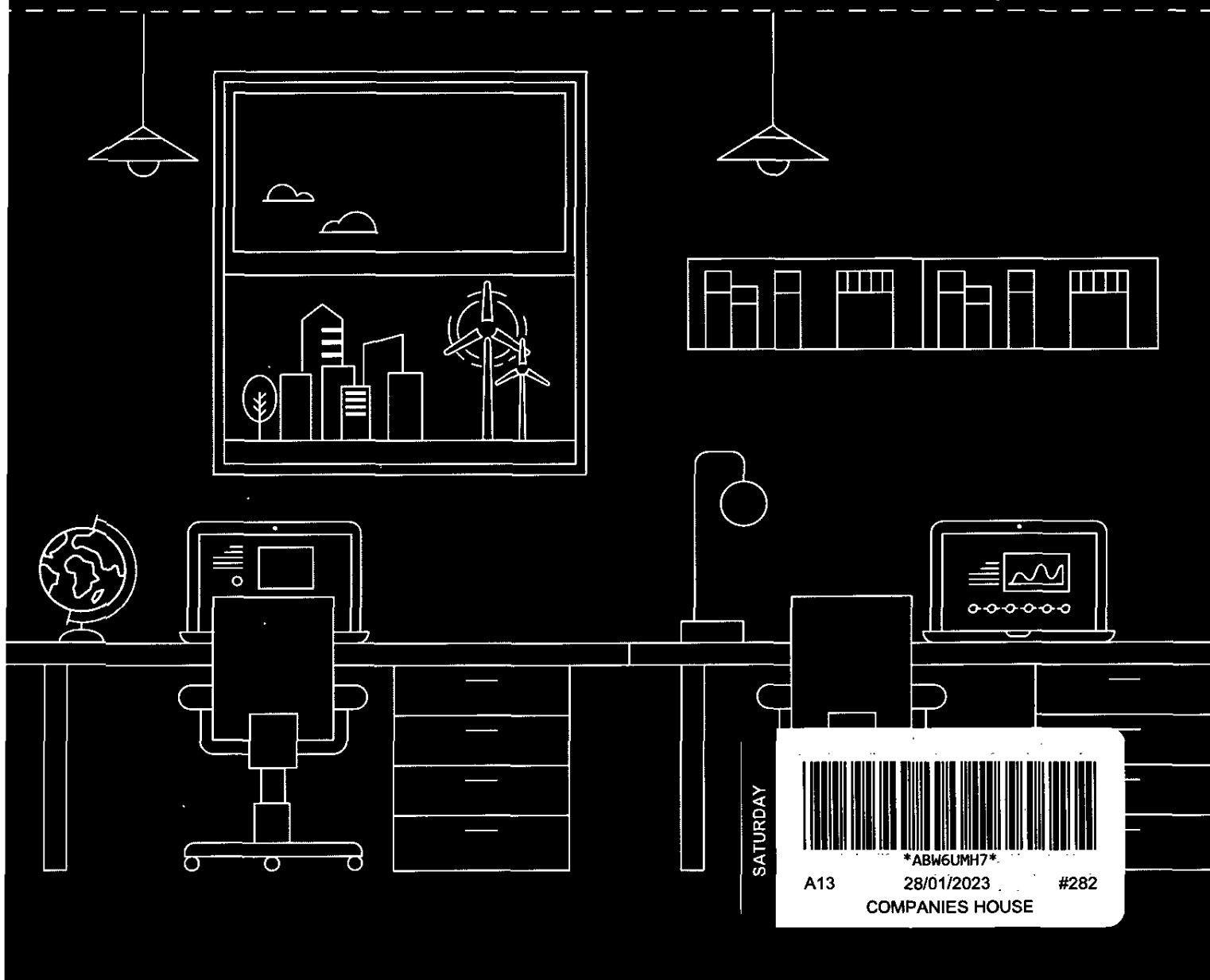




DWF Group plc
Annual Report and Accounts 2022

Stronger together, driving positive outcomes



Who we are

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

Our purpose

Delivering positive outcomes with our colleagues, clients and communities.

What we do

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.

How we do it

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.

01 Strategic report

- 01 Highlights of our year
- 02 Our business at a glance
- 03 Response to investor day
- 04 Chair's statement
- 05 Group Chief Executive Officer's review
- 06 Our market strategy
- 07 Our business model
- 08 Our business model – delivering positive outcomes
- 09 Our long-term profitable growth strategy
- 10 Our purpose
- 11 Our purpose – how it informs our business and our people
- 12 Our values in action
- 13 Our commitment to diversity and inclusion
- 14 Our commitment to the environment
- 15 Our commitment to social responsibility
- 16 Our commitment to the community
- 17 Our commitment to the future
- 18 Our commitment to the future – our vision
- 19 Our commitment to the future – our strategy
- 20 Our commitment to the future – our actions

57 Governance

- 57 Chair's governance overview
- 58 Board of Directors
- 60 Executive Board
- 61 Statement of compliance with the UK Corporate Governance Code 2018 (interim)
- 62 Board leadership and company purpose
- 63 Division of responsibilities
- 64 Composition, structure and evaluation
- 72 Nomination Committee report
- 73 Audit and internal control
- 75 Audit Committee report
- 85 Executive remuneration
- 86 Remuneration
- 87 Directors' Remuneration Report
- 88 Directors' report
- 89 Directors' responsibility statement

120 Financial statements

- 120 Independent Auditor's report to the members of DWF Group plc
- 125 Consolidated income statement
- 126 Consolidated statement of comprehensive income
- 127 Consolidated statement of financial position
- 128 Consolidated statement of changes in equity
- 129 Consolidated statement of cash flows
- 130 Consolidated notes to the financial statements
- 161 Company statement of financial position
- 162 Company statement of financial position
- 163 Company statement of financial position
- 164 Company statement of financial position
- 165 Company statement of financial position
- 166 Company statement of financial position
- 167 Company statement of financial position
- 168 Company statement of financial position
- 169 Company statement of financial position
- 170 Company statement of financial position

174 Other information

- 174 Other information
- 175 Other information
- 176 Other information

Highlights of our year



Global expansion

We announced a new association in Portugal and our first Connected Services association in Iberia and Latin America. We also opened a regional headquarters for business services in Riyadh and our fourth Spanish office, in Seville.



Client wins

We were appointed to 32 legal panels through FY2022, including to the UK central government legal services panel.

Financial highlights

Revenue

£416.1m

FY22	£416.1m
FY21	£400.9m
FY20	£356.6m

Profit / (loss) before tax

£22.3m

FY22	£22.3m
FY21	£(30.6)m
FY20	£18.2m

Cost to income ratio

38.4%

FY22	38.4%
FY21	39.2%
FY20	41.4%

Definition*

* See glossary to the financial statements for definitions of all adjusted measures

Net revenue

£350.2m

FY22	£350.2m
FY21	£338.1m
FY20	£297.2m

Definition*

Adjusted profit before tax

£41.4m

FY22	£41.4m
FY21	£34.2
FY20	£15.2m

Definition*

Lock-up days

179

FY22	179
FY21	184
FY20	206

Definition*

Non-financial highlights

Client net promoter score

+63

An increase from +49 driven by our ability to provide an integrated solution to our clients' challenges, in more markets than ever.

Launch of ESG Strategy

50%

We published our first Environmental, Social and Governance ('ESG') Strategy, with ambitious targets on climate and stretched targets to further improve Diversity & Inclusion. These included our commitment to reduce emissions by 50% by 2030, compared with 2019.

Colleague engagement survey score

76

Our engagement score remained 76, whilst the response rate increased by more than 10% with nearly 3,000 colleagues participating.

DWF Foundation

£317,725

awarded in grants in the past year

Our business at a glance

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

Legal Advisory

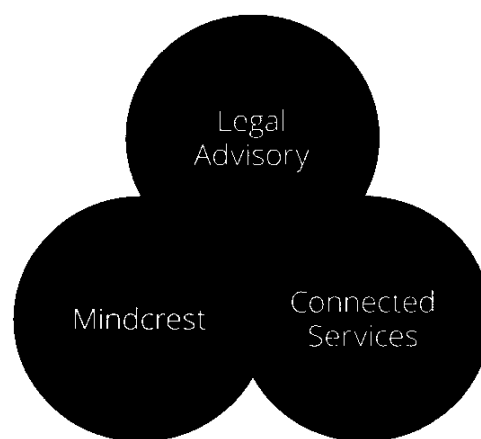
Premium legal advice and excellent client service. Our teams bring commercial intelligence and relevant industry experience.

Mindcrest

Outsourced and process-led alternative legal services 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.

Connected Services

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



We act with purpose:

To deliver positive outcomes with our colleagues, clients and communities

We have an ambitious and sector leading ESG Strategy with a proven track record of delivery

- We have a clear commitment to net-zero carbon emissions by 2040, with a target to reduce our Scope 1 and 2 emissions by 40% by 2030.
- We continue to invest ourselves to become a more diverse and inclusive firm, with a target to increase our female representation to 40% by 2030.
- We have a clear commitment to net-zero carbon emissions by 2040, with a target to reduce our Scope 1 and 2 emissions by 40% by 2030.

We are not just a law firm

- We are the world's only listed global legal business.
- We have a unique vision to become the leading global provider of integrated legal and business services, building a global professional services business whose DNA is rooted in law.
- We deliver this through our Integrated Legal Management approach. We are the only legal business to have acquired and launched Alternative Legal Services, Mindcrest, and Connected Services, a range of business services and legal technology products.
- We are a market leader in our core legal services, and in our emerging technology, legal services and business services offerings.

What does that mean for our colleagues?

- Working together with a strong sense of purpose. We know we can make a difference with each other, with our clients and with our communities.
- Being part of a pioneering business which is disrupting the legal sector.
- Enjoying future career opportunities on a global scale and outside of traditional law at the cutting edge of modern legal and business services.
- The opportunity to own shares in DWF from the early stages of our career.
- Being a market leader in our core legal services, and in our emerging technology, legal services and business services offerings.

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.

For more information, see pages 12 to 13

Net revenue by division*

	2022	2021
Legal Advisory	£292.0m (Revenue £355.1m)	£285.3m (Revenue £345.6m)
Mindcrest	£24.4m (Revenue £26.8m)	£24.4m (Revenue 26.6m)
Connected Services	£33.9m (Revenue £34.2m)	£28.4m (Revenue £28.8m)

* see glossary to the financial statements for the definition of net revenue

Where we operate

We continue to build our presence globally through acquisitions, associations and lateral hires. This year we opened in Seville, our fourth office in Spain, and we established a new regional headquarters for business services in the Middle East, through the launch of our office in Riyadh. We also established a new association in Portugal and we announced our first Connected Services association.

DWF offices

- Australia
- Canada
- France
- Germany
- India
- Ireland
- Italy
- Poland
- Qatar
- Spain
- UAE
- United Kingdom
- United States of America

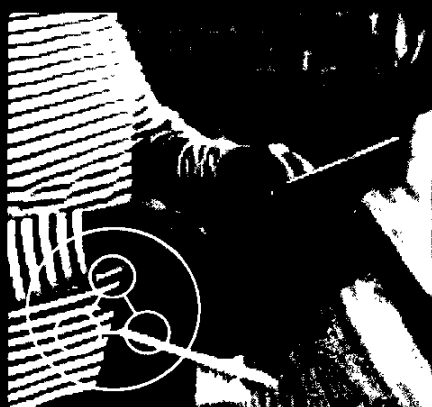
Associations

- Hong Kong
- Kingdom of Saudi Arabia
- Portugal
- Republic of Singapore
- Republic of South Africa
- Turkey
- United States of America

Reasons to invest in us

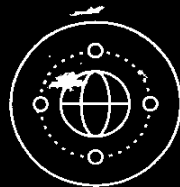
We are a leading global provider of integrated legal and business services.

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%.



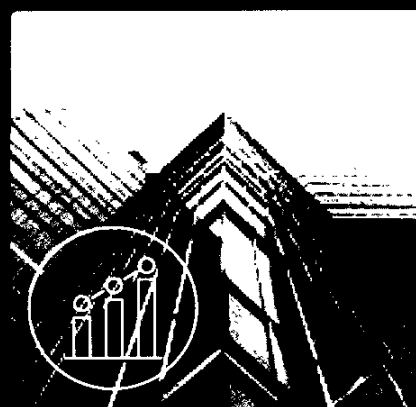
A unique, modern and integrated service platform

DWF's breadth of legal and business services and integrated platform create a unique and integrated service platform. Our integrated platform combines legal and business services, providing a seamless experience for our clients. This integrated platform is designed to meet the needs of our clients, providing a seamless experience for our clients.



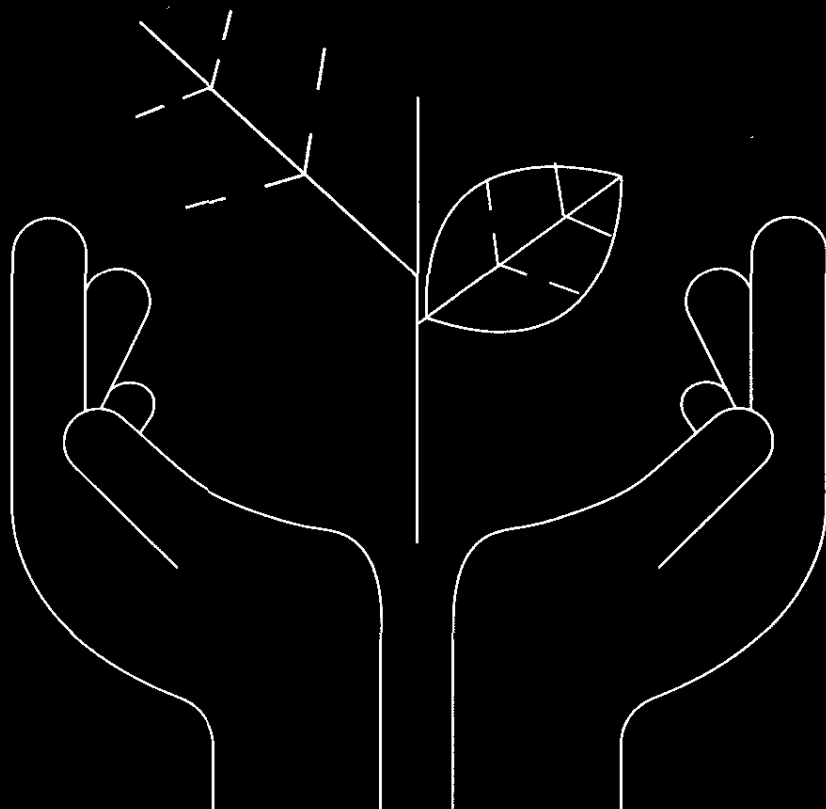
A global business with multi-jurisdictional expertise

A multi-jurisdictional business with multi-jurisdictional expertise. Our global business is designed to meet the needs of our clients, providing a seamless experience for our clients. This global business is designed to meet the needs of our clients, providing a seamless experience for our clients.



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

Our growth is underpinned by our high-quality recurring revenues from a diverse client base in our largest markets of insurance, financial services and technology. Our growth is underpinned by our high-quality recurring revenues from a diverse client base in our largest markets of insurance, financial services and technology.



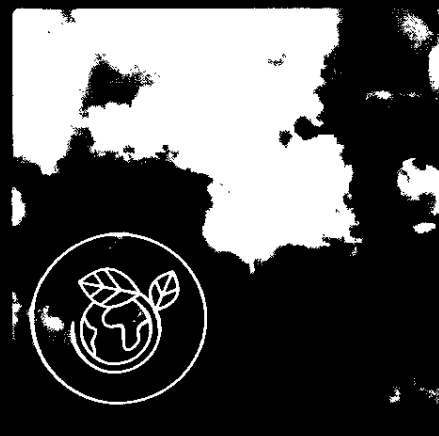
Talented and incentivised experts at the heart of everything we do

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 set a number of ambitious new targets to drive progress across our business, particularly in relation to climate action and equality, diversity and inclusion. These targets build on our established programmes and the actions we take 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 the market leader on ESG.

For more information, see pages 32 to 49



Chair's statement



“Our new global operating structure, which came into effect on 1 May 2021, is delivering the benefits of greater integration and alignment of our colleagues and services for the benefit of our clients.”

Jonathan Bloomer
Chair

Dear Shareholder,

I am delighted to welcome you to our Annual Report and Accounts for the year ended 30 April 2022. We have experienced another year of global volatility, with the economic recovery from COVID-19 impacted by inflationary pressures and the terrible events in Ukraine. Throughout this period, DWF has focused on living its purpose as we seek to deliver positive outcomes with our colleagues, clients and communities.

This focus on purpose is central to the culture of our business and a critical reason why we have performed well. I would like to offer my thanks, and the thanks of the whole Board, to all of our colleagues across the Group for their continued commitment, dedication and high-quality delivery throughout the year.

Group performance

In my statement in last year's Annual Report, I said that our FY2020/21 performance had provided the Group with a platform to deliver sustainable profitable growth. That has certainly proven the case this year, with both revenue and statutory profit growth and a further reduction in lock-up days, reflecting continued progress in improving our operational efficiency.

Our like-for-like net revenue growth rate of 7% is strong and sustainable (reported revenue growth is 4%). We have good momentum from the final quarter of FY2021/22 which has continued into this new financial year and so we look forward with optimism.

Our new global operating structure, which came into effect on 1 May 2021, is delivering the benefits of greater integration and alignment of our colleagues and services for the benefit of our clients. We see the impact of this with more of our largest clients interested in our ability to offer a global, Integrated Legal Management approach. We have secured a number of important client wins including the UK central government legal services panel, NHS Resolution, Allianz and LV=. We also saw a sharp rise in our Net Promoter Score, which Sir Nigel talks more about in his Q&A.

Leadership

It has been a year of stability, with no changes to the Board. I would like to thank all of our Board members for their time and focus throughout this year. I would particularly like to thank Seema Bains and Michele Cicchetti for their invaluable contributions and diversity of thought and experience as Partner Directors on the Board.

Culture

Our vision is to create a culture and working environment where all colleagues can contribute authentically at their highest level to create long-term value aligned to our purpose and vision. This means a sustainable business where everyone is included, engaged, valued and equipped with skills for today and the future.

We know from our colleague engagement survey, which saw an increase in respondents as compared with the last survey, that 89% feel treated with respect by their colleagues and 87% feel they can be themselves at work. For the first time, we asked colleagues if they feel supported to adopt a hybrid model of working. We were pleased to find that 83% do feel supported, which reflects the focus given to this topic as more and more of our colleagues work in this way.

Our overall colleague engagement score of 76 has remained consistent despite significant periods of change over the past two to three years, both in the business and in the general global economic and working environment.

We are proud that our main colleague recognition programme, The Rubie Awards, saw a record number of submissions this year. More than 800 colleagues took the time to nominate one of their peers for an award, whilst there were around 15,000 instant recognitions through our Achievers platform. This focus on colleague recognition is an important element of the culture we wish to create, ensuring everyone feels recognised, respected and thanked properly for their contribution to the overall success of the Group.

Culture is also at the heart of our workplace strategy. As we prepared for COVID-19 restrictions to ease across our locations, we consulted regularly with colleagues through surveys and workshops to ask them how, where and when they want to work. Their views and preferences have been reflected and now more of our colleagues than ever are benefiting from our hybrid working model, which continues to develop through our workplace strategy.

Our role in society

ESG has been one of the core areas of focus for the Board this year, with Kirsty Rogers, Group Head of ESG, joining us at our Board meetings on a regular basis to discuss progress in the formulation and delivery of our first global ESG Strategy. I am delighted that this strategy was published in December, with Shareholders provided with an opportunity to hear about it at our half-year presentation.

Through this strategy, we have committed to ambitious science-based targets to drive climate action and to stretch targets to further improve Diversity & Inclusion and social mobility.

Early actions taken since publication of our strategy include launching our ESG Client Policy and establishing our Risk & Sanctions Committee. We have also introduced D&I objectives for all people managers, secured approval of our climate targets from the Science-Based Targets initiative and achieved Bronze Standard from the Carbon Literacy Project.

We have also developed a programme of activities and resources to support colleagues' physical and mental health, led by the Group's Wellbeing Committee.

Stakeholders across the sector are holding legal services providers to account for their actions on ESG. Employees, clients, communities and regulators, expect firms to lead with purpose and to have a clear strategy for improving performance on ESG matters. DWF's own research has found that companies risk losing clients and talent if they have weak ESG performance.

ESG is a critical business issue, which is why we focus on it so closely.

I talk more about our purpose, values and culture in the Governance introduction on page 57. You can read more detail on our priorities and actions in our separate Sustainability Report and on pages 32 to 49.

Dividend

The Group's capital allocation policy prioritises 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 FY2021/22, the Board has proposed a final dividend of 3.25 pence per share, representing an increase of 8% on the final dividend paid last year and taking the total dividend for the year to 4.75 pence, reflecting a pay-out ratio of 44%. This pay-out ratio reflects a progressive dividend in absolute terms, but retains a proportion of FY2021/22 profits to invest in near-term growth opportunities. If approved by Shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on 7 October 2022 to all Shareholders on the register on 9 September 2022. Details of our dividend policy can be found on pages 25 and 116.

Remuneration Policy

Our Remuneration Policy is being put before Shareholders for approval at our forthcoming Annual General Meeting. The Remuneration Policy was reviewed by the Remuneration Committee to ensure it continues to support delivery of our business strategy. Following that review, some minor amendments are proposed in order to provide greater clarity and to add limited additional flexibility in specific areas. More information is available in the Remuneration report, which can be found on pages 83 to 114.

Annual General Meeting 2022

The Annual General Meeting will be held on 28 September 2022. You can read more on the arrangements for the AGM on page 174.

Looking ahead

The first two months of trading for FY2022/23 have been strong, showing continued momentum in line with Q4 of FY2021/22. As we progress through FY2022/23, we will continue to execute *effectively against our strategy* to drive profitable growth through our Integrated Legal Management proposition. Despite the prospect of challenging macro-economic conditions, we remain confident in our medium-term guidance.

Jonathan Bloomer

Chair

20 July 2022

Chief Executive Officer's review



“Our performance this year evidences the increasing maturity of our business, the appeal of our offering to clients and our confidence in the medium-term targets we have outlined to Shareholders.”

Sir Nigel Knowles
Group Chief Executive Officer

Q How did the Group perform this year?

We are pleased with the progress we have made this year. FY2020/21 was a transformational year for our business and, in FY2021/22, we have continued to transform, not least through the successful implementation of our new global operating model. We have also embedded our working capital and client programme initiatives introduced in the prior year and are benefiting from the impact of various office restructures. Together, these actions have contributed to a year of sustained profitable growth. Adjusted profit before tax increasing by 21% against a strong prior year is a result we are proud of and has been achieved thanks to margin improvement across each of our three divisions combined with ongoing rigour in our control of costs. This has also led to a return to statutory profit before tax for the year of £22.3m (FY2020/21: loss of £30.6m).

Our performance this year is evidence of the increasing maturity of our business, the appeal of our offering to clients and our confidence in the medium-term targets we have outlined to Shareholders. With like-for-like growth of 7%, we have demonstrated that we are on track to deliver the top-line performance implied in our guidance. Some of our transactional practices had outstanding double-digit growth, but we also have the bedrock of Insurance in our business which, whilst it tends to grow at a slower rate, helps to protect the business from the volatility that can be seen in more transactionally focused businesses.

Q How are your clients responding to DWF's Integrated Legal Management approach?

In short, very well. We continue to see an evolution in the legal services market, with changing buyer behaviours and an increasing demand for alternative legal services and related business services. Our differentiated proposition leaves us really well placed in this regard and we have seen a growing number of our key clients taking services from more than one division.

We work with Deep-Insight, a research company with more than 20 years' experience with large B2B organisations, to carry out regular independent customer relationship quality assessments, including calculation of our net promoter score.

We were delighted that our ability to provide an integrated solution to our clients' challenges, in more markets than ever, was a factor in the strong net promoter score of +63 in our census of more than 500 clients.

This year we commissioned independent research from Thomson Reuters, the findings of which support our confidence in our business model. Their analysis shows that the legal services market overall continues to grow, but with the strongest growth in the ALSP market. They also found that traditional law firms are evolving but are failing to adapt quickly enough to respond to new competitors, or to differentiate their services by offering alternative approaches

Our highly differentiated proposition and stellar client base leaves us well placed to compete effectively against traditional and new legal services providers. As we talk to our largest and fastest-growing clients about the benefits of our proposition, we are already beginning to capitalise on these shifting market dynamics.

Q How has the 'The Great Resignation' and the 'war for talent' affected DWF this year?

There is no doubt that this has been one of the biggest issues facing the legal sector and other professional services over the past 12 months. Similar to other professional services firms, we have seen attrition levels increase and it will remain a challenge for our business in the year ahead, but we are confident in our balanced approach, which responds to external market factors whilst also offering a more progressive working environment and seeking to capitalise on our ability to use share incentives as part of our reward strategy.

As I commented during this financial year, offering more and more money to young people is only a sticking plaster. It is not a sincere, sustainable or healthy solution for anyone. Of course we must ensure pay is competitive, attractive and a fair reward, but we believe there must be more than this one-dimensional offering.

We have emphasised our purpose-led approach, delivering positive outcomes with colleagues, clients and communities. We have committed to clear and ambitious targets on climate, diversity and inclusion through our ESG strategy, offering all colleagues the opportunity to get involved and drive progress. We have delivered a true hybrid working model through which our offices are just one environment in which colleagues and clients work and collaborate. Shortly after this financial year-end, we appointed advisors to work with us on improving the design of our offices to ensure they are fit for these new ways of working.

Furthermore, we have reviewed our reward offering, including a comprehensive pay review, share awards to more than 650 colleagues and reducing the vest period for colleagues to receive such awards in future. In the UK, we have also significantly improved our family friendly policies, demonstrating to existing and potential colleagues that we put them first when events in their lives naturally take priority over their work commitments. Working with our country leadership we will look to roll out many of these policies globally moving forward.

Q In FY2021/22, you extended your capabilities through new offices, associations and M&A in Saudi Arabia, Portugal, Spain and Canada. Why those markets, and where next?

We have a client-led approach to our global expansion. In late FY2019/20 and early FY2020/21 we conducted a global review to identify those markets where we felt we needed a presence, either through a DWF office or via a local association. This work helped us to identify priority markets and we are pleased with the progress made in the past 12 months.

We returned to M&A early in FY2021/22 through two bolt-on acquisitions in the UK and Canada within Connected Services. We also have a strong pipeline of M&A opportunities and anticipate having more to report in the short to medium term.

Our Saudi business is performing well and has won a number of instructions, including with Engineer Holding Group and its subsidiary, the Saudi Media Company. We are also pleased with our new association relationships, including our affiliation with Hauzen LLP in Hong Kong which we announced in May this year. We now have association relationships in eight markets, including our first Connected Services association with RTS Group in Iberia and Latin America.

Q What is the outlook for the year ahead?

The first two months of trading for FY2022/23 have been strong, showing continued momentum in line with Q4 of FY2021/22. Despite the prospect of challenging macro-economic conditions, we remain confident in our medium-term guidance. This confidence is supported by the defensive nature of the Group's revenue being weighted towards litigation and the recurring revenues in Insurance, which has always protected the Group from artificial peaks and hedges against a slowdown in transactional activity.

Sir Nigel Knowles
Group Chief Executive Officer
20 July 2022

Our market drivers

Market overview

Whilst the global economy remains fragile, the past year has continued to see growth in the legal and business services market. The comparative health of the sector has supported the drive towards a consolidating market, with more firms showing interest in growing their offering through acquisition.

Similarly, the trend towards clients spending an increasing proportion of their legal spend on alternative legal services has also continued, with that segment of the market again outstripping growth overall.

ESG, and especially the G of ESG, was pushed to the very top of the boardroom agenda this year as firms had to move quickly to determine and then articulate their business response to the war in Ukraine and how they would engage clients more broadly. This was underpinned by a continuing focus on all aspects of ESG. DWF research, including a survey of more than 480 companies, found that 59% had lost work due to a perception they were not getting ESG right.

In that same research, companies also reported difficulty attracting new recruits if they didn't have a clear strategy on ESG. This is just one factor in the competition for talent within the legal sector, a new driver we include this year to reflect the growing challenge facing our industry and many others.

Market driver

A globally growing and consolidating market



Description

The legal services industry continues to grow, with Thomson Reuters tracking global growth at around 5% each year, whilst sub-sets of the industry, such as alternative legal services, are growing much more quickly, at 15% or more. As anticipated in last year's Annual Report, we saw a resumption of M&A activity in the latter half of 2021 and this trend has gathered pace so far this year. The war in Ukraine and global inflationary pressures are among factors contributing to market hesitancy, but we expect further consolidation in our sector through the remainder of 2022 and into 2023.

Alternatives to the traditional law firm model



Alternative Legal Services Providers ('ALSP') have taken a firm hold in the legal marketplace, with the ALSP market estimated to be worth at least \$14bn. Furthermore, law firms and corporate legal departments anticipate increasing the range of ALSP services they use in the years ahead. This market, in which the client is increasingly driving the demand, is growing at more than 15% each year.

ESG rises up the agenda



ESG continues to gain significance in the sector, with growing expectations from all stakeholders, including colleagues, clients, Shareholders, prospective employees and regulators. DWF's own research, published in December 2021, found that due to a perception of weak ESG performance, 59% of businesses had lost work and 40% found it difficult to recruit. ESG has moved from being a nice thing to do, to being the right thing to do, to becoming a critical focus on every boardroom agenda.

Competition for talent



Over the past year, the battle to recruit and retain the best talent has intensified. This is true not only for the legal services industry, but professional services more broadly and other sectors across the economy. Growing demand for legal services is resulting in many firms seeking to recruit, which, combined with factors such as 'The Great Resignation', is resulting in very high levels of movement by professionals within the sector.

What this means for our industry

COVID-19 has accelerated the pace of change in our sector, with more law firms responding to client demands by offering digital-first services, improving service availability through digital technologies or greater use of Alternative Legal Services Providers. Those businesses best equipped to adapt to these changing expectations should benefit most from a growing market. They should also be stronger financially and strategically more attractive, allowing them to grow more quickly through consolidation.

ALSP services will continue to grow to become a significant market in their own right, with an increasing number of blue chip businesses creating ALSP panels alongside their traditional legal services panels. However, we are also increasingly seeing law firms take a more collaborative view of ALSPs, recognising their value and seeking to develop relationships to enable a scaling or expansion of their own services.

The trend among blue chip companies of including ESG considerations as factors when it comes to choosing their legal and business services providers is gathering pace. This is particularly the case in relation to Diversity & Inclusion performance, but we are also seeing growing expectations for firms to have clear targets set on climate, among other things.

This driver presents a number of challenges for the industry, including the difficulty of recruiting and retaining sufficient levels of talent to deliver the services expected by clients. Many firms have responded by sharply raising salaries, especially for newly-qualified lawyers. This risks creating unfair expectations on those individuals and there is increasing pushback from clients unwilling to pay higher fees to cover those salaries.

Our opportunity

Our differentiated offering and innovative approach is helping us to respond effectively to changing client expectations, as evidenced by our strong net promoter score. We also have a clear strategy of the markets in which we must invest and in which order of priority to support our global client base.

We are the only legal and business services provider to lead with the integrated proposition that multinational clients want, and the only one to own a top tier provider of alternative legal services in Mindcrest. Whilst the market overall is growing quickly, the fastest rate of growth is among ALSPs formed or owned by law firms as captive service providers.

As the only Main Market listed legal and business services provider, we see a clear opportunity on ESG. Our levels of disclosure, boardroom governance and third party measurement allow us to provide an open and transparent story of our ESG progress to colleagues, Shareholders, recruits and clients. This experience can also enable us to further strengthen client relationships as we develop our client-facing proposition and help us to deliver positive outcomes in our communities in line with our purpose.

We believe there is an opportunity to offer a differentiated proposition to colleagues. We must ensure pay is competitive, attractive and fair, but our opportunity is in creating a total reward package that is more appealing than this one-dimensional offering. This includes the emphasis we place on our purpose-led approach, our ESG Strategy, our commitment to a true hybrid working model and the ability to achieve a preferred work-life balance.

Our response

We have continued to expand our presence globally through a combination of recruitment, associations and M&A. In the past year this included new associations in Portugal and our first Connected Services association, in Spain. We also opened a regional headquarters for business services in Riyadh and our fourth Spanish office, in Seville.

We have now owned Mindcrest for more than two years and it became a division in its own right in May 2021. We opened our new facility in Pune with space for up to 1,000 colleagues. In addition to delivering services to existing new clients and being a critical pillar in our Integrated Legal Management approach, we also continue to identify and transfer appropriate work from elsewhere in our business to our Mindcrest teams.

We have a long-established programme of activities taking account of a wide range of ESG factors and taking action in support of the 10 principles of the United Nations Global Compact. In December 2021, we went further with the publication of our first global ESG Strategy, which includes ambitious science-based targets through which we commit to reducing carbon emissions in line with the Paris Agreement, along with stretched targets to further improve Diversity & Inclusion.

We have reviewed our approach to reward and benefits and made a number of changes, including launching, in the UK, a new and improved range of family friendly benefits. We have also reduced the period of time in which future share awards will vest, helping more colleagues become owners in our business, more quickly. We have appointed a workplace consultant to help us make the most of our physical space within a hybrid working model. And we have committed to ambitious targets on climate and Diversity & Inclusion.

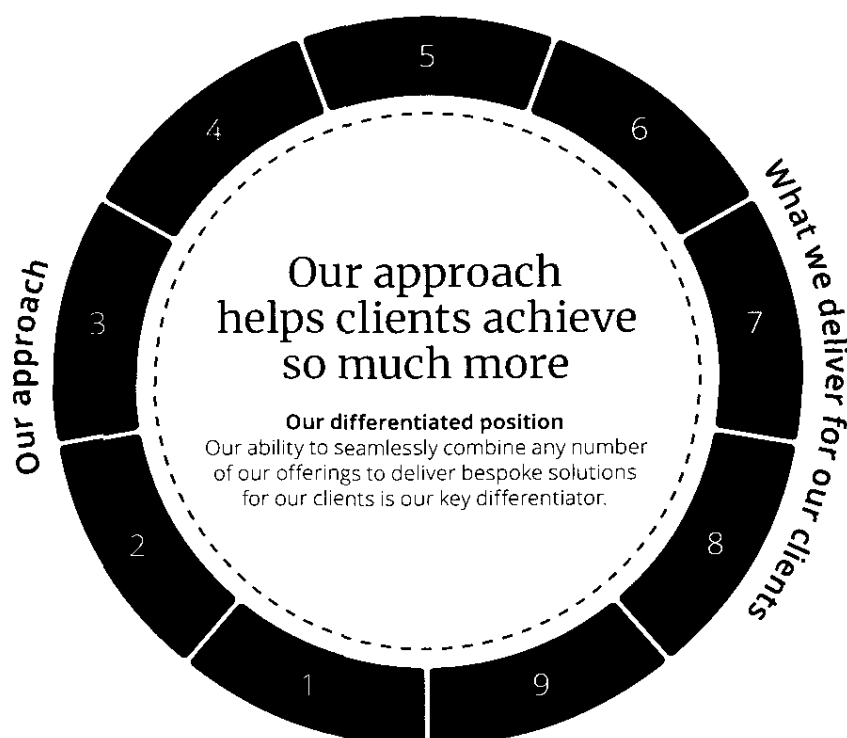
Our business model



Our business model, delivering positive outcomes

How we create value

Outcomes



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.

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.

Delivering positive outcomes with our colleagues, clients and communities

Our colleagues

As a progressive, innovative global business, our colleagues are at the centre of everything we do. We provide a rewarding and fulfilling work environment, with routes to develop and the freedom to grow.

76

Engagement score (FY2020/21: 76)

Our clients

Delivered through our global teams across eight sectors, our Integrated Legal Management approach delivers greater efficiency, price certainty and transparency for our clients without compromising on quality or service.

+63

Net Promoter score (FY2020/21: +49)

Our communities

We are committed to making a positive impact in the communities in which we operate.

£317,725

donated by DWF Foundation (FY2020/21: £203,515)

Our Shareholders

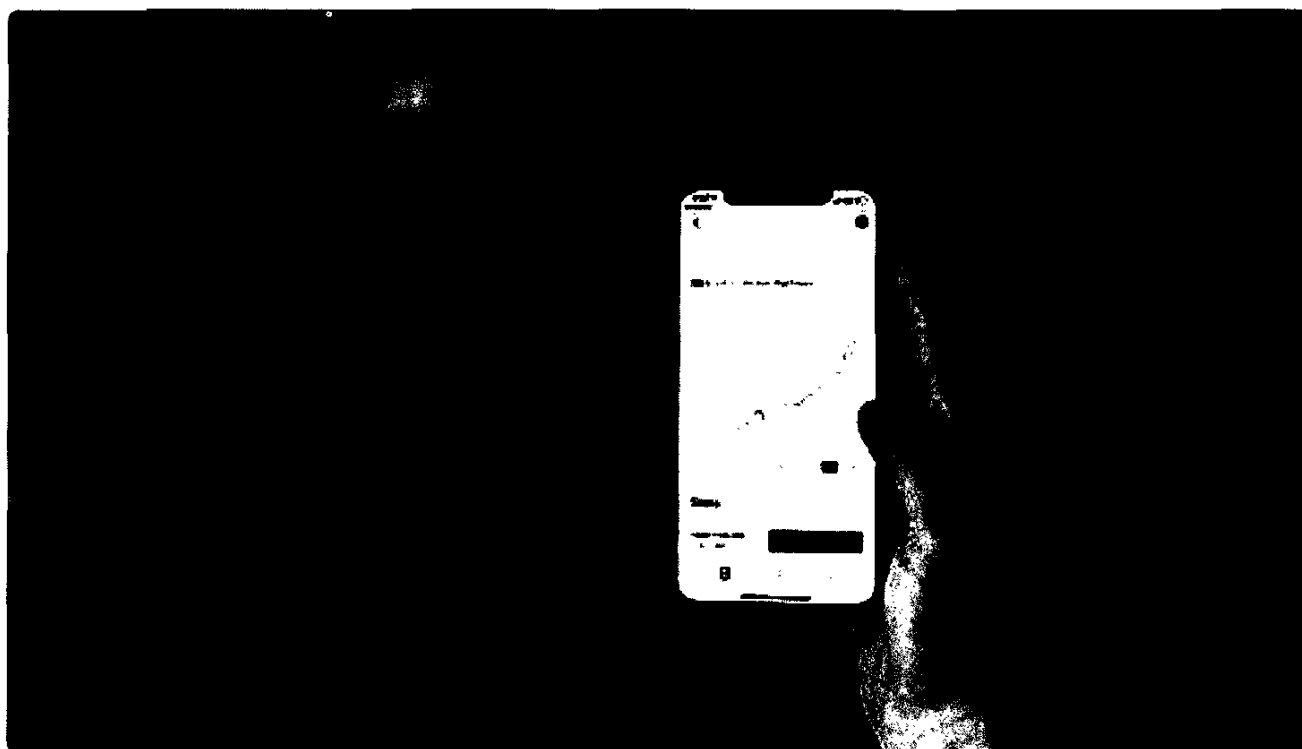
By delivering positive outcomes with our colleagues, clients and communities, we ultimately drive long-term financial value to our Shareholders through consistent revenue earnings growth together with the payment of dividends in accordance with our progressive dividend policy.

4.75p*

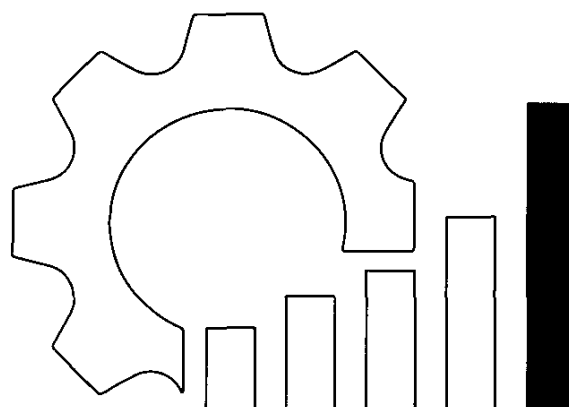
per share paid to Shareholders through dividends (FY2020/21: 4.5p per share)

*FY2021/22 subject to AGM approval

Our long-term profitable growth strategy



Through our long-term profitable growth strategy, we pursue sustainable organic and profitable growth, inorganic growth through M&A and the establishment of new services, and margin expansion through a focus on operational excellence and cost management. Together, these priorities enable us to fulfil our purpose of delivering positive outcomes with clients, colleagues and communities.



Organic growth

Objectives

We deliver organic growth through the continual development of our client offerings, especially in relation to our Integrated Legal Management approach. We use our client programmes to build relationships and seek to extend them into more divisions and practice areas. We develop our services through partner lateral hires and by extending our global reach through association agreements. We provide engaging and rewarding careers and incentivise colleagues to succeed in alignment with our strategy.

Progress

- Group reported growth of 4%, with like-for-like growth of 7%
- 24 partner lateral hires
- New association agreements in Iberia and Latin America, a new regional headquarters for business services in Riyadh and a fourth office in Spain
- Engagement survey score of 76

KPIs

- Revenue growth
- Net revenue growth
- Like-for-like / organic net revenue growth
- Net revenue per partner
- Net promoter score
- Engagement survey score

Inorganic growth

Objectives

Inorganic growth is pursued primarily as a consequence of our strategy to deliver the right services for our clients in the right locations. We pursue M&A with the purpose of delivering positive outcomes for our clients.

Progress

- Acquisitions of Zing365 and BarnesCraig & Associates, further developing our Connected Services offering
- A strong pipeline of M&A opportunities

KPIs

- Revenue growth
- Net revenue growth
- Net promoter score

Margin expansion

Objectives

We seek to improve the profitability of our business through a focus on operational excellence and cost management

Progress

- Gross margin improvement in every division
- A reduction in our cost-to-income ratio from 39.2% to 38.4%
- Focus on pricing
- Property strategy
- Mindcrest work transition

KPIs

- Gross profit margin
- Cost to income ratio
- Reported profit before tax
- Adjusted profit before tax / adjusted profit before tax margin %

Underpinned by our strong commitment to our sustainability strategy

We published our first global ESG Strategy, with new targets on climate and Diversity & Inclusion. See pages 32 to 49 for more detail.

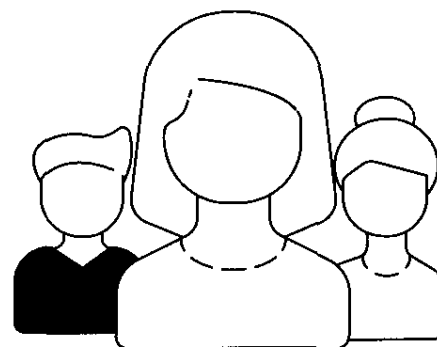
Our purpose

Our purpose is
to deliver positive
outcomes with our
colleagues, clients
and communities.

Our purpose in action

Positive outcomes – Colleagues

We strive to create a positive and inclusive culture, through which all colleagues can be themselves at work and find an environment that allows them to achieve their best performance. A key element of this is recognising and being responsive to colleague wellbeing.



What we did

Wellbeing has long been an area of focus within our people strategy and desired culture. Over the past two years, this focus has increased significantly, especially due to the COVID-19 pandemic, which created physical distance between colleagues. Over this period, we have brought wellbeing to the fore of our people proposition and ensured that all colleagues know that they have support available, no matter what they are going through. This includes, but is not limited to the following actions:

- Creating a Wellbeing Committee in July 2020 to ensure Board level oversight of our wellbeing activities and ensure support is provided to colleagues across all aspects of wellbeing, from physical to mental and lifestyle to work environment.
- Promoting our Employee Assistance Programme to ensure all colleagues globally are aware of the access to confidential support at any time and up to six free sessions of counselling.
- Established wellbeing champions, colleagues who are passionate about advocating wellbeing, are empowered to promote our initiatives and drive engagement across the business. We now have 15 wellbeing champions in six locations.

- Wellbeing Wednesday provided colleagues with resources, guides, hints and tips for how to manage personal wellbeing and how to support colleagues on a wide range of subjects including anxiety, health, money management and digital overload. All Wellbeing Wednesday updates are archived and available on the Group intranet to access at all times.
- We have trained Mental Health First Aiders to help colleagues better understand and more easily recognise the signs of someone struggling with mental health. This allows earlier interventions and gets faster support to colleagues who need it. We are now developing a mental health and wellbeing course for all leaders and line managers.
- Our A Clear Outlook campaign, which ran throughout January, emphasised a need for all colleagues to reduce email and meetings with an aim of freeing colleagues' inboxes, diaries and minds.
- We recently launched Gympass as an available benefit to all colleagues. Gympass provides cost-effective access to a range of gyms, fitness classes and health resources – including a free plan provided by DWF which gives all colleagues access to wellbeing apps and online classes.

Why this matters

We want colleagues to feel that their wellbeing is supported and that they have the time needed to focus on it. Coupled with our ongoing commitment to the principles of the Mindful Business Charter, it is the right thing to do because it supports colleagues' physical and mental health. It is also the right thing to do for our business because it is likely to strengthen loyalty, increase alignment between personal and business goals and reduce the number of days lost to illness.

The positive outcome

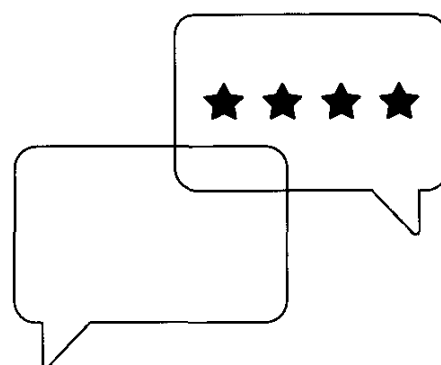
In our most recent engagement survey, 78% of colleagues reported that they have the support needed to focus on their personal wellbeing (+2 compared with last survey), 89% said they are treated with dignity and respect by their colleagues (+1), and 87% feel they can be themselves at work (+1).

Our Achievers platform saw around 15,000 instant recognitions made by colleagues to recognise their peers through FY2021/22, including nearly 200 for wellbeing-related support

Our purpose in action continued

Positive outcomes – Clients

Through our Integrated Legal Management approach, combined with the quality and dedication of our colleagues we deliver positive outcomes with our clients every day.



What we did

Whilst the positive outcomes we deliver with our clients derive predominantly from the services we provide, we also seek opportunities to work together to develop ideas and solutions to tackle issues and challenges that are important to our colleagues, clients and communities more broadly.

Since March 2021, DWF and Enterprise Rent-A-Car have collaborated extensively on a series of events and initiatives designed to raise education and awareness within both organisations and our respective sectors, and to provide a platform to engage diverse role models.

At the start of our relationship we consulted with our diversity networks to ask them what they wanted to hear about. Through this process we identified a number of key themes and developed our programme in response.

Our joint events have included celebrations of International Women's Day, Pride Month and International Day of Persons with Disabilities.

In these sessions, colleagues from across both businesses have shared their views and experiences in panel discussions.

We also shared educational content and practical advice for impacted individuals and allies.

Events are advertised across both organisations and through our external websites and social media channels to offer others in our sectors the chance to join and contribute to the discussion.

Why this matters

Both DWF and Enterprise Rent-A-Car are committed to creating workplace cultures that support diversity and inclusion.

As part of DWF's ESG strategy we have published several stretched targets to further improve diversity and inclusion within our business.

One element towards achieving those targets is to ensure colleagues at all levels are supported, have strong networks and have visible role models.

