Now known as "DWF Group Limited"

DWF Group plc

Annual Report and Accounts 2023

Delivering on our purpose

Who we are

DWF Group plc ('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 aim to provide sustainable solutions for our stakeholders in ways that are efficient and simple. We have built our leading range of services on this principle.

How we do it

We have three offerings – Legal Services, Business Services and Legal Operations. We have integrated legal and business services colleagues, making it even easier for clients to access our offerings.

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.

Inside this report

Highlights of our year

Strategic report

Governance

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Other information

Financial highlights

Revenue

£451.6m

Net revenue

£380.1m

Profit/(loss) before tax

£17.2m

Adjusted profit before tax

£43.3m

Cost to income ratio

37.2%

Lock-up days

196

Read all of DWF Group's key performance indicators on pages 14-15

Non-financial highlights

Client net promoter score

+62

Consistent with our score last year of +63. With a market average score of +40, our consistently strong NPS score demonstrates the appeal of our differentiated proposition and quality of our colleagues.

ESG

14%

We have exceeded our target to achieve 13% ethnic minority representation in our overall population by 2025.

Colleague engagement survey score

76

Our engagement score remained 76 through the third consecutive survey, a score we are pleased to maintain.

DWF Foundation

£1,000,000

Grants awarded during the last financial year took the total funds awarded by the DWF Foundation past the £1 million mark.

Our business at a glance

Our values

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

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

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

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

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

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

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 halve our carbon emissions by 2030
- We continue to stretch ourselves to become more diverse and inclusive through a range of targets including 40% female and 10% ethnic minority colleagues across partner and equivalent roles by 2025
- Since it launched in 2015, the DWF Foundation has distributed in excess of £1 million through grants to more than 500 charities and food banks in our local communities

We are not just a law firm
- 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 achieve this through our Integrated Legal Management approach
- We are a hybrid working business – our offices are only one environment in which our colleagues and clients work and collaborate

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 sector
- Enjoying future career opportunities on a global scale and outside of traditional law at the cutting edge of modern legal and business services
- Reward and benefits which are competitive, family friendly and help us to deliver on our sustainability goals

Our differentiator

Our Integrated Legal Management approach

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

Our FY2022/23 financial performance

Legal Advisory

£316.6m
(Revenue £385.3m)

2022: £292.0m
(Revenue £355.1m)

Premium legal advice and excellent client service. Our teams bring commercial intelligence and relevant industry experience through eight core global sectors.

Connected Services

£40.7m
(Revenue £41.5m)

2022: £33.9m
(Revenue £34.2m)

Our range of complementary products and business services that enhance our insurance and commercial legal offerings.

Mindcrest

£22.9m
(Revenue £24.8m)

2022: £24.4m
(Revenue £26.8m)

Outsourced and process-led alternative legal services, designed to standardise, systematise, scale and optimise legal workflows for areas such as eDiscovery, contract management, compliance, legal technology, consulting and operations, and knowledge management services.

On 1 May 2023, we moved to our new global operating structure of Commercial Services, Insurance Services and Legal Operations.

Where we operate

We continue to build our presence globally through acquisitions, associations and lateral hires. This year we entered the Canadian legal services market through our transaction with Whitelaw Twining, with offices in Vancouver and Calgary. We later opened an office in Toronto with the hire of three partners.

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

Chair's statement

Jonathan Bloomer
Chair

Dear Shareholder,

I am delighted to introduce our Annual Report and Accounts for the year ended 30 April 2023. The past year has been marked by continued macroeconomic volatility with considerable inflationary pressures across food, energy and other essential consumer categories. These pressures have led, in many countries, to a cost of living crisis and rising interest rates, which in turn, has fuelled further uncertainty about economic growth rates.

Despite these challenging conditions, our differentiated integrated legal and business services offering and our focus on delivering positive outcomes has enabled us to continue to perform well relative to some challenging sentiments in the legal sector.

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

We are focused on driving shareholder value through the delivery of sustainable attractive growth. That is what we have achieved again this year.

The Board is pleased with the Group's performance on revenue growth, profitability and cost control. Net revenue is up by more than 8% to £380m, with a like-for-like growth rate of 5%. Pleasingly we have seen this rate of growth improve in the second half of the financial year although this was against a challenging H2 in FY22.

Adjusted profit before tax increased by 4.7% to £43.3m, supported by our cost programme which now anticipates savings of £15m, helping to in part offset the well-publicised upward salary cost pressures affecting the sector. Reported profit before tax was £17.2m which represents a £5m or 23% reduction on prior year owing to an increase in adjusting items of £7m in the year as well as rising interest costs.

This performance reflects the impact of the Group's Integrated Legal Management strategy and ongoing key client focus, delivering integrated solutions to more Group clients.

Culture

We are a people business where developing a positive and inclusive culture, underpinned by our values and behaviours, is critical to our success.

Over the past year, I have enjoyed spending more time in our offices meeting with partners and colleagues, hearing first-hand about their experiences of working for DWF and perspectives on the culture within our organisation.

We have been able to organise more colleague engagement activities in-person and in different locations. This allowed the Board to hold informal meetings with a cross-section of DWF colleagues, at every career level and from all parts of the business. We have all found these very valuable.

I would like to express my thanks to all attendees at these meetings in providing their thoughts and opinions in an open and constructive manner.

The feedback received at these meetings is echoed through our well established engagement survey, where our engagement score has remained stable at 76. In the context of macroeconomic volatility, we are pleased with this strong performance in this key indicator.

Our role in society

ESG is core to our business model and long-term strategy and it remains a priority focus area for the Board. FY22/23 marked the first full year since publication of our ESG Strategy and I am pleased to report that we have made meaningful progress in a number of areas.

This includes reductions of our Scope 1 and Scope 2 CO_2 emissions of 20% and 41% respectively, compared with FY21/22. We have continued to enhance our office space, with Pune, India and the new Edinburgh office both powered entirely by renewable energy.

On our diversity & inclusion agenda, we increased overall ethnic minority representation to 14%, against a target of 13% by 2025 and we invested in a range of *new and improved family friendly policies*, significantly enhancing our maternity, paternity and adoption leave schemes.

We are also proud that in the last financial year the DWF Foundation, an independent charity established by DWF in 2015, exceeded the £1 million mark for grants distributed. Funded in large part by the fundraising activities of DWF colleagues, the Foundation is an excellent example of the positive outcomes achieved through colleagues living our values. A point reinforced by the nearly 9,000 hours of volunteering time delivered by colleagues through the last financial year.

I talk more about our purpose, values and culture in the Governance introduction on page 48. You can read more detail on our priorities and actions in the ESG section of this report on pages 26 to 39, or alternatively please read our separate FY22/23 ESG & Corporate Sustainability impact report which is available and contains further information on our approach.

> "I would like to express my thanks to all attendees at these meetings in providing their thoughts and opinions in an open and constructive manner."

Annual General Meeting 2023

The Annual General Meeting will be held on 20 October 2023. You can read more on the arrangements for the AGM on page 147.

Looking ahead

On 21 July 2023, we were pleased to announce the Board's unanimous recommendation of an all cash offer for DWF Group plc from Aquila Bidco Limited, a newly incorporated wholly-owned subsidiary of funds advised by Inflexion. This transaction is highly attractive not only for our internal and external shareholders, but also for our clients, employees and other stakeholders. The DWF board of directors recognises the opportunities that could be delivered under private ownership with Inflexion, which includes access to significant capital to invest in people and technology, accelerated lateral hiring and transformative acquisitions across jurisdictions. Inflexion has a clear ambition to support the management team to execute its strategy to create a global professional services business emanating from the legal sector and this will enhance the already exceptional and differentiated services that we deliver for our clients.

Shareholders will already have received a copy of the Scheme Document which was published on 15 August 2023. The shareholder Court Meetings and a General Meeting to approve the scheme of arrangement have been scheduled for 12 September 2023.

