in line with the Group's risk appetite. The Compliance function monitors the performance of the first line against these policies and procedures; and
- Internal Audit is our Third Line of Defence, responsible for providing independent assurance over the effectiveness of governance, risk management and financial control of current and emerging risks.

Three Lines of Defence



Risk Appetite

The Group's risk appetite, set by the Board and reviewed annually, sets out how we balance risk and opportunity in pursuit of our objectives.

Appetite	DWF Risk Appetite definition
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is paramount. Activities undertaken will only be those considered to carry virtually no residual risk.
Minimalist	Preference to undertake activities considered to be very safe in the achievement of key deliverables or initiatives. Activities will only be taken where they have a low degree of residual risk. The associated potential for reward/pursuit of opportunity is not a key driver in selecting activities.
Cautious	Willing to accept/tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant reward and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	Undertakes activities by seeking to achieve a balance between a high likelihood of successful delivery and a high degree of reward and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Hungry	Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a very high residual risk.

Overall Risk Appetite statement

Overall, the Group maintains a 'cautious' risk appetite and will only behave in ways that:

- do not conflict with the Group's values and are aligned with its risk appetite and business strategy;
- do not expose the Group's capital position or the resilience of its services;
- are aligned with the needs of the Group's clients and ensure that they are treated fairly; and
- are always in accordance with local laws and regulations.

Principal risks and uncertainties

Principal risks

During the year our ERMF has continued to develop. Our risk culture is further embedded with adherence to our risk management disciplines and adoption of the requirement to formally consider emerging risks, best practise and controls. The Board considers the principal risks to be the most significant risks faced by the Group, with each monitored against its specific risk appetite. These principal risks, shown below, do not include all risks the Group encounters.

Mitigating actions are provided for illustrative purposes and should not be taken as the full list of associated mitigating actions for each identified risk. The risk rating shown is comparable with the FY2019/20 rating.

Business, commercial, strategy risk

We maintain a diversified portfolio of legal services products across multiple jurisdictions to minimise negative impact and optimise business opportunities due to material changes in laws, client demands or Group resources. We retain an overall 'open' risk appetite when managing our business model and strategy.

We rely, inter-alia, on our reputation to influence and secure the engagement of our clients, regulators, sector and industry participants and stakeholders, ensuring we retain a 'cautious' risk appetite with regard to our reputation.

Risk rating:
Stable

Example risk mitigating action:
The Group operates a detailed integration programme to align all new offices and teams in the DWF ways of working.

Conduct and ethics risk

We are 'averse' to risks which threaten our ability to perform within all relevant laws and regulations with which we must comply.

Risk rating:
Stable

Example risk mitigation action:
The Group maintains strong relationships with all its key regulators, maintaining an active dialogue to remain aware of impending regulatory and legal developments.

The Group seeks to ensure our people are appropriately trained, supervised and incentivised to ensure their behaviour and activities do not inadvertently result in poor outcomes for clients.

People risk

We have a 'cautious' risk appetite to risks which threaten our ability to recruit and retain our people reflecting their critical role at the heart of our business. We focus on attracting, mobilising and retaining the right talent and skills, as well as identifying a strong succession and leadership pipeline.

The Group promotes diversity and inclusion with an 'averse' risk appetite to non-inclusive behaviours including discrimination, bullying and unfair treatment of employees. As such, we promote our Speak Up policy to ensure incidents of such behaviours are safely escalated with disciplinary action taken as appropriate.

Risk rating:
New¹

Example risk mitigation action:
An employee Pulse Survey was undertaken during the year with actions taken as needed to respond to the results.

As COVID-19 restrictions reduce, we are monitoring closely the well being of our people and their choices in respect of their preferred working environment.

Operational risk

Overall, we maintain a 'cautious' risk appetite towards maintaining appropriate operational processes, systems and controls to support delivery, as well as towards the development and enhancement of those systems. This approach acknowledges the growth and operational maturity of our multiple locations.

We are heavily reliant on information and data to operate as an effective risk-based legal and business services provider. The inappropriate disclosure of sensitive or restricted information can erode trust, damage our reputation and ultimately prevent us from being able to function. As such we have a "minimalist" appetite for such risks.

We have a 'hungry' appetite for taking well-managed risks where innovation and change create opportunities for discernible benefits and clear improvement in our ability to achieve our objectives.

Risk rating:
Stable

Example risk mitigation action:
There are a number of strategic projects being undertaken, that are aligned with the mitigation of risk in some of these key areas.

Financial and reporting risk

We maintain internal capital and liquidity levels, which meet or exceed counterparty or regulatory requirements and allow the Group to meet its financial obligations, ensure investment, maintain the confidence of our stakeholders and provide sustained Shareholder return. We therefore maintain a 'minimalist' appetite towards risks that may threaten our financial stability.

Risk rating:
Stable

Example risk mitigation action:
As part of the broader forecasting and monitoring controls, we specifically review projected financial covenants on a monthly basis. This exercise is regularly performed to take into account the actual results from the last month end cycle. Scenario analysis, alongside monthly reviews of a list of

¹ New as people risk was not a principal risk in FY2019/20 so a comparative rating is not possible.

mitigating actions, is performed on a regular basis to ensure that reasonable worst case scenarios don't cause a financial stability issue and any material events can be adequately managed. Specific risks, such as financial instability brought about by unexpected and material Professional Indemnity claims, are mitigated, in part, by the insurance policies that we hold across the Group. Regulatory risk is actively managed by a dedicated team throughout the year with appropriate focus on, inter alia, client and office bank accounts and residual balances.

Key account reconciliations are performed monthly and reviewed on a regular and timely basis by Senior Management. Where issues are identified, actions are logged and remediation is deployed as appropriate.

Financial crime risk

We are 'averse' to the risk of internal fraud and the inadvertent facilitation of financial crime (including anti-bribery and corruption). This also includes the wilful or deliberate disclosure of sensitive or restricted information. Fraud and general financial crime has been more prevalent across the legal sector since the constraints of COVID-19.

We maintain appropriately robust controls and sanctions to maximise prevention, detection and deterrence of this type of behaviour.

Risk rating:
Stable

Example risk mitigation action:

The Group has designed its systems and controls (including mandatory training programmes) to mitigate the risks and identify any suspicious activity. A new Anti-Money Laundering risk assessment has been implemented in 2020. In addition, a new Code of Conduct, Anti-Bribery and Corruption Policy and Speak Up policy have been delivered across the Group with associated mandatory training.

Emerging risks and uncertainties

Emerging risks are defined in the Group as new or unforeseen risks that are often difficult to quantify but may materially affect the Group. Emerging risks are those which have not been considered but should be on our radar and can often be external to the Group. The Group has in place an emerging risks process which enables it to:

- Identify and monitor a broad range of potential emerging risks
- Take a proactive approach to emerging risk management and reporting
- Present mitigation plans to mitigate those emerging risks which could impact the delivery of the Group's Strategy.

During FY2020/21, the Group Risk function worked with first line of defence subject matter experts to enhance the quality and detail of emerging risk updates. Emerging risks are discussed within each of the Divisional Risk Registers and are escalated where necessary to the Group and Strategic Risk Registers. An update on emerging risk is presented to the Risk Committee annually and is supplemented by deep dives into the management and control of selected emerging risks.

Our response to COVID-19

The Group crisis management and business continuity plans were invoked following the initial COVID-19 outbreak and have continued to provide a framework to support the Group's activities throughout the year, with early and effective implementation of 100% remote working.

Positive engagement with our external stakeholders including our regulatory bodies, lenders and other stakeholders, has been maintained throughout, enabling the Board to take decisive action around the Group's cost base, capital expenditure and cash commitments.

Our effective use of technology in supporting remote working has placed the Group in the fortunate position of being able to consult with our people on recommendations around our future ways of working, including our future premises/real estate strategy.

For further information on how the Group has reacted to COVID-19 see pages 11 and 64.

Sustainability including ESG

Whilst we already manage a broad range of environmental, social and governance ('ESG') risks, the Board is committed to accelerating our ESG work to meet the needs of all our stakeholders. In 2021, the Board will endorse a new ESG Strategy to scale our collective impact and ambition globally. The recent appointment of a Group Head of ESG and the formation of our ESG Leadership Group, will support the Board in overseeing the effectiveness of the strategy and governance in place and determine what further actions are needed to improve our ESG performance. Engaging our stakeholders through an ESG materiality assessment has ensured diverse perspectives are considered when determining our priority areas of focus. Whilst we are continuing to validate the findings as part of the development of our new ESG Strategy and considering alignment with our purpose and values, the ESG risk areas of most concern to our stakeholders are:

- Ethics, Integrity, Fraud, Bribery & Corruption;
- Governance;
- Diversity and Inclusion;
- Climate Action; and
- Trust and Transparency.

Continuing to integrate ESG into our overall risk management includes strengthening climate-related scenario analysis to quantify the operational risk and incremental impact arising from climate change. We will continue to work with law-abiding businesses that demonstrate responsible business in practice, meeting all legal and regulatory requirements, and support clients to improve their ESG performance. Whilst our business teams form the first line of defence by applying policies, procedures and controls, we will be reviewing due diligence processes for identifying and escalating clients/suppliers and associations in high risk sectors and/or jurisdictions so that additional due diligence is applied to the management of environmental, ethical or social risks.

Viability statement

In accordance with the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group, taking into account the current financial position of the Group including financing arrangements, the business model at the time of approving this report and the continuing, albeit reducing, macroeconomic uncertainty due to the impact of COVID-19. The Directors' assessment covers a three-year period to 30 April 2024 taking account of the potential impact of the principal risks documented in the Strategic report.

The Group experienced a material impact from COVID-19 in the final quarter of FY2019/20, seeing revenue fall away suddenly and to an unprecedented degree due to a number of factors caused by COVID-19 which exacerbated other performance challenges. In response to this impact a number of actions were taken to protect liquidity, increase access to funding and reduce costs to preserve profitability.

Under new leadership, the trading performance of the Group since the last viability statement (approved in September 2020) has been positive with a material improvement in adjusted PBT (£34m in FY2020/21 vs. £15m in FY2019/20) and free cash flows (£32m inflow in FY2020/21 vs. £7m outflow in FY2019/20). Whilst COVID-19 has continued to impact the working patterns of the business it has, after initial disruption, presented more opportunity than risk.

Banking facilities, which in addition to the contingency facility of £15m and various ancillary facilities, include a revolving credit facility of £80m that matures in January 2023 (following the trigger of a one-year optional extension) are considered to be sufficient for the Group's purposes based on current projections, both baseline and sensitised. It is assumed that the revolving credit facility will be renewed successfully by the end of December 2021 with a re-financing exercise due to commence in August 2021.

As a sensibly prudent response to the potential impact from ongoing COVID-19 restrictions, the Board sought a further relaxation of the leverage covenant (net debt excluding lease liabilities vs. EBITDA pre-IFRS 16 lease accounting) with its banking syndicate as follows:

	April 2021	July 2021	October 2021	January 2022	April 2022 onwards
Old leverage covenant	1.50	1.50	1.50	1.50	1.50
New leverage covenant	1.75	1.75	1.75	1.75	1.50
Actual/Forecast	1.38	Forecast to remain in compliance with progressively increasing headroom compared to each previous year			

The other covenants, being maximum net debt of one times equity, minimum four times interest cover, WIP and debtors being a minimum of two times net debt and the number of members in the Group remaining above 180, were not amended and are all projected to be fully compliant with significant headroom. The Directors consider going concern in the twice-yearly reporting cycle and short-term cash flows are monitored on a regular basis.

Base case and reasonable worst case budget assumptions for FY2021/22, and medium-term modelling assumptions for FY2022/23 and beyond, reflect that the Group expects to operate well within covenant parameters and with sufficient cash and access to banking facilities to meet all obligations as they fall due. The timing of the FY2020/21 annual results announcement on 21 July 2021 has given the Directors visibility of trading performance and cash flows for May to June, and both profit and cash generation are in line with budget. Mitigating actions available to the Group, though not anticipated to be required, include cost-cutting measures including bonus payments, adjustments to recruitment, deferral of certain outflows, review of the dividend policy and reassessment of capital expenditure. The Directors are of the view that the strong performance in FY2020/21, taken with the trading performance for FY2021/22 year to date, and the availability of additional cash and cost mitigations in the event of any material headwinds, give confidence in the ongoing viability of the Group.

Long-term viability has also been considered using a three-year income statement, cash flow and balance sheet model. This involves considering medium-term business plans, funding and liquidity requirements as well as sensitivity analysis to account for a reasonable worst-case scenario. As with going concern testing, all indicators show full covenant compliance. The Group's current position and principal risks have been considered, with those risks set out in the Strategic report. These risks have been considered individually and in aggregate, and with reference to Group strategy and external factors such as COVID-19 and adverse economic conditions. In assessing the long-term viability of the Group, the Directors considered different scenarios and performed appropriate sensitivity assessments. These scenarios and sensitivities included a reduction of revenue and profit, worsening lock-up scenarios and other material unanticipated costs. These scenarios and sensitivities did not indicate a mitigated reasonable worst case scenario that requires any enhanced disclosure.

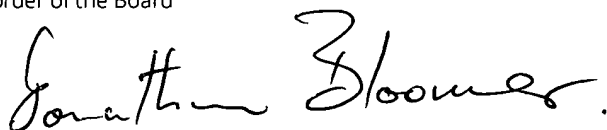
Compared to the view in September 2020, the risk of the impact of COVID-19, and the risk of future disruption, is considered by the Directors to be less significant. That said, it is recognised that the macroeconomic environment is volatile, so the Directors remain vigilant and continually monitor the actual results and forecast outlook whilst maintaining strong relationships with our banks. In assessing the viability of the Group, the Directors consider the following characteristics of the legal sector and the Group instructive in forming their conclusions:

- the ongoing profitability of the business in FY2020/21, generating £34m of Adjusted PBT;
- the reduction in Group lock-up days from 206 to 186 in FY2020/21, reflecting greater working capital efficiency and strengthening cash generation;
- the annuity and counter-cyclical nature of certain divisions and services such as Insurance and Litigation and the return to strong activity across the majority of the rest of the business;
- the restructuring of certain overseas territories which has removed loss-making drag factors from the Group;
- low exposure to sectors more severely impacted by COVID-19;
- the ability to flex the acquisition strategy;
- the availability of mitigating actions to control costs and cash outflows;
- a strong relationship with the Group's banking syndicate who continue to provide facilities which ensure ongoing liquidity with material headroom;
- ongoing review of the Group's use of its real estate portfolio; and
- continued operational initiatives to improve working capital performance, with the aim of further reducing lock-up and therefore leverage.

The Directors therefore consider that the business model is appropriately robust, and that there are sufficient mitigating actions available to the Board, that the Group is suitably resilient to deal with the crystallisation of key risks and/or adverse economic conditions. On this basis, the Directors have a reasonable expectation that the Group will continue to be viable and meet all its liabilities as they fall due over the next three years.

Approval of the Strategic report

By order of the Board



Jonathan Bloomer

Chair

21 July 2021

Corporate Governance report

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Chair's introduction

“This year has further highlighted how fundamental the combination of a strong culture and values are in guiding the Group towards achieving its purpose of delivering positive outcomes with our colleagues, clients and communities.”

Jonathan Bloomer
Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance report for the year ended 30 April 2021.

At DWF, we recognise the importance of effective corporate governance in supporting the long-term success and sustainability of our business. This section of the Annual Report and Accounts sets out how we have ensured all of the Group's activities are underpinned by the highest standards of corporate governance and illustrates how the Board has considered

the Group's purpose and strategy throughout its decision-making.

COVID-19

COVID-19 affected the lives of all our stakeholders across the globe. Whilst ultimately our purpose and long-term strategy remain unaffected by COVID-19, as a result of the unprecedented level of uncertainty for the business, the Board held a number of unscheduled meetings to consider significant operational and strategic matters. I was pleased with the Group's response to the challenges

faced by COVID-19. In a rapidly changing environment, our governance framework demonstrated its resilience and ensured effective decision-making continued, whilst enabling the Group to react and respond quickly to the needs of all our stakeholders, in particular the more urgent needs of both our people and clients. I am extremely proud of our people who have continued to provide an excellent service for our clients throughout these exceptional times.

Further information on our response to COVID-19 can be found on pages 11 and 64.

Purpose, values and culture

The Board understands its role in setting the tone of the Group's culture, ensuring it aligns with our purpose, values and strategy. This year has further highlighted how fundamental the combination of a strong culture and values are in guiding the Group towards achieving its purpose of delivering positive outcomes with our colleagues, clients and communities. The Board maintains oversight through regular updates from the Group Chief Executive Officer, Group Chief Operating Officer, Chief Financial Officer as well as regular presentations from the Groups divisions and functions. More on our purpose in action can be found pages 20 to 25.

Our culture is shaped by our values and our values are at the heart of our culture, providing a clear foundation for our people. We believe that our values are integral to the achievement of our strategy. They influence actions and behaviours, complement our strategic direction and support the integration of people into our business.

Further information about our strategy, values and culture can be found on pages 4, 18, 19, 40 and 41.

Board changes, succession planning and diversity

The Directors of the Company in office at the date of this report are listed on pages 58 and 59. During the year, there have been a number of changes to the Board's composition. The Nomination Committee and the Board discussed the appropriate Board composition and skills required to take the business forward, resulting in the changes set out below. We have demonstrated throughout the year the importance of a strong leadership team in navigating the Company through these turbulent times.

On 29 May 2020, Sir Nigel Knowles succeeded Andrew Leitherland as Group Chief Executive Officer. At this time, Chris Sullivan was appointed as Chair of the Board on an interim basis whilst the Nomination Committee undertook a rigorous recruitment process to select and appoint a permanent Chair. I was delighted to be appointed Chair of the Board with effect from 1 August 2020. On the same date, Chris Sullivan was appointed as Deputy Chair of the Board, alongside his role as Senior Independent Non-Executive Director. Further information on the appointment process can be found in

the Nomination Committee report on pages 72 to 74.

On 22 October 2020, Matthew Doughty's role on the Board changed from Partner Director to Executive Director, to reflect his new position as Group Chief Operating Officer. On 22 October 2020, two Partner Directors, Seema Bains and Michele Cicchetti, were also appointed to the Board. These Board changes have introduced a broader set of skills, experience, knowledge and diversity of thought, all of which are key to a strong resilient board. Finally, on 30 December 2020, Vinodka (Vin) Murria stepped down as an Independent Non-Executive Director to allow her more time to pursue new business opportunities in the technology arena.

Please see page 72 of the Nomination Committee report for further information on Board changes throughout the year.

Succession planning and the development of our talent pipeline continues to be an area of focus for the Board and Nomination Committee. Diversity of skills, background and personal strengths are all important drivers of board effectiveness and are key to ensuring we deliver our strategy. Details on succession planning can be found within the Nomination Committee report on page 74.

At DWF, it is our vision to create a working environment and culture where people of all different backgrounds are able to contribute at their highest level and where their differences have a positive impact for our people, clients, communities and shareholders. This is underpinned by our Diversity and Inclusion and Dignity at Work policies. An inclusive and diverse culture across the business improves effectiveness, encourages constructive debate and supports good decision-making. Further information on our Diversity and Inclusion priorities can be found on page 44. The Company currently has three women on the Board (30%) and six women on the Executive Board (40%), both of which are representative of the Group's Diversity and Inclusion targets.

For full details of the Board and Executive Board composition, please see pages 58 and 60 of this report.

Board effectiveness

As Chair of the Board, I am responsible for providing leadership to ensure the operation of an effective Board. In accordance with the Code, we conduct annual evaluations of the effectiveness of

the Board and its Committees and we will undertake our first externally facilitated evaluation as a listed company in FY2021/22.

For the year under review, an internal evaluation of the Board and its Committees was undertaken by questionnaire and completed by each Board member. The results were collated by the Company Secretary for review by the Chair, and the findings were presented to the Board. Reports on Committees were presented to the respective Committee Chairs and circulated to the Board. I am pleased to report that the review concluded that the Board, its Committees, the Directors and the Chair continued to perform effectively when carrying out their respective duties and responsibilities.

Further information on the results of the Board evaluation, along with any identified actions can be found on page 71.

Environmental, Social and Governance ('ESG')

The Board recognises the importance of ESG matters and is committed to strategically integrating and advancing our sustainability efforts. The Board received regular updates from the Group Head of ESG and further details on our approach to ESG can be found on pages 42 to 46.

Focus in FY2021/22

The Board has determined that the following areas will be governance priorities for FY2021/22:

- New ESG Strategy launch
- Review of the Remuneration Policy
- On-board new external auditor
- Undertake external Board evaluation.

Annual General Meeting

Our AGM will be held on 28 September 2021 at 2.00pm. Full details of the meeting arrangements and the resolutions to be proposed to Shareholders can be found in the Notice of AGM which will be made available on our website dwfgroup.com/en/investors. The outcome of the resolutions put to the AGM, including results of the poll, will be published on the London Stock Exchange's and the Company's websites once the AGM has concluded.

I hope you find the information contained within the Corporate Governance report and the rest of the Annual Report and Accounts helpful and informative.

Jonathan Bloomer
Chair

Board of Directors

Jonathan Bloomer

Chair

Appointed to the Board:
1 August 2020

Committee memberships:
No Re

Key skills and experience:
Jonathan has over 40 years of experience in financial services and has significant board experience both as an executive and non-executive director. His previous positions include Chair of the JLT Employee Benefits Group, Senior Independent Director of Hargreaves Lansdowne plc, and Non-Executive Director of Railtrack plc. Jonathan was Group Chief Executive Officer of Prudential Group plc and has held senior roles at Arthur Andersen. Jonathan is a Fellow of the Institute of Chartered Accountants in England and Wales.

Significant external appointments:
Chair of Arrow Global Group plc and Morgan Stanley & Co International plc

Chris Sullivan

Deputy Chair and Senior Independent Non-Executive Director

Appointed to the Board:
1 November 2018

Committee memberships:
Au No Re Ri

Key skills and experience:
Chris was appointed Deputy Chair on 1 August 2020, in addition to his role as Senior Independent Non-Executive Director and the Designated Non-Executive Director for the workforce. Chris has extensive experience of corporate, investment and retail banking and asset financing together with general management experience. He was Chief Executive of the Corporate and Investment Bank at Santander UK and has held a number of executive roles within RBS Group plc. In recognition of his services to Scottish banking during his various roles at RBS, Chris earned a Fellowship of the Chartered Institute of Bankers Scotland.

Significant external appointments:
Non-Executive Director of Guild Esports PLC and Alfa Financial Software Holdings PLC

Sir Nigel Knowles

Group Chief Executive Officer

Appointed to the Board:
1 November 2018

Appointed Group Chief Executive Officer:
29 May 2020

Committee memberships:
None

Key skills and experience:
Prior to Sir Nigel's appointment as Group Chief Executive Officer, he was Chair of the Board from November 2018 to 28 May 2020. Sir Nigel 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. In 2009, he received a knighthood in recognition of his services to the legal industry. He was admitted as a solicitor by the Solicitors Regulation Authority in 1980 and is a registered foreign lawyer with the Law Society of Scotland.

Significant external appointments:
Chair of Zeus Capital Limited and Senior Independent Director of Morses Club plc

Chris Stefani

Chief Financial Officer

Appointed to the Board:
10 September 2018

Committee memberships:
None

Key skills and experience:
Prior to joining DWF, Chris was the Finance Director of Ernst & Young's EMEA Advisory business. Chris held a number of senior roles within Ernst & Young including the role of Chief Finance Officer for Ernst & Young Republic of Ireland. Chris has 20 years of experience in the professional services sector and extensive experience in advising executive boards on all aspects of financial management, control, and performance and profitability improvement, as well as a record of optimising businesses to improve profits and cost savings while supporting revenue growth. Chris was admitted to the Association of Chartered Certified Accountants in 2001.

Significant external appointments:
None

Michele Cicchetti

Partner Director

Appointed to the Board:
22 October 2020

Committee memberships:
None

Key skills and experience:
Michele is Managing Partner of DWF in Italy and is widely regarded in Italy as a specialist in acquisition finance, mergers & acquisitions and finance related transactions. Before joining DWF, he was a corporate finance partner at Pavia e Ansaldo and has also gained significant experience in the banking and finance sector at White & Case LLP. Michele was admitted as a solicitor by the Italian Bar Association in 2005.

Significant external appointments:
None

Seema Bains

Partner Director

Appointed to the Board:
22 October 2020

Committee memberships:
None

Key skills and experience:
Seema is a senior partner in the Insurance division and has led the Global Diversity and Inclusion Leadership Group since its formation in 2014. Before joining DWF, Seema was an insurance partner at Weightmans. She was admitted as a solicitor by the Solicitors Regulation Authority in 1997 and is a registered foreign lawyer with the Law Society of Scotland.

Significant external appointments:
None

Darren Drabble

Group General Counsel & Company Secretary

Appointed as Company Secretary:
20 April 2021

Darren is responsible for providing senior management with strategic legal advice, while overseeing legal compliance, and corporate governance across the Group. Darren has more than 20 years of private practice and in-house legal experience. Previously, Darren was Group Legal Director and Company Secretary at Radius Payment Solutions, and prior to that was Group General Counsel and Company Secretary of Moneysupermarket.com Group PLC. Darren is a member of the Law Society of England.

Key

- Au** Audit
- No** Nomination
- Re** Remuneration
- Ri** Risk
- ☐ Chair

Matthew Doughty

Group Chief Operating Officer

Appointed to the Board:
1 November 2018

Committee memberships:
None

Key skills and experience:
Prior to becoming an Executive Director on 22 October 2020, Matthew served on the Board as Partner Director. Matthew has been a partner at DWF since June 2016 and has held corporate partner roles at Squire Patton Boggs, Dorsey & Whitney, and Addleshaw Goddard. 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.

Significant external appointments:
None

Teresa Colaianne

Independent Non-Executive Director

Appointed to the Board:
1 November 2018

Committee memberships:
Au No Re Ri

Key skills and experience:
Teresa (Tea) has more than 20 years of experience in human resources management. She has previously served on numerous boards including Bounty Brands Holdings, Mothercare plc, and Poundland Group plc. Tea's previous roles include Group Human Resources Director at Merlin Entertainments plc and Vice President of Human Resources, Europe, at Hilton Hotels Corporation. She was admitted to the Italian Bar in 1995 and also holds an advanced diploma in coaching and mentoring from Oxford Brookes University.

Significant external appointments:
Senior Independent Non-Executive Director of The Watches of Switzerland Group plc

Samantha Tymms (also known as Samantha Duncan)

Independent Non-Executive Director

Appointed to the Board:
1 December 2018

Committee memberships:
Au No Re Ri

Key skills and experience:
Samantha (Sam) has more than 30 years of experience in the financial services sector, including extensive work in corporate governance and risk management. She has undertaken a number of roles at the Financial Services Authority and served as a Non-Executive Director on the board of IG Group plc from 2013, and chaired its risk committee.

Significant external appointments:
Managing Director at Promontory Financial Group (UK) Ltd.

Luke Savage

Independent Non-Executive Director

Appointed to the Board:
1 November 2018

Committee memberships:
Au No Re Ri

Key skills and experience:
Luke has more than 35 years of experience in the financial and professional services sector, with experience in managing regulatory, analyst, investor and banking relationships for major institutions. 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 Overseas Holding Ltd. He has held CFO positions at Standard Life and Lloyd's of London. Luke is a member of the Institute of Chartered Accountants of England and Wales.

Significant external appointments:
Chairman of Chesnara PLC, Non-Executive Director of Numis Securities plc and Liverpool Victoria Financial Services Limited

Board and Committee attendance table

	Board meetings	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee
Jonathan Bloomer ¹	●●●●●	—	●●●	●●●●	—
Chris Sullivan	●●●●●●●	●●●●●	●●●●●	●●●●●●	●●●●●
Sir Nigel Knowles ²	●●●●●●●	—	—	—	—
Chris Stefani	●●●●●●●	—	—	—	—
Matthew Doughty	●●●●●●●	—	—	—	—
Tea Colaianne	●●●●●●●	●●●●●	●●●●●	●●●●●●	●●●●●
Sam Tymms ³	●●●●●●●	●●●●●	●●●●●	●●●●●○	●●●●●
Luke Savage	●●●●●●●	●●●●●	●●●●●	●●●●●●	●●●●●
Michele Cicchetti ⁴	●●●●	—	—	—	—
Seema Bains ⁴	●●●●	—	—	—	—
Vin Murria ⁵	●●●●	●●●	●●●	●●●●	●●●
Andrew Leitherland ⁶	—	—	—	—	—

● Attended meeting

○ Unable to attend meeting

¹ Jonathan Bloomer was appointed to the Board on 1 August 2020 and has attended all scheduled meetings held since this date.

² Sir Nigel Knowles stepped down as Chair of the Board (and as a Non-Executive Director) when he was appointed Group Chief Executive Officer on 29 May 2020. On this date, he ceased to be a member of the Remuneration Committee and instead attended by invitation.

³ Sam Tymms was unable to attend a Remuneration Committee meeting held on 29 January 2021 due to an unavoidable other commitment but was able to review the papers and provide any comments to the Chair in advance of the meeting.

⁴ Michele Cicchetti and Seema Bains were appointed to the Board on 22 October 2020 and have attended all scheduled meetings held since this date.

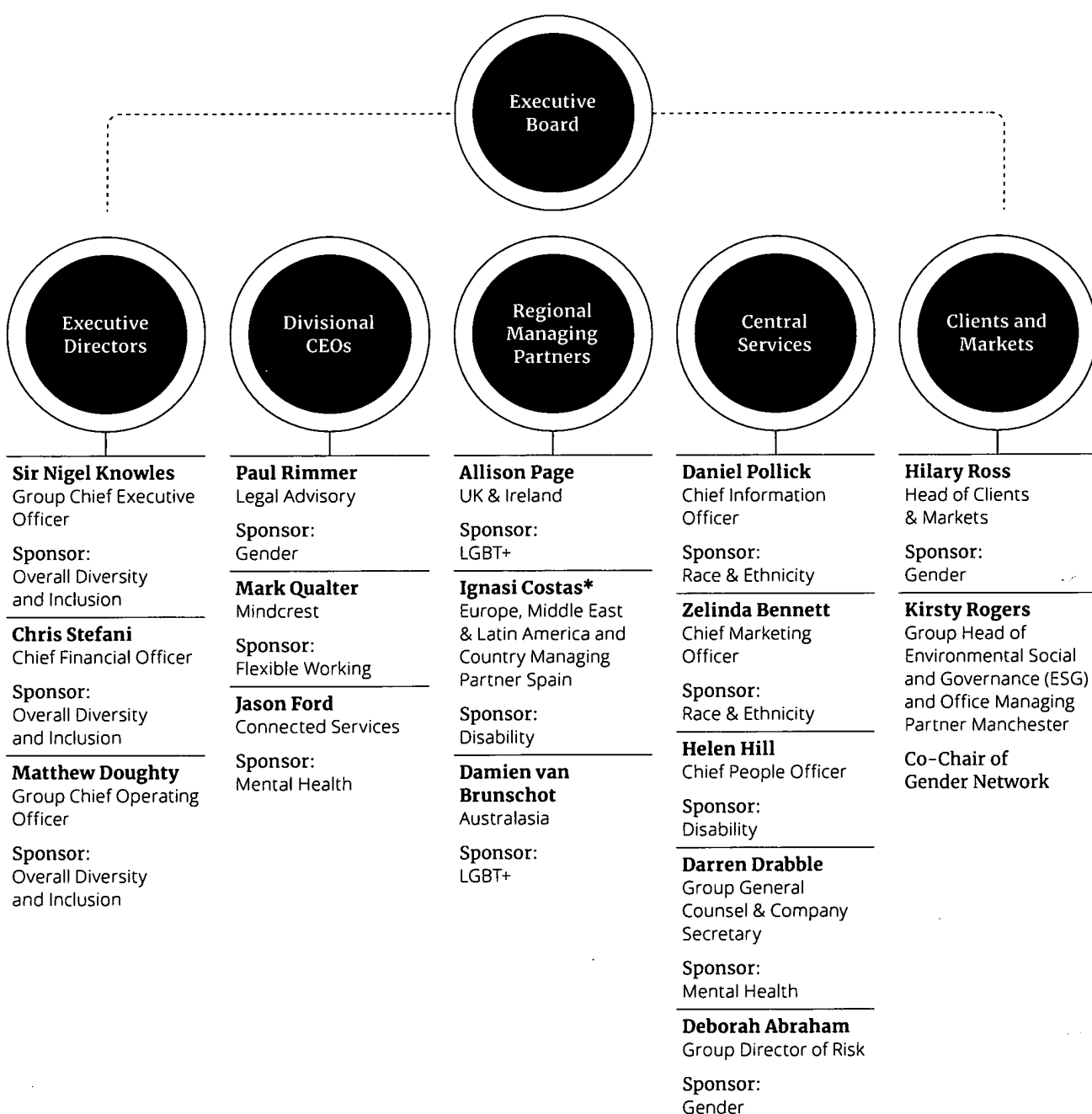
⁵ Vin Murria stepped down from the Board and its Committees on 30 December 2020 and attended all scheduled meetings held prior to this date.

⁶ Andrew Leitherland stepped down as Group Chief Executive Officer and left the Group on 29 May 2021. There were no scheduled meetings held prior to this date.

Executive Board

The role of the Executive Board is to lead the day-to-day operational management of the Group. The Executive Board comprises the Executive Directors, Divisional CEOs, Regional Managing Partners, Central Services function heads and the Head of Clients and Markets. Full biographies of our Executive Board can be found on our website dwfgroup/en/investors.

Our Executive Board is fundamental in promoting our inclusive culture and each member is the Executive Sponsor to a strand of our Diversity and Inclusion strategy, as shown in the table below. They each support the delivery of action plans that encompass gender, race & ethnicity, LGBT+, disability, and mental health. To ensure our inclusive culture is set from the top, our three Executive Directors are overall sponsors of the implementation of our Board approved Diversity and Inclusion strategy. Further details can be found on pages 44 and 45.



For complete biographies please see dwfgroup.com/en/investors

* Advisor to the Executive Board

Statement of compliance with the UK Corporate Governance Code 2018 (the 'Code')

The Corporate Governance section of this Annual Report and Accounts, which includes the Committee reports, together with certain disclosures contained in sections of the Strategic report, provide details of how the Company applied the principles and complied with the provisions of the Code during the year ended 30 April 2021. This Corporate Governance Statement fulfils the requirements of the FCA's Disclosure Guidance and Transparency Rule 7.2 ('DTR 7.2'). A copy of the Code is available on the Financial Reporting Council's website, www.frc.org.uk.

For the year ended 30 April 2021, the Company complied with all relevant principles and provisions set out in the Code with the exception of Provision 11 (at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent). On 30 December 2020, Vin Murria stepped down as an Independent Non-Executive Director. Following her departure, the Board comprised the Chair of the Board, three Executive Directors, four Independent Non-Executive Directors and two Partner Directors. Thus, the Company ceased to comply with Provision 11 of the Code from 30 December 2020 as less than half of the Board excluding the Chair are considered independent.

The position of Partner Director is designated by the Board as a Non-Independent, Non-Executive Director position. A Partner Director represents the partners of DWF Law LLP and DWF LLP and is therefore a partner Shareholder representative on the Board. Partner Directors are not members of any Committees of the Board. If these unique Partner Director roles are excluded from the analysis, then at least half the Board, excluding the Chair, would be Non-Executive Directors whom the Board considers to be independent. Taking this into account, and after discussing the composition of the Board, the combination of skills, experience and knowledge together with the value of the input received and diversity of thought from all members of the Board, the Board has concluded that the composition of the Board provides the appropriate balance of skills, experience and knowledge to be effective and entrepreneurial in promoting the long-term sustainable success of the Company, generating value for Shareholders and contributing to wider society. We will keep this under review.

You can find further information on compliance with the Code as follows:

Section 1: Board leadership and company purpose

A. Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society	
B. Purpose, values and strategy with alignment to culture	
C. Resources for the company to meet its objectives and measure performance. Controls framework for management and assessment of risks	
D. Effective engagement with shareholders and stakeholders	
E. Consistency of workforce policies and practices to support long-term sustainable success	
• Chair's statement	p10 to 11
• Strategic report	p1 to 53
• Board engagement with key stakeholders	p63 to 66
• Shareholder engagement	p37 and p66
• Audit and Risk Committee reports	p75 to 84
• Conflicts of interest	p108

Section 2: Division of responsibilities

F. Leadership of board by chair	
G. Board composition and responsibilities	
H. Role of non-executive directors	
I. Company secretary, policies, processes, information, time and resources	
• Board composition	p58 to 59
• Key roles and responsibilities	p67 to 68
• General qualifications required of all directors	p70
• Information and training	p70
• Board appointments and succession planning	p70 and p74

Section 3: Composition, succession and evaluation

J. Board appointments and succession plans for board and senior management and promotion of diversity	
K. Skills, experience and knowledge of board and length of service of board as a whole	
L. Annual evaluation of board and directors and demonstration of whether each director continues to contribute effectively	
• Board composition	p58 to 59
• Diversity, tenure and experience	p69 and p71
• Board, committee and director performance evaluation	p71
• Nomination Committee report	p72 to 74

Section 4: Audit, risk and internal control

M. Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements	
N. Fair, balanced and understandable assessment of the company's position and prospects	
O. Risk management and internal control framework and principal risks the company is willing to take to achieve its long-term objectives	
• Audit and Risk Committee reports	p75 to 84
• Strategic report – Risk Management, Principal risks and uncertainties	p48 to 51
• Fair, balanced and understandable Annual Report	p114
• Going concern basis of accounting	p113, p116 to 117 and p128
• Viability statement	p52 to 53

Section 5: Remuneration

P. Remuneration policies and practices to support strategy and promote long-term sustainable success with executive remuneration aligned to company purpose and value	
Q. Procedure for executive remuneration, director and senior management remuneration	
R. Authorisation of remuneration outcomes	
• Directors' Remuneration report	p85 to 106

Board leadership and Company purpose

The Board has collective responsibility to promote the long-term sustainable success of the Group, generate value for Shareholders and contribute to wider society. An effective board develops its collective vision of the purpose, values, culture and behaviours to promote across the Group to achieve the strategic objectives it sets. This is achieved through good governance and a board with the necessary skills, knowledge and experience to provide effective leadership to the Group. The Board recognises the contribution made by good governance to the Group's success and changes made at both Board and Executive Board level validate the importance of embedding the right structures to deliver the Group's strategy.

How the Board operates

The Board has a standing schedule to meet seven times a year but holds further meetings as required. Agenda planning is undertaken in advance of every meeting to ensure there is an appropriate allocation of time to consider significant topics. The Board and its Committees held a number of meetings in FY2020/21 at which senior executives, external advisers and independent advisers were invited to attend and present on business developments and governance matters. The Company Secretary attended all scheduled Board and Committee meetings. All meetings are structured to allow open discussion.

The table on page 59 sets out attendance at the scheduled Board meetings during FY2020/21. Additional meetings were held throughout the year to discuss operational, strategic, governance and regulatory matters and the Board's response to COVID-19. If a Director was unable to attend a meeting, they still received the papers in advance of the scheduled meeting and any input they provided was considered fully.

Regulation in England and Wales

As a legal business we also have to comply with the regulatory requirements of the Solicitors Regulation Authority ('SRA') in England and Wales and take account of regulations imposed by other relevant legal regulatory bodies in every country we work in. In particular, that regulatory framework has led to a specific structure to our Executive Board and to the structure of the Group, as well as to certain restrictions on shareholding.

In addition to the standard requirements of good governance, the applicable regulatory regime imposes three major requirements on the business.

1. The majority of executive management responsible for the day-to-day running of a legal business must be lawyers. Our business is managed by an Executive Board (see page 60) and the majority of its members are lawyers.
2. A restriction on the holding of certain interests in an SRA-licensed entity, including holdings of 10% or more of the voting rights by a non-authorised person, unless such person has the prior approval of the SRA. If someone does acquire such a holding and is not authorised to do so, then the Company's Articles of Association entitle the Company to impose certain restrictions on all of that person's shareholding, which may include disenfranchisement or compulsory disposal of such shares. Further details are set out on page 109 of the Directors' report.
3. As set out in the Company's Articles of Association and certain other Group constitutional documents the Company and the Directors must ensure that appropriate systems are implemented and maintained to enable the provision of legal services by the Group and our people, in accordance with the professional duties of legal practitioners in each jurisdiction

in which they practise. To the extent that there is any conflict, or potential conflict, between (i) the Company's and the Directors' statutory and other duties at law and under the Articles of Association of the Company to Shareholders and (ii) the professional duties of our people and our Group entities, then those professional duties will prevail.

Allocation of agenda time

The chart below highlights how the Board allocated its meeting time during the financial year up to 30 April 2021. Further information on the Board's activities can be found on page 63.

Governance	27%
Strategy and performance	35%
Financial	19%
Legal and Risk Management	6%
Board and Executive	
Board leadership	9%
ESG	4%

Matters Reserved for the Board

The Board has a formal schedule of matters specifically reserved for its decision and approval, which includes but is not limited to the following:

- **Strategy**, including responsibility for the overall leadership of the Group and setting the Group's vision, purpose, values and standards, satisfying itself that these align with the Group's culture.
- **Capital and structure**, including changes related to the Group's capital structure, major changes to the Group's corporate structure and changes to the Group's management and control structure.
- **Board, Committee and other appointments**, changes to the structure, size and composition of the Board, and succession planning for the Board and senior management.
- **Remuneration**, including determining the overall remuneration policy, setting the remuneration of the Independent Non-Executive Directors and introduction or amendments of the Group's share plans and equity incentive plans to be put to Shareholders for approval.
- **Financial and annual reporting**, including explanation of the Group's business model and strategy for delivering the objectives of the Group, approval of the Annual Report and Accounts, and statements containing financial information, including any half year report and preliminary announcement of financial results.
- **Contracts**, including approval of transactions that are material strategically or by size and investments and capital projects exceeding £1m per annum and £10m in aggregate.
- **Risk Management and internal controls**, including ensuring that the Group manages risk effectively by approving its risk appetite.
- **Partner matters**, including approval of lateral hires with associated costs of more than £1m, expulsion of any partner of the Group and determining the leaver status of any partners and employees who are members of the Executive Board.
- **Policies**, including approval of any new key policies for the Group, or material amendment to existing key policies.