The positive outcome

Attendance, interaction and feedback from these events has been very positive. For International Women's Day 2022, we jointly organised an interactive session on imposterism which attracted nearly 200 attendees.

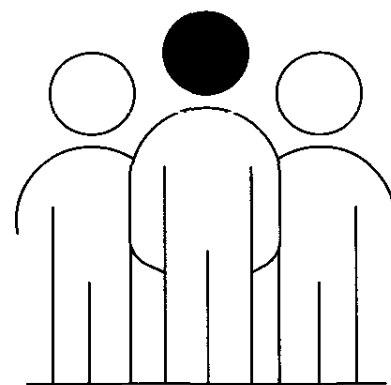
The event saw great contributions including attendees choosing to make a pledge on how they will tackle imposter syndrome in their career, or their organisation.

The strong relationships we have built with Enterprise Rent-A-Car through this initiative also led to the establishment of a Peer-to-Peer mentoring initiative for women across both businesses.

This initiative gave participants the opportunity to build their network and share career development ideas and challenges.

Positive outcomes – Communities

We are committed to making a positive impact in the communities in which we operate. The DWF Foundation, an independent charity founded by DWF, is at the heart of these efforts. It has the sole aim of providing funds, resources and mentoring support to help individuals, groups and communities to achieve their full potential.



What we did

In the last financial year, the DWF Foundation awarded more than 100 grants worth in excess of £315,000.

These grants supported charities seeking to create positive outcomes for people facing challenging situations.

The Foundation has identified six themes within which it tries to make a difference: health and wellbeing, response to COVID-19, education, employability, environment and sustainability, and homelessness.

It also has flexibility to make awards designed to support emergency responses to global events.

Its work is global in nature and in the past 12 months it has supported charities in locations ranging from Australia to India, and the US to the UK.

The Foundation's work also creates a strong engagement opportunity for our colleagues, with a range of fundraising events and volunteering opportunities taking place throughout the year.

Most notably, in the past 12 months, colleagues across our business came together to raise more than £100,000 in support of the humanitarian response in Ukraine.

These funds are now being distributed by the DWF Foundation, including to a number of Ukrainian and Polish charities providing the most immediate support to people affected.

This fundraising activity is supplemented by dividend income, following a donation of shares to the DWF Foundation at the time of our IPO.

In the last financial year, the DWF Foundation received more than £65,000 through its dividend payments, which supported its grant giving.

This source of funding has been especially important over the past 12–24 months, when many fundraising activities were impacted by COVID 19.

Why this matters

As a global legal business, we must act responsibly: how we do business is just as important as what we do. This includes the impact we make and the outcomes we deliver within the communities in which we operate. Through the DWF Foundation, we are able to support those in our communities who need the most help. The Foundation is now more than seven years old and has provided support to no fewer than 400 different charities globally.

The positive outcome

With so many grants awarded, we have lots of examples of where the DWF Foundation funding has made a difference.

Take CPotential, a charity in London that works with babies, children and young people who have movement disorders. It has received two grants from the DWF Foundation which have been used to help purchase a range of equipment for its new physiotherapy service.

Or the Jagriti School for blind girls in Pune, India, which the Foundation and our local Mindcrest team have supported through regular grants to buy much needed supplies and groceries.

Key performance indicators

Financial KPIs

Revenue growth

+3.8%

FY22 +3.8%

FY21 +12.4%
FY20 +12.4%

Definition: The change in statutory revenue achieved year-on-year

Net revenue growth

+3.6%

FY22 +3.6%

FY21 +13.7%
FY20 +10.9%

Definition: The change in net revenue (revenue less recoverable expenses) achieved year-on-year

Gross profit margin

51.7%

FY22 +51.7%

FY21 +50.8%
FY20 +47.9%

Definition: Gross profit divided by net revenue

Cost to income ratio

38.4%

FY22 +38.4%

FY21 +39.2%
FY20 +41.4%

Definition: See glossary to the financial statements

Profit/(loss) before tax

£22.3m

FY22 £22.3m

FY21 £(30.6)m
FY20 £18.2m

Diluted EPS

6.5p

FY22 6.5p

FY21 (11.9)p
FY20 3.7p

Definition: See glossary to the financial statements

Adjusted diluted EPS

10.7p

FY22 10.7p

FY21 7.4p
FY20 3.0p

Definition: See glossary to the financial statements

Net revenue per partner

£975k

FY22 £975k

FY21 £924k
FY20 £784k

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

Free cash flow

£12.9m

FY22 £12.9m

FY21 £32.1m
FY20 £(6.6)m

Definition: See glossary to the financial statements

Net debt

£71.8m

FY22 £71.8m

FY21 £60.2m
FY20 £64.9m

Definition: See glossary to the financial statements

Like-for-like revenue growth

+7%

FY22	+7%
FY21	+8%
FY20	+2%

Definition: See glossary to the financial statements

Adjusted profit before tax

£41.4m

FY22	£41.4m
FY21	£34.2m
FY20	£15.2m

Definition: See glossary to the financial statements

R

Lock-up days

179

FY22	179
FY21	184
FY20	206

Definition: See glossary to the financial statements

Non-financial KPIs

Engagement survey score

76

FY22	76
FY21	76
FY20	76

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

% senior leadership positions held by women

29%

FY22	29%
FY21	29%
FY20	28%

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

R

Net promoter score

63

FY22	63
FY21	49
FY20	47

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

% Executive Board roles held by women

36%

FY22	36%
FY21	40%
FY20	25%

% BAME representation in senior leadership positions

4%

FY22	4%
FY21	4%
FY20	3%

Definition: BAME representation declared in career bands 1 to 3a

R

R Linked to Directors' remuneration

Financial review



A record year of profitable growth

The Group has delivered another year of record results with FY2021/22 being the first full year under new leadership. These results include reported revenue growth of 4% to £416m (PY: £401m), net revenue growth of 4% to £350m (PY: £338m), a 21% increase in adjusted profit before tax to £41m (PY: £34m) and a return to statutory profit before tax of £22m (PY: loss of £31m).

Diluted EPS has increased to 6.5p (PY: loss per share of 11.9p) and Adjusted Diluted EPS has increased to 10.7p (PY: 7.4p), a 45% increase and a record since IPO. The Group has also reported lock-up days of 179 (PY: 184 days), the lowest level for six years even with revenue growth of 88% over the same time period. The Board has declared a final dividend of 3.25p per share, taking the total dividend for the year to 4.75p (PY: 4.5p). This reflects a progressive dividend in absolute terms, but retains a proportion of FY2021/22 profits to invest in near-term growth opportunities.

Strong activity levels have led to like for like¹ net revenue growth of 7%, despite having experienced high levels of COVID related absence in Q4 as UK COVID cases peaked due to the spread of the Omicron variant. Gross margin has increased by 0.9% to 51.7% despite ongoing inflationary pressures including the continued investment into reward through the annual salary and benefits review. The Group's cost-to-income ratio has improved to 38.4% from 39.2% in FY2020/21. This is another record for the Group since IPO and is a result of the continued focus on cost control and operating discipline under the new leadership team.

¹ Like for like net revenue growth excludes the impact of acquisitions in the current and preceding year as well as the impact of scale-backs and closures

In FY2021/22, the German operations have been scaled-back as a result of the ongoing focus on profitable growth. The Berlin office has been closed and a small number of people have departed the business in other locations within Germany. This is consistent with similar actions taken elsewhere in the past two years, most notably in Dubai and Australia, which have seen significantly improved performance since restructuring. Costs associated with the scale-back of German operations have been offset by a reversal of a provision relating to the Australia scale-back as vacant properties have been subsequently sublet. This has resulted in a credit of £0.2m in the year for office closures and scale-backs which has been recognised as non-underlying administrative expenses in the income statement.

The Group has returned to M&A in the year with the acquisition of Zing 356 Holdings Limited ("Zing") and Barnescraig & Associates ("BCA") which have been complementary acquisitions for the Connected division. The Group also has a healthy pipeline of M&A targets as we enter FY2022/23. As well as the return to M&A, the Group continues to grow internationally through an expansion of its associations, in particular Al-Ohaly & Partners in the Kingdom of Saudi Arabia, Nobre Guedes & Associados (NGA) in Portugal and RTS Group (RTS) based in Spain. Since the year end the Group has also announced a new association with Hauzen LLP based in Hong Kong.

The Group has produced a statutory profit before tax of £22m (FY2020/21: loss before tax of £31m) with the prior year loss being driven by significant adjusting items totalling £64.8m, the majority of which related to expenses which formed part of the purchase price of the RCD acquisition. On an adjusted basis, the Group achieved adjusted profit before tax of £41m (FY2020/21: adjusted profit before tax of £34m), an increase of 21% on the prior year.

As well as achieving strong profitable growth in the year, the Group has also continued to strengthen its balance sheet with net assets increasing by £16m, which includes a £32m increase in net current assets. Net debt has increased by £12m to £72m (FY2020/21: £60m) but this is principally down to the payment of COVID-19 VAT deferrals and acquisition related payments totalling £14m. The remaining deferred liabilities on the balance sheet are just £0.9m, compared to £28m at the end of FY20

Lock-up days have again reduced due to ongoing operational initiatives and stand at 179 days, a 5 day reduction from April 21.

The Board is pleased to see further progress towards medium term targets which were communicated in July 21. The Group continues to focus on profitable growth, which moves the adjusted PBT into benchmark range with the remaining listed legal business and some comparators in the broader professional services space. Working capital has also improved with a further reduction in lock-up days. Whilst there are widely reported upward pressures on staff costs in the sector and broader inflationary pressures, the Group believes it is well placed to retain key talent and to mitigate other cost pressures through specific cost reduction initiatives such as the premises strategy.

Revenue

Revenue for the year is £416m (FY2020/21: £401m) representing growth of 4%. However, the Group focusses 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 £350m (FY2020/21: £338m) representing like for like growth of 7% which excludes the impact of the acquisitions of Zing and BCA as well as the scale back of operations in Australia and Germany. DWF's biggest market, the UK, has seen net revenue growth of 7%.

Divisional performance

Effective from 1 May 2021, divisional performance has been reported to the PLC Board under the new global operating structure that comprises the three divisions of Legal Advisory, Connected Services and Mindcrest. The implementation of this new structure has resulted in greater integration and alignment of our people and our services and supports the continued execution of the Group's strategy.

Highlights of the performance by division are set out below:

Legal Advisory (83% of Group Net revenue/85% of Group Gross profit)

	FY2021/ 22		
Revenue	355.1	345.6	+2.8%
Net revenue	292.0	285.3	+2.3%
Direct costs	(138.7)	(137.5)	+0.9%
Gross profit	153.2	147.8	+3.6%
Gross margin (%) / ppts	52.5%	51.8%	+0.7 ppts

Newly formed in FY2021/22, the Legal Advisory division has delivered like-for-like net revenue growth of 7%. This growth has been accomplished whilst holding overall direct costs in line with prior year despite inflationary cost pressure, resulting in a 1 percentage point improvement in gross margin to 53%.

Within Legal Advisory, the Insurance business has delivered growth of 3%. This has arisen from new contracts secured (for example with LV = Allianz and NHS Resolution), continued expansion of our specialist London Market practice and international presence, and an increase in claim volumes following the easing of COVID-related restrictions. This has offset the slower post-pandemic recovery of claims volumes in other isolated sectors of Insurance and the non-recurrence of one-off additional COVID-related work in FY2020/21 that arose from the FCA business interruption litigation.

UK Corporate, Finance and Restructuring, and Real Estate businesses have collectively grown by 17%, with a strong rebound in transactional areas following the easing of lockdown and conclusion of Brexit.

The Dispute Resolution practice area has continued to attract a healthy pipeline of work during FY2021/22, which has resulted in like for like growth of 8% across all geographies.

A number of international locations, across Europe and the Middle East, have seen particularly positive results (including revenue growth of 41% in Italy and 9% in Spain), with increased collaboration as a result of the revised Group structure enhancing the division's performance.

A year on from establishing the new divisional structure, the outlook for FY2022/23 is positive, with a strong pipeline of work in place and greater efficiencies being delivered through innovative ways of working, both between practice areas and with our clients. Plans are already underway to continue the development of key locations (in the UK and further afield) and expand into new locations which, alongside continued investment in our people, will support future growth.

Connected Services (10% of Group Net revenue/8% of Group Gross profit)

	FY2021/ 22	FY2020/ 21	Change
Revenue	34.2	28.8	+18.9%
Net revenue	33.9	28.4	+19.1%
Direct costs	(18.8)	(16.2)	+16.0%
Gross profit	15.0	12.2	+23.2%
Gross margin (%)/ppts	44.4%	42.9%	+1.5 ppts

The Group's Connected Services division continues to deliver strong profitable revenue growth delivering net revenue growth of 19% to £33.9m, or 10% on a like for like basis which excludes the growth brought by the acquisitions of BCA and Zing365 in May 2021. The cultural integration of both acquisitions has been successful and they are both working closely with colleagues across Connected Services and the rest of the Group to share clients and enhance their pipeline.

We are particularly pleased that all service lines have grown compared to the prior year. Our Claims Management and Adjusting business (with presence in Australia, Canada, France, Ireland, Italy, UK and USA) has grown by 32%, or 17% on a like-for-like basis, due to significant new client wins in the UK and the US, an increase in claims volumes as COVID-19 restrictions eased and the continued receipt of business interruption claims. This is despite the disruption in Australia due to extended local lockdowns.

The launch of the Global Entity Management proposition has been a success, with seven new clients secured and an operating system developed in collaboration with our software team '360'. Investment in a sales and marketing team, with an initial focus on 360, has resulted in net revenue growth of 19% and the development of a strong pipeline as we enter the new financial year.

One of our larger businesses, Ges-Start (DWF Spain's Connected Service which offers Accounting, Tax and Labour consulting), has grown net revenue by 16% and gross profit margin by 6 percentage points due to their recurring client base being complemented by a number of large new projects and a focus on cost control.

As the division continues to mature, profitability has improved with gross profit margin increasing to 44%, 2 percentage points ahead of the prior year. Although net revenue has grown by 19%, direct costs

have only increased by 16% as the division invests in technology solutions to deliver work more efficiently and effectively.

Connected Services also plays an ever increasing role in providing integrated solutions for clients and provided record fee referrals to Legal Advisory in excess of £8m (PY. £7m), as the benefits of the new operating structure start to be realised.

Management continues to look to the future with confidence, assisted by a strong pipeline of activity across all businesses and a focus on exploring more innovative ways to provide integrated solutions to meet our clients' needs.

Mindcrest (7% of Group Net revenue/7% of Group Gross profit)

	FY2021/ 22	FY2020/ 21	Change
Revenue	26.8	26.6	+0.6%
Net revenue	24.4	24.4	+0.2%
Direct costs	(11.8)	(12.6)	-6.8%
Gross profit	12.7	11.7	+7.8%
Gross margin (%)/ppts	51.8%	48.2%	+3.6 ppts

COVID-19 challenges combined with Insurance Law Reform hampered US external sales and UK Motor Volume growth respectively (the two largest Practice Areas within the Division). However, this disappointing performance was offset by significant growth (240%) of eDiscovery and much improved integration growth (57%) with Group key accounts, to deliver revenue consistent with the prior year.

COVID-19 has also impacted the speed of transition of certain legal workflows and legal support from the Legal Advisory division into Mindcrest. The stabilisation of COVID-19 in India will see a return to office working with various Group and Divisional initiatives underway to maximise the opportunity of transitioning work and optimising and standardising certain legal workflows.

Enhancing US presence, deleveraging key client concentration, investment into Legal Consulting and continued promotion of Service Transformation (which will mitigate current inflationary pressures) are key strategic objectives for FY2022/23. UK macro-economic inflation also provides growth opportunities to capitalise on market-leading propositions in UK volume litigation (Lender Services and Recoveries) as clients seek to control costs.

Financial review continued

It is with this backdrop that management can look forward to an improved year for the division in FY2022/23 focussed on unlocking significant benefits for both the division and the wider Group through this differentiating offering.

Direct costs

Direct costs, which reflect the salary costs of fee-earning partners and staff, have increased by £3m, or 2%, to £169m. The acquisitions of Zing and BCA accounted for £1m of year-on-year cost increases, so the underlying trend on direct costs was an increase of £2m. This increase reflects a combination of tight cost and recruitment control combined with investment in salary costs and selective hiring into growth areas of the business.

Gross profit

The combination of strong net revenue growth and strict control of costs has delivered a gross profit of £181m, representing a £9m, or 5%, increase vs. FY2020/21. This reflects a gross margin % of net revenue of 51.7% (FY2020/21: 50.8%). This improvement reflects uplifts across all divisions which is particularly pleasing given higher than expected absence rates in the second half of the year driven by COVID-19 as well as ongoing cost pressures.

Administrative expenses

Administrative expenses (including impairment) have decreased compared to the previous year, from £197m in FY2020/21 to £153m in FY2021/22. On an underlying basis, excluding adjusting items, administrative expenses for FY2021/22 are £134m (FY2020/21: £133m), which is consistent with the prior year after considering the acquisitions of Zing and BCA contributed additional costs of over £1m. This results in a cost-to-income ratio of 38.4%, a reduction of 0.8% from FY2020/21.

Improved cost control is a key component of the Group's strategy ensuring the Group's resources are deployed in areas which support sustainable profitable growth. The control of underlying administrative expenses is therefore pleasing given the growth in the business in the year and against a backdrop of inflationary pressures on salaries and increases in energy costs. In addition, fewer COVID-19 restrictions have resulted in increases in travel and marketing costs as our colleagues spend more time working collaboratively with each other, and with our current and prospective clients. Whilst travel and marketing costs have increased they are still significantly

below pre-COVID-19 levels, partly due to the restrictions that were in place during the year but also as we have taken the opportunity to closely review spend in all areas of administrative expenses.

Our cost base continues to be an area of focus for FY23, with the ongoing execution of our premises strategy expected to generate savings as we right-size our office space for our established hybrid working model. An estimated 1/3rd of the Group's global office space is considered as potentially surplus to requirements post-COVID which represents a c£7m recurring annualised saving opportunity in the medium term. Travel costs will be a particular focus area given that COVID-19 restrictions have eased but also to ensure that our colleagues are travelling with purpose in order to meet our ambitious environmental commitments. Other reductions in our existing overhead base are underway, to allow additional capital to be redeployed in areas of the business which will contribute to greater profitable growth.

Adjusting items have decreased significantly to £19m in FY2021/22 from £65m in FY2020/21. The table below provides more details with full analysis contained in note 2 to the financial statements:

	2022 £'000	2021 £'000
Office closures and scale-backs	(238)	14,898
Acquisition-related expenses	9,564	20,743
DWF RCD modification impact	-	13,796
Change of CEO	-	1,011
Impact of COVID-19	-	1,011
Other share-based payment expenses	9,609	13,333
Refinancing costs	146	-
Adjusting items	19,081	64,792

Adjusting items in FY2021/22 can be summarised as:

1. Office closures and scale-backs which relates to the scale-back of operations in Australia, which began in FY21, and the scale-back of operations in Germany which commenced at the end of FY22. The amounts reflect a charge for working capital, impairment of assets and people costs in Germany, offset by the reversal of a provision in Australia as a sublease has been entered into during the year;

2. Acquisition related expenses principally relating to amortisation and impairment of intangibles recognised on acquisition as well as acquisition related remuneration expense from the Mindcrest acquisition, payments of which ceased in February 2022.

3. Share based payment expenses reflecting grants from the Employee Benefit Trust which is a pre-funded trust established on IPO; and,

4. Non-recurring costs relating to the refinancing of the Group's RCF facility.

Net finance expense & interest payable on leases

Net finance expenses relating to bank charges and borrowings were £3.7m (FY2020/21: £2.7m). Interest on bank borrowings increased by £0.5m as a result of an increase in interest rates and a lower level of debt in the prior year due to COVID deferrals. Bank and other charges includes a one-off charge of £0.4m for accelerated amortisation of bank fees connected with the previous RCF facility that has since been extinguished and replaced with a new facility.

Interest payable on leases of £1.7m (FY2020/21: £2.3m) reflects the notional interest cost relating to lease borrowings.

Profit/(loss) before tax

The Group reported a profit before tax of £22.3m (FY2020/21: £30.6m loss before tax), with the prior year reported loss before tax being driven by adjusting items totalling £64.8m referenced under the administrative expenses section above.

Adjusted PBT is £41.4m (FY2020/21: £34.2m) which represents a 21% increase on the prior year. Under new leadership the Group's strategy continues to be implemented operationally with a greater focus on sustainable growth, performance transformation and cost control. These factors together have generated an adjusted PBT margin (using net revenue) for FY2021/22 of 11.8% (FY2020/21: 10.1%).

Tax

The reported tax charge for the year, excluding prior year adjustments, is £6.1m (PY: 4.7m) on a profit before tax of £22.3m (PY: loss of £30.6m), representing an effective rate of tax of 27.4%. The effective tax rate was higher than the UK statutory tax rate primarily due to tax losses that have not been recognised as deferred tax assets (increasing the tax charge by £2.1m) and the tax effect of non-tax-deductible expenses (increasing the tax charge by £0.7m) offset by the effect on

deferred tax resulting from the change in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 (reducing the tax charge by £0.8m).

The Group also booked prior year tax adjustments of a net credit of £4.1m. Those adjustments arise principally as a result of (a) increased claims of the departing Australian partners on the Group's UK profit pool following the restructuring of the Group's Australian business in FY21 reducing the profits subject to UK corporation tax (£5.1m), offset by (b) revaluations of the Group's deferred tax assets relating to tax depreciation timing differences and expected tax deductions for share based payments as at 30 April 2021 (£1.4m).

This gives a net tax charge of £2.0m for the year (FY2020/21: £4.6m).

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 has increased to 6.5p in FY2021/22 from a loss per share of 11.9p in FY2020/21, the highest Diluted EPS result since the IPO. Adjusted Diluted EPS has similarly increased in line with the increase in adjusted PBT from 7.4p in FY2020/21 to 10.7p in FY2021/22, a 45% improvement, and again a record since the IPO.

Dividend

The Group's capital allocation policy is to prioritise having sufficient capital to fund ongoing operating requirements and strategic investment 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 FY2021/22, the Board has declared a final dividend of 3.25p per share, taking the total dividend for the year to 4.75p (PY: 4.5p), reflecting a pay-out ratio of 44% of adjusted profit after tax (FY2020/21 61%). This pay-out ratio reflects a progressive dividend in absolute terms, but retains a proportion of FY2021/22 profits to invest in near-term growth opportunities. This final dividend is subject to approval at the AGM on 28 September 2022 and, if approved, will be paid on 7 October 2022 to all Shareholders on the register of members at the close of business on 9 September 2022.

Working capital, cash flow & net debt

The group measures working capital efficiency using "lock-up days". Lock-up days are comprised of two 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 FY2021/22, with a number of operational improvements being effected in order to achieve a permanent reduction in the lock-up day cycle. Closing lock-up days at the end of April were 179 (FY2020/21: 184), a five day reduction and is the lowest level that lock-up has been for six years, despite an 88% increase in revenue over the same time period. The five day reduction comprises a one day increase in WIP days and a six day reduction in Debtor days. The WIP day increase is a product of a slight change in the mix of type of fee income, which is expected to be a timing issue only. The Debtor day reduction reflects an increase in the Group's cash collection efficiency and ongoing focus on operational discipline.

During the year, the Group has settled all remaining COVID-19 VAT deferrals totalling £10.7m. Under normal circumstances these payments would have been made in FY2020/21. In addition, the Group has had cash outflows in the year relating to closures and scale-backs of £3.8m. Normalising for the impact of these would have meant a free cash flow of £27.4m. This compares against a reported free cash flow in FY2020/21 of £32.1m which benefitted from a significant working capital improvement, with lock-up days decreasing by 20 days, driven from a combination of operational improvements and also a catch-up of collections after the impact of COVID-19 led to a build-up of trade receivables.

As well as settling remaining COVID-19 VAT deferrals in the year the Group has also paid £3.5m in consideration for acquisitions with only £0.9m of consideration still to be paid as at the balance sheet date. As a result of these factors, net debt has increased to £71.8m from £60.2m at April 2021. The Group's strategy continues to be to manage borrowings such that the leverage ratio (borrowings as a multiple of adjusted EBITDA) reduces. Leverage at April 2022 has increased from the prior year to 1.08 (PY: 1.04) but the prior year included the benefit of COVID-19 VAT deferrals as explained above. The future reduction in leverage is expected

to be achieved through a combination of profitable growth and net debt gradually reducing over time through working capital efficiencies.

The Group successfully completed a refinancing of its rolling credit facility ('RCF') in December 2021, obtaining a £100m facility with an additional accordion facility of up to £20m as well as a permanent relaxation of certain covenants. The facility is for an initial three year term with two, one year extension options. The Group expects to continue to operate well within its available facilities and for all covenants to be compliant for the remaining tenure.

Capital expenditure (Capex)

The Group is actively reviewing office space and will consider selective investments in office refits in the coming years as the premises strategy is executed, freeing up redundant space and investing cost savings into improving the remaining space.

In addition, there has been continued investment into IT during the year as the Group builds its IT infrastructure to support our colleagues in delivering for our clients. Overall capex (excluding right-of-use asset additions under IFRS 16, and intangible assets recognised from acquisitions) in FY2021/22 was £7.9m compared to £10.6m in FY2020/21. The PY comparator included significant one-off investment into the new Pune office.

Current trading and future outlook

The performance for FY2021/22 reflects another strong year for the Group after a transformational recovery in FY2020/21. The results reflect record net revenue, adjusted PBT, EPS and lock-up performance for the Group. As well as seeing significant organic growth opportunities from the existing client base, buoyed by our NPS score and client listening insights, the Group is actively pursuing a strong pipeline of M&A opportunities. Whilst macro-economic conditions suggest harder times ahead, the defensive nature of the Group's revenue being weighted towards litigation and the recurring revenue base in Insurance, protects the Group both from artificial peaks in growth but also hedges against a slowdown in transactional activity. The Group sees significant opportunity to apply self-help actions to control costs, with the premises strategy and various back-office initiatives offering protection from inflationary pressures.

Chris Stefani

Chief Financial Officer

20 July 2022

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.

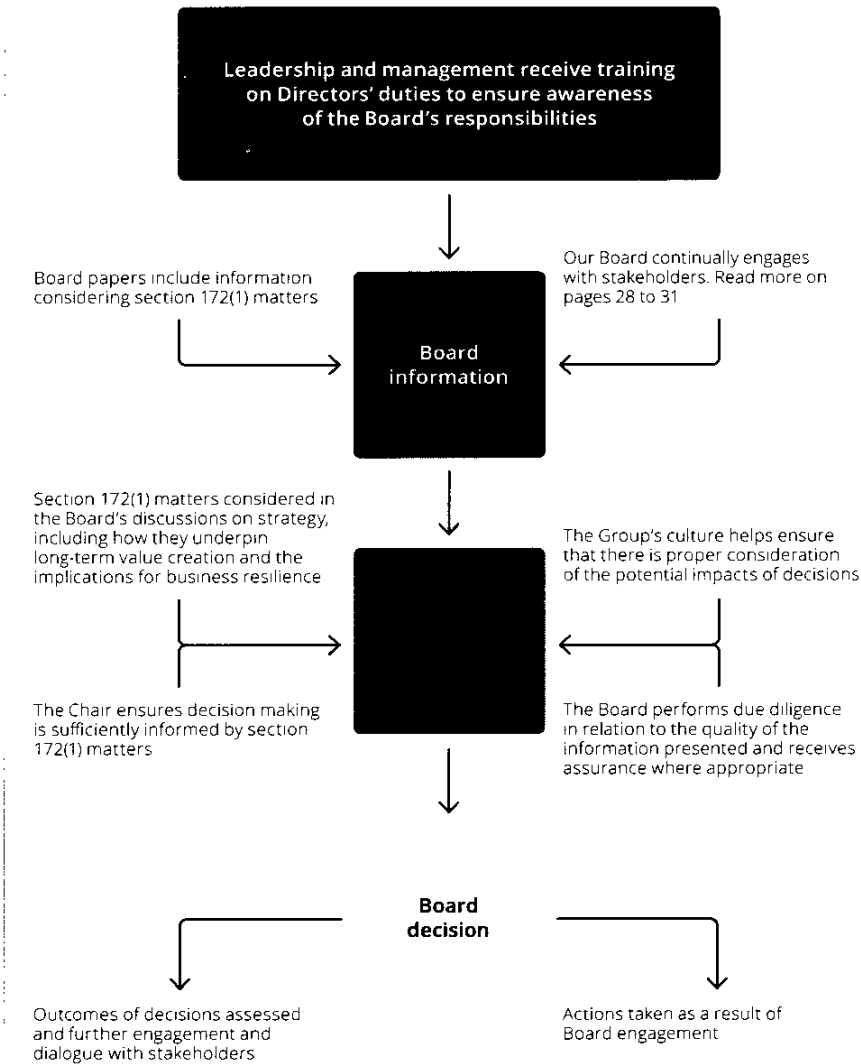
The chart to the right demonstrates the Board process in considering section 172(1) in its decision making.

Details of how the Directors have had regard to section 172(1) in carrying out their duties in making two key decisions during the year are set out on page 27. See pages 28 to 31 for more information on how we engage with our stakeholders and page 65 of the Corporate Governance report on how the Board's discussions and decisions have been informed by different stakeholder considerations.

Read more

- Stakeholder engagement pages 28 to 31
- Culture pages 06, 07, 57 and 64
- Values page 12

Board process in considering section 172(1) in its decision making



Key decisions

Launch of global ESG Strategy



Following a comprehensive review of business processes and increased engagement on ESG from a variety of stakeholders, the need for a global ESG Strategy was identified. A global ESG Strategy will ensure the Group can operate in a cohesive manner to achieve the ESG targets and progress can be clearly monitored. The Group can focus its resources on making progress in the areas that its stakeholders have deemed most important and measure the impact of the actions taken.

Further information on our approach to ESG can be found on pages 32 to 48.

The Board considered the feedback from all stakeholders and approved the global ESG Strategy, noting the increased alignment between the concerns of stakeholders and those of the Group.

Associations



The Board considered the need to enhance our proposition in several important markets and support our strategy of offering integrated legal and business services to our clients on a global scale.

A steering group was created to ensure that any proposed associations aligned with our strategy. This included a review of current arrangements and the termination of associations that were not deemed to be beneficial.

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

How we engaged

- Appointed Business in the Community to carry out an independent materiality assessment, which included an in-depth examination of opinions on ESG from a variety of stakeholders.
- Conducted a client survey to listen to client opinions on ESG.
- The ESG Strategy was rolled out to employees and partners via Virtual Town Halls and announcements on Rubix, the Group's intranet.
- An update was made to the market by way of RNS.

- Engaged with clients through the client census and meetings to understand what they expect from legal and business services.
- Sought input from a select group of colleagues to assess the impact any proposed association, or termination of association, would have on our clients, our risk profile and our culture.
- Announcements were made on Rubix, the Company's intranet.
- Following entering into a new association, an operating update was released to the market via RNS.

Outcome of engagement

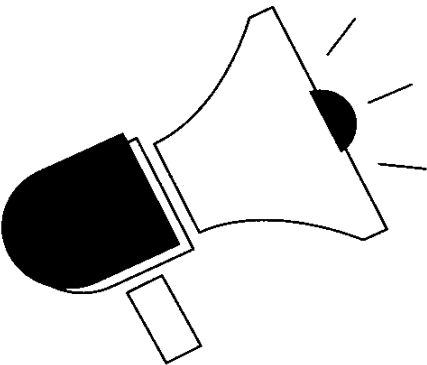
- Announcement of global ESG Strategy in December 2021 focusing on the matters that both the Group and external stakeholders identified as most important.
- A clear commitment to Net Zero.
- Commitment to publish a separate ESG report, in addition to disclosures included in the Annual Report and Accounts.
- Invested in Learning and Development activities, such as our Emerging Leaders programme.
- Enhanced Diversity & Inclusion targets as part of our new ESG Strategy.
- Revised Employment Value Proposition to ensure it was still fit for purpose.

- Successful associations in Hong Kong, Spain and Portugal have been agreed that complement our existing offering to clients.
- Further strategically aligned associations are being considered and prioritised based on the potential value add for our client base.
- Core policies were harmonised to ensure the Group and associations are aligned on key issues, in particular on Diversity & Inclusion and ESG.

Key

- (a) Likely consequences of decisions in the long term
- (b) The interests of the Company's workforce
- (c) The need to foster relationships with suppliers, customers and others
- (d) Impact of operations on the community and environment
- (e) High standards of business conduct
- (f) The need to act fairly between members of the Company

Engaging with our stakeholders





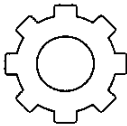
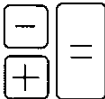
Listening and responding to our stakeholders

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.

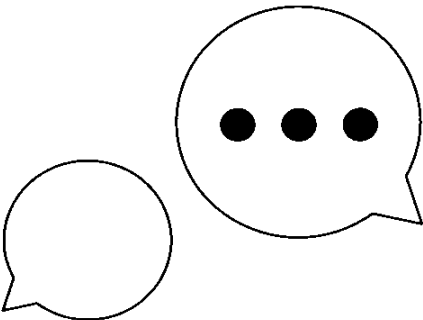
For more information, see page 63

Stakeholder group	Why we engage
Our colleagues (employees and partners) 	<p>Our colleagues 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.</p> <p>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.</p>
Clients 	<p>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.</p>
Suppliers 	<p>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.</p>
Debt providers 	<p>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 the macroeconomic environment. It is essential we have strong relationships with our banking providers and that they are clear about our strategy.</p>

How we engage	Key interests	Outcome of engagement
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Strategy, business plan and budget Recognition and fair reward Open communication Diversity & Inclusion Ways of working including our response to macroeconomic factors, such as COVID-19 Opportunities for professional and personal development 	<ul style="list-style-type: none"> Increased provision and support for flexible working Improved guidance on managing mental health and wellbeing 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
<ul style="list-style-type: none"> Key Account Programme with a dedicated Executive Board sponsor Client Census to discover satisfaction metrics and key themes of feedback Client Relationship Partners 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Where global law firms typically score between 25 and 40 the Group received an above industry average client Net Promoter Score of 63 Out of 500 clients surveyed 85% of our clients rated us a 6 or 7 on a scale of 1-7 for client satisfaction A strong record of retaining existing clients and winning new business such as Allianz and the UK central government legal services panel
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> RFP process Due diligence requirements Good governance expectations Payment processes and terms 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Representatives from each bank attend our full-year and half-year results presentations Management have regular discussions with our banks about our strategic priorities 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Strong and supportive relationships Completion of a refinancing exercise took place in December 2021, delivering an increase in the principal banking facility and additional headroom on some of the covenants with no reduction in headroom in any covenant

Continued on the next page

Engaging with our stakeholders continued



Stakeholder group	
<div>Shareholders</div> <div></div>	<div>Why we engage</div> <div>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.</div> <div>We are also conscious of our need to act fairly between the members of the Company.</div>
<div>Our communities</div> <div></div>	<div>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.</div>
<div>Our regulators</div> <div></div>	<div>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.</div>
<div>Policymakers</div> <div></div>	<div>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.</div>

How we engage	Key interests	Outcome of engagement
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 macroeconomic factors, such as COVID-19, the war in Ukraine, the cost of living and inflation Transparency and good governance 	<ul style="list-style-type: none"> Trading updates to the market Engagement with larger Shareholders and potential investors
<ul style="list-style-type: none"> Volunteering in local communities Charitable giving by the DWF Foundation 5 STAR Futures, our community education programme, workshops and awards evening Pro bono work 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> DWF Foundation donated £317,725 through 116 grants investing in education, employability, health and wellbeing, homelessness, environment, COVID-19 and emergency response 8,287 hours volunteered by our colleagues 1,850 hours of pro bono support 1,782 hours invested in education and employability activities
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Professional standards and compliance Training programme Innovation and data-driven disruption 	<ul style="list-style-type: none"> Constructive relationships and an open dialogue Regular regulatory updates provided to the Board Regular engagement with the SRA which has included a thematic review around AML processes and specific engagement around the solicitors Accounts Rules and types of work including residential plot sales
<ul style="list-style-type: none"> Participation in consultations Attendance and participation at conferences and business network events Membership of relevant industry bodies Creation of thought leadership 	<ul style="list-style-type: none"> Regulatory change in the sector Innovation in the provision of legal services 	<ul style="list-style-type: none"> Opportunity to shape policy development Positive client relationships with governmental bodies

Environmental, Social and Governance ('ESG') report



ESG is core to our business model, strategy and decision making, and starts with our purpose of delivering positive outcomes with our colleagues, clients and communities.

The level of disclosure and transparency we demonstrate due to our listed status means that all stakeholders can be confident that our ESG commitments will be progressed and that our governance in enabling delivery is effective. Additionally, in supporting our clients and communities on ESG-related matters, we enhance our strategy.

Our position as the only Main Market listed legal business gives DWF a unique perspective on ESG.

We have learned important lessons about implementing effective ESG policies. An operational focus is critical and means committing to consistent high performance around ESG. This is about how we do business and is fundamental to our success as a global legal business, specifically in terms of delivering our Group strategy, realising commercial advantage, and in retaining and attracting key talent.

Our goals include ambitious science-based targets through which the Group commits to reducing carbon emissions in line with the Paris Agreement and the 1.5 degree pathway, along with stretch targets to improve our diversity.

Our ESG ambition sets out the future we envision for the Group; what we want to achieve between now and 2030.

Our ESG Strategy

To inform our strategic priorities and ESG metrics, we conducted a detailed independent materiality assessment in order to identify the issues that matter most to our stakeholders, and where we have the most potential to create value aligned with our purpose.

The Group ESG Strategy has six priority areas:

Climate action:

We recognise our role as a responsible business in supporting the global transition to a sustainable low-carbon economy. Our aim is to be Net Zero by 2030.

Diversity & Inclusion:

Accelerating progress to improve representation and diverse talent pipelines.

Empowering colleagues and our communities:

Sustaining a skilled workforce today and for the future, continuing to prioritise colleague health and wellbeing, and taking action to help and collaborate with communities in need.

Supporting and connecting with our clients:

Being clear and transparent about how we can help clients to improve their sustainability performance through an ESG-centric approach.

Acting with integrity in everything that we do:

Taking ownership and holding ourselves accountable for the way we do business.

Building trust and increasing transparency:

Enhancing the credibility of our own ESG disclosure, consistent with our purpose of delivering positive outcomes with our colleagues, clients and communities.

Ahead of the strategy launch in December 2021, our Group CEO invited all DWF colleagues to a briefing session – 'Understanding ESG – why it matters to everyone'. The session explained what ESG is, how ESG is relevant to the Group and why it has risen so rapidly up the corporate agenda.

Our approach

We have already made significant progress in embedding responsible business best practice. Our business conduct impacts our reputation and both are inextricably linked to the long-term value we want to create as a global business.

We focus our efforts on connecting our activities to our business purpose and values, to accelerate our ESG work and meet the needs of all our stakeholders. In doing so, we set the stage for long-term value creation determined by revenue, sustainability, impact and reputation.

As a force for good, we will continue to:

- create and sustain a skilled workforce today and for the future;
- deliver service excellence to grow and sustain our clients;
- build and strengthen our communities; and
- help to repair and sustain our planet.



SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals ('SDGs') While we believe in and aim to contribute to all 17 UN SDGs, we have prioritised five goals, aligned to our ESG agenda, where we can make the most impact.



- Climate Action
- Gender Equality
- Decent Work and Economic Growth
- Reduced Inequalities
- Peace, Justice and Strong Institutions

Human rights and modern slavery

We are committed to respecting human rights and upholding the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights in our business and supply chain.

We also recognise the need to improve the tracking and monitoring of our human rights approach and expand the scope of human rights training provided for our colleagues.

In 2022, we published our Human Rights Statement, which builds on our previous commitments and reflects the increasing importance of integrating human rights across our business.

You can also read our 2021 Modern Slavery Statement here: <https://dwfgroup.com/en/notices/modern-slavery-statement>.

This contains information on our organisational structure, policies, the management of our supply chain, training and stakeholder engagement to prevent the existence of modern slavery in our Group.

Within the reporting period we can confirm that there were no reported instances of Modern Slavery within our own business operations and supply chains.

Our ESG governance

The ESG issues most important to all stakeholders of the DWF Group are contained in the ESG Strategy, which has the engagement of and accountability from our PLC and Executive Boards, along with all levels of leadership across our business.

The oversight provided by the Board and its committees, which include our ESG Leadership Group, ESG Operations Board and Risk & Sanctions Committee, is guided by DWF's Code of Business Conduct, which applies to every DWF Board member and colleague.

The Group Head of ESG reports quarterly to the Executive Board and at least bi-annually to the PLC Board, on progress to date, ESG risks and opportunities, and any actions necessary to ensure we are evolving our ESG Strategy and continually meeting the ESG expectations of both internal and external stakeholders. The Group COO is part of the ESG Leadership Group and meets fortnightly with the Group Head of ESG, as does the Group Director of Risk. The Group Head of ESG sits within the Group Risk and Excellence function.

Climate action

2030 Net Zero pathway

DWF is responding to an urgent call-to-action for companies to set emissions reduction targets in line with a 1.5°C future, backed by a global network of UN agencies, business and industry leaders. In May 2021, we signed the Business Ambition for 1.5°C commitment, a campaign led by the SBTi in partnership with the UN Global Compact, the Carbon Disclosure Project ('CDP'), the World Resources Institute ('WRI'), the World Wide Fund for Nature ('WWF') and the We Mean Business Coalition, demonstrating the highest level of ambition on climate and paving the way to a Net Zero future.

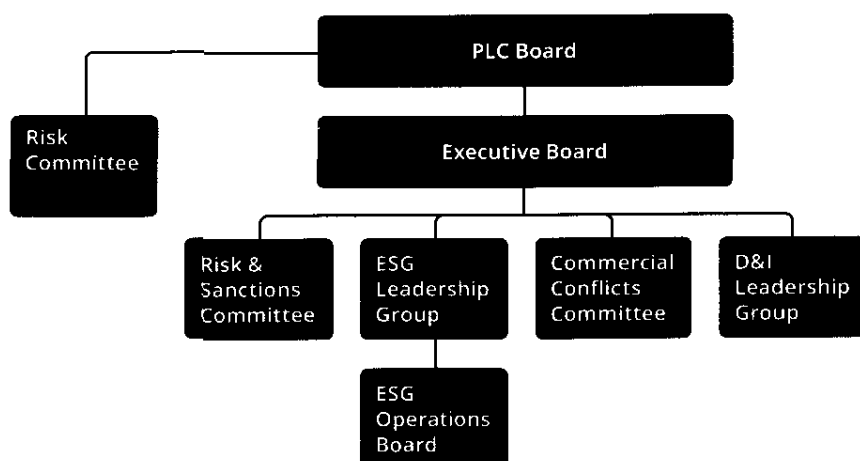
In December 2021, we submitted our carbon reduction targets for validation by the SBTi. The targets set are to reduce Scopes 1, 2 and 3 by 50% by 2030, with our overall ambition to be Net Zero by 2030. The SBTi began the validation process in May 2022 and in June 2022 our targets were successfully approved.

Our key focus is on actual reductions in our emissions by cutting energy use, transitioning to renewables, significantly reducing the frequency and carbon intensity of commuting and business travel and, once we have reduced our carbon emissions to the lowest level possible, investing in solutions that remove carbon from the atmosphere.

Roadmap to Net Zero

2021	March Certification to new Standard ISO 14001:2015
	June Commitment to setting SBTi targets in line with the 1.5 Pathway
	December Targets sent to SBTi for Validation
 SCIENCE BASED TARGETS <small>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</small>	
2022	June Targets validated by the SBTi
	July Our annual completion of CDP and annually thereafter
2024	March Re-certification to ISO 14001:2015
2025	December 25% reduction across Scopes 1, 2 and 3
2030	March Carbon Neutral/Ambition to be Net Zero

ESG Governance Structure



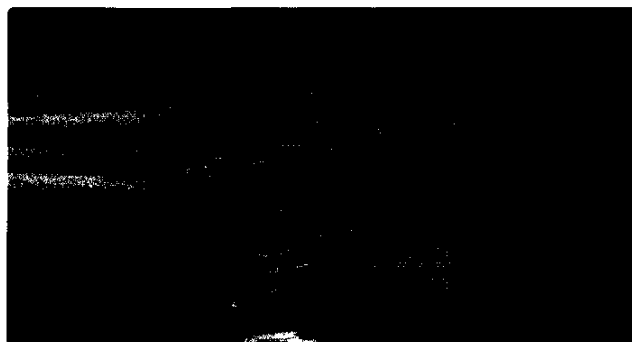
Our ESG Strategy at a glance

Link to Sustainable Development Goals

Our targets

Performance to date

Priorities for next year



Climate action



- Reduce our carbon emissions in line with the Paris Agreement.
 - Reduce Scope 1, Scope 2 and Scope 3 emissions by 50% by 2030.
 - Reduce business travel emissions by 50% by 2030 (against a 2019 baseline).
 - Achieve Net Zero in our operations by 2030.
-
- Our key focus is on reducing our CO₂ emissions, and we have committed to and submitted our roadmap to a 1.5°C pathway with the Science-Based Targets initiative ('SBTi'), which was approved in June 2022, demonstrating the highest level of ambition on climate and paving the way to a Net Zero future.
 - Further details can be found in our environmental reporting on pages 38 to 45.
-
- Active management of carbon emissions aligned to a 1.5°C pathway.
 - Inspire colleagues to drive meaningful impact and foster an enlightened attitude around business travel.
 - Engage in at least one project during FY2022/23 which provides for additional emission reductions/emission removals from the atmosphere.
 - Take action to ensure efficient use of resources, following the 'Reduce, Reuse, Recycle' waste hierarchy.
 - Invest in technology to help drive our sustainability agenda.
 - Expand the scope of our continued ISO 14001 certification.
 - Collaborate to develop, apply and promote environmental best practice to enhance our resilience to climate change.

For more information, see pages 38 to 45



Diversity & Inclusion



- Increase the proportion of women on the PLC and Executive Boards to at least 40% by 2025, with the same target applying to the proportion of women in all senior management roles globally.
- In the UK, to increase the representation of Black, Asian and Minority Ethnic colleagues across senior management to at least 10% by 2025.
- In the UK, to increase the representation of Black, Asian and Minority Ethnic colleagues across all career bands to at least 13% by 2025.
- In the UK, to increase Black representation overall and in senior roles to at least 3% by 2025.
- We strengthened our D&I infrastructure and built on the efforts already made in inclusive recruiting to ensure we sustain leadership engagement and ownership to progress and retain diverse talent. This includes quarterly reporting of progress within each division to our Executive Board, D&I objectives for all people managers and tracking and modelling D&I data to inform our strategy, plans and actions.
- Evolve, through the D&I Action Plans and Board oversight, talent pipelines and succession planning within each division to ensure a focus on female and Black, Asian and Minority Ethnic talent in the UK, aligned to our current targets.
- Widen the roll out of Inclusive Leadership Training following a successful pilot last year.
- Expand race and ethnicity two-way mentoring beyond the PLC and Executive Board members.
- Increase engagement on disclosure of global workforce data continuing to encourage voluntary self-declaration (subject to any legal restrictions) and communicating and measuring progress on data collection.
- Continue to review and monitor the D&I composition of teams servicing our clients, engaging and collaborating on activity designed to advance our shared inclusion goals.
- Increase support to and strengthen the impact derived from our Affinity Networks.
- Ensure business infrastructure and design of operations promotes inclusion in all aspects.