Subject to shareholder approval and the satisfaction (or, where applicable, waiver) of the Conditions and further terms set out in Part 3 of the Scheme Document, the Acquisition is expected to become effective during Q2 FY2024.

I would like to thank all of our Board members for their time and focus throughout this year.

Jonathan Bloomer
Chair

24 August 2023

Group Chief Executive Officer's review

Sir Nigel Knowles
Group Chief Executive Officer

Q. How did the Group perform this year?

We have once again grown the business profitably in what has been a very challenging economic environment. Like other legal businesses, we have seen salary and inflationary pressures, the impact of interest rate increases and variable demand particularly in transactional areas. Despite these challenges, we have seen our organic growth strategy and integrated propositions continue to resonate with clients, and have also added quality businesses to the Group via our acquisitions of Acumension and Whitelaw Twining.

Q. You have further extended your capabilities in North America through the transaction with Whitelaw Twining in Canada. How is this integration progressing and what next for this region?

We were pleased to complete this transaction with Whitelaw Twining, one of Canada's top legal businesses which we knew would always represent a high quality opportunity for our clients. Good progress has been made since they became part of the DWF Group in December.

We have already expanded into the Toronto legal services market with the hire of three partners, four additional lawyers, one paralegal and two support staff. We are also seeing great collaboration between our legal and business services colleagues within Canada and between our Canadian team and colleagues globally.

This move marked the next step in DWF's North American strategy and has given us an integrated legal and business services offering in Canada which also aligns to the Group's existing claims and legal operations offering in Chicago.

Q. In a highly-competitive talent market, what have you done this year to strengthen your colleague proposition?

Attracting and retaining the very best talent remains a top priority. That is why in the past year we have taken steps to continue strengthening our colleague proposition. I would highlight two areas where we have made particular progress, through significantly enhanced family friendly policies and improvements made to a number of our office locations through our future workplace strategy.

Our enhanced family friendly policies including aligning our maternity leave provision for all colleagues and partners to offer 26 weeks at full salary, with this same 26-week provision available to colleagues and partners taking adoption leave. We have doubled our paternity leave entitlement from two weeks to a four-week benefit and increased our Shared Parental Leave benefit from two weeks with full pay, to eight weeks. These investments carry a cost, but the improvements benefit our colleagues and support our drive to create an inclusive culture.

Our future workplace strategy includes a commitment to reducing the amount of overall office space and improving the quality, contributing to our ESG commitments through our use of materials and improving colleague wellbeing with smart and functional work areas. The actions taken this year include a relocation in Edinburgh, where we selected a building which has been designed with a clear focus on sustainability, creating an exceptional working environment and having a positive impact on the local community.

We have also delivered a refit of our Bristol office, with work also underway in Liverpool. Whilst this strategy remains a work in progress, our expectation is that we will review all of our office space globally with the aim that our current and future colleagues view our office spaces as places they enjoy working from.

Q. In March you announced changes to your global operating structure. What will these changes allow you to do differently and how do they support your integrated legal management approach?

The changes we announced in March were a natural evolution in our strategy as they allow us to go further in how we deliver our integrated offering to clients. It means our internal operations are better aligned with the services we provide and the clients and markets we serve. Many of our largest global clients are insurers and our integrated legal management approach is of particular relevance to them. By bringing legal and business services colleagues together into our two largest divisions, we are delivering a truly integrated offering to clients, driving greater internal collaboration and supporting profitable revenue growth.

Q. What is the outlook for the year ahead?

We continue to be in turbulent times economically, and indeed the legal sector has seen pressures from both rising costs and volatility in demand particularly for transactional work. We have always viewed ourselves as having a defensive model but are not immune to the environment in which we operate. The margin dilution from salary and interest rate increases, which brought us in at the bottom end of Adjusted PBT expectations, will continue to need mitigating actions on price, productivity and cost control. We believe we have put the right initiatives in place to protect our P&L, but are also having to work hard to ensure lock-up stays within a sensible range as clients are inevitably holding on to cash for longer. This has implications for our leverage and our ability to execute our strategy. We remain confident in our prospects, but cannot be complacent about the headwinds affecting all businesses. Indeed, absent the Offer from Inflexion, the Board would need to consider the appropriate level of dividend, if any, for the period ending Apr-23 and DWF's medium term capital management framework.

Sir Nigel Knowles
Group Chief Executive Officer

24 August 2023

"Attracting and retaining the very best talent remains a top priority. That is why in the past year we have taken steps to continue strengthening our colleague proposition."

Our market drivers

Market overview

The past year has been marked by further uncertainty and strengthening headwinds in the global economy. However, whilst some staples of work for the legal industry have slowed down, such as M&A, an increasingly complex regulatory environment has ensured that the sector remains busy and continues to grow.

These complex market dynamics have also been a contributory factor to our other highlighted market drivers. Competition for talent remains a key issue for the sector, but with a slowdown in certain work types, the heat has been taken out of the escalating pay increases we highlighted last year. Instead, we are seeing increasing focus on the full employment opportunity available to prospective colleagues.

One issue influencing colleague, client and other stakeholder, decision making is performance on ESG. This theme retains its presence in our market drivers as we have seen no let-up in the increasing scrutiny given to the environmental, social and governance credentials of the sector.

This year we add emergent technologies to our shortlist of market drivers, with a particular emphasis on the rapid developments being made in the field of generative artificial intelligence. These developments present all legal services providers with opportunity and risk, and mostly with a series of difficult questions regarding how quickly such technology can be adapted and meaningfully harnessed to deliver positive outcomes.

Global growth continues but with greater caution

Analysis by Statista estimates that the global legal services market will be worth $840bn in 2023 and has been growing at a compound annual growth rate just below 5%. This is supported by Thomson Reuters Markets Insights data which found that 80% of global legal services buyers expect spend to remain the same or increase in 2023, compared with the prior year. However, there is also a note of caution in certain sectors or geographic markets, including the UK, where optimism tracks slightly below the global average.

What this means for our industry

Global market growth will lead to further consolidation and expansion through senior lateral hires. This will allow providers to meet client needs, whilst protecting against regional fluctuations in growth rates.

We also anticipate the market conditions contributing to the accelerating trend for companies seeking to work with fewer providers across a wider range of services. This trend results in simpler supply chains, deeper relationships, more streamlined and efficient delivery and greater transparency on costs amid economic uncertainty.

Our opportunity

Our integrated legal and business services approach and global presence mean we are well positioned to capitalise on both of these trends. Throughout FY2022/23 we have demonstrated our ability to capitalise on these trends with further M&A and a series of appointments to reduced legal panels.

Our response

We have further strengthened our global presence this year. In December, we completed our transaction with Canadian law firm Whitelaw Twining. Combined with our existing claims and adjusting teams in Toronto and Vancouver, we are now able to offer clients an integrated legal and business service in Canada. Last May, we announced our new affiliation with Hauzen LLP in Hong Kong.

We also continue to take steps to further drive integration and collaboration. As we move into FY2023/24, we are making a number of changes to our internal structure through which we are integrating colleagues in such a way that our internal operations align with the services we provide and the clients and markets we serve.

Competition for talent evolves

Whilst the battle to recruit and retain the best talent remains very competitive, the focus of this debate has moved on. The sometimes fevered race to increase salaries had to abate eventually and as market dynamics have shifted, the focus has turned to a wider range of factors as employees and potential recruits look for a more rounded working experience reflecting responsible business.

What this means for our industry
Whilst competitive rates of pay remain a core element of any reward offering, both current and potential employees want to see more from their employer on a wider range of factors such as remote or hybrid working policies, work-life balance, wellbeing, company culture, career development and approach to sustainability and ESG. Companies must consider how to create the best possible workplace environment to attract and retain the very best.