Matters Reserved for the Board are reviewed annually. You can find them on the Company's website dwfgroup.com/en/investors.

Key activities in FY2020/21

The Board recognises the value of maintaining close relationships with its stakeholders, understanding their views and the importance of these relationships in delivering our strategy and the Group's purpose. The Group's key stakeholders and their differing perspectives are taken into account as part of the Board's discussions. Section 172(1) of the Companies Act 2006 requires the Directors to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of our Shareholders as a whole. In doing so, the Directors must have regard to various matters identified in the legislation. You can read more in our Section 172(1) statement on pages 34 and 35 which include some principal decisions taken by the Board during the year.

Board meetings follow a carefully tailored agenda that is agreed in advance by the Chair, in conjunction with the Executive Directors and Company Secretary. A typical Board meeting will comprise reports on operational and financial performance,

legal and governance updates and one or two detailed deep dives into areas of particular strategic importance.

Each meeting includes an update from the Chairs of our Committees on the proceedings of those meetings, including the key discussion points, any particular areas of concern and recommendations to the Board for approval of Matters Reserved for the Board.

The Board recognises the importance of engaging and incorporating the views of key stakeholders in strategic planning, decision-making and building long-term sustainability.

Stakeholder groups

Our people (partners and employees)	Debt providers
Clients	Communities
Suppliers	Regulators
Shareholders	Policymakers

Strategy and performance

Approved the Group's strategy and changes to operational structure. Continued to monitor progress against the strategic objectives through regular updates from the Group Chief Executive Officer and Group Chief Operating Officer.	Deep dived into the integration of new acquisitions and how they were performing within the Group, reviewed next steps and how they aligned with the Group strategy.	Approval of various trading updates to the market regarding performance against budget, changes to the operating structure and strategic closures of offices internationally.
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Financial

Approval of the annual budget and key performance indicators and monitoring the Group's results against them.	Recommended a final dividend for FY2019/20 of 0.75 pence per share and approved an interim dividend for payment for FY2020/21 of 1.50 pence per share in line with the Company's dividend policy.	Approved the Company entering into an additional revolving facility agreement to assist with its working capital requirements.
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Legal and Risk Management

Reviewed and discussed the Group Risk appetite. Received regular updates on litigation and insurance claims across the Group.	Reviewed and validated the effectiveness of the Group's systems of internal controls and Risk Management Framework.	Reviewed risk areas across the business including cyber security, IT systems and data infrastructure, IT risk specific to COVID-19, ongoing material litigation, and health and safety measures introduced in response to COVID-19.
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Board and Executive Board leadership

Reviewed and considered the composition of the Board and approved the appointment of a new Group Chief Executive Officer.	Approved the appointment of a new Chair of the Board who demonstrated the relevant skills, experience and knowledge required for the role.	Considered the new operating structure and approved appointments and resignations to/from the Executive Board.
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ESG

Received updates on the three-year ESG Strategy and approved the Company purpose to align with this.	Reviewed and approved corporate statements including the Modern Slavery statement and Global Code of Conduct and Ethics Statement.	Received reports on people issues including Diversity and Inclusion, employee wellbeing initiatives, and gender and ethnicity pay gap reporting.
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Governance

Received reports from the Committees and considered recommendations for approval including leaver status determination, UK tax strategy, letters of comfort and appointments to the Board and Executive Board.	Updated the Matters Reserved for the Board and the Committees' Terms of Reference to ensure they were appropriately scoped and in accordance with Code requirements.	Conducted an annual review of Board and Committee effectiveness, reviewing the outcomes and implementing actions to address the areas for improvement.
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Board leadership and Company purpose continued

How the Board responded to COVID-19

COVID-19 presented a time of real challenge, globally. The Board and Executive Board had to be proactive and reactive at the same time to address issues faced as a result of the uncertainty brought on by COVID-19. During this time communication was key, alongside good governance to facilitate quick and responsive decision-making, with our stakeholders at the forefront of these decisions. The Group's Business Continuity Plan was invoked and a Gold/Silver/Bronze team structure was developed, reflecting a strategic, tactical and operational approach, to provide governance to decision-making and communications, and to identify lead personnel to manage the response. This helped to ensure consistency of communications with our people, our clients and other stakeholders.

The effects of COVID-19 required us to adapt our ways of working. Our priority has been to ensure we are doing all we can to protect the health of everyone at DWF and their families. Our agile working arrangements extended to become the 'new normal' for everyone in the business as office capacity was limited in line with Government guidelines and DWF's global COVID-19 policy. Our people were instructed to work from home unless there were circumstances which prevented them from doing so. The business reviewed its policies and procedures to support both remote and office working environments to enable long-term flexibility and sustainability with paperless working becoming key. Assessments were carried out to ensure people were able to work safely and effectively from home. Key steps taken included:

- workshops to understand the longer-term needs of our people working from home;
- a phased response to the need for more equipment including DWF laptops, single/dual external screens, or larger screens (where required), keyboard, mouse and headset provision;
- wider deployment of mobile phones; and
- developing remote learning and initiatives to encompass resilience, line management, effective working, and additional tips/guidance for our people on physical and mental wellbeing.

Risk assessments were conducted in all offices to establish measures to be taken when working from the office and included items such as working from an office, travelling to work, entry/exit from office buildings, social distancing, dealing with visitors and the provision of facilities.

The Board continues to receive regular updates on the Group's response to COVID-19 and monitors the global position to ensure the Group remains compliant with relevant local legislation but also that our people remain safe in their new working environments. A survey has also been conducted to establish new ways of working going forward, the results of which will be considered by the Board.

How our Board monitors culture

The Board establishes the Group's purpose, values and strategy, and satisfies itself that these and its culture are aligned. Details can be found on pages 4 and 5, and 40 and 41. The following table demonstrates how the Board considered culture through various actions taken throughout the financial year. The table also shows the linkage of culture to purpose.

Board action	Links to culture	Links to purpose
Non-Executive Directors as well as Executive Directors participated in virtual Global Town Halls.	Provided a top-down approach to corporate culture and enabled oversight of the culture through interaction with employees and partners.	
Chair of the Board attended the Leadership Conference.	Allowed the Board to assess the culture of the leadership within the organisation to ensure it is representative of the corporate culture.	
The Group Chief Executive Officer and Group Chief Operating Officer provided updates at Board meetings on people matters, including people surveys.	Provided information to help understand the culture, through data on recruitment and retention of partners and employees. Feedback from surveys allowed the Board to gauge the culture.	
Reviewed and approved all key workforce related policies including the Global Code of Conduct, Ethics Statement and Speak Up policy.	Assisted assessment and oversight to ensure that policies reflect the desired values and behaviours to help embed the corporate culture.	
Modern Slavery Statement reviewed and approved.	Enabled assessment of the broader culture of the Group and its relationships with suppliers and customers.	
Reviewed health and safety matters, for example health and wellbeing.	Enabled feedback on the wellbeing of employees and partners which assisted with monitoring of corporate culture.	
Appointed Partner Directors to the Board who attend all Board meetings.	Provided an insight into the culture amongst partners and the extent to which the values and behaviours are embedded within the organisation.	
The Designated Non-Executive Director for the workforce had formal and informal engagements with employees and partners and reported back to the Board.	Facilitated direct updates on any concerns raised by employees and partners to assist with the monitoring of culture.	

Workforce engagement in action

As part of DWF's commitment to compliance with the Code, Chris Sullivan has been Designated Non-Executive Director for the workforce since the Company's IPO. Chris joined Sir Nigel at the virtual Town Halls, to ensure top-down visibility and to keep colleagues updated on our strategy and performance, whilst providing opportunities for meaningful dialogue between the Board and colleagues. Chris also supported our annual Diversity Week in 2020, speaking at a panel event for schools in support of our national education programme, 5 STAR Futures. Chris shared his own employment journey, talked about the value of mentoring and encouraged students to think differently about their future employment journeys.

Chris also visibly supported internal engagement through his participation in two-way mentoring and involvement in a Diversity and Inclusion Workshop for our Commercial & Insurance teams.

Results of engagement with the workforce, including the leadership conference, are fed back to the Board through reports presented by the Group Chief Executive Officer and Group Chief Operating Officer, and verbal updates by the Designated Non-Executive Director for the workforce. These were taken into account during Board discussions and in particular influenced the response to COVID-19 and mental health and wellbeing initiatives. The Board continues to view this as an effective workforce engagement mechanism, which has worked well to bring workforce matters to the fore during Board meetings since the IPO.

Further information on our people initiatives can be found in the ESG report on pages 44 and 45.

In addition, the two Partner Directors have a unique role of providing constructive challenge to executive decisions from the partner standpoint within the business and provide representation for the partners within the Group.

Q Why did you apply for the role of Partner Director?

A Seema: As Head of the Global Diversity and Inclusion Leadership Group the role of Partner Director really appealed to me. I was interested to see how the Board considers matters from different lenses and I was keen to add my own perspective into the mix. I support the increased

transparency provided by this role and I believe it can help build trust in the business and improve performance.

Michele: I wanted to provide a voice for the international partners and ensure Board discussions reflected the entire Group. I was interested in observing Board discussions around strategy and budget and being able to provide my own outlook in order to aid such discussions.

Q What value does the Partner Director role bring to the Board?

A Seema: We bring an understanding of the organisation that is different from the rest of the Board and our perspective can stimulate discussions and provide ideas and constructive insight into the views of UK and International partners. We can consider and articulate how the partners may be impacted by Board decisions. Our presence raises the profile of our people and other stakeholders in decision-making, particularly as the majority of the partners are Shareholders in the Company too.

Michele: We are the people who have direct experience of working by the DWF values and behaviours and we see the culture across the Company below an executive level. This enables us to provide feedback on partner perspectives of the implementation of policies, how collaboratively we are all working towards the 'one team, no borders' culture and also how our clients are responding to our new ways of working. We are able to provide insight into what's important for multiple stakeholders.

Q What is the most significant thing you have learned since joining the Board?

A Seema: As a listed legal and business services provider, we have a complex and unique set up and I have a greater appreciation of the Board's role in governance. It has been eye opening to see the multiple factors that need to be considered when making decisions that affect numerous stakeholders to ensure the Board satisfies its duties. It's also been great to see the diversity of thought within the boardroom.

Michele: I have learned a great deal about the decisions and matters that boards grapple with. Culture is managed from the top down and I can now see how it features in all discussions being held to ensure the desired culture is achieved and maintained globally.

“Our presence raises the profile of our people and other stakeholders in decision-making.”

Board leadership and Company purpose continued

Workforce policies

The Board reviews and approves all key policies that impact our workforce to ensure that policies and practices support the Group's purpose and reflect our values. In 2020 a new Global Code of Conduct was launched, which describes how we put our values into practice. It also provides practical advice on the individual responsibilities of our people, guidance for certain scenarios and highlights the specific areas on which DWF has a zero tolerance approach. This helps embed the values, behaviour and the principles as part of our culture.

DWF takes a zero tolerance approach to bribery and corruption and the Anti-Bribery and Corruption policy was also updated this year. This policy aims to protect the integrity, independence and objectivity of the Group, and to clarify the position of partners and employees in giving or receiving such gifts, invitations or hospitality, and thereby to ensure compliance with all applicable laws and regulations. Where appropriate the policy is also communicated to third parties, associated persons, clients and contacts. It may also be incorporated into contracts for the supply of goods and services. The Anti-Bribery and Corruption policy was also updated this year.

Mandatory training is undertaken by all our people on key policies to ensure that they are understood and embedded.

Information on how the Company invests in and rewards its workforce can be found on pages 44 to 46 and 98.

Speak Up policy and helpline

We are committed to maintaining an open culture with the highest standards of honesty and accountability, a culture where colleagues can report any legitimate concerns in confidence. Our Speak Up policy outlines the process to raise a concern about wrongdoing, safe in the knowledge that it will be investigated promptly and effectively.

More information on Speak Up can be found in Our People on page 46.

Shareholder engagement

The Board is committed to open and transparent dialogue with Shareholders and is keen to broaden its institutional investor base. The Chair, Senior Independent Non-Executive Director and other

Non-Executive Directors are available to meet with major Shareholders on request. The Group ensures that it communicates the information that its investors require through Regulatory News Announcements, press releases and the Annual Report and Accounts.

Our AGM to be held on 28 September 2021 will provide an opportunity for further Shareholder engagement, and for the Chair to explain the Company's progress and, with other members of the Board, to answer any questions.

Shareholder activities during the year

- Committee Chairs engaged with Shareholders on significant matters relating to their areas of responsibility, including in respect of the changes to Board composition.
- Sir Nigel Knowles and Jonathan Bloomer met with key Shareholders in late spring and autumn respectively, following their appointments as Group Chief Executive Officer and Chair of the Board.
- More frequent trading and operational updates were provided through the Regulatory News Service this year, ensuring Shareholders were informed and reassured as we responded to the challenges presented by COVID-19.
- Virtual investor and analyst presentations were held on the morning of our full-year and half-year results announcements.
- Following those presentations, investor roadshows were held with key Shareholders and prospective investors.
- Sir Nigel Knowles was an active participant in market events, including as a speaker in legal services briefings held by Panmure Gordon and Liberum.

Shareholders by type

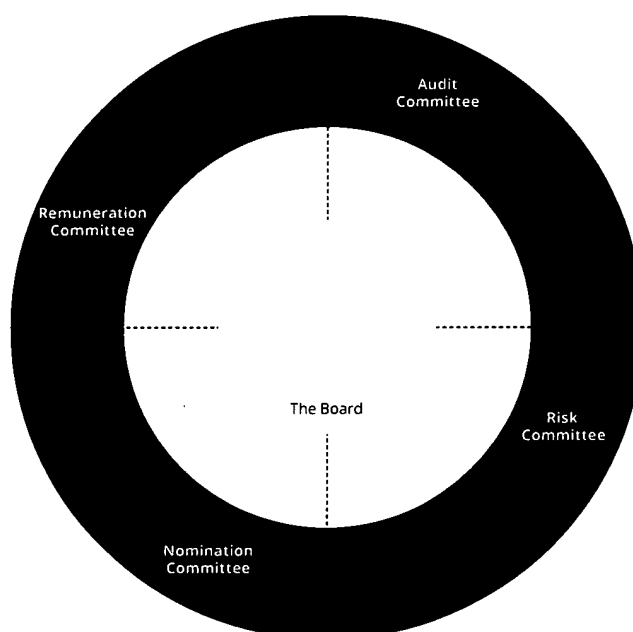
Retail	40.19%
Other (<3%)	14.49%
Asset Manager	11.22%
Employees	12.14%
Private Investor	8.93%
Private Equity/	
Venture Capital	6.41%
Corporate	3.40%
Hedge Fund Manager	3.24%

Division of responsibilities

DWF Group plc Board

The Board provides leadership within a framework of prudent and effective controls. There is a clear division of responsibility amongst the Board with the overarching goal to promote the Group's long-term sustainable success. The Board has established four committees and one standing committee. In addition to the schedule of Matters Reserved for the Board, each committee has written Terms of Reference defining its role and responsibilities. These are reviewed annually and the current versions can be found on the Company's website dwfgroup.com/en/investors. Membership of the Audit Committee and the Risk Committee is limited to Independent Non-Executive Directors, in accordance with the Code. The Chair of the Board chairs the Nomination Committee and is a member of the Remuneration Committee. All Independent Non-Executive Directors sit on all four committees.

Governance framework



Committees

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities including assessing the integrity of financial reporting, ensuring the independence and effectiveness of external and Internal Audit functions and controls, reviewing the Company's annual and half-yearly financial statements, making recommendations on the appointment, reappointment and removal of the Auditor, monitoring the independence of the Auditor, reviewing the objectivity and effectiveness of the audit process and reviewing the scope of the audit and non-audit work undertaken by the Auditor.

Risk Committee

The Risk Committee's duties include providing advice to the Board in relation to the assessment of the principal risks facing the Group, the 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.

Nomination Committee

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, 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 Inclusion, as well as progress against achieving objectives under those policies.

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling 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 Executive Directors, Partner Directors and senior management. The Remuneration Committee is also responsible for considering and making recommendations to the Board with regard to the design and targets of share plans and equity incentive plans and reviewing the ongoing appropriateness and relevance of the remuneration arrangements across the Group.

Standing committee

Disclosure Committee

The Disclosure Committee is responsible for ensuring the accurate and timely disclosure of information to the market, to meet the Company's obligations under the Market Abuse Regulation, and to monitor compliance with the Company's disclosure controls and procedures.

Division of responsibilities continued

There is a clear division of responsibility between the running of the Board by Jonathan Bloomer and the responsibility for the running of the Group's business by Sir Nigel Knowles. The following table sets out the policy on the division of responsibilities of the Board during the year ended 30 April 2021.

Role	Responsibilities
Chair of the Board	(a) Leadership of the Board and ensuring its effectiveness on all aspects of its role (b) To chair and set the agenda of all meetings of the Board (c) To promote a culture of openness and debate, by facilitating the effective contribution of Non-Executive Directors (d) To communicate with Shareholders and other stakeholders
Deputy Chair of the Board and Senior Independent Non-Executive Director	(a) To step into the role of the Chair, in the Chair's absence (b) To act as a sounding board for the Chair and to serve as an intermediary for the other Directors (c) To ensure that the Chair and Group Chief Executive Officer comply with the policy on division of responsibilities (d) To be available to Shareholders if they have concerns that cannot be or have not been addressed, or are inappropriate to be addressed through the usual channels of the Chair, the Group Chief Executive Officer or the Chief Financial Officer
Executive Directors	
Group Chief Executive Officer	(a) Responsible for the day-to-day management of the businesses of the Group in accordance with such policies and directions as the Board of the Company may determine from time to time (b) To manage the Group's operations, including the development of strategic plans (c) To develop and maintain good, open and transparent regulatory relationships (d) To provide effective leadership of senior management of the Group in the day-to-day running of the Group's business and oversight of executive meetings
Chief Financial Officer	(a) To manage all aspects of the Group's financial affairs and to contribute to the management of the Group's operations
Group Chief Operating Officer	(a) To collaborate with and support the Group Chief Executive Officer to effectively design, implement and execute the Company's strategy in accordance with such policies and directions as the Board of the Company may determine from time to time
Non-Executive Directors	
Independent Non-Executive Directors	(a) To constructively challenge and contribute to the development of strategy (b) To scrutinise management performance against agreed goals and objectives, and the on-going appropriateness of those objectives (c) To contribute to open and honest debate in Board meetings, providing constructive challenge to Executive Directors and senior management (d) To ensure financial controls and risk management systems are strong and secure (e) To take into account the views of Shareholders and other key stakeholders where appropriate
Partner Directors	(a) To constructively challenge and contribute to the development of strategy (b) To scrutinise management performance against agreed goals and objectives (c) To provide constructive challenge to executive decisions made by the Executive Directors and the senior management (d) To take into account the views of Shareholders and other stakeholders where appropriate (e) To devise and recommend proposals for the Board to have meaningful and regular dialogue with all of the Group's partners and employees

Composition, succession and evaluation

Board changes during the year

The table below summarises the Board changes during the year.

Date	Change
29 May 2020	Andrew Leatherland stepped down as Group Chief Executive Officer.
29 May 2020	Sir Nigel Knowles stepped down as Chair of the Board and was appointed Group Chief Executive Officer.
29 May – 31 July 2020	Chris Sullivan was appointed as Interim Chair of the Board.
1 August 2020	Jonathan Bloomer was appointed as Chair of the Board.
1 August 2020	Chris Sullivan was appointed as Deputy Chair of the Board.
22 October 2020	Matthew Doughty's role on the Board changed from Partner Director to Executive Director, to reflect his appointment as Group Chief Operating Officer.
22 October 2020	Seema Bains and Michele Cicchetti were appointed as Partner Directors.
30 December 2020	Vin Murria stepped down as an Independent Non-Executive Director.

Board composition, skills, knowledge and experience

At 30 April 2021, the Board comprised 10 directors, made up of the Chair, who was independent on appointment, three Executive Directors, four Independent Non-Executive Directors including the Senior Independent Non-Executive Director and two Partner Directors.

Our unique structure means we also have two Board positions for Partner Directors, each of whom would serve for an initial term of up to three years. The Partner Directors have a specific role which, while similar to that of a Non-Independent, Non-Executive Director, includes providing constructive challenge to executive decisions from a standpoint within the business. They are not entitled to receive a fee for undertaking their role as Partner Directors but are remunerated as other partners are from their membership of our Group entities. For the purpose of the Remuneration report they are treated as Non-Independent, Non-Executive Directors.

The Independent Non-Executive Directors, bring a broad perspective to the deliberations of the Board, having been selected for their diverse commercial and sector expertise rather than a legal background. The combination of skills and experience of the Board is illustrated below.

Composition, succession and evaluation continued

Regulation

To comply with certain local regulatory requirements, the majority of our Executive Board must be lawyers. Our Executive Board meets this requirement with 9 of the 15 members being lawyers.

Board succession

The Nomination Committee continues to review succession plans for the Board and Executive Board each year. Further information on our approach to succession planning, our Diversity and Inclusion policy and Board appointments can be found in the Nomination Committee report on pages 72 to 74.

Chair's selection

In recruiting the new Board Chair, the Nomination Committee undertook a rigorous process, using Spencer Stuart as external search consultants, to ensure candidates with a diversity of gender, social and ethnic backgrounds, cognitive and personal strengths were identified who also possessed the skills and expertise required for a listed legal services business. Spencer Stuart has no other connection with the Company or any individual Directors.

Board induction and training

Induction programmes are provided for all new Directors, which are tailored to each new appointee. Each programme includes: a comprehensive induction pack of background information relating to the Company and the Group, alongside material on governance matters; introductory meetings with their Board colleagues, the Group General Counsel and Company Secretary, senior management, other key people within the Group, and, when relevant, the Company's advisors. The induction programme is designed to ensure that all new Directors develop sufficient knowledge and understanding of the Group and our businesses, people and processes, as well as of their duties as Directors of the Company, to oversee the operations of the Group and contribute effectively to strategic discussions.

Ongoing and tailored training is provided for all Directors, as necessary, to provide oversight and broaden knowledge of the Group and the matters affecting it. The General Counsel and Company Secretary is responsible for supporting the Chair of the Board in defining the training programme and maintained the training agenda for the Board and its Committees during the year. Training comprised a mixture of formal and informal training sessions, as well as deep dives into the Group's businesses.

Non-Executive Directors' independence and time commitment

Non-Executive Directors are required to be independent in character and judgement. Any relationships that may interfere materially with this judgement are disclosed under the Conflicts of Interests policy, see page 108. On behalf of the Board, the Nomination Committee assesses the Non-Executive Directors' independence, skills, knowledge, experience and time commitment annually. On 1 September 2020, Chris Sullivan was appointed as a Non-Executive Director to the Board of Guild Esports PLC, however, taking into consideration his non-executive portfolio, it was not considered by the Board to be excessive.

The Nomination Committee concluded that every current Non-Executive Director, with exception of the Partner Directors, was independent. Each Non-Executive Director continued to contribute effectively, and demonstrated they were committed to the role. Each current Director will submit themselves for election or re-election at the 2021 AGM.

Board and committee support

The Company has systems in place to ensure the Board is supplied with appropriate and timely information that helps Board members discharge their duties. We utilise a fully encrypted electronic Board portal to distribute Board and Committee papers, which also enables the efficient distribution of business updates and other resources to the Board. Board members may request additional information or variations to regular reporting as required.

Darren Drabble replaced Mollie Stoker as Group General Counsel and Company Secretary on 20 April 2021 and is responsible to the Chair for advising the Board on all governance matters. The Group General Counsel and Company Secretary has been appointed secretary to all the Committees of the Board and meets regularly with the respective Chairs to brief them on areas of governance and committee requirements. All Directors also have access to the advice and services of the Group General Counsel and Company Secretary. They are also able to take independent legal and professional advice when they believe it is necessary to do so.

Diversity and Inclusion

The Board recognises the value diversity brings to the boardroom, and believes the Board will perform better, and gain wider support for its overall objectives and strategy, if it includes the best people available, who also represent a wide range of backgrounds, skills, experience and views. The Company has aimed to appoint a diverse Board of highly talented individuals, from a mixture of gender, ethnicity and social backgrounds, such that the Board meets the recommendations of both the Hampton-Alexander and Parker Reviews. The Nomination Committee recognises the need for development of a diverse pipeline for succession to senior management within the business itself.

The Board and the Executive Board are committed to building a diverse and inclusive environment where our people can bring their whole self to work and enable our diversity to truly flourish. We encourage and support our people to take ownership and responsibility for our inclusion agenda. The Board is committed in maintaining its current gender diversity, with no fewer than three women on the Board at the end of FY2020/21. We are targeting female representation on the Executive Board to be at least 33% by 2022, which has been achieved and exceeded following the commencement of the new Executive Board which took effect on 1 May 2021.

The Board appreciates that diversity includes, but is not limited to, gender and seeks to encourage diversity of gender, social and ethnic backgrounds, cognitive and personal strengths at Board level and throughout the Group. The Group has a target to achieve at least 10% BAME representation across senior leadership positions by 2022. More information on DWF's Diversity and Inclusion strategy, benchmarking and targets can be found within the People section of the ESG report on pages 44 to 46.

The following charts provide a summary of the Board, Executive Board, Senior Management and all employees' gender diversity as at 30 April 2021. On 30 December 2020, Vin Murria stepped down as an Independent Non-Executive Director. Following her departure, the Board comprised seven men and three women, thus the Company ceased to comply with the Hampton-Alexander target for a composition of 33% women. However, the current composition is representative of the Group's Diversity & Inclusion target of three

women on the Board. Whilst the Board is cognisant of the Hampton-Alexander target, at this time the Board has concluded that the composition of the Board provides the appropriate balance of skills, experience and knowledge to be effective and entrepreneurial in promoting the long-term sustainable success of the Company, generating value for Shareholders and contributing to wider society.

Board gender

	No. of Directors	Percentage
Male	7	70%
Female	3	30%

Executive Board gender¹

	No. of members	Percentage
Male	10	83%
Female	2	17%

Senior Management gender²

	No. of people	Percentage
Male	77	63%
Female	46	37%

All employee gender

	No. of people	Percentage
Male	1,653	43%
Female	2,208	57%

1. The Executive Board gender split is as at 30 April 2021. The current composition of the Executive Board is 60% male and 40% female excluding the one individual listed as Advisor to the Executive Board on page 60.
2. Senior Management is defined as the Executive Board and direct reports (excluding administrative and support staff) as at 30 April 2021.

Board and Committee evaluation

An internal evaluation of the Board was undertaken during the year.

This evaluation considered the Board as a whole, each Committee, the performance of the Chair and each Director's own personal self-assessment. All Board members participated in the evaluation which was undertaken anonymously using an online questionnaire portal. Responses were collated by the Company Secretary and discussed as appropriate at meetings of each of the Committees, at the Board and by the Independent Non-Executive Directors without the Chair of the Board present. Actions were then created by the Chair of each Committee, the Chair of the Board, and the Senior Independent Non-Executive Director, as appropriate, with support from the Company Secretary.

The main findings of the Board and Committee evaluation process, together with related actions for the year ending 30 April 2021, are as follows:

Evaluation finding	Action for FY2021/22
Quality of information	• Management to further build upon improvements to the quality and timeliness of information provided to the Board and its Committees.
Annual calendar	• Refresh the annual calendar of Board and Committee meetings, and associated rolling agendas.
Director training	• Revisit the annual programme of Director training in conjunction with the new external auditor of the Company and new remuneration advisors to the Remuneration Committee.

It is the Board's intention to undertake an external evaluation of its effectiveness during FY2021/22.

Composition, succession and evaluation continued

Nomination Committee report

Jonathan Bloomer

Chair, Nomination Committee

Members

Jonathan Bloomer¹ (Chair)

Luke Savage

Tea Colaianni

Sam Tymms

Chris Sullivan

Sir Nigel Knowles²

Vin Murria³

- Jonathan Bloomer was appointed Chair of the Board on 1 August 2020 and became Chair of the Nomination Committee on the same day.
- Sir Nigel Knowles stepped down as Chair of the Board on 29 May 2020 upon his appointment as Group Chief Executive Officer and stood down as Chair of the Nomination Committee on the same day.
- Vin Murria resigned as a Non-Executive Director of the Company on 30 December 2020 and stepped down from the Nomination Committee on the same day.

Each members' expertise and experience is set out in their biography on pages 58 and 59, alongside their attendance at Committee meetings.

Focus in FY2020/21

- Appointing the Group Chief Executive Officer, the Chair of the Board, the Deputy Chair of the Board, the Group Chief Operating Officer and the Partner Directors
- Continuing its ongoing assessment of the composition of the Board including reviewing the skills and experience of Directors
- Continuing succession planning arrangements for the Board and senior management
- Overseeing the progress of the Diversity and Inclusion policy and attainment of associated targets to ensure a diverse pipeline

Focus in FY2021/22

- Monitoring the Group's adoption of its new operating structure
- Further developing succession planning arrangements for Directors and senior management
- Continuing to monitor progress in line with the Group's Diversity and Inclusion policy

Dear Shareholder,

There have been a number of Board changes during the year and we now have in place a strong leadership team to navigate the Company through these turbulent times. On 29 May 2020, Andrew Leitherland stood down from his position as Group Chief Executive Officer. He was replaced by Sir Nigel Knowles who stood down as Chair of the Board on the same day. Chris Sullivan was appointed Interim Chair of the Board while the Nomination Committee undertook a formal and rigorous process to appoint a new Chair of the Board. On 1 August 2020, I was appointed Chair of the Board to replace Sir Nigel Knowles in this role and as Chair of this Committee, and Chris Sullivan became Deputy Chair of the Board on the same date, alongside his existing role as Senior Independent Non-Executive Director.

Matthew Doughty was the first Partner Director of the Company and was appointed at the time of the initial public offering. It was a requirement under the Articles of Association that for so long as the partners, in aggregate, hold at least 25% or more of the voting rights, the Board shall appoint two Partner Directors who must each meet the selection criteria set by the Committee. The Articles of Association required that a second Partner Director be appointed on or before 10 March 2020, being within 12 months of the date of adoption of the Articles of Association. As noted on page 65 of the 2020 Annual Report and Accounts, the Committee recognised that due to acquisition activity during FY2019/20 the composition of the Group was changing considerably, especially in the International division. The Committee therefore agreed that once certain acquisition activities were complete or had been integrated, it would be appropriate to reflect the increasingly global nature of the business by appointing a second Partner Director from a candidate pool made up of senior partners in the International Division. Therefore, Andrew Leitherland was appointed as interim second Partner Director. On Andrew's departure from the business on 29 May 2020, the Board appointed Sir Nigel Knowles as interim second Partner Director on the same basis on the recommendation of the Committee.

Accordingly, in June 2020, the Committee commenced a recruitment process for an international Partner Director. In July 2020, the Committee also commenced a recruitment process for a UK and Ireland Partner Director to reflect its intentions that Matthew Doughty's position on the Board change from Partner Director to Executive Director. On 22 October 2020, Seema Bains and Michele Cicchetti were appointed Partner Directors, and Matthew Doughty was appointed Group Chief Operating Officer. Vin Murria resigned as a Non-Executive Director on 30 December 2020. Further information on the considerations taken by the Board regarding composition of the Board can be found on page 61.

For all Board appointments, in addition to considering internal candidates, the Committee engages an external search firm to identify candidates outside of the Group and Spencer Stuart was engaged for the purposes of the selection of the new Chair of the Board. Spencer Stuart has no other connection with the Company or any of its Directors. An external search firm was not used for the recruitment of Partner Directors as only internal candidates are eligible to be considered. Detailed assessments and reference checking of short-listed candidates are undertaken, followed by interviews with Committee members and other Directors as required.

The Committee has continued its focus on ensuring a diverse succession pipeline and has considered succession plans for the Board and senior management throughout the year. In addition, the Committee has continued its oversight of the implementation of our Diversity and Inclusion policy and attainment of our diversity targets, on which further information can be found on pages 44 and 45. We commenced ethnicity pay gap reporting in December 2020 and we continue to maintain the gender diversity of our Board with no fewer than three women on the Board. We are pleased to report that we have 40% female representation on our Executive Board.

As announced in January 2021, as part of its role in keeping the leadership needs of the Group under review to ensure the continued ability of the Group to compete effectively in the market, the Committee recommended to the Board a number of senior management changes to support our new operating structure which came into effect from 1 May 2021. The Committee is pleased to see the positive transition steps so far, and will continue to monitor the implementation of the new operating structure throughout the year.

Jonathan Bloomer

Chair, Nomination Committee

Responsibilities

The Committee's main responsibilities include:

- regularly reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any changes;
- giving full consideration to succession planning for Directors and senior management and overseeing a diverse pipeline for succession;
- keeping the leadership needs of the Group under review with a view to ensuring the continued ability of the Group to compete effectively in the market;
- identifying and nominating, for the approval of the Board, candidates to fill Board and senior management vacancies when they arise; and
- keeping under review the Group's policy on diversity, including gender, age, educational and professional background and any measurable objectives that it has set in implementing the policy, and progress on achieving the objectives.

The Committee's duties and responsibilities are set out in its Terms of Reference, which are reviewed annually. These are available on the Group's website at dwfgroup.com/en/investors.

Membership

The Committee is made up of a minimum of three members, a majority of whom are Independent Non-Executive Directors. The Chair of the Board chairs the Committee except when the Committee is dealing with the appointment of a successor to the Chair of the Board.

Meetings

The Committee meets as required, with a minimum of two meetings a year and at such other times as the Chair of the Committee shall require. To enable it to carry out its responsibilities, the Committee has an annual rolling agenda maintained by the Company Secretary, and regularly reviewed in conjunction with management. The Company Secretary also maintains a tracker of actions arising from meetings. At the next scheduled Board meeting, the Chair of the Committee reports formally to the Board on the Committee's proceedings, including how it has discharged its responsibilities.

The Committee held five scheduled meetings during FY2020/21 and the table on page 59 provides details of members' attendance at those meetings. At the invitation of the Chair of the Committee, other regular attendees, who can withdraw as necessary, included at some or all of the meetings: the Group Chief Executive Officer, Chief Financial Officer, Group Chief Operating Officer, Group General Counsel & Company Secretary, the Chief People Officer and the Deputy Company Secretary.

Activities during FY2020/21

The chart below displays how the Committee allocated its time during scheduled meetings during the year.

Allocation of agenda time

Governance	28%
Board composition	40%
Diversity and Inclusion	26%
Succession planning	6%

Composition, succession and evaluation continued

The table below summarises the key activities and considerations of the Committee during the year.

Board composition	• Regularly reviewed the structure, size and composition of the Board. During the year, the Committee made recommendations to the Board with regard the changes in the year described on page 72 • Identified and nominated, for the approval of the Board, candidates to fill Board vacancies as they arose. Before making any recommendations to the Board, the Committee evaluated the balance of skills, experience, independence, knowledge and diversity on the Board and, in the light of this evaluation, prepared a description of the role and capabilities required for each appointment • Prepared policies and procedures by which applicable partners of the Group were able to nominate themselves to the Committee for the position of Partner Director • Considered candidates from a wide range of backgrounds on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, age and educational and professional background, taking care that appointees have enough time available to devote to the position • Ensured each appointee received a letter of appointment or engagement and job specification, which included an assessment of expected time commitment and responsibilities • Reviewed the time required from an Independent Non-Executive Director and assessed whether he or she contributed effectively and demonstrated commitment to the role Additional detail can also be found on pages 57, 61 and 69 of the Corporate Governance report
Succession planning	• Gave full consideration to succession planning and oversaw the development of a diverse pipeline for succession for Directors and senior management • Kept the senior management arrangements of the Group under review to ensure the continued ability of the Group to compete effectively in the market and was informed about the issues affecting the Group and the market in which it operates • Identified and nominated, for the approval of the Board, candidates to fill senior management vacancies as they arose or a new need emerged taking into account the challenges and opportunities facing the Group and the skills and expertise needed in the future
Diversity and Inclusion	• Kept under review the Group's policy on Diversity and Inclusion and progress against achieving the measurable objectives that it has set in implementing the policy • Considered diversity in all appointments and succession planning discussions and processes to promote new and innovative thinking, maximise the use of talent, and support better business decisions and governance • Actively supported the drive towards our diversity goals throughout the year to make a significant contribution to our Diversity & Inclusion agenda, maintain competitive advantage, and enable our people to operate in a way that maximises their contribution to our business Additional detail can also be found on pages 70 and 71 of the Corporate Governance report
Governance	• Conducted an annual review of its Terms of Reference • Reviewed the Committee's performance to ensure it is operating at maximum effectiveness • Produced a report describing the roles and responsibilities of the Committee and the actions taken by the Committee to discharge those responsibilities for inclusion in the Annual Report and Accounts • Considered the Board and Committee evaluation process and the skills assessment of the Board to inform the Committee's reviews of Board composition and its processes for appointments to the Board

Audit, risk and internal control

Audit Committee report

Luke Savage

Chair, Audit Committee

Members

Luke Savage¹ (Chair)

Tea Colaianne

Sam Tymms

Chris Sullivan

Vin Murria²

1. Luke Savage qualifies as a person with recent and relevant financial experience.
2. Vin Murria resigned as a Non-Executive Director of the Company on 30 December 2020 and stepped down from the Audit Committee on the same day.

Each member's expertise and experience is set out in their biography on pages 58 and 59, alongside their attendance at Committee meetings.

Focus in FY2020/21

- Reviewed and challenged the key accounting judgements and assumptions made by management to support the financial statements including considering the increased uncertainties resulting from COVID-19
- Undertook an audit tender process for a new External Auditor to be appointed for the audit for the year ending 30 April 2022
- Continued its ongoing assessment of the effectiveness of the Internal Audit function
- Oversaw progress of the Group's financial roadmap
- Monitored the integration of acquisitions into the Group's control environment
- Reviewed the outcomes of the approved annual Internal Audit Plan, and management's implementation of responses

Focus in FY2021/22

- Overseeing the transition to a new External Auditor
- Monitoring the Group's adoption of its new operating structure
- Continuing attention on managing the impacts of COVID-19

Dear Shareholder,

I am pleased to present the report on the activities of the Audit Committee (the 'Committee') for the period ended 30 April 2021. During the period, the Committee has continued to monitor the integrity of the Group's financial reporting, assess the effectiveness of internal control processes, oversee the work and quality of the Group's Internal Audit function, and monitor the quality of audit provided by the Auditor, Deloitte LLP, with particular regard to its effectiveness, objectivity and independence.

The principal issues on which the Committee focused in FY2020/21 are set out in this report. These included monitoring the impact of COVID-19 on the business to ensure the ongoing integrity of the Group's financial reporting, and management of any impact on the Group's systems of risk management and internal control. The Committee also undertook a competitive tender process for the provision of external audit services to the Group set out on pages 77 and 80 for the year ending 30 April 2022. The Committee considered and made recommendations to the Board, to be put to the Shareholders for their approval at the 2021 Annual General Meeting of the Company in relation to the appointment of PricewaterhouseCoopers LLP as the Company's Auditor from the conclusion of the 2021 Annual General Meeting. Deloitte LLP will stand down as the Company's Auditor at that time.

During the year, an internal evaluation of the effectiveness of the Committee was conducted, as part of the Board evaluation process, further detail of which can be found on pages 57 and 71. The Committee considered the outcomes of the internal evaluation as it pertained to its own performance and effectiveness. I am pleased to report that the Committee recommended to the Board that it considered itself to be performing effectively.

As Chair of the Committee, I am pleased to present this report for the year ended 30 April 2021. If you would like to ask any questions about our work during the year at the AGM, please see the notes to the Notice of AGM which sets out the arrangements for this year.

Luke Savage

Chair, Audit Committee

Audit, risk and internal control continued

Responsibilities

The Committee's main responsibilities include:

- monitoring the Group's financial reporting process and the integrity of the financial statements and any significant financial reporting judgements;
- reviewing and challenging the adequacy and effectiveness of the Group's internal financial controls (that is, the systems established to identify, assess, manage and monitor financial risks) and the Group's internal control and risk management systems;
- reviewing the objectivity and effectiveness of the audit process and reviewing the scope of the audit and non-audit work undertaken by the Auditor;
- annually approving the Group's Internal Audit Plan and Charter, and receiving regular reports on internal audits;
- monitoring the role of the Internal Audit function;
- evaluating and challenging the Auditor's role, work and effectiveness; and
- overseeing compliance with applicable legal and regulatory requirements, including monitoring ethics and compliance risks.

The Committee's duties and responsibilities are set out in its Terms of Reference, which are reviewed annually. These are available on the Group's website at dwfgroup.com/en/investors.

Membership

The Committee is made up of a minimum of three members, each an Independent Non-Executive Director. The Chair of the Board is not a member of the Committee but may attend its meeting by invitation. For the purposes of the UK Corporate Governance Code 2018 (the 'Code'), the Chair of the Committee, Luke Savage qualifies as a person with recent and relevant financial experience. The Committee as a whole has competence relevant to the legal and business services sectors in which the Group operates. The Committee received training during the period on matters including Principal Risks and Viability Statement, the impact of COVID-19 on reporting, climate-related financial risks, and revisions to the auditing standards (ISA 570 and ISA 540).