For more information, see pages 45 to 48







Empowering colleagues and our communities



- Achieve and maintain an overall global colleague engagement score of 80+.
- 100% of DWF employees globally earn a Living Wage according to jurisdiction.
- Raise sufficient funds for the Foundation to enable donations made to reach £1 million in support of registered charities globally by the end of FY2022/23.
- Continue to advance social mobility within our talent pipelines.
- Deliver 25,000 hours in volunteering hours to our communities, or through pro bono work from FY2022/23 across the next three years to FY2024/25.
- In 2021, we launched our employee value proposition to position DWF as an employer of choice – DWF Life brought together for our colleagues all of the essential elements of what it means to be a part of DWF. In September 2021, our colleague engagement index increased from 75 to 76 (with an additional 382 colleagues responding) and we retain Living Wage Employer status in the UK.
- Sustain a skilled workforce today and for the future, whilst continuing to prioritise colleague health and wellbeing.
- Increase engagement through values-led behaviour to achieve higher levels of job satisfaction.
- Continue to embrace hybrid working to sustain a high-performing, inclusive workplace.
- Continue to foster a culture of recognition and appreciation throughout DWF.
- Empower more colleagues to use their talent, skills and insight to strengthen our communities through volunteering and global pro bono support.
- Engage with our supply chain to develop ways to reduce environmental impacts.

For more information, see pages 47 to 48

Our ESG Strategy at a glance continued

	
	Supporting and connecting with our clients
Link to Sustainable Development Goals	  
Our targets	<ul style="list-style-type: none">Working with colleagues and clients collaboratively to improve both our and their sustainability performance through an ESG-centric approach, building long-term relationships.Understand the ESG/sustainability strategy for all key account clients and assess the support DWF can provide or steps DWF should take to ensure teams deliver work and relationships consistent with any commitments clients make and our own values and commitments to ESG.Improve our net promoter score for our Key Account programme by at least 5% and maintain current market leading score.100% of new clients are assessed in line with the ESG Client Policy, due diligence and onboarding process.
Performance to date	<ul style="list-style-type: none">The Group's net promoter score ('NPS') increased from 49 to 63. This evidences a loyal client base driven by high levels of satisfaction with service delivery and quality. This demonstrates solid foundations for long-term relationships.Also in 2021, we published global research to encourage clients to implement robust ESG strategies and share ideas on how a better and sustainable future vision can be achieved.
Key strategy for next year	<ul style="list-style-type: none">Embed our new ESG Client Policy, risk assessment matrix and escalation process into our client due diligence which extends to new and existing clients.Continue to work with our clients to help future-proof their businesses by leveraging our own ESG expertise.Continue to engage and collaborate on ESG with clients through research, awareness and education, and sharing of ideas to create solutions to navigate the future changing world.Increase the amount of sustainable work we undertake and have a clear and robust way of capturing and communicating internally and externally to be able to determine future KPIs.Identify opportunities to collaborate with clients on ESG or environmental projects.
	For more information, see pages 48 and 49



Acting with integrity in everything we do



- 100% of colleagues read and confirmed understanding of our Code of Conduct.
- *Zero instances of bribery and corruption.*
- Zero instances of modern slavery in our operations and supply chain. See page 32 for more information.

- *No reports of bribery and corruption during the financial year.*
- No reports of modern slavery in our operations and supply chain
- To increase transparency and improve the quality and consistency of our risk assessment and decision making, we introduced a process designed to lead to more informed client onboarding, agreed at a level appropriate to the sensitivity of the issue concerned. In addition, following the establishment of our Risk & Sanctions Committee, set up in response to the war in Ukraine, we have turned down the opportunity to act for more than 50% of the matters referred to the Committee for consideration.

- Roll out an updated Code of Conduct globally to colleagues, incorporating changes to internal policies and processes aligned to our ESG Client Policy and external best practice.
- Promote a culture where colleagues feel comfortable to raise a concern and speak up.
- Continue to embed and communicate outcomes from our newly established Risk & Sanctions Committee and ESG Client Policy.
- Improve the tracking and monitoring of our human rights approach and expand the scope of human rights training provided for our colleagues.
- Embed our ESG communications strategy both internally and externally to engage and inspire colleagues, enhance the credibility of our own ESG disclosures and set an example to others about our shared responsibility for people, profit and the planet.

For more information, see pages 48 and 49



Building trust and increasing transparency



- Achieve and retain EcoVadis 'gold' rating standard by achieving a minimum score of 67, building on the silver standard already achieved.
- Increase ESG operational resource to ensure effective implementation of the strategy by 2023.
- We disclose annually, our approach to climate-related risks and opportunities using the most appropriate framework (currently TCFD).

- We achieved a silver EcoVadis medal for our commitment to sustainability. EcoVadis is the world's largest and most trusted provider of business sustainability ratings.
- We were reassessed by the Business in the Community (BITC) Responsible Business Tracker to evaluate and monitor our progress, scoring 66% overall performance against a cohort average of 47%.
- We received a "D" rating with the Carbon Disclosure Project, however this score was prior to the formal launch of our ESG Strategy in December 2021. We are submitting our re-assessment in July 2022.
- We conducted a detailed independent materiality assessment to identify the issues that matter most to our stakeholders, and where we have the most potential to create value aligned with our purpose. The launch of our first ESG report is an important milestone in increasing reporting transparency.

- Continue to hardwire sustainability into our business operations.
- Increase transparency and reporting against our ESG priorities, using internationally recognised reporting frameworks.
- Proactively participate in ESG-related indices and publish ratings including FSTE4Good Series, Carbon Disclosure Project, EcoVadis and Business in the Community's Responsible Business Tracker.
- Continually improve and monitor the content and layout of our sustainability journey on our website to more accurately reflect our ESG Strategy.
- Initiate global gender pay gap reporting (currently only in the UK) and continue to voluntarily disclose our ethnicity pay gaps.

For more information, see 38 to 45

Environmental, Social and Governance report continued



Task Force on Climate-related Financial Disclosures (TCFD)

This is the first year that the Group has disclosed climate-related disclosures under the TCFD framework and, in doing so, we are complying with the requirements of the new Listing Rules on climate-related disclosures. Whilst significant progress has been made during the year to embed climate-related risks within our operations, we recognise that there is more work to do, including in our disclosures under the TCFD framework.

The risk to the business brought about by climate change is considered an emerging risk, with more detail available in the principal risks section of the Strategic report.

The disclosures below summarise our disclosures against each of the TCFD disclosure recommendations.

Governance

Describe the board's oversight of climate-related risks and opportunities.

The Board oversees and has overall responsibility for ESG, including the impact of climate-related risks and opportunities on the business. The Board is supported by the Global Head of ESG and the wider ESG Leadership Group, who together are responsible for ensuring that climate risks are embedded 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.

On a quarterly basis, the Global Head of ESG presents on ESG matters to the Board. At least annually, this presentation will include an update on climate-related risks and how the business is working to mitigate the impact of such risks, as well as maximising any opportunities.

The Executive Board and PLC Board also receive annual training on sustainability issues, including climate change. This helps to inform the Group's strategy in responding to the risks that are borne out of climate change.

Describe management's role in assessing and managing climate-related risks and opportunities.

Our Global Head of ESG ensures that management assess and manage climate-related risks and opportunities across all business areas including; Health, Safety & Environment, IT, Procurement, Risk, Finance, HR and Clients. Each area contributes to the scenarios that will likely impact their respective areas over the short, medium and long term. From the scenarios provided, the Global Head of ESG, along with the ESG Leadership Group, will determine those that will have the highest impact on the business, both positively and negatively. These are presented to the Board as outlined above.

During monthly ESG Leadership Group meetings, the latest environmental and climate-related matters are discussed, and the Leadership Group actively monitors the latest information and appraises updates on agreed actions to ensure we are dealing with climate-related risks efficiently and effectively.

Newly identified risks are submitted into the Group's existing risk management framework, as described in more detail below. For any emerging opportunities, actions are logged and followed up with the appropriate individual within the Group to ensure opportunities are being maximised.

Our management teams that are heavily involved in assessing and managing our climate-related risks and opportunities also receive training via the Carbon Literacy Project and our Global Head of ESG has successfully completed the Oxford Sustainability Leadership Course in the year. This ensures the Leadership Group is aware of material emerging risks and opportunities. Our ESG Leadership Group is also informed by our Global Co-head of Energy, being a legal expert in the field of emerging power, transition and supporting clients on regulations, reporting, decarbonisation and policy.

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks.

As we outlined previously, our ESG Leadership Team report on the climate-related risks that they believe have the highest impact across the business. Climate-related risks that are identified are fed into the Group's risk register. This forms part of the first line of defence as part of the Group's existing Enterprise Risk Management ('ERM') framework, which is outlined further on page 50.

Also considered within the scope of the ERM, the business determines potential emergency situations, including those that can have an environmental impact. These risks and opportunities are reviewed at least annually.

Describe the organisation's processes for managing climate-related risks.

The Board, supported by the ESG Leadership Group, will integrate new, and refresh existing, processes into the Group's ERM to identify, assess and manage climate-related risks and opportunities over the short, medium and long term. This happens at least bi-annually.

By assessing climate-related risks in the manner described above, this allows us to put plans in place to either eliminate or reduce the impacts of those risks and ensure that we continue to invest in the right areas to help mitigate the Group's climate-related risks.

We determine the key risks associated with our business by categorising these into each of three areas of colleagues, clients and communities, aligning with our purpose. Additionally, we review the risks associated with infrastructure which includes our IT systems

Our ISO 14001:2015 certified Environmental Management System is also firmly embedded. It identifies and controls the environmental impact of our business and supports our working practices, thus allowing us to further eliminate or reduce the impacts of those risks.

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

In the prior year, Sustainability was included within the Group's strategic risks and classified as an emerging risk. Climate-related risks form a key part of this emerging risk. More detail on how the Group manages its emerging risks are provided in the principal risks section on pages 52 to 54.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

In the table on the following pages, we explain the key risks and opportunities that the business faces due to the increasing impact of global climate change. Risks and opportunities have been categorised into Infrastructure, Colleagues, Clients and Communities, although it is noted that there is often overlap between these categories.

Time horizons have also been attributed to our risks and opportunities, being short term (considered as one to five years), medium term (five to ten years) and long term (more than ten years).

Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning.

The impact of climate-related risks and opportunities on the Group has also been included in the table that follows and primarily focuses on the qualitative impact on the business. Whilst some limited quantitative impacts have been given, we expect to evolve our assessment over time and intend to provide further detail in future reports.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario.

In identifying the climate-related risks and opportunities to the business, we have considered two climate-related scenarios:

Scenario 1 Global warming is limited to less than 1.5 degrees above pre-industrial levels. This naturally leads to risks and opportunities which relate to a rapid global transition to a low-carbon economy. These have been included within the 'transition risks' section in the table that follows.

Scenario 2 No mitigation of climate change, resulting in global warming of 4 degrees in the long term. This scenario presents the greatest risks to the Group and its key stakeholders and hence the business response is focused on limiting the impact of climate change on our people, clients and operations.

Environmental, Social and Governance report continued

Business opportunity	Business unit	Time horizon	Business impact	Business resilience
Physical risks based on 4 degree warming				
IT infrastructure	Infrastructure	Medium and long term	Our IT infrastructure is critical to our ability to operate. This infrastructure is exposed to the consequences of extreme weather events, which could result in business disruption via power failure, flood or loss of cooling.	Our core 'internal' systems infrastructure is operated from duplicated internal (DC1) and external (DC2) data centres. The external data centre is on a different power grid and is operated by a world-class operator, Equinix, which has a strong climate event mitigation strategy. Our cloud-based services, which include email, intranet and other core services, are hosted within Microsoft's Azure cloud infrastructure, for which Microsoft has industry leading mitigation plans.
Impact of extreme weather and climate-related events on our colleagues	Colleagues	Short, medium and long term	Our offices are also exposed to ever increasing extreme weather and climate events, especially those in higher-risk geographies. This could result in disruption to our colleagues, operations and, as a result, on our ability to service our clients. It is difficult to quantify the likely impact of such a risk on the business as it depends which geographies are impacted, the severity of the impact and the success of our mitigating actions.	The impact of COVID-19 has meant that the business has adapted successfully to a hybrid working model such that short-term disruption to our offices can be mitigated by the ability of our colleagues to work from home. Our premises strategy also considers the resilience of new and current office space to extreme weather events proportionate to the level of risk in the relevant geography. Localised weather events could disrupt our colleagues even when they are working remotely due to it impacting their homes and local infrastructure, and in the longer term the infrastructure in certain higher-risk geographies will come under increasing strain, increasing the level of disruption. These risks continue to be mitigated through the Group's business continuity planning.
Impact of extreme weather and climate events on our clients	Clients	Medium and long term	The Group's clients are also exposed to risks of extreme weather and climate events. Some clients will be significantly exposed due to either their location in higher-risk geographies, or where they have supply chains that are at high risk of disruption. In addition, our insurance clients may be exposed to the consequences of extreme weather or climate events. Our clients are therefore facing increasing risks and such events could result in significant impact on their operations and, in turn, a decrease in the level of services they require from DWF.	The Group continues to operate in diverse sectors and geographies, and this diversification mitigates the impact of disruption of any individual client or sector. In addition, we are well placed to provide support to our clients as they face the physical risks caused by extreme weather and climate events, for example construction advice, planning and development, casualty, local authority, community development and investment, and international energy and renewables-related disputes. These risks continue to be mitigated through the Group's business continuity planning.

Key Opportunities	Stakeholder	Time horizon	Business impact	Business response
Transition risks based on 1.5 degree warming				
Talent	Colleagues	Short, medium and long term	Our colleagues are key to the future success of the Group. We need to take meaningful action and be a leading player within the legal sector in our response to the global climate emergency so as to attract and retain talent within the business. Failure to do so could result in higher attrition. This is both a risk and an opportunity for the Group.	<p>Our Code of Business Conduct applies to every employee globally and everyone is expected to contribute to our global efforts to reduce, reuse and recycle wherever possible. Therefore, it is imperative to us as a business that everyone understands the role they play.</p> <p>Furthermore, we are educating our senior leaders and other internal stakeholders around environmental topics such as the road to Net Zero. We believe that embedding these behaviours and values, and providing education to our colleagues will demonstrate our response to the climate emergency and therefore attract and retain talent.</p>
Reputation/ Brand	Clients, Colleagues	Medium and long term	The DWF brand and reputation are impacted by the action taken by the Group in response to the climate emergency. In addition, our association with clients who may be perceived as not positively contributing to the global climate emergency, or damaging it, could undermine the commitments we have made on climate and lead to accusations of greenwashing and damage reputation. <i>This is likely to lead to lost revenue from clients who decide they will not work with us going forward.</i>	<p>As part of our Client ESG Policy, we have identified the sectors and industries that we consider to be the highest risk in creating a negative impact on the global climate emergency. These sectors and industries are continually reviewed by our Risk and ESG Leadership teams, and the policy is updated accordingly. The purpose of this policy is to improve on the quality and consistency of our risk assessment and decision making to lead to more informed client acceptance, on the basis of our ESG material factors, with decisions taken at a level appropriate to the sensitivity of the issue concerned.</p> <p>We regularly engage with our clients and industry experts about our approach to combating the global climate emergency, including the disclosure of our commitment to the SBTi and our intended roadmap.</p>
Adapting our products and services	Clients	Medium and long term	<p>There is a significant opportunity for the Group to service existing and new clients as they transition to a low-carbon economy.</p> <p>Risks are also prevalent if we are unable to adapt our services to adequately service our clients' needs.</p>	<p>We realise the importance and challenges our clients face, and look to support them wherever we can. We have reviewed how we currently work with our clients and structured this in a way to provide legal advice across 'Environment, Climate Change and Energy Transition' issues.</p> <p>Additionally, we are looking to support clients through training and education on environmental topics and considering the development of a consultancy service to further support our clients' needs.</p> <p>We consider the impact on the environment in the decision-making process for new products and services. These are referred to the ESG Operations Board and ESG Leadership Group where appropriate.</p>

Environmental, Social and Governance report continued

Report objective	Stakeholder	Timeframe	Key risks/opportunities	Business response
Supply chain	Communities	Short, medium and long term	<p>As a people-led business, whilst we are not as reliant on our supply chain as other sectors, it still contributes significantly to the Group's carbon emissions.</p> <p>The Group's pathway to Net Zero by 2030 is reliant on our ability to procure products and services which minimise the impact on climate and the environment. Utility providers may be unable to provide sustained (and renewable) power to our workplaces, for example.</p> <p>The supply chain may experience disruption based on environmental and geopolitical factors inhibiting supplies/ services to DWF. This could lead to increased costs or risks to the ability of the Group to achieve its Net Zero pathway.</p>	Increasing emphasis on supply chain resilience will continue to be built into the sourcing strategy, working with key suppliers to ascertain their approach to business continuity planning ('BCP') and their corresponding ability to rapidly and effectively deploy appropriate contingency measures. In addition, should potentially disruptive scenarios arise, a supply chain impact assessment will be undertaken with providers of high priority goods and services to determine any adverse impact upon their capability and capacity to support DWF and, where any shortfall may be identified, apply a collaborative approach to determining mitigation measures.

Metrics and targets

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

We are committed to our role in supporting the global transition to a sustainable low-carbon economy and our ambition is to achieve Net Zero greenhouse gas ('GHG') emissions ahead of the UK Government's target of 2050, to achieve the goals of the Paris Agreement. This in turn enables us to mitigate the climate-related risks noted above through contributing to global action to lessen the impact of climate change on society.

Our key metrics are therefore the Group's GHG emissions and, in setting targets, we have committed to the 1.5°C pathway with the SBTi.

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

The Group measures Scope 1, 2 and 3 emissions which are summarised in our Environmental Report on page 43.

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

The targets that have been set in accordance with the SBTi 1.5°C pathway are a reduction of 50% of Scope 1, 2 and 3 greenhouse gas emissions by 2030 against a 2019 baseline. These targets have been validated by the SBTi in June 2022. More detail on the action being taken by the Group in achieving these targets can be found below and on page 44.

Environmental reporting

Our approach

In supporting the Group's ambitious target to reduce GHG emissions, we are certified to the ISO 14001: 2015 Standard and have an Environmental Management System in place to identify and control the environmental impact of our business and support the enhancement of our working practices.

By understanding our impacts together with our climate-related risks and opportunities, this allows us to adapt and evolve our strategy together with the targets set, which in turn will allow us to build the requisite resilience needed to appropriately manage climate-related risks.

Our targets

We are required to report on our greenhouse gas emissions under the Streamlined Energy and Carbon Reporting ('SECR') framework for the UK. We report our emissions under SECR consistent with the Group's financial year. We also have greenhouse gas emission targets that have been set in accordance with the SBTi. These are set by calendar year.

Greenhouse gas emissions are classified under three different scopes:

Scope 1 All direct emissions from the activities of the organisation or an organisation under its control, including fuel combustion on site, such as gas boilers, fleet vehicles and air-conditioning leaks.

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 it does not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

The targets that have been set in accordance with the SBTi 1.5°C pathway are a reduction of 50% of Scope 1, 2 and 3 greenhouse gas emissions by 2030 against a 2019 baseline. These targets have been validated by the SBTi in June 2022.

GHG emissions by financial year:

Reported in: Euro 2021 & 2022	UK Emissions FY 2020/21	International Emissions FY 2020/21	UK Emissions FY 2021/22	UK Emissions FY 2021/22	International Emissions FY 2021/22	UK Emissions FY 2021/22	Year on year difference FY 2021/22
Energy consumption	The following data does not account for any renewable energy purchased						
Gas and fuel kWh	1,655,369	–	1,655,369	1,248,614	–	1,248,614	(25%)
Electricity kWh	3,034,490	1,795,547	4,830,036	3,029,796	1,704,512	4,734,309	(2%)
Business travel cars kWh	69,267	103,381	172,649	162,075	88,381	250,457	45%
Total energy used in kWh	4,759,127	1,898,928	6,658,055	4,440,486	1,792,894	6,233,380	(8%)
% split across UK and international sites	71%	29%		71%	29%		
Energy consumption	The following data discounts renewable electricity purchased						
Electricity kWh	71,810	1,032,978	1,104,788	118,663	946,159	1,064,822	(3.6%)
% split across UK and international sites	6.5%	93.5%		11.0%	89.0%		
Carbon emissions							
Scope 1 emissions (TCO ₂)	315	–	315	224	–	224	(29%)
Scope 2 emissions (TCO ₂)	16	570	587	25	470	495	(16%)
Scope 3 emissions not including procurement (TCO ₂)	278	293	570	427	396	823	44%
Scope 3 emissions breakdown (TCO₂)							
Waste	1	0	2	2	3	5	225%
Fuel and energy related activities not included in Scope 2	193	222	415	228	251	479	16%
Gas	46	–	46	34	–	34	(25%)
Water	3	5	8	1	2	4	(53%)
Rail	6	10	16	52	9	61	293%
Taxi	12	8	20	10	14	24	21%
Air	9	23	32	60	97	158	395%
Car	9	25	33	39	20	58	77%
Total Scope 1 & 2 emissions (TCO₂)							
Location based	331	570	901	249	470	718	(20%)
Total Scope 1, 2 & 3 emissions (TCO₂)							
Location based without procurement	609	863	1,471	676	866	1,542	5%
Percentage of all scopes emissions	41%	59%		44%	56%		
Total Scope 1, 2 & 3 emissions (TCO₂)							
Market based	1,611	1,324	2,935	1,590	1,367.10	2,957	1%
We have taken the decision to include the rest of our Scope 3 emissions in line with the SBTi reporting we undertake							
Procurement			3,586			3,177	
Commuting			1,397			5,432	
Total Scope 1, 2 & 3 emissions (TCO₂)							
Location based including procurement and commuting			6,454			10,150	
Total TCO ₂ per head based on average headcount of 3,961 in 2020/21 and 3,960 in 2021/22							
			1.64			2.57	

Methodology: DWF utilises a third party system (Accuvio) in which a record of energy, travel, waste etc. are recorded on a monthly basis, which then calculates the carbon emissions. (Please note that procurement and commuting are not currently calculated within the Accuvio System and we utilise the Quantis Scope 3 Calculator to calculate emissions.) Data records travel and energy usage globally with the exception of some international offices which are serviced offices. The analysis uses an operational control approach which means that where there are serviced agreements for utilities, the data is not included in the report. Commuting data is reported on an assumption basis. Whilst figures have decreased for the last financial year, this is due to COVID-19. Any fuel figures provided in litres have been converted into kWh or TCO₂e using Gov.UK and Defra conversion tables. Mileage provided has been converted into TCO₂e using Defra conversions. kWh figures for air, rail, taxi and other public transport have been omitted as not practical to convert from passenger km or passenger fares, but CO₂e emissions have been calculated using Defra conversion factors.

Environmental, Social and Governance report continued

GHG emissions by calendar year (and in accordance with the SBTi):

Calendar Year 2021	Scope 1 (Gas)	Scope 2 (Electricity)
SBTi Calculated Target	321 Tonnes of CO ₂	667 Tonnes of CO ₂
Actual	298 Tonnes of CO₂	559 Tonnes of CO₂
Overview	Ahead of Target predominantly due to the Pandemic. The lack of availability of renewables also impacted Scope 1 across some of our sites.	Ahead of Target predominantly due to the Pandemic. The lack of availability of renewables also impacted Scope 2 across some of our sites.

One of the most significant environmental impacts is reliance on energy to run the buildings. Our key focus is ensure our portfolio of commercial property is using renewable energy with the aim that all UK offices will be 100% green energy by 2030 at the latest. At present, there is a small amount of gas (Scope 1) used across 44% of our entire estate. The target is to reduce this usage, if not to eliminate where possible, by at least 50% by 2030. In terms of electricity (Scope 2), 61% of our estate is currently utilising renewable energy (over 80% UK only). Our aim is to reduce this consumption by 50% by 2030. Internationally, we will ensure our estate is also transitioning to renewable energy insofar as possible.

We have committed to work with Building Management to encourage the procurement of Renewable Green Energy across those sites that do not currently have this and to look at whether water conservation methods can be introduced; including any future property expansion whether that be an office move or office space acquired during M&A activity to assist with our Scope 1 and 2 Targets. Future office space will take into consideration the EPC Rating as well as BREEAM properties.

Whilst the pandemic brought about many challenges, it also gave us the opportunity to "mothball" some of our unused space and at present there is no intention to re-open such spaces. Instead, we have created a transient workforce which in turn requires less space. Whilst we did see a drop in energy related emissions, these were not significant due to the fact that we need to run HVAC/ BMS systems at full at all times to mitigate the risk of transmission of COVID-19.

Our energy reduction plan includes continually assessing how we can reduce energy consumption through heating and cooling set points, LED/PIR lighting and automatic computer power downs for example.

We have created an Energy Management Standard Operating Procedure (attached) to sit alongside our Energy Management Policy, which ensures that we continually monitor energy usage and implement the actions necessary to reduce the amount of energy we use.

SBTi methodology

Our overall SBTi target was calculated by following its methodology outlined in the target setting tool.

We have calculated the reductions necessary from a 2019 base year through to 2030 and utilised this data to then create our own internal metrics/plans to reduce our emissions. These will be reported on at least bi-annually, unless analysis shows a material deviation from our planned target, at which point this will be reported as described above and remedial actions put in place if the deviation is within our control.

Energy efficiency

COVID-19 brought about the opportunity to transform the way we work, which has had a positive impact on our emissions. We have been able to reduce some of our floor space due to having a transient workforce and have brought in a more stringent travel policy.

Meeting our ambitious reduction targets

Energy
Our key focus is to ensure our portfolio of commercial property is using renewable energy with the aim that all UK offices will use 100% green energy by 2030 at the latest. At present, there is a small amount of gas (Scope 1) used across 44% of our entire estate. The target is to reduce this usage, if not to eliminate where possible, by at least 50% by 2030. In terms of electricity (Scope 2), 61% of our estate is currently utilising renewable energy (over 80% UK only). Our aim is to reduce this consumption by 50% by 2030. Internationally, we will ensure our estate is also transitioning to renewable energy insofar as possible.

Our energy reduction plan will also ensure that we continually assess how we can reduce energy consumption through heating and cooling set points, LED/PIR lighting and automatic computer power downs, for example.

Travel and commuting

Proactive management of both business travel and commuting will bring about travel reductions, which in turn will reduce our emissions and well as being financially beneficial.

Stationery and print

Further embed our digitalisation programme, which in turn will reduce the requirement for stationery items, i.e. paper, envelopes etc.

Supply chain

We are working with our supply chain to develop ways to reduce environmental impacts. We review the environmental credentials of suppliers as part of the onboarding process and then throughout the term of the contract, undertake audits and review the provisions in place, ensuring their appropriateness throughout the term of the contract.

Risks

Our ambition is to be Net Zero by 2030. However, a severe change in climate conditions means that we need to be conscious of the impacts this could have on our colleagues, property and services, and we will therefore continually monitor climate-related risks and opportunities and adapt our business accordingly.

We have identified areas we need to continually monitor, applying the 'Plan, Do, Check, Act' model, which in turn will allow us to adapt and evolve our strategy taking into account those risks and opportunities identified. Associated risks that can impact our ability to meet these targets are described below:

- A change in the proposed 1.5 degree pathway will mean we need to reconsider our approach, and significant changes may also mean that our reduction targets will not be achievable by 2030.
- Disruption due to international conflict may have a significant impact on global emissions, therefore meaning our current targets are unachievable.
- Global situations may affect the availability of renewable energy sources, impeding our ability to move to 100% renewable energy across our portfolio.
- Energy costs are increasing significantly and, if this continues, landlords/building management as well as suppliers may steer away from renewable energy, taking the cheaper or more secure non-renewable option.
- A material change in the size of our business will mean we will need to apply a revalidation process to our targets with the SBTi.
- Financial – Price increases as supplies become less available.
- Supply chain may experience disruption based on environmental and geopolitical factors inhibiting supplies to DWF.

Engagement

We recently trialled the Pawprint app across our offices in Scotland. This app is an employee engagement tool which helps people measure, understand and reduce their carbon footprint. It empowers employees to fight climate change at work, home and beyond.

The benefits of using an app like Pawprint are that it allows us to:

- Engage our colleagues; use our best asset to drive sustainability initiatives.
- See our impact; transform ESG from a box-ticking exercise into measurable impact.
- Future-proof; protect the future of our business, and our planet.

Results were positive, with significant carbon savings; many habits formed which mean people will continue to take action to reduce their climate impacts; and lots of engagement and the sharing of ideas.

We are currently considering the results of the trial and then a decision will be made as to whether the Pawprint app is rolled out further across the business.

Training

During 2021, we rolled out the Carbon Literacy Project ('CLP') training for our employees. In order for us to do this, we have to create a course and have this verified by the CLP. So far, training has taken place with approximately 25 people – all achieving certification. A schedule of training has been put in place for FY2022/23 with the aim of training at least a further 60 people across the business. We are pleased to report that we have achieved Bronze Standard from the CLP.

Diversity & Inclusion

Our approach

Our vision is to create a working environment and culture where colleagues of all different backgrounds are able to contribute at their highest level to deliver positive outcomes with our colleagues, clients and communities. This means sustaining a workplace where everyone is included, valued and equipped with skills for today and the future.

In May 2021, we launched our five-year global D&I Strategy to work towards gender balance across all levels of management, embed ambitious new targets on both gender and ethnic diversity, as well as expanding the scope of our pay gap reporting.

Our priorities:

Ownership

Employee-led networks connect like-minded colleagues and create a space to voice their experience.

Representation

Actions are data driven so we can build diverse representation at all levels of our business.

Global direction

Locations come together to celebrate and champion Diversity & Inclusion through global campaigns.

Driving decisions

Divisional Action Plans and D&I Leadership oversight helps to keep D&I top of mind.

Sense of belonging

Addressing the engagement drivers that most substantially continue to employee and business outcomes.

Our Diversity & Inclusion performance

	Representation as at 30 April 2022	Target
Gender (female representation as at March 2022)		
PLC Board	30%	40%
Executive Board	36%	40%
Senior management	39%	40%
All colleagues	58%	
Ethnicity		
PLC Board members from a minority ethnic background	10%	
Executive Board	0%	
Senior management	4%	10%
All colleagues	12%	13%
Black representation overall and in senior roles	1%	3%
Disability		
% of colleagues who disclose that they have a disability	3%	
Sexual orientation and gender identity		
% of colleagues who disclose that they are lesbian, gay, bisexual or trans	4%	

Environmental, Social and Governance report continued

D&I benchmarking 2021/22



Times Top 50
Employer for Women



Global Stonewall
Diversity Champion



Top 30 Employer for
Working Families



Top 75 Employer
in the Social
Mobility Index



Disability
Confident Leader



Gold Standard in the
Employer Network for
Equality & Inclusion's
TIDE (Talent Inclusion
& Diversity Evaluation)
benchmark



UK Living Wage
Employer since 2014

Social Mobility

DWF continue to take positive steps towards tackling social mobility and have again featured in the list of Top 75 employers in the Social Mobility Employer Index at 51. The Top 75 recognises the organisations that are taking the most action to ensure they are open to accessing and progressing talent from all backgrounds. We also publish our social mobility data here (England only): <https://dwfgroup.com/about-us/diversity-and-inclusion>

Our targets

Over the last three years, our D&I targets have demonstrated to stakeholders that we are serious about increasing gender and ethnicity representation, particularly at senior levels.

Our new targets signal our intent to do better:

- Increase the proportion of women on the PLC & Executive Boards to 40% by 2025.
- Increase the proportion of senior management roles held by women globally to at least 40% by 2025.
- In the UK, increase the representation of Black, Asian and Minority Ethnic colleagues across senior management to 10% by 2025.
- In the UK, increase the representation of Black, Asian and Minority Ethnic colleagues across all career bands to 13%.
- Increase Black representation overall and in senior roles to at least 3% by 2025.
- The Board to initiate global gender pay gap reporting by 2022 (In addition to ethnicity, publish UK pay data by disability and LGBTQ+ by 2023).
- The Board to review additional targets to include all DWF regions by end of December 2022.

Progress against targets 2019-2022

- The Board to maintain its current gender diversity with no fewer than three women on the board – Achieved
- Increase female representation on the Executive Board 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 representation across senior leadership positions by 2022 – Not on target
- The Board to initiate ethnicity pay gap reporting by the end of 2020 – Achieved
- The launch of our latest D&I strategy in May 2021 and subsequent ESG strategy in December 2021, signalled our intent to do better, recognising we fell short by a considerable margin on our target to achieve at least 10% Black, Asian and Minority Ethnic representation across senior leadership positions by 2022. This target was retained and incorporated within a suite of new stretch targets agreed to 2025.

Our Gender and Ethnicity Pay Gap Report

In March 2022, we published our fifth gender pay gap report and marked the second time we voluntarily included details of our ethnicity pay gap. The figures are available on pages 113 and 114 of the report and the report in full is published on our website.

Disability statement

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.

Gender and ethnicity pay gap report 2021



DWF Life

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.

Delivering positive outcomes with our colleagues

Our colleagues bring our purpose to life and so we remain committed to recruiting and developing top talent, investing in their development and wellbeing, advancing social mobility and increasing engagement through values-led behaviour to achieve higher levels of job satisfaction. We are listening to understand how we can do better and working hard to foster a culture of recognition and appreciation throughout DWF.

Responding to colleague feedback and in keeping with our purpose and the principles of DWF Life, we are making significant improvements to our family friendly policies. From May 1, our UK colleagues will benefit from an increase in Maternity Pay and Adoption Leave to 100% full salary for 26 weeks. Paternity Leave will increase from two to four weeks at full pay and Shared Parental Leave from full salary for the first two weeks to eight weeks of full salary.

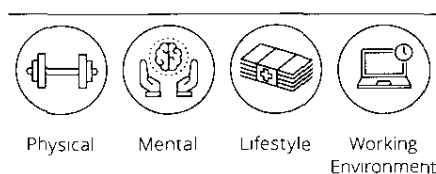
As a future-focused business, we continue to embrace flexible and agile ways of hybrid working to sustain a high-performing, inclusive workplace.

DWF Life

In 2021, we launched our employee value proposition ('EVP') to position DWF as an employer of choice in a competitive labour market, and to make our brand accessible to new talent. Our business thrives on empowering each other to share experiences and ideas, and where our colleagues feel valued, recognised and can be themselves. 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.

Colleague health and wellbeing

In delivering on our purpose, our wellbeing strategy aims to create and sustain a healthy working environment where everyone at DWF feels supported and comfortable to speak openly about their wellbeing. Our Wellbeing Hub provides colleagues with access to a range of interactive guides, information and support, and our Wellbeing Leadership Group oversees our four pillars of activity:



In 2021, we formalised the role of the Mental Health First Aider to help spot the signs and symptoms of common mental health issues and to provide preliminary support and reassurance. Workplace Options, our Employee Assistance Programme, is one of our core benefits and is automatically available to everyone from the day that they start work at DWF. It is available to colleagues 24 hours a day, seven days a week.

Learning and development

At DWF, we are committed to developing and supporting our internal talent, so that everyone has an opportunity to contribute more and grow their career. Our aim is to recognise and nurture the knowledge, skills and behaviours to achieve our global ambitions and we aim to appoint diverse, agile and multidisciplinary colleagues across every demographic.

Through our DWF Academy, we offer colleagues three programmes of training – Foundations, Essentials and Leadership. Each programme is designed with a target audience in mind to equip colleagues with the skills they need to excel in their current role and prepare them for progression.

Mindcrest University is our divisional training and development programme supporting colleagues within our Alternative Legal Services Provider division. Its curriculum includes over 200 courses and employs a variety of learning methods, including mentoring, classroom training, online coursework and eLearning modules.

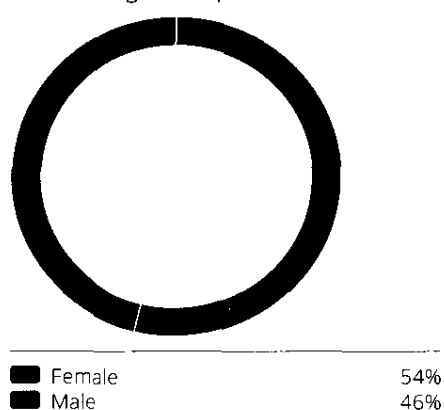
Performance and career development

All of our colleagues receive an annual performance review.

There are two routes to promotion at DWF – our annual process, driven by an individual business case, and vacancy driven, which is dependent on business need and managed through our internal resourcing route.

During 2021, the annual promotion process positively impacted 224 colleagues.

Promotion gender split



As a leading Social Mobility Employer, we are taking steps to dismantle the barriers to accessing and progressing within the profession. In the UK, we continue to use contextual assessment of graduate recruitment in a bid to attract a more diverse talent pool and increase social mobility.

In April 2021, we launched a targeted social mobility scheme, designed to give diverse underrepresented candidates from Black, Asian and Minority Ethnic backgrounds the opportunity to gain exposure to commercial law in practice and help progress their legal careers.

Since May 2017, we have used the apprenticeship levy allowance to future-proof our skills pipeline, and attract a diverse range of talent into the business. The programmes we offer range from level 3 Paralegal, through to level 7 Solicitor's master's degree apprenticeships.

Number of apprentices

180

Environmental, Social and Governance report continued

Benefits and pensions

An important element of DWF Life is the rewards and benefits that we offer our colleagues, in return for their performance within the workplace. Through our flexible reward and benefits platform, Reward Plus, we provide a number of core Company-funded benefits, whilst providing colleagues and their families with a range of benefits designed to meet the needs of our diverse workforce and help to protect and enhance the wellbeing, work and personal life balance, and financial security of our colleagues and their families.

Colleague engagement

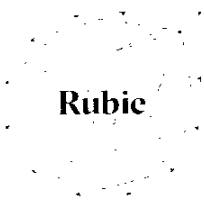
The business is kept informed of the Group's activities and performance through communications including our Weekly Digest, CEO weekly updates by email, videos, and interactive Town Halls. This is supplemented by updates on our Intranet.

We carry out a bi-annual global Pulse Survey as a key measure of engagement, to find out directly from our colleagues how they feel about working at DWF. Given the challenging working environment created by COVID-19, we are pleased to see levels of engagement have remained relatively stable in the context of an increasing number of respondents.

Recognition

We use a digital platform to recognise and celebrate colleagues who live our values and help shape our culture through their performance and the contributions they make to DWF.

On average, around 1,500 recognitions are made monthly. Managers can 'boost' someone else's recognition and award extra points, with 2,675 such boosts being made.



Our annual Rubie Awards recognise colleagues who have not only inspired but who have gone above and beyond, as we collectively work toward our purpose to deliver positive outcomes with our colleagues, clients and communities.

Our Code of Conduct

The Board understands its role in setting the tone of the DWF 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. On that basis, we are rolling out an updated Code of Conduct globally to colleagues, incorporating changes to internal policies and processes aligned to our ESG integration and external best practice.

Delivering positive outcomes with our clients

Identifying and managing risk is key to our business. We are working to deliver positive outcomes by embedding responsible, sustainable decision making into everything we do. Doing so helps us deliver long-term Shareholder value and protects our business, our colleagues and our reputation.

Clients want to understand how we can support them, and by integrating additional ESG concerns into our client due diligence and reframing the way we market our ESG expertise to future-proof their businesses, we will retain the ability to both retain and grow the number of clients we work with.

We collaborate with our clients on issue-based topics aligned to sustainability and ESG through various ways, including: roundtables, sponsorships, webinars and podcasts.

In 2021, we surveyed 480 senior executives at companies located all around the world and across each of our eight sectors. The research asked what companies are doing now compared with what they were doing two years ago, and what they are planning to do to tackle climate change, embed sustainability and build greater social and economic equity for future generations.

The findings confirmed that ESG is not an issue for the future, but something requiring immediate attention, with one in five companies explaining how perceptions of a weak ESG performance are resulting in the loss of work (60%) and difficulties recruiting talent.

Delivering positive outcomes with our communities

Our colleagues continue to be the driving force behind our community engagement efforts. To support their work, we will empower more colleagues to use their talent, skills and insight to strengthen our communities through volunteering and global pro bono support.

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. Since the Foundation launched on 1 December 2015, a total amount of £897,852 has been awarded through 416 grants.

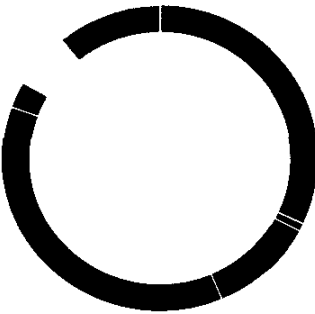
Grants awarded since The DWF Foundation since 2015

£897,852

In the last financial year:

Raised	£317,725
Number of grants	116

DWF Foundation giving 2021/22

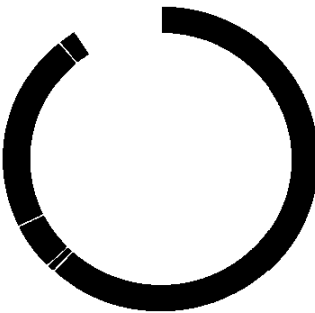


Health and wellbeing	33%
COVID-19/poverty	1%
Education	11%
Emergency response	38%
Employability	3%
Environment and sustainability	6%
Homelessness/poverty	11%

Volunteering

Despite COVID-19 continuing to restrict activities, colleagues invested 8,287 volunteering hours to support their local communities and 1,850 hours in pro bono support.

DWF volunteering 1 May 2021–30 April 2022



General	62%
Homeless	1%
Health and wellbeing	5%
Education and employability	21%
Environment	2%
Fundraising	9%

Standing with the people of Ukraine

DWF is shocked and appalled by Russia's assault on Ukraine. We condemn the invasion. We stand together in solidarity with the people of Ukraine and hope for a swift and peaceful resolution.

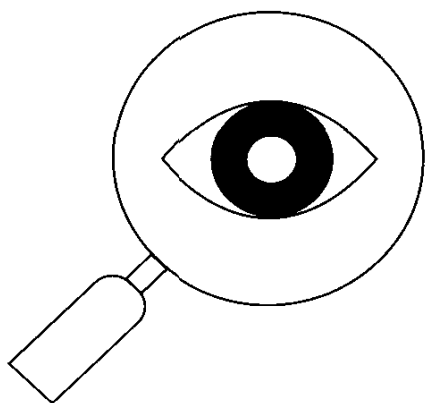
We have no offices in Russia or Ukraine, but we are doing all we can to support any of our colleagues and communities who are affected by this conflict. We are especially proud of our colleagues in Poland who are supporting refugees in the provision of aid, as well as providing pro bono legal advice. In support of the wider humanitarian effort, in conjunction with the DWF Foundation and with the help of colleagues around the world, we raised over £100,000.00.

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 number
Environmental	<ul style="list-style-type: none"> Environmental, Social and Governance Strategy Supplier Code of Conduct Sustainable Development Goals 	Environmental, Social and Governance report	32 to 48
Employees	<ul style="list-style-type: none"> Environmental, Social and Governance Strategy Code of Conduct Ethics Statement Diversity & Inclusion policy Speak Up policy and Helpline 	Environmental, Social and Governance report – Delivering positive outcomes with our colleagues Engaging with our stakeholders Corporate Governance report	47 to 48 26 to 31 57 to 71
Social and community matters	<ul style="list-style-type: none"> Environmental, Social and Governance Strategy DWF Foundation 	Environmental, Social and Governance report – Delivering positive outcomes with our communities Engaging with our stakeholders	48 26 to 31
Respect for human rights	<ul style="list-style-type: none"> Environmental, Social and Governance Strategy Supplier Code of Conduct Modern Slavery Statement Human Rights policy 	Environmental, Social and Governance report Engaging with our stakeholders	32 to 48 26 to 31
Anti-Bribery and corruption	<ul style="list-style-type: none"> Anti-Bribery and Corruption policy 	Corporate Governance report	66
Business model		Our business model	12 to 13
Principal risks and uncertainties	<ul style="list-style-type: none"> Risk taxonomy Risk register 	Risk management Principal risks Risk Committee report	50 to 51 52 to 54 80 to 82
Non-financial KPIs	<ul style="list-style-type: none"> Environmental, Social and Governance Strategy 	Key performance indicators	20 to 21

Risk management, our approach



Risk management

The Group's risk management framework outlines the Group's commitment and approach to good risk management. The framework is reviewed annually to ensure that it aligns to both the internal and external environment, as well as to the Group's strategy. Its purpose is to ensure that the organisational approach to risk is clearly understood and effectively managed across all areas of the business.

The framework identifies the roles and responsibilities of everyone in the Group and the integral part that they play in the management of risk.

All risks are assessed considering the combination of impact and likelihood and, as risk management is an ongoing process that is centred on the identification of the risks and responding to them proportionately, assessments are reviewed quarterly. This allows us to manage risk to a tolerable level.

Risks are assessed by using a risk matrix and our defined risk appetite. The appetite itself, which is set by the Board of Directors, is also reviewed annually. Overall, DWF has an 'open' appetite for risk in the pursuit of its strategic and business objectives. This means that *the business is willing to consider all potential options when faced with risk and will choose the one that is most likely to result in successful delivery of our strategy, whilst ensuring an acceptable level of risk and reward.*

Since the launch of our ESG Strategy, we have applied an ESG lens when assessing our risks; our review for FY2022/23 recommends a designated principal risk for ESG in our risk taxonomy.

At DWF, we recognise the importance of a strong culture of compliance, ethics and integrity, and we have an 'adverse' appetite for risks relating to legal and regulatory compliance, among others.

Our underpinning risk principles

The Board of Directors has overall responsibility for ensuring the business has robust risk management and internal control arrangements in place. The Board sets the tone for risk management and internal control, defines the organisation's risk taxonomy and overall risk appetite, and influences the culture of the business.

The Risk and Audit Committees are established as committees of the Board of Directors. They are responsible for overseeing risk management and assurance processes.

Each Executive Board ('ExBo') member is responsible for setting the tone for a strong risk management and internal control culture across all areas of the business.

The Group Risk team is responsible for designing and implementing a fit for purpose Enterprise risk management framework, and working with management and ExBo to ensure key risks are properly understood, and are being appropriately managed/mitigated.

All colleagues with management responsibilities are responsible for ensuring the key risks within the areas of activity under their management are clearly understood, and that appropriate controls are in place to effectively manage and mitigate those risks.

Control activities - three lines of defence

DWF operates a three lines of defence model.

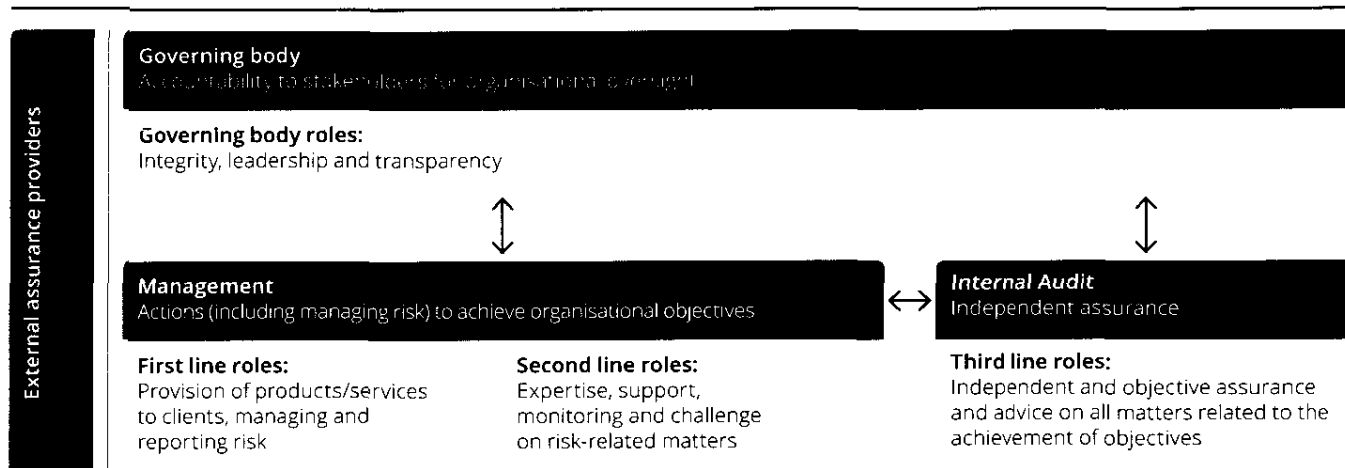
First line roles provide service excellence to our clients, whilst managing the risks to delivery of that service.