Our opportunity
We have long argued that there are better ways to incentivise colleagues and build a healthier workplace that champions Diversity and Inclusion ("D&I"), encourages work-life balance and creates positive physical environments.

Our approach has been recognised with DWF ranked as a Top 10 Employer for Working Families and as a Top 50 Employer for Women.

Our response
We are building on this established reputation by investing further in our colleague proposition. Last summer, we announced a series of new and improved family friendly policies including significant uplift to maternity, paternity, adoption and shared parental leave. We have embarked on a comprehensive review of our workplaces including upgrading office space or moving to new locations, and we have reinforced our commitment to a hybrid working model where colleagues are expected to spend some time in the office but have flexibility around where and when they work.

No let-up in the focus on ESG

The focus on ESG and Sustainability remains high from a wide range of industry stakeholders.

But the emphasis in this debate is evolving, with stakeholders now expecting more than just a commitment to action, but evidence that progress is being made.

What this means for our industry
Legal service providers need to demonstrate not only their commitment to act, through targets and disclosures, but also begin to demonstrate proof points that their ESG action plans are working.

With more and more businesses in the sector seeking to generate work advising other companies on ESG and Sustainability, providers must also demonstrate their own actions are consistent with the advice provided to clients.

Our opportunity
DWF continues to build on our existing commitments and 'walk the talk' with integrity by actively signposting stakeholders to our own ESG and sustainability goals, achievements and strategic priorities.

We are pleased to report improved scores across a range of external rankings, including EcoVadis and CDP.

Our response
We have responded by establishing our ESG & Sustainable Business advisory practice that is dedicated to supporting our clients with consultancy-led risk and opportunity factors.

ESG has remained a focus of our internal operations encompassing Environmental, D&I, Corporate Social Responsibility, and Wellbeing initiatives across the business. In October 2022, more than 1,300 colleagues joined a hybrid Town Hall which sought to educate and motivate on the topic of ESG.

In April, we became an inaugural signatory to the Legal Charter 1.5, a group of law firms with high ambition, working collaboratively to lead the legal sector in mitigating the impact of climate change.

The DWF Foundation, an independent charity established by DWF, passed £1m *in donations in early 2023, affirming our* commitment to helping individuals, groups and communities achieve their full potential.

Emergent technologies

Whilst it is possibly too early to describe it as a true market driver, there is no doubt that the theme which has generated the most comment over the past 12 months has been emergent technologies, and more specifically, generative artificial intelligence.

Like in wider society, the debate has ranged from high optimism (it heralds a huge boost for productivity) to rank pessimism (it will destroy everybody's jobs). As is often the case in these debates, the truth will lie somewhere in between, but how to respond to generative AI and prepare for its opportunities and threats will become an ever greater focus for businesses in our sector in the months and years ahead.

What this means for our industry
The power of generative AI is extraordinary and there is no doubt this technology will have a growing influence in the workplace. But the industry needs to grapple between the benefits and the risks, such as the tendency of generative AI to 'hallucinate', generating references to sources of information, events or even legal cases that do not exist.

Our opportunity
While there is more work to do to understand the risks, the opportunities are also clear, especially in terms of knowledge sharing. Generative AI has the potential to put all of our documented experience at the fingertips of our clients, or it could become the ultimate knowledge sharing mechanism within and across practice areas.

Our response
We have already embedded artificial intelligence in our business in areas such as eDiscovery and contract lifecycle management. With generative AI, we are taking a balanced approach by encouraging colleagues to familiarise themselves with its applications but never to rely on the content it creates, nor to use it as the basis of any materials submitted to, or on behalf of, a client. As with all new technology, we will move to implementation when we are satisfied that the underlying model, data, method of training and method of supervision are in place to enable delivery of the right results.

Delivering on our purpose

Our inputs

- Our colleagues
- Our clients
- Our communities
- Our knowledge
- Our brand
- Our systems
- Our global footprint

Our services

Legal Services Premium legal advice and excellent client service. Our teams bring commercial intelligence and relevant industry experience through eight core global sectors.

Business Services Our range of complementary products and business services that enhance our insurance and commercial legal offerings.

Legal Operations Outsourced and process-led alternative legal services, designed to standardise, systematise, scale and optimise legal workflows for areas such as eDiscovery, contract management, compliance, legal technology, consulting and operations, and knowledge management services.

Impacted by

Market drivers

- Global growth continues, but with a note of caution
- Competition for talent evolves
- Relentless focus on ESG
- Emergent technologies

Our stakeholders

- Colleagues
- Clients
- Suppliers
- Debt providers
- Shareholders
- Communities
- Regulators
- Policymakers
- Insurers
- Landlords

Our values

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

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

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

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

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

How we deliver for our clients

Client

DWF — **A leading global provider of integrated legal and business services**

Solutions — **What we do**

- Economic fraud
- Class actions
- Data protection & cyber security
- ESG
- Legal operations

Services — **How we do this**

- Legal Services
- Business Services
- Legal Operations

Sectors — **Who we do this for**

- Consumer
- Financial services
- Insurance
- Energy & natural resources
- Technology, Media and Communications
- Public and Government
- Built Environment
- Transport

Outcomes

Delivering positive outcomes with our colleagues, clients and communities.

Financial highlights

Net revenue

£380.1m

Adjusted profit before tax

£43.3m

Non-financial highlights

Client net promoter score

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Consistent with our score last year of +63. With a market average score of +40, our consistently strong NPS score demonstrates the appeal of our differentiated proposition and quality of our colleagues.

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£1,000,000

Grants awarded during the last financial year took the total funds awarded by the DWF Foundation past the £1 million mark.

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 more than 8%, with like-for-like growth of 5%.
- 27 lateral hires
- New affiliation agreement in Hong Kong with Hauzen Law
- Launch of our ESG & Sustainable Business advisory practice

KPIs

- Revenue growth
- Net revenue growth
- Like-for-like 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

- Completion of our transaction with Whitelaw Twining in Canada
- Subsequent entry into the Toronto legal services market with team hire, including three partners

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

- A reduction in our cost-to-income ratio from 38.4% to 37.2%
- Cost programme launched, with anticipated savings of £15m
- Focus on pricing
- Property strategy

KPIs

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

Underpinned by our strong commitment to our sustainability strategy

You can read more in our Environmental, Social and Governance report. See pages 26 to 39 for more detail.

Key performance indicators

R Linked to Directors' remuneration

Revenue growth

+8.6%

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

Net revenue growth

+8.5%

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

Like-for-like revenue growth

+4.9%

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

Gross profit margin

50.4%

Definition:
Gross profit divided by net revenue

Cost to income ratio

37.2%

Definition:
See glossary to the financial statements

Profit/(loss) before tax

£17.2m

Adjusted profit before tax

£43.3m

Definition:
See glossary to the financial statements

R

Diluted EPS

3.8p

Adjusted diluted EPS

10.2p

Definition:
See glossary to the financial statements

R

Net revenue per partner

£1,001k

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

Lock-up days

196

Definition:
See glossary to the financial statements

Net promoter score

62

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)

Free cash flow

£12.9m

Definition:
See glossary to the financial statements

Engagement survey score

76

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

% Executive Board roles held by women

36%

Net debt

£101.7m

Definition:
See glossary to the financial statements

% senior leadership positions held by women

32%

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

% ethnic minority representation in senior leadership positions

6%

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

Financial review

Chris Stefani
Chief Financial Officer

A Challenging Environment

The Group has delivered profitable growth in a particularly difficult environment for the sector. The results include reported revenue growth of 8.6% to £452m (PY £416m), net revenue growth of 8.5% to £380m (PY £350m), a 4.7% increase in adjusted profit before tax to £43.3m (PY £41.4m) and a reported profit before tax reduction of 23% to £17.2m (PY £22.3m).