Meetings

The Committee meets at least three times a year, to coincide with key dates in the financial reporting and audit cycle, and otherwise as the Chair requires. To enable it to carry out its responsibilities, the Committee has an annual rolling agenda maintained by the Company Secretary, and regularly reviewed in conjunction with management. The Company Secretary also maintains a tracker of actions arising from meetings. This ensures that the agenda for each meeting aligns with both the financial reporting and audit cycle, as well as particular matters arising throughout the year considered appropriate by the Committee for its scrutiny. At the next scheduled Board meeting, the Chair of the Committee reports formally to the Board on the proceedings of the Committee, including how it has discharged its responsibilities.

The Committee held five scheduled meetings during FY2020/21 and the table on page 59 provides details of members' attendance at those meetings. At the invitation of the Chair of the Committee, other regular attendees, who can withdraw as necessary, included at some or all of the meetings: the Auditor, the Chair of the Board, the Group Chief Executive Officer, the Chief Financial Officer, the Group Chief Operating Officer, the Group General Counsel & Company Secretary, the Deputy Chief Financial Officer, the Group Director of Risk, the Head of Internal Audit and the Deputy Company Secretary. The Committee also met privately with the Auditor, and the Head of Internal Audit.

Activities during FY2020/21

The chart below displays how the Committee allocated its time during scheduled meetings during the year.

Allocation of agenda time

Governance	10%
Financial reporting	59%
Internal controls and	
Risk Management	8%
External Audit	16%
Internal Audit	7%

The table on the next page summarises the key activities of the Committee during the year.

Financial reporting	• Monitored the effectiveness of the financial reporting process, including review of the Company's annual and half-yearly reports, preliminary announcements and any other formal announcements relating to the Company's financial performance, alongside reports from management and the Auditor • Considered and reported to the Board on significant financial reporting issues and judgements contained in them, and submitted recommendations and proposals to ensure the integrity of the financial reporting process. The key areas of judgement or assumption considered by the Committee and discussed with management and the Auditor are set out on pages 78 and 79 • Reviewed the clarity and completeness of disclosures in the financial reports and statements and considered whether the disclosures made were set properly in context • Reviewed all material information presented with the financial statements, such as the Strategic report, Directors' report and the Corporate Governance statement (in so far as it relates to the audit) • Reviewed the assessment of going concern and the viability statement in respect of these financial statements • Concluded that these Annual Reports and Accounts when taken as a whole were fair, balanced and understandable and provided sufficient information to enable the reader to assess the Group's position and performance, business model and strategy
Internal controls and Risk Management	• Kept under review the adequacy and effectiveness of the Group's internal financial controls (that is, the systems established to identify, assess, manage and monitor financial risk) • Reviewed the Group's internal control and risk management systems • Received regular reports on any control deficiencies identified and considered the adequacy of management's response to identified deficiencies including mitigation actions taken and the implementation of longer-term control improvements • Considered reports from the Auditor on progress and the results of the Auditor's testing of controls as part of the Auditor's external audit work • Reviewed the adequacy and security of the Group's Speak Up policy arrangements whereby staff and contractors of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters • Monitored management's progress and ongoing remediation plan regarding the control environment for cash and cash equivalents. The Committee were pleased to see that significant improvements have been made in the year, however this continues to be an area of focus for the Committee as management continue to improve controls and processes in this area
Internal Audit	• Reviewed and approved the mandate of the Internal Audit function • Approved the Internal Audit Charter • Received reports on the results of the Internal Auditor's work on a periodic basis and received reports addressed to the Committee from the Internal Auditor • Monitored and reviewed the effectiveness of the work of the Internal Audit function
External Audit	• Developed and oversaw the selection procedure as set out on page 80 for the appointment of PricewaterhouseCoopers LLP as Auditor of the Company for the audit for the year ending 30 April 2022 in accordance with applicable legislations and regulatory requirements, ensuring that all tendering firms had access to all necessary information and individuals during the tendering process • Considered and made recommendations to the Board, to be put to the Shareholders for their approval at the 2021 Annual General Meeting of the Company in relation to the appointment of PricewaterhouseCoopers LLP as the Company's Auditor from the conclusion of the 2021 Annual General Meeting. Deloitte LLP will stand down as the Company's Auditor at that time • Oversaw the relationship with the Auditor, including agreeing remuneration, terms of engagement and scope of, and plan for, annual and interim audits • Monitored the audit of the Company and consolidated financial statements ensuring an effective and high-quality audit was conducted • Assessed the Auditor's independence and objectivity and the effectiveness of the external audit process • Ensured co-ordination with the activities of the Internal Audit function and evaluated the risks to the quality and effectiveness of the financial reporting process in light of the Auditor's communications with the Committee • Developed and recommended to the Board the Group's formal policy on the provision of non-audit services by the Auditor as described further on page 81
Governance	• Conducted an annual review of its Terms of Reference • Reviewed the Committee's performance to ensure it is operating at maximum effectiveness • Compiled a report describing the roles and responsibilities of the Committee and the actions taken by the Committee to discharge those responsibilities for inclusion in the Annual Report and Accounts

Audit, risk and internal control continued

Key areas of judgement

In relation to the period under review, the Committee assessed the appropriateness of the accounting policies adopted and the reasonableness of any judgements and estimates. The Committee considered management papers and reports, in conjunction with reports from the Auditor, in considering the following key areas of judgement and how to address them.

Key judgement	Detail of key judgement	How addressed by the Committee
Unbilled revenue	There are significant estimates involved in valuing the Group's unbilled revenue and the amount that is expected to be recoverable from clients on unbilled matters. Key assumptions include historical recoverability rates, contractual arrangements, the outcomes of previous matters and agreements with clients.	The Committee has reviewed and challenged management's estimate of unbilled revenue. The Committee focussed on the key assumptions within the estimate including the historic recoverability rates and management's methodology in deriving an appropriate estimate. See note 15 to the Consolidated Financial Statements.
Trade receivables provision	The assessment of the Group's provision for non-recoverable trade receivables involves significant estimation. This estimation is established based on interactions between finance, the fee earner and clients, mindful of the specific circumstances of clients and individual matters and invoices, the Group's historic recoverability rates and forward looking factors.	The Committee has reviewed and challenged management's trade receivables provisioning, paying particular attention to key assumptions within the estimate, judgements taken on specific matters and invoices, and the Group's historical success in the recovery of its trade receivables. The Committee also reviewed the disclosures and sensitivities of the provision included within the financial statements. See note 1.24 and note 15 to the Consolidated Financial Statements.
Professional indemnity insurance claims	There is significant judgement in the recognition and quantification of the liability associated with claims and regulatory proceedings made against the Group. An estimate of the liability is recognised when the outflow is both probable and can be estimated reliably. To mitigate this risk the Group has professional indemnity insurance in place. An asset is recognised for any portion that is recoverable from the Group's insurers.	The Committee reviewed and challenged management's judgement in determining an appropriate liability for professional indemnity claims and the recoverability of the insurance asset recorded on the Group's balance sheet. See note 20 to the Consolidated Financial Statements.
Projected cash flows and discount rate used in Managed Services (Mindcrest) customer relationship intangible asset impairment calculation	Impairment testing is inherently subjective as it includes assumptions in calculating the recoverable amount of the cash-generating unit ('CGU') being tested. Assumptions include projected cash flows of the relevant CGU and discount rates that reflect the appropriate level of risk for the CGU. The impairment assessment of the Managed Services (Mindcrest) CGU involves a significant level of estimate due to the reduction in revenue streams immediately following COVID-19 and the estimate of future cash flows of this CGU.	The Committee challenged the outcome of the impairment review of the Managed Services (Mindcrest) CGU, having particular focus on the trading assumptions applied in the impairment model and the determination and appropriateness of the discount rate applied to this CGU. The Committee also reviewed the disclosures in the financial statements. See note 1.24 and note 12 to the Consolidated Financial Statements

Key judgement	Detail of key judgement	How addressed by the Committee
Adjusting items used in Alternative Performance Measures ('APMs')	The reporting, classification and consistency of adjusting items is an area of focus for the Committee, in particular, the adherence to the guidance on APMs provided by the European Securities and Markets Authority ('ESMA'). The Committee considers this a key consideration when reviewing the financial statements to ensure that they are fair, balanced and understandable.	The Committee has considered the nature, classification and consistency of adjusting items, and the adherence to the guidance provided by ESMA. The Committee also reviewed the disclosures of the Group's APMs to ensure that they are clear, transparent and assist Shareholders and wider stakeholders in measuring the performance of the Group. APMs are defined and discussed in the Financial review and also detailed in note 2 to the financial statements.
Control over the Alternative Business Structure ('ABS') and non-ABS groups	Regulations in certain jurisdictions in which the Group is represented allow ABSs where legal firms can be owned by non-lawyers. This is not the case in other jurisdictions ('non-ABS'). As a result, DWF LLP, the head of the non-ABS Group, is not directly owned by any entity within the ABS Group (which includes the ultimate parent DWF Group plc). Consolidation of DWF LLP and the other non-ABS entities depends on the assessment of whether a member of the ABS group is exposed, or has rights, to variable returns from its involvement with such entity and has the ability to affect those returns through its power over such entity.	The Committee has reviewed the judgement that the Group continues to consolidate the non-ABS entities, and has had due consideration of the Group's exposure, or rights, to variable returns from non-ABS entities and its ability to affect those returns.

Audit, risk and internal control continued

Internal Audit

This has been the first full year of operation of the Group's Internal Audit function, which provides independent assurance to the Board on the Group's risk management and internal control framework.

The Head of Internal Audit has direct access to, and regular meetings with, the Chair of the Committee, and attends all meetings of the Committee. In addition, the Internal Audit function has unrestricted access to employees and documentation across the Group, to enable it to perform its duties. There are also arrangements in place to enable the function to commission the support of technical experts and other additional support as required. During the year, the Committee monitored progress of the Internal Audit function against the Internal Audit Plan and ensured that the function had sufficient resource to carry out its duties effectively.

The Committee approved the Internal Audit Charter and the Internal Audit Annual Plan, which was formulated via a comprehensive risk assessment involving senior management. During the year, the Committee received reports on the outcomes of Internal Audit's work at each scheduled meeting, and the Committee closely monitored management's response to actions identified in the reports. Where appropriate, the Committee agreed, with the Head of Internal Audit, changes to the Internal Audit Annual Plan resulting from the need to address risks arising from COVID-19.

Effectiveness

The Committee reviewed the effectiveness of the Group's systems of risk management and internal control using the Committee of Sponsoring Organizations Internal Control Framework. The Committee noted improvements in the controls environment during the year. The Committee considered that the review of the effectiveness of risk management and internal control systems was robust and concluded that the existing risk management and internal control systems were effective, noting the ongoing work to be carried out in strengthening these further.

The Committee received a report in its June 2020 Committee meeting pack from the Head of Internal Audit containing a review of its first full year of operation, and a self-assessment against the Institute of Internal Auditors' Internal Audit Code of Practice (published January 2020), (the 'IIA Code of Practice'). The paper provided an overview of the Internal Audit function's performance during the year against key performance indicators, reviewed resources available to the Internal Audit function, considered management's implementation of required actions, and highlighted certain areas for improvement which the Internal Audit function is addressing. The next self-assessment against the IIA Code of Practice will take place in September 2021, which will inform the Committee's continuing conclusion that the Internal Audit function is effective.

External Auditor

Appointment and effectiveness

The Company's Auditor, Deloitte LLP was appointed by the Directors of DWF Group plc to act as reporting accountant and tax advisors in preparing the IPO and was subsequently reappointed to undertake the annual audit for the financial year ending 30 April 2019 and subsequent periods. Deloitte's involvement as Auditor to parts of the Group dates back more than 13 years (as Auditor to DWF LLP), and the original appointment came as a result of a competitive tender process. The intention, as reported in the 2019 Annual Report and Accounts, was to undertake a competitive tender process to appoint an Auditor during 2020, for the audit of the year ending April 2021.

As reported in the 2020 Annual Report and Accounts, work was underway in relation to this tender process in early 2020, but it became impossible to run an effective tender process due to COVID-19. Therefore, the Committee recommended to the Board that the audit tender process be delayed for a year. To oversee the competitive tender process, a sub-committee was established comprising the Chair of the Committee, the Chair of the Risk Committee, the Chief Financial Officer and the Deputy Chief Financial Officer. A number of firms were approached and those who chose to participate (including the incumbent Auditor) submitted written proposals to the sub-committee in advance of interviews which comprised presentations and Q&A sessions. The sub-committee considered each participating firm against a number of criteria grouped under the headings risk, RFP and presentation, audit quality, capability and competence, and pricing. Due to Pricewaterhouse Coopers LLP's ('PwC') international reach and understanding of legal market best practice and regulation, the sub-committee recommended PwC as its preferred candidate. BDO LLP was identified as the second choice candidate. The Audit Committee considered the sub-committee's recommendation and was fully supportive. Thereafter, the Audit Committee made recommendations to the Board to be put to the Shareholders for their approval at the 2021 Annual General Meeting of the Company in relation to the appointment of PwC from the conclusion of the 2021 Annual General Meeting. Deloitte LLP will stand down as the Company's Auditor at that time. The recommendation is free from third party influence and no restrictive contractual clause has been imposed on the Company.

The Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Independence, objectivity and effectiveness

During the year, the Committee assessed the quality and effectiveness of the Auditor, having particular regard to:

- the Auditor's understanding and insights into the Group's business;
- the Auditor's approach to key areas of judgement, the extent of challenge and the quality of reporting;
- the quality controls in place to deliver the audit and how the agreed audit plan was delivered;
- the Auditor's independence and objectivity;
- the safeguards put in place by the Committee and the Auditor to avoid any compromise of the independence and objectivity of the Auditor;
- management's feedback on the Auditor; and
- private sessions with the Auditor without management present.

The Committee is satisfied that the audit, as carried out by the Auditor, is effective and demonstrates appropriate, independent and objective professional scepticism and challenge to management's assumptions.

Peter Saunders is the Statutory Auditor who signs the Independent Auditor's report to the members of DWF Group plc for and on behalf of the Auditor, Deloitte LLP. Peter has held this role for four years.

Non-audit services

The Committee reviewed the Company's policy on the engagement of the Auditor for the provision of non-audit services, and recommended some minor changes for approval by the Board. The non-audit services policy sets out rigorous controls intended to ensure the independence of the Auditor is not impaired, and takes into account the changes required by the EU Audit Regulation and Directive (the 'Audit Regulation') and FRC's Ethical Standard. The amended policy stipulates:

1. the nature of non-audit services the Auditor is not permitted to perform;
2. levels of authority for the Executive to engage the Auditor for approved non-audit services; and
3. that any non-audit services to be provided by the Auditor must be approved in advance by the Committee. For a single permitted project where the fee is no more than £50,000 (increased from £30,000) the non-audit services are considered trivial for the purposes of the Audit Regulation, and can instead be approved by the Chief Financial Officer (or Group Chief Executive Officer in his absence) (whose authority to approve such projects will be capped at a cumulative value of £300,000 in any one financial year).

As a result of this policy, and to avoid conflict with its role, the Auditor does not act as Remuneration Advisors to the Company. The Committee also approved the Company's policy in relation to the recruitment of former employees of the Auditor, again to manage any potential conflicts of interest.

The audit fees payable to the Auditor for the year ended 30 April 2021 were £678,000 and no non-audit service fees were incurred.

This equates to a non-audit to audit fee ratio of 0%. We continue to ensure the level of non-audit fees is compliant with the Company's 50% non-audit fee cap rule (noting that this cap excludes fees payable for non-audit work required to be carried out by the Auditor by law or regulation or arising from any assessment of the Group's compliance with the Solicitors Accounts Rules). The Group paid fees of £107,100 to the Auditor for such work for the year ended 30 April 2021.

The Committee has concluded that the provision of non-audit services has not compromised the Auditor's independence and objectivity.

Financial Reporting Council review

As a result of a review of the FY2019/20 Annual Report and Accounts by the Financial Reporting Council ('FRC'), we made some minor improvements to the disclosures in our current year financial statements. The only one which impacts the presentation of the primary financial statements was a reclassification of the PI provision from accruals to provisions. The review of the FY2019/20 Annual Report and Accounts by the FRC does not provide any additional assurance regarding its accuracy and the FRC does not accept any liability in relation to their review.

Audit, risk and internal control continued

Risk Committee report

Sam Tymms

Chair, Risk Committee

Members

Sam Tymms (Chair)

Luke Savage

Tea Colaïanni

Chris Sullivan

Vin Murria¹

1. Vin Murria resigned as a Non-Executive Director of the Company on 30 December 2020 and stepped down from the Risk Committee on the same day.

Each member's expertise and experience is set out in their biography on pages 58 and 59, alongside their attendance at Committee meetings.

Focus in FY2020/21

- Continued ongoing assessment and development of the Group Risk Framework and principal risks
- Reviewed and developed the Group's overall risk appetite, tolerance and strategy, and advised the Board accordingly
- Further embedded Risk Management principles and processes consistently across the Group
- Further strengthened the control framework and the application of Risk Management processes
- Continued to receive reports on how risks affecting the Group are managed, including current and prospective macroeconomic and financial risks
- Received analysis and recommendations from management on the scope and terms of insurance coverage across the Group
- Monitored the Group's response to COVID-19, including risks arising from the global response to, and continuing management of, COVID-19
- Continued focus on growing a consistent approach to assurance activity across the Group

Focus in FY2021/22

- Continuing attention on managing risks relating to the impact of COVID-19
- Monitoring the Group's adoption of its new operating structure
- Monitoring the impact of risks associated with our increasing focus on ESG
- Increased attention on assurance activities around operational risk, particularly in the area of cyberattacks

Dear Shareholder,

I am pleased to present this report, which provides insight into the Committee's activities during the period to 30 April 2021. The Committee supports the Board in fulfilling its obligations to ensure a framework of prudent and effective controls, which enable it to assess and manage risks, including those to the long-term success of the Group. The Committee considers an integrated approach to the risk taxonomy, risk register and risk assurance activity to be paramount.

The Committee's activities throughout the period included: overseeing the continuing development of the Group Risk Appetite and supporting framework; determining the nature and extent of the Group's principal risks; considering the risks associated with, and the resilience of, the Group's cyber and information security arrangements; as well as overseeing the insurance programme put in place for the Group.

Throughout COVID-19, the Committee has focused on the Group's management of the additional risks presented by COVID-19 initially, and as COVID-19 continued to progress. This included monitoring the evolution of the Group's assurance activity to ensure continued management, measurement and reporting of the full range of risks despite the challenging circumstances facing our Group and all its stakeholders.

During the year, an internal evaluation of the effectiveness of the Committee was conducted, as part of the Board evaluation process, further detail of which can be found on pages 57 and 71. The Committee considered the outcomes of the internal evaluation and specifically its own performance and effectiveness. I am pleased to report that the Committee recommended to the Board that it considered itself to be performing effectively.

Alongside all my Independent Non-Executive Director colleagues, I sit on each of the Committees of the Board. I particularly value the close and effective monitoring of Risk Management achieved by my membership of the Audit Committee, as well as the Chair of the Audit Committee's membership of this Committee.

I shall be available at the Company's AGM to answer any questions you may have.

Sam Tymms

Chair, Risk Committee

Responsibilities

The Committee's main responsibilities include:

- advising the Board on the Group's overall Risk Appetite, tolerance and strategy;
- overseeing and advising the Board on the Group's current risk exposures and future risk strategy;
- keeping under regular review the Group's overall risk assessment processes;
- providing advice to the Board on the assessment of principal risks facing the Group;
- approving the remit of the Risk Management and Compliance functions;
- considering the major findings of internal investigations and management's response; and
- ensuring it obtains suitable assurance on the risk management and internal controls embedded within the organisation.

The Committee's duties and responsibilities are set out in its Terms of Reference, which are reviewed annually. These are available on the Group's website at dwfgroup.com/en/investors.

Membership

The Committee is made up of a minimum of three members, each an Independent Non-Executive Director. The Chair of the Board is not a member but may attend its meeting by invitation. Members of the Committee have experience of risk management matters and practices. The Committee received training during the period on matters including risk appetite and the application of competition law to the business.

Meetings

The Committee meets at least three times a year, to coincide with key dates in the financial reporting and audit cycle, and otherwise as the Chair or members require. To enable it to carry out its responsibilities, the Committee has an annual rolling agenda maintained by the Company Secretary, which is regularly reviewed in conjunction with management. The Company Secretary also maintains a tracker of actions arising from meetings. This ensures the agenda for each meeting aligns with the financial reporting and audit cycles, as well as particular matters arising throughout the year considered appropriate by the Committee for its scrutiny. At the next scheduled Board meeting, the Chair of the Committee reports formally to the Board on the Committee's proceedings, including how it has discharged its responsibilities.

The Committee held five scheduled meetings during FY2020/21 and the table on page 59 provides details of members' attendance at those meetings. At the invitation of the Chair of the Committee, other regular attendees, who can withdraw as necessary, included at some or all of the meetings: the Chair of the Board, the Group Chief Executive Officer, the Chief Financial Officer, the Group Chief Operating Officer, the Group General Counsel & Company Secretary, the Group Director of Risk, the Head of Internal Audit and the Deputy Company Secretary.

Risk management governance structure

Board

The Board establishes the risk appetite for the Group, so management can manage, measure and report on risk appropriately across the Group. The Board delegates oversight of risk management activities to the Risk Committee. You can find more detail about the Board's activities on page 63.

Audit Committee

The Audit Committee oversees the development and implementation of the Group's Internal Audit assurance framework and as part of this, regularly reviews the effectiveness of the Group's risk management framework and internal control systems. You can find more detail about the Audit Committee's activities on pages 75 to 81.

Risk Committee

The Risk Committee classifies the Group's principal areas of risk through the Group Risk Taxonomy. This ensures oversight of the Group's approach to risk management and the development of management and mitigation approaches, to ensure risks remain, or are quickly brought within, the Group's risk appetite.

The Risk Committee also monitors and reviews the effectiveness of the Group's compliance function, as well as providing oversight and advice to the Board in relation to future risk strategy.

Executive Risk Committee ('ERC')

The Executive Risk Committee is a management committee chaired by the Group Chief Executive Officer. It comprises senior management including members of the Executive Board and the Group Director of Risk. The Committee oversees the operational management of the Group's risks by identifying, assessing, mitigating, and reporting risk.

Activities during FY2020/21

The chart below displays how the Committee allocated its time during scheduled meetings during the year.

Allocation of agenda time

Governance	23%
Risk	28%
Systems and controls	39%
Insurance	1%
Remuneration	9%

Audit, risk and internal control continued

The table below summarises the key activities of the Committee during the year.

Risk	• Advised the Board on the Group's overall Risk Appetite, tolerance and strategy, and the principal and emerging risks • Kept under review the Group's overall risk assessment processes, including the use of both qualitative and quantitative metrics • Reviewed the capability of the Group to identify and manage new and emerging risks • Obtained assurance on the Company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise
Remuneration	• Oversaw and obtained assurance regarding the appropriateness of the Company's values and culture and reward systems for managing risks and internal controls, and the extent to which the culture and values are embedded within the organisation
Insurance	• Reviewed reports on material aspects of the Group's insurance cover, including professional indemnity insurance arrangements in relation to the Group's lawyers
Systems and controls	• Reviewed reports on the adequacy and effectiveness of the Group's Risk Management systems and controls and any non-compliance thereto, including in relation to detecting fraud and financial crime, the prevention of bribery, corruption and money laundering, and compliance with the Market Abuse Regulations • Approved the Group's Anti-Bribery and Corruption Policy • Received regular reports from the Group Director of Risk • Oversaw the Group's preparation for Brexit • Considered any major findings of internal investigations and management's response • Considered the adequacy and effectiveness of the Group's Risk Management function including receiving a self-assessment report on the implementation of the risk management process which highlighted that a comprehensive risk management framework had been established and identified areas of focus going forwards • Oversaw the Group's response to COVID-19
Governance	• Conducted an annual review of its Terms of Reference • Reviewed the Committee's performance to ensure it is operating at maximum effectiveness • Compiled a report describing the roles and responsibilities of the Committee and the actions taken by the Committee to discharge those responsibilities for inclusion in the Annual Report and Accounts

Remuneration

Directors' Remuneration report

Tea Colaianne

Chair, Remuneration Committee

Members

Tea Colaianne (Chair)

Luke Savage

Sam Tymms

Chris Sullivan

Jonathan Bloomer¹

Sir Nigel Knowles²

Vin Murria³

- Jonathan Bloomer was appointed Chair of the Board on 1 August 2020 and became a member of the Remuneration Committee on the same day.
- Sir Nigel Knowles stepped down as Chair of the Board on 29 May 2020 on his appointment as Group Chief Executive Officer and stood down from the Remuneration Committee on the same day.
- Vin Murria resigned as a Non-Executive Director of the Company on 30 December 2020 and stepped down from the Remuneration Committee on the same day.

Each members' expertise and experience is set out in their biography on pages 58 and 59, alongside their attendance at Committee meetings.

Focus in FY2020/21

- Determined the remuneration payable to Andrew Leaiter after he stepped down as Group Chief Executive Officer
- Determined Sir Nigel Knowles' remuneration on his appointment as Group Chief Executive Officer
- Determined the fees payable to Jonathan Bloomer as newly appointed Chair and Chris Sullivan as Deputy Chair of the Board
- Determined the individual remuneration package for the Group Chief Operating Officer and the newly appointed Group General Counsel and Company Secretary
- Continued to review regularly the ongoing appropriateness and relevance of the Remuneration Policy
- Reviewed pay fairness and transparency by considering wider workforce policies, to ensure alignment with Executive Director and senior management remuneration arrangements
- Developed further the communication with prospective members of the wider workforce on the benefits of the equity element of the remuneration package offered by the Group
- Oversaw the roll-out of the BAYE scheme in Spain

Focus in FY2021/22

- Determine remuneration arrangements resulting from the Group's adoption of its new operating structure
- Review the current Remuneration Policy, engage with major Shareholders on any proposed changes, and recommend a revised Remuneration Policy to Shareholders for approval at the 2022 Annual General Meeting
- Continue to monitor the impact of COVID-19 on remuneration arrangements
- Continue to consider wider workforce policies, to ensure alignment with Executive Director and senior management remuneration arrangements
- Develop further the communication with prospective members of the wider workforce on the benefits of the equity element of the remuneration package offered by the Group

Dear Shareholder,

I am pleased to present the Directors' Remuneration report for the year ended 30 April 2021. The Remuneration Committee (the 'Committee') had its second full annual cycle since the IPO in this financial year. The Company's second Annual General Meeting (the 'AGM') took place on 21 October 2020 where the Annual Report on Remuneration was approved, receiving significant Shareholder support with 99.99% votes in favour. You can find more detail on page 106.

In common with many businesses, one of the key focuses of our business has necessarily been in responding to the disruption caused by COVID-19. The Remuneration Committee was very aware of its responsibilities in taking account of this in its deliberations and decision-making during the year.

This Directors' Remuneration report sets out the context of, and insight into, our Director pay arrangements, how our remuneration framework is aligned with the rest of the workforce, and the decisions the Committee made as a result of business performance for this year. Where the Committee has exercised its judgement or discretion, it is documented clearly.

Group performance for the 2020/21 financial year

The implementation of our strategy (as outlined on page 91) has been measured against the KPIs set out below:

Financial KPIs

- Net revenue growth +14% (FY2019/20: +10.9%)
- Underlying organic net revenue growth +8.0% (FY2019/20: +2.0%)
- Gross profit margin 50.8% (FY2019/20: 47.9%)
- Cost to income ratio 39.2% (FY2019/20: 41.4%)
- Adjusted EBITDA £58.1m (FY2019/20: £36.9m)
- Adjusted profit before tax £34.2m (FY2019/20: £15.2m)
- (Loss) / profit before tax £(30.6)m (FY2019/20: £18.2m)
- Adjusted diluted EPS 7.4p (FY2019/20: 3.0p)
- Net revenue per partner: £924k (FY2019/20: £784k)
- Lock-up days 186 days (FY2019/20: 206 days)
- Free cash flow £32.1m (FY2019/20: £(6.6)m)
- Net debt £60.2m (FY2019/20: £64.9m)

Remuneration continued

Non-Financial KPIs

- Net promoter score 49 (FY2019/20: 47)
- Engagement survey score 76 (FY2019/20: 76)
- % Executive Board roles held by women 40%¹ (FY2019/20: 25%)
- % senior leadership positions held by women 28.9% (FY2019/20: 27.6%)
- % BAME representation in senior leadership positions 4.2% (FY2019/20: 3.2%)

Note

1. As at 12 July 2021.

We delivered a strong performance in FY2020/21 with overall net revenue growth of 14% and organic growth of 8%, whilst at the same time improving our operational efficiency. Each division delivered net revenue growth in FY2020/21 compared to the prior year, whilst gross profit margins increased in each division and the Group's cost to income ratio reduced to 39.2% compared to 41.4% in the prior year. Adjusted profit before tax of £34.2m was ahead of market expectations, whilst net debt reduced versus the prior year. The Committee, together with the Board, considered whether the business should utilise the Coronavirus Job Retention Scheme offered by the UK Government. Having evaluated our ability to continue operating despite COVID-19 and taking into account the interests of all of our stakeholders, and in particular our employees and the implications for future generations, we decided not to utilise a scheme which we felt had been designed to provide support to businesses in industries that were disproportionately impacted by COVID-19.

Changes to the Board

During the year, there were a number of changes to our Board.

Group Chief Executive Officer

The Company announced on 29 May 2020 that Andrew Leatherland had informed the Board of his intention to step down as Group Chief Executive Officer with immediate effect. Andrew Leatherland also stepped down as Managing Partner of DWF Law LLP and DWF LLP. The details of Andrew's leaving arrangements were published via RNS on 29 May 2020 and can be found on page 106 of this report and on the Company's website at [dwfgroup.com/en/investors](https://www.dwfgroup.com/en/investors).

The Board considered that Sir Nigel Knowles, the Chair of the Board at the time, would provide the required strong and experienced leadership needed by the business, and as a consequence, he assumed the role of Group Chief Executive Officer and stepped down as Chair of the Board, chair of the Nomination Committee and a member of this Committee with immediate effect. Chris Sullivan, Senior Independent Non-Executive Director, was appointed interim Chair of the Board whilst a committee of independent Directors ran a selection process for a permanent Chair of the Board.

The terms of Sir Nigel Knowles' appointment and his remuneration are identical in all respects to those received by Andrew Leatherland as Group Chief Executive Officer and, as such, are in line with the Remuneration Policy. He receives a salary of £530,000 per annum. He has a maximum bonus opportunity of 150% of base salary (with half of the bonus award to be paid out in cash, and the remainder deferred into shares subject to a three-year vesting period). He is also eligible for a maximum opportunity of up to 175% of salary in relation to LTIPs. Sir Nigel is required to hold 250% of salary in shares, with

a post-cessation shareholding requirement of 100% of the pre-cessation shareholding requirement (or actual shareholding if lower) for two years following cessation of his employment. He is entitled to private medical insurance, permanent health insurance, life insurance and a pension contribution allowance of up to 7% of salary (aligned with the majority pension contribution applicable to the wider UK workforce).

Chair and Deputy Chair of the Board

Jonathan Bloomer was appointed Chair of the Board on 1 August 2020. In addition to being Chair of the Board, Jonathan Bloomer chairs the Nomination Committee and is a member of this Committee. This Committee determined that his total annual fee would be £170,000.

On the appointment of Jonathan Bloomer, Chris Sullivan took on the role of Deputy Chair of the Board, also from 1 August 2020. He continues as Senior Independent Non-Executive Director of the Company and as the designated Non-Executive Director representing the employee voice on the Board, and acting as the bridge between the partners in the Group and the Board. Chris continued to be a member of the Nomination, Risk, Remuneration and Audit Committees. This Committee determined that Chris would receive an annual fee of £20,000 for his additional role. This was in addition to his existing fees of £75,000.

Group Chief Operating Officer and Partner Directors

The Company announced on 8 September 2020 the following appointments with effect from 22 October 2020:

- Matthew Doughty was appointed Group Chief Operating Officer and at the same time stepped down as Partner Director; and
- Following a thorough internal recruitment process, Seema Bains and Michele Cicchetti were appointed as Partner Directors. The position of Partner Director is designated by the Board as a Non-independent, Non-Executive Director position. A Partner Director represents the partners of DWF Law LLP and DWF LLP and is therefore a partner shareholder representative on the Board. More information on the role of Partner Directors can be found on pages 61, 68 and 69 of the Corporate Governance report and page 72 of the Nomination Committee report.

Group General Counsel and Company Secretary

On 19 April 2021, Mollie Stoker stepped down as Group General Counsel and Company Secretary and was replaced by Darren Drabble on 20 April 2021.

FY2020/21 bonus

The Committee considered the financial performance of the Company when determining the bonus outcomes for the Executive Directors (being Sir Nigel Knowles, Chris Stefani and Matthew Doughty). The performance conditions were:

- 70% adjusted PBT; and
- 30% strategic and operational objectives (including improved gross lock-up).

The adjusted PBT performance condition was achieved between target and maximum. The strategic and operational objectives were fully achieved. This meant that each Executive Director was eligible to receive a bonus of 62.5% of their maximum opportunity. Having carefully considered this formulaic outcome, the Committee was satisfied that the bonuses earned were appropriate and that

no exercise of discretion was required. The resultant bonuses were 93.5% of salary on a pro-rata basis for length in role (£456k) for the Group Chief Executive Officer, 62.5% of salary (£200k) for the Chief Financial Officer and 58.9% of salary on a pro-rata basis for length in role (£93k) for the Group Chief Operating Officer. You can find details on the strategic and operational objectives on pages 103 and 104 of this report.

The resulting total bonus award for the three Executive Directors was in aggregate £748,000 (rounded down to the nearest £1k as illustrated on page 93). Following determination that the above bonuses had been earned and should be awarded, the Group Chief Executive Officer advised the Committee that it was his view that each Executive Director had contributed equally as "one team" throughout the highly unusual and very challenging period and requested that the Committee consider taking the available bonus total and awarding this equally, on a pro-rata basis for length in role, to each of the three Executive Directors.

The Committee considered the Group Chief Executive Officer's request and concluded that the approach was consistent with the Remuneration Policy, would not result in any Executive Director receiving more than their maximum bonus opportunity and that Shareholders would not be disadvantaged as the total aggregate bonus remained unchanged at £748,000 (rounded down to the nearest £1k as illustrated on page 93). The Committee further discussed the individual contributions made by the Executive Directors, and in particular that the Chief Financial Officer and Group Chief Operating Officer had worked hard to support the Group Chief Executive Officer's succession, and subsequently worked together very effectively as one team. The Committee therefore considered the approach to be appropriate in respect of the FY2020/21 bonus and approved that the aggregate total bonus of £748,000 be distributed equally, on a pro-rata basis for length in role, between the three Executive Directors. As set out on page 93, the actual bonuses paid were 60.5% of salary on a pro-rata basis for length in role (£295,000) for the Group Chief Executive Officer, 92.2% of salary (£295,000) for the Chief Financial Officer and 100.0% of salary on a pro-rata basis for length in role (£158,000) for the Group Chief Operating Officer, with 50% being awarded in cash and the remaining 50% being deferred in shares. The Committee noted that the circumstances were such that the approach should be supported and was considered to be a one-off in respect of the FY2020/21 bonus. The Committee further noted that the approach does not override the formulaic outcome in respect of bonus costs.

LTIP and other share incentives vesting

Following the announcement of the preliminary financial results for the financial year ending 30 April 2020, on 8 September 2020, the first tranche of Chris Stefani's IPO restricted share award vested. Of the 222,800 shares which vested, he sold 107,237 shares to cover tax liabilities.

LTIP awards for FY2020/21

The Company granted an LTIP award in September 2020, which will vest following the expiry of the three-year performance period and is subject to the satisfaction of performance conditions. The vested shares are thereafter subject to a two-year holding period. The awards were made with the following performance conditions to Sir Nigel Knowles at 175% of salary and to each of Chris Stefani and Matthew Doughty at 125% of salary:

- EPS (40% weighting);
- ROCE growth (40% weighting); and
- Cash conversion (20% weighting).

Due to the impact on the global economy of COVID-19, the Committee availed itself of the Investment Association's recommendation to grant awards in the 42-day window after the Company announced its final results on 8 September 2020, but deferred target-setting for six months from the date of grant; and committed to ensuring that at the time of vesting it would consider whether to exercise its discretion, where appropriate, in relation to any windfall gains to adjust unintended outcomes due to these unusual COVID-19 circumstances. In December 2020, the Committee determined the targets for these awards. You can find further details of these metrics, including targets and rationale, on page 94 of this report.

Salary review

The Remuneration Committee exercised its discretion to defer its annual review of pay for the Executive Directors and senior management, and fee review for the Non-Executive Directors, from May 2020 to December 2020, with rises (if any) to have effect from 1 January 2021. This decision was made in light of the outbreak of COVID-19 and its potential impact on the business, and to bring the review into line with the wider workforce salary review timetable. After careful consideration, and mindful of the challenging and uncertain economic environment, the Committee decided in December 2020 not to increase the annual pay of the Executive Directors and senior management, and not to increase the fees of the Non-Executive Directors. The next annual pay and fee review will therefore take place in December 2021.

Shareholder considerations

Following my meetings with some of our major Shareholders and proxy advisors to discuss the Remuneration Policy we put forward at the 2019 AGM, we have continued to maintain transparent and open dialogue and engagement with our Shareholders. No material issues or concerns were raised during these Shareholder meetings.

Wider workforce considerations

When considering executive pay, the Committee takes into account the wider workforce remuneration and conditions.

We believe allowing all our employees to share in the success of the Company is a key performance driver. On IPO, eligible individuals received IPO shares under the Buy-As-You-Earn ('BAYE') scheme with a value of up to 20% of their salary (with 2% of that being sold on their behalf and paid as a cash bonus). In addition, we continue to issue share awards to our people for promotions and exceptional contributions to the business. During FY2020/21, to further enable this, we continued to offer a BAYE matched-share scheme in the UK. Matching shares are received on a one for two basis, so for every two shares purchased over the 12-month investment period, participants receive one matching share three years from the start of the relevant 12-month investment period subject to certain conditions. Consistent with our intention to roll this out in our other international jurisdictions, where permissible, during FY2020/21, we launched a BAYE matched-share scheme in Spain. In total, 14% of our eligible people are currently participating in a BAYE matched-share scheme.

Remuneration continued

On pages 98 to 102 of this report, there are details of the pay conditions of our wider workforce, our CEO-to-worker pay ratio, our incentives throughout the business, and our gender and ethnicity pay gap statistics.

You can find further detail on the key matters covered by the Committee during the year on page 90.

Effectiveness

During the year, an internal evaluation of the effectiveness of the Committee was conducted, as part of the Board evaluation process, further detail of which can be found on pages 57 and 71.

The Committee considered the outcomes of the internal evaluation as it related to the Committee's own performance and effectiveness. I am pleased to report that the Committee recommended to the Board that it considered itself to be performing effectively.

Looking ahead

The first two months of trading for FY2021/22 have been strong, showing continued organic net revenue growth and gross margin development, with our new operating model already leading to a greater sharing of clients across practice areas and borders. As restrictions continue to ease, we expect a favourable trading environment for FY2021/22 and for our approach to Integrated Legal Management to continue to expand existing client relationships and secure new client wins. Whilst there is competitive pressure for talent across what is proving to be a buoyant legal sector, which may lead to upwards cost pressure, the removal of material drag factors is expected to support continued growth in net profitability.

To support and enable strong performance, not only through this current financial year but for the long term, the Committee considers how decisions on incentives (bonuses and long-term incentive plans) link with the Group's strategy within the framework of our approved Remuneration Policy.

The Committee has decided that, as with last year, bonus arrangements for Executive Directors will be in line with the approved Remuneration Policy, namely with a maximum opportunity of 150% of salary for the Group Chief Executive Officer and 100% of salary for each of the Chief Financial Officer and the Group Chief Operating Officer. Performance conditions and weightings continue to be:

- 70% adjusted PBT; and
- 30% strategic and operational objectives (including improved gross lock-up and ESG targets).

The forward-looking targets for these measures are considered to be commercially sensitive and as a consequence, we will disclose these fully, retrospectively in next year's Directors' Remuneration report.

The Committee also considered whether to include ESG performance conditions in future long-term incentive awards, but for this year it concluded that the same performance conditions would apply to long-term incentive awards made in FY2021/22, being:

- EPS (40% weighting);
- ROCE growth (40% weighting); and
- Cash conversion (20% weighting).

Further detail of how our remuneration for Executive Directors aligns with our strategic priorities, is set out on page 91 of this report.

If you would like to discuss any aspect of this Directors' Remuneration report, I would be happy to hear from you. You can contact me through the Company Secretary, Darren Drabble. If you would like to ask any questions in respect of this report at the AGM, please see the notes to the Notice of AGM which sets out the arrangements for this year. I look forward to your support on the Annual Report on Remuneration at the upcoming AGM.

Tea Colaïanni

Chair, Remuneration Committee

Included in this report	Pages
The Remuneration Committee and its activities during the year	89 and 90
Remuneration – At a glance including:	
Business context and how our incentive performance measures align to our strategy	91
Remuneration outcomes for FY2020/21 – At a glance	92 to 95
Remuneration Policy – At a glance	96 and 97
Wider workforce remuneration including:	
Remuneration principles and wider workforce remuneration across the Group	98 and 99
Communication and engagement with employees and partners	99
CEO-to-worker pay ratio	99 and 100
UK Gender and Ethnicity pay-gap reporting	102
Annual report on remuneration	103 to 106

The Remuneration Committee and its activities during the year

Responsibilities

The Committee's main responsibilities include:

- Making recommendations to the Board regarding the Group's framework or broad policy for the remuneration of the Chair of the Board, the Executive Directors and senior management;
- Determining the entire individual remuneration packages for those individuals, including:
 - approving any severance compensation arrangements in accordance with the Remuneration Policy, which are fair, do not reward failure and fully recognise the individual's duty to mitigate any loss; and
 - considering how the pay and work conditions of the Group's wider workforce should be taken into account when determining remuneration;
- Consistent with the approach applicable to the wider workforce, determining and administering the Group's share plans and equity incentive plans in respect of the Chair of the Board, the Executive Directors and senior management; and approving awards and performance conditions, including satisfaction of performance conditions and the exercise of any discretion by the Committee;
- Regularly reviewing the ongoing appropriateness and relevance of the Remuneration Policy; and
- Reviewing remuneration and related policies applicable to the Group's wider workforce.