Our second line roles provide expertise, support, monitoring and challenge on risk-related matters.

The third line roles provide independent and objective assurance and advice on all matters related to the achievement of objectives.

In addition to our internal mechanisms, we have external assurance providers who provide reviews and input to our risk management activity.

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

DWF overall maintains a 'cautious' risk appetite; this is tempered with an 'averse' risk appetite for criminality and non-compliance in the areas of conduct and ethics.

As a Group, we 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;
- do not conflict with the Group's ESG Strategy and are aligned with the needs to reduce any negative impact we may have on our planet and communities;
- 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

Principal risks

During the financial year 2021/22, there have been two significant events that have created global risks:

- the changing approach to the COVID-19 pandemic, including the restrictions, changing expectations regarding work patterns and their impact on economies and people; and
- the invasion by Russia of Ukraine, which has brought with it sanctions against individuals and organisations and increased overall global instability.

DWF remains alert to these situations and actively implements actions to limit their impact on, and ensure the sustainability of, our business.

Business, commercial and strategy risk

Risk rating: Stable

Viability risk: Yes

Continuing to deliver to a broad client base across diverse sectors, through a wide-ranging portfolio of integrated legal and business products and services, has enabled us to limit negative impacts and optimise business opportunities. Having a multi-jurisdictional reach has ensured that we are well equipped to handle the material macroeconomic challenges as well as more local changes in laws, client needs and the range of demands on our colleagues.

We continue to retain an overall 'open' risk appetite when managing our business model and strategy.

Our relationships with our clients, regulators, sector and all stakeholders are based on our reputation, and we retain a 'cautious' risk appetite in that regard.

Example of risk mitigation action

We have introduced a new policy and process for risk assessing our clients against our ESG Strategy. This will ensure there is no compromise to our goals, and that clients who require help on their journey can tap into our knowledge and expertise in this area.

Conduct and ethics risk

Risk rating: Stable

Viability risk: No

We continue to have an 'averse' risk appetite for any risks that threaten our ability to comply with all relevant laws and regulations.

Example of risk mitigation action

The Group maintains an active dialogue, and strong relationships, across all its key regulators. This ensures awareness of changing legal and regulatory landscapes, allowing a proactive approach in ensuring compliance.

The Group's Risk & Sanctions Committee ensures we comply with changing sanctions globally imposed as a result of the Russian invasion of Ukraine.

People risk

Risk rating: Stable

Viability risk: No

The expertise, commitment and professionalism of our colleagues have enabled the DWF of today; to protect that, we have a 'cautious' appetite for risks that threaten our ability to recruit and retain our people.

We have an 'averse' risk appetite for discrimination, bullying and unfair treatment of our colleagues, and actively promote our Diversity & Inclusion agenda.

With ever-increasing job market demands, we focus on attracting and retaining the highest calibre of individuals who are best placed to deliver service excellence for our clients.

Example of risk mitigation action

We have broadened the scope of, and been more innovative in, our approach to reward and recognition.

To achieve our purpose of delivering positive outcomes with our colleagues, we have a Code of Conduct and an ethos of supporting, developing and incentivising our colleagues through 'DWF Life', built on our values, culture and excellence.

Principal risks

Operational risk

Risk rating: Stable

Viability risk: No

At the beginning of our financial year 2021/22, we reviewed our overall appetite for operational risk, and amended it to 'open'.

We have maintained and, in a number of areas, strengthened appropriate operational processes, systems and controls to support delivery of, and enhancement to, those systems. This closed the gap with our 'hungry' appetite for taking well managed risks where opportunities to create discernible benefits through innovation could assist in the achievement of our objectives.

However, to operate as an effective risk-based legal and business service provider, we have a heavy reliance on information and data, meaning we maintained our 'minimalist' appetite for inappropriate disclosure of sensitive information.

Example of risk mitigating action

Our strategic projects portfolio continues across our business to align to the mitigation of risks in some of our key operational areas.

We have continued to invest in infrastructure and security controls to further protect us and our clients from increasing global, and particularly legal sector, cyber attacks.

Financial and reporting risk

Risk rating: Stable

Viability risk: No

We have maintained our 'minimalist' appetite for finance and reporting including liquidity risk and for any risks that may threaten our financial stability.

The Group manages its working capital with the use of external debt facilities including the Group's revolving credit facility. As with many organisations, the Group actively manages its liquidity risk, ensuring compliance with covenants and managing the future availability of funding.

Example of risk mitigating action

The Group Treasury function is responsible for managing the Group's liquidity and ensuring compliance with financial covenants. Forecast covenant compliance is reviewed on a monthly basis. This exercise reflects reported results as well as regular updates to forecast results. Scenario analysis, alongside these monthly reviews, is performed on a regular basis to ensure reasonable worst case scenarios do not cause an unexpected financial stability issue and any material events can be pre-emptively managed. Liquidity risks brought about by unexpected and material professional indemnity claims are mitigated, in part, by the insurance policies we hold across the Group.

The Treasury function manages our relationships with the Group's debt providers. In the year, the Group has refinanced its revolving credit facility, which expires in December 2024, with two one-year extension options. The Group aims to renew or extend its main facilities 18 to 24 months before expiry.

Financial crime risk

Risk rating: Stable

Viability risk: Yes

We do not waiver on our 'averse' risk appetite for internal fraud or the inadvertent facilitation of financial crime (including anti-bribery and corruption).

Fraud and general financial crime have been more prevalent across the legal sector since the constraints of COVID-19.

We continue to maintain, and regularly review, appropriately robust controls and sanctions to maximise our prevention, detection and deterrence of potential financial crime activity.

Example of risk mitigating action

The Group has a suite of policies and mandatory training implemented which is regularly reviewed to ensure we are able to identify and mitigate the risk of any suspicious activity. We have various risk assessments undertaken on new clients and new matters. Our Anti-Bribery and Corruption policy is an example of one of our financial crime policies.

We also have a Speak Up policy and Speak Up hotline should anyone have the need to report on suspicions, and we take these very seriously, with rigorous and in-depth investigations carried out on any reports. Subsequent actions are taken on investigative findings and lessons learnt.

Principal risks continued

Emerging risks and uncertainties

The Group defines emerging risks as new or unforeseen risks, often external in nature that may be difficult to quantify but may materially affect the Group. Where such risks merit further analysis and consideration, they are defined as emerging.

The Group Risk function continues to work with first line of defence subject matter experts to enhance the quality and detail of emerging risk updates. Quarterly Divisional Risk Register reviews and those of the support functions include discussions on emerging risks which are, where necessary, escalated to the Group and Strategic Risk Registers.

Our monitoring of emerging risks enables the Group to:

- identify and monitor a broad range of potential emerging risks;
- take a proactive approach to their risk management and reporting; and
- present and implement plans to mitigate those emerging risks which could impact the delivery of the Group's Strategy.

The Risk Committee is presented with an annual update on emerging risks, supplemented by deep dives into the management and control of selected emerging risks.

Our Executive Board continue to horizon scan and monitor emerging risks and uncertainties that could impact our business, such as economic risk/inflation and government instability, and are always poised to take mitigating actions to protect our business and our clients.

Our response to COVID-19

Risk rating	Stable
Viability risk	Yes

During the financial year 2021/22, the global management of COVID-19 moved to implementation of vaccination programmes and gradual lifting of lockdown restrictions.

The Group continued to follow Government guidelines across all jurisdictions, supporting our colleagues with the tools to do their jobs remotely and providing safe locations from which they could work when reduced restrictions allowed. Our ways of working have been flexible to the needs of our colleagues, our clients and our communities, to ensure both physical and mental health is protected, whilst service excellence is not compromised.

We have embraced technology which has afforded us enhanced connectivity across our locations, colleagues and clients without any negative impact on our ESG aspirations.

The Group's Crisis Management framework continues to support the ongoing management of the changes in legislative and societal requirements as the virus continues to mutate and impact in varying ways.

Our response to the Russian invasion of Ukraine

Risk rating	Stable
Viability risk	No

During the financial year 2021/22, Russia invaded Ukraine. Whilst DWF does not have an office presence in Ukraine, many of our colleagues, particularly those based in our Polish office, have family, friends and clients across the border in Ukraine.

As details of acts of support, heroism, generosity and humanity among our colleagues emerged, DWF mobilised its efforts to support financially the Ukraine relief efforts.

DWF's Risk & Sanctions Committee oversaw the appropriate response, governance and decision making in light of the changes in sanctions legislation swiftly imposed by Governments across the world.

Whilst DWF does not have a significant number of Russian clients, we did see an increase in potential new instructions which were all reviewed by the Committee. The majority of new enquiries considered by the Committee were declined.

Sustainability including ESG

Risk rating	Stable
Viability risk	No

Following the endorsement by the Board of our ESG Strategy, to scale our collective ambition and impact globally, the Group Head of ESG sits on the Executive Board and supports it in overseeing the effectiveness of the strategy. Together these forums determine the further actions needed to improve our ESG performance. The ESG Leadership Group and its respective teams have a number of initiatives underway through an ESG programme reporting to the Leadership Group. This programme aligns the initiatives with the six pillars of our ESG Strategy:

- Climate action
- Diversity & Inclusion
- Empowering colleagues and our communities
- Supporting and connecting with our clients
- Acting with integrity in everything that we do
- Building trust and increasing transparency

These pillars have been developed and expressed to engage our colleagues, echo the concerns raised by our stakeholders and help to prioritise our areas of focus. The key ESG areas of concern for stakeholders identified through the materiality assessment are:

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

The continuation of ESG integration into our risk management is designed to deliver even more robust processes, to ensure we 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 we continue to improve ours.

Viability statement

Viability

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 including financing arrangements and the Group's principal risks. This assessment is designed to encourage directors to focus on the future prospects of the Group and to ensure that principal risks are being managed effectively and for the longer term. In assessing the Group's viability, a number of factors are considered, including the business model (see pages 12 to 13), the Group's strategy (see pages 14 to 15), risk management (see pages 50 to 51) and the Group's principal risks (see pages 52 to 54). Those factors which have a material impact on the Group's viability are outlined below.

Assessment period

The Directors' assessment of viability covers a three-year period to 30 April 2025 which is consistent with the following:

- **Strategy:** The Group's three-year plan, which is updated and approved annually by the Board sets out the strategic vision and priorities over that period to ensure the Group delivers on its ambition against the backdrop of the principal risks outlined in the Strategic report.
- **Financial strategy and funding:** The Group's principle financing facility is a rolling credit facility which was refinanced in December 2021 for an initial period of three years (with two one-year extension options).
- **Employee benefits:** employee share awards typically have an average vesting period of three years or less and LTIP awards for executive directors are made over a three year performance period.

The three year period is also deemed suitable against an ever changing macro environment in which the Group currently operates.

Risks considered within the viability period

In the assessment of the Group's viability the following factors have been considered:

Group strategic aims and purpose

The Group has a number of strategic initiatives in order to achieve future growth as considered in the three-year planning cycle. These focus on delivering positive outcomes for our clients, colleagues and communities and centre around delivering profitable organic growth, Inorganic growth via carefully selected acquisitions and establishment of new services and margin expansion. The cost impact of these strategic priorities are considered within the budget base case.

Macro environmental factors

The current macroeconomic environment remains volatile and the Directors remain vigilant and agile to the continually changing environment. Directors continually monitor the actual results and reassess the forecast outlook on a monthly basis to consider appropriate action on the ever-changing risk horizon.

Financial resources

The Group closed the year with committed Banking Facilities of £127m (of which £97m were drawn, but with a net cash balance of £25m), the largest of which is the £100m rolling credit facility (RCF) which was re-financed in December 2021 to increase the facilities available to the Group. This RCF has an initial maturity of three years with two one-year extensions and is subject to financial covenants as outlined in the going concern assessment on pages 130 to 131. The undrawn portion of the RCF is readily accessible and does not require any further approval for drawdown by the Group's banking syndicate. Associated with the facility is a further £20m accordion facility which is available on the same terms as the original RCF but is subject to the agreement of the banking syndicate for drawdown. The modelled assumption is that we do not draw on this. The facility agreement also permits the Group to obtain a further £30m of external funding and £15m of leasing facilities if required. We expect to be able to refinance external debt and renew committed facilities as they become due, which is the assumption made in the viability scenario modelling. The 3 year plan also anticipates a reducing net debt profile and a reduction in leverage.

Principal risks

All of the principal risks detailed on pages 52 to 54 have been considered but three scenarios have been identified which are linked to the Group's principal risks and would likely have a material impact on the Group's business model. These scenarios form the severe but plausible downside scenario that has been assessed against the Group's projected cash flow position and banking covenants over the three-year viability period.

Although not specially highlighted, the scenarios noted above inherently include the Finance and Reporting Risks which are included within the Group's principal risks.

Assessment of viability

The viability period has been appraised based on the Board approved base case sensitised for the severe but plausible downside cases noted above. None of the modelled scenarios presented a significant threat to the Groups liquidity position and ability to meet covenant thresholds. Each scenario considers available mitigations to the Group in the event the downside scenario would materialise and these include but are not limited to:

- Freezing recruitment and a slowdown in investment in recruitment and reward;
- Reducing discretionary operating spend such as marketing and travel;
- Reducing non-committed capital expenditure;
- Revision of the existing dividend policy; and
- Cost cutting measures in non-fee earning areas including an acceleration of the execution of the Group's real estate strategy and a reduction in headcount.

Conclusion

Based on the severe but plausible downside scenarios modelled above the Directors consider the Group to have sufficient resources to continue in operation, comply with all covenants over the viability period and to meet its liabilities as they fall due across the three-year assessment period.

Viability statement continued

M&A activity	Business, Commercial and Strategy Risk	A scenario was modelled on a range of potential M&A activities assessing impacts on Net Assets, Cash flows and Covenants, including the potential short-term downside impact on the Leverage covenant.
Commercial downside that results in Revenue downside	Business, Commercial and Strategy Risk People Risk	That we see a reduction in demand caused by either macro environment factors, commercial pipeline, attrition and our ability to retain or attract the correct level of talent.
Increased inflationary pressures	Business, Commercial and Strategy Risk	Inflationary pressures that have been seen in the macro environment result in increased supplier and people cost base. The scenario modelled is that inflation continues to rise above that set out in the base case.

Approval of the Strategic Report
By order of the Board

Jonathan Bloomer
Chair
20 July 2022

Chair's governance overview



“Our values are integral to the achievement of our strategy. They influence actions and behaviours, complement our strategic direction and support the integration of colleagues that join our business.”

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 2022.

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.

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 is of particular importance when considering the significant change the Group has undergone in recent years, and also the headwinds affecting all businesses globally.

Our values are at the heart of our inclusive culture, providing a clear foundation for our colleagues, and are integral to the achievement of our strategy. They influence actions and behaviours, complement our strategic direction and support the integration of colleagues that join our business. As we continue our growth strategy via acquisitions and associations, this will be fundamental to our success.

Further information about our strategy, values and culture can be found on pages 06, 07, 12, 14, 17 and 64.

Board membership, succession planning and diversity

The Directors of the Company in office at the date of this report are listed on pages 58 and 59. The Nomination Committee and the Board have kept the composition and skills of the Board and its committees under review and, following a number of changes in the previous financial year, see no reason for any further changes at this time. There have therefore been no changes to the Board membership during the financial year.

Succession planning and the development of our talent pipeline has been a focus during the year, and this will continue into FY2023. Diversity of gender, ethnicity, 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 pages 72 to 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 colleagues, clients, communities and Shareholders. This is underpinned by our Diversity & 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 & Inclusion priorities can be found on page 45.

The Company currently has three women on the Board (30%) and five women on the Executive Board (40%), both of which are representative of the Group's Diversity & Inclusion targets.

For full details of the Board and Executive Board composition, please see pages 58 to 59 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 UK Corporate Governance Code 2018 (the 'Code'), we conduct annual evaluations of the effectiveness of the Board and its committees, and this year we undertook our first externally facilitated evaluation as a listed company. This was carried out by SCT Consultants, which used a combination of interviews, questionnaires and meeting observations to formulate its report to the Board.

Overall, I am pleased to report that the Board and its committees are operating effectively. SCT Consultants has presented its recommendations to the Board and an action plan has been developed to implement the recommendations.

Further details of the outcomes following the Board evaluation 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. During the course of the year, DWF announced a new ESG Strategy, through which we have set a number of ambitious new targets to drive progress, particularly in relation to climate action and equality, diversity and inclusion. Further detail on our ESG Strategy can be found on pages 32 to 49.

In addition, I am pleased to announce that, for the first time, DWF will publish an ESG Report that provides more detail of our ESG activities during the year. The ESG Report can be found on our website.

Focus in FY2022/23

The Board has determined that the following areas will be governance priorities for FY2022/23:

- Monitoring progress against the new ESG Strategy
- Implementing the Remuneration Policy, subject to Shareholder approval at the September 2022 Annual General Meeting ('AGM')
- Implementing the action plan that has been developed following an external Board evaluation

Annual General Meeting

Our AGM will be held on 28 September 2022 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](https://www.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.

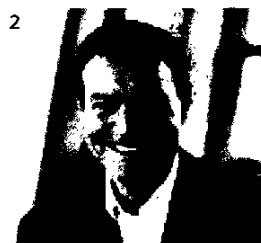
Jonathan Bloomer
Chair

20 July 2022

Board of Directors

Key

- AU** Audit
- No** Nomination
- Re** Remuneration
- Ri** Risk
- Chair** Chair



1. Jonathan Bloomer

Chair

Appointed to the Board 1 August 2020

Committee memberships: **No** **Re** **Ri**

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 Morgan Stanley & Co International plc and of SDL Property Services Group Limited

2. Chris Sullivan

Deputy Chair and Senior Independent Non-Executive Director

Appointed to the Board 1 November 2018

Committee memberships: **AU** **No** **Re** **Ri**

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:

Senior Independent Director of Alfa Financial Software Holdings PLC and Chair of the Westminster Abbey Investment Committee

3. 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-Chair 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 of Morses Club plc

4. Chris Stefan

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

5. 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:

Non-Executive Director of the Italian subsidiary of Enfinity Global

6. 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

7. 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

8. Teresa Colaianne

Independent Non-Executive Director

Appointed to the Board: 1 November 2018
Committee memberships: **Au** **Ng** **Re** **Ri**

Key skills and experience
Teresa (Tea) has more than 30 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.

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

9. Luke Savage

Independent Non-Executive Director

Appointed to the Board: 1 November 2018
Committee memberships: **Au** **Ng** **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 Oversea 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
Chair of Chesnara PLC and of Numis Securities plc

10. Samantha Tymms

(also known as Samantha Duncan) Independent Non-Executive Director

Appointed to the Board: 1 December 2018
Committee memberships: **Au** **Ng** **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 previously served as a Non-Executive Director on the board of IG Group plc, and chaired its risk committee.

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

11. 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.

Board and Committee attendance table

	Board meetings	Audit	Nomination	Remuneration	Risk
Sir Nigel Knowles	■ ■ ■ ■ ■ ■ ■ ■	—			—
Jonathan Bloomer	■ ■ ■ ■ ■ ■ ■ ■		■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■	
Matt Doughty	■ ■ ■ ■ ■ ■ ■ ■				
Chris Stefani	■ ■ ■ ■ ■ ■ ■ ■				
Luke Savage	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■
Tea Colaianne	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■
Sam Tymms	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■
Chris Sullivan	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■
Michele Cicchetti	■ ■ ■ ■ ■ ■ ■ ■				—
Seema Bains	■ ■ ■ ■ ■ ■ ■ ■				

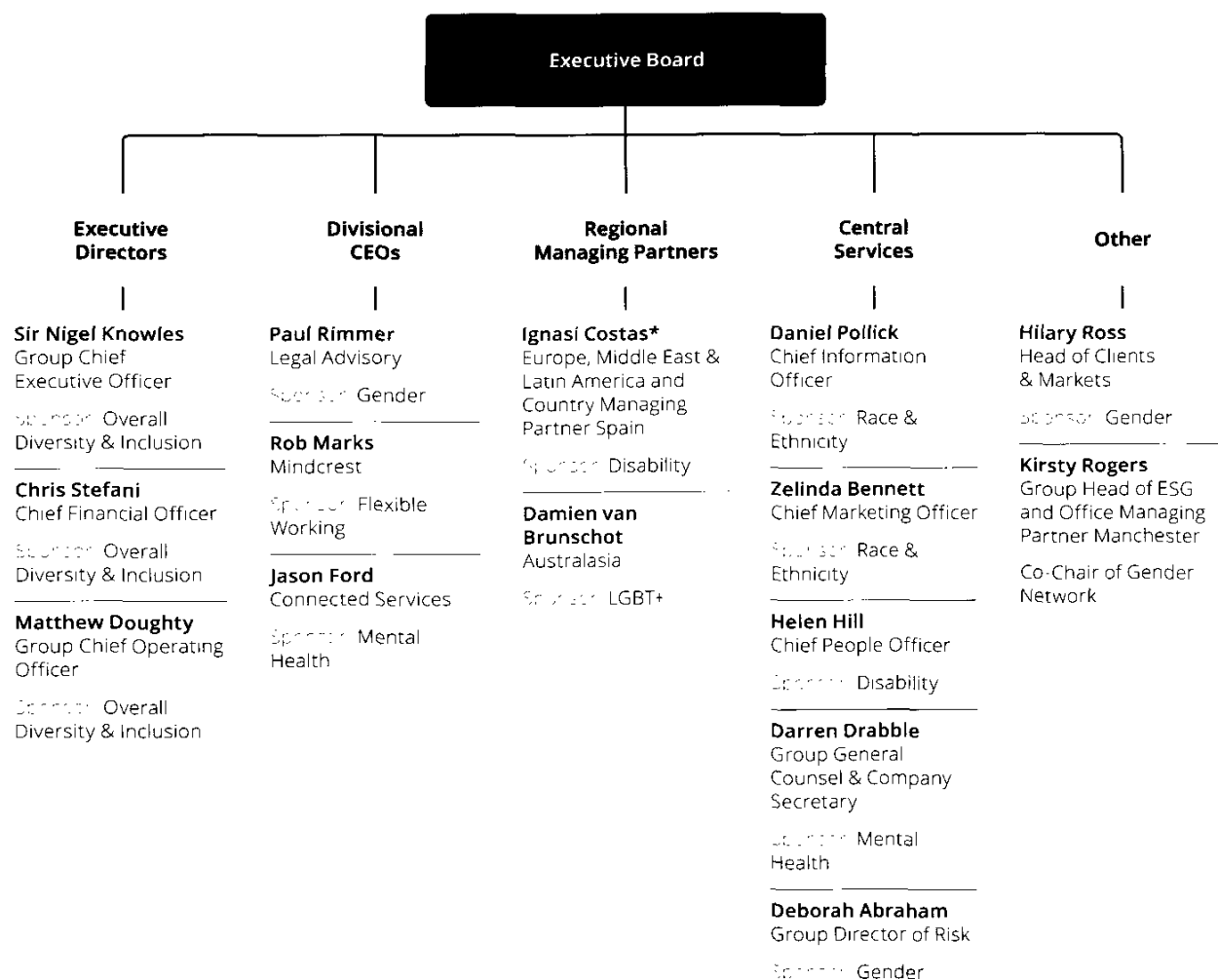
■ Attended meeting
■ Unable to attend meeting
■ Not required to attend meeting

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.com/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 & 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 & Inclusion strategy.

Executive Board



* Advisor to the Executive Board.

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

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 2022. 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 2022, 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). The Board comprises the Chair of the Board, three Executive Directors, four Independent Non-Executive Directors and two 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. 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 Group, generating value for Shareholders and contributing to wider society. The Board do not consider this to be a risk to the standards of governance operating within the Group. It has not been raised as a concern by shareholders and not highlighted as a concern as part of our external board evaluation. The Board consider the representation and views the Partner Directors add to the Board to be vitally important. The make up of the Board has been considered during the course of the year and will be kept under review.

You can find further information on compliance with the Code as per the chart on this page.

For information on compliance with DTR 7.2.5 please see the pages referred to in section 4 of the chart.

Section 1: Board leadership and composition

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	p06 to p07
• Strategic report	p02 to p56
• Board engagement with key stakeholders	p28 to p31
• Shareholder engagement	p30, p31 and p66
• Audit and Risk Committee reports	p75 to p82
• Conflicts of interest	p115

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 p59
• Key roles and responsibilities	p68 to p69
• General qualifications required of all Directors	p70
• Information and training	p70
• Board appointments and succession planning	p70 and p74

Section 3: Composition, performance 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 p59
• Diversity, tenure and experience	p69 and p70
• Board, committee and director performance evaluation	p71
• Nomination Committee report	p72 to p74

Section 4: Audit and internal control – contains information required by DTR 7.2.5

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 p82
• Strategic Report – Risk management, Principal risks	p50 to p55
• Fair, balanced and understandable Annual Report	p119
• Going concern basis of accounting	p118, p119 and p131
• Viability statement	p55 to p56

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	p83 to p114

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 in order 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 the importance of the right structures to deliver the Group's strategy.

How the Board operates

The Board has a standing schedule to meet at least six 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 FY2021/22 at which senior executives, external advisors and independent advisors 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 FY2021/22. Additional meetings were held throughout the year to discuss operational, strategic, governance and regulatory matters. 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 pages 116 and 117 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.

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 FY2021/22

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 26 and 27 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 any key decisions, any material discussions and any recommendations to the Board for approval.

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

Stakeholder groups

- Colleagues (employees and partners)
- Clients
- Suppliers
- Debt providers
- Shareholders
- Communities
- Regulators
- Policymakers

Strategy and performance		
Approved the Group's strategy. 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 new acquisitions and associations, and how they were performing within the Group, reviewed next steps and how they aligned with the Group strategy.	Approved various trading updates to the market regarding performance against budget and the implementation of the Group's strategy.
Financial		
Approved the annual budget and key performance indicators, and monitored the Group's achievement against them.	Recommended a final dividend for FY2020/21 of 3.0 pence per share and approved an interim dividend for payment for FY2021/22 of 1.50 pence per share in line with the Company's dividend policy.	Approved the Company entering into a new revolving facility agreement to assist with its working capital requirements.
Legal and risk management		
Reviewed and approved the Group Risk appetite. Received regular updates on litigation and insurance claims across the Group.	Reviewed and considered 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, and risks faced by each of the Group's divisions.
Board and Executive Board leadership		
Reviewed and considered the composition and diversity of the Board and its committees.	Continued to monitor the skills, experience and knowledge of the Board as a whole.	Monitored the implementation of the new operating structure and approved appointments and resignations to/from the Executive Board.
ESG		
Approved the Group ESG Strategy and the introduction of ESG targets and measures.	Reviewed and approved corporate statements including the Modern Slavery Statement.	Received reports on people issues including Diversity & Inclusion, employee wellbeing initiatives, and gender and ethnicity pay gap reporting.
Governance		
Received reports from the committees and considered recommendations for approval including leaver status determination, UK tax strategy, a new remuneration policy and changes to the 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 the requirements of the UK Corporate Governance Code 2018 (the 'Code').	Conducted an annual review of Board and committee effectiveness, facilitated by an external provider, reviewing the outcomes and implementing actions to address the areas for improvement.

Board leadership and Company purpose continued

The Board's continued response to COVID-19

The Board has continued to monitor the impact of and challenges presented by COVID-19. Whilst the immediate uncertainty presented by COVID-19 has to some extent subsided, the Board acknowledges its role in supporting colleagues as we navigate our hybrid working processes.

The Board and Executive Board continued to prioritise regular communication with colleagues, alongside good governance to facilitate quick and responsive decision making, with our stakeholders at the forefront of these decisions.

The effects of COVID-19 required us to adapt our ways of working. Our priority continues to be ensuring we are doing all we can to protect the health of everyone in the Group and their families. Agile working arrangements have continued for everyone in the business as office capacity continues to be limited in line with the Group's global

COVID-19 policy. As we navigate the 'new normal', the senior leadership teams have been encouraged to increase their presence in the office and to encourage their teams to attend the office on a regular basis, to facilitate collaborative working and support more junior colleagues. This long-term flexibility continues to be supported by the business' updated policies and procedures, with ongoing monitoring key to its sustainability as well as continued investment in initiatives to support effective resilience, line management, effective working, and additional guidance for our people on physical and mental wellbeing.

Regular risk assessments continue to be carried out across our offices to monitor the effectiveness of safety measures to be taken when working from the office, including items such as working from an office, travelling to work, entry/exit from office buildings, dealing with visitors and the provision of facilities.

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 06, 07 and 57. The following table demonstrates how the Board considered culture through various actions taken during the financial year. The table also shows the linkage of culture to purpose.

Board action	Link to culture	Link 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 Group to ensure it is representative of the corporate culture.	
The Group Chief Executive Officer and Group Chief Operating Officer and Group Chief People 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 Speak Up policy.	Assisted assessment and oversight to ensure that policies reflect the desired values and behaviours to help embed the corporate culture.	
Reviewed and approved Modern Slavery Statement.	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.	
Considered the views of Partner Directors 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 Group.	

Key



Colleagues



Clients



Communities

Workforce engagement in action

As part of Group's commitment to compliance with the Code, Chris Sullivan has been Designated Non-Executive Director for the workforce since the Company's IPO. Chris was chosen due to his senior position on the Board as Senior Independent Director.

Sir Nigel Knowles held virtual Town Halls during the year, 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.

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

Further information on our people initiatives can be found in the ESG report on pages 47 and 48.

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



Q How do you consider the role of Partner Director has evolved since you were appointed?

Seema: The increased transparency provided by this role continues to facilitate building trust in the business and improving performance. I have been invited as a regular attendee at meetings of the Risk Committee, which provides greater oversight and involvement.

Michele: I continue to provide a voice in particular for partners based outside the UK and to ensure Board discussions reflect the interests of the entire Group. My interest in Board discussions around strategy and budget have been further developed by my standing invitation to meetings of the Audit Committee, giving me further opportunity to voice my own perspective, as well as those of our colleagues.

Q How do you bring the voice of the workforce into the boardroom?

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 partners. We can consider and articulate how the partners may be impacted by Board decisions. Our presence raises the profile of our colleagues 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 in accordance with the Group's values and behaviours, and we see the culture across the Group below an executive level. This enables us to provide feedback on partner perspectives around the implementation of policies and how collaboratively we are working towards the 'one team, no borders' culture. We are able to provide insight into what's important for multiple stakeholders.

Q What actions have you taken to increase the Board's understanding and consideration of diversity within the workforce and what impact has this had?

Seema: As Head of the Global Diversity and Inclusion Leadership Group, I was particularly drawn to the opportunity the position of Partner Director would provide to increase the Board's understanding of Diversity & Inclusion within the workforce. I have the opportunity to present to the Board and the Nomination Committee biannually on Diversity & Inclusion matters, providing them with an update on progress against our targets and our policy, as well as answering any questions they may have. As a result, Diversity & Inclusion has a greater presence in decision making by the Board.

"The increased transparency... continues to facilitate building trust in the business and improve performance."

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. Our Global Code of Conduct sets out how we put our values into practice. It also provides practical advice on the individual responsibilities of our colleagues and guidance for certain scenarios, and highlights the specific areas on which the Group has a zero tolerance approach. This helps embed the values, behaviour and principles as part of our culture.

The Group takes a zero tolerance approach to bribery and corruption, and the Anti-Bribery and Corruption policy continues to be reviewed on an annual basis. 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.

Mandatory training is undertaken by all our people on key policies, with self-disclosure of completion now required at half- and full-year check-ins, to ensure that they are understood and embedded.

Information on how the Company invests in and rewards its workforce can be found on pages 46 to 48 and 110.

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. The Speak-Up policy was reviewed and updated during the year. Reports made under the Speak Up policy are reviewed by the Audit Committee and the Audit Committee in turn reports to the Board on an annual basis.

Shareholder engagement

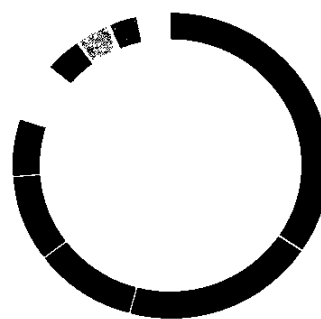
The Board is committed to open and transparent dialogue with Shareholders. The Chair, Senior Independent Non-Executive Director and other Non-Executive Directors are available to meet with major Shareholders on request. The Group ensures that it communicates the information that its investors require through Regulatory News Announcements, press releases and the Annual Report and Accounts.

Our AGM, to be held on 28 September 2022, will provide an opportunity for further Shareholder engagement, for the Chair to explain the Company's progress and, alongside 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 global ESG Strategy.
- Investor and analyst presentations were held following the announcement of our full-year and half-year results.
- After those presentations, investor roadshows were held with key Shareholders and prospective investors.
- The Executive Directors continued to be active participants in market events.

Shareholders by type



	Retail	34.57%
	Asset Manager	19.63%
	Other (<3%)	10.54%
	Employees	9.30%
	Private Equity/Venture Capital	6.22%
	Private Investor	6.12%
	Wealth Management	3.75%
	Company related	3.50%
	Corporate	3.24%
	Pension Fund Manager	3.14%



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 UK Corporate Governance Code 2018 (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.

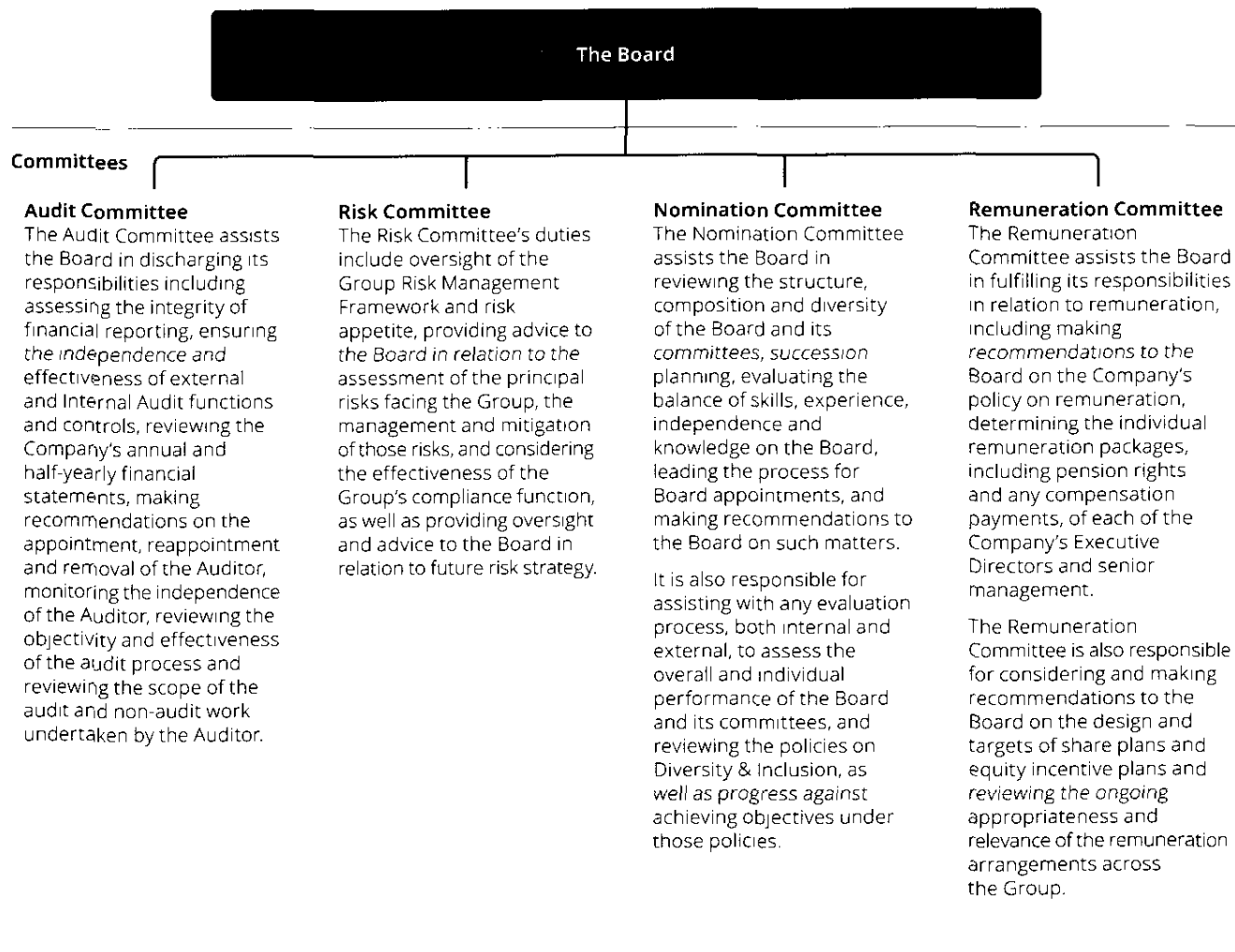
Strategic report

Governance

Financial statements

Other information

Governance framework



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 ensure compliance with the Company’s disclosure and disclosure 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 2022.

Role	Responsibilities
Chair of the Board	<ul style="list-style-type: none"> (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 and Partner Directors (d) To communicate with Shareholders and other stakeholders
Deputy Chair of the Board and Senior Independent Non-Executive Director	<ul style="list-style-type: none"> (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
Group Chief Executive Officer	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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
Independent Non-Executive Directors	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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

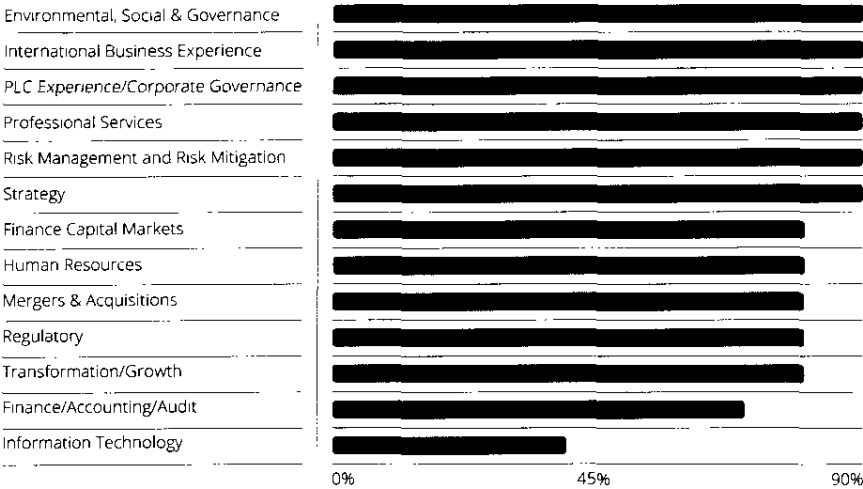
Board changes during the year
 There were no changes to the Board during the financial year to 30 April 2022.

As at 30 April 2022, 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.

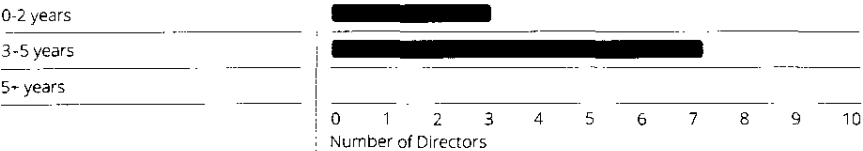
Our unique structure means we also have two Board positions for Partner Directors, each of whom serves for an initial term of up to three years. The Partner Directors have a specific role which, while similar to that of a Non-Independent Non-Executive Director, includes providing constructive challenge 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 Directors' 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 opposite.

Board skills and experience



Length of tenure



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 8 of the 14 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 & Inclusion policy and Board appointments can be found in the Nomination Committee report on pages 72 to 74.

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 maintaining 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 Interest policy, see page 115. On behalf of the Board, the Nomination Committee assesses the Non-Executive Directors' independence, skills, knowledge, experience and time commitment annually. Additional external appointments will not be undertaken without approval from the Nomination Committee.

The Nomination Committee concluded that every current Non-Executive Director, with exception of the Partner Directors, is independent. Each Non-Executive Director continues to contribute effectively, and demonstrates they were committed to the role. Each current Director will submit themselves for election or re-election at the 2022 AGM, in line with the recommendations of the UK Corporate Governance Code 2018 (the 'Code').

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.

The Group General Counsel and Company Secretary 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 & 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, with a view to the Board meeting 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.

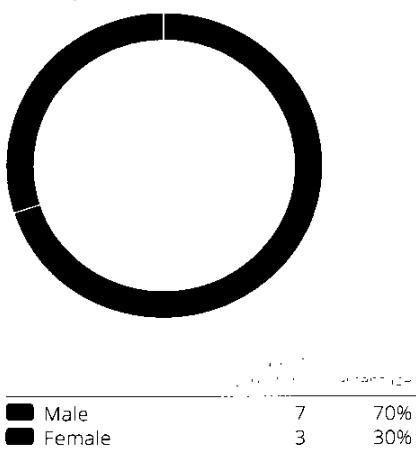
The Board and the Executive Board are committed to building a diverse and inclusive environment where our people can bring their whole self to work and enable our diversity to truly flourish. We encourage and support our people to take ownership and responsibility for our inclusion agenda. The Board is committed in maintaining its current gender diversity, with no fewer than three women on the Board at the end of FY2021/22. We have achieved and exceeded our target of at least 33% female

representation on the Executive Board by 2022, following the commencement of the new Executive Board which took effect on 1 May 2021.

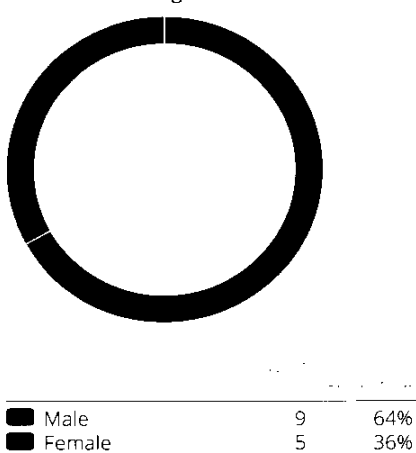
The Board appreciates that diversity includes, but is not limited to, gender and seeks to encourage diversity of gender, social and ethnic backgrounds, cognitive and personal strengths at Board level and throughout the Group. More information on DWF's Diversity & Inclusion strategy, benchmarking and targets can be found within the ESG report on pages 45 and 46.

The following charts provide a summary of the Board, Executive Board, senior management and all employees' gender diversity as at 30 April 2022.

Board gender

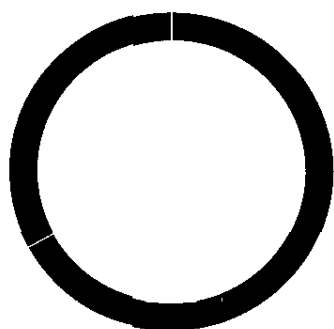


Executive Board gender¹



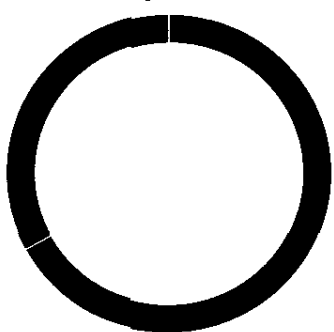
1 The Executive Board gender split is as at 30 April 2022. The current composition of the Executive Board is 64% male and 36% female excluding the one individual listed as Advisor to the Executive Board on page 60.

2 Senior management is defined as the Executive Board and direct reports (excluding administrative and support staff) as at 30 April 2022. This includes directors of subsidiaries

Senior management gender²

	Number of people	Percentage
Male	85	61%
Female	55	39%

All employee gender



	Number of people	Percentage
Male	1,735	42%
Female	2,361	58%

Board and committee evaluation

The Board has previously undertaken two internal Board evaluations and progress has been made against findings, including a review of processes to improve the quality and timeliness of Board and committee papers.

In line with best practice and the provisions of the Code, for FY2021/22, it was agreed to undertake an externally facilitated evaluation of the Board. After a tendering process, the Board appointed SCT Consultants to carry out the Board evaluation. As this was the first external evaluation the Group have conducted, SCT Consultants have not evaluated the Group Board previously, nor did they have any prior business relationship with the company.

This evaluation considered the Board as a whole, the operation of each committee, the performance of individual Directors, as well as the Chair. All Board members participated in the evaluation which was undertaken confidentially using anonymous questionnaires to be completed by each Director, review of Group publications and Board papers, one-to-one interviews with each Director and Board and committee meeting observation. SCT Consultants presented its findings at a meeting of the Board. The Board discussed these and an action plan was subsequently developed and agreed with the Chair. Progress against this plan will be monitored on a regular basis.

The main findings of the Board and committee evaluation process, together with related actions for the year ended 30 April 2022, are as follows:

Evaluation finding	Action for FY2022/23
Board	<ul style="list-style-type: none"> When looking at refreshing the Board, consider developing the Board's membership to include more commercial and professional services know-how. Ensure consistently simple, clear information flows to the Board and that in future, when major investment decisions are made, post-investment appraisals are carried out at an appropriate time. Look for opportunities to spend more informal time together as a Board, to stand back and review how the Group is doing and identify possible topics for future discussions.
Stakeholders	<ul style="list-style-type: none"> Regular systematic stakeholder feedback should be built into the forward agenda, particularly from clients and employees. This should include updates on how the organisation's culture is being developed and reinforced. Keep under review the Group's overall talent strategy to ensure it is underpinning and driving its business strategy, including its means of attracting, retaining, motivating, rewarding and performance managing, in order to continue to be competitive in the way it manages and rewards its people.
Strategy	<ul style="list-style-type: none"> Ensure there is a detailed strategy implementation plan with timescales, milestones and measures, and that from time to time the Board schedules an in-depth review of each of the various aspects of its strategy. The Board should ensure the risk management information it receives is not over-complicated and that it focuses sufficiently on mitigating actions and their follow-through.

Composition, succession and evaluation continued

Nomination Committee report



Jonathan Bloomer
Chair, Nomination Committee

Members
Jonathan Bloomer (Chair)
Luke Savage
Tea Colalanni
Sam Tymms
Chris Sullivan

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 FY2021/22

- Monitored the Group's adoption of its new operating structure
- Further developed succession planning arrangements for Directors and senior management
- Continued to monitor progress in line with the Group's Diversity & Inclusion policy
- Reviewed the structure, size and composition of the Board and its committees
- Consider the skills, experience, independence and knowledge required to ensure the business continues to be effective

Focus in FY2022/23

- Continue to monitor progress against the Group's Diversity & Inclusion targets in line with the Group's Diversity & Inclusion policy
- Continue to consider succession planning arrangements for senior management to the Board and Executive Board
- Continue to renew the structure, size and composition of the Board and its committees
- Continue to consider the skills, experience, independence and knowledge required to ensure the business continues to be effective

Dear Shareholder,

Since 1 May 2021, the Group has operated through its new structure of three global divisions of Legal Advisory, Mindcrest and Connected Services. The transition went smoothly, with the implementation of a training programme for the new global matrix leaders being delivered promptly and received positively. Equally, relevant changes to the finance and HR systems finished ahead of schedule. You will recall that, as part of its role in keeping the leadership needs of the Group under review, the Nomination Committee (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. Since then, the Committee has monitored the effectiveness of these changes and is pleased to see the positive contribution these appointments are making to the success of the Group.