In addition to top-line growth rates, the Group is gradually seeing the stabilisation and reversal of gross margin dilution from salary inflation over the last 18 months. The gross margin gap to prior year at FY23 has reduced compared to HY23, reflecting some improvements in pricing combined with the cost programme announced in December 2022. Overheads and the cost-to-income ratio are trending favourably with £11m of the previously announced cost savings secured by the end of FY23. These dynamics help to underscore confidence in market guidance as management has taken action to offset some of the adverse economic circumstances not envisaged when guidance was last issued.

Working capital performance continues to be an area of challenge in an environment where clients are generally looking to manage their own working capital cycle by often seeking longer billing or payment cycles. The Group reported lock-up days of 190 at HY23 which reflected an 11 day increase on FY22. As expected, this position stabilised in H2 with the like-for-like lock-up day performance for the full year at 193 days (like-for-like excludes M&A). Net debt performance follows lock-up days with FY23 net debt of £101.7m.

Revenue

Revenue for the year is £452m (FY2021/22 £416m) representing growth of 8.6%. However, the Group focusses revenue measurement on net revenue as revenue is distorted by the level of irrecoverable 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 is £380m (FY2021/22 £350m) representing reported growth of 8.5% and like-for-like growth (excluding acquisitions of Acumension and Whitelaw Twining) of 5%.

Divisional performance

Highlights of the performance by division are set out below:

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

£m	**FY2022/23**	FY2021/22	Change %/ppts
Revenue	**385.3**	355.1	+8.5%
Net revenue	**316.6**	292.0	+8.4%
Direct costs	**(154.0)**	(138.7)	+11.0%
Gross profit	**162.6**	153.2	+6.1%
Gross margin (%)/ppts	**51.4%**	52.5%	-1.1 ppts

Legal Advisory delivered net revenue growth of 8% (LFL growth of 5%) despite facing a number of challenges throughout FY23, including the impact of the Russia and Ukraine conflict and significant political uncertainty in the United Kingdom during Q2 and Q3. High single digit percentage growth in a number of our global teams such as Dispute Resolution and Finance & Restructuring, with double digit percentage growth in Tax & Private Capital, has been partly offset by transactional teams which have been impacted by the broader economic uncertainty and delays in the regulatory pipeline. Insurance grew by 5% and is generally less affected by macro factors due to its defensive nature. As the first financial year following the easing of Covid-19 restrictions, FY23 chargeable activity was also adversely impacted by increased absence as many colleagues took their first substantial holidays since 2019.

Given these various top line headwinds, fee earner, team and location performance levels have been closely monitored to identify potential strategic cost savings and protect margins. Along with tight controls over recruitment, these activities helped mitigate the impact of cost pressures that intensified from the FY23 sector 'war on talent' and market demands including cost of living pay increases for non-qualified grades upwards. Such actions needed to be balanced sensibly with the longer-term needs of the division.

Recruitment has been enhanced where the future pipeline warrants investment, for example in insurance and our new sustainable business offering and global arbitration teams. There has been a drive to build presence in London and to recruit high quality lateral hires into France and other overseas locations, whilst supporting wider growth in lower cost jurisdictions to facilitate efficient best-shoring of work.

Consequently direct costs have increased ahead of net revenue growth, resulting in a degree of gross margin degradation. There has also been an impact from lengthening matter lifecycles which have led to slower payments from clients, placing pressure on working capital and increasing lock-up days. This is consistent with trends reported across the sector and a broad range of measures have been introduced to mitigate risks in this regard. This working capital stretch is considered to be a timing issue which will ultimately unwind.

The end of the year saw the launch of a number of initiatives, such as the planned introduction of pricing technology solutions to help counteract ongoing inflationary cost pressures.

In addition, expansion into new locations (including Saudi Arabia and Canada) will support the drive for profitable future growth.

Connected Services (11% of Group Net revenue/9% of Group Gross profit)

£m	FY2022/ 23	FY2021/ 22	Change %/ppts
Revenue	**41.5**	34.2	+21.5%
Net revenue	**40.7**	33.9	+20.1%
Direct costs	**(22.7)**	(18.8)	+20.8%
Gross profit	**17.9**	15.0	+19.1%
Gross margin (%)/ppts	**44.0%**	44.4%	–0.4 ppts

Connected Services delivered net revenue growth of 20% compared to FY22 (LFL growth of 14%). This growth was supported by the acquisition of Acumension in September, a team of 47 legal costs management specialists in the UK, which has expanded DWF's costs management capability and enhanced the service for clients in the insurance and public sectors.

Whilst net revenue has grown by £6.8m, gross profit did not increase by the same proportion, resulting in gross margin decline for the division. This was due to cost pressures driven primarily by cost of living linked pay increases across a number of territories, particularly the UK, US and Canada. This margin dilution began to ease in Q4 as a result of cost measures and pricing interventions and is expected to improve along with the rest of the Group over time, particularly as efficiencies are secured through the new divisional structure.

The Claims Management and Adjusting business has grown by 12%. This was driven by both the US and Canadian geographies where the strength of the North American insurance market led to new client wins, teams in Chicago and Vancouver were expanded and as the business benefitted from the pound weakening against the dollar. The United Kingdom and Ireland business remained flat as new business replaced Covid-19 Business Interruption claims work. Combining the Claims Management and Adjusting business with Insurance Legal Services in FY24 will promote greater client sharing and collaboration.

The Regulatory business, which largely aligns to the new Commercial Services Division, has grown by 23% and saw an improving gross margin. With the exception of Audit, which underwent a restructure during the year, all businesses showed double-digit net revenue growth, reflecting a strong pipeline of work due to our clients increasing demand for regulatory advice.

The wider Group restructure produces synergies with what was the Legal Advisory division and presents the opportunity to reduce cost within the division. The full impact of the cost efficiency programme began to show through in the final quarter and, with the majority of the identified savings being support roles, should have limited impact on revenue.

Mindcrest (6% of Group Net revenue/ 6% of Group Gross profit)

£m	FY2022/ 23	FY2021/ 22	Change %/ppts
Revenue	**24.8**	26.8	–7.4%
Net revenue	**22.9**	24.4	–6.3%
Direct costs	**(11.7)**	(11.8)	–0.7%
Gross profit	**11.2**	12.7	–11.4%
Gross margin (%)/ppts	**49.0%**	51.8%	–2.8 ppts

Mindcrest had a transitionary year as structural changes were implemented, including a change in leadership and the recruitment of new sales resource. The focus for H2 has been on building pipeline and embedding the new dual go-to-market strategy, focussing both on sales to the top 450 Group clients as well as internal work transfer to secure Group margin benefit. As with other divisions, the cost efficiency programme has driven some cost removal but has also facilitated investment into sales resource in the US (the largest alternative legal services provider market globally).

Divisional net revenue contracted by 6% in the year, owing to the conclusion of one of the division's flagship engagements which began winding down in H2 of FY22. Despite net revenue having contracted year-on-year, H2 of FY23 saw top line growth of 9% as compared to H2 of FY22 as the division starts to generate momentum. Certain services within the division have enjoyed particular success, reflecting improved demand from financial services clients. This includes eDiscovery services, which grew revenue by 15%, and lender/recovery services, which grew by 10%.

In addition to the restructuring and refocussing activities, the division saw similar inflationary cost of living pressure across all geographies (more so in United Kingdom following announcement of Living Wage increases). The margin pressures began to ease in Q4 due to cost savings and the positive pipeline development.

Direct costs

Direct costs, which reflect the salary costs of fee-earning partners and staff, have increased by £19m, or 11%, to £188m. The acquisitions of Acumension and Whitelaw Twining accounted for £6.5m of year-on-year increases, and in addition salary increases and recruitment of new partners and fee-earners accounted for the remaining £12.5m (7%) increase. A combination of broader inflationary pressures and the well documented legal sector battle for talent have driven the salary uplifts.