The Committee's duties and responsibilities are set out in its Terms of Reference, which are reviewed annually. These are available on the Group's website at dwfgroup.com/en/investors/shareholder-hub/governance.

Membership

The Committee is made up of a minimum of three members, and each is an Independent Non-Executive Director. The Chair of the Board is a member of the Committee and was considered independent on appointment as Chair of the Board. Members of the Committee collectively have appropriate knowledge, expertise and professional experience concerning remuneration policies and practices. The Committee received training during the period on matters including key remuneration considerations in the context of COVID-19 and remuneration corporate governance, as well as regular updates on best practice and remuneration trends.

Meetings

The Committee meets at least four times a year and otherwise as the Chair or members require. To enable the Committee to carry out its responsibilities, the Committee has an annual rolling agenda maintained by the Company Secretary, and regularly reviewed in conjunction with management. The Company Secretary also maintains a tracker of actions arising from meetings. This ensures the agenda for each Committee meeting aligns with the remuneration strategy, as well as particular matters arising throughout the year considered appropriate by the Committee for its scrutiny. At the next scheduled Board meeting, the Chair of the Committee reports formally to the Board on the Committee's proceedings, including how it has discharged its responsibilities.

The Committee held six scheduled meetings during FY2020/21, and the table on page 59 provides details of members' attendance at those meetings. At the invitation of the Chair of the Committee, other regular attendees, who can withdraw as necessary, included at some or all of the meetings were: the Group Chief Executive Officer ('CEO'), the Chief Financial Officer ('CFO'), the Group Chief Operating Officer ('COO'), the Chief People Officer, the Head of Reward, the Company Secretary and the Deputy Company Secretary. No Director or member of senior management was present for any discussions that related directly to their own remuneration.

None of the Committee members has any personal financial interest (other than as Shareholders) in the decisions made by the Committee, conflicts of interest arising from cross-directorships or day-to-day involvement in running the business.

During the financial year, PricewaterhouseCoopers LLP ('PwC') advised the Remuneration Committee on all aspects of the Remuneration Policy for Executive Directors and senior management. PwC also provided the Company with tax and share scheme support work during the year. The Remuneration Committee was satisfied that no conflict of interest exists or existed in the provision of these services. PwC was appointed by the Committee, and the Committee is satisfied that the advice provided is independent. PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fees of £67,350 were paid to PwC during the year in respect of remuneration advice received. PwC attend meetings of the Committee by invitation. PwC does not have any other connection to the Company or its Directors. Following the decision by the Board to put to Shareholders a resolution for their approval at the 2021 Annual General Meeting of the Company in relation to the appointment of PwC as the Company's Auditor from the conclusion of the 2021 Annual General Meeting, PwC stepped down as advisors to the Committee with effect from 1 May 2021. Upon the conclusion of the audit of the Company's subsidiaries' financial statements for FY2020/21, Deloitte LLP will be appointed advisors to the Remuneration Committee.

Activities during FY2020/21

The chart below displays how the Committee allocated its time during scheduled meetings during the year.

Allocation of agenda time

Governance	21%
Remuneration and risk	4%
Share plans and equity incentive plans	20%
Remuneration Policy	13%
Entire individual remuneration	20%
Shareholders	1%
Wider workforce remuneration	21%

Remuneration continued

The table below summarises the key activities of the Committee during the year.

Remuneration and risk	• Considered the potential impact of COVID-19 on remuneration arrangements and decisions to be made by the Committee • In conjunction with the Risk Committee, considered the compatibility of the Group's remuneration strategy with the Group's risk management policies
Entire individual remuneration	• Made recommendations to the Board regarding the application of the Remuneration Policy for the Chair of the Board, the Executive Directors, the Partner Directors and senior management. This included pension rights, any compensation payments, and the level and structure of their remuneration, giving full consideration to the matters set out in the UK Corporate Governance Code 2018 (the 'Code'), including Provision 40, and any other relevant laws and regulations in the jurisdictions where the Group operates • Approved leaving arrangements for the former CEO, ensuring they were in line with the Remuneration Policy and governance best practice
Remuneration Policy	• Regularly reviewed the ongoing appropriateness and relevance of the Remuneration Policy to ensure that reward policies worked to promote the long-term success of the Company and its long-term strategic goals • Ensured that a significant proportion of the remuneration of the Executive Directors is linked to Company and individual performance and that any performance-related elements of remuneration are transparent, stretching and rigorously applied • Approved the Directors' Expenses Policy • Monitored the Executive Directors' progress against objectives and determined Executive Director bonus outcomes
Wider workforce remuneration	• Reviewed remuneration and related policies applicable to the wider workforce (partners and employees), including receiving the Company's Gender and Ethnicity Pay Gap report and reports on the Group's partner and employee engagement mechanisms • Supported the Board's monitoring of whether Group remuneration policies and practices support its culture and strategy • Considered how pay and work conditions across the Group should be taken into account when determining remuneration of the Chair of the Board, the Executive Directors, the Partner Directors and senior management • Oversaw arrangements for the wider workforce bonus plan
Share plans and equity incentive plans	• Determined and administered policies for the grant of awards/options to the Executive Directors, the Partner Directors and senior management ensuring that they are provided with appropriate incentives consistent with the Remuneration Policy • Approved awards, and associated performance targets, for Executive Directors, Partner Directors and senior management • Determined whether performance targets had been met for awards held by Executive Directors, Partner Directors and senior management • Oversaw the administration of the wider workforce share plans and equity incentive plans, including reviewing policies and their application to ensure fair and consistent administration across the wider workforce
Shareholders	• Receiving reports on engagement with proxy advisors and major Shareholders from the Chair of the Committee and the Company Secretary
Governance	• Received presentations from the Committee's remuneration advisors on developments in corporate governance and market trends, to inform the Committee's regular review of the Remuneration Policy • Considered the selection of remuneration advisors to the Committee and subsequently approving the appointment of Deloitte LLP to succeed PwC. Further details can be found on page 89 • Conducted an annual review of its Terms of Reference • Reviewed the Committee's performance to ensure it is operating effectively • Prepared this annual report setting out the Company's remuneration policies and practices and its duties and activities during the year

Remuneration – At a glance

This section of the Directors' Remuneration report provides an overview of:

- the business context and how our incentive performance measures align to our strategy;
- remuneration outcomes for FY2020/21; and
- Remuneration Policy operation in FY2020/21 and intended implementation in FY2021/22.

Business context and how our incentive performance measures align to our strategy

Business context

We delivered a strong performance in FY2020/21 with overall net revenue growth of 14% and organic growth of 8%, whilst at the same time improving our operational efficiency. Each division delivered net revenue growth in FY2020/21 compared to the prior year, whilst gross profit margins increased in each division and the Group's cost to income ratio reduced to 39.2% compared to 41.4% in the prior year. Adjusted profit before tax of £34.2m was ahead of market expectations, whilst net debt reduced versus the prior year.

The first 2 months of trading for FY2021/22 have been strong, showing continued organic net revenue growth and gross margin development, with our new operating model already leading to a greater sharing of clients across practice areas and borders. As COVID-19 restrictions continue to ease, we expect a favourable trading environment for FY2021/22 and for our approach to Integrated Legal Management to continue to expand existing client relationships and secure new client wins. Whilst there is competitive pressure for talent across what is proving to be a buoyant legal sector, which may lead to upwards cost pressure, the removal of material drag factors is expected to support continued growth in net profitability.

How our incentive performance measures align to our strategy

The implementation of our strategy (as outlined on pages 18 and 19) for FY2020/21 was measured against certain KPIs (set out in the table below).

The Committee continually considers the performance measures we use for our incentives, to ensure they support the delivery of our strategy.

Our strategic priorities

How we compete	Where we compete	Our enablers
Doing things differently: We continue to talk to our clients about our strategic differentiator – our delivery of integrated legal and business services through any combination of Legal Advisory, Mindcrest and Connected Services – whilst also leveraging our ability to identify new innovative products and services based around current and emerging client needs. We are beginning to pivot the right work to Mindcrest to provide an enhanced client service.	Understanding our clients: Through a 'one team' approach we aim to grow the number and contribution of our institutional client relationships, extending those relationships into new jurisdictions and practice areas. We will do this through our enhanced customer value proposition. Geography: We will strengthen in priority locations through M&A, associations and recruitment. We create channels for greater collaboration to bring all of the strengths within our business to help support our clients. Services: We continue to invest in our Legal Advisory capabilities, but we will also scale our Mindcrest platform and seek new ways of introducing our clients to Mindcrest and Connected Services globally.	Engaging our people: We are embedding a culture of open, transparent and honest communication to further increase engagement across the business. By doing the right work, in the right place through the right people, we will drive greater profitability and therefore deliver greater reward and incentivisation for our strong performers. We recruit, retain and develop people aligned to our values, improving diversity and agility. Governance, risk and compliance: The legal market is changing and we need to adapt and evolve as the world begins to emerge from COVID-19. We have defined our culture and values, our partner and employee value proposition, including our commitment to Diversity and Inclusion, and our global ways of working. We have also developed our Group Risk Taxonomy and focused on excellence through our Behaviours Framework, Code of Conduct and DWF Academy. Infrastructure: We ensure that we remain operationally efficient through our business, with the right infrastructure and services that are robust and scalable for future growth. We actively manage our cost base and lock-up days and have introduced better controls on pricing and cost.

Our key performance indicators

Financial										
Net revenue growth	Underlying organic net revenue growth	Gross profit margin	Cost to income ratio	Adjusted EBITDA	Adjusted profit before tax	(Loss) / profit before tax	Adjusted diluted EPS	Net revenue per partner	Lock-up days	Free cash flow
Non-financial										
Net promoter score		Engagement survey score		% Executive Board roles held by women		% senior leadership positions held by women		% BAME representation in senior leadership positions		

Annual bonus

Adjusted PBT

Ensures focus on profitable growth

Is a key measure of organic growth and is linked to shareholder value

Strategic and operational (including improved lock-up and ESG targets)

Ensures focus on reducing the time it takes to invoice and collect revenue

Designed to ensure the Executive Directors focus on operational efficiencies, manage risk effectively, remain client-focused, and are required to drive employee engagement

Long term incentives

EPS

Links reward to 'in-year' underlying equity returns to Shareholders

ROCE

Promotes disciplined capital allocation by linking reward to investment return

Supports the strategy of growth, both organic and through acquisitions

Ensures focus on the efficiency by which earnings are generated

Cash conversion

Supports focus on cash collection

Remuneration continued

Remuneration outcomes for FY2020/21 – At a glance

Directors' Remuneration for the year ending 30 April 2021

Certain details set out on pages 92 to 106 of this Directors' Remuneration report have been audited by the Auditor.

Single total figure of remuneration (audited)

The table below sets out the single total figure of remuneration paid to each Director of the Company. Figures provided have been calculated in accordance with the UK disclosure requirements: the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Schedule 8 to the Regulations).

It is the Committee's view that it is important, when considering the remuneration paid in the year under the single figure, to take a holistic view of the Executive Directors' total remuneration linked to the performance of the Company. In the Committee's opinion, the impact on the total remuneration of the Executive Director is more important than the single figure in any one year. This approach encourages Executive Directors to take a long-term view of the sustainable performance of the Company. The ability for the Executive Directors to gain and lose, in alignment with Shareholders, dependent on the share price performance of the Company at a level which is material to their total remuneration, is a key facet of the Remuneration Policy.

The position of Partner Director is designated by the Board as a Non-independent, Non-Executive Director position. A Partner Director represents the partners of DWF Law LLP and DWF LLP and is therefore a partner shareholder representative on the Board. Partner Directors do not receive any fees for the position on the Board because their remuneration is as a member of DWF Law LLP or DWF LLP (determined by his or her 'home office'), and in some circumstances also by way of a limited salary as an employee of DWF Connected Services Holdings Limited. Therefore, Partner Directors are not included in the table below. Further details can be found on page 72 of the Nomination Committee report.

FY	Salary/fees £		Taxable benefits ¹ £		Bonus ² £		LTIP ³ £		Pension £		Other £		Total £		Total fixed £		Total variable £	
	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20
Executive Directors																		
Sir Nigel Knowles ⁴	487,896	NA	4,214	NA	295,000 ²	NA	0	NA	34,151	NA	0	NA	821,261	NA	526,261	NA	295,000 ²	NA
Chris Stefani	320,000	320,000	4,584	5,368	295,000 ²	0	0	NA	21,851 ⁵	22,400 ⁵	0	0	641,435	347,768	346,435	347,768	295,000 ²	0
Matthew Doughty ⁶	157,955	NA	2,380	NA	158,000 ²	NA	0	NA	11,520 ⁵	NA	0	NA	329,855	NA	171,855	NA	158,000 ²	NA
Andrew Leitherland ⁷	44,167	530,000	264	6,677	0	0	0	NA	3,092 ⁵	37,100 ⁵	0	0	47,523	573,777	47,523	573,777	0	0
Non-Executive Directors																		
Sir Nigel Knowles ⁴	15,873	200,000	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	15,873	200,000	15,873	200,000	NA	NA
Jonathan Bloomer ⁸	127,500	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	127,500	NA	127,500	NA	NA	NA
Chris Sullivan ⁹	90,000	75,000	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	90,000	75,000	90,000	75,000	NA	NA
Luke Savage ¹⁰	72,500	72,500	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	72,500	72,500	72,500	72,500	NA	NA
Tea Colaïanni ¹⁰	72,500	72,500	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	72,500	72,500	72,500	72,500	NA	NA
Sam Tymms ¹⁰	72,500	72,500	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	72,500	72,500	72,500	72,500	NA	NA
Vin Murria ¹¹	42,493	65,000	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	42,493	65,000	42,493	65,000	NA	NA

Notes

1. Taxable benefits for the CEO, CFO and COO comprise private medical insurance for the Executive Director and their spouse or civil partner as well as any dependent children, permanent health insurance, and life assurance up to four times salary (up to £1m).
2. Bonus is paid 50% in cash and 50% in shares. The aggregate total bonus outcome of £748,000 was distributed equally, on a pro-rata basis for length in role, between the three Executive Directors as described on page 93.
3. LTIPs are made through the Executive Incentive Plan ('EIP'). Further details can be found on page 96.
4. Sir Nigel Knowles stepped down as Chair of the Board on 29 May 2020 on his appointment as CEO and the respective remuneration for each role is separated out in the table accordingly.
5. The pension paid to Andrew Leitherland was as a cash allowance as he had lifetime allowance protection. Payments were in line with the employee pension scheme and are calculated as a percentage of basic salary. The cash allowance was equivalent to 7% of Andrew Leitherland's salary. The pension paid to the CFO was partly paid directly into the company provided pension scheme (£2,000) with an additional amount paid as a cash allowance. Together these payments were equivalent to 7% of the CFO's salary. There was a slight underpayment made to the CFO of £549 due to a change in the HMRC rules around tapered allowance this will be rectified in FY2021/22. The pension paid to the CEO and COO is paid as a cash allowance due to life time allowance limits and annual allowance limits.
6. Matthew Doughty was appointed as COO on 22 October 2020 and the table shows his remuneration from that date.
7. Andrew Leitherland stood down as CEO on 29 May 2020 and the table shows his remuneration up to that date. Details of his leaving arrangements can be found on page 106.
8. Jonathan Bloomer was appointed Chair of the Board on 1 August 2020 and the table shows his remuneration from that date.
9. Fees paid to Chris Sullivan include Non-Executive Director fees and Senior Independent Non-Executive Director fees from the beginning of the period. On 1 August 2020, Chris was appointed Deputy Chair of the Board and the table includes his additional remuneration for that role from that date. Further details can be found on page 97.
10. Fees include Non-Executive Director fees and fees for the chairing of Committees. Further details can be found on page 97.
11. Vin Murria stepped down as a Non-Executive Director on 30 December 2020 and the table shows her remuneration up to that date.

Bonus for the financial year ended 30 April 2021 (audited)

							Bonus outcome for each Director		
Performance condition	Threshold performance required	Target performance required	Maximum performance required	Actual performance	Annual bonus value for threshold and maximum performance (% of maximum)	Weighting (based on 100% maximum)	Sir Nigel Knowles	Chris Stefani	Matthew Doughty
Adjusted PBT	£29.5m	£32.9m	£36.7m	£34m	20-100%	70%	43.75%	43.75%	43.75%
Lock Up Days	Included alongside strategic and operational objectives, see details on page 104			186	20-100%	10%	6.25%	6.25%	6.25%
Strategic and Operational Objectives	See details on page 104			100%	20-100%	20%	12.5%	12.5%	12.5%
Percentage of maximum performance achieved							62.5%	62.5%	62.5%
							Actual annual bonus achieved ²		
Calculated total bonus outcome ¹ (on a pro-rata basis for length in role) comprising:							£456k	£200k	£93k
- Cash ¹							£228k	£100k	£46k
- Deferred shares ¹							£228k	£100k	£46k
Total bonus outcome as a percentage of salary (both on a pro-rata basis for length in role)							93.5%	62.5%	58.9%
							Actual annual bonus paid ³		
Aggregate total bonus outcome ¹							£748k		
Individual share of aggregate total bonus outcome ¹ comprising:							£295k	£295k	£158k
- Cash							£147.5k	£147.5k	£79k
- Deferred shares							£147.5k	£147.5k	£79k
Individual share of aggregate total bonus outcome as a percentage of salary (on a pro-rata basis for length in role)							60.5%	92.2%	100.0%

Notes

1. Rounded down to the nearest £1k.
2. Maximum bonus opportunity for the CEO was 150% of salary, for the CFO was 100% of salary and for the COO was 100% of salary.
3. The aggregate total bonus outcome of £748,000 was distributed equally, on a pro-rata basis for length in role, between the three Executive Directors as described on page 87.

Adjusted PBT (70%)

Maximum
£36.7m (100%)

Actual
£34.0m (62.5%)

Target
£32.9m (50%)

Threshold
£29.5m (20%)

Adjusted PBT

Remuneration continued

Long-term incentive awards made in the financial year ending 30 April 2021 (audited)

LTIP awards, which are conditional share awards made through the EIP, were granted to the Executive Directors on 23 September 2020.

Executive Director	Award date	% of salary ¹	Shares granted	Face value ²
Sir Nigel Knowles (CEO)	23 September 2020	175%	1,303,034	£927,500
Chris Stefani (CFO)	23 September 2020	125%	561,955	£400,000
Matthew Doughty (COO)	23 September 2020	125%	526,833	£375,000

Notes

- Maximum LTIP opportunity for the CEO was 175% of salary and for each of the CFO and COO was 125% of salary.
- Based on the 5 day VWAP share price of the Company of £0.7118 as at 23 September 2020.

These LTIP awards have a three-year performance period and following vesting are subject to a two-year holding period. During this holding period, dividends are payable on the vested shares.

The following table sets out the performance conditions and targets:

Performance condition and percentage of award opportunity	Threshold (20% vesting)	Target (50% vesting)	Maximum (100% vesting)
Cumulative Three-Year EPS (40% weighting)	33.8 pence	37.6 pence	41.3 pence
Average Annual ROCE (40% weighting)	26%	29%	32%
Average Cash Conversion (20% weighting)	82%	91%	101%

* Straight-line vesting applies between these points.

No other awards were made to Executive Directors during the year.

Long-term incentive awards made in the financial year ending 30 April 2020 (audited)

LTIP awards, which are conditional share awards made through the EIP, were granted on 27 August 2019.

Executive Director ¹	Award date	Shares granted
Chris Stefani (CFO)	27 August 2019	336,134

Notes

- Awards made to Andrew Leatherland under the Long-Term Incentive Plan granted in 2019 lapsed on his departure as described on page 106.
Sir Nigel Knowles and Matthew Doughty were not Executive Directors at the time of the grant and therefore not eligible to be included in the grant on 27 August 2019.

These LTIP awards have a three-year performance period and following vesting are subject to a two-year holding period. During this holding period, dividends are payable on the vested shares.

The following table sets out the performance conditions and targets:

Performance condition and percentage of award opportunity	Threshold (20% vesting)	Target (50% vesting)	Maximum (100% vesting)
Cumulative Three-Year EPS (40% weighting)	38.1 pence	42.2 pence	46.4 pence
Average Annual ROCE (40% weighting)	29.5%	32.8%	36.1%
Average Cash Conversion (20% weighting)	78%	87%	96%

* Straight-line vesting applies between these points.

Achievement of shareholding guidelines as at 30 April 2021

The following chart illustrates the achievement of the shareholding guidelines by the Executive Directors as at 30 April 2021, against the minimum shareholding requirement under the Remuneration Policy (see page 97 for a detailed breakdown). The chart is designed to illustrate the value of their shareholding as a percentage of base salary. Their shareholding for these purposes does not include unvested LTIP awards. For full information on all Directors' interests in shares see the table on page 105.

Executive Director	Base salary	Achievement of Shareholding Guidelines beginning of FY2020/21		Achievement of Shareholding Guidelines end of FY2020/21	
		Number	Value	Number	Value ⁵
Sir Nigel Knowles (CEO)	£530,000	2,662,211 ²	£1,773,033 ²	2,667,211	£2,219,120
Chris Stefani (CFO)	£320,000	1,125,051 ¹	£911,291 ³	1,032,814 ⁶	£859,301
Matthew Doughty (COO)	£300,000	2,669,421 ⁴	£1,988,719 ⁴	2,669,421	£2,220,958

Notes

1. The one-off award made to Chris Stefani at the time of the IPO as described on page 77 of the Annual Report and Financial Statements 2019 is included here. The one-off IPO award was granted to him to create an equity interest at IPO equivalent to what he would have received at IPO if he had been capable of being a member of DWF LLP under the regulations applicable to DWF LLP.
2. Based on shareholding and share price of the Company of £0.666 as at 29 May 2020, being the date Sir Nigel Knowles became CEO.
3. Based on share price of the Company as at 30 April 2020 of £0.81.
4. Based on shareholding and share price of the Company of £0.745 as at 22 October 2020, being the date Matthew Doughty became COO.
5. Based on share price of the Company of £0.832 as at 30 April 2021.
6. On 8 September 2020, the first tranche of Chris Stefani's IPO award (as described in note 1 above) vested and he sold 107,237 shares to cover tax liabilities.

Remuneration continued

Remuneration Policy – At a glance

Key features of the Remuneration Policy, operation in FY2020/21 and intended implementation in FY2021/22

Full details of the Remuneration Policy are set out in the 2019 Directors' Remuneration report on pages 81 to 93, which you can find at dwfgroup.com/en/investors/reports-and-presentations, including on page 82 how the Committee paid particular attention to Provision 40 of the Code in determining the Remuneration Policy.

The below outlines the key features of our Remuneration Policy as voted on by Shareholders at the 2019 AGM. The Policy is intended to remain in place in its current form for at least three years, with its operation in FY2020/21 and intended implementation for FY2021/22 summarised below.

Element	Operation in FY2020/21	Intended operation in FY2021/22
Fixed pay	Base salary CEO £530,000 CFO £320,000 COO £300,000 Executive Directors received a rise of 0%. Average employee (includes partners) rise 0.44%.	No change The Company's annual pay review will be in December 2021 with any pay rises having effect from 1 January 2022.
	Benefits In line with policy	No change
	Pension In line with policy: CEO 7% of salary CFO 7% of salary COO 7% of salary	No change
Variable pay	Annual Bonus In line with policy Maximum opportunity: CEO: 150% of salary CFO: 100% of salary COO: 100% of salary Performance conditions and weightings: 70% adjusted PBT 30% strategic and operational objectives Weightings and targets of performance conditions are reviewed annually, as well as strategic and operational objectives. See page 104 for details of the performance targets, their level of achievement and the corresponding bonus earned by the Executive Directors. The Annual Bonus Plan contains malus and clawback provisions. Full details are set out in the 2019 Directors' Remuneration report on page 86.	No change The actual performance targets set are not disclosed at the start of the financial year, as they are considered commercially sensitive. These will be reported and disclosed retrospectively at the end of the year in order for Shareholders to assess the basis of any bonus outcomes
	LTIPs (made through the EIP) Maximum opportunity: CEO: 175% of salary CFO: 125% of salary COO: 125% of salary Measures and weightings: Cumulative three-year EPS (40% weighting): EPS was considered to be an appropriate performance condition to use for the LTIP given the investment case made at IPO on earnings growth, and is simple and well understood by investors. Average annual ROCE (40% weighting): ROCE was considered to be an appropriate performance condition to use to support the strategy of growth, both organic and through acquisitions, and to focus on the efficiency by which earnings are generated. Average cash conversion (20% weighting): Cash conversion was considered to be an appropriate performance condition as improving cash conversion was a key focus of the strategy set out in the prospectus. See table on page 94 for details of the performance conditions and targets. The EIP contains clawback and malus provisions. Full details are set out in the 2019 Directors' Remuneration report on page 86.	No change

Element	Operation in FY2020/21	Intended operation in FY2021/22	
Variable pay continued	Shareholding requirements	Executive Directors are required to hold 100% of their pre-cessation shareholding requirement (or actual shareholding, if lower) for two years following their cessation of employment.	No change
	Chair and Non-Executive Director fees¹	• Chair of the Board: £170,000 pa • Non-Executive Director: £65,000 pa • Deputy Chair of the Board (additional): £20,000 pa • Senior Independent Non-Executive Director (additional): £10,000 pa • Committee Chair (additional): £7,500 pa • Partner Director²: £0 pa	No change The Company's annual fee review will be in December 2021 with any fee rises to have effect from 1 January 2022.

Notes

1. In accordance with the Articles of Association of the Company, fees paid to Directors shall not exceed in aggregate £2,000,000 per annum.
2. The position of Partner Director is designated by the Board as a Non-Independent, Non-Executive Director position. A Partner Director represents the partners of DWF Law LLP and DWF LLP and is therefore a partner shareholder representative on the Board. Partner Directors do not receive any fees for the position on the Board because their remuneration is as a member of DWF Law LLP or DWF LLP (determined by his or her 'home office'), and in some circumstances also by way of a limited salary as an employee of DWF Connected Services Holdings Limited.

Illustrations of application of the Remuneration Policy

The graphs below demonstrate Executive Director pay opportunities under the Remuneration Policy approved by Shareholders at the 2019 AGM, and compare them to the single figure for FY2020/21 year on page 92. The single figure includes any actual bonus payments made during the period. As the first LTIP award was granted in August 2019, with a three-year performance period, there was no LTIP vesting during the year, and therefore there is no LTIP element contained in the single figure provided on page 92.

Assumptions for the scenario charts

Element	Minimum	On-target	Maximum	Maximum (plus 50% share price growth)
Fixed pay	Base salary of £530,000 for CEO, £320,000 for CFO and £300,000 for COO. Pension of 7% of salary for CEO, CFO and COO.			
Annual bonus ¹	None	50% of maximum award	100% of maximum award	100% of maximum award
LTIPs (made through the EIP) ²	None	50% of maximum award	100% of maximum award	100% of maximum award

Notes

1. Maximum annual bonus for the CEO is 150% of salary. Maximum annual bonus for the CFO and COO is 100% of salary.
2. Maximum LTIP award for the CEO is 175% of salary. Maximum LTIP award for the CFO and COO is 125% of salary.

Remuneration continued

Wider workforce remuneration

This section of the Directors' Remuneration report provides an overview of remuneration principles and wider workforce remuneration across the Group including:

- CEO-to-worker pay ratio; and
- UK gender and ethnicity pay-gap reporting.

Remuneration principles and wider workforce remuneration across the Group

The Committee considers remuneration principles and wider workforce remuneration across the Group to enable it to take into account wider workforce pay and practices, and the alignment of incentives and reward with culture, when setting Executive Director remuneration. As set out below, key areas considered by the Committee include: Group remuneration principles; grading structure; basic pay; bonus; share plans; pension; benefits; and termination policies.

The Committee is satisfied that the approach to remuneration across the Company is consistent with the Group's principles of remuneration. In the Committee's opinion, the approach to Executive Director remuneration aligns with the wider Group remuneration principles, and there are no anomalies specific to the Executive Directors.

Group remuneration principles

The table below sets out the Group's remuneration principles:

Principle	Detail
Competitive and fair	Salaries set around market median
	Benefits reflect best practice and workforce needs
	Flexibility in share plans to attract and retain key talent
Rewarding (the right) high performance	We are a high-performing business and when we conduct our end of year reviews, we recognise high performers
	We operate an annual performance-review process to ensure we have good performance discussions
	We can recognise those who make outstanding contributions through share awards
Simple to understand	We try to avoid unnecessary complexity
	We provide accessible and relevant information
Supports DWF values and culture	Incentives, performance-management and recognition approaches support DWF values and culture
	Benefits support our inclusive culture

Grading structure

DWF has a centralised approach to grading, with a new grading methodology introduced on 1 March 2021 to reflect the complexity of the Group and to allow for future growth, with all colleagues (Executive Directors, partners and employees) graded from band 1 to 4. Following acquisitions during the year, a small number of employees and partners are not part of the formal grading structure. We intend to assimilate them in FY2021/22.

Overview of findings

The Group's workforce has a unique structure, comprising both employees and members of partnerships. The partners, who represent the principal generators of income for the Group, remain subject to partnership remuneration and benefit arrangements.

Salary

Average salary increases for employees and partners across the Group are being applied on an equitable and objective basis.

Salary increases are based on external benchmarking and position in pay range compared to market medians. It is our policy to increase the salaries of the Executive Directors using the same approach and with wider workforce remuneration arrangements in mind.

Bonus

The majority of our employees and partners can share in the success of the Company through incentive compensation. In line with market practice, the level of incentive compensation and whether it is paid solely in cash or in a mixture of cash and deferred shares, depends on the level of seniority of employee and partners.

For FY2020/21, the Group implemented a single bonus plan for everyone below Board level including partners equivalent to a maximum bonus potential of 5% of salary (employees)/total remuneration (partners). Bonuses will be paid in cash to eligible employees and partners under these bonus plans for the year ended 30 April 2021.

Share plans

Equity participation is offered to all UK employees of the Group through the BAYE scheme, and to senior management and Executive Directors through the LTIP and Deferred Bonus Plans, each of which involves the award of shares. It is the Group's policy to allow employees and partners to share in success by means of equity participation. The Company intends to continue to extend BAYE

participation internationally during FY2021/22, where the jurisdictions permit, having launched the BAYE in Spain during FY2020/21. Executive Directors are required to adhere to minimum shareholding guidelines.

The IPO gave DWF the opportunity to offer shares to the wider employee group, thus further aligning an element of remuneration with Company performance, Executive Director remuneration, and the Shareholder experience.

On the Company's Admission to listing, all employees who had been rated 'fully achieving' at 31 October 2018 and who were employed for 12 months at the date of Admission and not serving notice (known as qualifying colleagues), were awarded IPO awards under DWF's BAYE scheme. Each IPO allocation was valued (at Admission) at up to 18% of salary. Qualifying colleagues were also awarded a cash bonus on Admission, with a value of up to 2% of salary. The IPO allocations were made as allocations of free shares that vest in two equal tranches on the preliminary 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 is deemed a 'good leaver').

The BAYE continues to operate on an annual basis. All qualifying colleagues are invited to participate in the BAYE scheme by acquiring ordinary shares out of deductions from salary, and awarded matching shares in respect of ordinary shares acquired. Each year, all qualifying colleagues will be invited to sign up to buy shares over a 12-month investment period. Matching shares are received on a one-for-two basis, so for every two shares purchased over the 12-month investment period, participants receive one matching share three years from the start of the relevant 12-month investment period subject to certain conditions.

The EIP is in operation for partners and employees and offers a number of awards such as promotion awards, lateral hire awards and exceptional contributor awards. These plans are designed to enable the business to attract and retain the right talent for the future sustainability of the Group.

The Group's Deferred Bonus Plan will be used for the Executive Directors' deferred bonus shares for the period. The plan rules enable it to be used for other senior employees and partners.

Pensions

All UK employees are eligible for enrolment in a Company defined-contribution pension arrangement. The current employee contribution is 3-5% of salary and employer contribution is 5-7% of salary. The contribution for Executive Directors is 7% of salary, in line with the pension contributions applicable to the wider UK workforce. Outside of the UK, pension arrangements for employees are in line with local legal requirements.

Benefits

UK employees and partners are offered a range of benefits including life assurance and health insurance, and flexible benefits by way of salary sacrifice. Elsewhere in the Group, benefits are in line with local market practice.

Termination

An employee or partner must be in employment and not serving notice to be eligible for any bonus payment. The treatment of leavers is governed by the respective share plan rules, agreed leaver status delegated authorities and operating guidelines.

Communication and engagement with employees and partners

The Board is committed to ensuring there is an open dialogue with our employees and partners over various decisions. The business is kept informed of the Group's activities and performance through communications and the circulation of corporate announcements. This is supplemented by updates on Rubix, our intranet, to which all Non-Executive Directors have access. To encourage opportunities for continuing dialogue, feedback and recognition, we also launched our Pulse Forum, established to ensure that we listen to colleague voices within all of our jurisdictions and embed changes to enhance both our working environment and engagement with our Group strategy. The Forum assesses the outcomes from future Pulse Surveys and share our actions and the progress we are making as well as helping to shape initiatives to improve everyone's experience at DWF. This section of the Remuneration Committee report is presented to the Pulse Forum for employee and partner engagement. Members are given an opportunity to ask the Chair of the Remuneration Committee questions on it. Chris Sullivan as the designated Non-Executive Director for the workforce engages with the workforce with regard to Executive Director remuneration arrangements.

For more information please see pages 64 and 65 of the Corporate Governance report and 44 to 46 of the Environmental, Social and Governance report.

CEO-to-worker pay ratio as at 30 April 2021

DWF is committed to fairness and equality across the Group, and takes the CEO pay ratio, alongside a number of other factors, into consideration when reviewing pay levels across the Group.

To calculate the CEO pay ratio, DWF used prescribed methodology A to calculate the pay and benefits of all UK employees (including partners) on a full-time equivalent ('FTE') basis for the financial year, to identify the quartiles. The pay and benefits for all UK employees and partners for the relevant financial year is calculated and ranked from lowest to highest, to identify the employees and partners at P25, P50 and P75. We chose methodology A as we felt it comprehensively reflects the pay levels of our employees (including partners).

Remuneration continued

The salary and total remuneration of UK FTE employees (including partners) at the 25th, 50th and 75th percentile, and the ratios between the CEO and these employees (including partners) are shown in the table below.

	Year	Methodology	Salary			Total remuneration		
			P25	P50	P75	P25	P50	P75
Amount	FY2020/21	A	£25,000	£40,000	£65,000	£26,109	£42,134	£69,587
	FY2019/20	A	£23,000	£36,445	£59,400	£24,383	£39,088	£64,487
Ratio	FY2020/21	A	21:1	13:1	8:1	35:1	22:1	13:1
	FY2019/20	A	23:1	15:1	9:1	24:1	15:1	9:1

Notes

1. As the business is in its second year since IPO, no LTIPs have vested and the figures above therefore use like-for-like calculations.
2. We have not included a comparison to FY2018/19 as the business only listed in the last two months of that financial year, and the business model in place prior to the listing was a private-limited-liability partnership, so remuneration is not comparable. The pay ratio regulations, which came into force on 1 January 2019, require annual disclosures to be made from the end of 2019 onwards.

The Company believes the median pay ratio for FY2020/21 is consistent with the pay, reward and progression policies for the Company's UK employees (and partners). We complete a rigorous pay and benchmarking exercise annually on all roles, and adjust appropriately based on performance and affordability, to ensure employees (and partners) are remunerated fairly and in line with the Company's pay philosophy.

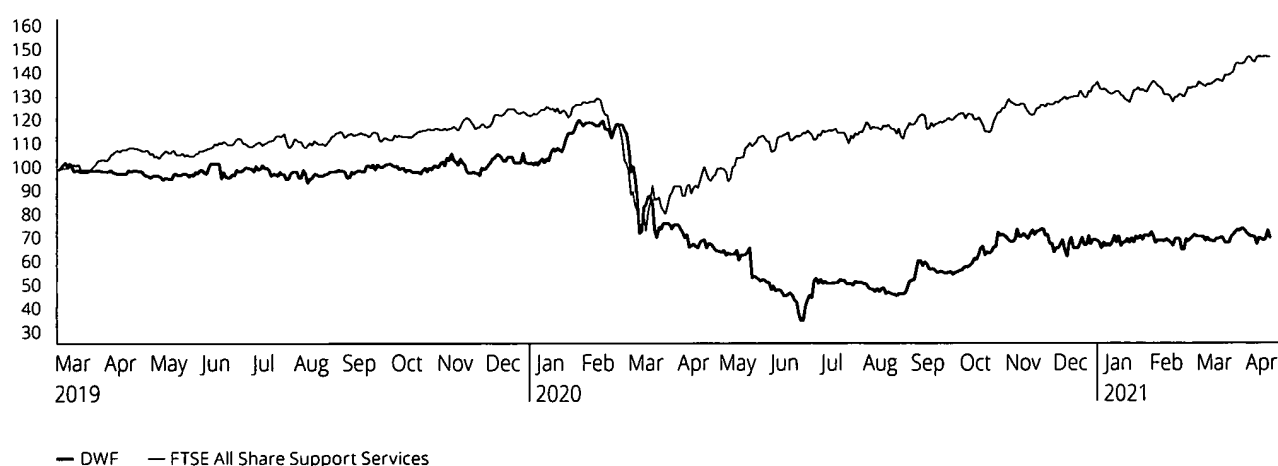
In assessing our pay ratio versus likely ratios from industry peers, we believe we are towards the lower end of the range but note that annual and long-term incentive payments have varied considerably amongst this group. In our case, the CEO single figure comprises fixed pay, bonus, taxable benefits, and pension benefits, given that no long-term incentive vested in respect of performance in FY2020/21. There has been an increase in the total remuneration ratio in FY2020/21 because a bonus was paid to the CEO. In FY2019/20 no bonus was paid to the CEO. We also recognise that ratios will be influenced by levels of employee (and partner) pay, which may vary from other sectors.

Over time, we expect there may be significant volatility in this ratio, and believe this will be caused by the following:

- Our CEO pay is made up of a higher proportion of incentive pay than that of our employees (and partners), in line with the expectations of our Shareholders. This introduces a higher degree of variability in CEO pay each year, which affects the ratio.
- The value of long-term incentives is disclosed in the year of vesting (after three years), which increases the CEO pay in that year, again affecting the ratio for that year.
- Long-term incentives are provided in shares, and therefore an increase in share price over the three years magnifies the impact of a long-term incentive award vesting in a year.
- We recognise that the ratio is affected by the different structure of the pay of our CEO to that of our employees (and partners), as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and wider workforce. Where the structure of remuneration is similar, as for the Executive Board and the CEO, the ratio is likely to be much more stable over time.

Performance against Total Shareholder Return ('TSR')

The following chart illustrates the Company's TSR performance (share price growth plus dividends paid) from the date of Admission against the performance of the FTSE All Share Support Services, a broad-based index the Company has been a constituent member of since Admission.



Historic CEO remuneration

Element	FY2018/19 ¹	FY2019/20	FY2020/21
Total remuneration	£70,949	£530,000	£868,784 ²
Annual Bonus as a percentage of opportunity	0%	0%	37.1% ³
LTIP as a percentage of opportunity	NA	NA	NA

Notes

- For FY2018/19, the table reflects the period from Admission on 15 March 2019 to the end of the financial year on 30 April 2019.
- Figures for FY2020/21 are based on total remuneration paid to Andrew Leatherland up to 28 May 2020 and Sir Nigel Knowles from 29 May 2020.
- The aggregate total bonus outcome of £748,000 was distributed equally, on a pro-rata basis for length in role, between the three Executive Directors as described on page 93. The maximum bonus opportunity for the CEO was 150% of base salary.

Percentage change in remuneration of the Directors and all employees and partners

The position of Partner Director is designated by the Board as a Non-independent, Non-Executive Director position. A Partner Director represents the partners of DWF Law LLP and DWF LLP and is therefore a partner shareholder representative on the Board. Partner Directors do not receive any fees for the position on the Board because their remuneration is as a member of DWF Law LLP or DWF LLP (determined by his or her 'home office'), and in some circumstances also by way of a limited salary as an employee of DWF Connected Services Holdings Limited. Therefore, Partner Directors are not included in the table below. Further details can be found on page 72 of the Nomination Committee report.

FY	£ Salary/fees			£ Taxable benefits			£ Bonus ⁶		
	2020/21	2019/20	change	2020/21	2019/20	change	2020/21	2019/20	change
Executive Directors									
Sir Nigel Knowles ¹	487,896	NA	NA	4,214	NA	NA	295,000 ⁶	NA	NA
Chris Stefani	320,000	320,000	0%	4,584	5,368	-15%	295,000 ⁶	0	100%
Matthew Doughty ²	157,955	NA	NA	2,380	NA	NA	158,000 ⁶	NA	NA
Non-Executive Director									
Sir Nigel Knowles ¹	13,076	200,000	-93%	NA	NA	NA	NA	NA	NA
Jonathan Bloomer ³	127,151	NA	NA	NA	NA	NA	NA	NA	NA
Chris Sullivan ⁴	90,000	75,000	20%	NA	NA	NA	NA	NA	NA
Luke Savage	72,500	72,500	0%	NA	NA	NA	NA	NA	NA
Tea Colaïanni	72,500	72,500	0%	NA	NA	NA	NA	NA	NA
Sam Tymms	72,500	72,500	0%	NA	NA	NA	NA	NA	NA
Vin Murria ⁵	42,493	65,000	-34.6%	NA	NA	NA	NA	NA	NA
Average employee (includes partners)	50,220	50,330	-0.2%	962.52	732	31%	1,868.65	358	522%

Notes

- Sir Nigel Knowles stepped down as Chair of the Board on 29 May 2020 on his appointment as CEO and the respective remuneration for each role is separated out in the table.
- Matthew Doughty was appointed COO on 22 October 2020 and the table shows his remuneration from that date.
- Jonathan Bloomer was appointed Chair of the Board on 1 August 2020 and the table shows his remuneration from that date.
- Fees paid to Chris Sullivan include Non-Executive Director fees and Senior Independent Non-Executive Director fees from the beginning of the period. On 1 August 2020, Chris was appointed Deputy Chair of the Board and the table includes his additional remuneration for that role from that date. Further details can be found on page 97.
- Vin Murria stood down as Non-Executive Director on 30 December 2020 and the table shows her remuneration up to that date.
- The aggregate total bonus outcome of £748,000 was distributed equally, on a pro-rata basis for length in role, between the three Executive Directors as described on page 87.