During FY2021/22, the Committee continued to focus its attention on ensuring orderly succession for the Board and Executive Board, to ensure that the right people are in the right place to deliver the Group's strategy and that there is continuous talent management to ensure a diverse pipeline of individuals fully able to deliver the strategy in the future. In accordance with our policy commitment, all appointments to the Board are made on merit, taking into consideration the requirements of the UK Corporate Governance Code 2018 (the 'Code') and ensuring that the business continues to have the appropriate mix of skills, experience, independence and knowledge for its continued effectiveness. The Committee has considered succession plans for the Board and Executive Board at regular intervals.

The Group maintains a strong focus on Diversity & Inclusion and, throughout the year, the Committee continued its focus on the Diversity & Inclusion policy and the Group's diversity targets, on which further information can be found on pages 45 and 46. We are pleased to report that female representation on the Executive Board is now at over 33% and there are three women on the Board.

Our Partner Directors have continued in their roles and the Committee has taken care to monitor the effectiveness of these unique positions. During the year, the Committee requested Board approval for the two Partner Directors to extend their remit and start to attend meetings of the *Risk Committee and Audit Committee*. The Board approved this request on the basis that this would enhance the Directors' skills, experience and knowledge of the Company and also bring the views of the partners to these meetings.

Further information on the considerations taken by the Board regarding composition of the Board can be found on page 69.

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 holds a minimum of two meetings each year and meets 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 the Chair of the Committee. 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 three scheduled meetings during FY2021/22 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, were in attendance at some or all of the meetings. These included the Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Operating Officer, Group General Counsel & Company Secretary, the Chief People Officer and the Deputy Company Secretary.

Composition, succession and evaluation continued

Nomination Committee report continued

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

Board composition	<ul style="list-style-type: none"> Regularly reviewed the structure, size and composition of the Board, taking into consideration the skills, experience, independence and knowledge required to ensure the business continued to be effective Approved and oversaw policies and procedures by which applicable partners of the Group were able to nominate themselves to the Committee for the position of Partner Director Reviewed the time required from an Independent Non-Executive Director and assessed whether he or she contributed effectively and demonstrated commitment to the role <p>Additional detail can also be found on pages 69 to 71 of the Corporate Governance report</p>
Succession planning	<ul style="list-style-type: none"> 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 & Inclusion	<ul style="list-style-type: none"> Kept under review the Group's policy on Diversity & 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 <p>Additional detail can also be found on pages 70 and 71 of the Corporate Governance report</p>
Governance	<ul style="list-style-type: none"> 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 Colaïanni
Sam Tymms
Chris Sullivan

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

¹ Luke Savage qualifies as a person with recent and relevant financial experience

Focus in FY2021/22

- Oversaw the transition to a new External Auditor and monitored its quality of audit
- Monitored the Group's adoption of its new operating structure
- Continued attention on managing the impacts of COVID-19
- Monitored the integrity of the Group's financial reporting
- Assessed the effectiveness of internal control process

Focus in FY2022/23

- Continue to monitor the quality of audit provided by the External Auditor
- Continue to monitor the integrity of the Group's financial reporting
- Continue to assess the effectiveness of internal control processes

Dear Shareholder,

I am pleased to present the report on the activities of the Audit Committee (the 'Committee') for the period ended 30 April 2022. 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 External Auditor, PricewaterhouseCoopers LLP ('PwC'), with particular regard to its effectiveness, objectivity and independence.

The principal matters on which the Committee focused in FY2021/22 are set out in this report. These included regularly reviewing significant issues, accounting policies and areas of management judgement, monitoring the Half-Year and Full-Year results timetables and all applicable documentation, maintaining a good relationship with both the internal and External Auditors, and monitoring their performance, and management of any impact on the Group's systems of risk management and internal control. Following last year's tender for audit services, the Audit Committee oversaw the appointment and onboarding of our new External Auditor PwC for the year ended 30 April 2022.

During the year, an external 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 external evaluation as it pertained to its own performance and effectiveness. I am pleased to report that the Committee considered itself to be performing effectively.

As Chair of the Committee, I am pleased to present this report for the year ended 30 April 2022. 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

Audit Committee report 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 External Auditor;
- annually approving the Group's Internal Audit Plan and Charter, and receiving regular reports on internal audits;
- monitoring the work of the Internal Audit function;
- evaluating and challenging the External 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 meetings 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 the Principal Risks and Viability Statement, and the Task Force on Climate-related Financial Disclosures.

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 the Chair of the Committee. 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 FY2021/22 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 External 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, Deputy Company Secretary and the Senior Assistant Company Secretary. The Committee also met privately with the External Auditor and the Head of Internal Audit during the year.

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

Financial reporting	<ul style="list-style-type: none"> • 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 External 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 External Auditor are set out on page 78 • 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	<ul style="list-style-type: none"> • 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 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 External Auditor on progress and the results of the External Auditor's testing of controls as part of the External Auditor's 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, and monitored any incidences of reports made under the policy • Reviewed and approved the Group's tax strategy and tax policy
Internal Audit	<ul style="list-style-type: none"> • Reviewed and approved the annual schedule of work 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 including the capacity within the function
External Audit	<ul style="list-style-type: none"> • Following the appointment of PwC, monitored the onboarding of the External Auditor and the transition from the previous incumbent • Oversaw the relationship with the External 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 External 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 • Reviewed, and oversaw the application of, the Group's formal policy on the provision of non-audit services by the External Auditor as described further on page 79
Governance	<ul style="list-style-type: none"> • Conducted an annual review of its Terms of Reference • Reviewed the outcomes of an external evaluation of 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

Audit Committee report 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 External 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 focused on the key assumptions within the estimate including the historic recoverability rates and management's methodology in deriving an appropriate estimate. The Committee discussed and challenged PWC on the audit work performed by them and their conclusions reached. Considering all of the above, as well as both management and PWC responses to challenge, the Committee was satisfied that the assumptions used were reasonable. See note 13 to the consolidated financial statements.
Adjusting items used in Alternative Performance Measures ('APMs')	<p>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').</p> <p>The Committee considers this a key consideration when reviewing the financial statements to ensure that they are fair, balanced and understandable.</p>	<p>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. The Committee discussed the use of APMs with PWC, including the disclosures of the Group's APMs with respect to the applicable guidelines. The Committee determined that disclosures are clear and transparent and assist shareholders and other stakeholders in measuring the operating performance of the Group. The Committee therefore concluded that adjusting items were appropriately captured and disclosed.</p> <p>APMs are discussed in the Financial review and also detailed in note 2 and the glossary to the financial statements.</p>
Control over the Alternative Business Structure ('ABS') and non-ABS groups	<p>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).</p> <p>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.</p>	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. The Committee also assessed the work performed by PWC. The Committee was satisfied with the ongoing consolidation of the non-ABS entities.

Internal Audit

The Group's Internal Audit function, which provides independent assurance to the Board on the Group's risk management and internal control framework, has regularly provided input into Committee meetings. 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. A private meeting of the Committee and the Head of Internal Audit was held during the year to provide an opportunity for feedback without the Executive Directors present. 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 the Internal Audit function's work at each scheduled meeting, and the Committee closely monitored management's response to actions identified in the reports. A focus for the Committee in FY2022/23 will be to monitor the number of days Internal Audit actions remain open and continue to support management with progress to reduce these.

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 September 2021 Committee meeting pack from the Head of Internal Audit containing a self-assessment against the Institute of Internal Auditors' Internal Audit Code of Practice (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.

External Auditor

Appointment

The Audit Committee carried out competitive tender process and as a result, the Audit Committee recommended to the Board that PwC be appointed as External Auditor to the Company. The recommendation was made free from third party influence and no restrictive contractual clause has been imposed on the Company.

Following the passing of an ordinary resolution by Shareholders at the 2021 Annual General Meeting of the Company, PwC was appointed to act as External Auditor for the financial year ended 30 April 2022. The audit partner is Jonathan Studholme.

Deloitte LLP ('Deloitte') therefore stood down as External Auditor at that time and an audit transition plan was enacted to ensure an effective transition to PwC.

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 External Auditor's understanding and insights into the Group's business;
- the External 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 External Auditor's independence and objectivity;
- the safeguards put in place by the Committee and the External Auditor to avoid any compromise of the independence and objectivity of the External Auditor;
- management's feedback on the External Auditor; and
- private sessions with the External Auditor without management present.

The assessment took the format of a questionnaire which was completed by members of the Audit Committee and other key internal contacts who interact with the External Auditors. The feedback and scoring was collated and reviewed by the Audit Committee.

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

Non-audit services

The Committee reviewed the Company's policy on the engagement of the External 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 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, 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 External Auditor does not act as Remuneration Advisor to the Company. The Committee also approved the Company's policy in relation to the recruitment of former employees of the External Auditor, again to manage any potential conflicts of interest.

The audit fees payable to the Auditor for the year ended 30 April 2022 were £635,000 and non-audit service fees incurred totalled £105,000 which solely related to assurance services relating to the Solicitors' Accounts Rules accountant report required by regulation.

This equates to a non-audit to audit fee ratio of 14%. 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 External Auditor by law or regulation or arising from any assessment of the Group's compliance with the Solicitors' Accounts Rules). The Committee has concluded that the provision of non-audit services has not compromised the External Auditor's independence and objectivity.

Audit, risk and internal control continued Risk Committee report



Sam Tymms
Chair, Risk Committee

Members
Sam Tymms (Chair)
Luke Savage
Tea Colaïanni
Chris Sullivan

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 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 in connection with operational risk, particularly in the area of cyber attacks

Focus in FY2022/23

- Continue to monitor the impact of risk associated with our new ESG Strategy.
- Continue to focus on particular areas of risk the organisation may face, such as the external environment, people and cyber risks.

Dear Shareholder,

I am pleased to present this report, which provides insight into the Risk Committee's (the 'Committee') activities during the period ended 30 April 2022. 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; conducting deep dives into divisional risks; and monitoring assurance mapping.

During the year, an external 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 external evaluation and specifically its own performance and effectiveness. I am pleased to report that the Committee 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 meetings by invitation. Members of the Committee have experience of risk management matters and practices. The Committee received training during the year on matters including risk appetite and the application of competition law to the business.

Meetings

The Committee meets at least three times a year 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 the Chair of the Committee. 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 four scheduled meetings during FY2021/22 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, Deputy Company Secretary and the Senior Assistant 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 79.

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. The Committee oversees the operational management of the Group's risks by identifying, assessing, mitigating, and reporting risk.

Audit, risk and internal control continued

Risk Committee report continued

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

Risk	<ul style="list-style-type: none"> • 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 • Conducted deep dives into divisional key risks • Monitored progress against key milestones in the risk management roadmap • 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
Regulatory	<ul style="list-style-type: none"> • Reviewed compliance against SRA standards • Conducted a review of the adequacy of current health and safety compliance • Considered the impact of TCFD on risk management systems and reporting
Systems and controls	<ul style="list-style-type: none"> • 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 • 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
Governance	<ul style="list-style-type: none"> • Conducted an annual review of its Terms of Reference • <i>With the assistance of an external evaluation, reviewed the Committee's performance to ensure it is operating at maximum effectiveness</i> • 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 Bloomer

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 FY2021/22

- Determined remuneration arrangements resulting from the Group's adoption of its new operating structure.
- Reviewed the executive remuneration framework.
- Reviewed the appropriateness and relevance of the Remuneration Policy.
- Continued to monitor the impact of COVID-19 on remuneration arrangements.
- 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.

Focus in FY2022/23

- Recommend a revised Remuneration Policy to Shareholders for approval at the 2022 AGM.
- Engage with Shareholders on the proposed revised Remuneration Policy.
- Determine the incentive arrangements and outcomes for the Executive Directors and senior management.
- 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.
- Continue to consider wider workforce policies to ensure alignment with Executive Directors and senior management remuneration arrangements.

Dear Shareholder,

I am pleased to present the Directors' Remuneration report for the year ended 30 April 2022.

Our current Remuneration Policy was approved by 98.99% of Shareholders at the 2019 AGM. In line with the normal three-year renewal cycle, we will be seeking Shareholder approval for a revised Policy, set out on pages 88 to 101, at the AGM in 2022. In advance of this, the Remuneration Committee undertook a review of our current Policy and engaged with our major Shareholders as well as key representative bodies on the proposed changes.

Pages 108 to 109 of this report constitute the Annual Report on Remuneration, summarising the outcomes for FY2021/22 and how we intend to operate the policy during FY2022/23.

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.

Directors' Remuneration Policy – 2022 review

Our reward philosophy remains unchanged. We believe in a simple and transparent framework which rewards our Executives based on the financial and strategic performance of the business, the value created for our Shareholders, and their individual performance. We also recognise that investor expectations around executive pay continue to evolve.

In determining the new Policy, the Committee followed a robust process which included a thorough review of the current Policy at Committee meetings in 2021 and early 2022 to ensure that it continues to support delivery of our business strategy. The Committee considered input from our Executives and our independent advisors as well as considering best practice, Shareholder guidance and any specific feedback from our major Shareholders.

Following the conclusion of that process, the Remuneration Committee has determined that the remuneration framework in our Policy remains consistent with our core strategic objective of delivering long-term sustainable and profitable growth and supports our performance-orientated culture. In particular, the Committee agreed that an incentive model comprising an annual bonus and performance shares currently remains appropriately aligned with these goals. Accordingly, the Committee concluded that no substantial changes are required to the Policy at this time.

Remuneration continued

Some minor amendments only are proposed in the new Policy in order to provide greater clarity in specific areas as outlined on page 88.

Approach to remuneration in 2022/23

Alongside the review of the Policy, the Remuneration Committee also assessed the performance measures used in the incentive plans to ensure they remained appropriately aligned with strategic priorities. Following this assessment, we have made some modest changes to the weighting of performance measures in our incentive

structure for 2022/23, in particular introducing a specific element of the annual bonus linked to ESG performance, whilst maintaining our focus on key financial metrics. The changes were made as the three performance measures are considered equally important in contributing to the success of the Group

The resulting structure of performance measures that we currently intend to apply in 2022/23 is summarised in the table below.

KPI	2021/22	2022/23	Strategic rationale
Annual bonus: one-year performance			
Adjusted PBT (Financial)	70%	50%	Consistent with our strategic aim of sustainable, profitable growth. Maintains the primary focus on a profit measure in short-term incentivisation
Lock-up days (Financial)	10%	20%	Consistent with our strategic aim of improving operational efficiency to deliver sustainable, profitable growth
ESG	–	10%	Consistent with our strategic aim of developing a market leading position on ESG matters
Strategic and operational objectives	20%	20%	Enables a focus on specific personal strategic and operational deliverables
Equity Incentive Plan: three-year performance			
EPS	40%	33.3%	Consistent with our strategic aim of sustainable, profitable growth
ROCE	40%	33.3%	Consistent with our strategic aim of generating sustainable profitability and creating Shareholder value
Cash conversion	20%	33.3%	Consistent with our strategic aim of improving operational efficiency

Group performance for the 2021/22 financial year

The implementation of our strategy (as outlined on page 103) has been measured against the KPIs set out below:

Financial KPIs

- Net revenue growth 3.6% (FY2020/21: +10.9%)
- Underlying organic net revenue growth +7% (FY2021/22: +8.0%)
- Gross profit margin 51.7% (FY2020/21: 50.8%)
- Cost to income ratio 38.4% (FY2020/21: 39.2%)
- Adjusted EBITDA £66.7m (FY2020/21: £58.1m)
- Adjusted profit before tax £41.4m (FY2020/21: £34.2m)
- Profit / (Loss) before tax £22.3m (FY2020/21: £(30.6)m)
- Adjusted diluted EPS 10.7p (FY2020/21: 7.4p)
- Net revenue per partner: £975k (FY2020/21: £924k)
- Lock-up days 179 days (FY2020/21: 186 days)

- Free cash flow £12.9m (FY2020/21: £32.1m)
- Net debt £71.8m (FY2020/21: £60.2m)

Non-financial KPIs

- Net promoter score 63 (FY2020/21: 49)
- Engagement survey score 76 (FY2020/21: 76)
- % Executive Board roles held by women 36% (FY2020/21: 40%)
- % senior leadership positions held by women 29% (FY2020/21: 28.9%)
- % Ethnic Minority representation in senior leadership positions 4% (FY2020/21: 4.2%)

How the Policy was implemented in the 2021/22 financial year

Bonus

The Committee considered the financial performance of the Company when determining the bonus outcomes for the Executive Directors. The performance conditions were:

- 70% adjusted PBT;
- 20% strategic and operational objectives; and
- 10% lock-up days target.

The adjusted PBT performance condition was achieved between threshold and target. The strategic and operational objectives were fully achieved, however the gross lock-up days target was not achieved. This meant that each Executive Director was eligible to receive a bonus of 47% 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 70.4% of salary (£373k) for the Group Chief Executive Officer, 47% of salary (£150k) for the Chief Financial Officer and 47% of salary (£141k) for the Group Chief Operating Officer. You can find details on the strategic and operational objectives on page 106 of this report.

The resulting total bonus award for the three Executive Directors was in aggregate £665k (rounded down to the nearest £1k as illustrated on page 105). 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" to deliver excellent, robust results and requested that the Committee consider taking the available bonus total and awarding this equally. 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 £665k (rounded down to the nearest £1k as illustrated on page 105). The Committee further discussed the individual contributions made by the Executive Directors, and in particular the Chief Financial Officer and Group Chief Operating Officer, and therefore considered the approach to be appropriate in respect of the FY2021/22 bonus and approved that the aggregate total bonus of £665k be distributed equally between the three Executive Directors. As set out on page 105, the actual bonuses paid were 41.8% of salary (£221k) for the Group Chief Executive Officer, 69.3% of salary (£221k) for the

Chief Financial Officer and 73.9% of salary (£221k) 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.

The Committee further noted that the approach does not override the formulaic outcome in respect of bonus costs.

2019 LTIP award

The performance period for the 2019 LTIP award, made under the Equity Incentive Plan ('EIP') ended on 30 April 2022. The formulaic outcome of the award was 41% vesting. This comprised full vesting of the cash conversion measure following a substantial improvement in lock-up days over the period, partial vesting of the ROCE measure and zero vesting of the EPS measure. Full details of targets and performance are on page 107. The Remuneration Committee considered the outcome in the context of business performance and the broader environment over the performance period and was satisfied that the vesting outcome was appropriate and that no exercise of discretion was required. The vested shares will be subject to a two year holding period.

LTIP awards granted during FY2021/22

The Company granted an LTIP award in August 2021, 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).

The level of awards and percentage weighting were unchanged from the prior year.

You can find further details of the LTIP metrics, including targets and rationale, on page 107 of this report.

Executive Directors' Pay Review

The Remuneration Committee undertook its regular annual review of the Executive Directors' base salaries and agreed an increase of 4% effective from 1 May 2022. In coming to this determination, the Committee took into account various relevant internal and external factors including the average employee and partner salary increase in January 2022 of 5.65%. This is the first pay rise, excluding promotions, in the Executive Directors' salaries since IPO in 2019.

Shareholder considerations

Similar to previous years, we have continued to maintain transparent and open dialogue and engagement with our Shareholders.

As part of the Directors' Remuneration Policy Review, major Shareholders and proxy agencies were contacted to notify them of the limited proposed changes and to give them an opportunity to feedback any views. Feedback received by the Committee was reviewed and any suggestions made were implemented. Of the responses received, all were supportive of the changes.

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. We continue to issue share awards to our people for promotions and exceptional contributions to the business. Following the approval of the scheme last year, 'Emerging Talent' awards were made during the course of the year to retain and motivate talent and support succession planning. During FY2021/22, we continued to offer a Buy As You Earn ('BAYE') matched-share scheme in the UK, US and Spain. 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. In total, 11% of our eligible people are currently participating in a BAYE matched-share scheme. There are currently no plans to expand number of jurisdictions the BAYE operates in however, this is kept under review.

On pages 110 to 114 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 pages 86 and 87.

Effectiveness

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

The Committee considered the outcomes of the external 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.

Further detail of how our remuneration for Executive Directors aligns with our strategic priorities is set out on page 102 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 Directors' Remuneration Policy and 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	86 and 87
Directors' Remuneration Policy	91 to 101
Remuneration – At a glance including:	
Business context and how our incentive performance measures align to our strategy	102
Remuneration outcomes for FY2021/22 – At a glance	103 and 104
Annual report on remuneration	108 to 109
Wider workforce remuneration including:	
Remuneration principles and wider workforce remuneration across the Group	110
Communication and engagement with employees and partners	111
CEO-to-worker pay ratio	111 and 112
UK gender and ethnicity pay gap reporting	113 and 114

Remuneration continued

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](https://www.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 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 five scheduled meetings during FY2021/22, 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 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.

Following its appointment as remuneration consultant, Deloitte LLP advised the Remuneration Committee during the financial year on all aspects of the Remuneration Policy for Executive Directors and senior management. As the outgoing External Auditor, Deloitte provided audited services during the financial year; however, audit services were ceased before Deloitte provided any advice to the Remuneration Committee. The Remuneration Committee was satisfied that no conflict of interest exists or existed in the provision of these services. Deloitte was appointed by the Committee, and the Committee is satisfied that the advice provided is independent. Deloitte 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 £29,505, chargeable on a time and materials basis, were paid to Deloitte during the year in respect of remuneration advice received. Deloitte attends meetings of the Committee by invitation. Deloitte does not have any other connection to the Company or its Directors.

Deloitte were appointed as remuneration advisors by the Remuneration Committee following a tender process.

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

Remuneration and risk	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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
Remuneration Policy	<ul style="list-style-type: none"> 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 Monitored the Executive Directors' progress against objectives and determined Executive Director bonus outcomes
Wider workforce remuneration	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Receiving reports on engagement with proxy advisors and major Shareholders from the Chair of the Committee and the Company Secretary
Governance	<ul style="list-style-type: none"> 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 Conducted an annual review of its Terms of Reference Received feedback on the Committee's performance from an external evaluator 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 continued

Directors' Remuneration Policy

The current Directors' Remuneration Policy (the 'Remuneration Policy') was approved by our Shareholders at the 2019 AGM and can be found in full in the 2019 Annual Report.

We are required by law to seek renewed Shareholder approval for a Remuneration Policy at the 28 September 2022 AGM that will govern and guide the Company's future remuneration payments. The Remuneration Policy described in this section will be applicable for up to three years from the 2022 AGM, subject to approval by Shareholders.

The Remuneration Committee has established the Remuneration Policy for the remuneration of the Chair and Executive Directors, and the Board has established the Remuneration Policy for the remuneration of the Non-Executive Directors.

Committee process to determine new Remuneration Policy

The Committee undertook a thorough process to determine the Remuneration Policy, as follows:

- The Committee reviewed how the existing Policy has worked in practice over the period it has been in force including pay and performance outcomes.
- The Committee considered the Group's strategy and the best way to align the remuneration.
- The Committee received advice from its independent remuneration consultant, Deloitte, on the impact of the Code, Regulations and current investor opinion.
- Pay policies and conditions throughout the Group, including considerations around fairness and equality, were reviewed.
- The Committee considered previous feedback received from Shareholders and employees.
- The Committee also consulted with the CEO, CFO and COO on the proposed Remuneration Policy.

The Committee was mindful in its deliberations on the new Remuneration Policy on where there were potential conflicts of interest and sought to minimise them through an open and transparent process internally and by seeking independent advice from Deloitte.

Following its review, the Committee concluded that no substantial changes were required to the Remuneration Policy at this time. It also agreed that a number of minor amendments should be made in the new Remuneration Policy to provide greater clarity and flexibility in specific areas in line with standard market practice, including the following:

- The new Remuneration Policy clarifies that the level of pension provision for Executive Directors is capped in line with the pension contribution applicable to the wider UK workforce.
- The post-employment shareholding guideline has been updated to align to Investment Association guidance, namely 100% of the Directors' 'in-employment' guideline for two years after stepping down as a Director. The Committee's discretion to amend, waive or interpret shareholding guidelines in appropriate circumstances has been clarified.
- The new Remuneration Policy contains flexibility for the Committee to set and measure bonus targets other than on an annual basis. It is expected that use of this flexibility will be reserved for exceptional circumstances (e.g. a pandemic), for example, where there is limited visibility to set robust 12-month targets. Flexibility will also exist in the Annual Bonus Plan for the Committee to alter the weighting of financial and non-financial performance measures in exceptional circumstances or to amend any performance condition if a material event occurs which causes the Committee to determine that the original condition is no longer appropriate.
- Minor amendments have been made to the recruitment remuneration policy to clarify the scope of potential costs and replacement awards that could be made to a newly appointed Director and also to set out the Committee's flexibility to use a different performance condition for the individual's initial EIP award. Minor amendments have also been made in the payments for loss of office section to reflect the Committee's flexibility to determine the form and calculation of a departing Director's annual bonus.
- In recognition of the required time commitment, the new Policy will permit the payment of supplementary fees where a NED takes on additional responsibilities. It will also permit the provision of additional travel allowance payments to NEDs for time spent travelling internationally on Company business – it is currently envisaged that any use of this provision would be restricted to non-UK-based NEDs.

Remuneration strategy

DWF's Remuneration Policy is designed to provide a framework to:

- promote the long-term success of the Company;
- support DWF's strategy, linked to key KPIs such as driving incremental revenue and improvement in profit margin over time, as well as enabling DWF to deliver dividends to Shareholders in line with the Group's dividend policy;
- recruit, retain and develop high-quality people who are experts in their field and to focus the Executive Directors and Executive Board on the delivery of the Group's strategy;
- encourage widespread equity ownership across the Executive Directors, Executive Board as well as the broader partner and fee earner population in order to create a compensation model which is distinct from those offered by the Group's law firm peers and to ensure a long-term focus and alignment of interest with Shareholders;
- provide an appropriate balance between fixed and performance-related pay to support a high-performance culture and a platform for delivering high-quality, complex legal services to clients, taking into account local factors;
- take into account the interests of all stakeholders;
- promote DWF's cultural values; and
- adhere to principles of good corporate governance and appropriate risk management.

In determining the new Remuneration Policy, the Committee paid particular attention to Provision 40 of the Code. The following table summarises the Committee's views:

Factor	How our new Remuneration Policy aligns
Clarity	<p>The proposed Remuneration Policy sets out clearly the basis for any payments and the terms of the incentive arrangements operated.</p> <p>The performance conditions used for the Bonus Plan and Equity Incentive Plan are based on a number of the Company's KPI's ensuring direct alignment between the successful implementation of the strategy and the reward provided to the Executive Directors.</p>
Simplicity	<p>The Incentive Plans are in line with standard UK market practice and designed to be easy to understand, and to be simple and transparent to all stakeholders.</p>
Risk	<p>The Remuneration Policy includes:</p> <ul style="list-style-type: none"> • setting defined limits on the maximum awards which can be earned under the Bonus Plan and the Equity Incentive Plan; • requiring the deferral of a substantial proportion of the incentives in shares for a material period of time; • aligning the performance conditions with the strategy of the Group; • ensuring a focus on sustainable performance through the Equity Incentive Plan; • ensuring there is sufficient flexibility to adjust payments through malus and clawback; and • an overriding discretion to depart from formulaic outcomes under the Incentive Plans. <p>These elements mitigate against the risk of target-based incentives by:</p> <ul style="list-style-type: none"> • limiting the maximum value that can be earned; • deferring a significant proportion of the value earned in shares for the long-term which helps ensure that the performance earning the award was sustainable and thereby discouraging short-term behaviours; • aligning any reward to the agreed strategy of the Group; • focusing on the sustainability of the performance over the longer term under the Equity Incentive Plan; • reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate; and • reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Company.
Predictability	<p>The Remuneration Policy sets out clearly the potential rewards available to the Executive Directors depending on the performance achieved. In addition, all the checks and balances set out above under Risk are disclosed as part of the Remuneration Policy.</p>
Proportionality	<p>The Group's Incentive Plans clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors have a strong drive to ensure that the performance is sustainable over the long term. Poor performance cannot be rewarded due to the Committee's overriding discretion to depart from the formulaic outcomes under the Incentive Plans if they do not reflect underlying business performance.</p>
Alignment to culture	<p>A key tenet of the DWF culture is a focus on ensuring long-term sustainable performance. This is reflected directly in the type of performance conditions used in the Incentive Plans which assess sustainable performance using a variety of non-financial and financial measures, as appropriate.</p> <p>The focus on share ownership (and the partnership ethos encapsulated in shared ownership) and long-term sustainable performance is also a key part of the Group's culture.</p>

Remuneration continued

In addition, the Remuneration Policy reflects key remuneration elements of the Code:

Key Remuneration element of the Code	Alignment with our Remuneration Policy
Five-year period between the date of grant and realisation for equity incentives	The Equity Incentive Plan meets this requirement.
Phased release of equity awards	The Equity Incentive Plan ensures the phased release of equity awards through annual rolling vesting.
Discretion to override formulaic outcomes	The Remuneration Policy contains the ability to override formulaic outcomes and apply discretion where deemed necessary.
Post-cessation shareholding requirement	We have a two-year post-cessation shareholding requirement. This will be held in such a mechanism as the Committee deems appropriate
Pension alignment	The pension entitlement for Executive Directors is in line with eligibility for the wider UK workforce.
Malus and clawback	The current malus and clawback provisions comply with the Code.

Remuneration Policy discretion

The Remuneration Committee has the ability to exercise independent judgement and discretion when approving any of the outcomes of the Remuneration Policy, including the ability to override formulaic outcomes which may involve upward or downward adjustments. Any discretion applied would take into account individual performance as well as Group performance, and the wider environment. The Remuneration Committee may also exercise some administrative and/or operational discretion under relevant plan rules approved by Shareholders. The Remuneration Committee also has the discretion to amend the Remuneration Policy with regard to minor or administrative matters where it would, in the opinion of the Remuneration Committee, be disproportionate to seek or await Shareholder approval.

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with this Remuneration Policy, where the terms of the payment were agreed (i) before this Remuneration Policy came into effect, provided that the terms of the payment were consistent with the Shareholder-approved Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments'

includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Where discretion is applied, this would be clearly stated, along with clear rationale, in the following Remuneration report.

Operation of the Policy

The Committee's policy is to target a remuneration package that is at around median, for median performance, and in the upper quartile for exceptional performance, and which is closely linked with the Group's strategic objectives. In setting all elements of remuneration the Committee is advised by independent consultants and periodically uses data from external research into the salaries and benefits paid by companies of a comparable size and complexity to the Company.

The aim of the Policy is to attract, retain and continue to motivate talented Executive Directors while aligning remuneration with Shareholder interests and with the achievement of strategic performance objectives. This is achieved by balancing a basic fixed package, which is periodically benchmarked against a comparator group, with the opportunity to achieve upper quartile remuneration from a combination of stretching but achievable incentives.

The terms of reference for the Committee also include the responsibility for setting the policy on incentive reward for senior employees, in particular those who could have a material impact on the risk profile of the Group. The Committee has, in the design

and application of the Company's variable performance-related incentive plans, incorporated risk adjustment mechanisms to encourage consistent and sustainable levels of Company performance and to ensure, when selecting performance conditions and the level of challenge within those conditions, that they support the long-term future of the Company. In reviewing its policy and determining remuneration the Committee also considers the wider economic conditions and pay and reward packages elsewhere in its sector and within the business.

Policy – Executive Directors

The table below sets out the key elements of the Remuneration Policy for Executive Directors:

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Base salary To recruit and retain Executive Directors of the appropriate calibre and expertise in their field to achieve the Company's business strategy.	<p>Executive Directors' base salaries are reviewed annually, usually effective from 1 January each year, or when there is a change in position or responsibility.</p> <p>Base salaries will be set at competitive levels. When determining an appropriate level of salary, the Remuneration Committee considers:</p> <ul style="list-style-type: none"> the Executive Director's experience and responsibilities; the performance of the individual Executive Director and the Group; pay and conditions throughout the Group; salary increases provided to the workforce as a whole; the economic environment; and salaries of peers, taking into account the size and complexity of the Group and its growth strategy. <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.</p>	<p>Typically, the base salaries of Executive Directors in post at the start of the Policy Period and who remain in the same role throughout the Policy Period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. Exceptions to this rule are at the Committee's discretion and may include where:</p> <ul style="list-style-type: none"> an individual's package is below market level and a decision is taken to increase base pay to reflect proven competence in the role; or there is a material increase in scope or responsibility in the individual's role. <p>The Committee ensures that maximum salary levels are positioned in line with companies of a similar size and validated against industry/sector peers, so that they are competitive.</p> <p>The Committee intends to review the comparators periodically and may add or remove companies from the Group as it considers appropriate. Any changes to the comparator groups will be explained in the report on the implementation of Remuneration Policy in the following financial year.</p>	<p>No performance conditions, although the salary reflects the performance and calibre of the Executive.</p> <p>No recovery provisions apply.</p>
Benefits To provide competitive levels of employment benefits, supporting the wellbeing of Executive Directors.	<p>Benefits include:</p> <ul style="list-style-type: none"> private medical insurance for the Executive and their spouse or civil partner as well as any dependent children; private health insurance; life insurance up to four times salary (up to £1 million); annual car parking ticket; reasonable business expenses; participation in the Group's employee-wide flexible benefits scheme. <p>The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Where appropriate, additional benefits may therefore be offered, such as relocation allowances on recruitment with associated benefits not extending beyond two years.</p>	<p>The maximum level of benefit is the cost of providing the relevant benefits, as determined by market rates.</p>	<p>No performance or recovery provisions apply.</p>

Remuneration continued

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
<p>Pension</p> <p>To enable Executive Directors to make appropriate provision for retirement.</p>	<p>Executive Directors are entitled to join the defined contribution scheme operated by the Group. The Company contributes at an agreed percentage of basic salary.</p> <p>Executive Directors may take a pensions allowance in place of the Company's contribution to the scheme. Pension allowances are excluded for the purposes of calculating any other element of remuneration based on a percentage of salary.</p>	<p>The maximum Company contribution or pension allowance is capped for Executive Directors in line with the pension contribution applicable to the wider UK workforce. In 2022/23, this will be 7% of salary.</p>	<p>No performance or recovery provisions apply.</p>
<p>Annual Bonus Plan</p> <p>The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Group's strategy and the creation of value for Shareholders.</p> <p>In particular, the Annual Bonus Plan supports the Group's objectives allowing the setting of annual targets other than on an annual basis based on the business's strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable.</p>	<p>The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary.</p> <p>The performance period is usually one financial year with pay-out determined by the Committee following the year end, based on achievement against a range of financial and non-financial targets.</p> <p>Half of any bonus earned will normally be deferred into shares for three years. There are no further performance targets on the deferred amount.</p>	<p>Maximum opportunity 150% of salary.</p> <p>Threshold performance for financial measures: 20% of maximum.</p> <p>On-target performance for financial measures: 50% of maximum.</p> <p>Straight-line vesting between these points.</p>	<p>The specific performance measures, targets and weightings will be reviewed annually and so may vary from year to year in order to align with the Group's strategy over each year. The measures may include financial and non-financial measures. However, other than in exceptional circumstances, circa 70% of the awards will be linked to financial measures.</p> <p>The measures will be dependent on the Group's goals over the year under review and directly link to the key measurable strategic milestones to incentivise Executive Directors to focus on the execution of the strategy. The performance targets are calibrated each year to align with the Group's strategic plan.</p> <p>The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate.</p> <p>Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome is not a fair and accurate reflection of business performance, individual performance, or the broader environment.</p> <p>Any adjustments or discretion applied by the Remuneration Committee will be fully disclosed in the following year's Remuneration report.</p> <p>The actual performance targets set will not be disclosed at the start of the financial year, as they are considered to be commercially sensitive. These will be reported and disclosed retrospectively at the end of the year in order for Shareholders to assess the basis for any bonus outcomes.</p> <p>The Annual Bonus Plan contains malus and clawback provisions.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
<p>EIP</p> <p>Awards are designed to incentivise the Executive Directors over the longer-term to successfully implement the Group's strategy.</p>	<p>Under the EIP, Executive Directors will be granted awards in the form of nil-cost options or performance shares.</p> <p>Vesting of EIP awards is usually based on performance achieved in a three-year performance period. Vested awards are usually subject to a further two-year holding period.</p> <p>Participants may be entitled to dividends or dividend equivalents on the EIP shares representing the dividends paid during the vesting and holding period.</p>	<p>Maximum value of 200% of salary per annum based on the market value at the date of grant set in accordance with the rules of the EIP.</p> <p>Up to 20% of the award will vest for Threshold performance.</p> <p>100% of the award will vest for Maximum performance.</p> <p>Straight-line vesting between these points.</p> <p>The Remuneration Committee has the ability to award grants up to 400% of salary in exceptional circumstances. It is the Committee's intention to usually only use this discretion on recruitment of an Executive Director hire where there is a requirement to replace their previous compensation (for example, their equity share from their previous law firm) with an equity stake in the Group. Remuneration in the traditional law firm model is based around an equity entitlement giving rise to a profit share. In these cases, it is highly unlikely that there will be historic incentive awards to buy out. Therefore, to provide an equivalent equity interest in the Group a higher than normal award under the EIP would likely be required.</p> <p>In such cases, the Remuneration Committee will carefully evaluate the value of the interest being given up at the previous business to ensure as far as possible an equivalent fair value is provided under the EIP award.</p> <p>It would be the Committee's intention to revert back to the usual level of EIP award following the year of recruitment.</p>	<p>Awards vest based on performance against stretching targets, usually measured over a three-year performance period. The Remuneration Committee will review and set weightings and targets before each grant to ensure they remain appropriate.</p> <p>The Remuneration Committee may change the balance of the measures, or use different measures or targets for subsequent awards, as appropriate. No material change will be made to the type of performance conditions without prior Shareholder consultation.</p> <p>The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate.</p> <p>Discretion may also be exercised in cases where the Remuneration Committee believes that the outcome is not a fair and accurate reflection of business performance or individual performance, or the broader environment.</p> <p>Any adjustments or discretion applied by the Remuneration Committee will be fully disclosed in the following year's Remuneration report.</p> <p>Details of the performance conditions for grants made in the year will be set out in the Annual Report on Remuneration and for future grants in the section headed Implementation of Remuneration Policy, in the future financial year.</p> <p>The EIP contains clawback and malus provisions.</p>

Remuneration continued

Objective and Link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
<p>Minimum shareholding requirement and post-cessation shareholding requirement</p> <p>To encourage Executive Director equity ownership and to ensure a long-term focus and alignment of interest with Shareholders.</p>	<p>Whilst in employment, Executive Directors are expected within five years from the date of their appointment to build their shareholding requirement.</p> <p>If a person to whom the requirement applies does not meet the requirement, they will be expected to retain shares vesting under the Company's incentive plans until the requirement is met, although they may dispose of shares to satisfy any tax or social security liability to which they are liable on the exercise or vesting of the award.</p> <p>The Remuneration Committee will review progress towards the guideline on an annual basis and has the discretion to adjust the guideline in what it feels are appropriate circumstances.</p> <p>Shares qualifying for the shareholding requirement include:</p> <ul style="list-style-type: none"> • shares held on Admission; • shares acquired following Admission; • deferred bonus shares (on an assumed net of tax basis); • shares subject to an EIP award during the holding period (on an assumed net of tax basis); and • vested and unexercised awards under the Company's share plans (on an assumed net of tax basis) not extending beyond two years. 	<ul style="list-style-type: none"> • CEO: 250% salary • Other Executive Directors: 200% salary <p>The Remuneration Committee retains the discretion to increase shareholding requirements.</p> <p>For two years following cessation of employment, Executive Directors are expected to hold shares to 100% of the value of the shareholding guideline that applied at the cessation of their employment; or, in cases where the individual has not yet met this level, the level of shareholding at cessation.</p> <p>The Committee retains discretion to waive or amend this guideline if it is not considered appropriate in the specific circumstances. It also retains discretion to exempt shares acquired by an Executive Director in their personal capacity from this guideline.</p>	<p>No performance or recovery provisions apply.</p>

Malus and clawback

Element	Application of malus/clawback
Annual bonus – cash awards	Malus will apply up to the date of bonus determination and clawback will apply for a period of two years post-bonus payment.
Annual bonus – deferred share awards	Malus will apply during the share deferral period.
EIP awards	Malus will apply during the vesting period and clawback will apply for a period of two years post-vesting.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or Company;
- the assessment that any performance condition or condition in respect of the annual bonus or EIP award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the Group annual bonus or EIP award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct;
- events or the behaviour of a participant have led to the censure of the Company or Group by a regulatory authority or have had a significant detrimental impact on the reputation of the Group or Company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant;
- failure of risk management; or
- corporate failure.

Differences in Remuneration Policy for all employees

Fixed pay

The Group seeks to establish remuneration packages that will attract, retain and motivate high-quality employees. Salary and benefit packages for all employees are linked to both individual and business performance. Executive pension levels are aligned with the majority pension contribution level applicable to the wider UK workforce.

Bonus

The Group operates an Annual Bonus Plan for employees that is aligned to the Executive Directors' Annual Bonus Plan and based upon the Group achieving key targets in that financial year.

Equity Incentive Plan

The Group operates an Equity Incentive Plan which is utilised, where appropriate, to grant awards to employees under a variety of circumstances including promotions, emerging talent awards, exceptional contributor awards, and for lateral and senior hires. LTIPs are also granted under this plan to the Executive Directors, the Executive Board and selected senior managers. Further detail can be found on page 103.

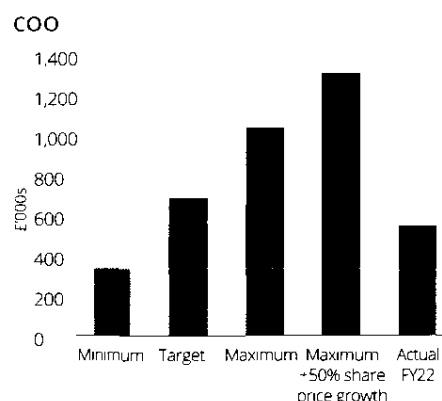
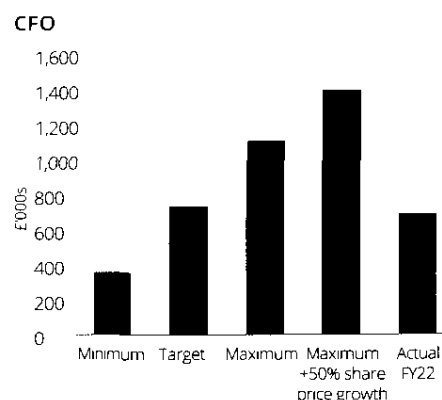
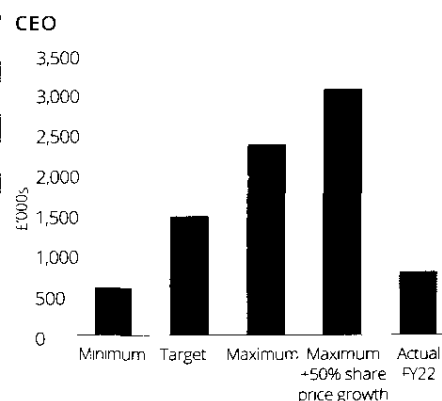
Share awards

The listing has given the Group the opportunity to offer shares to the wider employee group, thus further aligning an element of remuneration with Company performance, executive remuneration, and the Shareholder experience.

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

Illustrations of application of Remuneration Policy

The graphs on this page seek to demonstrate how pay outcomes may look for the Executive Directors under various performance scenarios, based on the proposed Remuneration Policy for the 2022/23 financial year.



■ Base salary
■ Pension
■ Benefits
■ Bonus
■ LTIP

Remuneration continued

Assumptions for the scenario charts

Element	Minimum	On target	Maximum	Maximum (plus 50% share price growth)
Fixed pay	<ul style="list-style-type: none"> Base salary of £551,200 for CEO, £312,000 for COO and £332,800 for CFO. Pension of 7% of salary. 			
Annual bonus ¹	None	50% of maximum award	100% of maximum award	100% of maximum award
EIP ²	None	50% of maximum award	100% of maximum award	100% of maximum award

1 Maximum annual bonus for the CEO is 150% of salary, CFO and COO 100% of salary.

2 Maximum EIP award for the CEO is 175% of salary, CFO and COO 125% of salary

Policy – Chair and Non-Executive Directors

The table below sets out the key elements of the Remuneration Policy for the Chair and Non-Executive Directors:

Objective and link to strategy	Operation	Maximum limits	Performance conditions and assessment
Chair To attract a Chair of the Board with the requisite skills and experience to contribute to the strategy of the Group and to review its implementation.	<p>The Chair has specific terms of engagement and his or her remuneration is determined by the Committee within the limits set by the Articles of Association.</p> <p>The Chair receives no additional fees for the membership of Board committees or for chairing them.</p> <p>The Committee reviews the fees of the Chair annually taking into account the following factors:</p> <ul style="list-style-type: none"> the workload and level of responsibility of the Chair under the changing corporate governance expectations of Shareholders and their representative bodies; and the current market rate for fees for Chairs based on the comparators used for the Executive Directors. <p>The Chair does not participate in any variable remuneration or benefits/pension arrangements.</p>	<p>In general, fee rises will be limited to the level provided to employees of the Group as a whole.</p> <p>In setting fees, the Committee looks at the fee levels of companies of broadly similar size and complexity.</p> <p>On an annual basis, the Committee will review the comparator groups to ensure they appropriately reflect the Group's size, operations and business complexities.</p> <p>The Company will pay reasonable expenses incurred by the Chair and may settle any tax incurred in relation to these.</p> <p>The Articles of Association impose a limit on the aggregate annual sum that can be paid to the Chair and Non-executive Directors by way of fees (excluding amounts payable under any other Articles) of £2,000,000 or such larger amount as the Company may by ordinary resolution determine.</p>	<p>No performance or recovery provisions apply.</p>

Objective and Link to strategy	Operation	Maximum limits	Performance conditions and assessment
<p>NED fees To attract Non-Executive Directors with the requisite skills and experience to contribute to the strategy of the Group and to review its implementation</p>	<p>All Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association.</p> <p>Each Non-Executive Director receives a fee which relates to membership of the Board and additional fees are paid for chairing committees. The Company reserves the flexibility to provide additional fees for committee membership and other responsibilities.</p> <p>In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties. Additional payments may also be made to Non-Executive Directors for time spent travelling on Company business.</p> <p>The Board reviews the fees of the Non-Executive Directors annually taking into account the following factors:</p> <ul style="list-style-type: none"> the workload and level of responsibility of the Non-Executive Directors under the changing corporate governance expectations of Shareholders and their representative bodies; and the current market rate for fees for Non-Executive Directors based on the comparators used for the Executive Directors. <p>Non-Executive Directors do not participate in any variable remuneration or benefits/pension arrangements.</p>	<p>In general, fee rises will be limited to the level provided to employees of the Group as a whole.</p> <p>In setting fees, the Board looks at the fee levels of companies of broadly similar size and complexity.</p> <p>On an annual basis, the Board will review the comparator groups to ensure they appropriately reflect the Group's size, operations and business complexities.</p> <p>The Company will pay reasonable expenses incurred by the Non-Executive Directors and may settle any tax incurred in relation to these.</p> <p>As stated above, the total fee limit to be paid to the Chair and Non-Executive Directors by way of fees is £2,000,000.</p>	<p>No performance or recovery provisions apply.</p>
<p>Partner Director</p>	<p>It should be noted that the role of Partner Director is viewed by the Board for the purposes of remuneration as a Non-Independent Non-Executive Director. This approach was discussed and agreed by the majority of independent Shareholders consulted at listing. A Partner Director represents the Partners of DWF, many of whom are Shareholders, and is therefore a Shareholder representative on the Board. Partner Directors do not currently receive any fees for their role on the Board as they are partners of DWF. The Committee retains the discretion to pay fees to Partner Directors in line with the Policy for the other Non-Executive Directors set out above.</p>		

Remuneration continued

Approach to recruitment remuneration

In making decisions about the remuneration arrangements for newly appointed Executives, the Committee is mindful of keeping grants within moderate limits. Appointing high-calibre executives to the Board and to different roles on the Board is necessary to ensure the Group is well positioned to develop and implement its strategy and deliver long-term value. The remuneration package for any new Executive Director would be assessed following the same principles as for the current Executive Directors.