Gross profit

Gross profit of £192m reflects the impact of organic and inorganic revenue growth and the salary increases from recruitment and salary uplifts, with gross profit increasing by £11m or 6% on FY2021/22. This reflects a gross margin % of net revenue of 50.4% (FY2021/22 51.7%). This reduction reflects the investment made in additional fee earning resources and the impact of salary increases driven by sector and broader inflationary pressures. Pricing and productivity are areas of focus which are expected to help mitigate the gross margin dilution.

> "Certain services within the division have enjoyed particular success, reflecting improved demand from financial services clients."

Administrative expenses
Administrative expenses (including impairment) have increased to £168m (FY2021/22 £153m) which is a £14m or 9% increase. However, on an underlying basis excluding adjusting items, administrative expenses for FY2022/23 are £141m (FY2021/22 £134m), an increase of £7m or 5%. Approximately two thirds of the year-on-year increase is attributable to the additional overheads from the acquisitions of Acumension and Whitelaw Twining. The balance predominantly represents increases in support staff salaries, travel, business development and IT costs.

The restriction of underlying overhead growth to 5% has delivered a cost-to-income ratio of 37.2% (FY2021/22 38.4%).

During the year, the Group announced a cost efficiency programme with the aim of reducing both direct and indirect costs to help offset other inflationary pressures. The outturn on administrative expenses and the resulting reduction in cost-to-income ratio is partly attributable to the savings delivered by this cost programme, which began to reflect in the numbers in the final quarter of the year. In May, the Group announced an increase in the cost savings target from £10-£12m to £15m in recognition of the continuing (and in the case of interest rates, increasing) pressure on the Group's 'Adjusted Profit Before Tax' guidance. Cost control will continue to be an area of focus with savings in property (via estate reduction), project spend and other discretionary overheads helping to mitigate ongoing salary inflation and interest increases.

Adjusting items (the difference between reported and underlying administrative expenses) were £26m (FY2021/22 £19m). The increase is due to additional share based payment charges, accelerated depreciation for vacant property, acquisition fees and restructuring costs.

The table below provides more details with full analysis contained in note 2 to the financial statements:

	FY2022/23 £m	FY2021/22 £m
Office closures and scale-backs	**10.0**	(0.2)
Acquisition-related expenses	**6.5**	9.6
Gain on bargain purchase	**(4.5)**	-
Other share-based payment expenses	**10.8**	9.6
Restructuring costs	**3.3**	-
Refinancing costs	**-**	0.1
Adjusting items	**26.2**	19.1

Adjusting items in FY2022/23 can be summarised as:

1. Historical office closures, impairments and scalebacks where some final costs were charged to the income statement in the year in relation to Germany and the Pune lease for the unused 8th floor was impaired;
2. Acquisition related expenses principally relating to amortisation and impairment of intangibles recognised on acquisition, acquisition related remuneration for Acumension and Whitelaw Twining and acquisition related advisory fees;
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 execution of the cost reduction programme.

Net finance expense and interest payable on leases
Net finance expenses relating to bank charges and borrowings were £5.3m (FY2021/22 £3.7m). Interest on bank borrowings increased as a result of a combination of higher interest rates and an increase in the level of net debt due to acquisition outflows and higher lock-up.

Interest payable on leases of £1.7m (FY2021/22 £1.7m) reflects the notional interest cost relating to lease borrowings.

Profit before tax
The Group reported a profit before tax of £17.2m (FY2021/22 £22.3m) which represents a £5m or 23% reduction on the prior year. The reduction is primarily driven by the £7m increase in adjusting items as detailed above in the administrative expenses section.

Adjusted PBT is £43.3m (FY2021/22 £41.4m) which represents a 4.7% increase on the prior year. The key factors driving the slightly lower "drop-through" from revenue growth are the gross margin dilution due to direct cost increases and significant interest increases from both base rate rises and sector lock-up stretch driving higher net debt. These factors are partially, but not wholly, offset by the initial impacts from the cost programme which means the adjusted PBT margin of 11.4% represents a 0.4ppts reduction on prior year (FY2021/22 11.8%).

Tax
The reported tax charge for the year, excluding prior year adjustments, is £5.7m (FY2021/22 £6.1m) on a profit before tax of £17.2m (FY2021/22 £22.3m). This represents an effective rate of tax of 32.9%. The effective tax rate was higher than the UK statutory tax rate primarily due to current year tax losses that have not been recognised as deferred tax assets (increasing the tax charge by £2.5m) and the tax effect of non-deductible expenses (increasing the tax charge by £1.7m) offset by the utilisation of unrecognised losses brought forward (reducing the tax charge by £2.1m).

The Group also booked prior year adjustments of a net credit of £1.0m. Those adjustments principally arise as a result of (a) finalisation of prior period partnership tax returns and partner drawings impacting the profits subject to UK corporation tax (£0.5m), and (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 2022 (£0.5m).

This gives a net tax charge of £4.7m for the year (FY2021/22 £2.0m).

There are no open tax audits or investigations across the Group. In line with Group 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 decreased to 3.8p in FY2022/23 compared to 6.5p in FY2021/22. The reduction is due to three factors: an increase in one-off (adjusting items) compared to the prior year, reducing the reported profit; an increase in tax charge compared to prior year, which benefitted from deductions from historical closures and scalebacks; and an increase in the share count from the acquisition of Whitelaw Twining during the second half of the year.

Adjusted diluted EPS has decreased to 10.2p (FY2021/22 10.7p), a reduction of 0.5p or 5%. This reduction is due to the aforementioned one-off benefit in the prior year tax charge which enhanced the prior year EPS by an estimated 0.9p.

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. Under normal circumstances, the Board targets a pay-out ratio of up to 70% of adjusted profit after tax. For FY2022/23, however, no final dividend has yet been declared given the proposed acquisition of DWF Group by Inflexion (which will include a special dividend payment of 3 pence per share if the Offer becomes effective) and unanimous recommendation that DWF Shareholders vote in favour of the deal. If the Offer does not become effective, the Board will need to consider the appropriate level of dividend, if any, for H2.

Working capital, cash flow and 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.

During the year, the Group saw a stretch in lock-up days to 190 days at the half year, after achieving consistent reductions over the previous four reporting periods. This lock-up increase was in line with reported lock-up stretch in the legal sector as client demands have driven either extended billing cycles or longer payment terms. Whilst the lock-up increase for the Group, at 5% at half year, outperformed the sector-wide increase of 10% it nevertheless has driven a higher overall lock-up balance and resultant net debt outcome. The stated intention at the half-year was to stabilise the position and this was broadly achieved with year-end lock-up of 196 days (193 on a like-for-like basis excluding Whitelaw Twining acquisition). In an inflationary environment with rising interest rates the upward pressure on billing and collection terms is potentially an ongoing risk. Whilst the Group will continue to mitigate this by improving the efficiency of internal influencing factors, the external environment is not expected to enable significant near-term reductions in lock-up.

The Group expects to continue to operate well within its available facilities and for all covenants to be compliant for the remaining tenure of the RCF.

Capital expenditure

The main capital expenditure requirements of the Group are for IT infrastructure, replenishment and project work and office refurbishments. Overall capex (excluding right-of-use asset additions under IFRS 16, and intangible assets recognised from acquisitions) in FY2022/23 was £6.3m compared to £7.9m in FY2021/22.

Current trading and future outlook

The performance in FY2022/23 reflects another year of profitable growth, albeit delivering an Adjusted PBT figure at the lower end of expectations. Whilst profits increased year-on-year, gross and net margins were diluted primarily as a result of direct cost pressures from increased salaries demanded across the sector. The Group has taken actions to mitigate these cost challenges via the cost programme which has made good progress and is expected to help to mitigate the ongoing upward cost pressures.