The Committee uses this information to satisfy itself that there is not an increasing gap between the level of fixed pay for the Director and for employees (including partners). Based on the above analysis, the Committee is satisfied that this is the case.

Remuneration continued

UK gender and ethnicity pay-gap reporting

We reported on our UK gender and ethnicity pay gap for 2020 in December 2020 in line with the commitment we made in our FY2020 Annual Report. The full 2020 Gender and Ethnicity Pay Gap report is available on our website at dwfgroup.com.

The Group's UK gender pay gap

Pay gap ¹	2017	2018	2019	2020
Mean hourly pay gap	50%	48%	39%	37%
Median hourly pay gap	36%	32%	33%	33%
Mean bonus pay gap	51%	45%	37%	38%
Median bonus pay gap	32%	23%	35%	38%

Note

1. The figures above are combined figures for both employees and self-employed partners. For both hourly pay rates have been used.

While we are working hard to speed up the pace of change in our business, there is a gender pay gap due to the fact that we have more men at senior levels in higher-paid roles. We are taking targeted and sustained action where there is currently under-representation, and we are making positive progress. We know that changing decades of imbalance in our business and sector is going to take time, but we are committed to addressing it.

Our latest plan sets out our immediate priorities and you can find more details on this on pages 44 and 45. This sustained focus on meaningful actions will result in a more diverse workforce, supported and empowered through our inclusive culture and values.

Ethnicity pay-gap reporting

As part of our wider inclusion approach, we have worked hard over the past year to build a more accurate picture of our Black, Asian and Minority Ethnic ('BAME') population. The proportion of colleagues who have disclosed their ethnicity has increased during the year to 70% (from 60% last year) such that we were able to voluntarily disclose this as part of our 2020 gender and ethnicity pay gap report to facilitate meaningful comparisons to be made year-on-year going forwards.

The Group's UK ethnicity pay gap

Pay gap ¹	2020
Mean hourly pay gap	23%
Median hourly pay gap	22%

Note

1. The figures above are combined figures for both employees and self-employed partners. For both hourly pay rates have been used.

As described on pages 44 and 45, we have a number of strategies to ensure we are as transparent as possible. In particular, our Board has sent a strong signal about the value of diverse talent and inclusion by setting diversity targets at senior levels, and BAME targets in addition to gender targets.

Annual Report on Remuneration

The following table sets out where in the Remuneration report the information can be found or where it is not relevant a statement to that effect:

Information	Page
Single figure of remuneration for each Executive Director	92
Share interests awarded during FY2020/21	94
Payment to past Directors	106
Statement of Directors' shareholding and share interests	105
Percentage change in remuneration of Directors and all employees (including partners)	101
Pay ratio information in relation to the total remuneration of the Director undertaking the role of the CEO	99
Statement of the Implementation of the Remuneration Policy in FY2021/22	96 and 97
Consideration of matters relating to Directors' remuneration	89 and 90
Statement of voting at General Meeting	106

Relative importance of spend on pay

The table below shows the percentage change in total salary costs and Shareholder distributions (i.e. dividends) from the financial year ended 30 April 2020 to the financial year ended 30 April 2021.

	FY2019/20 £m	FY2020/21 £m	change
Shareholder distributions paid in the year ¹	9.8	6.5	-33.5%
Total remuneration cost ²	189.5	210.8	11.3%

Notes

1. Dividends paid per year is defined in note 7 of the financial statements.

2. Total remuneration cost is defined in note 28 of the financial statements, which includes details of a restatement of the FY2019/20 total remuneration cost.

Details of 2020 LTIP Grant

Details of the performance conditions and targets of the 2020 LTIP Grant are set out on page 94 in the Remuneration Outcomes for FY2020/21 – At a Glance section of this report.

No Executive Directors' share incentives vested during the year and therefore the Committee did not consider whether any adjustment should be made in respect of share price performance or otherwise.

Details of strategic and operational objectives for FY2020/21

During the year, the Committee approved performance conditions for Executive Directors in relation to their bonuses for FY2020/21 as follows:

- 70% adjusted PBT; and
- 30% strategic and operational objectives (including improved gross lock-up).

For more detail on these performance conditions, see page 93 in Remuneration Outcomes for FY2020/21 – At a Glance.

The strategic and operational objectives are made up of a lock-up objective and a number of personal weighted objectives for specific matters to be achieved during the financial year to safeguard the business and contribute to, or form, the essential financial and strategic priorities and outcomes. We outline the key major themes of the objectives and their corresponding performance on page 104.

Remuneration continued

The Committee noted that the improved gross lock-up objective had been fully achieved. The Executive Directors' performed strongly across their personal weighted objectives, which were also fully achieved, as described below:

Executive Director¹				
Sir Nigel Knowles (CEO)		Strategic Review (33% weighting)	People (33% weighting)	Clients (33% weighting)
	Objective	Undertake a strategic review leading to a 3 year business plan for FY2020/21 – FY2022/23	Design and implement "DWF Life", a Group wide employee value proposition, which included a revised behaviour and expectations framework	Develop a key client programme and improve approach to account management
	Outcome	- Strategic review completed - Strategy and business plan presented to the Board and approved before 31 December 2020 - Communicated and embedded the new vision, strategy, customer value proposition and strategy prior to 30 April 2021 - Implemented the new operating model, including new Group structure, with effect from 1 May 2021	- Communicated and embedded DWF Life within the business with good engagement - Demonstrated successful communication and positive engagement with DWF Life through feedback to the Board from a range of internal stakeholders	Established a global key account programme and became strategic partner for certain key clients and ensured the establishment of a strategic plan for each of those clients
	Attainment	33%	33%	33%
Chris Stefani (CFO)		Funding Strategy (33% weighting)	Visibility of Information (33% weighting)	Reduction in lock up (33% weighting)
	Objective	Define the Group's strategy with respect to equity and debt funding in FY2020/21	Develop better quality management information Set a timetable for the roll out of 3e integration in N Ireland, France and DWF Claims (US)	Meet budgeted Group lock-up days
	Outcome	- RCF extension completed with a full re-finance of planned - Successful equity placing completed in September 2020	- Additional management information developed and launched - Timetable for the roll out of 3e integration in N Ireland, France and DWF Claims (US) established	Budgeted Group lock-up days target of no more than 195 met and exceeded
	Attainment	33%	33%	33%
Matthew Doughty (COO)		People (33% weighting)	100 Day Plan (33% weighting)	Operating Model (33% weighting)
	Objective	Build a diverse and inclusive organisation by driving the Diversity and Inclusion targets in relation to female and BAME representation in senior roles	Deliver the elements of the 100 Day Plan including a 3 year business plan, a Group restructuring programme and a Group branding strategy	Define the new operating model aligned with the 3-year business plan
	Outcome	- Oversaw the development of a 5 point Diversity and Inclusion action plan - Reviewed the retention of our emerging talent and analysis of our client teams leading to additional BAME team members taking on leadership roles	Delivered all elements of the 100 Day Plan to timetable	- New operating model went live as planned with effect from 1 May 2021 - Communications plan was delivered - All system changes were successfully executed ahead of timetable
	Attainment	33%	33%	33%

Notes

1. As announced on 29 May 2020, when Andrew Leaiterland stepped down as CEO, the Committee determined he would receive no bonus for the FY2020/21.

Directors' share interests (audited)

The Directors' interests in shares as at 30 April 2021 are provided below.

	Number of shares beneficially owned	Value of shares beneficially owned as a % salary/fees ¹	Shareholding guidelines	Deferred shares	Shares subject to performance conditions	Shares not subject to performance conditions	Total interest in shares
Executive Directors							
Sir Nigel Knowles	2,677,211	420%	250%	0	1,303,034	0	3,980,245
Chris Stefani	1,032,814 ²	269% ²	200%	0	898,089	0	1,930,903
Matthew Doughty	2,669,421	740%	200%	0	526,833	0	3,196,254
Non-Executive Directors							
Jonathan Bloomer	40,000	NA	NA	NA	NA	NA	40,000
Chris Sullivan	409,836	NA	NA	NA	NA	NA	409,836
Luke Savage	32,693	NA	NA	NA	NA	NA	32,693
Tea Colaïanni	49,180	NA	NA	NA	NA	NA	49,180
Sam Tymms	0	NA	NA	NA	NA	NA	0
Seema Bains	1,800,000	NA	NA	NA	NA	NA	1,800,000 ³
Michele Cicchetti	1,673,997	NA	NA	NA	44,001 ⁵	156,897 ⁴	1,874,895

Notes

1. Calculated using the share price of £0.832 on 30 April 2021.
2. The one-off award made to Chris Stefani at the time of the IPO as described on page 77 of the annual report and financial statements 2019 is included here. The one-off IPO award was granted to him to create an equity interest at IPO equivalent to what he would have received at IPO if he had been capable of being a member of DWF LLP under the regulations applicable to DWF LLP. On 8 September 2020, the first tranche of Chris Stefani's IPO award vested and he sold 107,237 shares to cover tax liabilities.
3. On 1 June 2021, Seema Bains disposed of 137,254 shares.
4. This is a conditional award over 156,897 ordinary shares granted to Michele Cicchetti on 14 January 2021, which will vest over five years in equal tranches and are not subject to performance conditions. This award is unrelated to his role as Partner Director for which he receives no remuneration as described on page 92.
5. This relates to an award given to Michele Cicchetti before he was appointed as Partner Director. The award vests over five years in ten equal tranches, five tranches on employment and five on performance. The first two tranches vested on 8 September 2020.

Service contracts or letters of appointment

The table on the next page provides details of the service contracts or letters of appointment for the Directors. All service contracts and letters of appointment are available for viewing at the Company's registered office. In line with best practice, all Directors are subject to annual re-election at the Company's AGM. The Chair of the Board and the Independent Non-Executive Directors are appointed subject to re-appointment at the AGM for an initial term of three years commencing on the admission of the shares to trading on the London Stock Exchange. The initial period of three years is renewable by one additional period of three years and renewable thereafter at the discretion of the Company. Partner Director letters of appointment provide that their duties as a Director are subject to their professional duties as solicitors authorised by the SRA or equivalent regulatory authority.

	Date appointed	Expiry date	Notice period by Company or Director
Executive Directors			
Sir Nigel Knowles	29 May 2020	Rolling service-contract with no fixed expiry date. For his role as Partner Director during part of the year, there was no entitlement to receive a fee for undertaking the role.	12 months
Chris Stefani	10 September 2018	Rolling service-contract with no fixed expiry date.	12 months
Matthew Doughty	22 October 2020	Rolling service-contract with no fixed expiry date. For his role as Partner Director during part of the year, there was no entitlement to receive a fee for undertaking the role.	12 months
Non-Executive Directors			
Jonathan Bloomer	1 August 2020	Rolling letter of appointment for an initial term of three years with no fixed expiry date	3 months
Chris Sullivan	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Luke Savage	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Tea Colaïanni	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month

Remuneration continued

	Date appointed	Expiry date	Notice period by Company or Director
Sam Tymms	1 December 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Seema Bains	22 October 2020	Rolling letter of appointment for an initial term of up to three years with no fixed expiry date. The Partner Director is not entitled to receive a fee for undertaking the role.	1 month
Michele Cicchetti	22 October 2020	Rolling letter of appointment for an initial term of up to three years with no fixed expiry date. The Partner Director is not entitled to receive a fee for undertaking the role.	1 month

Payments to past Directors/payments for loss of office (audited)

During the year, the Company agreed terms with Andrew Leitherland on his cessation of employment on 29 May 2020.

The full details of those terms are set out in the announcement which is available on the Company's website (dwfgroup.com/en/investors/reports-and-presentations) but is summarised below:

1. Andrew received 12 monthly payments including basic salary, pension entitlements and other contractual benefits, in lieu of the 12-month contractual notice period in accordance with the provisions of his service agreement. Andrew was required to mitigate his loss during the notice period by seeking alternative employment or engagement.
2. Andrew did not receive any bonus for the financial year ended 30 April 2020.
3. Awards made to Andrew under the Long-Term Incentive Plan granted in 2019 lapsed on his departure. Andrew held no other incentive awards and no further incentive awards were made.
4. Following the Company's IPO in April 2019, Andrew Leitherland (together with his wife and family trust) held a total of 7,067,628 ordinary shares in the Company, which represented Andrew's pre-IPO ownership interest in the DWF business. These shares were subject to a five-year lock-up period (which was considerably longer than a typical post-IPO lock-up period of 12 months). These shares would normally have been released in equal tranches on the announcement of the preliminary results for the financial years ended 30 April 2020, 2021, 2022, 2023 and 2024 under the terms of a lock-up agreement entered into between the Company and Andrew Leitherland at the time of IPO. Pursuant to this lock-up agreement, the first tranche of shares (20%), which he was contractually entitled to, were released on announcement of the preliminary results for the financial year ended 30 April 2020. The second tranche (20%) which he was similarly contractually entitled to during his 12-month notice period, were released on announcement of the preliminary results for the financial year ended 30 April 2021. The Board determined that 50% of the remaining tranches be retained by Andrew in recognition of his contribution to the business during his tenure in office and these will be released in accordance with the original schedule (in 2022, 2023 and 2024). The Board determined that the remaining 50% be clawed back immediately into the Company's Employee Benefit Trust in accordance with the terms of the lock-up agreement. The release of each tranche of the retained Shares is also subject to malus provisions.

Shareholder voting at the 2020 AGM

	Votes for	% for	Votes against	% against	Total votes validly cast	Votes withheld
To approve the Directors' Remuneration report	116,852,998	99.99	11,563	0.01	116,864,561	1,246,612

Shareholder voting at the 2019 AGM

	Votes for	% for	Votes against	% against	Total votes validly cast	Votes withheld
To approve the Directors' Remuneration Policy	106,935,200	98.99	1,091,112	1.01	108,026,312	0
To approve the Directors' Remuneration report	106,665,782	98.74	1,360,530	1.26	108,026,312	0

Approved by the Board on 21 July 2021.

Tea Colaianne

Chair, Remuneration Committee

Directors' report

Directors' report

The Board of Directors present their report for the financial year ended 30 April 2021 as required by the Companies Act 2006. The Directors' report, together with the Strategic report on pages 1 to 53, form the Management Report for the purposes of the FCA's Disclosure, Guidance and Transparency Rule ('DTR') 4.1.5R (2) and DTR 4.18R.

Statutory or regulatory information contained elsewhere in the Annual Report and Accounts

The Board considers that some of the matters required to be disclosed in the Directors' report are of strategic importance and these are therefore included in the Strategic report as indicated in the table below.

Information	Section	Page
Likely future developments in the business	Strategic report	12 and 13
Risk factors and principal risks; going concern and viability statements	Strategic report	48 to 53
Financial instruments: information on the Group's financial instruments and risk management objectives and policies, including our policy on hedging	Consolidated financial statements	155 to 157
Governance arrangements; human rights and anti-corruption and bribery matters	Environmental, Social and Governance report Corporate Governance report	46 66
Environmental matters	Environmental, Social and Governance report	42 to 44
Social and community matters	Environmental, Social and Governance report	46
Financial risk management	Consolidated financial statements	155 to 157
Section 172(1) statement	S172(1) and stakeholders	34 to 39

Disclosure of information required by DTR 7.2.1R

The corporate governance statement as required by DTR 7.2.1R is set out on page 61.

Disclosure table pursuant to Listing Rule ('LR') 9.4.8C

The following table provides references to where the information required by LR 9.4.8C is disclosed:

Listing Rule	Listing Rule requirement	Page
9.8.4(4)	Long-term incentive schemes	Directors' Remuneration report, 85 to 106
9.8.4(12)	Waiver of dividends by a Shareholder	Directors' report 108
9.8.4(13)	Waiver of future dividend by a Shareholder	Directors' report 108

Board of Directors

You can find the names of all current Directors and their biographies on pages 58 and 59. All Directors intend to seek election or re-election at the 2021 AGM in accordance with the Articles of Association of the Company (the 'Articles of Association') and the recommendations of the UK Corporate Governance Code 2018 (the 'Code'). On 29 May 2020, Andrew Leitherland stepped down as Group Chief Executive Officer and was succeeded by Sir Nigel Knowles. On 30 December 2020, Vin Murria stepped down as an Independent Non-Executive Director. Further details on Board changes can be found on pages 69 and 72.

Appointment, reappointment and removal of Directors

Directors are appointed and may be removed in accordance with the Articles of Association and the provisions of the Companies Act 2006.

Directors' report continued

A Director may be appointed to the Board by ordinary resolution of the Shareholders in a general meeting, either to fill a vacancy or as an additional director. No person other than a Director retiring in accordance with the Articles of Association shall be elected or re-elected at any general meeting unless:

- i. recommended by the Board; or
- ii. not less than 14 nor more than 42 days before the date appointed for the meeting there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of the intention to propose a resolution for the election of that person, stating the particulars which would, if they were so elected, be required to be included in the Company's register of Directors and a notice executed by that person of their willingness to be elected.

A Director may be removed by the Company in certain circumstances set out in the Articles of Association or by special resolution or by ordinary resolution of which special notice had been given in accordance with the Companies Act 2006.

Powers of Directors

The business of the Company is managed by the Directors who are subject to the Articles of Association, provisions of the Companies Act 2006 and any directions given by special resolution. Specific powers relating to the allotment and issuance of ordinary shares and the ability of the Company to purchase its own securities are also included within the Articles of Association, and such authorities may be submitted for approval by the Shareholders at the AGM each year.

Directors' indemnities and insurance

As permitted by the Articles of Association and to the extent permitted by the law, the Company has indemnified each Director in respect of any liability arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries. These indemnities in force during the year and that continue to remain in force are qualifying third party indemnities as defined by section 234 of the Companies Act 2006.

The Company also maintains directors' and officers' liability insurance as provided for in the Articles of Association. The Directors may also obtain, at the Company's expense, external legal or professional advice necessary to enable them to carry out their duties.

Directors' interests

Directors' interests in the share capital of the Company as at 30 April 2021 are set out on page 105 of the Directors' Remuneration report.

Conflicts of interest

The Articles of Association give the Board power to authorise matters that give rise to actual or potential conflicts. The Company has a policy and procedures in place for identifying, disclosing, evaluating and managing conflicts of interests so that Board decisions are not compromised by a conflicted director. Directors have a continuing duty to ensure the Board is updated on any changes to these conflicts. The Company Secretary maintains a register of conflicts and any conflicts that have been authorised by the Board. The register of conflicts is reviewed annually and approved by the Board.

Articles of Association

The Company's Articles of Association may only be amended by passing a special resolution of the Company at a general meeting. The Articles of Association are available on our website at dwfgroup.com/en/investors.

Dividends

The Board recommends a final dividend of 3.0 pence per ordinary share to Shareholders. Subject to Shareholder approval at the Company's 2021 Annual General Meeting ('AGM'), this will become payable on 8 October 2021 to all Shareholders on the register of members at the close of business on 10 September 2021. During the year, the Board declared an interim dividend of 1.50 pence per ordinary share which was paid to Shareholders on 5 March 2021. There are no guarantees that the Company will pay dividends, or the level of any such dividends in the future.

Share capital structure and share rights

As at 30 April 2021, the Company's share capital comprised 324,554,653 ordinary shares of 1 pence each, fully paid up and quoted on the London Stock Exchange. On 28 May 2021, the Company issued 798,212 ordinary shares of 1 pence each. As at the date of this report, the Company's share capital comprised 325,352,865 ordinary shares of 1 pence each, fully paid up and quoted on the London Stock Exchange.

Rights attributable to the Company's ordinary shares are as set out in the Articles of Association (which are available on our website at dwfgroup.com/en/investors) and in applicable company law. Holders of the Company's ordinary shares have the right to attend, speak and vote (either in person or by proxy) at a general meeting of the Company, and the right to benefit in any distribution of the Company, which includes, but is not limited to, dividends. No Shareholder owns shares with special rights as to control.

The Company operates a number of employee share plans, which are detailed both in the Directors' Remuneration report on pages 98 and 99 and in note 25 to the consolidated financial statements. The voting rights of shares held in trust for the share plan participants, as beneficial holders, are exercised at the direction of the participant. In respect to any voting rights of shares held in trust that are not allocated to share plan participants, Ocorian Limited (the 'Trustee') will abstain from voting these shares, unless directed otherwise by the Company, and then only in accordance with the Trustee's discretion. The Trustee of the Employee Benefit Trust and the Reward Share Trust has waived its right to dividends on all unallocated shares within the Trusts.

Substantial shareholdings

The table below shows the direct and indirect holdings of major Shareholders in the Company's ordinary issued share capital, as at 30 April 2021 and as at 23 June 2021. The Company had been notified in accordance with the provisions of Chapter 5 of the DTR or was otherwise aware, of the following interests in the Company's voting rights:

Holder	Number of ordinary shares as at 30 April 2021	% of issued capital as at 30 April 2021 ¹	Number of ordinary shares as at 23 June 2021	% of issued capital as at 23 June 2021 ²
DWF Group Plc Employee Benefit Trust	31,663,083	9.76	31,663,083	9.73
Premier Miton Investors	18,618,282	5.74	19,890,212	6.11
Cartesian Capital Group	17,814,338	5.49	17,814,338	5.48
Aberdeen Standard Investments	15,505,948	4.78	15,505,948	4.77
Sand Grove Capital Management	10,510,670	3.24	9,670,670	below 3%

1 Issued share capital as at 30 April 2021 was 324,554,653.

2 Issued share capital as at 23 June 2021 was 325,352,865.

At 21 July 2021, no further notifications had been received under the DTRs in relation to interests in the Company's shares.

Authority to allot and purchase own shares

At the Company's 2020 AGM, the Directors were authorised to:

- allot ordinary shares (or grant rights to subscribe for, or convert any securities into, ordinary shares) up to an aggregate nominal amount equal to £1,081,849 (representing 108,184,884 ordinary shares of 1p each) and to allot further shares up to an aggregate nominal amount equal to £1,081,849 (representing 108,184,884 ordinary shares of 1 pence each) for the purpose of a rights issue;
- allot ordinary shares having an aggregate nominal amount of £162,277 (representing 16,227,733 ordinary shares of 1 pence each) for cash, without offering them to existing Shareholders in proportion to their holdings;
- allot additional shares having an aggregate nominal amount of £162,277 (representing 16,227,733 ordinary shares of 1 pence each) for the purposes of financing a transaction which the Board of the Company determines to be an acquisition or other capital investment, without offering the shares first to existing Shareholders in proportion to their holdings; and
- make market purchases of up to 32,455,465 shares in the Company, representing 10% of the Company's issued share capital at the time.

To date the Directors have used 798,212 of these authorities. The Directors confirm their intention to renew these authorities at the forthcoming AGM. Further details are set out in the Notice of Annual General Meeting, which can be found on our website at dwfgroup.com/en/investors.

Restrictions on transfer

As part of the Group, DWF Law LLP, is regulated by the Solicitors Regulation Authority ('SRA'), and the Company and Shareholders are subject to statutory ownership restrictions pursuant to the Legal Services Act 2007.

It is a cardinal principle of the Company that a 'Non-authorised Person' shall not hold, nor 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', which includes the SRA and, where applicable, other designated regulators of the legal professions in England and Wales.

A Non-authorised Person includes any person who is not approved to carry on legal activities by the SRA or another Relevant Licensing Authority.

A Restricted Interest in the Company exists where a person (alone or with their associates):

- holds at least 10% of the shares in the Company;
- is able to exercise significant influence over the management of the Company by virtue of their shareholding in the Company;
- is entitled to exercise, or control the exercise, voting power in the Company which, if it consists of voting rights, constitutes at least 10% of the voting rights in the Company; and
- 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.

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:

- notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest; and
- 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 these obligations.

Directors' report continued

If the Company believes the Divestiture Condition may be satisfied in relation to a Non-authorised Person (a 'Defaulting Person'), the Company may give notice to the Defaulting Person that all of the restrictions referred to below shall apply to all of that Non-authorised Person's shares in the Company (the 'Relevant Shares'):

- a) subject to a compulsory disposal provision set out below, a transfer of or agreement to transfer the Relevant Shares, or in the case of unissued shares, the 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 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 restriction the SRA or Relevant Licensing Authority may impose in respect of the Relevant Shares in accordance with the Legal Services Act 2007.

A Divestiture Condition 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 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
- 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.

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, they must dispose of such number of their shares representing the Relevant Shares in the Company that will result in the Defaulting Person no longer holding a Restricted Interest in the Company (the 'Disposal Shares').

If the Defaulting Person does not dispose of the Disposal Shares, the Company shall arrange to sell the Disposal Shares as soon as is 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.

Other than as set out above, where imposed by law or regulation, or where the Listing Rules require certain persons to obtain clearance before dealing, there are no restrictions regarding the transfer of shares in the Company. The Company is not aware of any agreement which would result in a restriction on the transfer of shares or voting rights.

Change of control – significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, including following a takeover bid, such as supplier and service provider agreements and property lease arrangements. The legal risk arising out of such change of control is closely managed by the Company as part of its contractual governance processes.

The Company has an unsecured £80.0m multicurrency revolving loan facility agreement with HSBC UK Bank plc, National Westminster Bank plc and Lloyds Bank plc for general corporate and working capital purposes. If there is a change of control of the Company, any lender, by not less than 30 days' notice to the Company, may cancel its commitment under the facility and declare the outstanding utilisation of that lender's commitment (together with accrued interest) immediately due and payable.

The Company has a secondary unsecured £15.0m multicurrency revolving loan facility with HSBC UK Bank plc and National Westminster Bank plc. The secondary facility operates under the same terms as the unsecured multicurrency revolving loan facility as referred to above.

The Company's subsidiary, Rousaud Costas Duran SLP and two of its subsidiaries have unsecured multicurrency revolving loan facilities agreements with several local banks for general corporate and working capital purposes. The total value of all such facilities is €15.95m. If there is a change of control of the Company, any lender may cancel its commitment under the facility and declare the outstanding utilisation of that lender's commitment (together with accrued interest) immediately due and payable.

In the event of a change of control, the facilities referred to above would either require repayment or renegotiation. Further details on banking facilities are set out in note 19 to the consolidated financial statements on page 153.

The Directors are not aware of any agreements between the Company and its Directors or employees which would pay compensation in the event of a change of control. The rules of the Company's share plans generally provide for accelerated vesting or release of the share awards in the event of a change of control of the Company.

Transactions with related parties

Please refer to note 26 on page 163 of the consolidated financial statements for details of related party transactions in the year.

Political donations

The Group did not make any political donations or incur any political expenditure during the year (2019/20: nil).

At the Annual General Meeting to be held on 28 September 2021, and to avoid an inadvertent breach of the Companies Act 2006, the Company will seek authority for itself and its subsidiaries and subsidiary undertakings to make political donations not exceeding £100,000 in total.

Information required by Sch 7.11B(1) Companies (Miscellaneous Reporting) Regulations 2018 – Business relationships

The Group has chosen to provide information in relation to the engagement with suppliers, customers and other business relationships elsewhere in this report. These are cross-referenced in the table below:

Information	Section of the report	Page
How the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others	Section 172(1) statement	34 and 35
	Engaging with our stakeholders	36 to 39
The effect of that regard, including on the principal decisions taken by the company during the financial year	Section 172(1) statement	34 and 35
	Engaging with our stakeholders	36 to 39

Information required by Sch 7.11(1)(b) Companies (Miscellaneous Reporting) Regulations 2018 – Statement of Engagement with Employees

The Group has chosen to provide information in relation to the statement of engagement with employees which are covered elsewhere in this report. These are cross referenced in the table below:

Information	Section of the report	Page
How the Directors engage with employees	Section 172(1) statement	34 and 35
	Engaging with our stakeholders	36
	Corporate Governance report	65
How the Group provides employees with information on matters of concern to them as employees	Section 172(1) statement	34 and 35
	Engaging with our stakeholders	36
	Corporate Governance report	65
How the Group consults with and considers employees feedback	Section 172(1) statement	34 and 35
	Engaging with our stakeholders	36
	Corporate Governance report	65
How the directors have had regard to employee interests	Section 172(1) statement	34 and 35
	Non-Financial information statement	47
	Corporate Governance report	63 and 65
How the Group informs employees of the financial and economic factors affecting its performance	Section 172(1) statement	34 and 35
	Engaging with our stakeholders	36

Employees with disabilities

Throughout the Group, the principles of equal opportunities are recognised in the formulation and development of employment policies. We retain our Disability Confident Leadership status for removing barriers to disabled talent in the workplace. It is the Company's policy to give full and fair consideration to applications from people with disabilities, having regard to their particular aptitudes and abilities. If an employee becomes disabled, the Company's objective is to continue to provide suitable employment in the same or an alternative position, with appropriate adjustments made if necessary. Employees with disabilities share equally in the opportunities for training, career development and promotion. Further information on supporting disability can be found on page 46.

Annual greenhouse gas emissions (including SECR)

The release of greenhouse gases ('GHG'), notably carbon dioxide ('CO₂') generated by burning fossil fuels, has an impact on climate change that, either directly or indirectly, represents considerable risks both to the business and the planet. The Group continues to monitor and, where practicably possible, reduce its GHG emissions.

The data below has been created using the following scopes:

Scope 1:

All direct emissions from the activities of the organisation or an organisation under their control, including fuel combustion on site, such as gas boilers, fleet vehicles and air-conditioning leaks.

Directors' report continued

Scope 2:

Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy eventually used by the organisation.

Scope 3:

All other indirect emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

Description	UK totals FY2019/20	International totals FY2019/20	Total FY2019/20	UK totals FY2020/21	International totals FY2020/21	Total FY2020/21 ¹	Year-on-year difference %
Energy consumption							
Gas and fuel kWh	1,253,410.58	0	1,253,410.58	1,389,040	0	1,389,040	11%
Electricity kWh	4,043,987.98	994,893	5,038,880.98	3,101,773	1,331,294	4,433,067	-19%
Business travel cars kWh	691,561.20	195,509.55	887,070.75	66,653	102,499	169,152	-81%
Total energy used in kWh	5,988,959.76	1,190,402.55	7,179,362.31	4,557,466	1,433,793	5,991,259	-17%
Percentage of energy used	83%	17%		76%	24%		
Carbon emissions							
Scope 1 emissions (tCO ₂ e)	230.5	0.0	230.5	255.4	0.0	255.4	11%
Scope 2 emissions (tCO ₂ e)	1,006.4	515.9	1,522.3	722.7	647.0	1,369.7	-10%
Total Scope 1 & 2 emissions (tCO₂e) Location based	1,236.9	515.9	1,752.8	978.1	647.0	1,625.1	-85%
Scope 3 emissions breakdown (tCO₂e)							
Waste	3.5	0.0	3.5	1.3	0.0	1.3	-63%
Fuel and energy related activities not included in Scope 2	237.6	91.3	328.9	170.8	117.0	287.8	-12.5%
Gas	30.6	0.0	30.6	33.2	0.0	33.2	8.5%
Water	5.6	0.0	5.6	2.7	0.0	2.7	-56%
Rail	455.2	53.2	508.4	5.7	9.8	15.5	-97%
Taxi	74.9	40.2	115.1	11.1	7.1	18.2	-84%
Air	760.8	643.4	1,404.2	7.1	23.2	30.3	-98%
Car	138.5	46.3	184.8	8.6	24.3	32.9	-82%
Total Scope 3 emissions (tCO₂e)	1,706.7	874.4	2,581.1	240.4	181.4	421.8	-84%
Total Scope 1, 2 & 3 emissions (tCO₂e) Location based	2,943.6	1,390.3	4,333.9	1,218.6	828.4	2,047.0	-53%
Percentage of all Scopes emissions	68%	32%		60%	40%		
Total tCO ₂ e per head based on average headcount of 3,647 in FY2019/20 and 3,961 in FY2020/21			1.19			0.52	-56%
Total Scope 1, 2 & 3 emissions (tCO₂e) Market based			4,939.71			2,518.56	-49%

1. Certain of the data for March and April 2021 are assumptions, as it has not been possible to obtain final data from some utility companies due to COVID-19.

Methodology

A third party system (Accuvio) is used to record our energy, travel, waste and other consumption on a monthly basis, which then calculates the carbon emissions. Travel but not commuting data, and energy usage globally are recorded, with the exception of some international locations which are serviced offices. An operational control approach is used such that where there are serviced agreements for utilities, data is not included. Any fuel figures provided in litres have been converted into kWh or tCO₂e using Gov.UK and Defra conversion tables. Mileage has been converted into tCO₂e using Defra conversions. kWh figures for air, rail, taxi and other public transport have been omitted as it is not practical to convert from passenger km or passenger fares, but CO₂e emissions have been calculated using Defra conversion factors. All data is only collated and reported upon on an assumption basis. Whilst figures have decreased for the last financial year, this is due to COVID-19.

Energy efficiency

COVID-19 has meant that our people worked from home for the majority of 2020 and to date. Whilst we had a couple of small phased returns, further lockdowns meant homeworking was necessary for the majority of time except for those people whose role dictated that they needed to be in the office. This in itself brought about a reduction in energy usage across our sites. Some of our international offices have still not returned. Measures taken during this time included a travel ban and the closure of some office floors where there was nobody working.

Additional related information can be found in the Environmental, Social and Governance report on pages 42 to 46.

Research and development

DWF Ventures ('Ventures') is DWF's research and development arm, serving as a vehicle to invest in and nurture new service lines that do not easily fit into the conventional and regulated practice group-based business model. Ventures was launched in October 2017 as an arms-length limited company within Connected Services, and provides services to internal teams as well as clients, with a focus on generating ideas, delivering research and development requirements and nurturing early-growth services.

Branches outside of the UK

The Company has no overseas branches. The Company's subsidiaries are detailed in note 14 to the financial statements.

Annual General Meeting

The 2021 Annual General Meeting of the Company will be held at and be broadcast from 20 Fenchurch Street, London, EC3M 3AG on 28 September 2021 at 2.00pm. The Notice of Annual General Meeting together with explanatory notes accompanies the Annual Report and Accounts which is sent to Shareholders. It is also available on our website at dwfgroup.com/en/investors.

Important events affecting the Group since 30 April 2021

The following event occurred after 30 April 2021 and before the approval of the Annual Report and Accounts:

- On 24 May 2021, the Group acquired Zing 365 Holdings Limited, a compliance training business. The purchase price was £1.8m (subject to working capital and net debt adjustments) comprised of £0.8m initial cash consideration, £0.8m share consideration subject to a phased release over a three-year lock-up period and the assumption of £0.2m in debt.
- On 25 May 2021, the Group acquired BCA Claims & Consulting Limited, a Canadian insurance claims and loss adjusting business. The purchase price was C\$3.8m (£2.2m) cash consideration of which C\$1.5m (£0.9m) was paid at completion and C\$2.2m (£1.3m) is payable over 2 years following completion.

Disclosure of information to the Auditor

Having made the requisite enquiries, so far as each of the Directors is aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's Auditor is unaware, and the Directors have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information, and to ensure the Company's Auditor is aware of that information.

Going concern

Having assessed the financial forecasts of the business, the principal risks and other matters discussed in connection with the viability statement on pages 52 and 53, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements, as the Company will generate sufficient cash to meet its ongoing obligations for at least 12 months from the date of signing the financial statements.

The Directors' report was approved by the Board and has been signed on its behalf by the Group General Counsel and Company Secretary.

By order of the Board

Darren Drabble

Darren Drabble

Group General Counsel and Company Secretary

21 July 2021

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

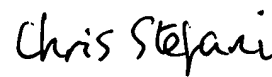
- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 21 July 2021 and is signed on its behalf by:



Sir Nigel Knowles
Group Chief Executive Officer

21 July 2021



Chris Stefani
Chief Financial Officer

21 July 2021

Financial statements

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Independent Auditor's report to the members of DWF Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of DWF Group plc (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 April 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statement of changes in equity;
- the consolidated cash flow statement; and
- the related parent company notes 1 to 10.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Revenue recognition and the valuation of unbilled revenue; • Adequacy of the provision for bad and doubtful debts in respect of client receivables; and • Adequacy of the cash reconciliation process. Within this report, key audit matters are identified as follows: ⚠ Newly identified ⬆ Increased level of risk ↔ Similar level of risk ⬇ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £1.7m which was determined on the basis of net revenue.
Scoping	Based on our scoping assessment, our audit work covered 82% of the Group's revenue and 87% of the Group's net assets.
Significant changes in our approach	Accounting for acquisitions is no longer a key audit matter as no material acquisitions have taken place in 2021.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included the following audit procedures:

- Obtained an understanding of relevant controls over management's going concern models, including the review of the inputs and assumptions used in those models.
- Tested the accuracy of management's models, including agreement to budgets and forecasts which include the impact of COVID-19.

- Challenged the key assumptions of these forecasts by assessing analyst reports and industry data and comparing these management's estimates, comparing forecast revenue with the Group's historical performance (including the impact of COVID-19 on the Group in FY21), evaluating the historical accuracy of forecasts prepared by management, and assessing the sensitivity of the headroom and management's forecasts.
- Assessed the appropriateness of the Group's disclosure concerning the going concern basis.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the

financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition: valuation of unbilled revenue

Key audit matter description	Net revenue represents the fair value of the consideration receivable in respect of professional services provided during the year. Net revenue is a significant balance within the income statement totalling £338,130,000 (2020: 297,231,000). Unbilled revenue included within trade and other receivables totals £66,671,000 (2020: £64,379,000). See note 15 in the financial statements. The Group's accounting policy for revenue is included in 1.16 within the accounting policies and the unbilled revenue element is also disclosed within the key sources of estimation uncertainty within note 1.24 in the financial statements. The unbilled revenue valuation process involves profiling the population of client engagements ("matters") and applying a series of tests and parameters to identify those matters requiring a provision. In the current year, the proportion of unbilled revenue valued at a time recovery rate ("TRR") which is older than one year has increased to 18% of the total balance in 2021. We therefore identified as a key audit matter, a risk of material misstatement, whether due to fraud or error, relating to the recoverability of unbilled revenue which is valued in this way.
How the scope of our audit responded to the key audit matter	To assess the adequacy of the recoverability of the recovery rate valued unbilled revenue balance, we have performed the following procedures: • Assessed the design and implementation of the relevant controls over the unbilled revenue valuation process; • Compared actual recovery rates for prior year unbilled revenue balances to assess the accuracy of managements historical estimates; • Performed detailed substantive testing of valuations by reference to post year-end billing, engagement letters and discussion with fee earners for TRR cases aged over 365 days; • Reviewed policies adopted by management for consistent application and compliance with IFRS principles; and • Ensured appropriate disclosure within the financial statements by reference to IFRS standards.
Key observations	We concluded that the recognition and recoverability assumption made by management in regards to aged TRR unbilled revenue is reasonable based on the audit evidence obtained.

Independent Auditor's report to the members of DWF Group plc continued

5.2. Adequacy of the provision for bad and doubtful debts in respect of client receivables

Key audit matter description	Client receivables are a significant element of the balance sheet totalling £91,185,000 (2020: £108,727,000). The allowance for doubtful receivables totals £13,031,000 (2020: £11,871,000). See note 15 in the financial statements. The Group's accounting policy for financial assets is included at note 1.7 within the accounting policies in the financial statements and the allowance for doubtful debts is also disclosed within the key sources of estimation uncertainty within note 1.24 in the financial statements. Management judgment is required in determining the level of provisioning required for overdue trade receivables. The key judgements are around the continued appropriateness of management's policy based on the ageing and recovery trends of debt balances, as well as the completeness of any specific provisions made. Assessing the recoverability of this asset is a key audit matter and therefore focus is on the adequacy of the provision for non-recovery.
How the scope of our audit responded to the key audit matter	To assess the adequacy of the receivables provisioning policy, we have performed the following: • reviewed management's paper which set out the application of the methodology; • obtained an understanding of the controls over the billing cycle with focus on the year-end process; • challenged the adequacy of the provision by reference to the age and composition of the individual client and sector debts; • re-performed management's provision calculations including sampling and tracing the correct ageing of the data behind the calculation and checking that the policy is being uniformly applied across all business units; • performed detailed testing on a sample of trade receivables by sending out debtor confirmations and performing cash after date testing; • performed detailed testing on a sample of overdue trade receivables balances as at the year end for cash received subsequently; and • assessed the adequacy of the disclosures within the financial statements.
Key observations	We concluded that the judgments surrounding the allowance for doubtful debts provisioning, and the associated disclosures within the financial statements, are appropriate and reasonable based on the audit evidence obtained.