Where an existing employee is promoted to the Board, the Remuneration Policy would apply from the date of promotion but there would be no retrospective application of the Remuneration Policy in relation to subsisting incentive awards or remuneration arrangements. This separation is deemed appropriate given the partnership-style remuneration structure below Board. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to Shareholders in the following year's Annual Report on Remuneration.

The Company's detailed Remuneration Policy when setting remuneration for the appointment of new Executive Directors is summarised in the table below:

Remuneration element	Recruitment policy
Base salary and benefits	<p>The salary level will be set taking into account the responsibilities of the individual, experience and the salaries paid to similar roles in comparable companies. The Committee will apply the Remuneration Policy set out on salaries for the current Executive Directors in the Remuneration Policy table.</p> <p>The Executive Director shall be eligible to receive benefits in line with DWF's benefits policy as set out in the Remuneration Policy table. Where necessary, the Remuneration Committee may approve the payment of legal fees and other costs incurred by the individual in relation to their appointment.</p>
Pension	For any new Executive Director appointments, the pension contribution or allowance will be in line with the majority pension contribution applicable to the wider UK workforce.
Bonus	<p>The new Executive Director will be eligible to participate in the Annual Bonus Plan, with performance targets and weightings aligned to the Policy, and set at the discretion of the Remuneration Committee. Award levels may be pro-rated according to the portion of the performance period which the Executive Director is in post for.</p> <p>The maximum bonus opportunity is 150% of salary.</p>
Long-term incentives	The new Executive Director will be eligible to participate in the EIP and granted an award at the next available grant date. The maximum normal EIP award is 200% of salary. In exceptional circumstances this may increase to 400% of salary for the first year of appointment. See page 95 for full details of when the Committee may exercise its discretion to make an exceptional award. In the first year, the Remuneration Committee may set different performance measures and targets for the EIP to those of the other Executive Directors, depending on the timing and scope of any appointment.
Maximum variable remuneration	In the normal operation of the Policy this will be 350% of salary. In exceptional circumstances in respect of the year of appointment this may increase to 550% of salary (if an exceptional EIP award is granted).
'Buy Out' of incentives forfeited on cessation of employment	<p>The Remuneration Committee's policy is not to provide replacement awards as a matter of course. However, should the Remuneration Committee determine that the individual circumstances of recruitment justified the provision of a replacement award, the value of any incentives or compensation arrangements that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> • the proportion of the performance period completed on the date of the Director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value ('lapsed value'). <p>The Remuneration Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Group's existing incentive plans, a bespoke arrangement would be used.</p>
Relocation policies	<p>If a new Executive Director is required to relocate in order to carry out their role, the Company may provide one-off/ongoing benefits, for up to two years, to reflect the cost of relocation for the new Executive Director in cases where they are expected to spend significant time away from their country of domicile.</p> <p>The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling for dependent children.</p>

The Company's policy when setting fees for the appointment of a new Chair or Non-Executive Directors is to apply the policy which applies to the current Chair or Non-Executive Directors.

Payments for loss of office

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The table below sets out the Company's termination policy for each element of total remuneration. For each element the table also sets out the boundaries of Committee discretion.

Remuneration element	Approach
General	The Remuneration Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising regarding the termination of an Executive Director's office or employment.
Base salary and benefits	In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. Base salary and benefits will be paid over the notice period and may be provided as a lump sum payment in lieu of notice.
Pension	Pension contributions or payments in lieu of pension contribution will be made during the notice period and may be provided as a lump sum payment in lieu of notice.
Annual bonus	<p>Good leaver reason Performance conditions will usually be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.</p> <p>Other reason No bonus will be payable for year of cessation.</p> <p>Discretion The Remuneration Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> • To determine that an Executive Director is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to Shareholders. • To determine whether to pro-rate the bonus for time. The Remuneration Committee's normal policy is that it will pro-rate for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to Shareholders.
Remuneration element	Approach
EIP – LTIP awards	<p>Good leaver reason Pro-rated for time and performance in respect of each subsisting LTIP award.</p> <p>Other reason Lapse of any unvested LTIP awards.</p> <p>Discretion The Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> • To determine that an executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to Shareholders. • To measure performance over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation. • To determine to vest the LTIP award at the end of the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation. • To determine whether the holding period will apply including whether in full or in part. • To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to Shareholders.

Remuneration continued

Definition of 'good leaver' under the Group's incentive plans

A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill health;
- termination of a participant's membership in DWF Law LLP or DWF LLP in breach of the relevant constitutional deed;
- any reason, permitted by the Committee in its absolute discretion in any particular case (except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal) which may include:
 - injury or disability;
 - redundancy;
 - retirement (in agreement with the Company);
 - employing company ceasing to be a Group company; and
 - transfer of employment to a company which is not a Group company.

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

Change of control

Element	Treatment on change of control
Annual bonus	<p>Pro-rated for time and performance to the date of the change of control.</p> <p>The Remuneration Committee has discretion regarding whether to pro-rate the bonus for time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to Shareholders.</p>
Deferred share awards	<p>Subsisting deferred share awards will vest on a change of control.</p> <p>The Remuneration Committee has discretion regarding whether to pro-rate the awards for time. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will make this determination depending on the circumstances of the change of control.</p>
EIP – LTIP awards	<p>The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance.</p> <p>The Remuneration Committee has discretion regarding whether to pro-rate the LTIP awards for time. The Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to Shareholders.</p>

Consideration of employment conditions elsewhere in the Group

The Remuneration Committee also gives consideration to pay and employment conditions in the rest of the Group, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors, and uses this information to ensure consistency of approach throughout the Group.

Whilst the Remuneration Committee takes into account the pay and conditions of the wider workforce, the Company did not consult with employees when developing the Remuneration Policy and undertook no specific engagement with the wider workforce to explain how executive remuneration aligns with wider Group pay policy. This was not considered necessary due to the minor nature of the changes to the Remuneration Policy.

Consideration of Shareholders views

The Remuneration Committee carefully considers the views of the Shareholders and carried out extensive consultation with key Shareholders when it proposed its first Remuneration Policy to Shareholders in 2019. Shareholders views are considered when evaluating and setting remuneration strategy and the Remuneration Committee commits to consulting with key Shareholders prior to any significant changes to the Remuneration Policy.

Given no substantive changes are proposed to the Policy this year, the Committee wrote to key Shareholders prior to the finalisation of the Policy to notify them of the limited proposed changes and to give them an opportunity to feed back any views. The Committee also regularly reviews the policy in the content of published Shareholder guidelines.

Service contracts

Details of the service contracts or letters of appointment for the Directors are included in a table on page 109.

When setting notice periods for Executive Directors, the Committee has regard to market practice and corporate governance best practice. Notice periods will not be greater than 12 months.

The Company's practice is to appoint the Chair and Non-Executive Directors under letters of appointment. The current appointment is for a term of three years. However, the appointment of the Chair can be terminated early by either party on three months' notice in writing. The appointment of each of the Non-Executive Directors can be terminated early by either party on one month's notice in writing.

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 Annual General Meeting.

Remuneration continued

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 FY2021/22; and
- Remuneration Policy operation in FY2021/22 and intended implementation in FY2022/23.

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

Business context

We delivered a year of record results in FY2021/22 with net revenue growth of 4% and L4L net revenue growth of 7% and a return to a statutory profit before tax of £22m. Adjusted profit before tax of £41m was in line with market expectations and has grown 21% compared to the prior year. It was particularly pleasing to see each division delivering both net revenue and gross profit margin growth in FY2021/22 compared with the prior year. The Group continued to reduce its cost to income ratio to 38% compared with 39% in the prior year as we continue to execute the strategy of sustainable growth. The Group sees opportunity to execute further actions to control costs, with the premises strategy and various back-office initiatives offering protection from future inflationary pressures and macro-economic headwinds. Lock-up days have reduced by five days to 179 days, as we continue to implement operational improvements. Net debt has increased to £72m in the year as a result of settling remaining COVID-19 VAT deferrals and deferred consideration from acquisitions.

How our incentive performance measures align to our strategy

The implementation of our strategy (as outlined on pages 14 and 15) for FY2021/22 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 continues to emerge from COVID-19. We have defined our culture and values, our partner and employee value proposition, including our commitment to Diversity & 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	Net debt
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Non-financial

Net promoter score	Engagement survey score	% Executive Board roles held by women	% senior leadership positions held by women	% Black, Asian and Minority Ethnic ('BAME') representation in senior leadership positions
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Annual bonus

Adjusted PBT: Ensures focus on profitable growth. Is a key measure of organic growth and is linked to Shareholder value
Lock up: Ensures focus and effective management of working capital and efficient billing processes
ESG objectives: Ensures focus on the delivery of stakeholder value and encourages sustainable business practices
Strategic and operational objectives: Ensures focus on key strategic and operational objectives to deliver Shareholder value. 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 arrangements for FY2022/23 – At a glance

	Executive Director	Non-Executive Director
Fixed pay	Base salary CEO £530,000 CFO £320,000 COO £300,000 Average employee (includes partners) rise 5.65% ¹	CEO £551,200 CFO £332,800 COO £312,000 The Executive Directors received a 4% pay rise with effect from 1 May 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 any bonus outcomes and strategic and operational objectives. See page 105 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 on page 95.	Following discussions by the Remuneration Committee on the most appropriate weighting for targets this year, performance conditions will be weighted as follows: 70% financial metrics including adjusted PBT and lock-up days, with adjusted PBT accounting for 50% and lock-up days 20% 20% strategic and operational objectives 10% ESG objectives 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 for any bonus paid.
	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 107 for details of the performance conditions and targets. The EIP contains clawback and malus provisions. Full details are set out on page 95.	Following discussions by the Remuneration Committee on the most appropriate weighting for targets this year, performance conditions will be weighted as follows: Cumulative three-year EPS (33% weighting) Average annual ROCE (33% weighting) Average cash conversion (33% weighting) The Committee is presently reviewing the targets to ensure they are sufficiently stretching and will finalise these prior to the grant being made. The targets will be disclosed by way of RNS when the awards have been granted. No change has been made to the maximum opportunity for the Executive Directors.
	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 fees² <ul style="list-style-type: none"> Chair of the Board: £170,000 per annum Non-Executive Director: £65,000 per annum Deputy Chair of the Board (additional): £20,000 per annum Senior Independent Non-Executive Director (additional): £10,000 per annum Committee Chair (additional): £7,500 per annum Partner Director³: £0 per annum 	No change

Notes

- The average employee rise of 5.65% is the Group average figure for eligible employees excluding Mindcrest employees in the US and India, and RCD employees in Spain.
- In accordance with the Articles of Association of the Company, fees paid to Directors shall not exceed in aggregate £2,000,000 per annum.
- 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.

Remuneration continued

Remuneration outcomes for FY2021/22 – At a glance

Directors' Remuneration for the year ended 30 April 2022

Certain details set out on pages 106 to 111 of this Directors' Remuneration report have been audited by the Auditor. These details have been identified as 'audited' where appropriate.

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.

Director	Salary	Fixed Fee	Discretionary Bonus	LTIP	Other	Total	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Executive Directors																		
Sir Nigel Knowles ¹	530,000	487,896	3,754	4,214	221,680	295,000	N/A	N/A	37,100	34,151	N/A	N/A	792,534	821,261	570,854	526,261	221,680 ²	295,000
Chris Stefani	320,000	320,000	4,693	4,584	221,680	295,000	124,034 ³	N/A	21,801 ⁴	21,851	N/A	N/A	692,208	641,435	346,494	346,435	345,714 ²	295,000
Matthew Doughty ⁷	300,000	157,955	5,208	2,380	221,680	158,000	N/A	N/A	21,000 ⁸	11,520	N/A	N/A	547,888	329,855	326,208	171,855	221,680 ²	158,000
Andrew Leitherland ⁸	N/A	44,167	N/A	264	N/A	N/A	N/A	N/A	N/A	3,092	N/A	N/A	N/A	47,523	N/A	47,523	N/A	N/A
Non-Executive Directors																		
Sir Nigel Knowles ¹	N/A	15,873	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15,873	N/A	15,873	N/A	N/A
Jonathan Bloomer ⁹	170,000	127,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	170,000	127,500	170,000	127,500	N/A	N/A
Chris Sullivan ³	95,000	90,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95,000	90,000	95,000	90,000	N/A	N/A
Luke Savage ¹¹	72,500	72,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72,500	72,500	72,500	72,500	N/A	N/A
Tea Colaanni	72,500	72,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72,500	72,500	72,500	72,500	N/A	N/A
Sam Tymms ¹²	72,500	72,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72,500	72,500	72,500	72,500	N/A	N/A
Vin Murria ¹³	N/A	42,493	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	42,493	N/A	42,493	N/A	N/A

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 £665k was distributed equally between the three Executive Directors as described on page 105.
- 3 LTIPs are made through the Equity Incentive Plan ('EIP'). Further details can be found on page 93.
- 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 Chris Stefani's LTIP consisting of 336,134 shares is due to vest on 27 August 2022, with 41% performance conditions achieved. A £0.90 share price at vest has been assumed.
- 6 The pension paid to the CFO was partly paid directly into the Company provided pension scheme 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 in FY2020/21 of £549 due to a change in the HMRC rules around tapered allowance and this was 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.
- 7 Matthew Doughty was appointed as COO on 22 October 2020 and the table shows his remuneration from that date.
- 8 Andrew Leitherland stepped down as CEO on 29 May 2020 and the table shows his remuneration up to that date.
- 9 Jonathan Bloomer was appointed Chair of the Board on 1 August 2020 and the table shows his fees from that date.
- 10 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.
- 11 Fees include Non-Executive Director fees and fees for the chairing of committees. Further details can be found on page 97.
- 12 Vin Murria stepped down as a Non-Executive Director on 30 December 2020 and the tables show her fees up to that date. She therefore did not receive any fees during the FY2021/22.
- 13 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. Michele Cicchetti provides qualifying services to the Group through his position as country managing partner of Italy. Michele's remuneration in respect of these qualifying services was £418,417 (2020/21: £82,760). His remuneration for FY20/21 is pro-rated from commencement of his appointment to the Board. Seema Bains does not provide qualifying services to the Group including to the subsidiaries as she does not hold any management roles as a member of DWF Law LLP and hence no remuneration is disclosed.

Bonus for the financial year ended 30 April 2022 (audited)

Performance indicators	Performance				Weighting	Performance achieved		
	Threshold performance required	Target performance required	Maximum performance required	Actual performance		Strategic objectives	Financial objectives	Customer objectives
Adjusted PBT	£39.7 m	£41.8m	£43.9m	£41.3m	70%	27%	27%	27%
Lock-up days			173 days	179 days	10%	0%	0%	0%
Strategic and operational objectives	See details on page 106				20%	20%	20%	20%
				100% objectives met				
Percentage of maximum performance achieved						47%	47%	47%
						Actual maximum bonus cap		
Calculated total bonus outcome ¹ comprising:						£374k	£150k	£141k
– Cash ¹						£187k	£75k	£71k
– Deferred shares ¹						£187k	£75k	£71k
Total bonus outcome as a percentage of salary						70.6%	46.9%	47.0%
						Actual aggregate bonus cap		
Aggregate total bonus outcome ¹							£665k	
Individual share of aggregate total bonus outcome ¹ comprising:						£221k	£221k	£221k
– Cash						£111k	£111k	£111k
– Deferred shares						£111k	£111k	£111k
Individual share of aggregate total bonus outcome as a percentage of salary						41.7%	69.1%	73.7%

Notes

1. Rounded to the nearest £1k.

2. Maximum bonus opportunity for the CEO was 150% of salary and for each of the CFO and COO was 100% of salary.

3. The aggregate total bonus outcome of £665,000 was distributed equally between the three Executive Directors as described on page 84.

4. Payment of all elements of the bonus was subject to achievement of the threshold adjusted PBT target.

5. Payment of the deferred element of the bonus is subject to employment conditions and deferred for three years.

Remuneration continued

Details of strategic and operational objectives for FY2021/22

The strategic and operational objectives are made up of 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.

The Executive Directors performed strongly across their personal weighted objectives, which were fully achieved, as described below:

Sir Nigel Knowles (CEO)				
		Clients (33% weighting)	ESG (33% weighting)	Growth (33% weighting)
Objective		Embed and deliver our vision through our Integrated Legal Management (ILM) approach with a focus on Mindcrest	Finalise and communicate our Global ESG strategy to 2030	Identify growth opportunities including M&A and new associations
Outcome		<ul style="list-style-type: none"> ILM revenue increased from £116.5m in FY21 to £139.9m in FY22 which was a growth rate of 20%, being more than the budgeted rate of growth of 7%. Achieved, as at the end of FY22 we have 50 clients billing £1m+. Achieved, GAT clients continue to outperform the average client. As at end of FY22, YOY growth for this client set was 20.4%. 	<ul style="list-style-type: none"> ESG has been a key area of communication since the launch of the new ESG Strategy in December 2021 and messaging has been embedded into key policies and procedures, HR strategy and our website. 	<ul style="list-style-type: none"> We entered into an exclusive association in Saudi Arabia and established a Regional headquarters there also. An exclusive association with <i>NGA in Portugal</i> has been signed, and we have strengthened our Iberian CMA offering through an association with RTS in Spain. We have hired an insurance litigation partner on a cost share basis with Hauzhen in Hong Kong and finalised terms for an association agreement which was signed in May 2022.
Attainment	33%		33%	33%
Chris Stefani (CFO)				
		Debt Funding (33% weighting)	ESG (33% weighting)	Cost Reduction (33% weighting)
Objective		Achieve a successful re-financing of the Group's revolving credit facility	Agree science based targets that align with our strategy	Identify and enact operational efficiencies in the Finance function
Outcome		<ul style="list-style-type: none"> Executed new RCF agreement on improved commercial terms as compared to the current RCF 	<ul style="list-style-type: none"> Cost to income ratio is delivered in line with budget, reflecting appropriate (positive) ESG strategy impact on overheads. 	<ul style="list-style-type: none"> An action plan was developed Discovery was undertaken and external providers were consulted where required Implementation has commenced
Attainment	33%		33%	33%
Matthew Doughty (COO)				
		ESG – D&I (33% weighting)	ESG – Governance, Risk and Compliance (33% weighting)	Operating Model (33% weighting)
Objective		Build a diverse and inclusive organisation by driving the D&I targets in relation to female and ethnic minorities represented	Embed a stronger understanding of our values, risk appetite and ESG agenda with an increased focus on risk management across the business	Continue to scale up the Mindcrest division and develop plans for the pivot of more work from Legal Advisory
Outcome		<ul style="list-style-type: none"> D&I targets have since been replaced by our new D&I targets to be achieved by 2025. At 30 April 2022 we had achieved the following results: Senior female leadership at 28.9%. Senior ethnic minority at 4.3%. 	<ul style="list-style-type: none"> Risk registers embedded across the Group Improvements to client onboarding in the process of roll out Training delivered to address particular risk issues identified 	<ul style="list-style-type: none"> The project is currently in the process of being implemented This will include ongoing consultation with clients The benefits of this project will be seen in FY23, increasing in FY24
Attainment	33%		33%	33%

Vesting of 2019 long-term incentive award

The three-year performance period for the EIP award granted on 27 August 2019 ended on 30 April 2022. The formulaic outcome of the performance conditions was 41% vesting (as detailed below). The Remuneration Committee assessed this outcome and deemed it appropriate in the context of overall business performance over the performance period.

Performance condition	Target (2019-2021)	Target (2020-2022)	Actual (2019-2022)	Target (2019-2022)	Actual (2019-2022)
Cumulative Three-Year EPS (40% weighting)	38.1 pence	42.2 pence	46.4 pence	21.4 pence	0%
Average Annual ROCE (40% weighting)	29.5%	32.8%	36.1%	33.0% ¹	21%
Average Cash Conversion (20% weighting)	78%	87%	96%	131%	20%

Notes

1 The Committee used a pre-IFRS 16 basis for ROCE when assessing the achievement of the ROCE target for the 2019 LTIP. This basis has been adopted to ensure performance against the ROCE target was measured consistently over the entire LTIP performance period as the ROCE target was initially set on a pre-IFRS 16 basis. This approach therefore provides a 'like for like' comparison.

Long-term incentive awards made in the financial year ended 30 April 2022

LTIP awards, which are conditional share awards made through the EIP, were granted to the Executive Directors on 17 August 2021.

Executive Director	Award date	Initial award	Share price paid	Final value
Sir Nigel Knowles (CEO)	17 August 2021	175%	819,346	£927,500
Chris Stefani (CFO)	17 August 2021	125%	353,356	£400,000
Matthew Doughty (COO)	17 August 2021	125%	331,272	£375,000

Notes

1 Based on the five-day Volume weighted average price share price of the Company of £1.132 as at 17 August 2021.

These LTIP awards have a three-year performance period to the end of the 2024/25 financial year and following vesting are subject to a two-year holding period.

The following table sets out the performance conditions and targets:

Performance condition (percentage of award vesting)	Threshold (2020-2022)	Target (2020-2022)	Maximum (2020-2022)
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.

Achievement of shareholding guidelines as at 30 April 2022

The following chart illustrates the achievement of the shareholding guidelines by the Executive Directors as at 30 April 2022, against the minimum shareholding requirement under the Remuneration Policy (see page 94 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 108.

Executive Director	Base salary	Achievement of minimum shareholding guideline as at 30 April 2022		Achievement of maximum shareholding guideline as at 30 April 2022	
		Number of shares	Value	Number of shares	Value
Sir Nigel Knowles (CEO)	£530,000	2,667,211	£2,219,120	2,677,211	£2,944,932
Chris Stefani (CFO)	£320,000	1,032,814	£859,301	928,097 ³	£1,020,907
Matthew Doughty (COO)	£300,000	2,669,421	£2,220,958	2,669,421	£2,936,363

Notes

1 Based on share price of the Company as at 30 April 2021 of £0.832.

2 Based on share price of the Company of £1.10 as at 29 April 2022.

3 On 21 July 2021, restricted shares from Chris Stefani's IPO award vested and he sold 104,717 shares to cover tax liabilities.

Remuneration continued

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:

Single figure of remuneration for each Executive Director	104
Share interests awarded during FY2021/22	107
Payment to past Directors	109
Statement of Directors' shareholding and share interests	108
Percentage change in remuneration of Directors and all employees (including partners)	113
Pay ratio information in relation to the total remuneration of the Director undertaking the role of the CEO	111
Statement of the Implementation of the Remuneration Policy in FY2022/23	103
Consideration of matters relating to Directors' remuneration	88 and 89
Statement of voting at General Meeting	109

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 2021 to the financial year ended 30 April 2022. There have been no changes between 30 April 2022 and the date of this report.

Shareholder distributions paid in the year ¹	6.5	13.5	107.6
Total remuneration cost ²	210.8	218.2	3.5

Notes

- Dividends paid per year is defined in note 7 of the financial statements
- Total remuneration cost is defined in note 25 of the financial statements

Directors' share interests (audited)

The Directors' interests in shares as at 30 April 2022 are provided below. There have been no changes between 30 April 2022 and the date of this report.

Executive Directors							
Sir Nigel Knowles	2,677,211	556%	250%	130,300	2,122,380	0	4,929,891
Chris Stefani	928,097 ³	319% ²	200%	130,300	1,251,445	0	2,309,842
Matthew Doughty	2,669,421	979%	200%	130,229	858,105	0	3,657,825
Non-Executive Directors							
Jonathan Bloomer	40,000	N/A	N/A	N/A	N/A	N/A	40,000
Chris Sullivan	409,836	N/A	N/A	N/A	N/A	N/A	409,836
Luke Savage	32,693	N/A	N/A	N/A	N/A	N/A	32,693
Tea Colaianni	49,180	N/A	N/A	N/A	N/A	N/A	49,180
Sam Tymms	0	N/A	N/A	N/A	N/A	N/A	0
Seema Bains	1,400,000	N/A	N/A	N/A	N/A	N/A	1,400,000
Michele Cicchetti	1,531,379	N/A	N/A	56,349	33,000 ⁴	125,517 ⁵	1,746,245

Notes

- Calculated using the share price of £1.10 on 30 April 2022.
- These Deferred Bonus Plan Share awards represent 50% of the bonus awarded for the period up to 30 April 2021. For the purposes of this award, the volume weighted average price for the 5 days immediately preceding the date of grant of £1.132 was used.
- On 21 July 2021, the second tranche of Chris Stefani's IPO award vested and he sold 104,717 shares to cover tax liabilities.
- This relates to an award granted 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 second two tranches vested on 27 August 2021.
- 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 104. The first tranche of 31,380 ordinary shares vested on 9 December 2021.

Service contracts or letters of appointment

The following table 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.

Director	Appointed	Expiry date	Notice period
Executive Directors			
Sir Nigel Knowles	29 May 2020	Rolling service contract with no fixed expiry date	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.	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
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 FY21/22 Andrew Leitherland was paid a total of £47,815. This payment was the final monthly tranche of his payment in lieu of notice, as disclosed on page 106 of last year's Remuneration report, and was paid after he had stepped down from his role as an Executive Director.

Shareholder voting at the 2021 AGM

	Shareholder votes in favour	Shareholder votes against	Shareholder votes withheld	Total votes cast	Shareholder votes in favour as a percentage of total votes cast	
To approve the Directors' Remuneration report	156,947,973	98.95	1,665,397	1.05	158,613,370	1,325,148

Shareholder voting at the 2019 AGM

	Shareholder votes in favour	Shareholder votes against	Shareholder votes withheld	Total votes cast	Shareholder votes in favour as a percentage of total votes cast	
To approve the Directors' Remuneration Policy	106,935,200	98.99	1,091,112	1.01	108,026,312	0

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	How
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 colleagues (Executive Directors, partners and employees) graded from band 1 to 4.

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 with 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.

Share plans

Equity participation is offered to all UK, US and Spanish 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 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 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.

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 majority 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 continued with 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 within the Group. During the course of the financial year, plans were put in place to change our family friendly policies as a result of the feedback we had received.

Chris Sullivan, as the designated Non-Executive Director for the workforce, engages with the workforce with regard to Executive Director remuneration arrangements. Further details on how we have engaged with employees and responded to their feedback is continued within our section 172 report on page 26.

For more information, please see pages 63 and 64 of the Corporate Governance report and 45 to 48 of the Environmental, Social and Governance report.

CEO-to-worker pay ratio as at 30 April 2022

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, the Group 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).

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. The information in the table below was collated using available data as at 30 April 2022.

	Year	Methodology	£3m			Total remuneration		
			P25	P50	P75	P25	P50	P75
Amount	FY2021/22	A	£23,795	£37,811	£63,067	£27,232	£43,928	£72,215
	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	FY2021/22	A	22:1	14:1	8:1	29:1	18:1	11:1
	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

The Company believes the median pay ratio for FY2021/22 is consistent with the pay, reward and progression policies for the Group'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 Group'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 FY2021/22. 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:

Remuneration continued

- 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.
- 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

	2019	2020	2021	2022
Total remuneration	£70,949	£530,000	£868,784	£792,533
Annual bonus as a percentage of opportunity	0%	0%	37.1% ¹	28.0%
LTIP as a percentage of opportunity	N/A	N/A	N/A	N/A

Notes

- 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 for FY2020/21 was distributed equally, on a pro-rata basis for length in role, between the three Executive Directors as described on page 93 of the Annual Report and Financial Statements 2021. The maximum bonus opportunity for the CEO was 150% of base salary.
- The aggregate total bonus outcome of £665k for FY2021/22 was distributed equally between the three Executive Directors as described on page 105. 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.

	Salary, fees and bonus		Total remuneration ¹		Bonus as a % of salary	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Executive Directors						
Sir Nigel Knowles	9%	0%	-11	0	-25%	0
Chris Stefani	0%	0%	2.4	-15%	-25%	0
Matthew Doughty	90%	0%	119	0	40%	0
Non-Executive Director						
Sir Nigel Knowles	N/A	0	N/A	N/A	N/A	N/A
Jonathan Bloomer	34%	0	N/A	N/A	N/A	N/A
Chris Sullivan	6%	20%	N/A	N/A	N/A	N/A
Luke Savage	0	0	N/A	N/A	N/A	N/A
Tea Colaianni	0	0	N/A	N/A	N/A	N/A
Sam Tymms	0	0	N/A	N/A	N/A	N/A
Vin Murria	N/A	-35%	N/A	N/A	N/A	N/A
Average employee (includes partners)	9%	-0.2%	-28%	31%	-42%	522%

Notes

- 1 Sir Nigel Knowles stepped down as Chair of the Board on 29 May 2020 and his appointment as CEO and the respective remuneration for each role is captured in the table.
- 2 Matthew Doughty was appointed as COO on 22 October 2020 and the table shows his remuneration from that date.
- 3 Jonathan Bloomer was appointed Chair of the Board on 1 August 2020 and the table shows his remuneration from that date.
- 4 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 fees for that role from that date.
- 5 Vin Murria stepped down as a Non-Executive Director on 30 December 2020 and the table shows her fees up to that date.
- 6 The aggregate total bonus outcome of £748,000 for FY2020/21 was distributed equally, on a pro-rata basis for length in role, between the three Executive Directors as described on page 93 of the Annual Report and Financial Statements 2021. The aggregate total outcome of £665k for FY2021/22 was distributed equally between the three Executive Directors as described on page 105.

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.

UK gender and ethnicity pay gap reporting

We reported on our UK gender and ethnicity pay gap for 2021 in March 2022. The full 2021 Gender and Ethnicity Pay Gap Report is available on our website at [dwfgroup.com](https://www.dwfgroup.com).

The Group's UK gender pay gap

	2021	2020	2019	2018	2017
Mean hourly pay gap	50%	48%	39%	37%	35%
Median hourly pay gap	36%	32%	33%	33%	28%
Mean bonus pay gap	51%	45%	37%	38%	24%
Median bonus pay gap	32%	23%	35%	38%	8%

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. This sustained focus on meaningful actions will result in a more diverse workforce, supported and empowered through our inclusive culture and values.

Remuneration continued

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 and minority ethnic ('BAME') population.

The Group's UK ethnicity pay gap

2022		2021	2020
Mean hourly pay gap		23%	24%
Median hourly pay gap		22%	23%

Note

1 The figures above are combined figures for both employees and self-employed partners. For both, hourly pay rates have been used

We are committed to increasing the representation of minority ethnic employees across all career bands and, when compared with 2020, we have seen an increase across all pay quartiles. However, we continue to see the largest representation of minority ethnic employees in the lower pay quartile and fell short of achieving our target of at least 10% BAME representation across senior leadership positions (currently 4%). In addition, we have to rely on our colleagues to disclose their diversity data to help determine our ethnicity pay gap. Since our last pay gap report, we have continued to promote the importance of volunteering this information and the level of self-disclosure has increased by 25%. We do understand that some colleagues may not feel comfortable sharing this information, so either decide not to disclose or use our 'prefer not to say' category. We will continue to encourage our colleagues to disclose their diversity data to improve the accuracy of our reporting, whilst the launch of our latest representation targets, to 2025, will drive action and hold ourselves accountable to change.

The recent launch of our ESG Strategy also included publication of new stretch targets to increase the gender and ethnic diversity of our workforce and unlock the potential of women and BAME colleagues. More details on these targets can be found on pages 46 and 47.

Tea Colaianne

Chair, Remuneration Committee

Directors' report

Directors' report

The Board of Directors present their report for the financial year ended 30 April 2022 as required by the Companies Act 2006. The Directors' report, together with the Strategic report on pages 1 to 57, 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 more detail in the sections of the report as indicated in the table below.

Information	Section	Page
Likely future developments in the business	Strategic report	07
Risk factors and principal risks; going concern and viability statements	Strategic report	50 to 55
Financial instruments: information on the Group's financial instruments and risk management objectives and policies, including our policy on hedging	Note 19 to the Consolidated financial statements	152 to 153
Governance arrangements; human rights and anti-corruption and bribery matters	Environmental, Social and Governance report Corporate Governance report	32 to 33 66
Environmental matters including annual greenhouse gas emissions and SECR	Environmental, Social and Governance report	38 to 45
Social and community matters	Environmental, Social and Governance report	49
Financial risk management	Consolidated financial statements	152 to 154
Section 172(1) statement	Section 172(1) and stakeholders	26 to 31

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, 83 to 114
9.8.4(12)	Waiver of dividends by a Shareholder	Directors' report 116
9.8.4(13)	Waiver of future dividend by a Shareholder	Directors' report 116

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 2022 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').

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.

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:

- recommended by the Board; or
- 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 2022 are set out on page 108 in 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 interest 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.

Directors' report continued

Dividends

The Board recommends a final dividend of 3.25 pence per ordinary share to Shareholders. Subject to Shareholder approval at the Company's 2022 AGM, this will become payable on 7 October 2022 to all Shareholders on the register of members at the close of business on 9 September 2022. During the year, the Board declared an interim dividend of 1.50 pence per ordinary share which was paid to Shareholders on 4 March 2022. 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 2022, 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 83 to 114 and in note 23 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 2022. 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:

Shareholder	Number of shares	Percentage of issued share capital
DWF Group Plc Employee Benefit Trust	30,242,231	9.30
Premier Miton Investors	18,990,212	5.84
Cartesian Capital Group	17,814,338	5.48
Aberdeen Standard Investments	16,258,652	5.00
Border to Coast Pensions Partnership	8,711,709	2.68

1 Issued share capital as at 30 April 2022 was 325,352,865.

At 20 July 2022, 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 2021 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 £1,084,509 (representing 108,450,900 ordinary shares of 1p each) and to allot further shares up to an aggregate nominal amount equal to £1,084,509 (representing 108,450,900 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 16,227,700 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 16,227,700 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 none 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 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:

- a) notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest; and
- b) received the necessary approvals from the Relevant Licensing Authority, as may be required under the Legal Services Act 2007 and Regulatory Arrangements.

It is a criminal offence under the Legal Services Act 2007 for a Non-authorised Person to fail to comply with these obligations.

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; or
- c) in contravention of an objection by the Relevant Licensing Authority under paragraph 31 or 36 of Schedule 13 to the Legal Services Act 2007.

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 £100.0m multicurrency revolving loan facility agreement with HSBC UK Bank plc, National Westminster Bank plc Citigroup Inc. and Santander UK 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'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 17 to the consolidated financial statements on page 150.

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 24 on page 157 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 (2020/21: nil).

At the Annual General Meeting to be held on 28 September 2022, 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 overleaf.

Directors' Responsibility Statement

The Directors' Responsibility Statement can be found on page 119.

Directors' report continued

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 Engaging with our stakeholders	28 to 31
The effect of that regard, including on the principal decisions taken by the Company during the financial year	Section 172(1) statement Engaging with our stakeholders	28 to 31

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 Engaging with our stakeholders Corporate Governance report	28 and 29 28 to 31 65 and 66
How the Group provides employees with information on matters of concern to them as employees	Section 172(1) statement Engaging with our stakeholders Corporate Governance report	26 and 27 28 and 31 65 and 66
How the Group consults with and considers employee feedback	Section 172(1) statement Engaging with our stakeholders Corporate Governance report	26 and 27 28 to 31 65 to 66
How the Directors have had regard to employee interests	Non-Financial Information Statement Engaging with our stakeholders Corporate Governance report	49 28 to 31 65 and 66
How the Group informs employees of the financial and economic factors affecting its performance	Section 172(1) statement Engaging with our stakeholders	26 and 27 28 to 31

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.

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 2 to the financial statements.

Annual General Meeting

The 2022 Annual General Meeting of the Company will be held at and be broadcast from 20 Fenchurch Street, London, EC3M 3AG on 28 September 2022 at 2.00 pm. 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 2022

There are no events since 30 April 2022 that require adjustment to the Financial Statements or are important in the understanding of the Company's current position.

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 55 and 56, 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

Group General Counsel and Company Secretary

20 July 2022

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

Each of the directors, whose names and functions are listed in the 'Governance: Board of Directors' on pages 58 and 59 of the Annual Report and Accounts confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group;
- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

This responsibility statement was approved by the Board of Directors on 20 July 2022 and is signed on its behalf by:

Sir Nigel Knowles
Group Chief Executive Officer
20 July 2022

Chris Stefani
Chief Financial Officer
20 July 2022

Independent Auditor's report to the members of DWF Group plc

Report on the audit of the financial statements

Opinion

In our opinion, DWF Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2022 and of the group's profit, the company's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position and Company Statement of Financial Position as at 30 April 2022; the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee of DWF Group plc.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

DWF Group is a listed law firm, predominantly operating in the UK. The Group focuses on the provision of legal and alternative legal services. The Group's consolidated financial statements are primarily an aggregation of the two UK Business Units, representing the regional UK law partnerships, DWF Law LLP and DWF LLP, with other overseas entities. For the purposes of our audit, we considered DWF Law LLP and DWF LLP to be separate components. The context of our audit is underpinned by 2022 being our first year as external auditors of the Group. As part of our audit transition, we performed specific procedures over opening balances by reviewing the predecessor auditors' working papers and risk assessment and re-evaluating the predecessor auditors' conclusions in respect of key sources of estimation uncertainty and critical judgements in the opening balance sheet at 1 May 2021. We performed process walkthroughs to understand and evaluate the key financial processes and controls across the Group. We performed a significant amount of early audit procedures in advance of the year-end, covering each of the in-scope Business Units and the Group functions.

The objective of this audit work was:

- to ensure that we had a clear plan as to what work needed to be done when and where at year-end;
- to perform initial substantive testing, particularly where larger samples were required; and
- to enable early consideration of the key sources of estimation uncertainty and critical judgements before the year-end. The audit transition and pre year-end audit work were important in determining our 2022 Group audit scope, areas of focus and detailed testing approach.

As we undertook each phase of this first year audit, we regularly reconsidered our risk assessment to reflect audit findings, including our assessment of the Group's control environment and the impact on our planned audit approach. In terms of risk assessment:

- given the nature of the Group's operations and the methodology for revenue recognition, we considered revenue recognition and valuation of unbilled revenue to be the most significant area and therefore have included this as a key audit matter; and
- we considered the recoverability of trade receivables given the level and aging of receivables, and hence also included a key audit matter in relation to this.

Overview

Audit scope

- Our audit focused on those entities with the most significant contribution to the Group's net revenue. Of the Group's 68 reporting units, we identified two, which in our view, required an audit of their complete financial information for Group reporting purposes. These were DWF Law LLP and DWF LLP. We also audited material consolidation journals;
- Another three reporting units were subject to audit procedures over specific balances and transactions, due to their contribution towards specific financial statement line items. Revenue and trade and other receivables were in scope for Rousaud Costas Duran S.L.P., Cash and cash equivalents was in scope for DWF Poland Jamka and Property, plant and equipment was in scope for Mindcrest (India) Private Ltd;
- We have considered the out-of-scope entities and performed analytical procedures over key balances as part of our procedures;
- All audits were performed by the Group engagement team with the exception of Rousaud Costas Duran S.L.P, which was audited by a PwC component audit team; and
- The components within the scope of our work, and work performed centrally by the Group engagement team, accounted for 73% of Group revenue, 69% of Group net revenue and 74% of Group profit before tax.

Key audit matters

- Revenue recognition and valuation of unbilled revenue (group)
- Recoverability of trade receivables (group)
- Carrying value of investments (parent)

Materiality

- Overall group materiality: £3.5m based on 1% of net revenue.
- Overall company materiality: £3.2m based on 1% of total assets capped at 90% of overall group materiality.
- Performance materiality: £1.8m (group) and £1.6m (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Key audit matter

How our audit addressed the key audit matter

Revenue recognition and valuation of unbilled revenue (group)

Refer to page 80 (Audit Committee Report), note 1.14, note 1.20 and note 13 to the Financial Statements for the Directors' disclosures of the related accounting policies, judgements and estimates.

At 30 April 2022, total unbilled receivables balances included in note 13 were £79,940k (2021: £76,108k).

The fair value of unbilled revenue is calculated using a per-hour recovery rate based on historic billing of hours and applying this to the number of hours which are not yet billed as at the year end. Specific adjustments are then applied based on specific client agreements, historical performance and forward-looking factors.

The valuation of the unbilled revenue balances is considered to be a key risk due to the significance of these balances to the Financial Statements and the estimates required in assessing the fair value of the unbilled revenue.

In order to test the revenue recognition and valuation of unbilled revenue, we performed the following procedures:

(i) We evaluated the Group's control procedures and assessed and validated the ageing profile of unbilled revenue;

(ii) We have understood and tested the application of the Group's policy for recognition of unbilled revenue;

(iii) We have understood and evaluated the significant assumptions used by management and performed sensitivity analysis to understand the susceptibility of the valuation to changes in the key assumptions;

(iv) We have performed look-back procedures on the valuation at the prior year-end and compared the level of unbilled revenue write-offs during the current period in order to assess the reasonableness of the estimated recovery rates applied by management;

(v) We have understood and evaluated the appropriateness of the adjustments made by management to specific matters within unbilled revenue and revenue recognition; and

(vi) We have tested the calculation of team recovery rates, tracing billed hours back to timesheets, and historic billings to source documentation. We have verified the number of year end unbilled hours as at the year end back to support.

Based on our audit work, we found estimates made in the revenue recognition and valuation of unbilled revenue to be acceptable. We also consider the disclosures made in the financial statements to be appropriate.

Recoverability of trade receivables (group)

Refer to note 1.6 and note 13 to the Financial Statements for the Directors' disclosures of the related accounting policies, judgements and estimates.

At 30 April 2022, total trade receivables balances included in note 13 were £88,949k (2021: £91,185k), net of provisions of £11,729k (2021: £13,031k). The recoverability of trade receivables and the level of provisions for expected credit losses are considered to be a key risk due to the significance of these balances to the Financial Statements and the judgements required in making appropriate provisions.

In order to test the recoverability of trade receivables, we performed the following procedures:

(i) We evaluated the Group's credit control procedures and assessed and validated the ageing profile of trade receivables;

(ii) We assessed recoverability on a sample basis by reference to cash received subsequent to year-end, agreement to the terms of the contract in place and issue of credit notes post year-end as necessary;

(iii) We considered the appropriateness of estimates regarding the level of expected credit loss for trade receivables and assessed whether the associated provisions were calculated in accordance with the Group's provisioning policies and/or whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary; and

Independent Auditor's report to the members of DWF Group plc continued

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments (parent)	
<p>Refer to note 1.1 and note 2 of the Company Financial Statements.</p> <p>The Company holds investments in its subsidiaries of £255,955k (2021: £247,281k).</p> <p>We focused on this area due to the size of the investment balances.</p> <p>Management has performed an assessment of the recoverable amount of the investments and compared this to the carrying value using the same cash flow methodology applied in the impairment test for goodwill.</p> <p>The results showed that no impairment was required against these investments.</p>	<p>(iv) We also challenged management as to whether the methodology applied in determining the appropriate expected credit loss provisions appropriately reflected the level of risk in the total receivables balance with consideration given to individual counterparty credit risk and the general economic conditions in each jurisdiction, taking into account in particular the impact of macroeconomic conditions and inflationary pressures on corporate solvency.</p> <p>Based on our audit work, we found estimates made in the recoverability of trade receivables to be acceptable. We also consider the disclosures made in the financial statements to be appropriate.</p> <p>We obtained Management's assessment of the carrying value of the investments and we challenged:</p> <p>(i) the key assumptions for short and long term growth rates in the forecast cash flows for those businesses underpinning the investees' recoverable amounts, comparing them with historical results;</p> <p>(ii) the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations; and</p> <p>(iii) the recoverability of investment in subsidiaries by comparing the net asset values of these subsidiaries against the carrying value of the investment including consideration of the market capitalisation of the Group. There were no indications of impairment identified.</p> <p>(iv) We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and operating profit forecast.</p> <p>Following the conclusion of our procedures above, we are satisfied that no impairment is required.</p>
How we tailored the audit scope	
<p>We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.</p> <p>The Group is organised into 68 reporting components and the Group financial statements are a consolidation of these reporting components. The reporting units vary in size. We identified two units that required a full scope audit of their financial information due to either their size or risk characteristics. These were DWF LLP and DWF Law LLP. We also audited material consolidation journals. Three reporting components were subject to audit procedures over specific balances and transactions due to their contribution to the Group's results: Revenue and trade and other receivables were in scope for Rousaud Costas Duran S.L.P. Cash and cash equivalents was in scope for DWF Poland Jamka and Property, plant and equipment was in scope for Mindcrest (India) Private Ltd. Our audit scope was determined by considering the significance of each component's contribution to net revenue and profit before tax, and individual financial statement line items, with consideration to obtaining sufficient coverage over identified risks.</p>	<p>All audit work was performed by the Group engagement team, with the exception of one component which was performed by a PwC component audit team. The Group engagement team supervised the direction and execution of the audit procedures performed by the component team. Our involvement in their audit process included the review of their reporting and supporting working papers. The Group engagement team also attended planning and clearance meetings during the audit cycle. Together with the additional procedures performed at Group level, this gave us the evidence required for our opinion on the financial statements as a whole.</p> <p>The Group engagement team also performed the audit of the Company.</p> <p>Materiality</p> <p>The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.</p>

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£3.5m	£3.2m
How we determined it	1% of net revenue	1% of total assets capped at 90% of overall group materiality
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, net revenue is in our view the primary measure used by the shareholders in assessing the performance and growth of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark for non trading companies.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.5m and £3.2m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £1.8m for the group financial statements and £1.6m for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee of DWF Group plc that we would report to them misstatements identified during our audit above £175k (group audit) and £158k (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained from management their latest assessments that support the board's conclusions with respect to the going concern basis of preparation for the financial statements;
- We evaluated management's forecast and downside scenarios and challenged the adequacy and appropriateness of the underlying assumptions in comparison to headroom on debt covenants and facilities;
- We reviewed management accounts for the financial period to date and checked that these were consistent with the starting point of management's scenarios and supported the key assumptions included in the assessments;
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the data;
- We have tested the mathematical integrity of management's going concern forecast models; and
- We have reviewed the disclosures made in respect of going concern included in the financial statements

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 the 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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have 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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent Auditor's report to the members of DWF Group plc continued

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 April 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

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, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, 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 that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee of DWF Group plc.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Solicitors Regulation Authority ("SRA") Regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results focusing on journals impacting revenue and profit before tax and management bias in significant accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- challenging assumptions and judgements made by management in their significant accounting estimates, in particular around the valuation of unbilled revenue and the valuation of the trade receivables;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- discussions with the Audit Committee, management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- performing unpredictable procedures as part of our audit; and
- reviewing minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee of DWF Group plc, we were appointed by the members on 28 September 2021 to audit the financial statements for the year ended 30 April 2022 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Jonathan Studholme (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

21 July 2022

Consolidated income statement

Year ended 30 April 2022

	Notes	2022 £'000	2021 £'000
Revenue	3	416,052	400,948
Recoverable expenses	3	(65,810)	(62,818)
Net revenue	3	350,242	338,130
Direct costs	3	(169,332)	(166,349)
Gross profit	3	180,910	171,781
Administrative expenses		(146,691)	(187,471)
Trade receivables impairment	13	(2,973)	(5,349)
Other impairment	4	(3,593)	(4,595)
Operating profit/(loss)	4	27,653	(25,634)
Net finance expense	5	(3,664)	(2,682)
Net interest expense on leases	5	(1,673)	(2,284)
Profit/(loss) before tax		22,316	(30,600)
Total of adjusting items as defined under the Group's alternative performance measures	2	(19,081)	(64,792)
Adjusted profit before tax	2	41,397	34,192
Taxation	6	(2,029)	(4,567)
Profit/(loss) for the year		20,287	(35,167)
Earnings/(losses) per share attributable to the owners of the parent:			
Basic (p)	8	6.8	(11.9)
Diluted (p)	8	6.5	(11.9)

The results are from continuing operations.