The balance sheet, specifically lock-up, has proved to be a continuing challenge with the lock-up stretch seen in H1 sustaining through H2 and into the new year. This increase in lock-up days has led to increases in net debt and leverage and reflects sector-wide pressures on billing frequencies and payment terms. Working capital efficiency remains a key focus of the Group in order to maximise cash generation to manage borrowing costs. Inevitably, there are conflicting pressures between lock-up management, borrowing costs, leverage, investments in M&A and dividend requirements which are being carefully managed and considered by management and the Board.

The Group continues to see growth and profit opportunities but the various performance levers will require cautious management in what continues to be a challenging environment.

Chris Stefani
Chief Financial Officer

24 August 2023

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.

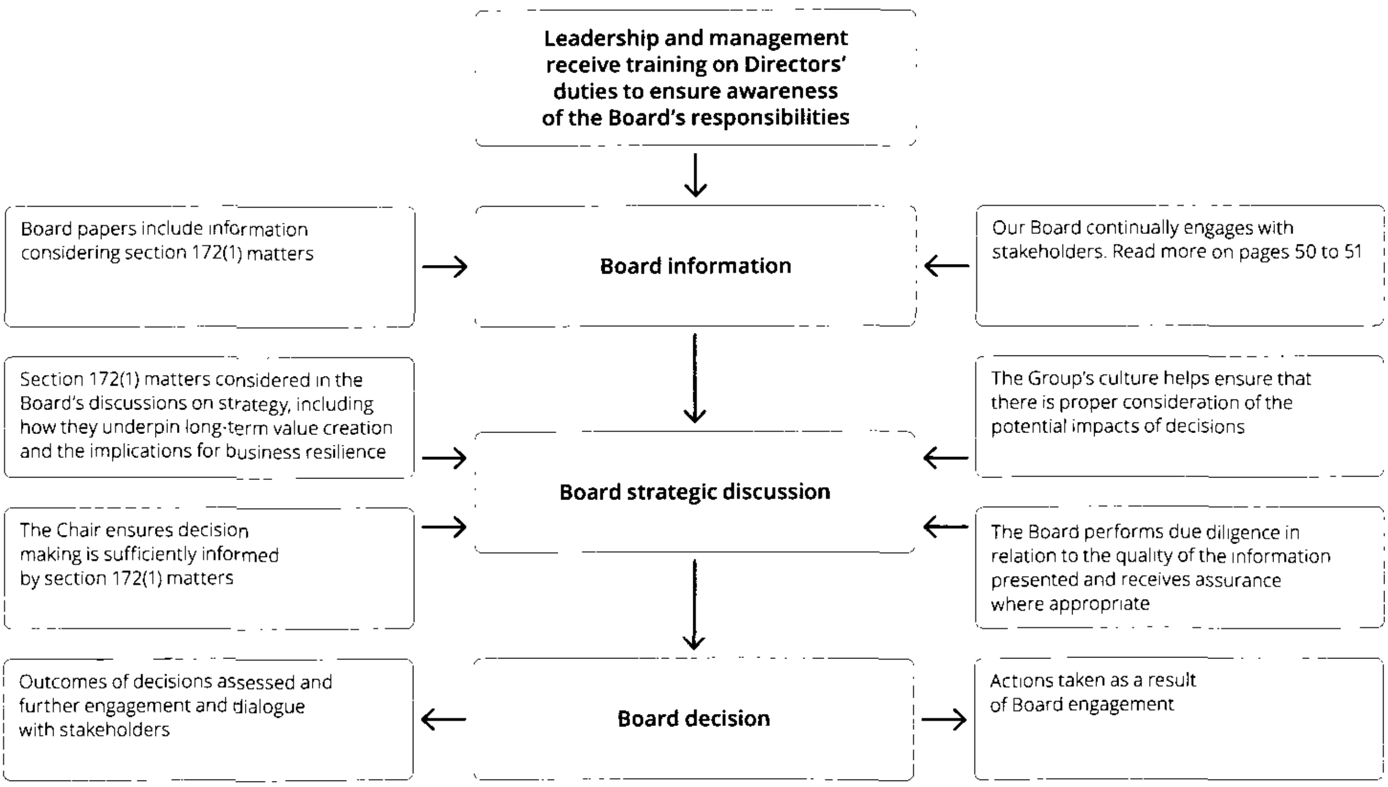
The Directors have had regard to the matters set out in section 172(1) when performing their duties. They consider they have acted in good faith, in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range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

The chart below 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 the next page. See pages 22 to 25 for more information on how we engage with our stakeholders and page 55 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 22 to 25
Culture pages 04, 05, 48 and 56
Values page 02

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



Divisional restructure

(a) (b) (c) (d) (e) (f)

Key decisions

The Board considered the current internal structure and recognised the need to change the structure of the divisions so that complementary ranges of products and services integrated together and, as such, could operate more effectively for clients. This resulted in a change in divisional stucture to Commercial Services, Insurance Services and Legal Operations. These changes to the Group's internal structure are a natural evolution of those made at the start of FY2021/22, and will allow DWF to go further in how it delivers its integrated offering to clients.

The Board considered the feedback from all stakeholders and approved the divisional restructure, noting the increased opportunities for collaboration and the benefits to clients.

How we engaged

- Held virtual Town Halls to ensure colleagues understood the changes and had the opportunity to ask questions.
- Proactive communications were sent to the clients most impacted by the changes.
- Engaged with the media to ensure the wider community were aware.
- An update was made to the market by way of RNS.

Outcome of engagement

- Changes were made to the proposed divisional structure to better suit client needs.
- Ensured clients and colleagues were fully briefed on all changes so they understand how the divisional changes will impact them.

Acquisition of Whitelaw Twining

(a) (b) (c) (d) (e) (f)

Key decisions

The Board considered the next step in the Group's North American strategy and the positive impact that the acquisition of Whitelaw Twining, a full-service litigation law firm specialising in insurance, commercial litigation, personal injury and dispute resolution, would have on facilitating the Group's integrated legal and business services offering in Canada and how well this would align with the Group's existing Mindcrest and claims operations in Chicago.

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

How we engaged

- Sought input from a select group of colleagues to assess the impact any proposed acquisition would have on our clients, our risk profile and our culture.
- Announcements were made on Rubix, the Company's intranet.
- Updates were released to the market via RNS both at the time of agreement to acquire Whitelaw Twining and also following completion of the acquisition.

Outcome of engagement

- Successful acquisition of Whitelaw Twining, complementing the Group's existing offering to clients in North America.

Key to decision making

(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

Stakeholder group	Why we engage	How we engage
Our colleagues (employees and partners)	Our colleagues are the heart and soul of our business and the key to its success. It is important to properly incorporate our colleague's views in Board decision making. We understand that it is vital that we recruit, retain and develop the best people. By doing this we will be able to implement our strategy and fulfil our purpose.	• Virtual Global Town Halls hosted by the Group Chief Executive Officer and supported by Non-Executive Directors or Executive Board members, as appropriate • Email digests and recorded video briefings sent three times a week to all colleagues • Global Pulse Surveys • *Partner representation on the Board* through our Partner Directors and Board appointed Designated Non-Executive Director for the workforce • Rubix, our Company intranet, provides a range of useful information for our colleagues and updates on the performance of the Company and other business matters • Informal colleague engagements with Non-Executive Directors • Rubies and Achievers colleague recognition platforms
Clients	The Group would not exist without its Clients. Clients are fundamental to everything we do, and so it is important we understand how we need to evolve to provide them with the right support.	• Key Account Programme with a dedicated Executive Board sponsor • Client Census to discover satisfaction metrics and key themes of feedback • Client Relationship Partners
Suppliers	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.	• 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