5.3. Adequacy of the cash reconciliation process

Key audit matter description	For a business of its size, the volume of bank transactions and number of bank accounts within the Group are substantial. As a result, there is a heightened risk surrounding the accuracy of the cash balance and the associated controls over the bank reconciliation process. The Group is subject to detailed rules over handling of both client and the Group's cash as a requirement of its regulation by the Solicitors Regulation Authority. We have noted from previous years' audits that the process and controls within this area do not operate as effectively as they should. Furthermore, we note that within the internal controls and risk management section of the Audit Committee Report on page 77, that the ongoing remediation of the control environment for cash and cash equivalents continues to be an area of focus for the audit committee. In the past, we have made a number of recommendations in relation to the cash controls in place. Management continue to implement these recommendations, and have improved the overall cash control function throughout the year. However this area continues to be a key audit matter. The cash and cash equivalents total £34,580,000 (2020: £28,727,000) as set out in note 16 in the financial statements. The Group's accounting policy for non-derivative financial instruments is included at note 1.7 within the accounting policies in the financial statements.
How the scope of our audit responded to the key audit matter	To assess the adequacy of the cash reconciliation and processing cycle, we have performed the following: • obtained an understanding of the treasury cycle; • tested the reconciliation of total cash per the trial balance to supporting documentation in the form of bank reconciliations; • performed sample testing on the reconciling items by agreeing a sample of items to supporting documentation; • agreed the bank balances to the bank statement at the year end date; • agreed the bank balances to the bank balance confirmation at the year end date; and • evaluate implementation of improvements made to the cash control function.
Key observations	Whilst we identified some uncorrected misstatements, we concluded that the value of cash and cash equivalents is materially appropriate. We have continued to make recommendations in relation to cash controls which management is in the process of implementing as per page 77 of the Audit Committee Report.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1,700,000 (2020: £1,300,000)	£1,020,000 (2020: £715,000)
Basis for determining materiality	0.50% of net revenue (2020: 0.44% of net revenue)	3% of net assets (3% of net assets) capped at 60% of Group materiality (2020: 55%)
Rationale for the benchmark applied	Net revenue is the benchmark used for materiality as it is considered the critical performance measure of the Group and considered a stable metric when compared to other relevant benchmarks. The principal reason for the movement in materiality year on year is due to the increased net revenues of the Group year on year. Our determined materiality also equates to 4.9% of adjusted profit before tax (2020: 8.5%). Adjusted profit before tax is reconciled in Note 2 to the financial statements.	The entity's primary operation is to act as the holding company of the Group. The key balances held are intercompany balances and the investments balance. As such net assets have been taken as the benchmark for materiality.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Net revenue
£338m

Group
materiality
£1.7m

Component
materiality
range
£0.6m to
£0.7m

Audit
Committee
Reporting
Threshold
£0.09m

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 70%) of Group materiality	70% (2020: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our assessment of the overall control environment and the potential for uncorrected misstatements in the current year. For the Group, this included consideration of the nature and quantum of misstatements identified in the prior year, the fact that these were concentrated to one area of the financial statements, and the incremental improvements made to the control environment during the year. We also considered the how COVID-19 had impacted on the Group's and parent company's operations and noted that, overall, the impact of COVID-19 was minimal to the businesses control environment and operations.	

Independent Auditor's report to the members of DWF Group plc continued

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £85,000 (2020: £65,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focussed our Group audit scope primarily on the audit work of three components being the UK, Australia and the newly acquired business in Spain. The components are split by geographies for the purposes of our review of scoping.

The Group audit team undertook the audit for the UK component. The Australian and Spain components were subject to a full scope audits to component materiality's by teams based in Australia and Spain respectively. The remaining components were subject to a review at Group level.

Full audit scope components represent 82% of the Group's net revenue and 87% of the Group's net assets. Of these components, the Spanish and Australian components represent 13% of the Group's net revenue and 25% of the Group's net assets. The remaining component subject to desktop reviews represented 6% of the Group's net revenue and 13% of the Group's net assets.

7.2. Working with other auditors

For the Spanish and Australian components, the Group audit team attended, remotely, the planning and close meetings and reviewed documentation of the findings from their work, along with remaining in continuous communication throughout the course of the audit. The parent company is located in the UK and is audited directly by the Group audit team. At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit of specified account balances.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management legal counsel and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the adequacy of the provision for bad and doubtful debt in respect of client receivables and revenue recognition: valuation of unbilled revenue and the adequacy of controls over the cash reconciliation and transaction recording cycle. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and relevant tax and pensions legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the requirements of the Solicitors' Regulatory Authority (SRA).

Audit response to risks identified

As a result of performing the above, we identified revenue recognition: valuation of unbilled revenue, the adequacy of the provision for bad and doubtful debts in respect of client receivables, and the adequacy of controls over the cash reconciliation and transaction recording cycle as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

Independent Auditor's report to the members of DWF Group plc continued

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 52;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 52;
- the directors' statement on fair, balanced and understandable set out on page 114;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 50;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 77; and
- the section describing the work of the audit committee set out on page 75.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Deloitte LLP was originally appointed auditor of DWF LLP, the previous parent entity of the Group, for the year ended 30 April 2008 and subsequent financial periods. Following the IPO and the incorporation of DWF Group plc in 2019, Deloitte LLP were retained as auditors at the recommendation of the audit committee. The period of total uninterrupted engagement with DWF Group plc, covering the financial years ending 30 April 2019 to 30 April 2021 is three years, and as auditor of DWF LLP before that is 14 years. The year ended 30 April 2021 is the final year of our appointment.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

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



Peter Saunders (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21 July 2021

Consolidated income statement

Year ended 30 April 2021

	Notes	2021 £'000	2020 £'000
Revenue	3	400,948	356,612
Recoverable expenses	3	(62,818)	(59,381)
Net revenue	3	338,130	297,231
Direct costs		(166,349)	(154,997)
Gross profit		171,781	142,234
Administrative expenses		(187,471)	(116,407)
Trade receivables impairment		(5,349)	(3,295)
Other impairment		(4,595)	(382)
Operating (loss) / profit	4	(25,634)	22,150
Net finance expense	5	(2,682)	(1,905)
Interest payable on leases	5	(2,284)	(2,047)
(Loss) / profit before tax		(30,600)	18,198
Adjusted profit before tax		34,192	15,208
Non-underlying items, share-based payment expense, gain on bargain purchase, amortisation of acquired intangibles, impairment and fair value gains on investments and disposal of leases	4	(64,792)	2,990
Taxation	6	(4,567)	(3,629)
(Loss) / profit from continuing operations		(35,167)	14,569
Loss from discontinued operations	11	-	(4,301)
(Loss) / profit for the year		(35,167)	10,268
(Losses) / earnings from continuing operations per share attributable to the owners of the parent:			
Basic (p)	8	(11.9)	5.4p
Diluted (p)	8	(11.9)	5.3p
(Losses) / earnings from all operations per share attributable to the owners of the parent:			
Basic (p)	8	(11.9)	3.8p
Diluted (p)	8	(11.9)	3.7p

Notes 1 to 31 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Year ended 30 April 2021

	2021 £'000	2020 £'000
(Loss) / profit for the year	(35,167)	10,268
<i>Items that are or may be reclassified subsequently to the income statement:</i>		
Foreign currency translation differences – foreign operations	(2,855)	(1,435)
Total other comprehensive expense for the year, net of income tax	(2,855)	(1,435)
Total comprehensive (expense) / income for the year	(38,022)	8,833

Notes 1 to 31 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 April 2021

	Notes	2021 £'000	Re-presented (Note 1.25) 2020 £'000
Non-current assets			
Intangible assets and goodwill	12	49,173	50,654
Property, plant and equipment	13	81,781	83,775
Investments	14	227	254
Trade and other receivables	15	-	11,329
Deferred tax asset	22	4,649	3,522
Total non-current assets		135,830	149,306
Current assets			
Trade and other receivables	15	183,506	207,707
Cash at bank and in hand	16	34,711	31,212
Total current assets		218,217	239,147
Total assets		354,047	388,453
Current liabilities			
Trade and other payables	17	85,381	76,750
Current tax liabilities		6,030	2,139
Deferred consideration		1,699	8,982
Lease liabilities	18	13,104	12,981
Other interest-bearing loans and borrowings	19	19,434	7,259
Provisions	20	3,764	4,335
Amounts due to members of partnerships in the Group	30	31,492	35,852
Total current liabilities		160,904	148,298
Non-current liabilities			
Deferred tax liability	22	7,584	8,884
Lease liabilities	18	70,898	71,697
Other interest-bearing loans and borrowings	19	75,444	88,815
Provisions	20	1,837	1,562
Total non-current liabilities		155,763	170,958
Total liabilities		316,667	319,256
Net assets		37,380	69,197
Equity			
Share capital	23	3,246	3,246
Share premium	23	88,610	88,610
Treasury shares	23	(129)	(20)
Other reserves	24	6,219	5,861
Accumulated losses	24	(60,566)	(28,500)
Total equity		37,380	69,197

Notes 1 to 31 are an integral part of these consolidated financial statements.

The consolidated financial statements of DWF Group plc (company number: 11561594) were approved by the Board on 21 July 2021 and signed on its behalf by:

Mark Knowles

Sir N Knowles
Group Chief Executive Officer

Chris Stefani

C J Stefani
Chief Financial Officer

Consolidated statement of changes in equity

Year ended 30 April 2021

	Share capital (Note 23) £'000	Share premium (Note 23) £'000	Treasury shares (Note 23) £'000	Merger reserve (Note 24) £'000	Share-based payments reserve (Note 24) £'000	Translation reserve (Note 24) £'000	Accumulated losses (Note 24) £'000	Total equity £'000
At 1 May 2020	3,246	88,610	(20)	(2,385)	9,672	(1,426)	(28,500)	69,197
Loss for the year	-	-	-	-	-	-	(35,167)	(35,167)
Exchange rate difference	-	-	-	-	-	(2,855)	-	(2,855)
Total comprehensive expense	-	-	-	-	-	(2,855)	(35,167)	(38,022)
Treasury shares	-	-	(109)	-	-	-	-	(109)
Dividends paid	-	-	-	-	-	-	(6,521)	(6,521)
Share-based payments (Note 25)	-	-	-	-	3,213	-	9,429	12,642
Tax on share-based payments	-	-	-	-	-	-	193	193
At 30 April 2021	3,246	88,610	(129)	(2,385)	12,885	(4,281)	(60,566)	37,380

	Share capital (Note 23) £'000	Share premium (Note 23) £'000	Treasury shares (Note 23) £'000	Merger reserve (Note 24) £'000	Share-based payments reserve (Note 24) £'000	Translation reserve (Note 24) £'000	Accumulated losses (Note 24) £'000	Total equity £'000
At 1 May 2019	3,000	63,167	-	(2,385)	1,053	9	(23,046)	41,798
Adjustment from the adoption of IFRS 16	-	-	-	-	-	-	(5,715)	(5,715)
Profit for the year	-	-	-	-	-	-	10,268	10,268
Exchange rate difference	-	-	-	-	-	(1,435)	-	(1,435)
Total comprehensive income	-	-	-	-	-	(1,435)	10,268	8,833
Treasury shares	-	-	(20)	-	-	-	-	(20)
Issue of share capital	246	25,443	-	-	-	-	-	25,689
Dividends paid	-	-	-	-	-	-	(9,811)	(9,811)
Share-based payments (Note 25)	-	-	-	-	8,619	-	-	8,619
Tax on share-based payments	-	-	-	-	-	-	(196)	(196)
At 30 April 2020	3,246	88,610	(20)	(2,385)	9,672	(1,426)	(28,500)	69,197

Notes 1 to 31 are an integral part of these consolidated financial statements.

Strategic report

Governance

Financial statements

Other information

Consolidated statement of cash flows

Year ended 30 April 2021

	Note	2021 £'000	Re-presented (Note 1.25) 2020 £'000
Cash flows from operating activities			
Cash generated from operations before adjusting items	29	65,161	22,185
Cash used to settle non-underlying items		(13,167)	(10,501)
Cash generated from operations		51,994	11,684
Interest paid		(5,064)	(4,192)
Tax paid		(3,155)	(4,309)
Net cash generated from operating activities		43,775	3,183
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(3,853)
Acquisition of subsidiary, deferred consideration		(7,412)	(2,859)
Purchase of property, plant and equipment		(4,001)	(3,520)
Purchase of other intangible assets		(6,635)	(4,116)
Net cash flows used in investing activities		(18,048)	(14,348)
Cash flows from financing activities			
Issue of ordinary shares, net of issue costs		-	(57)
Purchase of treasury shares		(109)	-
Dividends paid		(6,521)	(9,811)
Loan arrangement fee		(551)	-
Proceeds from borrowings		19,173	73,535
Repayment of borrowings		(17,553)	(24,913)
Repayment of principal of lease liabilities		(14,191)	(12,654)
Interest received		98	456
Capital contributions by Members		4,276	5,938
Repayments to former Members		(4,113)	(3,386)
Net cash flows from financing activities		(19,491)	29,108
Net increase in cash and cash equivalents		6,236	17,943
Cash and cash equivalents at the beginning of year		28,727	10,822
Effects of foreign exchange rate changes on cash and cash equivalents		(383)	(38)
Cash and cash equivalents at the end of year	16	34,580	28,727

Notes 1 to 31 are an integral part of these consolidated financial statements.

Consolidated notes to the financial statements

Year ended 30 April 2021

1 Accounting policies

1.1 General information

DWF Group plc (the 'Company'), is a public limited company incorporated on 10 September 2018, domiciled in the United Kingdom under the Companies Act 2006, and registered in England. The registered office is 20 Fenchurch Street, London, EC3M 3AG.

The principal activities of the Company and its subsidiary undertakings (together referred to as the 'Group') and the nature of the Group's operations are set out in the Strategic report. The entire issued share capital of the Company was admitted to the premium listing segment of the official list of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange on 15 March 2019.

The functional currency of the Group is considered to be British pounds sterling which reflects the currency of the primary economic environment in which the Group operates. The Group financial statements are also presented in British pounds sterling. Foreign operations are included in accordance with the policies set out below.

For the year ending 30 April 2021 the following subsidiary undertakings of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary undertakings:

Subsidiary name	Registration number
DWF Connected Services Group Limited	10826005
DWF Connected Services Holdings Limited	10745072
DWF Costs Limited	10754856
DWF Advocacy Limited	10780559
DWF Resource Limited	11271111
DWF Claims Limited	10586109
DWF Adjusting Limited	10586114
DWF Forensic Limited	10749670
DWF Ventures Limited	10749685
DWF Company Secretarial Services Limited	04176234
MOAT Pensions Limited	SC134776
Greyfern Law Limited	06666404
DWF (Northern Ireland) LLP	NC001393
Mindcrest UK Limited	10685700
DWF (TG) Limited	10568838
NewCo 4376 Limited	12130043

1.2 Basis of accounting

The Group financial statements consolidate those of the Company and its subsidiary undertakings.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and interpretations issued by the IFRS Interpretations Committee ('IFRS IC') applicable to companies reporting under IFRS, and as adopted in the EU, and in accordance with the Companies Act 2006 as applicable to companies using IFRS. Following Brexit, UK companies will be required to report under IFRS as adopted by the UK for periods beginning on or after 1 January 2021. The Group will switch to IFRS as adopted by the UK in the next financial year.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group financial statements.

The financial statements have been prepared on the historical cost basis except where IFRS requires an alternative treatment.

Subsidiary and partnership undertakings

Subsidiary and partnership undertakings are entities which are consolidated because they are 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 and derecognised from the date control ceases. The financial information of subsidiary undertakings is included in the consolidated financial statements 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.

Business combinations

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.

For acquisitions on or after 1 May 2015 (date of transition to IFRS), 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 gain on bargain purchase 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 re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Acquisitions prior to 1 May 2015: IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The Group 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 except that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill ceased as required by IFRS 1.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

1 Accounting policies continued

1.3 Going concern

The Directors have assessed the going concern basis adopted by the Group in the preparation of the consolidated financial statements, taking into account the current financial position of the Group including its financing arrangements, the business model at the time of approving this report and the continuing, albeit reducing, macroeconomic uncertainty due to the impact of COVID-19. The Directors' assessment was over the period to 31 July 2022 taking account of the potential impact of the principal risks documented in the Strategic report.

Banking facilities, which in addition to a contingency facility of £15m and various ancillary facilities, include a revolving credit facility of £80m that matures in January 2023 (following the trigger of a 1 year optional extension) are considered to be sufficient for the Group's purposes based on current projections, both under a base case and sensitised case. The sensitised case was determined by worsening levels of activity (revenue), cash collection and negligence expense offset by mitigation that includes discretionary cost reduction measures such as bonus, travel and marketing expense. As a prudent response to the extended impact of COVID-19 the Board sought a further relaxation of the leverage covenant (net debt excluding lease liabilities vs. EBITDA pre-IFRS 16 lease accounting) with its banking syndicate as follows:

	Apr-21	Jul-21	Oct-21	Jan-22	Apr-22 onwards
Old leverage covenant	1.50	1.50	1.50	1.50	1.50
New leverage covenant	1.75	1.75	1.75	1.75	1.50
Actual / Forecast	1.38	Forecast to remain in compliance with progressively increasing headroom compared to each previous year			

The other covenants, being maximum net debt of 1 times equity, minimum 4 times interest cover, WIP and debtors being a minimum of 2 times net debt and the number of members in the group remaining above 180 were not amended and are all projected to be fully compliant with significant headroom throughout the period to 31 July 2022.

Compared with the last going concern review conducted in September 2020 the risk of the impact of COVID-19, and the risk of future disruption, is considered by the Directors to be less significant. It is recognised that the macroeconomic environment continues to be volatile. In assessing the use of the going concern basis of accounting the Directors consider the following characteristics of the legal sector and the Group in forming their conclusions:

- The ongoing profitability of the business in FY2020/21, generating £34m of Adjusted PBT;
- The reduction in Group lockup days from 206 to 186 in FY2020/21, reflecting improved working capital efficiency and cash generation;
- The annuity and counter-cyclical nature of certain divisions and services such as Insurance and Litigation and the return to strong activity across the majority of the rest of the business;
- The restructuring of certain overseas territories which has removed some loss-making elements from the Group;
- Low exposure to sectors more severely impacted by COVID-19;

- The ability to flex the acquisition strategy;
- The availability of mitigating actions to control costs and cash outflows;
- A strong relationship with the Group's banking syndicate who continue to provide facilities which ensure ongoing liquidity with material headroom;
- Ongoing review of the Group's use of its real estate portfolio; and
- Continued operational initiatives to improve working capital performance, with the aim of further reducing lock-up and therefore leverage.

The Directors therefore consider that the business model is appropriately robust, and that there are sufficient mitigating actions available to the Board, that the Group is suitably resilient to deal with the crystallisation of key risks and/or adverse economic conditions. On this basis, the Directors have a reasonable expectation that the Group will continue as a going concern and meet all its liabilities as they fall due. As such, these accounts have been prepared on a going concern basis.

1.4 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 statement of financial position 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 income statement within administrative expenses. 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, at foreign exchange rates ruling at the statement of financial position 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 translation reserve.

1.5 Alternative performance measures (APMs)

The Group uses APMs to assess the financial performance of the business alongside statutory measures. These measures are non-IFRS measures. Further explanations of the APMs can be found in the Strategic report and in note 2.

1.6 Non-underlying items

Non-underlying items are non-trading, non-cash or one-off items disclosed separately in the consolidated income statement where the quantum, nature or volatility of such items are considered by the management to otherwise distort the underlying performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- Transaction expenses associated with acquisitions;
- Purchase price relating to acquisitions not treated as consideration;
- Expenses directly associated with COVID-19;

- Expenses and impairment charges associated with office closures or scale-back of operations; and
- Costs associated with the change of CEO.

1.7 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.

Investments

Other investments which are not subsidiaries, associates, or joint ventures are held at fair value through profit or loss.

Trade and other receivables

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, arising from expected credit losses.

Unbilled revenue

Services provided to clients, which at the year 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, contractual arrangements, and agreements with clients and amounts considered irrecoverable by fee earners.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash 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 statement of cash flows.

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.

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.

1.8 Leases

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are recognised within property, plant and equipment.

Lease liabilities are initially measured at the net present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option

reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Extension and termination options are included in several leases across the Group. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew or terminate a lease. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or terminate the contract.

Payments associated with short-term leases, leases of intangible assets and leases of low-value assets (with a value of less than £5,000) are recognised on a straight-line basis as an expense.

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.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

1 Accounting policies continued

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. The estimated useful lives are as follows:

• Right-of-use asset	Over remaining term of the lease
• Leasehold improvements	Over remaining term of the lease
• Computer equipment	4 years
• Office equipment and fixtures and fittings	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

1.10 Intangible assets

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. Refer to further detail in Note 1.11 which discusses the methodology and policy for assessing impairment.

Customer relationships

The Group recognises acquired customer relationships at fair value less any accumulated impairment losses. Customer relationships are amortised on a straight-line basis over the estimated useful life.

Brand

The Group recognises acquired brands at its fair value less any accumulated impairment losses. Brands are amortised on a straight-line basis over their estimated useful life.

Software costs

Significant costs associated with software development are deferred and amortised on a straight-line basis over the period of their expected benefit.

Capitalised development costs

Expenditure on research activities is recognised in the income statement as an expense is 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, if 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 is 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. Intangible assets with an indefinite useful life, and goodwill, are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

• Customer relationships	10 years
• Brand	2 years
• Software costs	4 years
• Capitalised development costs	3 to 4 years

1.11 Impairment

Financial assets (including receivables)

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through OCI ("FVTOCI"), trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase or decrease in credit risk

In assessing whether the credit risk on a financial instrument has changed significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Examples of forward-looking information the Group may consider include the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration or improvement in the operating results of the debtor;
- significant changes in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses are consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

1 Accounting policies continued

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.

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. 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.

1.13 Provisions

A provision is recognised in the statement of financial position 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.

1.14 Share-based payments

The Group operates equity-settled, share based compensation plans, under which the business receives services from members of partnerships within the Group ('members') and employees as consideration for equity instruments (share awards and options) of the Group. The fair value of the services received in exchange for the grant of share awards and options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share awards and options granted, excluding the impact of any non-market service and performance vesting conditions (for example, remaining engaged by the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of share awards and options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each statement of financial position date, the Group revises its estimates of the number of share awards and options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share-based payments reserve within equity.

The social security contributions in connection with the grant of the share awards are considered an integral part of the grant itself, and the charge will be treated as an equity-settled transaction. The cumulative share-based payment charge held in reserves is recycled into retained earnings when the share awards or options lapse or are exercised.

1.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital ('Treasury shares'), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

1.16 Revenue recognition

Revenue

The Group generates revenue primarily by delivering professional services to clients, with the types of services offered being similar within each of its divisions. These services, when delivered to individual clients, are almost always bespoke in nature. However, the performance obligations tend to be consistent from client to client and the two that the Group most commonly satisfies are:

- Legal advice and services
- Non-legal advice and services that are complementary to legal services

As a provider of professional services, the Group generally does not have obligations for returns, refunds or other similar obligations, nor does it have warranties or other related obligations.

The amount of consideration the Group receives varies from both service to service and from client to client, reflecting the bespoke nature of the services provided. The consideration typically reflects the skills and experience of the individuals who provide the services as well as the availability of similar skills and experience in the wider professional services market. These factors tend to vary from business to business.

Consideration can include recoverable expenses. Recoverable expenses (often referred to as disbursements) are necessarily incurred to deliver on the Group's contractual promises to its clients that make the Group principal in the transaction.

The consideration the Group receives is primarily based on one of two types of fee arrangements:

- Time and materials; and
- Fixed fee.

The Group also has a small number of contingent fee arrangements that are not, at present, a material part of the Group's revenue.

The Group adjusts its estimate of revenue throughout the contractual period of providing services. The Group's contractual arrangements comprise a single performance obligation. Fee arrangements are constrained in accordance with the requirements of IFRS 15. In virtually all fee arrangements the Group has an enforceable right to payment for services rendered and, given the bespoke nature of the services provided, recognises revenue over time as such services are rendered.

The Group measures progress in satisfying the performance obligations as follows:

- For time and materials arrangements, revenue is recognised as the work is performed, as captured daily by fee earners recording time against specific matters at contracted rates. The contracted rates are constrained to a true recovery rate. The revenue constraint is determined with reference to historical recovery rates, specific agreements with clients and amounts considered irrecoverable by fee earners.
- For fixed fee arrangements, the appropriate proportion of revenue to be recognised is measured by assessing time incurred to date, at an hourly rate that reflects the seniority and expertise of each individual, as a proportion of the total expected time at these rates for the arrangement.

The Group typically invoices its customers monthly or quarterly in arrears, or for certain projects at the end of the engagement, but payment terms do vary depending on the types of services being offered or for individual contractual agreements. As the performance obligation is satisfied, revenue is recognised and amounts recoverable from clients in respect of unbilled revenue are simultaneously created. Deferred income represent amounts invoiced for performance obligations which are not yet satisfied.

The Group has determined that no significant financing component exists in respect of its professional services, as the period between when the Group transfers a promised service to a client and when the client pays for that service will be one year or less.

The majority of services performed by the Group are in respect of contracts with an expected duration of 1 year or less either because the goods or services are expected to be provided within a 12-month period or because the client and/or the Group has the right to terminate the contract without substantive penalty upon the delivery of written notice.

Net revenue

Net revenue is defined as revenue less recoverable expenses.

Net revenue is an alternative performance measure included principally to provide information to the user of the impact of recoverable expenses on revenue. Recoverable expenses do not attract a profit margin and can vary significantly month-to-month such that they may distort the link between Revenue and the performance of the Group. Net revenue is widely reported in the legal sector as the key measure reflecting underlying trading, and allows greater comparability with other legal businesses.

1.17 Financing income and expenses

Financing expenses comprises interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy – note 1.4). 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, and dividend income.

Interest income and interest payable is recognised in the income statement 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.

1.18 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors ('the Board') which is considered as the Group's chief operating decision maker and is responsible for allocating resources and assessing performance of the operating segments. The Board considers the business from both a geographic and divisional perspective. Geographically, management considers the performance of the Group between the UK, Spain, Asia, and Rest of World.

1.19 Taxation

Current tax

The tax expense represents the current tax relating to the Company and other Group companies. 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 statement of financial position 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.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

1 Accounting policies continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, subsidiary undertakings and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted.

As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties, as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also

recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

A share of the Group's profits is earned by the limited liability partnerships ('LLPs') within the Group. The taxation on profits earned by the LLPs is, generally, recognised as a liability borne by the Members. The Members include a corporate entity and individual persons. The corporate member is subject to taxation on its share of the LLPs' profits as set out above. Taxation on the individual persons' share of the LLPs' profits remains their personal liability so neither taxation nor related deferred taxation is accounted for in the financial information of the Group, although payment of such liabilities is administered by the Group on behalf of those Members.

Prior to the reorganisation on 9 March 2019, all of the profits earned by the LLPs were attributable to Members who were individual persons so neither taxation nor related deferred taxation on those profits is accounted for in the historical financial information relating to this period.

1.20 Dividends

Dividend distributions are recognised in the consolidated financial statements when the shareholders' right to receive payment is established.

Final dividend distributions are recognised in the period in which they are approved by the shareholders, whilst interim dividend distributions are recognised in the period in which they are declared and paid.

1.21 Transactions with and amounts due to members of limited liability partnerships or general partnership ('Partnerships') in the Group

Divisible profits and payments to members of partnerships in the Group

Members of partnerships within the Group ('members'), under the terms of the relevant members' agreement, draw monthly on account. Drawings are based on a fixed share.

Any unallocated profit after distribution to members is included in other reserves.

All members have a fixed share that forms part of a wider remuneration package. This amount is reviewed on an annual basis and is recognised within the income statement within direct costs. The amounts that are due to the members are recognised as amounts due to members of partnerships in the Group. See note 30.

Members' remuneration charged as an expense

Members' remuneration charged as an expense is recognised within direct costs totalling £41,361,000 (2020: £38,808,000). This has been calculated based on the Total Fixed Annual Compensation Amount, which is the members' annual fixed profit share plus, for some members, a nominal salary. Any dividend income received as shareholders and amounts from participation in share incentive plans are excluded from members' remuneration charged as an expense.

1.22 Adoption of new and revised standards

The following amendments have been adopted in the year:

- Definition of a Business (Amendment to IFRS 3, Business combinations)

- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The above interpretations and revised standards have not had any material impact on the amounts reported in these financial statements nor the disclosures required.

1.23 IFRS not yet applied

The following EU-adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial information unless otherwise indicated:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The Group is required to report under UK-adopted IFRS in the next financial year. At present, there is not a significant difference for the Group in reporting between the two frameworks.

1.24 Accounting estimates and judgement

The preparation of the financial statements under IFRS 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 judgements, estimate and assumptions relate to the fair value of unbilled revenue, impairment of trade receivables, professional indemnity provisions and control over ABS and non-ABS groups.

Regulations in certain jurisdictions in which the Group is represented allow Alternative Business Structures (ABS) where legal firms can be owned by non-lawyers. This is not the case in other jurisdictions (non-ABS). As a result, DWF LLP, the head of the non-ABS group, is not directly owned by any entity within the ABS group (which includes the ultimate parent DWF Group plc).

Critical judgements in applying the Group's accounting policies

Control over the ABS and non-ABS groups

Consolidation of DWF LLP and the other non-ABS entities depends on the assessment of whether a member of the ABS group is exposed, or has rights, to variable returns from its involvement with such entity and has the ability to affect those returns through its power over such entity.

A Governance Deed exists between DWF Law LLP (as representative of the ABS group) and DWF LLP. This Governance Deed mandates that the executive Board of both DWF Law LLP and DWF LLP be the same, bestowing DWF Law LLP the ability to affect returns of DWF LLP and meaning that DWF Law LLP's members have rights to variable returns from DWF LLP. On this basis, DWF LLP and the other non-ABS entities are consolidated in these financial statements.

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 claim's 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. Where both timing and amount of outflows are well understood the Group recognises an accrual. Where there is less certainty over the timing and/or amount, the estimated liability is classified as a provision. The related asset is recognised in other receivables in the consolidated statement of financial position.

Adjusting items used in alternative performance measures

Adjusted performance measures are included to provide users of the financial statements with additional understanding of the trading performance of the Group by removing the impact of income and expenses that, in the Group's opinion, do not reflect the underlying performance of the Group. In assessing such items, the Board exercises significant judgement. Reconciliation from the statutory measure to the adjusted measure is provided in note 2.

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. Provisions are made for such factors as historical recoverability rates, contingencies, the outcomes of previous matters and agreements with clients. Respective amounts are provided in note 15.

Management considers the value of unbilled revenue to be material and has reviewed the significant risk of material change within the next financial year as required by IAS 1:125. A 2% increase in the per-hour recovery rate would lead to a £1,336,000 increase in the carrying value of amounts recoverable from clients in respect of unbilled revenue and a £1,336,000 increase in revenue. A 2% decrease in the per-hour recovery rate would lead to an equal and opposite impact on the carrying value of amounts recoverable from clients in respect of unbilled revenue and revenue.

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Year ended 30 April 2021

1 Accounting policies continued

Trade receivables provision

The valuation of amounts recoverable and not recoverable on trade receivables involves significant estimation. 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 receivables (excluding those already addressed by more specific provisions). Further details of trade receivables ageing and provision movement are provided in note 15.

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 client over the coming quarters.

Management considers the trade receivables provision to be material and has reviewed the significant risk of material change

within the next financial year as required by IAS 1:125. A 5% improvement in the expected credit loss of receivables would lead to a £600,286 decrease in the trade receivables provision (and a corresponding increase in the value of trade receivables) and a £600,286 decrease in administrative expenses. A 5% worsening in expected credit loss of receivables would lead to an equal and opposite impact on the carrying value of the trade receivables provision and administrative expenses.

Projected cash flows and discount rate used in Managed Services (Mindcrest) customer relationship intangible asset impairment calculation

The impairment testing calculation for the Mindcrest acquired customer relationships of £4,146,000 (2020: £4,912,000) relies on forecast long-term projections of cash flows associated with a small number of customers. The calculation considers known changes in contractual terms and reducing revenue streams following COVID-19. Whilst the calculation does not indicate impairment at 30 April 2021, there is a reduction of headroom of the value in use over the carrying value.

An annual revenue decline from that projected of 3% per annum would reduce headroom to nil. At present, it is not clear if this diminution in revenue streams is permanent as revenue streams in relation to these specific customers may return to pre-COVID levels.

Impairment testing of the other Mindcrest-related assets did not indicate any impairment risk.

1.25 Re-presentation of comparative period

The cash flows relating to the Group's supplier payment facility are re-presented from borrowings to working capital following the IFRS Interpretations Committee's conclusions around supply chain financing arrangements published in December 2020. The re-presentation has no impact on basic or diluted EPS.

The liability for professional indemnity reflects the expected outflow for legal claims against the Group. This has been re-presented to better reflect the position of claims within the claims lifecycle. Where both timing and amount of outflows are well understood the Group recognises an accrual. Where there is less certainty over the timing and/or amount the estimated liability is classified as a provision. The re-presentation has no impact on basic or diluted EPS.

The following summarises the amount of the adjustment for each financial statement line item affected:

2020	As previously presented £'000	Supplier payment facility £'000	Professional indemnity £'000	Re-presented £'000
Consolidated Statement of Cash Flows				
Increase in trade and other payables	15,125	(1,973)	3,106	16,258
Movement in supplier payments facility	(1,973)	1,973	-	-
Net Debt – Supplier Payment Facility				
Cash flow	1,973	15,544	-	17,517
Non-cash movement	-	(15,544)	-	(15,544)
Consolidated Statement of Financial Position				
Other payables	15,133	-	(3,689)	11,444
Accruals	11,697	-	606	12,303
Provisions	2,814	-	3,083	5,897

2 Alternative performance measures

Alternative performance measures are not intended to supplant IFRS measures but are included in response to investor feedback or to provide readers of the financial statements with additional understanding of the trading performance of the Group.

Within these financial statements, the following alternative performance measures are provided either in this note or cross-referenced to other areas of the report:

- Net revenue;
- Adjusted earnings before interest, tax, depreciation and amortisation ('adjusted EBITDA');
- Adjusted profit before tax ('adjusted PBT');
- Cost to income ratio;
- Net debt (note 29);
- Lock-up days (note 29); and
- Adjusted EPS & adjusted DEPS (note 8).

APMs are fully defined in the glossary to the Financial Statements on pages 173 to 176.

Adjusted profit before tax and adjusted EBITDA reconcile to loss / profit before tax as follows:

	2021 £'000	2020 £'000
(Loss) / profit before tax ('PBT')	(30,600)	18,198
Amortisation of intangible assets – acquired	4,609	1,510
Impairment	4,595	382
Gain on bargain purchase	–	(25,084)
Non-underlying items	27,101	7,632
Share-based payments expense	28,510	12,570
Gain on investment	(23)	–
Adjusted PBT	34,192	15,208
Depreciation of right-of-use asset	11,977	11,580
Other depreciation and amortisation	6,989	6,175
Interest payable on leases	2,284	2,047
Net finance expense	2,682	1,905
Adjusted EBITDA	58,124	36,915

Adjusted PBT reconciles to loss / profit before tax with reconciling items by nature as follows:

	2021 £'000	2020 £'000
(Loss) / profit before tax ('PBT')	(30,600)	18,198
Office closures and scale-backs	14,898	–
Acquisition-related expenses	20,743	12,274
Acquisition-related gain on bargain purchase	–	(25,084)
DWF RCD modification impact	13,796	–
Change of CEO	1,011	–
Impact of COVID-19	1,011	230
Other share-based payment expenses	13,333	9,590
Adjusted PBT	34,192	15,208

Consolidated notes to the financial statements continued

Year ended 30 April 2021

2 Alternative performance measures continued

The cost to income ratio is used to assess the levels of operational gearing in the Group.

The cost to income ratio is calculated as follows:

	2021 £'000	2020 £'000
Net revenue	338,130	297,231
Administrative expenses	197,415	120,084
Amortisation of intangible assets – acquired	(4,609)	(1,510)
Impairment	(4,595)	(382)
Gain on bargain purchase	–	25,084
Non-underlying items	(27,101)	(7,632)
Share-based payment expenses	(28,510)	(12,570)
Gain on investments	23	–
Adjusted administrative expenses	132,623	123,074
Cost to income ratio	39.2%	41.4%
<i>Impact of transition to IFRS 16</i>		3,492
Previously reported adjusted administrative expenses		126,566
Previously reported cost to income ratio		42.6%

The prior year cost to income ratio has been re-presented for comparability to current year.

3 Operating segments

Reporting segments

In accordance with IFRS 8: Operating Segments ('IFRS 8'), the Group's operating segments are based on the operating results reviewed by the Board, who represent the chief operating decision maker ('CODM'). For the year ended 30 April 2021, the Group has the following five strategic divisions, which are its reportable segments. These divisions offer different services and are reported separately because of different specialisms from the teams in the business Group.

As announced on 14 January 2021, the Group is launching its global operating structure from 1 May 2021. This structure was not that which was reported to the CODM in the year ended 30 April 2021.

The following summary describes the operations of each reportable segment as reported throughout the year ended 30 April 2021:

Reportable segment	Operations
Commercial Services	Provides commercial legal services, encompassing the Corporate Services, Litigation and Real Estate practice groups.
Insurance Services	Provides insurance legal services, encompassing the Professional Indemnity & Commercial, Catastrophic Personal Injury & Occupational Health, and Motor, Fraud & Claimant practice groups.
International*	A division focused on supporting clients on a global scale, with a sector-focused 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.
Managed Services**	Delivers outsourcing and process led transformation of legal portfolios providing a fully integrated, end-to-end outsourced solution.

* During May 2020, the Northern Ireland and Republic of Ireland practice groups were transferred from International to Commercial Services and Insurance Services. The prior-period comparators have been represented to reflect this.

** The term 'Managed Services' was, in past reports, used interchangeably to describe both a practice group ('Managed Services practice group') within the Commercial division that comprised of (i) the UK based Managed Services team and (ii) the Group's February 2020 acquisition of Mindcrest Inc. and, more generically, to cover an approach to delivering volume legal work. From 1 May 2020 the Group reports the Managed Services practice group as a separate division to the CODM. Furthermore, and following the operational restructure announced on 14 January 2021, the Managed Services division has been renamed to Mindcrest from 1 May 2021.

The revenue, net revenue and gross profit are attributable to the principal activities of the Group. Only net revenue is reported to the CODM. Information relating to each reportable segment is set out below:

For year ended 30 April 2021

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Managed Services £'000	Total £'000
Segment revenue	128,105	141,698	92,502	25,628	13,015	400,948
Recoverable expenses	(17,438)	(37,814)	(7,247)	(290)	(29)	(62,818)
Segment net revenue	110,667	103,884	85,255	25,338	12,986	338,130
Direct costs	(46,245)	(51,560)	(49,012)	(14,406)	(5,126)	(166,349)
Reported gross profit	64,422	52,324	36,243	10,932	7,860	171,781
Administrative expenses						(197,415)
Operating loss						(25,634)
Net finance expense						(2,682)
Interest payable on leases						(2,284)
Loss before tax						(30,600)
Taxation						(4,567)
Loss from continuing operations						(35,167)

For year ended 30 April 2020 – Re-presented

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Managed Services £'000	Total £'000
Segment revenue	124,455	137,185	69,906	21,100	3,966	356,612
Recoverable expenses	(16,940)	(36,610)	(5,583)	(239)	(9)	(59,381)
Segment net revenue	107,515	100,575	64,323	20,861	3,957	297,231
Direct costs	(48,246)	(52,345)	(38,641)	(14,123)	(1,642)	(154,997)
Reported gross profit	59,269	48,230	25,682	6,738	2,315	142,234
Administrative expenses						(120,084)
Operating profit						22,150
Net finance expense						(1,905)
Interest payable on leases						(2,047)
Profit before tax						18,198
Taxation						(3,629)
Profit from continuing operations						14,569

There are no intra-segmental revenues which are material for disclosure. Administrative expenses represent indirect costs that are not specifically allocated to segments.

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Year ended 30 April 2021

3 Operating segments continued

Non-current assets, net revenue and revenue by region

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external clients in the UK.

The geographical analysis of net revenue is on the basis of the country of origin in which the client is invoiced.

The Group's non-current assets, net revenue and revenue by geographical region are as follows:

	Non-Current Assets		Net Revenue		Revenue	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
UK	71,758	55,883	242,455	225,022	298,598	278,562
Spain	26,087	49,244	33,530	14,602	33,530	14,602
Asia	15,701	3,209	6	4,824	6	4,824
Rest of World	17,408	37,422	62,139	52,783	68,814	58,624
Total allocated to geographical regions	130,954	145,758	338,130	297,231	400,948	356,612
Deferred tax assets	4,649	3,294				
Investments	227	254				
Total	135,830	149,306				

Total assets and liabilities for each reportable segment are not presented; as such, information is not provided to the CODM.

4 Operating profit and auditor's remuneration

	2021 £'000	2020 £'000
Recognised in the income statement		
Members' remuneration charged as an expense	41,361	38,808
Net foreign exchange (gain) / loss	(55)	517
Impairment of intangible assets – continuing operations	1,411	382
Impairment of intangible assets – discontinued operations	-	654
Amortisation of intangible assets – acquired	4,609	1,510
Amortisation of intangible assets – software and capitalised development costs	2,244	1,504
Impairment of tangible assets	3,134	-
Depreciation of tangible assets	4,745	4,671
Depreciation of right-of-use asset	11,977	11,580
Impairment of investment	50	-
Gain on disposal of leases and investments	(798)	-
Gain on bargain purchase	-	(25,084)
Non-underlying items	27,101	7,632
Share-based payments expense (Note 25)	28,510	12,570
Auditor's remuneration		
Audit of the Group financial statements	369	340
Audit fees in respect of prior periods	99	-
Total audit fees	468	340
<i>Amounts payable to the Company's auditor and its associates in respect of:</i>		
Audit of financial information of subsidiaries, subsidiary undertakings and partnerships of the DWF Group plc	158	144
Other assurance services	44	43
Other services pursuant to legislation or regulation	107	161
Total fees	777	688

Non-underlying items are set out in the table below:

	2021 £'000	2020 £'000
Acquisition-related advisory fees – successful	31	2,639
Acquisition-related advisory fees – aborted	(544)	1,542
Acquisition-related expense	15,222	2,876
COVID-19-related costs	1,011	230
Closure and scale-back of operations	10,370	-
Costs associated with the change of CEO	1,011	-
IPO-related advisory fees	-	345
Non-underlying items	27,101	7,632

COVID-19 related costs were incurred between March 2020 and October 2020 and relate to one-off additional expenses for IT support and sanitisation of offices that covers the period of the first UK national lockdown. As the Group was not making use of its UK offices during this period and was already supporting agile working across its workforce, these costs are one-off and specifically as a result of COVID-19.