Notes 1 to 27 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Year ended 30 April 2022

	2022 £'000	2021 £'000
Profit/(loss) for the year	20,287	(35,167)
Items that are or may be subsequently reclassified to the income statement:		
Foreign currency translation differences - foreign operations	83	(2,855)
Total other comprehensive income/(expense) for the year	83	(2,855)
Total comprehensive income/(expense) for the year	20,370	(38,022)

There is no taxation on items within other comprehensive income.

Notes 1 to 27 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 April 2022

	Notes	2022 £'000	Re-presented (note 1.21) 2021 £'000
Non-current assets			
Intangible assets	10	45,604	49,173
Property, plant and equipment	11	11,239	12,615
Right-of-use assets	12	65,234	69,166
Investments		-	227
Trade and other receivables	13	1,464	-
Deferred tax assets	20	3,938	4,649
Total non-current assets		127,479	135,830
Current assets			
Trade and other receivables	13	190,174	183,506
Cash and cash equivalents (excluding bank overdrafts)	14	28,310	34,711
Total current assets		218,484	218,217
Total assets		345,963	354,047
Current liabilities			
Trade and other payables	15	63,325	85,381
Corporation tax liabilities		6,190	6,030
Deferred consideration		890	1,699
Lease liabilities	16	14,576	13,104
Interest-bearing loans and borrowings	17	9,786	19,434
Provisions	18	6,315	3,764
Amounts due to members of partnerships in the Group	27	28,243	31,492
Total current liabilities		129,325	160,904
Non-current liabilities			
Deferred tax liabilities	20	5,869	7,584
Lease liabilities	16	63,163	70,898
Interest-bearing loans and borrowings	17	90,344	75,444
Provisions	18	4,147	1,837
Total non-current liabilities		163,523	155,763
Total liabilities		292,848	316,667
Net assets		53,115	37,380
Equity			
Share capital	21	3,254	3,246
Share premium	21	89,365	88,610
Treasury shares	21	(129)	(129)
Other reserves	22	4,929	6,219
Accumulated losses	22	(44,304)	(60,566)
Total equity		53,115	37,380

Notes 1 to 27 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 20 July 2022 and signed on its behalf by:

Sir N Knowles
Group Chief Executive Officer

C J Stefani
Group Chief Financial Officer

Consolidated statement of changes in equity

Year ended 30 April 2022

	Share capital (note 21) £'000	Share premium (note 21) £'000	Treasury shares (note 21) £'000	Merger reserve (note 22) £'000	Other reserves		Accumulated losses (note 22) £'000	Total equity £'000
					Share-based payments reserve (note 22) £'000	Translation reserve (note 22) £'000		
At 1 May 2021	3,246	88,610	(129)	(2,385)	12,885	(4,281)	(60,566)	37,380
Profit for the year	-	-	-	-	-	-	20,287	20,287
Other comprehensive income	-	-	-	-	-	83	-	83
Total comprehensive income	-	-	-	-	-	83	20,287	20,370
Shares issued	8	755	-	-	-	-	-	763
Dividends paid	-	-	-	-	-	-	(13,537)	(13,537)
Share-based payments (note 23)	-	-	-	-	7,701	-	-	7,701
Recycling of share-based payments (note 23)	-	-	-	-	(9,074)	-	9,074	-
Tax on share-based payments	-	-	-	-	-	-	438	438
At 30 April 2022	3,254	89,365	(129)	(2,385)	11,512	(4,198)	(44,304)	53,115

Year ended 30 April 2021

	Share capital (note 21) £'000	Share premium (note 21) £'000	Treasury shares (note 21) £'000	Merger reserve (note 22) £'000	Other reserves		Accumulated losses (note 22) £'000	Total equity £'000
					Share-based payments reserve (note 22) £'000	Translation reserve (note 22) £'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)
Other comprehensive expense	-	-	-	-	-	(2,855)	-	(2,855)
Total comprehensive expense	-	-	-	-	-	(2,855)	(35,167)	(38,022)
Purchase of treasury shares	-	-	(109)	-	-	-	-	(109)
Dividends paid	-	-	-	-	-	-	(6,521)	(6,521)
Share-based payments (note 23)*	-	-	-	-	12,642	-	-	12,642
Recycling of share-based payments (note 23)*	-	-	-	-	(9,429)	-	9,429	-
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

* These movements have been re-presented to separately identify the recycling of share-based payments.

Notes 1 to 27 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 30 April 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from operations before adjusting items	26	41,623	65,161
Cash used to settle non-underlying items		(8,464)	(13,167)
Cash generated from operations		33,159	51,994
Interest paid		(4,596)	(5,064)
Tax paid		(2,854)	(3,155)
Net cash generated from operating activities		25,709	43,775
Cash flows from investing activities			
Proceeds from sale of investment		227	-
Acquisition of subsidiary, net of cash acquired		(3,540)	(7,412)
Purchase of property, plant and equipment		(3,581)	(4,001)
Purchase of other intangible assets		(4,300)	(6,635)
Net cash flows used in investing activities		(11,194)	(18,048)
Cash flows from financing activities			
Purchase of treasury shares		-	(109)
Dividends paid		(13,537)	(6,521)
Loan arrangement fee		(626)	(551)
Proceeds from borrowings		109,727	19,173
Repayment of borrowings		(104,861)	(17,553)
Repayment of principal of lease liabilities		(13,396)	(14,191)
Interest received		101	98
Capital contributions by members		2,132	4,276
Repayments to former members		(1,072)	(4,113)
Net cash flows from financing activities		(21,532)	(19,491)
Net (decrease)/increase in cash and cash equivalents		(7,017)	6,236
Cash and cash equivalents at the beginning of year		34,580	28,727
Effects of foreign exchange rate changes on cash and cash equivalents		141	(383)
Cash and cash equivalents at the end of year	14	27,704	34,580

Notes 1 to 27 are an integral part of these consolidated financial statements.

Strategic report

Governance

Financial statements

Other information

Consolidated notes to the financial statements

Year ended 30 April 2022

1 Accounting policies

1.1 General information

DWF Group plc (the 'Company'), is a public limited company 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 presentational currency of the Group financial statements is British Pounds Sterling, which is the functional currency of the Parent Company. Foreign operations are included in accordance with the policies set out below.

For the year ending 30 April 2022 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 Holdings Limited	11552868
DWF Connected Services Group Limited	10826005
DWF Connected Services Holdings Limited	10745072
DWF Connected Services Investments Limited	13396833
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
DWF 360 Limited	03556829
NewCo 4736 Limited	12130043
Zing 365 Holdings Limited	11920125
Zing Associates Limited	09322425
Zing 365 Limited	10423788
Try Solutions Limited	07424707
Marlborough Training and Consultancy Limited	04349133

1.2 Basis of accounting

The Group financial statements consolidate those of the Company and its subsidiary undertakings and partnership undertakings.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statement of the Group have been prepared in accordance

with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 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

All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between the entities within the Group are eliminated on consolidation.

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.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; 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 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.

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 including its available financing facilities, the business model and future outlook, as well as the principal risks as listed in the Strategic Report. The Directors conclude that the Group has adequate resources to continue as a going concern across the period of assessment.

Assessment of going concern

The going concern assessment has been considered for the period to 31 July 2023 and is carried out as follows:

- The Group's Board-approved budget base case is used to calculate the net debt position, liquidity and covenant compliance and available headroom over the going concern period.
- The assessment of going concern is carried out with reference to available financing facilities, the ability to pay debts as they fall due and the covenants associated with the financing facilities.
- Plausible downside scenarios are modelled to quantify the impact of an individual risk materialising over the going concern period.

- Mitigating actions which could be taken are identified, quantified and included in the assessment.
- The reasonable worst case scenario, along with mitigating actions, is then used to test that the Group would continue to have headroom in its available financing facilities, settle liabilities as they fall due and comply with the associated financial covenants over the going concern period.

Financing facilities

The Group closed the year with committed banking facilities of £127m (of which £97m were drawn). The largest of these is the £100m revolving credit facility ('RCF') which was re-financed in December 2021 to increase the facilities available to the Group. This RCF has an initial maturity of three years, with two one-year extensions. The undrawn portion of the RCF is readily accessible and does not require any further approval for drawdown by the Group's banking syndicate. Associated with the facility is a further £20m accordion facility which is available on the same terms as the original RCF but is subject to the agreement of the banking syndicate for drawdown. The modelled assumption is that we do not draw on this. The facility agreement also permits the Group to obtain a further £30m of external funding and £15m of leasing facilities, if required. The covenant thresholds across the assessment period are set out below:

Covenant	Jul-22	Oct-22	Jan-23	Apr-23	Jul-23
Net Asset Value to Consolidated Net Borrowings	1.6x	1.6x	1.6x	1.6x	1.6x
Interest Cover	4x	4x	4x	4x	4x
Leverage	1.75x	1.75x	1.75x	1.75x	1.75x

Each of the covenants noted above is measured on a pre-IFRS 16 basis in accordance with the banking facility agreement. Interest cover is defined as the ratio of EBITDA to interest expense, and leverage is defined as the ratio of net debt to EBITDA. The Group's budget anticipates a cash inflow during the going concern period, whereas 2021/22 reported a cash outflow although this was because of the repayment of all remaining COVID-19 VAT deferrals of £10.7m in the year as well as the payment of acquisition related consideration.

Future outlook, risks and uncertainties

The going concern and viability assessments are closely linked and therefore the conclusions of the going concern assessment are directly relevant to and should be read in conjunction with the viability statement. The Board-approved base case combined with the annual three-year plan have been used to measure the going concern and future viability of the Group. This includes monitoring net debt positions and cash management activities of the Group and their effect on covenant testing. The going concern and viability of the Group have been assessed taking into account the potential impact of certain scenarios arising from the principal risks and uncertainties.

In particular, the Board has considered the impact of a range of potential M&A activities including impacts on net assets, cash flows and covenants. In addition the assessment considers the reduction in demand caused by either macro environmental factors, commercial pipeline, our ability to retain or attract the correct level of talent as well as inflationary pressures over and above the base case.

Mitigating actions

If faced with the reasonable worst-case scenario, the Board also considers possible mitigating actions available to the Group to maintain liquidity and covenant compliance. These can be swiftly implemented should the worst-case scenario arise and include (but are not limited to):

- freezing recruitment and a slowdown in investment in recruitment and reward;
- reducing discretionary operating spend such as marketing and travel;
- reducing non-committed capital expenditure;
- revision of the existing dividend policy; and
- cost cutting measures in non-fee earning areas including an acceleration of the execution of the Group's real estate strategy and a reduction in headcount.

Reverse stress test

In addition to the modelling of the above scenarios, a reverse stress test was conducted by the Group to assess the quantum of increased inflationary pressures and downside on trading performance that would materially impact our ability to comply with financial covenants. Such a material impact is not considered a reasonable scenario to adversely impact the going concern assessment.

Conclusion

Based on this assessment, the Directors have a reasonable expectation that the Group has sufficient resources to continue its operations for the period of assessment. In particular the Directors have a reasonable expectation that it will operate under its existing financing facilities, will comply with all covenants with adequate headroom and settle all other liabilities as they fall due. The Directors therefore consider it appropriate for the Group to adopt the going concern basis in preparing these financial statements.

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')

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 provide the Group's stakeholders with additional information on the performance of the business. The measures are consistent with those used internally, and are considered insightful in understanding the financial performance of the Group. The Group's APMs provide an important measure of how the Group is performing by providing insight in to how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods. The APMs are primarily utilised in the following ways:

Consolidated notes to the financial statements continued

Year ended 30 April 2022

1 Accounting policies continued

- **Non-statutory measures:** These are often sector specific KPIs such as lock-up days, net revenue and cost to income ratio. These allow greater comparability of the Group's performance within the legal sector. EBITDA and net debt are also widely utilised within the Group and are both regularly used among the listed legal sector and other listed businesses.
- **Adjusting items:** These are adjustments to statutory profit metrics such as profit before tax ('PBT') and operating profit. These are items (both recurring and non-recurring) that are material in nature and include, but are not limited to, costs relating to acquisitions, disposals and significant events or programmes, some of which span multiple years. These items are excluded from adjusted PBT as management believe their inclusion distorts the underlying trading performance.
- **Non-underlying items:** Non-underlying items, a subset of adjusting items, are non-trading, non-cash or one-off items where management consider the quantum or nature of such items would distort the view of the underlying performance of the Group. By removing these items the reader is better able to compare like-for-like performance that would otherwise be hard to determine.

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
- Costs associated with the change of CEO; and
- Costs associated with re-financing.

A complete list of APMs is included and fully defined in the glossary to the financial statements.

1.6 Financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, trade and other payables and interest bearing borrowings. Amounts due to members of partnerships in the Group are also non-derivative financial instruments and are covered in note 1.18.

Trade and other receivables

Under the Group's business model, trade and other receivables are held for collection of contractual cash flows and represent solely payments of principal and interest. Trade receivables 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 allowance for expected credit losses. The Group applies the simplified approach in measuring expected credit losses.

Trade and other receivables expected to be realised in the course of the Group's operating cycle and those assets receivable within one year from the reporting date are classified as current assets. All other trade and other receivables are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits, and also include bank overdrafts. 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 of the statement of cash flows only.

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. Due to their short-term nature they are not discounted.

Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less incremental transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost using the effective interest method.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets.

The Group recognises lifetime expected credit losses ('ECL') for trade receivables and contract assets. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the 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.

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 the income statement.

1.7 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease, which conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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, plus an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, 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.

Lease liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under

residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating 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, or to the income statement if the right-of-use asset carrying value has been reduced to nil) 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 initial present value of lease payments, the Group uses the incremental borrowing rate specific to each lease at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liability is measured at amortised cost using the effective interest method. 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 in the income statement. Short-term leases have a term of 12 months or less.

As a lessor

Where the Group acts as an intermediate lessor, it accounts for its interests in the head lease and the sublease separately.

It determines at the inception of a sublease whether each sublease is a finance or operating lease. To classify each lease, the Group makes an overall assessment of whether the sublease transfers substantially all of the risks and rewards of ownership of the right-of-use asset arising from the head lease. Where this is the case, it is classified as a finance lease. As part of this assessment, the Group considers indicators such as whether the sublease term constitutes a major part of the economic life of the right-of-use asset.

Amounts due from lessees under finance leases are recognised as lease receivables at the amount of the Group's net investment in the leases. The Group applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease.

Where sublease payments are received under operating leases, these are recognised as income on a straight-line basis over the sublease term as part of other income.

1.8 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.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

• Leasehold improvements	The shorter of remaining lease term or 10 years
• Computer equipment	4 years
• Office equipment and fixtures and fittings	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

1.9 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 (note 10).

Customer relationships

The Group recognises acquired customer relationships at their fair value at the date of acquisition less any accumulated impairment losses. Customer relationships are amortised on a straight-line basis over their estimated useful life.

Brand

The Group recognises acquired brands at their fair value at the date of acquisition less any accumulated impairment losses. Brands are amortised on a straight-line basis over their estimated useful life.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete and software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

1 Accounting policies continued

Amortisation

Intangible assets with finite lives are amortised to the income statement, through administrative expenses, on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

• Customer relationships	2 to 10 years
• Brand	2 to 9 years
• Software costs	4 years
• Capitalised development costs	3 to 4 years

1.10 Impairment

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.

Cash-generating units ('CGU') have been determined on the basis of service offering, dependencies and locations of members of the Group. The recoverable amount of an asset or CGU 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' or 'CGU'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs 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.

1.11 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.

1.12 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 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 separate to the grant, and the charge will be treated as a cash-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.

1.13 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. See note 22 for more information.

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.

1.14 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; and
- 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 includes 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 three types of fee arrangements:

- time and materials;
- fixed fee; and
- contingent fee.

The Group adjusts its estimate of revenue throughout the contractual period of providing services as circumstances change and are reflected in the income statement in the period in which the circumstances that give rise to the revision become known. The Group's contractual arrangements comprise a single performance obligation. Fee arrangements are constrained to the amounts expected to be recovered 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 contingent fee arrangements, revenue is recognised in the same method as the time and materials arrangements above. However, there is a further constraint based on projected success rate.
- 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 (contract assets) are simultaneously created. Deferred income represents 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 one 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.

1.15 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).

Financing income comprises interest receivable on funds invested, interest income on lease receivables 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. 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.

1.16 Taxation

Current tax

The tax expense represents the current tax relating to the Company and other Group entities. The current tax expense is based on taxable profits of these entities 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.

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.

Deferred tax

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. 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 differences arise from the initial recognition of goodwill.

Deferred tax liabilities are not recognised for temporary differences arising on investments in subsidiaries 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset 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.

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.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

1 Accounting policies continued

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.

1.17 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.

1.18 Transactions with and amounts due to members of 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 retained earnings/accumulated losses.

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 27.

Members' remuneration charged as an expense
Members' remuneration charged as an expense is recognised within direct costs totalling £43.7m (2021: £41.4m). 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.

1.19 Changes in accounting policies and disclosures

New and amended standards adopted by the Group
There are no new IFRS or IFRIC Interpretations that are effective for the first time this financial year which have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 May 2021 and not adopted early

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.20 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 critical judgements and key estimates applicable to these financial statements are set out below.

Critical judgement in applying the Group's accounting policies

Control over the 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).

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. Therefore, judgement is required in this assessment to determine if the non-ABS entities should be consolidated in the Group accounts.

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.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key source 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, is discussed below.

Revenue recognition and valuation of unbilled revenue

The amount of variable consideration to be constrained in a time and material contract and the stage of completion of fixed fee contracts are key sources of estimation uncertainty. When services are invoiced, the uncertainty is removed so this applies to the unbilled revenue only, recorded as amounts recoverable from clients in respect of unbilled revenue in the statement of financial position (the contract asset). Respective amounts are provided in note 13.

For the estimates of revenue constraint and stage of completion, the Group estimates the value of the services provided to date as a proportion of the expected revenue under the contract. The expected revenue under the contract is either the anticipated level of price concession or the fixed fee. These estimates are based on specific client agreements, historical performance and forward-looking factors including improving efficiencies.

In valuing the Group's unbilled revenue a per-hour recovery rate is used. A 5% increase in the per-hour recovery rate would lead to a £3,665,564 increase in the carrying value of amounts recoverable from clients in respect of unbilled revenue and a £3,665,564 increase in revenue, profit before tax and equity. A 5% 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.

1.21 Re-presentation of comparative period

The consolidated statement of financial position has been re-presented for the comparative period to present the IFRS 16 right-of-use assets as a standalone financial statement line item in order to provide users with clearer information on the leased assets. Note 11 now comprises solely the property, plant and equipment information, and Note 12 comprises solely IFRS 16 right-of-use asset information.

This note is intended to disclose material re-presentations within the primary financial statements. For other re-presentations within note disclosures, explanations have been provided within the note that has been changed.

2 Alternative performance measures

APMs 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 underlying trading performance of the Group.

APMs are fully defined and information as to why they are useful is provided in the glossary to the financial statements on pages 169 to 173.

Adjusted profit before tax reconciles to profit/(loss) before tax as follows:

	2022 £'000	2021 £'000
Profit/(loss) before tax	22,316	(30,600)
<i>Adjusting items:</i>		
Amortisation of intangible assets – acquired	4,655	4,609
Impairment of intangible assets	2,966	1,411
Impairment of tangible and right of use assets	627	3,134
Impairment of investments	–	50
Non-underlying items	1,224	27,101
Share-based payments expense	9,609	28,510
Gain on investment	–	(23)
Total of adjusting items	19,081	64,792
Adjusted PBT	41,397	34,192

Adjusted PBT reconciles to profit/(loss) before tax with reconciling items by nature as follows:

	2022 £'000	2021 £'000
Profit/(loss) before tax	22,316	(30,600)
Office closures and scale-backs	(238)	14,898
Acquisition-related expenses	9,564	20,743
DWF RCD modification impact	–	13,796
Change of CEO	–	1,011
Impact of COVID-19	–	1,011
Other share-based payment expenses	9,609	13,333
Refinancing costs	146	–
Adjusted PBT	41,397	34,192

Cash used to settle non-underlying items includes £3.8m (FY2021: £2.3m) relating to closures and £4.6m (FY2021: £6.9m) relating to the remuneration element of purchase price payments for acquisitions.

Non-underlying items are set out in the table below:

		2022 £'000	2021 £'000
Acquisition-related advisory fees – successful	a	336	31
Acquisition-related advisory fees – aborted	b	–	(544)
Acquisition-related expense	c	1,104	15,222
COVID-19-related costs	d	–	1,011
Closure and scale-back of operations	e	(362)	10,370
Costs associated with the change of CEO	f	–	1,011
Non-underlying items within operating profit		1,078	27,101
Non-underlying finance expense	g	146	–
Total non-underlying items		1,224	27,101

- a. The Group periodically considers and analyses potential acquisition targets and recognises there is inherent complexity and risk associated with acquisitions. The Group manages this by employing external professional advisors to perform legal, financial, commercial and tax due diligence on targets. These costs relate to opportunities the Group identifies and pursues, of which a portion result in successful acquisitions. Acquisition fees in the current period relate to the acquisitions of Zing and BCA.
- b. No fees have been incurred in the current period for aborted acquisitions. Prior year aborted acquisition-related advisory fees are releases of accruals for work done in FY2020 that were credited following the decision to abort the transaction.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

2 Alternative performance measures continued

- c. Acquisition-related expense relates to the remuneration expense from the acquisition of Mindcrest in FY2020. Payments to the sellers of Mindcrest were deemed to be remuneration (and not consideration) under IFRS 3, and therefore expensed over the deemed service period rather than included in goodwill. As these costs are not considered recurring and ceased in February 2022, they have been included within adjusting items in order to give greater clarity of underlying trading performance. The prior year comparator is of the same nature but relates to both the Mindcrest and RCD acquisitions, including the costs relating to the modification of the RCD acquisition agreement (see note 9).
- d. 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.
- e. Closure and scale-back of operations in the current year relate to the scale-back of the operations in Australia, which began in FY2021, and Germany. The credit in the current year principally reflects working capital provisions made for Germany, offset by the reversal of a provision made for Australia in FY2021. The prior year costs relate to the Board decision to close the Singapore and Brussels offices and to scale back the operations in Dubai and Australia. These costs comprise people and supplier exit expenses as a result of the decision taken.
- f. Costs of the prior year relate to the one-off costs for the change in CEO.
- g. These costs are associated with the re-financing and include professional fees incurred that are significant in value and by their nature are not recurring annually. More detail around the refinancing can be found in note 17.

The cost to income ratio is used to assess the levels of operational gearing in the Group. The cost to income ratio is defined as administrative expenses less adjusting items and divided by net revenue and is calculated as follows:

	2022 £'000	2021 £'000
Net revenue	350,242	338,130
Administrative expenses and impairment	153,257	197,415
Total of adjusting items	(19,081)	(64,792)
Less: re-financing costs included in adjusting items	146	-
Adjusted administrative expenses	134,322	132,623
Cost to income ratio	38.4%	39.2%

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 executive directors of the Board, who represent the chief operating decision maker ('CODM'). The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different services and are reported separately because of different specialisms within teams in the business group.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Legal Advisory Services	Premium legal advice, commercial intelligence and relevant industry experience.
Connected Services	Collection of products and business services that enhance and complement our legal offerings.
Mindcrest	Outsourced and process-led legal services, designed to standardise, systemise, scale and optimise legal workflows.

The revenue, net revenue and gross profit are attributable to the principal activities of the Group.

Effective from 1 May 2021, the Group changed from five strategic divisions to three more streamlined, consistent and efficient global divisions that match the Group's strategy.

The comparative period table below has been re-presented to reflect the current divisional structure.

For year ended 30 April 2022

	Legal Advisory £'000	Connected Services £'000	Mindcrest £'000	Total £'000
Revenue	355,063	34,181	26,808	416,052
Recoverable expenses	(63,110)	(324)	(2,376)	(65,810)
Net revenue	291,953	33,857	24,432	350,242
Direct costs	(138,729)	(18,828)	(11,775)	(169,332)
Gross profit	153,224	15,029	12,657	180,910
<i>Gross margin %</i>	<i>52.5%</i>	<i>44.4%</i>	<i>51.8%</i>	<i>51.7%</i>
Administrative expenses				(146,691)
Trade receivables impairment				(2,973)
Other impairment				(3,593)
Operating profit				27,653
Net finance expense				(3,664)
Net interest expense on leases				(1,673)
Profit before tax				22,316
Taxation				(2,029)
Profit for the year				20,287

For year ended 30 April 2021 Re-presented

	Legal Advisory £'000	Connected Services £'000	Mindcrest £'000	Total £'000
Revenue	345,559	28,752	26,637	400,948
Recoverable expenses	(60,233)	(329)	(2,256)	(62,818)
Net revenue	285,326	28,423	24,381	338,130
Direct costs	(137,487)	(16,225)	(12,637)	(166,349)
Gross profit	147,839	12,198	11,744	171,781
<i>Gross margin %</i>	<i>51.8%</i>	<i>42.9%</i>	<i>48.2%</i>	<i>50.8%</i>
Administrative expenses				(187,471)
Trade receivables impairment				(5,349)
Other impairment				(4,595)
Operating loss				(25,634)
Net finance expense				(2,682)
Net interest expense on leases				(2,284)
Loss before tax				(30,600)
Taxation				(4,567)
Loss for the year				(35,167)

There are no inter-segmental revenues which are material for disclosure. Administrative expenses represent indirect costs that are not specifically allocated to segments.

Non-current assets, revenue and net 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 revenue and net revenue is on the basis of the country of origin in which the client is invoiced.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

3 Operating segments continued

The Group's non-current assets, net revenue and revenue by geographical region are as follows:

	Non-current assets		Revenue		Net revenue	
	2022 £'000	2021 £'000	2022 £'000	Re-presented* 2021 £'000	2022 £'000	Re-presented* 2021 £'000
UK	57,141	71,758	310,381	290,966	250,584	234,824
Spain	23,935	26,087	36,515	33,530	36,515	33,530
Asia	14,063	15,701	11,107	9,260	8,838	7,976
Rest of World	26,938	17,408	58,049	67,192	54,305	61,800
Total allocated to geographical regions	122,077	130,954	416,052	400,948	350,242	338,130
Deferred tax assets	3,938	4,649				
Non-current other trade receivables	1,464	–				
Investments	–	227				
Total	127,479	135,830				

* The revenue and net revenue for 2021 have been re-presented for consistent comparison with 2022 to reflect a change in the allocation of which countries were included in Asia and Rest of World.

Total assets and liabilities for each reportable segment are not provided to the CODM and therefore not presented.

4 Operating profit and auditor's remuneration

	2022 £'000	2021 £'000
Recognised in the income statement		
Impairment of intangible assets	2,966	1,411
Amortisation of intangible assets – acquired	4,655	4,609
Impairment of property, plant and equipment and right-of-use assets	627	3,134
Impairment of investment	–	50
Gain on sale of investment	–	(23)
Non-underlying items (less: non-underlying finance expense)	1,078	27,101
Share-based payments expense (note 23)	9,609	28,510
Total of adjusting items within operating profit	18,935	64,792
Members' remuneration charged as an expense	43,670	41,361
Net foreign exchange gain	(1,856)	(55)
Amortisation of intangible assets – software and capitalised development costs	4,251	2,244
Depreciation of tangible assets	2,960	4,745
Depreciation of right-of-use assets	12,737	11,977
Gain on disposal of leases	–	(775)
Auditor's remuneration		
Audit of the Group financial statements	510	369
Audit fees in respect of prior periods	–	99
Total audit fees	510	468
<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	125	158
Other assurance services	–	44
Other services pursuant to legislation or regulation	105	107
Total fees	740	777

5 Net finance expense

	2022 £'000	2021 £'000
Finance income		
Interest receivable	101	98
	101	98
Finance expense		
Interest payable on bank borrowings	2,300	1,767
Other interest payable	54	47
Bank and other charges	1,265	966
Non-underlying finance expense	146	–
	3,765	2,780
Net finance expense	3,664	2,682
Net interest expense on leases		
Interest expense on lease liabilities	1,673	2,284
	1,673	2,284

6 Taxation

	2022 £'000	2021 £'000
UK corporation tax on profit/loss	5,639	5,582
Foreign tax on profit	2,822	1,576
Adjustments in respect of prior periods	(5,443)	(129)
Current tax expense	3,018	7,029
Deferred tax credit	(2,354)	(2,468)
Adjustments in respect of prior periods	1,365	6
Total deferred tax credit	(989)	(2,462)
Total tax charge for the year	2,029	4,567

The effective tax rate is lower (2021: higher) than the average rate of corporate tax in the UK of 19% (2021: 19%), and excluding prior year adjustments the effective tax rate is higher than the average rate of corporate tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	22,316	(30,600)
Tax on Group profit/(loss) at standard UK corporation tax rate of 19% (2021: 19%)	4,240	(5,814)
Foreign tax rate differences	(4)	(128)
Non-deductible expenses	706	7,620
Temporary differences on intangible assets	–	–
Adjustments in respect of prior periods	(4,079)	(123)
Brought forward tax losses utilised	(263)	(84)
Tax losses not recognised as assets	2,060	2,622
Impact of share price on expected tax deduction	203	474
Effect on deferred tax of change in corporation tax rate	(834)	–
Group total tax charge for the year	2,029	4,567

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, therefore the relevant deferred tax balances have been remeasured. The impact of the change in tax rate has been recognised in tax expense in the income statement, except to the extent that it relates to items previously recognised outside the income statement.

The reported tax charge for the year, excluding prior year adjustments, is £6.1m on a profit before tax of £22.3m, representing an effective rate of tax of 27.4%. The effective tax rate was higher than the UK statutory tax rate primarily due to tax losses that have not been recognised as deferred tax assets (increasing the tax charge by £2.1m) and the tax effect of non-tax deductible expenses (increasing the tax charge by £0.7m) offset by the effect on deferred tax resulting from the change in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 (reducing the tax charge by £0.8m).

Consolidated notes to the financial statements continued

Year ended 30 April 2022

6 Taxation continued

The Group also booked prior year tax adjustments of a net credit of £4.1m. Those adjustments arise principally as a result of (a) increased claims of the departing Australian partners on the Group's UK profit pool following the restructuring of the Group's Australian business in FY2021 reducing the profits subject to UK corporation tax (£5.1m), offset by (b) revaluations of the Group's deferred tax assets relating to tax depreciation timing differences and expected tax deductions for share based payments as at 30 April 2021 (£1.4m).

7 Dividends

Distributions to owners of the parent in the year:

	2022 pence per share	2021 pence per share
Final dividend recognised as distributions in the year	3.00	0.75
Interim dividend recognised as distributions in the year	1.50	1.50
Total dividend paid in the year	4.50	2.25
Final dividend proposed	3.25	3.00
	2022 £'000	2021 £'000
Final dividend recognised as distributions in the year	9,008	2,162
Interim dividend recognised as distributions in the year	4,529	4,359
Total dividend paid in the year	13,537	6,521
Final dividend proposed	10,574	9,737

The Board recommended a final dividend for the year ended 30 April 2022 of 3.25 pence per share on 20 July 2022 which is subject to Shareholder approval at the Annual General Meeting on 28 September 2022. If approved by the Shareholders, the dividend will be paid on 7 October 2022 to all shareholders on the Register of Members on 9 September 2022.

8 Earnings per share

	2022 £'000	2021 £'000
Profit/(loss) for the year for the purpose of basic earnings per share	20,287	(35,167)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	298,898,991	294,392,422
<i>Effect of dilutive potential ordinary shares:</i>		
Future exercise of share awards and options	13,639,188	17,067,508
Weighted average number of ordinary shares for the purposes of diluted earnings per share	312,538,179	311,459,930
Earnings/(loss) per share attributable to the owners of the parent:		
Basic earnings per share (p)	6.8	(11.9)
Diluted earnings per share (p)	6.5	*(11.9)

* For the year ended 30 April 2021, potential ordinary shares of 17,067,508 are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded.

Adjusted basic and adjusted diluted earnings per share are APMs (as defined in the glossary on pages 169 to 173) and have been calculated using profit/(loss) for the purpose of basic earnings share adjusted for total adjusting items and the tax effect of those items.

Adjusted basic and adjusted diluted earnings per share may be reconciled to basic earnings per share as follows:

	2022 £'000	2021 £'000
Profit/(loss) for the year	20,287	(35,167)
<i>Add/(remove):</i>		
Total of adjusting items (note 2)	19,081	64,792
Tax effect of adjustments above	(4,651)	(5,503)
Adjusted profit for the purpose of adjusted earnings per share	34,717	24,121
	Number	Number
Weighted average number of ordinary shares for the purposes of adjusted basic earnings per share	298,898,991	294,392,422
Ordinary shares for the purposes of adjusted diluted earnings per share	325,352,865	324,554,653
Adjusted basic earnings per share (p)	11.6	8.2
Adjusted diluted earnings per share (p)	10.7	7.4

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 can be found in the glossary to these financial statements.

9 Acquisitions of subsidiaries and transactions related to previous acquisitions

Acquisitions in the year to 30 April 2022

Two acquisitions were made in the year; Zing 365 Holdings Limited ('Zing') and BCA Claims and Consulting Limited ('BCA'). Details of the acquisitions are as follows:

	Country of incorporation	Nature of activity	Date of acquisition	Consideration £'000	Percentage ownership
Zing	UK	Training and compliance	24 May 2021	1,157	100%
BCA	Canada	Claims and adjusting	25 May 2021	2,297	100%

Zing is a compliance training business based in Bristol, and was purchased to support growth in the Connected Services division through offering additional services to the Group's clients. BCA is a market-leading claims handling business based in Vancouver, acquired to increase the Group's presence in the local market.

The fair values of the assets and liabilities and the associated goodwill arising from the acquisitions are as follows:

	Zing £'000	BCA £'000
Intangible assets	659	1,064
Trade and other receivables	123	524
Cash and cash equivalents	69	148
Trade and other payables	(276)	(158)
Loans and borrowings	(331)	-
Deferred consideration	(341)	-
Deferred tax liability	(149)	(282)
Net (liabilities)/assets acquired	(246)	1,296
Purchase consideration	1,157	2,297
Purchase consideration satisfied by:		
Initial cash consideration	394	884
Deferred cash consideration	-	1,413
Shares issued to Zing/BCA Shareholders	763	-
Goodwill	1,403	1,001

Of the £2.3m consideration for BCA, £1.4m is deferred and payable over two years post-acquisition. This is not contingent on future performance targets. During the period £0.61m of deferred consideration has been paid.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

9 Acquisitions of subsidiaries and transactions related to previous acquisitions continued

The goodwill is attributable to the benefits of operating two already well-established businesses in the relevant sector and the synergies that are expected to be achieved from incorporating the businesses into the Group's operations. As the purchases were not made with any qualifying intellectual property, all goodwill acquired is non-tax deductible.

The following intangible assets were recognised at acquisition. These have been measured at their fair value through the multi-period excess earnings method (customer relationships) and royalty relief method (brand).

	Zing £'000	BCA £'000
Intangible assets – brands	–	248
Intangible assets – customer relationships	659	816
Deferred tax	(149)	(282)
Total fair value on acquisition	510	782

Cash flows arising from the acquisition were as follows:

	Zing £'000	BCA £'000
Purchase consideration	(394)	(884)
Cash and cash equivalents acquired	69	148
Total fair value on acquisition	(325)	(736)
Deferred consideration paid in the year	–	(612)
Net cash outflow	(325)	(1,348)

The table below outlines the revenue and PBT of the acquirees since the acquisition date, which is included in the consolidated statement of comprehensive income for the year, and the annualised revenue and PBT of the acquirees had the acquisition dates for the business combinations been at the beginning of the year:

	Revenue contributed post-acquisition £'000	PBT contributed post-acquisition £'000	Revenue in year of acquisition £'000	PBT in year of acquisition £'000
Zing	750	38	819	41
BCA	1,779	43	1,939	47

Transaction costs comprised mainly advisor fees, including financial, tax and legal due diligence. These are all included within administrative expenses (non-underlying items) within note 2.

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 the new operating model effective from 1 May 2021.

Full details of the modification can be found in the Annual Report and Accounts 2021 at www.dwfgroup.com.

10 Intangible assets

	Acquired			External software costs £'000	Capitalised development costs £'000	Total £'000
	Goodwill £'000	Customer relationships £'000	Brand £'000			
Cost						
At 1 May 2021	11,141	35,608	1,633	4,322	11,311	64,015
Additions – internally developed	–	–	–	–	2,854	2,854
Additions – externally purchased	2,403	1,475	248	1,446	–	5,572
Disposals	–	–	–	(354)	–	(354)
Asset transfers	–	–	–	1,347	–	1,347
Effect of movements in foreign exchange	490	(271)	52	1	–	272
At 30 April 2022	14,034	36,812	1,933	6,762	14,165	73,706
Amortisation and impairment						
At 1 May 2021	1,357	6,128	1,041	1,587	4,729	14,842
Amortisation for the year	–	3,945	711	1,593	2,658	8,907
Disposals	–	–	–	(94)	–	(94)
Impairment	–	2,955	–	11	–	2,966
Asset transfers	–	–	–	1,347	–	1,347
Effect of movements in foreign exchange	–	104	30	–	–	134
At 30 April 2022	1,357	13,132	1,782	4,444	7,387	28,102
Net book value						
At 30 April 2022	12,677	23,680	151	2,318	6,778	45,604
At 1 May 2021	9,784	29,480	592	2,735	6,582	49,173

	Acquired			External software costs £'000	Capitalised development costs £'000	Total £'000
	Goodwill £'000	Customer relationships £'000	Brand £'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

Individual intangible assets that are material to the financial statements are set out below:

- Customer relationships – Spain: Net book value at 30 April 2022 £19.5m (2021: £23.0m) – remaining amortisation period is 8 years
- Customer relationships – Mindcrest: Net book value at 30 April 2022 £0.8m (2021: £4.1m) – remaining amortisation period is 8 years
- Customer relationships – Poland: Net book value at 30 April 2022 £2.2m (2021: £2.3m) – remaining amortisation period is 7 years

Consolidated notes to the financial statements continued

Year ended 30 April 2022

10 Intangible assets continued

Goodwill

Goodwill considered significant in comparison to the Group's total carrying amount of such assets has been allocated to CGUs or groups of CGUs as follows:

	2022 £'000	2021 £'000
Mindcrest (note 3)	9,127	8,569
Other individually immaterial CGUs	3,550	1,215
	12,677	9,784

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 FY2023 which is underpinned by the business plan that has been signed off by the Board. Cash flows for FY2023 through to FY2026 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% (2021: 2%) consistent with the sector average and a pre-tax discount rate of 10-12% (2021: 10-11%). These pre-tax discount rates reflect current market assessments for the time value of money and the specific risks associated with each CGU. 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 a lower level than operating segment. Significant headroom exists for each CGU. No reasonable worst-case scenario gives rise to a material impairment risk.

Customer relationships

The impairment charge of £3.0m includes £3.0m relating to the impairment of customer relationship assets which were recognised on acquisition of Mindcrest in FY2020. The impairment trigger, and subsequent reduction in value of the associated intangible asset, is due to Mindcrest delivering services under certain contracts in an increasingly efficient manner and passing those savings on to the customers whilst maintaining a consistent gross margin percentage. The scale of the efficiencies gained and the resulting decrease in absolute margin was not anticipated as part of the valuation methodology at the point of the acquisition. The recoverable amount for the customer relationship asset has been determined based on fair value less cost of disposal as at 30 April 2022. The fair value calculation was based on cash flow projections from financial budgets covering a one year period, with a degradation rate applied for the following six years (the remaining useful economic life). The post-tax discount rate applied to cash flow projections is 9%, and cash flows have assumed degradation at 2% per annum. It was concluded that the value in use did not exceed the fair value less cost of disposal. The remaining carrying amount as at 30 April 2022 was £0.8m. The impairment charge is recorded within other impairment in the income statement.

11 Property, plant and equipment

	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 May 2021	16,179	15,366	38,499	70,044
Additions	508	1,169	1,903	3,580
Disposals	(669)	(448)	(1,584)	(2,701)
Asset transfers	2,130	(2,130)	(1,347)	(1,347)
Effect of movements in foreign exchange	22	(19)	20	23
At 30 April 2022	18,170	13,938	37,491	69,599
Accumulated depreciation				
At 1 May 2021	13,287	8,235	35,907	57,429
Charge for the year	778	1,029	1,153	2,960
Disposals	(463)	(129)	(608)	(1,200)
Impairment	402	84	17	503
Asset transfers	46	(46)	(1,347)	(1,347)
Effect of movements in foreign exchange	16	(10)	9	15
At 30 April 2022	14,066	9,163	35,131	58,360
Net book value				
At 30 April 2022	4,104	4,775	2,360	11,239
At 1 May 2021	2,892	7,131	2,592	12,615

The impairment expense includes £0.5m relating to asset write-offs following the scale-back of operations in Australia and Germany (see note 2).

	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Re-presented (note 1.21) Total £'000
Cost				
At 1 May 2020	16,782	12,282	39,838	68,902
Additions	59	3,310	632	4,001
Disposals	(666)	(232)	(1,964)	(2,862)
Effect of movements in foreign exchange	4	6	(7)	3
At 30 April 2021	16,179	15,366	38,499	70,044
Accumulated depreciation				
At 1 May 2020	12,736	7,188	34,860	54,784
Charge for the year	935	919	2,891	4,745
Disposals	(392)	(232)	(1,964)	(2,588)
Impairment	–	370	128	498
Effect of movements in foreign exchange	8	(10)	(8)	(10)
At 30 April 2021	13,287	8,235	35,907	57,429
Net book value				
At 30 April 2021	2,892	7,131	2,592	12,615
At 1 May 2020	4,046	5,094	4,978	14,118

12 Right-of-use assets

Leases as a lessee

	Property £'000	Equipment £'000	Re-presented (note 1.21) Total £'000
Right-of-use assets			
At 1 May 2020	69,615	42	69,657
Additions	14,258	2,315	16,573
Depreciation	(11,712)	(265)	(11,977)
Impairment	(2,832)	–	(2,832)
Disposals	(4,061)	–	(4,061)
Remeasurement adjustment	2,367	–	2,367
Effect of movements in foreign exchange	(562)	1	(561)
At 30 April 2021	67,073	2,093	69,166
Additions	10,467	–	10,467
Depreciation	(12,264)	(473)	(12,737)
Impairment	(124)	–	(124)
Disposals	(1,110)	–	(1,110)
Remeasurement adjustment	(1,156)	–	(1,156)
Effect of movements in foreign exchange	729	(1)	728
At 30 April 2022	63,615	1,619	65,234

The impairment expense during the year includes £1.2m relating to the scale-backs of operations in Australia and Germany (see note 2). The remeasurement adjustment relates to the impact of term and rent changes on property leases during the year.

Leases as a lessor

During FY2022, the Group has sub-leased property in Australia. In the recognition of the lease receivables pertaining to the sub-leased property, the Group has reversed impairment of £1.0m (2021: £nil) which was previously recorded against the right-of-use assets.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

13 Trade and other receivables

	2022 £'000	*Re-presented 2021 £'000
Current		
Trade receivables	88,949	91,185
Amounts recoverable from clients in respect of unbilled revenue	71,958	66,671
Unbilled disbursements	7,982	9,437
<i>Contract assets</i>	79,940	76,108
<i>Trade receivables and contract assets</i>	168,889	167,293
Other receivables	2,216	2,890
Amounts due from Members of partnerships	2,238	2,008
Lease receivables	432	-
Reimbursement asset	4,040	852
Prepayments	12,359	10,463
	190,174	183,506
Non-current		
Other receivables	938	-
Lease receivables	526	-
	1,464	-

The comparative year has been re-presented so as to split out the Amounts due from Members of partnerships from other receivables, in order to provide clearer information as to the nature of the balance.

The reimbursement asset is attributable to the FOIL provision and the professional indemnity provision (see note 18).

Prepayments include £nil (2021: £1.1m) relating to acquisition-related remuneration expense.

Ageing of trade receivables, amounts recoverable from clients in respect of unbilled revenue and unbilled disbursements

	2022 £'000	2021 £'000
Trade receivables not past due	14,794	22,235
<i>Trade receivables past due</i>		
0 – 90 days	59,876	53,271
91 – 180 days	8,846	9,417
181 – 270 days	3,337	4,597
271 – 365 days	2,366	3,603
More than 365 days	11,459	11,093
Gross trade receivables	100,678	104,216
Amounts recoverable from clients in respect of unbilled revenue	71,958	66,671
Unbilled disbursements	7,982	9,437
Expected credit losses	(8,588)	(11,192)
Other impairment provisions	(3,141)	(1,839)
Total trade receivables and contract assets	168,889	167,293

Lifetime expected credit losses are used to measure the loss allowance. These balances are held against trade receivables, amounts recoverable from clients in respect of unbilled revenue and unbilled disbursements. Other impairment provisions are applied against the trade receivables which are not based on the average expected credit loss rates presented below. The other categories of trade and other receivables do not contain impaired assets.

Expected credit loss rates

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The average expected credit loss rates for trade receivables and contract assets are presented below.

	Group rates		Spain rates	
	2022	2021	2022	2021
0 – 90 days	0.5%	1.7%	0.9%	0.9%
91 – 180 days	3.4%	6.6%	4.2%	4.2%
181 – 270 days	10.5%	14.3%	13.1%	13.1%
271 – 365 days	19.9%	25.5%	20.7%	20.7%
More than 365 days	50.6%	62.4%	45.0%	45.0%

Movement in provision for impairment

	2022 £'000	2021 £'000
At 1 May	13,031	11,871
Provision utilised and other movements	(4,275)	(4,189)
Charges to income statement	2,973	5,349
At 30 April	11,729	13,031

Other movements include expected credit loss provisions acquired from business combinations in the year of £61,500.

Trade receivables, unbilled disbursements and contracts assets are written off where there is no reasonable expectation of recovery. For trade receivables and unbilled disbursements, impairment losses are presented as net impairment losses within operating profit whereas contract asset impairment losses are presented as a reduction in revenue. Subsequent recoveries of amounts previously written off are credited against the same line item.

14 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	28,310	34,711
Bank overdrafts	(606)	(131)
Cash and cash equivalents	27,704	34,580

15 Trade and other payables

	2022 £'000	*Re-presented 2021 £'000
Trade payables	27,896	28,236
Other payables	3,748	10,337
Other taxation and social security	15,284	27,375
Deferred income	2,014	757
Accruals	14,383	18,676
Trade and other payables	63,325	85,381

Deferred income has been re-presented for the prior year to split it out as a separate line from accruals.