Key interests	Outcome of engagement	Risks and opportunities to DWF
• Strategy, business plan and budget • Recognition and fair reward • Open communication • Diversity & Inclusion • Ways of working, including our response to macroeconomic factors • Opportunities for professional and personal development • ESG & sustainability	• 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 • *Developing our premises strategy* following responses to the global colleague survey, with improvements made to office locations and facilities	**Risks:** • Increased employment and training costs • Short-term increased property expenditure • Impact on profit and Shareholder returns **Opportunities:** • Strengthened position to attract and retain talent • Better colleague engagement and understanding of the Group's culture and values • Highly skilled colleagues to better support clients and build strong long-term relationships
• 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	• Where global law firms typically score between 25 and 40, the Group received an above industry average client Net Promoter Score of 62 • Out of 512 clients surveyed, 84.5% 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 the Crown Commercial Service ('CCS') Legal Services Panel	**Risks:** • Increased business costs • Loss of clients/increased client turnover • Reduction in reputation • Inability to support clients' needs **Opportunities:** • Ability to attract and retain and build strong, long term relationships with quality clients • Better ongoing client engagement • Positive impact on long-term Shareholder value • Increase in profitability
• RFP process • Due diligence requirements • Good governance expectations • Payment processes and terms	• 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	**Risks:** • Increased business costs • Supply chain instability **Opportunities:** • Improved ability to work with quality suppliers • Positive impact on ESG • Positive impact on long-term Shareholder value

Engaging with our stakeholders continued

Stakeholder group	Why we engage	How we engage
Debt providers	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.	• Representatives from each bank attend our full-year and half-year results presentations • Management have regular discussions with our banks about our strategic priorities
Shareholders	Our Shareholders play an important role in monitoring and safeguarding the governance of our Group. Some are also colleagues and partners, who have a critical role to play in the continued success of our business. We are also conscious of our need to act fairly between the members of the Company.	• 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
Our communities	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.	• Volunteering in local communities • Charitable giving by the DWF Foundation • 5 STAR Futures, our community education programme, workshops and awards evening • Pro bono work • Working in collaboration with responsible business groups including BITC and Legal Charter 1.5 as well as the UN Global Compact
Our regulators	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.	• 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
Policymakers	We work with national and local Governments, policymakers, regulators and trade bodies to help shape policy for the benefit of the Company, our colleagues, our clients and our communities.	• Participation in consultations • Attendance and participation at conferences and business network events • Membership of relevant industry bodies • Creation of thought leadership

Key interests	Outcome of engagement	Risks and opportunities to DWF
• 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	• Strong and supportive relationships	**Risks:** • Increased costs of capital • Inability to access capital to fund growth plans **Opportunities:** • Impact on long-term Shareholder value
• 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 • ESG metrics • Our response to macroeconomic factors, such as the war in Ukraine, the cost of living and inflation • Transparency and good governance	• Trading updates to the market • Engagement with larger Shareholders and potential investors	**Risks:** • Increased business costs • Failure to progress against targets inability to demonstrate adherence to commitments **Opportunities:** • Improved understanding of Shareholder aims and expectations • Alignment of strategy with Shareholder expectations • Greater opportunities to keep Shareholders updated on the Group's plans to generate long-term Shareholder value
• Environmental and social issues including climate change • Developing skills in young people to become more work ready • Business ethics • Employment • Wider community support programmes	• DWF Foundation donated £151,032 through 99 grants investing in education, employability, health and wellbeing, foodbanks, homelessness and environment. • 8,671 hours volunteered by our colleagues • 1,627 hours of pro bono support • 1,493 hours invested in education and employability activities	**Risks:** • Increased business costs • failure to demonstrate action and progress on ESG targets **Opportunities:** • Achievement of ESG Strategy and goals Enrichment of colleagues and decreased attrition and sustainability • Giving back to the community • Increase in long-term Shareholder value • Attraction of talent
• Professional standards and compliance • Training programme • Innovation and data-driven disruption	• Constructive relationships and an open dialogue on any ongoing issues, including those raised by SRA audits • 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	**Risks:** • Increased business costs • Decrease in reputation • Decrease in ability to attract and retain clients **Opportunities:** • Better corporate governance • Ensuring compliance with the rules and regulations to which we are subject • Enhanced understanding of regulatory *requirements*
• Regulatory change in the sector • Innovation in the provision of legal services	• Opportunity to shape policy development • Positive client relationships with governmental bodies	**Risks:** • Increased costs • Unprepared for policy and legislative changes **Opportunities:** • Opportunity to drive improvements • Increasing our skills and sector knowledge

Environmental, Social and Governance report

Jonathan Bloomer
Chair

The role that business and law play in addressing Environmental, Social and Governance issues is fundamental to driving change and that is why ESG & Sustainability is fundamental to our business model and long-term strategy.

It has been another year of exceptional challenge for our climate and environment with 28 countries experiencing their warmest year on record, in addition to flooding and cyclones across the globe. Russia continues its invasion of Ukraine, we have seen the energy and cost of living crisis, and culture within companies has barely been out of the press this year.

As a Group, we have made considerable progress against the four core pillars of our strategy;

- climate action
- Diversity & Inclusion
- empowering our colleagues and our communities
- supporting and connecting with our clients

All of this is underpinned by acting with integrity in everything that we do and building trust and transparency. I am therefore pleased to provide you with an update on our ESG & Sustainability performance over the last 12 months, which marks the first full year of our strategy and aligns to our ambition for the Group and contribution to the UN Sustainable Development Goals ('SDGs') to 2030.

There are plenty of positive messages to share with you throughout this report. However, I would like to share my personal highlight within each of our core pillars for FY2022/23:

1. **Climate action:** Through our continued engagement with our landlords, we have moved two of our offices to 100% renewable electricity, therefore supporting the reduction in our Scope 1 and 2 greenhouse gas ('GHG') emissions which further supports our targets to reduce our emissions, by 50% by 2030.

2. **Diversity & Inclusion:** We now have a workforce where ethnic minority representation has increased to meet our 2025 target of 13%. Our focus will be to retain this percentage but more importantly increase it across all levels of the business.

3. **Empowering our colleagues and our communities:** This year the DWF Foundation celebrated a milestone achievement of distributing over £1m in grants to charitable causes.

4. **Supporting and connecting with our clients:** We have made significant investment to meet the adapting needs of our clients by developing a brand new consulting-led Sustainable Business & ESG Advisory Practice complimenting existing practices in regulatory, environment and responsible employment business capabilities.

Additionally, we have continued to evolve our governance and risk framework around ESG & Sustainability to make it core to how we do business but also who we do business with. Our stakeholders can be reassured that the additional structures we have put in place are robust and we remain sustainable and responsible. Further details of these structures and achievements will be highlighted throughout this report with supplementary commentary in our Impact Report.

Board oversight of our ESG & Sustainability strategy remains the same and is supported by our ESG Leadership Group, ESG & Sustainability Operations Board and Risk & Sanctions Committees.

As an Executive Board member, the Group Head of ESG & Sustainability Kirsty Rogers continues to report quarterly at meetings and bi-annually to the PLC Board, on progress against the strategy. Our Chief Strategy & Growth Officer remains as PLC sponsor and meets with our Group Head of ESG at least once a month.

We have seen a greater level of engagement, with 62% of all colleagues globally setting at least one ESG & Sustainability objective at the start of the financial year. As part of our continued engagement, we have provided more advanced training on the ESG & Sustainability agenda for different levels across the business. Again, further details will be provided throughout this report.

As always, we commit 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, and we will be implementing further training for our colleagues on these topics in FY2023/24.

Furthermore, we have no tolerance of bribery and corruption within our business, operations and supply chain and there have been no reports of such activity within FY2022/23.