Closure and scale-back of operations relate to the Board decision in July 2020 to close the Singapore and Brussels offices and to scale-back the operations in Dubai and to the Board decision in March 2021 to scale-back the operations in Australia. These costs comprise people and supplier exit expenses and the impairment of assets that are deemed irrecoverable as a result of the decision taken.

Included within the acquisition-related expense are costs relating to the modification of the acquisition agreement for Spain (Note 10).

Legal advisory fees of £0.3m (2020: nil) are included in costs associated with the change of CEO.

Aborted acquisition-related advisory fees are releases of accruals for work done in the prior year that are no longer due following the decision to abort the transaction.

5 Net finance expense

	2021 £'000	2020 £'000
Finance income		
Interest receivable	98	456
	98	456
Finance expense		
Interest payable on bank borrowings	1,767	1,655
Other interest payable	47	165
Bank and other charges	966	541
	2,780	2,361
Net finance expense	2,682	1,905
Finance expense – leases		
Interest payable on leases	2,284	2,047
	2,284	2,047

6 Taxation

	2021 £'000	2020 £'000
UK corporation tax on profit	5,582	4,746
Foreign tax on profit	1,576	1,347
Adjustments in respect of prior periods	(129)	97
Current tax expense	7,029	6,190
Deferred tax credit	(2,468)	(2,587)
Adjustments in respect of prior periods	6	26
Deferred tax credit	(2,462)	(2,561)
Taxation	4,567	3,629

Consolidated notes to the financial statements continued

Year ended 30 April 2021

6 Taxation continued

Factors affecting the tax charge for the year:

The effective tax rate is higher (2020: higher) than the average rate of corporate tax in the UK of 19% (2020: 19%). The difference is explained below:

	2021 £'000	2020 £'000
(Loss) / profit before taxation	(30,600)	18,198
Tax on Group profit at standard UK corporation tax rate of 19% (2020: 19%)	(5,814)	3,458
Foreign tax rate differences	(128)	917
Non-taxable income	-	(4,766)
Non-deductible expenses	7,620	3,326
Adjustments in respect of prior periods	(123)	123
Brought forward tax losses utilised	(84)	(28)
Tax losses not recognised as assets	2,622	706
Impact of share price on expected tax deduction	474	-
Effect on deferred tax of change in corporation tax rate	-	(107)
Group total tax charge for the year	4,567	3,629

On 18 November 2019, the UK Government cancelled plans to reduce the corporation tax rate from 19% to 17% from 1 April 2020. Deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal so UK deferred tax assets and liabilities previously measured at 17% are now measured at 19%. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The proposal to increase the rate to 25% was substantively enacted on 24 May 2021. As this was after the balance sheet date its effects are not included in these financial statements.

7 Dividends

Distributions to owners of the parent in the year:

	2021 pence per share	2020 pence per share
Final dividends recognised as distributions in the year	0.75	1.00
Interim dividends recognised as distributions in the year	1.50	1.25
Interim dividends recognised as distributions in the year	-	1.25
Total dividends paid in the year	2.25	3.50
Final dividend proposed	3.00	0.75

	2021 £'000	2020 £'000
Final dividends recognised as distributions in the year	2,162	2,746
Interim dividends recognised as distributions in the year	4,359	3,428
Interim dividends recognised as distributions in the year	-	3,637
Total dividends paid in the year	6,521	9,811
Final dividend proposed	9,737	2,434

On 7 September 2020, the Board recommended a final dividend for the year ended 30 April 2020 of 0.75 pence per share which was approved by shareholders at the Annual General Meeting on 21 October 2020. The dividend was paid on 5 November 2020 to all shareholders on the Register of Members on 25 September 2020. The payment of this dividend did not have any tax consequences for the Group. The difference between the amount proposed in September (£2,434,000) and the amount actually paid in November (£2,162,000) is due to dividends waived.

On 9 December 2020, the Board approved an interim dividend for the year ended 30 April 2021 of 1.50 pence per share. The dividend was paid on 5 March 2021 to all shareholders on the Register of Members on 29 January 2021. The payment of this dividend did not have any tax consequences for the Group.

The Board recommended a final dividend for the year ending 30 April 2021 of 3.00 pence per share on 21 July 2021 which is subject to shareholder approval at the Annual General Meeting on 28 September 2021. If approved by shareholders, the dividend will be paid on 8 October 2021 to all shareholders on the Register of Members on 10 September 2021.

8 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2021 £'000	2020 £'000
(Loss) / earnings from continuing operations for the purpose of basic earnings per share	(35,167)	14,569
Losses from discontinued operations for the purposes of basic and diluted earnings per share	-	(4,301)
(Loss) / earnings from all operations for the purpose of basic earnings per share	(35,167)	10,268
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	294,392,422	271,406,294
<i>Effect of dilutive potential ordinary shares:</i>		
Future exercise of share awards and options	17,067,508	5,087,543
Weighted average number of ordinary shares for the purposes of diluted earnings per share	311,459,930	276,493,837
(Loss) / earnings from continuing operations per share attributable to the owners of the parent:		
Basic earnings per share – continuing (p)	(11.9)	5.4
Diluted earnings per share – continuing (p)	(11.9)	5.3
Loss from discontinued operations per share attributable to the owners of the parent:		
Basic earnings per share – discontinued (p)	-	(1.6)
Diluted earnings per share – discontinued (p)	-	(1.6)
(Loss) / earnings from all operations per share attributable to the owners of the parent:		
Basic earnings per share (p)	(11.9)	3.8
Diluted earnings per share (p)	(11.9)	3.7

Adjusted earnings per share is included as an Alternative Performance Measure ('APM') and is not presented in accordance with IAS 33. It has been calculated using adjusted earnings calculated as profit after taxation but before:

- non-underlying items;
- share-based payments expense;
- gain on bargain purchase;
- amortisation of acquired intangible assets;
- impairment; and
- the tax effect of the above items.

The calculation of adjusted basic and adjusted diluted earnings per share is based on:

	2021 £'000	2020 £'000
(Loss) / earnings from continuing operations for the purpose of adjusted earnings per share	(35,167)	14,569
<i>Add / (remove):</i>		
Impairment	4,594	382
Amortisation of intangible assets – acquired	4,609	1,510
Gain on bargain purchase	-	(25,084)
Gain on investments	(23)	
Non-underlying items	27,101	7,632
Share-based payments expense	28,510	12,570
Tax effect of adjustments above	(5,503)	(2,394)
Adjusted earnings for the purposes of adjusted earnings per share	24,121	9,185

Consolidated notes to the financial statements continued

Year ended 30 April 2021

8 Earnings per share continued

	Number	Re-presented Number
Weighted average number of ordinary shares for the purposes of adjusted basic earnings per share	294,392,422	271,406,294
Add:		
Additional shares held in trust	30,162,231	31,400,161
Weighted average number of ordinary shares for the purposes of adjusted diluted earnings per share	324,554,653	302,806,455
Adjusted basic earnings per share (p)	8.2	3.4
Adjusted diluted earnings per share (p)	7.4	3.0

Tax adjustments of £5,503,000 (2020: £2,394,000) have been made in arriving at the adjusted earnings per share. This is based on an estimated full year equivalent effective adjusted tax rate of 29%, which is largely driven by the UK corporation tax rate of 19% adjusted upwards to take into account the effect of non-deductible expenses and higher overseas tax rates in certain territories where profits are generated.

Shares held in trust are issued shares that are owned by the Group's employee benefit trusts for future issue to employees as part of share incentive schemes. These are recognised on consolidation as treasury shares. The future exercise of share awards and options is the dilutive effect of share awards granted to employees that have not yet vested.

Share held in trust are deducted from the weighted average number of ordinary shares for basic earnings per share. For its adjusted basic measure, the Group uses the weighted average number of ordinary shares.

The definitions of adjusted basic earnings per share and adjusted diluted earnings per share have been modified by management during the year, and the prior year comparative has been re-presented accordingly. Details of the change in definition can be found in the glossary to these financial statements.

9 Results of DWF Group plc

DWF Group plc, the parent company, recorded a profit of £10,277,000 during the year to 30 April 2021 (2020: loss of £12,886,000).

10 Acquisitions of subsidiaries and transactions related to previous acquisitions

Acquisitions in the year to 30 April 2021

There were no acquisitions during the year.

On 22 January 2021 DWF Group plc and the original sellers of Rousaud Costas Duran S.L.P. ("RCD"), a Spanish subsidiary, mutually agreed to modify the acquisition agreement and related documents ("RCD Documents") entered into on 20 December 2019 to help facilitate the integration of DWF-RCD into the wider Group as part of moving to a new operating model effective from 1 May 2021. The key modifications made to the RCD Documents (applied on a retrospective basis so as to be effective from 20 December 2019) were:

- The service obligations as a condition linked to the settlement of certain items of the purchase price were removed;
- The targets for performance conditions linked to the settlement of the purchase price were reduced; and
- The payment of £2.0m of the purchase price was deferred from February 2021 to May 2021.

The removal of the service obligations results in the immediate recognition, in full, of the remaining acquisition related expense that was, prior to the modification, due to be recognised in the Income Statement over the period to December 2024. This acceleration has resulted in an additional £13.8m expense being recognised in the year to 30 April 2021 compared to that which would have been recognised in the same year without the modification. The expense is split between non-underlying items and share-based payment expense as follows:

- £5.2m – Non-underlying items (accelerated acquisition expense)
- £8.6m – Share-based payment expense

The reduction to the targets for performance conditions does not result in any change to the accounting since it is assumed that the targets will be met in full post the modification.

The deferral of payment of £2.0m of the purchase price results in higher deferred consideration liabilities and lower net debt as at 30 April 2021, but with no impact on the income statement.

Acquisitions in the year to 30 April 2020

Acquisitions made in the year to 30 April 2020 were as follows:

- Rousaud Costas Duran S.L.P. – Spain;
- K&L Gates Jamka sp.k ("K&L Gates") – Poland;
- Mindcrest Inc.;
- McDonald Johnson; and
- Greyfern Law Limited (formerly BT Law Limited)

Full details of the acquisitions can be found in the Annual Report and Financial Statements 2020 at www.dwfgroup.com.

11 Discontinued operations

On 30 April 2020, the Group disposed of the business of the Cologne office in Germany and the results of that business were reported in the prior period as a discontinued operation. The closure was considered to meet the definition of a discontinued operation as the Cologne office represented a major geographical area of operation for the Group and the attributable loss (£4.3m) was a significant component of the Group's overall profit.

Financial information relating to the discontinued operation for the comparative period is set out below.

	2021 £'000	2020 £'000
Net revenue	-	3,171
Direct costs	-	(2,184)
Gross profit	-	987
Administrative expenses	-	(5,288)
Operating profit	-	(4,301)
Adjusted EBITDA	-	(3,647)
Depreciation, amortisation and impairment	-	(654)
Loss before tax	-	(4,301)
Taxation	-	-
Loss from discontinued operations	-	(4,301)

Further closures and scale back programmes

On 9 July 2020, the Group announced the closure of its operations in Belgium and Singapore as well as a scaling back programme in Dubai. Subsequently on 8 March 2021, the Group announced the scale-back of its operation in Australia.

The results for the closure of the Belgium and Singapore businesses are not treated as discontinued in the period as they are not considered to be a significant component of the Group's overall profit. These operations represented 0.3% of the Group's revenues and generated a £0.5m EBITDA loss in FY2020/21.

12 Intangible assets and goodwill

	Goodwill £'000	Acquired Customer relationships £'000	Brand £'000	External software costs £'000	Capitalised development costs £'000	Total £'000
Cost						
At 1 May 2020	11,691	35,211	1,685	1,923	7,083	57,593
Additions – internally developed	-	-	-	-	4,228	4,228
Additions – externally purchased	-	-	-	2,407	-	2,407
Disposals	-	-	-	(10)	-	(10)
Effect of movements in foreign exchange	(550)	397	(52)	2	-	(203)
At 30 April 2021	11,141	35,608	1,633	4,322	11,311	64,015
Amortisation and impairment						
At 1 May 2020	1,356	1,351	159	1,007	3,066	6,939
Amortisation for the year	-	3,695	914	581	1,663	6,853
Disposals	-	-	-	(10)	-	(10)
Impairment	-	1,409	-	2	-	1,411
Effect of movements in foreign exchange	1	(327)	(32)	7	-	(351)
At 30 April 2021	1,357	6,128	1,041	1,587	4,729	14,842
Net book value						
At 30 April 2021	9,784	29,480	592	2,735	6,582	49,173
At 1 May 2020	10,335	33,860	1,526	916	4,017	50,654

The impairment charge includes £1,409,000 relating to the write-off of assets in Australia (see note 4).

Consolidated notes to the financial statements continued

Year ended 30 April 2021

12 Intangible assets and goodwill continued

	Goodwill £'000	Acquired Customer relationships £'000	Brand £'000	External software costs £'000	Capitalised development costs £'000	Total £'000
Cost						
At 1 May 2019	2,589	-	-	1,580	3,260	7,429
Additions through acquisitions	9,126	35,410	1,685	35	-	46,256
Additions – internally developed	-	-	-	-	3,823	3,823
Additions – externally purchased	-	-	-	293	-	293
Effect of movements in foreign exchange	(24)	(199)	-	15	-	(208)
At 30 April 2020	11,691	35,211	1,685	1,923	7,083	57,593
Amortisation and impairment						
At 1 May 2019	319	-	-	538	2,031	2,888
Amortisation for the year	-	1,351	159	469	1,035	3,014
Impairment	1,036	-	-	-	-	1,036
Effect of movements in foreign exchange	1	-	-	-	-	1
At 30 April 2020	1,356	1,351	159	1,007	3,066	6,939
Net book value						
At 30 April 2020	10,335	33,860	1,526	916	4,017	50,654
At 1 May 2019	2,270	-	-	1,042	1,229	4,541

Individual intangible assets that are material to the financial statements are set out below:

- Customer relationships – Spain: Net book value at 30 April 2021 £23,023,000 (2020: £24,898,000) – remaining amortisation period is 9 years
- Customer relationships – Managed Services (Mindcrest): Net book value at 30 April 2021 £4,146,000 (2020: £4,912,000) – remaining amortisation period is 9 years
- Customer relationships – Poland: Net book value at 30 April 2021 £2,311,000 (2020: £2,784,000) – remaining amortisation period is 8 years
- Customer relationships – McDonald Johnson: Net book value at 30 April 2021 £nil (2020: £1,463,000) – no remaining amortisation
- Capitalised development costs – Managed Services: Net book value at 30 April 2021 £2,188,000 (2020: £1,600,000) – remaining amortisation period is between 2 – 4 years

Goodwill

Goodwill considered significant in comparison to the Group's total carrying amount of such assets has been allocated to cash generating units or groups of cash generating units as follows:

	2021 £'000	2020 £'000
Managed Services (Mindcrest) (Note 3)	8,569	9,126
Other individually immaterial CGUs	1,215	1,209
	9,784	10,335

Goodwill arising on business combinations is not amortised but reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Impairment reviews were performed by comparing the carrying value of goodwill with the recoverable amount of the cash generating units ('CGU') to which goodwill has been allocated. Recoverable amounts for cash generating units are the higher of fair value less costs of disposal, and value in use. Recently acquired businesses are performing in line with the investment case approved by the Board.

The recoverable amounts of the CGUs are determined from value in use calculations. The calculations have been based on a discounted cash flow model covering a period of five years using forecast revenues and costs, extended to perpetuity. The inputs into the model appropriately consider the relevant market maturity and local factors. The first year of the forecast is established from the budget for FY22 which is underpinned by the business plan that has been signed off by the Board. Cash flows for FY23 through to FY26 have been included on a consistent basis with the Board approved strategy. In each case, the calculations use a long term growth rate of 2% (2020: 2%) consistent with the sector average and a pre-tax discount rate of 10-11% (2020: 10-20%). These pre-tax discount rates reflect current market assessments for the time value of money and the risks associated with the CGUs as the Group manages its treasury function on a Group-wide basis. The long-term growth rates used are based on management's expectations of future changes in the markets for each CGU.

Goodwill that has been allocated to other individually immaterial CGUs in the table above, is monitored at the level of a practice group or group of practice groups. Significant headroom exists for each CGU. No reasonable worst-case scenario gives rise to a material impairment risk. Accordingly, no sensitivity is disclosed.

The impairment testing for the Mindcrest acquired customer relationships of £4,146,000 (2020: £4,912,000) relies on forecast long-term projections of cash flows associated with a small number of customers. The calculation considers known changes in contractual terms and reducing revenue streams following COVID-19. Whilst the calculation does not indicate impairment at 30 April 2021, there is a reduction of headroom of the value in use over the carrying value.

13 Property, plant and equipment

	Right-of-use asset £'000	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 May 2020	81,237	16,782	12,282	39,838	150,139
Additions	16,573	59	3,310	632	20,574
Disposals	(4,847)	(666)	(232)	(1,964)	(7,709)
Remeasurement adjustment	2,367	–	–	–	2,367
Effect of movements in foreign exchange	(561)	4	6	(7)	(558)
At 30 April 2021	94,769	16,179	15,366	38,499	164,813
Accumulated depreciation					
At 1 May 2020	11,580	12,736	7,188	34,860	66,364
Charge for the year	11,977	935	919	2,891	16,722
Disposals	(786)	(392)	(232)	(1,964)	(3,374)
Impairment	2,832	–	370	128	3,330
Effect of movements in foreign exchange	–	8	(10)	(8)	(10)
At 30 April 2020	25,603	13,287	8,235	35,907	83,032
Net book value					
At 30 April 2021	69,166	2,892	7,131	2,592	81,781
At 1 May 2020	69,657	4,046	5,094	4,978	83,775

The impairment expense includes £3,433,000 relating to asset write-offs following the closure and scale-backs of operations (see Note 4). The remeasurement adjustment relates to the impact of term and rent changes on property leases during the year.

Other than property leases, the right-of-use asset includes equipment leases with a carrying value of £2,093,000 (2020: £42,000).

	Right-of-use asset £'000	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 May 2019	–	16,230	10,944	36,971	64,145
Adjustment on transition to IFRS 16	70,342	–	–	–	70,342
Additions through acquisitions	6,246	324	592	233	7,395
Additions	4,649	185	751	2,584	8,169
Effect of movements in foreign exchange	–	43	(5)	50	88
At 30 April 2020	81,237	16,782	12,282	39,838	150,139
Accumulated depreciation					
At 1 May 2019	–	11,665	6,051	32,397	50,113
Charge for the year	11,580	1,071	1,137	2,463	16,251
At 30 April 2020	11,580	12,736	7,188	34,860	66,364
Net book value					
At 30 April 2020	69,657	4,046	5,094	4,978	83,775
At 1 May 2019	–	4,565	4,893	4,574	14,032

Consolidated notes to the financial statements continued

Year ended 30 April 2021

14 Investments

	2021 £'000	2020 £'000
Investments at the start of the year	254	254
Impairment	(50)	-
Additions	227	-
Disposals	(204)	-
Investments at the end of the year	227	254

During the year the Group acquired an investment (1.3% interest) in Fulbright Limited, and sold its investment (10% interest) in Dealscoper Limited. The Group holds an investment (<0.1% interest) in Mercantile Ports and Logistics Limited. The carrying values of these investments approximate the fair value based on information available. The Group has investments in the following undertakings, all are held as ordinary shares:

	Registered address	Principal place of business	Nature of business	Proportion of ownership
Subsidiaries				
Direct				
DWF Holdings Limited	i	UK	Investment holding	100%
DWF Group (US) LLC	xxviii	USA	Investment holding	100%
Indirect				
DWF (TG) Limited***	i	UK	Investment holding	Note 1
DWF LLP	i	UK	Legal services	Note 2
DWF Law LLP	i	UK	Legal services	Note 1
DWF (NI) LLP***	ii	UK	Legal services	Note 2
Vueity Limited	i	UK	Dormant	Note 1
DWF Costs Limited***	i	UK	Connected services	Note 1
DWF Claims Limited***	i	UK	Connected services	Note 1
DWF Advocacy Limited***	i	UK	Connected services	Note 1
DWF Forensic Limited***	i	UK	Connected services	Note 1
DWF Ventures Limited***	i	UK	Connected services	Note 1
DWF Adjusting Limited***	i	UK	Connected services	Note 1
DWF Resource Limited***	i	UK	Connected services	Note 1
DWF Connected Services Holdings Ltd***	i	UK	Connected services	Note 1
DWF Company Secretarial Services Limited***	i	UK	Connected services	Note 2
Greyfern Law Limited***	i	UK	Connected services	Note 2
Davies Wallis Foyster Limited	i	UK	Non-trading	Note 2
Davies Wallis (unlimited)*	i	UK	Dormant	Note 2
DWF Solicitors Limited*	i	UK	Dormant	Note 2
DWF (Trustee) Limited*	i	UK	Dormant	Note 2
DWF Nominees Limited*	i	UK	Dormant	Note 2
Resolution Law Limited*	i	UK	Dormant	Note 1
DWF Middle East Group LLP*	i	UK	Dormant	Note 1
DWF (Nominees) 2013 Limited*	i	UK	Dormant	Note 2
Harborne Road Nominees Limited*	i	UK	Dormant	Note 2
DWF Connected Services Limited***	i	UK	Dormant	Note 2
DWF Connected Services Group Limited***	i	UK	Non-trading	Note 1
NewCo 4736 Limited***	i	UK	Non-trading	Note 1
Bailford Trustees Limited*	iii	UK	Dormant	Note 2
Bailford EBT Trustees Limited*	iii	UK	Dormant	Note 2
DWF Trustee (Scotland) Limited*	iii	UK	Dormant	Note 2
DWF Directors (Scotland) Limited*	iii	UK	Dormant	Note 2
DWF Secretarial Services (Scotland) Limited*	iii	UK	Dormant	Note 2

	Registered address	Principal place of business	Nature of business	Proportion of ownership
Indirect (continued)				
DWF Pension Trustees Limited	iv	UK	Dormant	Note 2
DWF 360 Limited	i	UK	Software provider	Note 1
EBT	v	UK	Trustees	Note 3
RST	v	UK	Trustees	Note 3
DWF (France) AARPI**	vi	France	Law services	Note 2
DWF Claims (France) SAS	vi	France	Connected services	Note 1
DWF Holding GbR	vii	Germany	Investment holding	Note 2
DWF Germany RmbH	viii	Germany	Law services	Note 2
DWF LLP Studio Legale Associato	ix	Italy	Law services	Note 2
DWF Claims (Italy) S.r.L.**	ix	Italy	Connected services	Note 1
DWF	x	ROI	Law services	Note 2
DWF Claims (Ireland) Limited	x	ROI	Connected services	Note 1
DWF Dublin Secretarial Limited*	x	ROI	Dormant	Note 2
DWF Poland Holdings Sp. z o.o.	xxi	Poland	Investment holding	Note 1
DWF Poland Jamka sp.k**	xxi	Poland	Law services	Note 1
DWF Spain S.L.P.	xxvi	Spain	Investment holding	Note 1
Rousaud Costas Duran S.L.P.U.	xxvi	Spain	Law services	Note 1
Rousaud Costas Duran Abogados S.L.P.U.	xxv	Spain	Law services	Note 1
Rousaud Costas Duran Concursal S.L.P.	xxvi	Spain	Law services	Note 1
Rousaud Costas Duran Valencia S.L.P.U.	xxvii	Spain	Law services	Note 1
RCD Tax & Legal Advisors S.L.P.U.	xxvi	Spain	Law services	Note 1
Gestart Assessors S.L.U.	xxvi	Spain	Law services	Note 1
Gestart Asesoramiento Empresarial S.L.U.	xxv	Spain	Law services	Note 1
DWF Law Australia Pty Limited	xi	Australia	Law services	Note 1
DWF Australia Holdings Pty Ltd	xi	Australia	Law services	Note 1
DWF Claims (Australia) Pty Limited	xii	Australia	Connected services	Note 1
DWF Adjusting (Australia) Pty Limited	xii	Australia	Connected services	Note 1
DWF Claims (Canada) Limited	xiii	Canada	Connected services	Note 1
DWF Adjusting (Canada) Limited	xiii	Canada	Connected services	Note 1
DWF Compliance (Singapore) Pte Limited	xiv	Singapore	Connected services	Note 1
Triton Global Claims (Asia) Pte Limited	xv	Singapore	Dormant	Note 1
Triton Global Claims (HK) Pty Limited	xvi	Hong Kong	Dormant	Note 1
DWF (Middle East) LLP	xvii	UAE	Law services	Note 1
Mindcrest Inc.	xxii	USA	Law services	100%
Mindcrest (India) Private Limited	xxiii	India	Law services	100%
Mindcrest (UK) Limited***	xxiv	UK	Law services	100%
DWF Claims (USA) LLC	xviii	USA	Connected services	Note 1
Moat Pensions Limited***	xxix	UK	Connected services	Note 2
Other Investments				
Fulbright Limited****	xxx	UK	Software provider	1.3%
Mercantile Ports & Logistics Limited	xx	Guernsey	Asset investment	<0.1%

* Subsidiary undertakings have been excluded from the consolidation on the basis of immateriality.

** The statutory year end in the period being reported is 31 December.

*** Entities have claimed audit exemption for the year to 30 April 2021 under Section 479A of the Companies Act 2006.

**** Investments have been made during the year to 30 April 2021.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

14 Investments continued

- Note 1 DWF Group plc indirectly controls these entities through its subsidiary, DWF Holdings Limited.
 Note 2 DWF Group plc indirectly controls these entities by virtue of Governance Agreements and Intra-Group Agreements between the Company, DWF Law LLP, DWF LLP and other related subsidiary undertakings.
 Note 3 These trusts are consolidated as if they were subsidiaries of the Group.

- (i) 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA
- (ii) 42 Queen Street, Belfast, BT1 6HL
- (iii) 110 Queen Street, Glasgow, Scotland, G1 3HD
- (iv) 5 St. Paul's Square, Old Hall Street, Liverpool, L3 9AE
- (v) 13-14 Esplanade, St Heller, Jersey, JE1 1EE
- (vi) 137-139 rue de l'Université, 75007 Paris
- (vii) Habsburgerring 2, Westgate, 50674 Cologne, Germany
- (viii) Prinzregentenstraße 78, Munich, DE-81675
- (ix) Via del Bossi 6, Milano, Italy, 20121
- (x) 5 George's Dock, IFSC, Dublin
- (xi) Level 6, 231 George Street, Brisbane, QLD 4000
- (xii) 48 Hunter Street, Sydney
- (xiii) 111 Queen Street East, Suite 450, Toronto, Ontario, M5C 1S2
- (xiv) 9 Raffles Place, #58-0 Republic Plaza, Singapore, 048619
- (xv) 8 Cross Street, #24-03/04 Manulife Tower, Singapore, 048424
- (xvi) Suite 1101-1103, 11/F The Hong Kong Club Building, 3a Charter Road Central, Hong Kong
- (xvii) P.O. Box 507104, Office 901 & 904, Tower 2, Al Fattan Currency House, DIFC, Dubai
- (xviii) 740 Waukegan Road, Deerfield, Chicago, Illinois, 60015
- (xix) Harrow House, 23 West Street, Haslemere, Surrey, GU27 2AB
- (xx) Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB
- (xxi) plac Stanisława Małachowskiego 2, 00-066 Warsaw
- (xxii) 425 S. Financial Place, Suite 1100, Chicago, IL 60605
- (xxiii) 603/604 Block D, Weikfield IT-Citi Info Park, Nagar Rd, Vadgaon Sheri, Pune, 411014
- (xxiv) 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA
- (xxv) Calle Serrano, 116, 28006 Madrid
- (xxvi) Calle Escolles Pies, 102, 08017 Barcelona
- (xxvii) Moratín 17, 46002 Valencia
- (xxviii) 251 Little Falls Drive, Wilmington, Delaware 19808
- (xxix) 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA
- (xxx) Colthouse Grange Farm, Ramsgill, Harrogate, North Yorkshire, United Kingdom, HG3 5AE

15 Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables (net of allowance for doubtful receivables)	91,185	108,727
Other receivables	4,898	4,950
Amounts recoverable from clients in respect of unbilled revenue	66,671	64,379
Unbilled disbursements	9,437	8,501
Prepayments	10,463	20,298
Reimbursement asset*	852	852
	183,506	207,707
Non-current		
Other receivables	-	152
Prepayments and accrued income	-	11,177
	-	11,329

* Reimbursement asset attributable to FOIL provision, see note 20.

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.

Unbilled revenue is billed in line with the performance of the services and the terms of the associated engagement letter. Impairment losses of unbilled revenue, recognised based upon expected credit losses under IFRS 9, were immaterial during the year.

Current prepayments include £1,064,000 (2020: £10,293,000) and non-current prepayments and accrued income include £nil (2020: £11,177,000) both relating to acquisition-related expense.

Ageing of trade receivables

	2021 £'000	2020 £'000
Trade receivables not past due	22,235	39,820
<i>Trade receivables past due</i>		
0 – 90 days	53,271	46,810
91 – 180 days	9,417	13,403
181 – 270 days	4,597	5,935
271 – 365 days	3,603	2,992
More than 365 days	11,093	11,638
	104,216	120,598

Lifetime expected credit losses are used to measure the loss allowance. These balances are held against trade receivables.

Movement in allowance for doubtful receivables

	2021 £'000	2020 £'000
Brought forward provision	11,871	6,534
Provision utilised and other movements	(4,189)	956
Charges to income statement	5,349	4,381
	13,031	11,871

Other movements in 2020 include provisions for doubtful receivables acquired from business combinations in the year.

Other movements in 2021 are not material.

16 Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	34,711	31,212
Bank overdrafts	(131)	(2,485)
Cash and cash equivalents	34,580	28,727

17 Trade and other payables

	2021 £'000	Re-presented (Note 1.25) 2020 £'000
Trade payables	28,236	26,779
Other payables	10,337	11,444
Other taxation and social security	27,375	26,224
Accruals	19,433	12,303
	85,381	76,750

Accruals and deferred income include £4,905,000 (2020: £1,758,000) relating to acquisition-related expense. The Group has participated in the UK Government's VAT deferral scheme, which was launched to assist businesses in their response to COVID-19. Within other taxation and social security is £10,700,000 of VAT payable which has been deferred from March 2020. This will be paid in monthly instalments during FY22. A subsidy of £340,000 was received in the year by our Polish business as part of the Polish Government's response to COVID-19. The conditions of the subsidy have yet to be met and hence it is recorded as a liability, within other payables. The Group also utilised the 'Paycheck protection program' in the US during the year, obtaining £280,000 of funding that was subsequently paid out to employees, hence having no impact on the 2021 Income Statement or Balance Sheet.

The Group has given a guarantee in favour of its Australian bank of £nil (2020: £223,000). Through that same bank, the Group has issued rental guarantees to its landlords of £1,660,000 (2020: £1,660,000). These guarantees are denominated in Australian dollars.

The Group has a rental guarantee in favour of a German landlord for £126,000 (2020: £126,000) and in the favour of its Polish landlord for £213,000 (2020: £213,000). These guarantees are denominated in Euros.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

18 Lease liabilities

	2021 £'000	2020 £'000
Balance at the beginning of year	84,678	87,302
Additions	16,573	9,832
Interest expense related to lease liabilities	2,284	2,047
Net foreign currency translation (gain) / loss	(589)	198
Disposals	(4,836)	-
Remeasurement adjustment	2,367	-
Repayment of lease liabilities (including interest)	(16,475)	(14,701)
Balance at the end of year	84,002	84,678
Current lease liabilities	13,104	12,981
Non-current lease liabilities	70,898	71,697
	84,002	84,678

The maturity of lease liabilities at 30 April 2021 were as follows:

	2021 £'000	2020 £'000
Lease payments		
Year to 2021	-	14,842
Year to 2022	14,978	13,753
Year to 2023	14,501	13,004
Year to 2024	13,270	11,286
Year to 2025	11,827	-
Later years	36,775	39,702
	91,351	92,587
Effect of discounting	(7,350)	(7,930)
Effect of movement in foreign currency translation rates	1	21
Closing lease liability	84,002	84,678

The undiscounted contractual cash flows relating to lease liabilities accounted for in accordance with IFRS 16 is £91,352,000 (2020: £92,608,000).

The following amounts have been included in the Income Statement:

	2021 £'000	2020 £'000
Interest expense on lease liabilities	2,284	2,047
Operating costs relating to short-term and low value leases	1,606	800
Expenses from variable lease payments	78	-
Total amounts recognised in the Income Statement	3,968	2,847

The Group has some leases not yet commenced to which it is committed. It is estimated that the future lease payments relating to these leases would result in an increase in the lease liability of £3,155,000 (2020: £2,965,000).

19 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, refer to note 21.

Obligations under interest-bearing loans and borrowings

	2021 £'000	2020 £'000
Current liabilities		
Bank loans	19,099	4,464
Supplier payment facility	204	310
Bank overdrafts	131	2,485
	19,434	7,259
Non-current liabilities		
Bank loans	76,085	89,194
Capitalised loan arrangement fees	(641)	(379)
	75,444	88,815
	94,878	96,074
	2021 £'000	2020 £'000
Terms of repayment of bank loans and overdrafts		
Within one year	19,434	7,259
Between one and five years	75,444	88,815
Total bank loans and overdrafts	94,878	96,074

Contractual terms of interest-bearing loans and borrowings

	Currency	Nominal interest rate	Year of maturity	Fair value £'000	2021 Carrying amount £'000	Fair value £'000	2020 Carrying amount £'000
RCF	GBP	LIBOR+1.9%	2023	69,357	69,357	73,245	73,245
RCF	EUR	EURIBOR+1.9%	2023	6,087	6,087	6,089	6,089
RCF	GBP	LIBOR+1.4%	2021	15,000	15,000	-	-
RCF	EUR	EURIBOR+1.2%	2021	3,923	3,923	9,321	9,321
Unsecured bank loans	GBP	3.75%	2020	-	-	23	23
Unsecured bank loans	EUR	2.00%	2021	47	47	176	176
Unsecured bank loans	AUD	6.50%	2021	-	-	244	244
Unsecured bank loans	GBP	2.77%	2022	129	129	4,171	4,171
Other borrowings	USD	1.50 %	2020	-	-	10	10
Supplier payment facility	GBP	No rate	2021	204	204	310	310
Bank overdrafts	GBP	Base+1.15%	2021	131	131	2,485	2,485
				94,878	94,878	96,074	96,074

Note 1.3 sets out changes to the financial covenants attached to the RCF held with the Group's banking syndicate. The Group operates a supplier payment facility with HSBC, which has a facility limit of £11m. This facility is utilised in paying certain suppliers from time to time.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

20 Provisions

Professional indemnity provision

The provision for professional indemnity reflects the Group's expected outflow for legal claims brought against the Group relating to historic professional services rendered. A provision is only recognised where an outflow is probable. The probability is established by reference to whether a claim is more likely than not to be successful. A professional indemnity liability for a claim that is agreed (i.e. the timing and amount of payments are well understood) is recognised in accruals (see Note 17).

Dilapidation provision

Dilapidation provisions are established for wear and tear of 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 terminates over the course of the next 10 years.

FOIL provision

The Forum of Insurance Lawyers (FOIL) provision represents the total VAT (partial exemption) exposure on historic claims handling engagements. There is an attributable reimbursement asset in note 15, resulting in net exposure of £400,000 as at 30 April 2021 (2020: £400,000). The enquiry is ongoing and therefore it is not possible to estimate when the provision will crystallise.

	2021 £'000	Re-presented (Note 1.25) 2020 £'000
Dilapidation provision		
Balance at beginning of the year	1,562	1,329
Provisions made during the year	440	233
Provisions used during the year	(165)	-
Provisions reversed during the year	-	-
Balance at the end of the year	1,837	1,562
Non-current	1,837	1,562
Current	-	-
	1,837	1,562
FOIL provision		
Balance at the beginning and end of the year	1,252	1,252
Non-current	-	-
Current	1,252	1,252
	1,252	1,252
Professional indemnity provision		
Balance at beginning of the year	3,083	6,189
Provisions made during the year	1,174	1,693
Provisions used during the year	(437)	(1,531)
Provisions reversed during the year	(1,193)	(2,662)
Provisions transferred to accruals during the year	(115)	(606)
Balance at the end of the year	2,512	3,083
Non-current	-	-
Current	2,512	3,083
	2,512	3,083
Total provisions		
Balance at beginning of the year	5,897	8,770
Provisions made during the year	1,614	1,926
Provisions used during the year	(602)	(1,531)
Provisions reversed during the year	(1,193)	(2,662)
Provisions transferred to accruals during the year	(115)	(606)
Balance at the end of the year	5,601	5,897
Non-current	1,837	1,562
Current	3,764	4,335
	5,601	5,897

21 Financial instruments

Financial risk management

The Directors have overall responsibility for the oversight of the Group's risk management framework. Further explanation on management of risk factors is provided in the risk section of the Strategic report.

The Group's principal financial instruments comprise trade and other receivables, unbilled revenue, cash and cash equivalents, trade and other payables, bank borrowings and capital contributions from partners.

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables. Credit checks are performed for new clients and ongoing monitoring takes place for existing clients. A provision is carried for doubtful debtors.

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 maintains 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 retirement of the Member), undistributed profits, cash and bank borrowing facilities.

The Group's principal facility is a £95m (2020: £80m) revolving credit facility ('RCF'). Details of amounts drawn can be found in note 19. Management maintain rolling twelve-month cash flow and covenant forecasts to ensure visibility of short term liquidity and manage facility usage, in addition to annual budgets and longer-term planning. The RCF facility matures in 2023 and there are no contracted repayments until that date. The Group anticipates continued utilisation of the facility to fund working capital.

Note 1.3 sets out changes to the financial covenants attached to the RCF held with the Group's banking syndicate.

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. The variable rates are linked to LIBOR plus a margin.

Foreign currency risk

The Group has overseas operations in Europe, Middle East, Asia, Australia, 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.

Capital risk

The capital structure of the Group consists of net debt, as disclosed in note 29, and equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to provide optimal returns for shareholders. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Group.

Fair value measurement

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 term 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 statement of financial position.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

21 Financial instruments continued

	Notes	2021 £'000	2020 £'000
Cash and cash equivalents	16	34,580	28,727
<i>Measured at amortised cost:</i>			
Trade and other receivables	15	173,043	187,409
<i>Fair value through the profit or loss:</i>			
Investments	14	227	254
Total financial assets		207,850	216,390
<i>Measured at amortised cost:</i>			
Trade and other payables	17	67,647	68,136
Lease liabilities	18	84,002	84,678
Borrowings	19	94,747	93,589
Amounts due to members of partnerships in the Group	30	31,492	35,852
Total financial liabilities		277,888	282,255

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 year, 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 statement of financial position date would have increased / (decreased) equity and income statement by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position 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 instruments 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 on the results in the income statement and equity would be:

	2021 £'000	2020 £'000
Impact on profit or loss and equity	(912)	(704)

A decrease of 100 basis points in interest rates would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant. There would be negligible impact on gross assets.

Foreign exchange rate sensitivity

A 10% weakening of the following currencies against pound sterling would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position 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, Canadian Dollar, Polish Zloty, Qatari Riyal and Indian Rupee.

The impact on the results would be:

	2021 £'000	2020 £'000
Impact on equity	1,427	(1,504)
Impact on profit or loss	4,073	620
Impact on gross assets	(9,269)	(10,233)
Impact on gross liabilities	10,696	8,729

10% strengthening of the above currencies against the pound sterling would have had the following effect on the results:

	2021 £'000	2020 £'000
Impact on equity	(1,744)	1,838
Impact on profit or loss	(4,978)	(758)
Impact on gross assets	11,330	12,507
Impact on gross liabilities	(13,074)	(10,669)

22 Deferred taxation

The deferred tax asset is as follows:

	2021 £'000	2020 £'000
Assets		
Balance at the beginning of year	3,522	933
Acquired	-	86
Deferred tax debit recognised directly in equity	193	(198)
Deferred tax credit in the income statement for the year	1,092	2,423
Exchange rate translation	(158)	278
Balance at the end of year	4,649	3,522

Deferred tax assets of £4.6m have been recognised in respect of tax depreciation timing differences (£1.2m), expected tax deductions for share-based payments (£2.4m), tax losses in the UK, USA, Spain and Poland (£0.8m) and other temporary differences (£0.2m). It is anticipated that the Group and certain related subsidiary undertakings will make sufficient taxable profit to allow the benefit of the deferred tax asset to be utilised. A potential deferred tax asset of £5.2m (2020: £0.7m) has not been recognised relating to tax losses in subsidiary undertakings that are not anticipated to make sufficient taxable profit to allow the benefit of the deferred tax asset to be utilised.

The deferred tax liability as at 30 April 2021 is as follows:

	2021 £'000	2020 £'000
Non-current liabilities		
Balance at beginning of year	8,884	-
Arising on acquisition intangibles	-	9,250
Deferred tax credit in the income statement for the year	(1,427)	(366)
Exchange rate translation	127	-
Balance at the end of year	7,584	8,884

The Group deferred tax liability relates to the recognition of acquired intangible assets arising on consolidation.