Other payables relates principally to payroll-related creditors but has largely reduced due to the utilisation of amounts recognised relating to the closure and scale-back of operations (note 2) which were included in the balance in the prior year.

Accruals include £nil (2021: £4.9m) relating to acquisition-related remuneration expense (see note 2).

In 2020, the Group 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 in FY2021 was £10.7m of VAT payable, which was deferred from March 2020. This has been fully repaid in FY2022.

In FY2021 the Group's Polish and US businesses benefited from local COVID-19 assistance programs totalling £984,000. Of the assistance, £307,000 was recognised in the P&L (within administrative expenses) in FY2021 as the conditions attached to the assistance had been satisfied. The remaining £677,000 was held in other payables as at 30 April 2021. In FY2022, a further £515,000 was recognised in the P&L as the relevant conditions for those elements of Government assistance had been met. The remaining £161,000 is included within other payables as at 30 April 2022, which is due to be repaid to the Polish Government as remaining conditions will not be met.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

16 Lease liabilities

	2022 £'000	2021 £'000
At 1 May	84,002	84,678
Additions	7,683	16,573
Interest expense related to lease liabilities	1,673	2,284
Net foreign currency translation loss/(gain)	763	(589)
Disposals	-	(4,836)
Remeasurement adjustment	(1,313)	2,367
Repayment of lease liabilities (including interest)	(15,069)	(16,475)
At 30 April	77,739	84,002
Current lease liabilities	14,576	13,104
Non-current lease liabilities	63,163	70,898
	77,739	84,002

The maturity of lease liabilities can be found in note 19.

The undiscounted contractual cash flows relating to lease liabilities accounted for in accordance with IFRS 16 is £82.9m (2021: £91.4m).

Operating costs, included within administrative expenses, relating to short-term and low value leases during the year were £1.6m (2021: £1.6m).

17 Interest-bearing loans and borrowings

This note provides information about the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the contractual terms and the Group's exposure to interest rate and foreign currency risk, refer to note 19.

Obligations under interest-bearing loans and borrowings

	2022 £'000	2021 £'000
Current liabilities		
Bank loans	9,093	19,099
Supplier payment facility	87	204
Bank overdrafts	606	131
	9,786	19,434
Non-current liabilities		
Bank loans	90,907	76,085
Unamortised finance costs	(563)	(641)
	90,344	75,444
	100,130	94,878

On 22 December 2021, the Group completed a refinancing of its principal RCF. The new facility was increased to £100m and matures in fiscal year ending 2025 with two 12-month extension options and additional headroom on some covenants (with no reduction in headroom in any covenant) that better aligns to the current business structure and operations. The refinancing also moves the facility from a fixed LIBOR benchmark rate to a variable SONIA rate (see note 19). The non-current borrowings relating primarily to the principal RCF.

The Group operates a supplier payment facility with HSBC, which has a limit of £11m. This facility is utilised in paying certain suppliers from time to time and repaid in the short term.

Analysis of cash and cash equivalents and other interest-bearing loans and borrowings:

	1 May 2021 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	30 April 2022 £'000
Cash and cash equivalents	34,580	(7,017)	141	-	27,704
Bank loans	(94,544)	(4,240)	227	(880)	(99,437)
Supplier payments facility	(204)	15,683	-	(15,566)	(87)
Total net debt (excluding IFRS 16)	(60,168)	4,426	368	(16,446)	(71,820)

	1 May 2021 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	30 April 2022 £'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)

Non-cash movements within bank loans relate to the amortisation of fees incurred on arrangement of the facility, over the expected life of the facility. Non-cash movements within the supplier payments facility relate to the utilisation of the facility to settle liabilities with suppliers, with the supplier payments facility being settled with cash when the liability becomes due.

Net debt including lease liabilities is £149.6m (2021: £144.2m).

Net debt is an APM and is defined in the glossary to the financial statements on pages 169 to 173.

18 Provisions

	Dilapidation provision £'000	FOIL provision £'000	Professional indemnity provision £'000	Total £'000
At 1 May 2021	1,837	1,252	2,512	5,601
Utilised in the year	-	-	(3,472)	(3,472)
Released in the year	(100)	(552)	(507)	(1,159)
Provisions made in the year	2,725	-	7,717	10,442
Reclassified to other payables	-	(700)	(250)	(950)
At 30 April 2022	4,462	-	6,000	10,462
Current	315	-	6,000	6,315
Non-current	4,147	-	-	4,147
	4,462	-	6,000	10,462

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 15). Claims are assessed as being settled in full within the next 5 years.

Separately, the Group recognises expected reimbursements from professional indemnity insurance when it is virtually certain that the reimbursement will be received (note 13). No separate disclosure is made of the detail of such claims or proceedings, or the costs recovered by insurance, as such detail would be seriously prejudicial to the position of the Group. Note that in the prior year the professional indemnity provision and the reimbursement asset is presented net within provisions within the financial statements. This prior year presentation has not been restated to match the current year presentation.

There are circumstances of which the Group is aware but there is insufficient information available to either estimate whether a claim will develop or, where a claim appears possible, make an assessment of the outflow. Such circumstances are contingent liabilities of the Group.

Dilapidation provision

Dilapidation provisions are established for restoration and reinstatement costs for property leases, held at the date of the statement of financial position. Such provisions are estimated at the start of the lease and updated annually. The Group's current lease portfolio terminates over the course of the next 10 years.

The Group has engaged external valuers to perform a review of the Group's property portfolio and they have provided updated estimates of required dilapidations at the end of the lease terms. The increase in the dilapidations provision for the various properties has been reflected in the corresponding right-of-use assets and is depreciated over the remaining lease term.

FOIL provision

The Forum of Insurance Lawyers (FOIL) provision represents the total VAT (partial exemption) exposure on historic claims handling engagements. During FY2022, a settlement amount has been agreed with HMRC, and therefore the settlement amount has been reclassified as other payables.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

19 Financial instruments

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 trading and financing activities expose it to various financial risks that if left unmanaged could adversely impact on current or future earnings. These risks can be categorised as credit risk, liquidity risk, market risk (interest rate risk and foreign currency risk) and capital risk.

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 expected credit losses, see note 13.

In connection with the Group's financial instruments there is not believed to be a material concentration risk based on the nature of the instruments.

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 members' capital (repayable on retirement of the member), undistributed profits, cash and bank borrowing facilities.

The Group's principal facility is a £100m (2021: £95m) 'RCF'. Details of amounts drawn can be found in note 17. Management maintain a rolling 12-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 matures in 2024, with two 12-month extension options 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 the financial covenants attached to the RCF held with the Group's banking syndicate, and more information on how the Group manages liquidity risk.

The Group has bank guarantees of £0.7m denominated in Euros (2021: £nil). The Group has issued rental guarantees of £2.1m denominated in Euros and Australian dollars (2021: total of £1.7m).

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 on its principal borrowing facilities are linked to SONIA or EURIBOR plus a margin.

When the Group's principal RCF was re-financed in December 2021, the base interest rate changed from being a fixed LIBOR rate at the point of drawdown to a variable SONIA rate (note 17), which has exposed the Group to interest rate risk in both the cash flows and the impact on the income statement. It is not expected that the impact of this will be material to the accounts.

The Group has no other financial instruments that are impacted by the LIBOR benchmark reform.

Foreign currency risk

The Group has overseas operations in Europe, the 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 17, 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

Financial assets and liabilities are measured in accordance with the fair value hierarchy and assessed as Level 1, 2 or 3 based on the following criteria:

- Level 1: fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Investments, held at fair value through profit or loss, are a Level 3 financial asset. The remaining financial instruments are measured at amortised cost. The carrying values of the Group's financial assets and liabilities approximate their fair values.

The table below sets out the Group's accounting classification of each category of financial assets and liabilities and their carrying values at the end of the financial year.

	Notes	2022 £'000	2021 £'000
Cash and cash equivalents	14	27,704	34,580
<i>Measured at amortised cost:</i>			
Trade and other receivables	13	179,279	173,043
Fair value through profit or loss:			
Investments		-	227
Total financial assets		206,983	207,850
<i>Measured at amortised cost:</i>			
Trade and other payables	15	61,311	67,647
Lease liabilities	16	77,739	84,002
Borrowings	17	100,087	94,747
Amounts due to members of partnerships in the Group	27	28,243	31,492
Total financial liabilities		267,380	277,888

Maturity analysis

The table below presents the outstanding contractual maturity profile by fiscal year for the Group's interest-bearing loans and borrowings and lease liabilities. Trade and other payables are excluded from this profile as they fall due within a year.

The majority of the Group's borrowings comprise the drawn-down balance on the RCF, as discussed above. The payments shown below reflect the contractual repayments upon expiry of the facility, excluding the extension options, so if the facility is extended these repayments will be deferred.

	Borrowings		Lease liabilities	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Payments				
Year to 2022	-	19,303	-	14,978
Year to 2023	9,180	76,085	16,030	14,501
Year to 2024	-	-	14,639	13,270
Year to 2025	90,907	-	13,056	11,827
Year to 2026	-	-	11,850	-
Later years	-	-	27,326	36,775
	100,087	95,388	82,901	91,351
Effect of discounting cash flows	-	-	(5,162)	(7,349)
Carrying value	100,087	95,388	77,739	84,002

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

At 30 April 2022, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £0.9m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effect, equity would change by approximately £0.7m.

Foreign exchange rate sensitivity

The Group transacts in a range of currencies, but is primarily exposed to changes in the Euro and US Dollar exchange rates.

A 20% (2021: 10%) strengthening and weakening of the above currencies against Pound Sterling would have the following impacts on net assets and profit 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.

Consolidated notes to the financial statements continued

Year ended 30 April 2022

19 Financial instruments continued

Strengthening	Year	Effect of change in EUR rate	Effect of change in USD rate
Impact on equity	2022	1,796	203
Impact on equity	2021	(453)	(143)
Impact on profit or loss	2022	(647)	(207)
Impact on profit or loss	2021	3,295	265
Weakening			
Impact on equity	2022	(1,198)	(135)
Impact on equity	2021	370	117
Impact on profit or loss	2022	431	138
Impact on profit or loss	2021	(2,696)	(217)

20 Deferred taxation

The deferred tax asset is as follows:

	2022 £'000	2021 £'000
Assets		
At 1 May	4,649	3,522
Deferred tax debit recognised directly in equity	438	193
Deferred tax (charge)/credit in the income statement for the year	(1,173)	1,092
Exchange rate translation	24	(158)
At 30 April	3,938	4,649

Deferred tax assets of £3.9m have been recognised in respect of tax depreciation timing differences (£1.3m), expected tax deductions for share-based payments (£2.3m) and other temporary differences (£0.3m). 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 £11.7m (2021: £5.2m) 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 2022 is as follows:

	2022 £'000	2021 £'000
Non-current liabilities		
At 1 May	7,584	8,884
Arising on acquisition intangibles	503	–
Deferred tax credit in the income statement for the year	(2,163)	(1,427)
Exchange rate translation	(55)	127
At 30 April	5,869	7,584

The Group deferred tax liability relates to the recognition of acquired intangible assets arising on consolidation.

21 Share capital

	Number of 1p each	Share capital £'000	Share premium £'000	Treasury shares £'000	Total £'000
At 1 May 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
Shares issued on acquisition of Zing 365 Holdings Ltd	798,212	8	755	–	763
At 30 April 2022	325,352,865	3,254	89,365	(129)	92,490

On 24 May 2021 798,212 ordinary shares were issued as a result of the acquisition of Zing.

The Group has 24,322,488 (2021: 30,162,231) shares held in treasury.

22 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	All other net gains and losses and transactions with owners not recognised elsewhere.

23 Share-based payments

Share-based payment arrangements

The Group operates three share-based payment plans (2021: two plans), all of which are equity settled and consist only of share awards.

- The equity incentive plan ('EIP'): This is used to incentivise and reward performance from primarily Directors, upper-level management and members. Within the EIP are the following schemes: The EIP-IPO award, the career level 1-3 award, the long-term incentive plan ('LTIP') and the promotion award.
- The buy-as-you-earn ('BAYE') plan: All employees, excluding members, are eligible for the BAYE plan which is used to incentivise retention and reward contribution. Within the BAYE are the following schemes: The BAYE-IPO award, the free-share award and the share incentive plan matching award ('SIP matching award').
- The deferred bonus plan: This comprises the deferred bonus award scheme. This plan is used as an alternative to cash bonuses for eligible employees and awards may be made following year-end results announcements.

The social security expenses in relation to share-based payment arrangements are based on the rates and treatment prevailing in each jurisdiction. This is accounted for as a cash-settled award.

Details of Directors' share awards are set out in the Directors' Remuneration report on pages 83 to 114.

Charge to the income statement

The charge to the income statement is set out below:

	2022 £'000	2021 £'000
Share plans:		
Equity incentive plan	6,721	24,098
Buy-as-you-earn plan	871	3,720
Deferred bonus plan	109	-
	7,701	27,818
Social security expenses	1,908	692
Total expense	9,609	28,510

Impact of SBP movement in 2022:

	SBP expense £'000	SBP reserve £'000	Accumulated losses £'000	Prepayments £'000	Other taxation and social security £'000
Share-based payment schemes	7,701	(7,701)	-	-	-
Recycling of vested shares	-	9,074	(9,074)	-	-
Social security expenses	1,908	-	-	-	(1,908)
Total movement	9,609	1,373	(9,074)	-	(1,908)

Consolidated notes to the financial statements continued

Year ended 30 April 2022

23 Share-based payments continued

Impact of share-based payments ('SBP') movement in 2021:

	SBP expense £'000	SBP reserve £'000	Accumulated losses £'000	Prepayments £'000	Other taxation and social security £'000
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	-	-	-	(692)
Total movement	28,510	(3,213)	(9,429)	(15,176)	(692)

* The charge for 2021 includes the accelerated expense, post-modification of the acquisition agreement, for shares awarded as part of the purchase price for the acquisition of DWF-RCD. This was charged against the related prepayment, which was released in full.

Summary of share awards

The following table shows the movements in share awards across all plans for the year:

	2022 Number of shares '000	2021 Number of shares '000
Number of shares awards outstanding 1 May	33,046	24,286
Awards granted during the year	12,331	19,149
Awards vested during the year	(8,598)	(7,186)
Awards lapsed during the year	(2,706)	(3,203)
Number of shares awards outstanding 30 April	34,073	33,046

The weighted average remaining contractual life at the end of the period is 1.8 years (2021: 1.9 years).

The exercise price of all share awards is nil. The weighted average share price at the vesting date for all awards vested during the year was £1.07 (2021: £0.63).

Details of the Group's share awards are as follows:

Share awards under the DWF Group plc 2019 EIP – IPO award

At IPO, conditional and restricted share awards were granted to a limited number of the senior management team.

The awards are subject to a service condition and have an entitlement to receive dividend equivalents. A portion of the awards were previously subject to performance targets, but these have subsequently been removed.

Share awards under the DWF Group PLC EIP – Career level 1-3 award

This scheme is to incentivise senior employees for performance and exceptional contributions to the Group, on promotion or as a lateral or senior hire 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.

All of the awards under this scheme are subject to service conditions and a portion of the awards are also subject to performance targets. There is an entitlement to receive dividend equivalents on the awards.

Share awards under the DWF Group PLC EIP – Long-Term Incentive Plan

The Group incentivises its Executive Board with long-term rewards based on challenging performance targets.

The awards under this scheme are also subject to service conditions. There is no dividend or dividend equivalent entitlement until such time as they vest and after a holding 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.

All of the awards under this scheme are subject to service conditions. A portion of the awards were previously subject to performance targets, but these have subsequently been removed. There is an entitlement to receive dividend equivalents on the awards.

Share awards under the DWF Group plc BAYE – IPO award

At IPO, awards were granted to eligible employees.

The awards under this scheme were subject to service conditions. There was no entitlement to receive dividends or dividend equivalents on the awards until such time as they vested.

Share awards under the DWF Group plc BAYE – Free share award

The Group incentivises its employees for exceptional contributions from this scheme.

The awards under this scheme are subject to service conditions. There is no entitlement to receive dividends or dividend equivalents until such time as they vest.

Share awards under the DWF Group plc BAYE – Plan matching award ('BAYE matching shares award')

The Group offers its employees in the UK, Spain and the US the opportunity to actively buy shares in DWF Group plc and become an investor in the business. The Group will match a certain number of awards, subject to service conditions.

There is no entitlement to receive dividends or dividend equivalents until such time as they vest.

Share awards under the DWF Group plc Deferred bonus plan

The Group may make awards under this scheme to eligible employees as part of the bonus plan.

The awards under this scheme are subject to service conditions. There is no entitlement to receive dividends or dividend equivalents until such time as they vest.

Share awards granted

The Black Scholes method was used to value all share awards granted during the year. The following table outlines the inputs and assumptions used:

	2022			2021	
	EIP	BAYE	Deferred bonus	EIP	BAYE
Weighted average fair value at measurement date	1.14	1.10	0.95	0.70	0.68
Weighted average share price at grant date	1.19	1.20	1.17	0.74	0.72
Expected volatility	42.96%	43.46%	43.52%	45.05%	50.23%
Expected life (years)	2.87	1.37	2.87	2.96	1.30
Expected dividend yield	1.33%	5.72%	6.57%	5.00%	5.00%
Risk free interest rate	0.50%	0.51%	0.18%	0.07%	0.03%
Estimate of attrition	21.60%	9.42%	20.46%	25.0%	25.0%
Estimate of performance conditions being met	85.70%	N/A	N/A	94.15%	N/A

The expectations and estimates used represent the average across the tranches granted. Expected volatility was determined by reference to the period for which the share price history is available. The expected life used is the vested date of the award.

24 Key management personnel

Compensation paid to key management personnel

	2022 £'000	2021 £'000
Remuneration of the PLC Board		
Short-term employee benefits	2,717	2,263
Post-employment benefits	92	71
Loss of office	-	526
Share-based payments	640	1,078
	3,449	3,937

Key management personnel comprise the PLC Board of Directors. The amount paid to the highest paid member of key management was £0.8m (2021: £0.8m). Further information can be found in the Directors' Remuneration report on pages 83 to 114.

25 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:

	2022 No.	2021 No.
Legal advisors	2,426	2,405
Support staff	1,222	1,265
	3,648	3,670
	£'000	£'000
Wages and salaries	199,828	192,493
Social security costs	11,694	11,528
Contributions to defined contribution plans	6,698	6,822
	218,220	210,843

The Group operates defined contribution pension plans. The total annual pension cost for the defined contribution plan was £6.7m (FY2021: £6.8m) and the outstanding balance at 30 April 2022 was £0.9m (30 April 2021: £0.9m).

Consolidated notes to the financial statements continued

Year ended 30 April 2022

26 Cash generated from operations

a) Cash generated from operations before adjusting items

	2022 £'000	2021 £'000
Cash flows from operating activities		
Profit/(loss) before tax	22,316	(30,600)
<i>Adjustments for:</i>		
Other impairment	3,593	4,595
Amortisation of acquired intangible assets	4,655	4,609
Depreciation of right-of-use asset	12,737	11,977
Other depreciation and amortisation	7,211	6,989
Gain on disposal of leases and investments	–	(798)
Non-underlying items	1,224	27,101
Share-based payments expense	9,609	27,818
Interest expense on lease liabilities	1,673	2,284
Net finance expense	3,518	2,682
Operating cash flows before movements in working capital	66,536	56,657
(Increase)/decrease in trade and other receivables	(8,031)	13,120
Decrease in trade and other payables	(17,641)	(176)
Decrease in provisions	4,798	(296)
Decrease in amounts due to members of partnerships in the Group	(4,039)	(4,144)
Cash generated in operations before adjusting items	41,623	65,161

b) Free cash flows

Free cash flows is an APM and is defined in the glossary to the financial statements on pages 169 to 173.

	2022 £'000	2021 £'000
Free cash flows		
Operating cash flows before movements in working capital	66,536	56,657
Net working capital movement	(20,874)	12,648
Amounts due to members of partnerships in the Group	(4,039)	(4,144)
Cash generated from operations before adjusting items	41,623	65,161
Net interest paid	(4,596)	(5,064)
Tax paid	(2,854)	(3,155)
Repayment of lease liabilities	(13,396)	(14,191)
Purchase of property, plant and equipment	(3,581)	(4,001)
Purchase of other intangible assets	(4,300)	(6,635)
Free cash flows	12,896	32,115

c) Working capital measures

	2022 £'000	2021 £'000
WIP days		
Amounts recoverable from clients in respect of unbilled revenue	71,958	66,671
Unbilled disbursements	7,982	9,437
Total WIP	79,940	76,108
Annualised net revenue	350,490	338,130
WIP days	83	82
Debtor days		
Trade receivables (net of allowance for doubtful receivables)	88,949	91,185
Other receivables*	3,154	2,890
Total debtors	92,103	94,075
Annualised net revenue	350,490	338,130
Debtor days	96	102
Total lock-up days		
Total WIP	79,940	76,108
Total debtors	92,103	94,075
Total lock-up	172,043	170,183
Annualised net revenue	350,490	338,130
Total lock-up days	179	184

* In a change to the calculation of lock-up days from the prior year, other receivables is shown excluding amounts due from members of partnerships as it does not represent part of the Group's normal working capital. The comparator has been restated for consistency. This has the impact of reducing the current and prior year lock-up days by two days each. Under both methods of calculation, lock-up days have reduced by five days and therefore the change in calculation has had no impact on the reduction of lock-up days for the year.

Annualised net revenue, an APM as defined in the glossary, reflects the total net revenue for the previous 12-month period inclusive of pro-forma adjustments for acquisitions and scale-backs.

Lock-up days is an APM and is defined in the glossary to the financial statements on pages 169 to 173.

The Group also measures lock-up as above but excluding other receivables as this more closely aligns with lock-up measurement of other businesses in the legal sector and also as other receivables do not represent sales outstanding. Excluding other receivables, lock-up days are 176 days (2021: 180 days).

Consolidated notes to the financial statements continued

Year ended 30 April 2022

27 Amounts due to members of partnerships in the Group

Amounts due to members of partnerships in the Group comprise 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 2021	13,348	18,144	31,492
Members' remuneration charged as an expense	–	43,670	43,670
Unrealised foreign exchange translation differences	(38)	(80)	(118)
Capital introduced by members	2,132	–	2,132
Repayments of capital	(1,072)	–	(1,072)
Drawings	–	(47,861)	(47,861)
At 30 April 2022	14,370	13,873	28,243

	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

The average number of members during the year was as follows:

	2022	2021
Average number of members of partnerships held by the Group during the year	366	373

Company statement of financial position

As at 30 April 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investments	2	255,955	247,281
Total non-current assets		255,955	247,281
Current assets			
Trade and other receivables	3	163,515	170,096
Cash at bank and in hand		445	113
Total current assets		163,960	170,209
Total assets		419,915	417,490
Current liabilities			
Trade and other payables	4	17,461	7,390
Deferred consideration		-	-
Total current liabilities		17,461	7,390
Non-current liabilities			
Interest-bearing loans and borrowings	5	90,344	90,445
Total non-current liabilities		90,344	90,445
Total liabilities		107,805	97,835
Net assets		312,110	319,655
Equity			
Share capital	6	3,254	3,246
Share premium	6	89,365	88,610
Share-based payments reserve		11,512	12,885
Retained earnings		207,979	214,914
Total equity		312,110	319,655

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The loss for the year to 30 April 2022 was £2.5m (2021: profit of £10.3m).

These financial statements of DWF Group plc (registered number: 11561594) were approved by the Board on 20 July 2022.

Notes 1 to 7 are an integral part of these financial statements.

Sir N Knowles
Group Chief Executive Officer

C J Stefani
Group Chief Financial Officer

Company statement of changes in equity

Year ended 30 April 2022

	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
1 May 2021	3,246	88,610	12,885	214,914	319,655
Loss for the year	-	-	-	(2,472)	(2,472)
Total comprehensive income	-	-	-	(2,472)	(2,472)
Shares issued	8	755	-	-	763
Dividends paid	-	-	-	(13,537)	(13,537)
Share-based payments	-	-	(1,373)	9,074	7,701
At 30 April 2022	3,254	89,365	11,512	207,979	312,110

	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	-	-	-	10,277	10,277
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

Further information on dividends paid is included in note 7 of the Group financial statements.

Notes 1 to 7 are an integral part of these financial statements.

Company notes to the financial statements

Year ended 30 April 2022

1 Accounting policies

General information and basis of accounting

DWF Group plc (the 'Company'), is a public limited company, 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 UK ('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 British 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.

In the preparation of these financial statements, DWF Group plc has applied the following exemptions from the requirements of IFRS available under FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based Payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of Financial Statements':
 - 10(d) (statement of cash flows)
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (statement of cash flows information)
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of Cash Flows';
- Paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related Party Disclosures' (key management compensation);
- The requirements in IAS 24, 'Related Party Disclosures', to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such member;
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations', given that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'.

The accounting policies set out below have, 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.

1.2 Amounts due from/to subsidiary undertakings

Amounts due from subsidiary undertakings are non-derivative financial assets and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less any allowance for expected credit losses.

Amounts due to subsidiary undertakings are non-derivative financial liabilities and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method and due to their short-term nature, they are not discounted.

1.3 Accounting estimates and judgements

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. There are not considered to be any critical judgements or key estimates applicable to these financial statements.

Company notes to the financial statements continued

Year ended 30 April 2022

2 Investments

	2022 £'000	2021 £'000
Investments		
At 1 May	247,281	235,605
Additions	8,674	11,676
At 30 April	255,955	247,281

Additions in the year ended 30 April 2022 relate to, inter alia, the Zing acquisition and the push down of the share-based payment expense to entities that the employees provide services to. Further details of the Group's share-based payment schemes are included in note 23 of the Group financial statements.

The Group has investments in the following undertakings, which are all held as ordinary shares:

	Registered address	Principal place of business	Nature of business	Proportion of ownership
Subsidiaries				
Direct				
DWF Holdings Limited ^c	i	UK	Investment holding	100%
DWF Group (US) LLC	xxvii	USA	Investment holding	100%
DWF Connected Services Investments Limited ^{c,d}	xxx	UK	Connected services	100%
Zing 365 Holdings Limited ^{c,d}	i	UK	Connected services	100%
Indirect				
DWF (TG) Limited ^c	i	UK	Investment holding	Note 1
DWF LLP	i	UK	Legal services	Note 2
DWF Law LLP	i	UK	Legal services	Note 1
DWF (Northern Ireland) LLP ^c	ii	UK	Legal services	Note 2
Vueity Limited	i	UK	Dormant	Note 1
DWF Costs Limited ^c	i	UK	Connected services	Note 1
DWF Claims Limited ^c	i	UK	Connected services	Note 1
DWF Advocacy Limited ^c	i	UK	Connected services	Note 1
DWF Forensic Limited ^c	i	UK	Connected services	Note 1
DWF Ventures Limited ^c	i	UK	Connected services	Note 1
DWF Adjusting Limited ^c	i	UK	Connected services	Note 1
DWF Resource Limited ^c	i	UK	Connected services	Note 1
DWF Connected Services Holdings Limited ^c	i	UK	Connected services	Note 1
DWF Company Secretarial Services Limited ^c	i	UK	Connected services	Note 2
Greyfern Law Limited ^c	i	UK	Connected services	Note 2
Davies Wallis Foyster Limited	i	UK	Non-trading	Note 2
Davies Wallis (unlimited) ^a	i	UK	Dormant	Note 2
DWF Solicitors Limited ^a	i	UK	Dormant	Note 2
DWF (Trustee) Limited ^a	i	UK	Dormant	Note 2
DWF Nominees Limited ^a	i	UK	Dormant	Note 2
Resolution Law Limited ^a	i	UK	Dormant	Note 1
DWF Middle East Group LLP ^a	i	UK	Dormant	Note 1
DWF (Nominees) 2013 Limited ^a	i	UK	Dormant	Note 2
Harborne Road Nominees Limited ^a	i	UK	Dormant	Note 2
DWF Connected Services Limited ^c	i	UK	Dormant	Note 2
DWF Connected Services Group Limited ^c	i	UK	Non-trading	Note 1
NewCo 4736 Limited ^c	i	UK	Non-trading	Note 1
Bailford Trustees Limited ^a	iii	UK	Dormant	Note 2

	Registered address	Principal place of business	Nature of business	Proportion of ownership	
DWF Trustees (Scotland) Limited ^a	iii	UK	Dormant	Note 2	Strategic report
DWF Directors (Scotland) Limited ^a	iii	UK	Dormant	Note 2	
DWF Secretarial Services (Scotland) Limited ^a	iii	UK	Dormant	Note 2	
DWF Pension Trustees Limited	iv	UK	Dormant	Note 2	Governance
DWF 360 Limited	i	UK	Software provider	Note 1	
EBT	v	UK	Trustees	Note 6	
RST	v	UK	Trustees	Note 6	Financial statements
DWF (France) AARPI ^b	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	Other information
DWF Germany RmbH	vii	Germany	Law services	Note 2	
DWF LLP Studio Legale Associato	ix	Italy	Law services	Note 2	
DWF Claims (Italy) S.r.l. ^b	ix	Italy	Connected services	Note 1	
DWF (Ireland) LLP	x	ROI	Law services	Note 2	
DWF Claims (Ireland) Limited	viii	ROI	Connected services	Note 1	
DWF Dublin Secretarial Limited ^a	x	ROI	Dormant	Note 2	
DWF Poland Holdings Sp. z o.o.	xxi	Poland	Investment holding	Note 1	
DWF Poland Jamka sp.k ^b	xxi	Poland	Law services	Note 1	
DWF Spain S.L.P.	xxv	Spain	Investment holding	Note 1	
Rousaud Costas Duran S.L.P.U.	xxv	Spain	Law services	Note 1	
Rousaud Costas Duran Abogados S.L.P.U.	xxiv	Spain	Law services	Note 1	
Rousaud Costas Duran Concursal S.L.P.	xxv	Spain	Law services	Note 1	
Rousaud Costas Duran Valencia S.L.P.U.	xxvi	Spain	Law services	Note 1	
RCD Tax & Legal Advisors S.L.P.U.	xxv	Spain	Law services	Note 1	
Gestart Assessors S.L.U.	xxv	Spain	Law services	Note 1	
Gestart Asesoramiento Empresarial S.L.U.	xxiv	Spain	Law services	Note 1	
DWF Law Australia Pty Limited	xi	Australia	Law services	Note 1	
DWF Australia Holdings Pty Limited	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 Connected Services Australia Pty Limited	xi	Australia	Dormant	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	Note 5	
Mindcrest (India) Private Limited	xxiii	India	Law services	Note 5	
Mindcrest UK Limited ^c	i	UK	Law services	Note 5	
DWF Claims (USA) LLC	xviii	USA	Connected services	Note 1	
Moat Pensions Limited ^c	iii	UK	Connected services	Note 2	
DWF MGA (USA) LLC		USA	Connected services	Note 1	
Zing Associates Limited ^{c,d}	i	UK	Connected services	Note 3	
Zing 365 Limited ^{c,d}	i	UK	Connected services	Note 3	

Company notes to the financial statements continued

Year ended 30 April 2022

	Registered address	Principal place of business	Nature of business	Proportion of ownership
Marlborough Training and Consultancy Limited ^{a,d}	i	UK	Connected services	Note 3
Try Solutions Limited ^{a,d}	i	UK	Connected services	Note 3
BCA Claims & Consulting Limited ^d	xxix	Canada	Connected services	Note 4
DWF (Hong Kong) LLP	i	UK	Dormant	Note 2

a Subsidiary undertakings have been excluded from the consolidation on the basis of immateriality.

b The statutory year end in the period being reported is 31 December.

c Entities have claimed audit exemption for the year to 30 April 2022 under section 479A of the Companies Act 2006.

d Investments have been made during the year to 30 April 2022.

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 DWF Group plc indirectly controls these entities through its subsidiary, Zing 365 Holdings Limited.

Note 4 DWF Group plc indirectly controls these entities through its subsidiary, DWF Connected Services Investments Limited.

Note 5 DWF Group plc indirectly controls these entities through its subsidiary, DWF Group (US) LLC.

Note 6 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) 103 Waterloo Street, Glasgow G2 7BW
- (iv) 5 St. Paul's Square, Old Hall Street, Liverpool, L3 9AE
- (v) 26 New Street, St. Helier, JE2 3RA, Jersey
- (vi) 137-139 rue de l'Université, 75007 Paris, France
- (vii) Habsburgerring 2, Westgate, 50674 Cologne, Germany
- (viii) 2 Dublin Landings, North wall Quay, Dublin 1, V4A3, Ireland
- (ix) Via dei Bossi 6, Milano, Italy
- (x) 5 George's Dock, IFSC, Dublin
- (xi) Level 36, 123 Eagle Street, Brisbane, QLD 4000, Australia
- (xii) Suite 204, Level 2, 165-167 Philip Street, Sydney NSW 2000, Australia
- (xiii) 111 Queen Street East, Suite 450, Toronto, Ontario, M5C 1S2, Canada
- (xiv) 9 Raffles Place, #58-0 Republic Plaza, Singapore, 048619
- (xv) 8 Cross Street, #24-03/04 PWC Building, Singapore, 048424
- (xvi) Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, 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, USA
- (xix) Harrow House, 23 West Street, Haslemere, Surrey, GU27 2AB
- (xx) Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB
- (xxi) plac Stanisława Malachowskiego 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, India
- (xxiv) Calle Serrano, 116, 28006 Madrid, Spain
- (xxv) Calle Escolles Pies, 102, 08017 Barcelonam, Spain
- (xxvi) Gran Via Marquez del Turia n 55 Puerta 8, 46005, Valencia, Spain
- (xxvii) 251 Little Falls Drive, Wilmington, Delaware 19808, US
- (xxviii) Colthouse Grange Farm, Ramsgill, Harrogate, North Yorkshire, United Kingdom, HG3 5AE
- (xxix) 400-725 Granville Street, PO Box 10325, Vancouver BC V7Y 1G5, Canada
- (xxx) 20 Fenchurch Street, London, England, EC3M 3AG

3 Trade and other receivables

	2022 £'000	2021 £'000
Amounts due from subsidiary undertakings	163,154	170,090
Prepayments	361	6
	163,515	170,096

Amounts due from all subsidiaries are interest free, unsecured and repayable on demand.

4 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	111	55
Other taxation and social security	2,025	646
Accruals	1,578	1,345
Amounts due to subsidiary undertakings	13,747	5,344
	17,461	7,390

Amounts due to subsidiary undertakings are interest free and repayable on demand.

5 Interest-bearing loans and borrowings

This note provides information about the Company's interest-bearing loans and borrowings, which are measured at amortised cost. Further details on the Company's revolving credit facility ('RCF') can be found in the consolidated financial statements note 17.

Obligations under interest-bearing loans and borrowings

	2022 £'000	2021 £'000
Current liabilities		
Bank loans	–	15,000
	–	15,000
Non-current liabilities		
Bank loans	90,907	76,086
Unamortised finance costs	(563)	(641)
	90,344	75,445
	90,344	90,445

6 Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 May 2020	324,554,653	3,246	88,610	91,856
At 30 April 2021	324,554,653	3,246	88,610	91,856
Shares issued on acquisition of Zing 365 Holdings Ltd	798,212	8	755	763
At 30 April 2022	325,352,865	3,254	89,365	92,619

On 24 May 2021 798,212 ordinary shares were issued as a result of the acquisition of Zing.

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 (2021: £nil).

Unaudited information

Appendix

Reconciliation to new global operating structure – re-presented year ended 30 April 2021

The following reconciliation shows how the prior year's revenue and gross profit has been re-presented from the old operating structure to 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 (FY2021: 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 (FY2021: 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 (FY2021: Managed Services)	7,860	3,884	11,744
Gross profit	171,781	–	171,781

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 insightful for understanding the financial performance 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 definitions 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 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.

Reconciliation

	2022 £'000	2021 £'000
Revenue	416,052	400,948
Recoverable expenses	(65,810)	(62,818)
Net revenue	350,242	338,130

APM

Adjusting items

Closest equivalent statutory measure

None

Definition and purpose

Those items which the Group excludes from its statutory metrics to arrive at adjusted profit or cash flow metrics in order to present further measures of the Group's performance.

These include items which are significant in size 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, as well as allows our results to be compared more fairly with other similar businesses.

Share-based payment charges within adjusting items relate to shares allocated from the pre-funded employee benefit trust, which are not dilutive to shareholders.

Reconciliation

See note 2

APM

Adjusted earnings before interest, tax, depreciation and amortisation ('adjusted EBITDA')

Closest equivalent statutory measure

Operating profit/(loss)

Definition and purpose

Operating profit adjusted for adjusting items, as detailed in note 2, and adding back depreciation and amortisation.

Adjusted EBITDA is useful as a measure of comparative operating performance between both previous periods, and other companies as it is reflective of adjustments for adjusting items and other factors that affect operating performance. Adjusted EBITDA removes the effect of depreciation and amortisation, and adjusting items as described above, as well as items relating to capital structure (finance costs and income) and items outside the control of management.

Unaudited information continued

Reconciliation

	2022 £'000	2021 £'000
Operating profit/(loss)	27,653	(25,634)
Depreciation of right-of-use asset	12,737	11,977
Other depreciation and amortisation	7,211	6,989
Total of adjusting items	19,081	64,792
Adjusted EBITDA	66,682	58,124

APM

Adjusted profit before tax ('adjusted PBT')

Closest equivalent statutory measure

Profit/(loss) before tax

Definition and purpose

Profit before tax and after reflecting the impact of adjusting items.

Adjusted PBT is useful as a measure of comparative operating performance between both previous periods, and other companies as it is reflective of adjustments for non-underlying items, amortisation of acquired intangibles, share based payments expense, impairment/impairment reversal and other factors that affect operating performance. Adjusted PBT is used to provide a useful and consistent measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures in note 2.

Reconciliation

	2022 £'000	2021 £'000
Profit/(loss) before tax	22,316	(30,600)
Total of adjusting items (note 2)	19,081	64,792
Adjusted profit before tax	41,397	34,192

APM

Cost to income ratio

Closest equivalent statutory measure

Not applicable

Definition and purpose

Adjusted administrative expenses and impairment 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 is an essential metric in assessing the levels of underlying operational gearing in the Group. The Group uses the cost to income ratio to measure the efficiency of its activities. A decrease in cost to income ratio indicates an improvement to efficiency, and likewise an increase indicates a decline. Management note that the usefulness of the cost to income ratio is inherently limited by the fact that it is a ratio and thus does not provide information on the absolute amount of operating revenue and expenses.

Reconciliation

	2022 £'000	2021 £'000
Net revenue	350,242	338,130
Adjusted administrative expenses and impairment (note 2)	134,322	132,623
Cost to income ratio	38.4%	39.2%

APM

Adjusted administrative expenses

Closest equivalent statutory measure

Administrative expenses and impairment

Definition and purpose

Adjusted administrative expenses are defined as administrative expenses plus impairment less adjusting items (as defined above).

Adjusted administrative expenses provide a useful and consistent measure of the ongoing administrative expenses of the Group. In particular, the adjusted administrative expenses are utilised within the Group's definition of 'Cost to income ratio' which is also defined above.

Reconciliation

See note 2

APM

Net debt (excluding IFRS 16)

Closest equivalent statutory measure

Cash and cash equivalents less borrowings

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 statement of financial position and can be a useful measure of the indebtedness of the Group. This metric excludes the Group's lease liabilities under IFRS 16 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 17

APM

Lock-up days

Closest equivalent statutory measure

Not applicable

Definition and purpose

Lock-up days comprise 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 are calculated as unbilled revenue divided by annualised net revenue multiplied by 365 days. Debtor days are calculated as trade and other receivables, excluding amounts due from members of partnerships, divided by annualised net revenue multiplied by 365 days. Annualised net revenue is the total net revenue for the previous 12 month period with adjustments for acquisitions and discontinuations.

Reconciliation

See note 26

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 the total number of ordinary shares in issue.

Adjusted earnings is defined as (loss) / earnings from continuing operations adjusted for:

- non-underlying items;
- share-based payments expense;
- gain on investment;
- amortisation of acquired intangible assets;
- impairment; and
- the tax effect of the above items;

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. See adjusted diluted EPS definition and purpose above for details of adjusting measures.

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.

Reconciliation

See note 8

APM

Like-for-like ('L4L')

Closest equivalent statutory measure

N/A

Definition and purpose

Like for like metrics, are applied to net revenue, direct costs, gross profit and gross margin to exclude the results of DWF Australia and Germany following the scale-back of operations in March 2021 and April 2022 respectively, along with the results for current year acquisitions, Zing and BCA.

This metric allows the Group's stakeholders to compare the performance of the business on a consistent basis with the prior period, given that the scale back of the Australian and German business was a significant change to the Group.

Reconciliation

Not applicable

APM

Revenue per partner

Closest equivalent statutory measure

Revenue

Definition and purpose

Revenue per partner is defined as net revenue divided by average number of partners (on a full time equivalent basis) for the period.

This metric allows the Group's stakeholders to view the performance of the business based on average revenue per partner, split by division (this includes both member and employee partners).

Reconciliation

	2022 £'000	2021 £'000
Legal Advisory	896	842
Connected Services	1,382	1,428
Mindcrest	12,216	16,254
Group	975	924

APM

Annualised net revenue

Closest equivalent statutory measure

Revenue

Definition and purpose

Annualised net revenue reflects the total net revenue for the previous 12-month period inclusive of pro-forma adjustments for acquisitions and discontinuations/closures/scale-backs.

This metric is utilised as a denominator for lock up, WIP and debtor day calculations which allow greater comparability within the legal sector consistent with prior and full year metrics.

Reconciliation

Not applicable

APM

Free cash flows

Closest equivalent statutory measure

Not applicable

Definition and purpose

Free cash flow is the amount by which the operating cash flow exceeds working capital, amounts payable to members, tax, interest and capital expenditure.

This metric provides the Group's stakeholders detail around the efficiency of cash generation and utilisation.

Reconciliation

See note 26

APM

Leverage

Closest equivalent statutory measure

Not applicable

Definition and purpose

Leverage is calculated as net debt, divided by the last 12 months adjusted EBITDA (both defined above).

This metric provides the Group's stakeholders detail around the Group's ability to repay debt and meet payment obligations. Leverage should be compared with a benchmark, or industry average and is widely used by analysts and credit rating agencies.

Reconciliation

	2022 £'000	2021 £'000
Adjusted EBITDA (last 12 months)	66,682	58,124
Net debt	71,820	60,168
Leverage	1.08	1.04

Shareholder information

2022 financial calendar

8 September 2022	Ex dividend date for the final dividend
9 September 2022	Record date to be eligible for the final dividend
28 September 2022	Annual General Meeting
7 October 2022	Payment date for the final dividend
December 2022	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 2022 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; and
- 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; and
- 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; and
- 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; and
- 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

DWF Group plc
20 Fenchurch Street London
EC3M 3AG
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companysecretary@dwf.law

dwfgroup.com

Registrar

Equiniti Limited

Aspect House
Spencer Road
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United Kingdom

UK Telephone:*

0371 384 2030

Overseas telephone:

+44 (0)121 415 7047

* Lines are open from 8.30am to 5.30pm UK time.
Monday to Friday

Statutory Auditor

PricewaterhouseCoopers

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United Kingdom

Corporate stockbrokers

Berenberg

60 Threadneedle Street
London
EC2R 8HP
United Kingdom

Zeus Capital Limited

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Principal UK bankers

HSBC UK Bank plc

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United Kingdom

Principal offices

United Kingdom

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DWF Claims (USA) LLC
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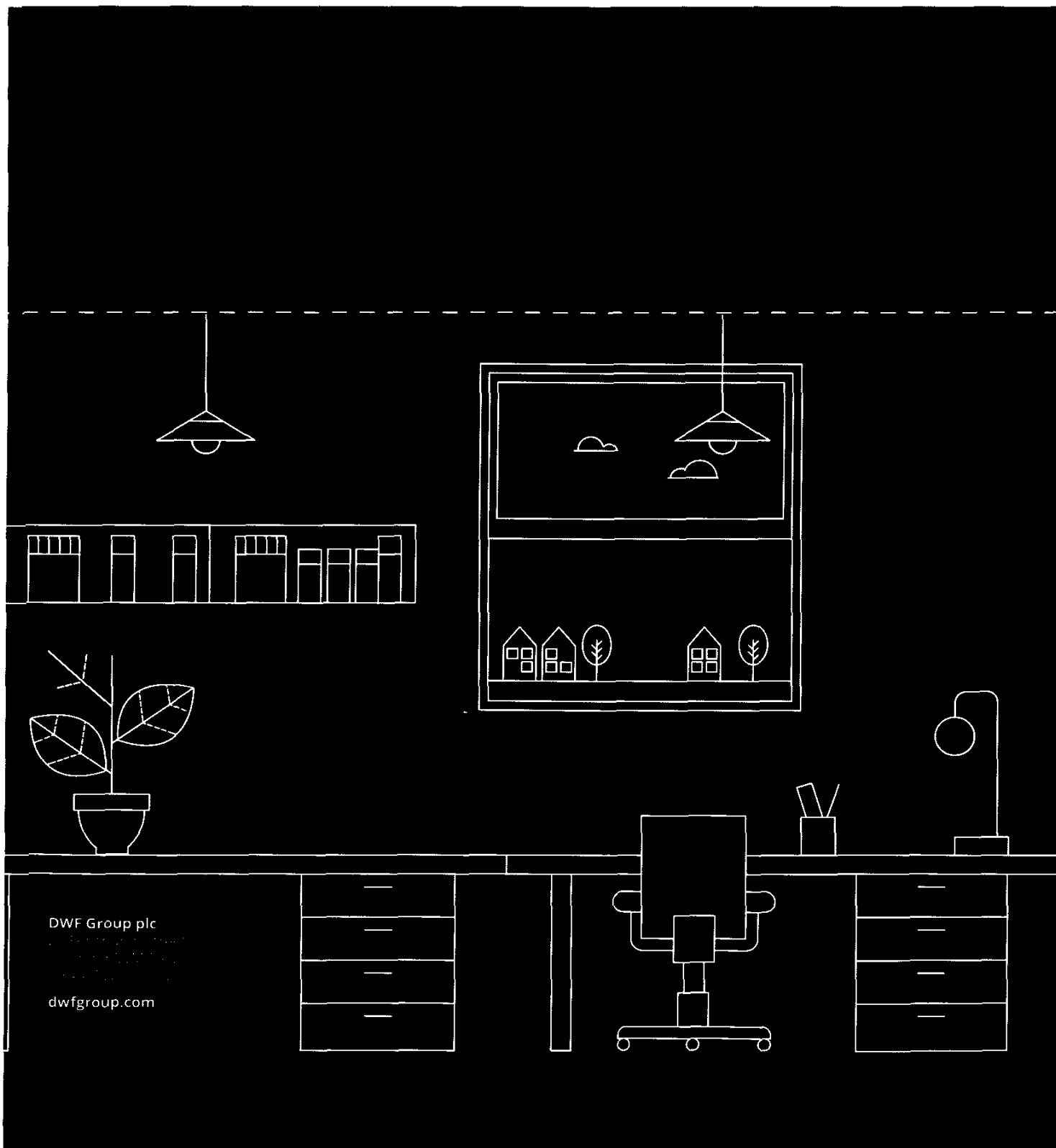
Revive Silk is a white triple coated sheet, manufactured from FSC® Recycled certified fibre derived from 100% pre- and post-consumer waste.

Manufactured in accordance with ISO certified standards for environmental, quality and energy management.



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A limited liability company
Incorporated in England and Wales
No. 02067697
dwfgroup.com