23 Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Treasury shares £'000	Total £'000
At 1 May 2019	300,000,000	3,000	63,167	-	66,167
Shares issued in acquisition of Rousaud Costas Duran S.L.P.U	19,525,927	195	19,037	(20)	19,212
Shares issued in acquisition of Mindcrest Inc.	5,028,726	51	6,406	-	6,457
At 30 April 2020	324,554,653	3,246	88,610	(20)	91,836
Purchase of treasury shares	-	-	-	(109)	(109)
At 30 April 2021	324,554,653	3,246	88,610	(129)	91,727

The Group has 30,162,231 (2020: 31,400,161) shares held in treasury.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

24 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount subscribed for share capital in excess of the nominal value.
Treasury shares	The treasury shares reserve represents shares in DWF Group plc held by the Group's share trusts. The trusts are consolidated in the Group's financial statements.
Merger reserve*	The difference between the nominal value of shares acquired by the Company in the share for share exchange with the former DWF LLP members and the nominal value of shares issued to acquire them.
Share-based payments reserve*	The cumulative share-based payment expense net of release of amounts in respect of option exercised.
Translation reserve*	Gains / losses in translating the net assets of overseas operations into GBP.
(Accumulated losses) / retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

* These reserves are combined on the face of the Consolidated Statement of Financial Position and presented as 'Other reserves'.

25 Share-based payments

Charge to the income statement

The Group operates two share-based payment plans, both of which are equity settled.

The charge to the income statement is set out below:

	2021 £'000	2020 £'000
Share plans:		
Equity incentive plan (EIP)	24,098	5,503
Buy-as-you-earn plan (BAYE)	3,720	6,096
	27,818	11,599
Social security expenses	692	971
Total expense	28,510	12,570

Share-based payments ("SBP") movement in 2021:

	SBP expense £'000	SBP reserve £'000	Accumulated losses £'000	Prepayments
DWF-RCD acquisition	15,176	–	–	(15,176)
Share-based payment schemes	12,642	(12,642)	–	–
Recycling of vested shares	–	9,429	(9,429)	–
Social security expenses	692	–	–	–
Total movement	28,510	(3,213)	(9,429)	(15,176)

Share-based payments ("SBP") movement in 2020:

	SBP expense £'000	SBP reserve £'000	Accumulated losses £'000	Prepayments
DWF-RCD acquisition	2,980	–	–	(2,980)
Share-based payment schemes	8,619	(8,619)	–	–
Recycling of vested shares	–	–	–	–
Social security expenses	971	–	–	–
Total movement	12,570	(8,619)	–	(2,980)

The shares awarded as part of the purchase price for the acquisition of Spain in the prior year are included in the charge to the income statement. The charge for 2021 includes the accelerated expense as a result of the modification to the acquisition agreement (see Note 10).

The portion of the share-based payment expense that relates to the acquisition of DWF-RCD is credited to prepayments. As disclosed in Note 10 the acquisition agreement was modified on 22 January 2021 and subsequently the remaining share-based payment charge relating to the acquisition was expensed in 2021 and the prepayment was released in full.

Details of Directors' share awards are set out in the Directors' Remuneration report. In addition to Directors, some of the senior management team received EIP share awards.

Within each plan, grants are made to eligible employees through one of several schemes as described below.

Share awards under the DWF Group plc 2020 EIP – IPO award

At IPO, awards were granted consisting of conditional and restricted share awards made to a limited number of the senior management team.

Movements in the number of shares outstanding and their exercise prices are set out below:

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2020	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Number of shares for which awards outstanding 30 April 2021
2018/19	1.25	Nil	September 2020	671,303	–	654,910	16,393	–
2018/19	1.25	Nil	July 2021	671,304	–	–	13,114	658,190
2018/19	1.25	Nil	July 2022	671,305	–	–	13,114	658,191
2018/19	1.25	Nil	July 2023	671,307	–	–	13,114	658,193
2018/19	1.25	Nil	July 2024	671,360	–	–	13,118	658,242

The weighted average fair value of awards granted is £1.25 per award.

The EIP IPO awards were valued using the Black Scholes method with the following assumptions:

- Expected volatility is not applicable
- Expected life (years) 3.3 (average life across the tranches granted)
- Expected dividend yield (%) Nil

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is an entitlement to receive dividends or dividend equivalents. Management estimate that 80% of performance conditions are met and that there is on average 14% attrition.

Share awards under the DWF Group PLC EIP – Career level 1-3 award

This scheme is to incentivise senior employees for performance and additional contribution to the Group. Additionally, as part of the RCD acquisition, shares are ring-fenced for future grant to employees of the acquired business which fall under this award.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

25 Share-based payments continued

In August 2019, awards were granted to incentivise senior employees and, in both January 2020 and April 2020, awards were granted to incentivise RCD employees.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2020	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Number of shares for which awards outstanding 30 April 2021
2019/20	1.19	Nil	Aug-2020	640,389	-	616,604	23,785	-
2019/20	1.19	Nil	Aug-2021	640,372	-	-	90,486	549,886
2019/20	1.19	Nil	Aug-2022	640,355	-	-	100,606	539,749
2019/20	1.19	Nil	Aug-2023	640,346	-	-	101,628	538,718
2019/20	1.19	Nil	Aug-2024	640,331	-	-	102,244	538,087
2019/20	1.24	Nil	Sep-2020	143,668	-	143,668	-	-
2019/20	1.24	Nil	Jan-2021	318,970	-	318,970	-	-
2019/20	1.24	Nil	Jul-2021	431,426	-	-	-	431,426
2019/20	1.24	Nil	Jan-2022	318,960	-	-	-	318,960
2019/20	1.24	Nil	Jul-2022	431,426	-	-	-	431,426
2019/20	1.24	Nil	Jan-2023	318,950	-	-	-	318,950
2019/20	1.24	Nil	Jul-2023	431,426	-	-	-	431,426
2019/20	1.24	Nil	Jan-2024	318,945	-	-	-	318,945
2019/20	1.24	Nil	Jul-2024	431,426	-	-	-	431,426
2019/20	1.24	Nil	Jan-2025	318,940	-	-	-	318,940
2019/20	1.24	Nil	Jul-2025	287,757	-	-	-	287,757
2019/20	0.85	Nil	Sep-2020	42,600	-	42,600	-	-
2019/20	0.85	Nil	Jul-2021	127,900	-	-	7,000	120,900
2019/20	0.85	Nil	Jul-2022	127,900	-	-	7,000	120,900
2019/20	0.85	Nil	Jul-2023	127,900	-	-	7,000	120,900
2019/20	0.85	Nil	Jul-2024	127,900	-	-	7,000	120,900
2019/20	0.85	Nil	Jul-2025	85,300	-	-	4,668	80,632
2020/21	0.65	Nil	Sep-2020	-	614,778	614,778	-	-
2020/21	0.72	Nil	Sep-2025	-	2,190,320	-	-	2,190,320
2020/21	0.71	Nil	Jul-2021	-	1,008,937	-	22,648	986,289
2020/21	0.71	Nil	Jul-2022	-	1,008,914	-	22,648	986,266
2020/21	0.71	Nil	Jul-2023	-	1,008,880	-	22,645	986,235
2020/21	0.71	Nil	Jul-2024	-	1,008,859	-	22,643	986,216
2020/21	0.71	Nil	Jul-2025	-	1,008,834	-	22,642	986,192
2020/21	0.81	Nil	Feb-2021	-	4,832	4,832	-	-
2020/21	0.81	Nil	Jul-2021	-	14,500	-	-	14,500
2020/21	0.81	Nil	Dec-2021	-	609,591	11,210	7,456	590,925
2020/21	0.81	Nil	Jul-2022	-	14,500	-	-	14,500
2020/21	0.81	Nil	Dec-2022	-	609,583	11,208	7,456	590,919
2020/21	0.81	Nil	Jul-2023	-	14,500	-	-	14,500
2020/21	0.81	Nil	Dec-2023	-	609,572	11,208	7,455	590,909
2020/21	0.81	Nil	Jul-2024	-	14,500	-	-	14,500
2020/21	0.81	Nil	Dec-2024	-	609,558	11,208	7,454	590,896
2020/21	0.81	Nil	Jul-2025	-	9,668	-	-	9,668
2020/21	0.81	Nil	Dec-2025	-	609,551	4,144	14,518	590,889
2020/21	0.82	Nil	Jul-2021	-	64,482	-	-	64,482
2020/21	0.82	Nil	Jul-2022	-	64,482	-	-	64,482
2020/21	0.82	Nil	Jul-2023	-	64,481	-	-	64,481
2020/21	0.82	Nil	Jul-2025	-	64,479	-	-	64,479

The weighted average fair value of awards granted is £1.00 per award.

Career level 1-3 award awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 45.7 (average volatility across the tranches granted)
- Expected life (years) 3.0 (average life across the tranches granted)
- Expected dividend yield (%) Nil

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index for awards granted prior to this year, as there was insufficient trading history in the Groups' shares, and by the period for which the share price history is available for awards granted this year. The expected life used is the vesting date of the award. There is an entitlement to receive dividends or dividend equivalents on the awards. Management estimate that 80% of performance conditions are met and there is an average of 23% attrition over the vesting period.

Share awards under the DWF Group PLC EIP – Long-Term Incentive Plan ('LTIP')

The Group incentivises its Executive Board with long-term reward based on challenging performance targets. Awards were granted to the Executive Board members in the year.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2020	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Number of shares for which awards outstanding 30 April 2021
2019/20	1.19	Nil	Aug-2022	2,588,493	-	-	930,671	1,657,822
2020/21	0.71	Nil	Jul-2023	-	4,862,172	-	252,880	4,609,292
2020/21	0.71	Nil	Jul-2023	-	294,183	-	84,293	209,890

The weighted average fair value of awards granted is £0.97 per award.

The LTIP free share awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 43.8 (average volatility across the tranches granted)
- Expected life (years) 3.0 (average life across the tranches granted)
- Expected dividend yield (%) 5.0

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index for awards granted prior to this year, as there was insufficient trading history in the Groups' shares, and by the period for which the share price history is available for awards granted this year. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents on the awards. Management estimate that 80% of performance conditions are met and there is 25% attrition over the vesting period.

Share awards under the DWF Group PLC EIP – Promotion award

The Group may incentivise its employees on promotion with a share award from this scheme.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2020	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Number of shares for which awards outstanding 30 April 2021
2019/20	1.19	Nil	Aug-2022	270,766	-	-	35,163	235,603
2019/20	1.24	Nil	Jan-2023	429,656	-	-	57,753	371,903
2020/21	0.71	Nil	Aug-2022	-	6,235	-	-	6,235
2020/21	0.71	Nil	Jan-2023	-	69,897	-	13,114	56,783
2020/21	0.71	Nil	Jul-2023	-	170,844	-	14,329	156,515
2020/21	0.81	Nil	Dec-2023	-	650,357	-	56,519	593,838
2020/21	0.71	Nil	Aug-2022	-	6,235	-	-	6,235

The weighted average fair value of awards granted is £1.01 per award.

The promotion share awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 44.0 (average volatility across the tranches granted)
- Expected life (years) 3.0 (average life across the tranches granted)
- Expected dividend yield (%) 5.0

Consolidated notes to the financial statements continued

Year ended 30 April 2021

25 Share-based payments continued

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index for awards granted prior to this year, as there was insufficient trading history in the Groups' shares, and by the period for which the share price history is available for awards granted this year. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents on the awards. Management estimate that 80% of performance conditions are met and there is 25% attrition over the vesting period.

Share awards under the DWF Group plc BAYE – IPO award

At IPO, awards were granted to eligible employees.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2020	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Number of shares for which awards outstanding 30 April 2021
2018/19	1.25	Nil	Sep-2020	4,647,516	–	4,404,945	242,571	–
2018/19	1.25	Nil	Jul-2021	4,641,308	–	–	640,907	4,000,401
2019/20	1.19	Nil	Sep-2020	193,563	–	181,961	11,602	–
2019/20	1.19	Nil	Jul-2021	193,524	–	–	51,231	142,293

The weighted average fair value of awards granted is £1.25 per award.

The BAYE IPO awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility is not applicable
- Expected life (years) 1.5 (average life across the tranches granted)
- Expected dividend yield (%) 5.0

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents on the awards. Management estimate there is 25% attrition over the vesting period.

Share awards under the DWF Group plc BAYE – free-share award

The Group incentivises its employees for additional contributions from this scheme.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2020	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Number of shares for which awards outstanding 30 April 2021
2019/20	1.19	Nil	Sep-2020	88,636	–	78,132	10,504	–
2019/20	1.19	Nil	Jul-2021	88,633	–	–	18,067	70,566
2019/20	1.24	Nil	Jan-2021	97,304	–	75,502	21,802	–
2019/20	1.24	Nil	Jan-2022	97,310	–	–	21,803	75,507
2020/21	0.71	Nil	Jul-2021	–	730,754	–	29,764	700,990
2020/21	0.71	Nil	Jul-2022	–	729,363	–	28,293	701,070
2020/21	0.81	Nil	Jul-2021	–	64,378	–	–	64,378
2020/21	0.81	Nil	Jul-2022	–	64,385	–	–	64,385
2020/21	0.82	Nil	Dec-2021	–	68,199	–	–	68,199
2020/21	0.82	Nil	Dec-2022	–	68,188	–	–	68,188

The weighted average fair value of awards granted is £0.85 per award.

The BAYE free-share awards were valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 50.8 (average volatility across the tranches granted)
- Expected life (years) 1.5 (average life across the tranches granted)
- Expected dividend yield (%) 5.0

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index for awards granted prior to this year, as there was insufficient trading history in the Groups' shares, and by the period for which the share price history is available for awards granted this year. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents. Management estimate there is 25% attrition over the vesting period.

Share awards under the DWF Group plc BAYE – Share incentive plan matching award ('SIP matching award')

The Group offers its employees the opportunity to actively buy shares in DWF Group plc and become an investor in the business.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2020	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Number of shares for which awards outstanding 30 April 2021
2020/21	0.71	Nil	Oct-2022	–	135,666	–	3,784	131,882

The weighted average fair value of these awards granted during the period was £0.71 per award.

The BAYE SIP matching awards were valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 43.1 (average volatility across the tranches granted)
- Expected life (years) 2.0
- Expected dividend yield (%) 5.0

Expected volatility was determined by reference to the period for which the share price history is available. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents. Management estimate there is 25% attrition over the vesting period.

26 Related parties and ultimate controlling party

By virtue of being on the Executive Boards of DWF Law LLP and DWF LLP, Jason Ford is a related party of the Company. In July 2017, July 2018, July 2019 and July 2020, loan agreements (the "July 2017 Loan Agreement", "July 2018 Loan Agreement", "July 2019 Loan Agreement" and "July 2020 Loan Agreement", respectively) were made between DWF LLP (in 2017 and 2018) and DWF Law LLP (in 2019 and 2020) and six former directors of Triton Global Limited, including Jason Ford (who at the time of the agreements was a member of DWF LLP (and DWF Law LLP from March 2019)) (together, the "Borrowers"). As at 30 April 2021, the total aggregate outstanding loan amount owed by the Borrowers to DWF LLP under the July 2017 Loan Agreement and July 2018 Loan Agreement and to DWF Law LLP under the July 2019 Loan Agreement and July 2020 Loan Agreement was £985,000 (30 April 2020: £692,000). 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. The outstanding loan amount owed by Jason Ford to DWF LLP as at 30 April 2021 was £100,000 (30 April 2020: £100,000).

In September 2020, DWF Group plc granted a restricted share award of 1,903,928 ordinary shares (the "Growth Shares") to Jason Ford subject to a Restricted Share Agreement (30 April 2020: no shares). Pursuant to the restricted share agreement under which the award was granted, the Growth Shares will be held in trust until either the Group's share price hits a predetermined value or five years passes (whichever is sooner) at which point the shares will be sold to the market and used to settle Jason Ford's liabilities due to the Group.

In the opinion of the Directors, there is no controlling party of DWF Group plc.

27 Key management personnel

Compensation paid to key management personnel

	2021 £'000	Restated 2020 £'000
Remuneration of the PLC Board		
Short-term employee benefits	2,263	1,420
Post-employment benefits	71	60
Loss of office	526	–
Share-based payments	1,078	633
	3,937	2,112

Key management personnel comprise of the PLC Board of Directors and Executive Board. The amount paid to the highest paid member of key management was £821,000 (2020: £574,000). The restatement of the prior period corrects the share based payment amount which was previously reported in error as £1,328,000.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

28 Employee information and their pay and benefits

The average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, and the aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Legal advisers	2,405	1,980
Support staff	1,265	1,341
	3,670	3,321

	£'000	Restated £'000
Wages and salaries	192,493	170,796
Social security costs	11,528	11,970
Contributions to defined contribution plans	6,822	6,689
	210,843	189,455

The wages and salaries for the year ended 2020 have been restated as the cost previously included a full year of wages and salaries for the acquired DWF-RCD business, but should only have included the costs from the date of acquisition to the year end.

Defined contribution plans

The Group operates defined contribution pension plans. The amounts charged to the income statement in respect of the scheme represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution scheme was £6,822,000 at 30 April 2021 (30 April 2020: £6,689,000) and the outstanding balance at year end was £936,000 at 30 April 2021 (30 April 2020: £979,000).

29 Cash generated from operations**a) Cash generated in operations before adjusting items**

	£'000	Re-presented £'000
Cash flows from operating activities		
(Loss) / profit before tax including loss from discontinued operations	(30,600)	13,897
<i>Adjustments for:</i>		
Impairment	4,595	1,036
Amortisation of acquired intangible assets	4,609	1,510
Depreciation of right-of-use asset	11,977	11,580
Other depreciation and amortisation	6,989	6,175
Gain on bargain purchase	-	(25,084)
Gain on disposal of leases and investments	(798)	-
Non-underlying items	27,101	7,632
Share-based payments expense	27,818	11,599
Interest payable on leases	2,284	2,047
Net finance expense	2,682	1,905
Operating cash flows before movements in working capital	56,657	32,297
Decrease / (increase) in trade and other receivables	13,120	(18,726)
(Decrease) / increase in trade and other payables	(176)	16,258
Decrease in provisions	(296)	(2,873)
Decrease in amounts due to members of partnerships in the Group	(4,144)	(4,771)
Cash generated in operations before adjusting items	65,161	22,185

Analysis of cash and cash equivalents and other interest bearing loans and borrowings:

	1 May 2020 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	30 April 2021 £'000
Cash and cash equivalents	28,727	6,236	(383)	–	34,580
Bank loans	(93,279)	1,069	(205)	(2,129)	(94,544)
Supplier payments facility	(310)	23,144	–	(23,038)	(204)
Total net debt (excluding IFRS 16)	(64,862)	30,449	(588)	(25,167)	(60,168)

	1 May 2019 £'000	Re-presented Cash flow £'000	Exchange movement £'000	Re-presented Non-cash movement £'000	Re-presented 30 April 2020 £'000
Cash and cash equivalents	10,822	17,943	(38)	–	28,727
Bank loans	(43,851)	(48,622)	–	(806)	(93,279)
Supplier payments facility	(2,283)	17,517	–	(15,544)	(310)
Total net debt (excluding IFRS 16)	(35,312)	(13,162)	(38)	(16,350)	(64,862)

Net debt including lease liabilities is £144,169,000 (2020: £149,540,000).

b) Free cash flows

	2021 £'000	Re-presented 2020 £'000
Free cash flows		
Operating cash flows before movements in working capital	56,657	32,297
Net working capital movement	12,648	(5,341)
Amounts due to members of partnerships in the Group	(4,144)	(4,771)
Cash generated from operations before adjusting items	65,161	22,185
Net interest paid	(5,064)	(4,192)
Tax paid	(3,155)	(4,309)
Repayment of lease liabilities	(14,191)	(12,654)
Purchase of property, plant and equipment	(4,001)	(3,520)
Purchase of other intangible assets	(6,635)	(4,116)
Free cash flows	32,115	(6,606)

c) Working capital measures

	2021 £'000	2020 £'000
WIP days		
Amounts recoverable from clients in respect of unbilled revenue	66,671	64,379
Unbilled disbursements	9,437	8,501
Total WIP	76,108	72,880
Annualised net revenue	338,130	330,340
WIP days	82	81
Debtor days		
Trade receivables (net of allowance for doubtful receivables)	91,185	108,727
Other receivables	4,898	4,950
Total debtors	96,083	113,677
Annualised net revenue	338,130	330,340
Debtor days	104	125
Gross lock-up days		
Total WIP	76,108	72,880
Total debtors	96,083	113,677
Total gross lock-up	172,191	186,557
Annualised net revenue	338,130	330,340
Gross lock-up days	186	206

Annualised net revenue reflects the total net revenue for the previous 12-month period inclusive of pro-forma adjustments for acquisitions and discontinuations.

Consolidated notes to the financial statements continued

Year ended 30 April 2021

30 Amounts due to members of partnerships in the Group

Amounts due to members of partnerships in the Group comprise unallocated reserves within equity, Members' capital and other amounts due to Members classified as liabilities as follows:

	Members' capital £'000	Other amounts due to Members £'000	Total amounts due to Members of partnerships in the Group £'000
At 1 May 2020	13,231	22,621	35,852
Members' remuneration charged as an expense	-	41,361	41,361
Unrealised foreign exchange translation differences	(46)	(333)	(379)
Capital introduced by Members	4,276	-	4,276
Repayments of capital	(4,113)	-	(4,113)
Drawings	-	(45,505)	(45,505)
At 30 April 2021	13,348	18,144	31,492

	Members' capital £'000	Other amounts due to Members £'000	Total amounts due to Members of partnerships in the Group £'000
At 1 May 2019	10,679	27,392	38,071
Members' remuneration charged as an expense	-	38,808	38,808
Capital introduced by Members	5,938	-	5,938
Repayments of capital	(3,386)	-	(3,386)
Drawings	-	(43,579)	(43,579)
At 30 April 2020	13,231	22,621	35,852

The average number of members during the year was as follows:

	2021	2020
Average number of Members of partnerships held by the Group during the year	373	366

31 Events after the reporting period

The following events occurred after 30 April 2021 and before the approval of the Annual Report and Accounts:

- On 24 May 2021, the Group acquired Zing365 Holdings Limited, a compliance training business based in the UK. The purchase price was £1.8m (subject to working capital and net debt adjustments) comprised of £0.8m initial cash consideration, £0.8m share consideration subject to a phased release over a three-year lock-up period and the assumption of £0.2m in debt.
- On 25 May 2021, the Group acquired BCA Claims & Consulting Limited, a Canadian insurance claims and loss adjusting business. The purchase price was C\$3.8m (£2.2m) cash consideration of which C\$1.5m (£0.9m) was paid at completion and C\$2.2m (£1.3m) is payable over 2 years following completion.

Company statement of financial position

As at 30 April 2021

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	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments	2	247,281	235,605
Total non-current assets		247,281	235,605
Current assets			
Trade and other receivables	3	170,096	156,201
Cash at bank and in hand		113	123
Total current assets		170,209	156,324
Total assets		417,490	391,929
Current liabilities			
Trade and other payables	4	7,389	9,338
Total current liabilities		7,389	9,338
Non-current liabilities			
Other interest-bearing loans and borrowings	5	90,445	79,334
Total non-current liabilities		90,445	79,334
Total liabilities		97,834	88,672
Net assets		319,655	303,257
Equity			
Share capital	6	3,246	3,246
Share premium	6	88,610	88,610
Share-based payments reserve		12,885	9,672
Retained earnings		214,914	201,729
Total equity		319,655	303,257

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The profit for the year to 30 April 2021 was £10,277,000 (2020: loss of £12,886,000).

These financial statements of DWF Group plc (registered number: 11561594) were approved by the Board on 21 July 2021.

Notes 1 to 10 are an integral part of these financial statements.

Nigel Knowles

Sir N Knowles
Group Chief Executive Officer

Chris Stefani

C J Stefani
Chief Financial Officer

Company statement of changes in equity

Year ended 30 April 2021

	Share capital £'000	Share premium £'000	Share- based payments reserve £'000	Retained earnings £'000	Total equity £'000
1 May 2020	3,246	88,610	9,672	201,729	303,257
Profit for the year	-	-	-	10,277	10,277
Total comprehensive income	3,246	88,610	9,672	212,006	313,534
Dividends paid	-	-	-	(6,521)	(6,521)
Share-based payments	-	-	3,213	9,429	12,642
At 30 April 2021	3,246	88,610	12,885	214,914	319,655

	Share capital £'000	Share premium £'000	Share- based payments reserve £'000	Retained earnings £'000	Total equity £'000
1 May 2019	3,000	63,167	1,053	224,426	291,646
Loss for the year	-	-	-	(12,886)	(12,886)
Total comprehensive expense	-	-	-	(12,886)	(12,886)
Issue of share capital	246	25,443	-	-	25,689
Dividends paid	-	-	-	(9,811)	(9,811)
Share-based payments	-	-	8,619	-	8,619
At 30 April 2020	3,246	88,610	9,672	201,729	303,257

Notes 1 to 10 are an integral part of these financial statements.

Company notes to the financial statements

Year ended 30 April 2021

1 Accounting policies

General information and basis of accounting

DWF Group plc (the 'Company'), is a public limited company incorporated on 10 September 2018, domiciled in the United Kingdom under the Companies Act 2006, and registered in England. The registered office is 20 Fenchurch Street, London, EC3M 3AG.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('IFRS'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 101'). In these financial statements, DWF Group plc has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets, intangible assets, investment, and members' interest;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS;
- An additional statement of financial position for the beginning of the earliest comparative period following the retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36: Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3: Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13: Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

As the consolidated financial statements of the Group include the equivalent disclosures, DWF Group plc has also taken the exemptions under section 408(4) of the Companies Act 2006, not to present its individual income statement and related notes as part of these financial statements.

The accounting policy set out below has, unless otherwise stated, been applied consistently to all periods presented in the Company financial statements. The accounting policies in note 1 of the consolidated notes to the financial statements of DWF Group plc also apply to the parent company.

1.1 Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any impairment in value.

2 Investment

	2021 £'000	2020 £'000
Investments		
At the start of the year	235,605	227,428
Additions	11,676	8,177
At the end of the year	247,281	235,605

Additions in the year ended 30 April 2021 relate to, inter alia, the push down of the share-based payment expense to entities that the employees provide services to.

Company notes to the financial statements continued

Year ended 30 April 2021

3 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from subsidiary undertakings*	170,090	156,188
Prepayments	6	13
	170,096	156,201

* Amounts due from all subsidiaries are interest free, unsecured and repayable on demand.

4 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	54	520
Other payables	-	3
Other taxation and social security	646	1,386
Accruals	1,345	2,189
Amounts due to subsidiary undertakings*	5,344	5,240
	7,389	9,338

* Amounts due to subsidiary undertakings are interest free and repayable on demand

5 Other interest bearing loans and borrowings

Further details on the Company's revolving credit facility ('RCF') can be found in the consolidated financial statements note 19.

6 Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 May 2019	300,000,000	3,000	63,167	66,167
Shares issued in acquisition of Rousaud Costas Duran S.L.P.U	19,525,927	195	19,037	19,232
Shares issued in acquisition of Mindcrest Inc.	5,028,726	51	6,406	6,457
At 30 April 2020	324,554,653	3,246	88,610	91,856
At 30 April 2021	324,554,653	3,246	88,610	91,856

7 Employee information and Directors' remuneration

The Company had no employees (other than Directors) employed during the year. No Directors received remuneration in respect to services to the Company in the year (2020: £nil).

8 Related parties

The Company has taken the advantage of the exemption under FRS 101 paragraph 8 to not disclose the transactions between the wholly owned or controlled Group companies.

9 Ultimate parent company and parent company of Group

In the opinion of the Directors, there is no controlling party of DWF Group plc.

10 Events after the reporting period

The following events occurred after 30 April 2021 and before the approval of the Annual Report and Accounts:

On 24 May 2021, the Group acquired Zing365 Holdings Limited, a compliance training business based in the UK. The purchase price was £1.8m (subject to working capital and net debt adjustments) comprised of £0.8m initial cash consideration, £0.8m share consideration subject to a phased release over a three-year lock-up period and the assumption of £0.2m in debt.

On 25 May 2021, the Group acquired BCA Claims & Consulting Limited, a Canadian insurance claims and loss adjusting business. The purchase price was C\$3.8m (£2.2m) cash consideration of which C\$1.5m (£0.9m) was paid at completion and C\$2.2m (£1.3m) is payable over 2 years following completion.

Unaudited information

Appendix 1

Reconciliation to new global operating structure – year ended 30 April 2021

The following reconciliation shows how the year's revenue and gross profit would be presented under the new global operating structure:

	As reported for the year ended 30 April 2021 £'000	Impact of restructure £'000	As reported under new global operating structure effective 1 May 2021 £'000
Segment net revenue			
Legal Advisory	–	285,326	285,326
Commercial Services	110,667	(110,667)	–
Insurance Services	103,884	(103,884)	–
International	85,255	(85,255)	–
Connected Services	25,338	3,085	28,423
Mindcrest (FY2020/21: Managed Services)	12,986	11,395	24,381
Net revenue	338,130	–	338,130
Segment direct cost			
Legal Advisory	–	(137,487)	(137,487)
Commercial Services	(46,245)	46,245	–
Insurance Services	(51,560)	51,560	–
International	(49,012)	49,012	–
Connected Services	(14,406)	(1,819)	(16,225)
Mindcrest (FY2020/21: Managed Services)	(5,126)	(7,511)	(12,637)
Direct cost	(166,349)	–	(166,349)
Segment gross profit			
Legal Advisory	–	147,839	147,839
Commercial Services	64,422	(64,422)	–
Insurance Services	52,324	(52,324)	–
International	36,243	(36,243)	–
Connected Services	10,932	1,266	12,198
Mindcrest (FY2020/21: Managed Services)	7,860	3,884	11,744
Gross profit	171,781	–	171,781

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Unaudited information continued

Appendix 2

Reconciliation to operating structure during the year ended 30 April 2021 – re-presented year ended 30 April 2020

The following reconciliation shows how the prior year's revenue would be presented under the global operating structure for the year ended 30 April 2021:

	As reported for the year ended 30 April 2020 £'000	Realign the Managed Services division £'000	Realign NI and ROI practice groups £'000	As reported under the global operating structure effective for the year ended 30 April 2021 £'000
Segment net revenue				
Commercial Services	104,367	(3,957)	7,105	107,515
Insurance Services	95,838	-	4,737	100,575
International	76,165	-	(11,842)	64,323
Connected Services	20,861	-	-	20,861
Managed Services	-	3,957	-	3,957
Net revenue	297,231	-	-	297,231
Segment direct cost				
Commercial Services	(45,960)	1,642	(3,928)	(48,246)
Insurance Services	(49,726)	-	(2,619)	(52,345)
International	(45,188)	-	6,547	(38,641)
Connected Services	(14,123)	-	-	(14,123)
Managed Services	-	(1,642)	-	(1,642)
Direct cost	(154,997)	-	-	(154,997)
Segment gross profit				
Commercial Services	58,407	(2,315)	3,177	59,269
Insurance Services	46,112	-	2,118	48,230
International	30,977	-	(5,295)	25,682
Connected Services	6,738	-	-	6,738
Managed Services	-	2,315	-	2,315
Gross profit	142,234	-	-	142,234
Administrative expenses	(120,084)	-	-	(120,084)
Operating profit	22,150	-	-	22,150
Net finance expense	(1,905)	-	-	(1,905)
Interest payable on leases	(2,047)	-	-	(2,047)
Profit before tax	18,198	-	-	18,198
Taxation	(3,629)	-	-	(3,629)
Profit after tax	14,569	-	-	14,569

Glossary

Alternative Performance Measures ("APMs")

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"), additional information is provided on the APMs used by the Group below. In the reporting of financial information, the Group uses certain measures that are not required under IFRS.

These additional measures (commonly referred to as APMs) provide the Group's stakeholders with additional information on the performance of the business. These measures are consistent with those used internally, and are considered important and insightful to understanding the financial performance and financial health of the Group. The Group's APMs provide an important measure of how the Group is performing by providing a meaningful comparison of how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs may not be directly comparable with similar measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. All Income Statement measures are provided for continuing operations unless otherwise stated.

Changes to APMs

The Directors and management have redefined Adjusted Diluted Earnings per Share ("adjusted DEPS") to aid comparability and simplicity. The denominator reflects the aggregate of shares in issue and those shares held in trust, to represent a fully diluted EPS. In addition, the denominator for the Adjusted Earnings per Share ("adjusted EPS") has been made consistent to the basic EPS measure to provide further consistency to the statutory measure. The definition of adjusted DEPS and adjusted EPS are fully defined below.

APM

Net revenue

Closest equivalent statutory measure

Revenue

Definition and purpose

Revenue less recoverable expenses

Recoverable expenses do not attract a profit margin and can significantly vary month-to-month such that they may distort the link between Revenue and the performance of the Group. Net revenue is widely reported in the legal sector as the key measure reflecting underlying trading, and allows greater comparability with other legal businesses.

Reconciliation

	2021 £'000	2020 £'000
Revenue	400,948	356,612
Disbursements	(62,818)	(59,381)
Net revenue	338,130	297,231

APM

Adjusting items

Closest equivalent statutory measure

None

Definition and purpose

Those items which the Group excludes from its adjusted profit metrics in order to present a further measure of the Group's performance.

These include items which are significant in size or volatility or by nature are non-trading or non-recurring. This provides a comparison of how the business is managed and measured on a day-to-day basis and provides consistency and comparability between reporting periods.

Reconciliation

See note 2

Unaudited information continued

APM

Adjusted earnings before interest, tax, depreciation and amortisation ('adjusted EBITDA')

Closest equivalent statutory measure

Operating (loss) / profit

Definition and purpose

Operating profit adjusted for adjusting items detailed in note 2, and adding back depreciation and amortisation.

Adjusted EBITDA is a commonly used income statement metric to provide additional insight into the performance of the business for the year.

Reconciliation

	2021 £'000	2020 £'000
Operating (loss) / profit	(26,008)	22,150
Depreciation of right-of-use asset	11,977	11,580
Other depreciation and amortisation	7,004	6,175
Amortisation of intangible assets – acquired	4,609	1,510
Impairment	4,934	382
Gain on bargain purchase	-	(25,084)
Non-underlying items	27,168	7,632
Share based payments expense	28,510	12,570
Gain on investment	(23)	-
Adjusted EBITDA	58,171	36,915

APM

Adjusted profit before tax ("adjusted PBT")

Closest equivalent statutory measure

(Loss) / profit before tax

Definition and purpose

Profit before the impact of adjusting items and tax

Adjusted profit measures are used to provide a useful and consistent measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, further details of which can be found in note 2.

Note that Adjusted profit after tax ("adjusted PAT") is equivalent to adjusted earnings which is reconciled in note 8.

Reconciliation

	2021 £'000	2020 £'000
(Loss) / profit before tax	(30,974)	18,198
Adjusting items to (loss) / profit before tax (note 2)	65,198	(2,990)
Adjusted profit before tax	34,224	15,208

APM

Cost to income ratio

Closest equivalent statutory measure

Not applicable

Definition and purpose

Adjusted administrative expenses as detailed in note 2, divided by Net revenue as defined above.

After adjusting for significant items that are one-off in nature, the cost to income ratio can be a useful metric in assessing the levels of underlying operational gearing in the Group.

Reconciliation

	2021 £'000	2020 £'000
Net revenue	338,130	297,231
Adjusted administrative expenses (note 2)	132,591	123,074
Cost to income ratio	39.2%	41.4%

APM

Net debt

Closest equivalent statutory measure

Cash and cash equivalents less bank loans and supplier payments facility

Definition and purpose

Net debt comprises cash and cash equivalents less interest-bearing loans and borrowings (including the supplier payments facility).

Net debt is one measure that can be used to indicate the strength of the Group's Balance Sheet position and can be a useful measure of the indebtedness of the Group. This metric excludes the Group's lease liabilities in order to provide consistency with how the Group manages and reports its indebtedness and also providing consistency with the definition of Net debt under the Group's banking agreement.

Reconciliation

See note 29

APM

Gross lock-up days ("lock-up days")

Closest equivalent statutory measure

Not applicable

Definition and purpose

Gross lock-up days is comprised of work-in-progress ("WIP") days, representing the amount of time between performing work and invoicing clients; and debtor days, representing the length of time between invoicing and cash collection. WIP days is calculated by unbilled revenue divided by annualised net revenue multiplied by 365 days. Debtor days is calculated by trade receivables divided by annualised net revenue multiplied by 365 days. Pro-forma net revenue is the total net revenue for the previous 12 month period with adjustments for acquisitions and discontinuations.

Reconciliation

See note 29

Unaudited information continued

APM

Adjusted diluted earnings per share ("adjusted DEPS")

Closest equivalent statutory measure

Diluted earnings per share ("DEPS")

Definition and purpose

Adjusted earnings divided by adjusted weighted average number of ordinary shares, where:

Adjusted earnings is defined as (loss) / earnings from continuing operations adjusted for:

- non-underlying items;
- share-based payments expense;
- gain on bargain purchase;
- amortisation of acquired intangible assets;
- impairment;
- the tax effect of the above items; and

Adjusted weighted average number of ordinary shares is defined as the weighted average number of ordinary shares for the purpose of basic earnings per share, less the amount of shares held as treasury shares. Treasury shares consist of shares held in trust for the purpose of the future incentivisation of the Group's partners, employees, staff and consultants.

Whilst this metric is not prepared in accordance with IAS 33 'Earnings per Share', it is an important APM to provide the Group's stakeholders with a fully diluted EPS metric using the Group's adjusted earnings for the period that is consistent year on year.

Reconciliation

See note 8

APM

Adjusted earnings per share ("adjusted EPS")

Closest equivalent statutory measure

Basic EPS

Definition and purpose

Adjusted earnings divided by weighted average number of ordinary shares for the purposes of the basic earnings per share calculation.

This metric provides the Group's stakeholders with an EPS metric using the Group's adjusted profitability but with a denominator consistent with the statutory basic EPS measure that is undiluted.

Reconciliation

See note 8

APM

Underlying organic net revenue growth

Closest equivalent statutory measure

Revenue

Definition and purpose

Year on year growth of net revenue of any business unit that has been in the Group for at least 12 months, always excluding the first 12 months of any business unit that was acquired.

This metric allows the Group's stakeholders to compare net revenue performance without the impact of acquisitions, and therefore on a consistent basis with the prior year.

Reconciliation

Not applicable

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2021 Financial calendar

9 September 2021	Ex dividend date for the final dividend
10 September 2021	Record date to be eligible for the final dividend
28 September 2021	Annual General Meeting
8 October 2021	Payment date for the final dividend
December 2021	Announcement of interim results

Annual General Meeting ('AGM')

The AGM of the Company will be held at and be broadcast from 20 Fenchurch Street, London, United Kingdom, EC3M 3AG on 28 September 2021 at 2.00pm.

The Notice of AGM and a proxy form accompanies this Annual Report. You can also find the Notice of AGM on the Company's website at dwfgroup.com/en/investors.

Shareholder enquiries

The Company's share register is maintained by Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti as follows.

By post:

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA

UK Telephone:*

0371 384 2030

Overseas telephone:

+44 (0)121 415 7047

Online:

help.shareview.co.uk

(from here you can email Equiniti securely with your enquiry)

* Lines are open from 8.30am to 5.30pm UK time, Monday to Friday.

Direct credit of dividend payment

Dividends can be paid automatically into your bank or building society account. The benefits of doing this are that you will:

- receive cleared funds in your bank account on the payment date
- avoid postal delays
- remove the risk of your cheques getting lost in the post.

To take advantage of this service or for further details, contact Equiniti or visit shareview.co.uk

For overseas Shareholders, a separate dividend service provided by Equiniti enables those living overseas to have their dividend paid into their bank account, for a small fee. For further details please contact Equiniti or visit shareview.co.uk

Electronic communications

Shareholders can sign up for electronic communications online by registering with Shareview, the internet-based platform provided by our Registrars, Equiniti. In addition to enabling Shareholders to receive communications by email, Shareview

provides a facility for Shareholders to manage their shareholding online by allowing them to:

- receive trading updates by email
- view their shareholdings
- update their records – including change of address
- vote in advance of Company general meetings. To find out more about the services offered by Shareview please visit shareview.co.uk

Corporate website

Shareholders are encouraged to visit our website dwfgroup.com which provides:

- Company news and information
- our three offerings – Legal Advisory, Mindcrest and Connected Services
- the Company's approach to operating responsibly

There is also a specific investors' section which contains up-to-date information for Shareholders, including:

- comprehensive share price information
- financial results
- information on how to manage your shares
- dividend history and dividend calculator
- access to current and historical Shareholder documents, such as this Annual Report and Accounts and the AGM Notice of Meeting

Unsolicited telephone calls and correspondence

Shareholders should be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. These are typically from overseas 'brokers' who target UK or US shareholders, offering to sell them what often turns out to be worthless or high-risk shares. These operations are commonly known as boiler rooms, and the brokers can be very persistent and extremely persuasive.

Shareholders are advised to deal only with financial services firms that are authorised by the Financial Conduct Authority ('FCA'). You can check if a firm is properly authorised by the FCA by visiting fca.org.uk/register. If you do deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if anything goes wrong. For more detailed information on how you can protect yourself from an investment scam, or to report a scam, go to fca.org.uk/consumers/scams/report-scam-us or call 0800 111 6768.

Cautionary note regarding forward-looking statements

This Annual Report and Accounts contains certain forward-looking statements with respect to the Company's current targets, expectations and projections about future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, include all matters that are not historical facts and reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

Corporate information

Company name

DWF Group plc

Registered number

England 11561594

Secretary and registered office**Darren Drabble**

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20 Fenchurch Street
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companysecretary@dwf.law

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Registrar**Equiniti Limited**

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Principal UK bankers**HSBC UK Bank plc**

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Revive Silk is a white triple coated sheet, manufactured from FSC® Recycled certified fibre derived from 100% pre and post-consumer waste.

Manufactured in accordance with ISO certified standards for environmental, quality and energy management.

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