Whilst we have made progress, we are aware that there is still a considerable amount of work to do and we will not be complacent. To ensure we continue to remain on track and are addressing the issues of most importance to all our stakeholders, we have committed to a second materiality assessment to ensure our strategy remains fit for purpose. The results of this assessment and any changes to our priorities will be implemented from January 2024.

The following report will detail our progress, future priorities and data analysis against each of our core pillars. Where applicable, prior year comparators can be found in our 2022 ESG Impact Report.

Jonathan Bloomer
Chair

Climate action

Our targets

- Reduce Scope 1, Scope 2 and Scope 3 emissions by 50% by 2030.

Our progress

100%

renewable electricity in Pune and Edinburgh offices

20%

reduction in Scope 1 CO_2 emissions compared with FY2021/22

41%

reduction in Scope 2 CO_2 emissions compared with FY2021/22

CDP – C rating

Improvement from a D in FY2021/22 and bringing DWF in line with sector average

51

additional colleagues attended training to become certified as carbon literate

80%

of our global leadership team attended a programme delivered by academics from the Alliance Manchester Business School on the 'Road to Net Zero' and the potential impacts of climate change

Our priorities

- Continuing to develop our operational carbon reduction plan that will focus on the areas of our operating model that contribute the most to our carbon footprint, being: our offices and associated resource use; business travel and commuting; and the purchase of third party goods and services.
- Our near-term targets form a crucial foundation for our Net Zero ambitions, and we now focusing on developing an ambitious long-term net zero target.
- Invest further in technological solutions to enable accuracy and completeness of data and analytics.
- Re-certification of ISO 14001:2015 in February 2024 to ensure that we manage our environmental impacts efficiently, comply with relevant environmental legislation and regulations, and minimise our environmental impacts wherever possible.
- Complying with ESOS Phase 3 deadline before December 2023.
- Develop additional environmental climate action training for all our colleagues.

Actions we need to take

- To support our carbon reduction plans, we need to ensure that financial accountability is fully embedded within our policies, which will also enable us to set carbon reduction targets at divisional and team levels.
- A key focus in FY23 was to identify opportunities for carbon offsets to compensate for the emissions we still make whilst we embed our strategies to reduce them. We have engaged with a number of partners to progress this work, and we have focused on refining our Scope 3 datasets to ensure that we have clear visibility of the level of offset required before finalising our credit procurement strategy.

GHG emissions by financial year:

Reporting years 2022 & 2023	*Restated* UK totals FY2021/22*	*Restated* International totals FY2021/22	Restated Total FY2021/22*	UK totals 2022/23	International totals 2022/23	Total 2022/23	Year-on-year difference %	Increase/ Decrease
Energy consumption				The following data reflects total energy consumed				
Gas and fuel kWh	1,248,614	-	1,248,614	976,718	-	976,718	-21.8%	**Decrease**
Electricity kWh	3,075,195	2,269,025	5,344,220	2,615,922	2,281,637	4,897,559	-8.4%	**Decrease**
Total energy used in kWh	**4,323,809**	**2,269,025**	**6,592,834**	**3,592,640**	**2,281,637**	**5,874,277**	**-10.9%**	**Decrease**
% split across UK and international sites	66%	34%		61.2%	38.8%			
Energy consumption			The following data reflects non-renewable energy consumed only					
Electricity kWh	129,290	1,456,483	1,585,773	7,463	1,197,934	1,205,397	-24.0%	**Decrease**
% split across UK and international sites	8.2%	91.8%		0.6%	99.4%			
Carbon emissions – location based								
Scope 1 emissions (tCO_2e)	223.7	0.0	223.7	178.3	0.0	178.3	-20.3%	**Decrease**
Scope 2 emissions (tCO_2e)	651.2	913.2	1,564.4	505.9	866.7	1,372.6	-12.3%	**Decrease**
Total scope 1&2 emissions (tCO_2e)	874.9	913.2	1,788.1	684.2	866.7	1,550.9	-13.3%	**Decrease**
Carbon emissions – market based								
Scope 1 emissions (tCO_2e)	223.7	0.0	223.7	178.3	0.0	178.3	-20.3%	**Decrease**
Scope 2 emissions (tCO_2e)	25.5	507.6	533.1	1.4	314.5	315.9	-40.7%	**Decrease**
Total Scope 1 & 2 emissions (tCO_2e)	249.2	507.6	756.8	179.7	314.5	494.2	-34.7%	**Decrease**
Intensity ratio tCO_2e per employee			0.18			0.12	-33.8%	**Decrease**

DWF utilise a third party system (Accuvio) to record monthly energy data which is converted into CO_2e measurements using jurisdiction-specific conversion factors.

The assessment of CO_2e emissions follows the market-based approach for assessing Scope 2 emissions from electricity usage. The decrease in energy use during the year reflects both absolute reductions due to efficiency measures taken in offices, and rationalisation of space following the shift to hybrid working patterns following the impacts of the Covid-19 pandemic. The reduction in Scope 2 market-based emissions also reflects the shift during the year to 100% renewable supply across the UK property portfolio, and in one of the largest overseas properties in India. All baseline figures are available in our FY22 annual report and accounts which can be viewed and downloaded at www.dwfgroup.com

* All comparative figures have been adjusted to reflect the acquisition of Whitelaw Twining during the year, which has been included on a full-year basis in both FY22 and FY23. This adjustment has been calculated using actual source data from FY23 extrapolated over the pre-acquisition period based on floor area occupied.

Diversity & Inclusion

Our targets

- 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 ethnic minority representation of colleagues across senior management to at least 10% by 2025.
- In the UK, to increase the ethnic minority representation of 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.

Our performance

14%

overall ethnic minority representation achieved against a target of 13% by 2025

100%

of all our Manager training programmes now contain D&I content

FT Innovative Lawyers Europe winner

for our D&I forecasting and analytics tool

Quarterly reporting

provided to our divisional leaders to assist them in measuring their D&I performance

97%

of all our key clients are now managed by account teams that include diverse characteristics

Focus on family support

new affinity networks on topics such as baby loss, adoption and fertility

Executive sponsors

to support new themes of carers, menopause and social mobility

Our priorities

- We will be capturing new data on non-binary gender identities in FY2023/24.
- We will be validating our care giving and social mobility data to enable us to disclose publicly and include in future reporting.
- We will be having a renewed focus on core areas including; recruitment, retention, policy and reward, data declaration, and engaging clients.
- We will be exploring the implementation of additional D&I targets to drive our performance towards our FY2024/25 strategy and to hold ourselves accountable against.
- Mentoring features as a key priority for the coming year. We will be expanding it to cover additional characteristics and undertake mentoring opportunities with clients such as peer mentoring focused on female talent at lower career grades.
- We will also continue to investigate how and where we can collect global data.

Actions we need to take

- We will commit to publicly disclosing our diversity data and tracking quarterly so that all our stakeholders can review our performance on a more regular basis. Further data on the gender breakdown of directors, senior managers and employees can be found on page 60.
- We will be introducing additional pay gap reporting related to gender on a global basis as well as additional protected characteristics for the UK.

DWF Diversity & Inclusion targets		Workforce statistics end of FY2022/23
Gender (global)	40% women on PLC and Exec Board by 2025	30% on PLC Board 35.7% on Exec Board
	40% of senior roles held by women by 2025	32.3% of senior role held by senior women
Ethnicity (UK only)	13% over ethnic minority representation by 2025	14% overall ethnic minority representation
	10% ethnic minority representation in senior roles by 2025	6.3% ethnic minority representation in senior roles
	3% Black representation in senior roles by 2025	0.4% Black representation in senior roles

Empowering our colleagues and our communities

Our targets

- Achieve and maintain an overall global colleague engagement score of 80+.
- Raise sufficient funds for the DWF Foundation to enable donations made to reach £1m 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.

Our performance

£1millon+
grants distributed to charitable causes, hitting our milestone target

£151,032
through the DWF foundation supporting 99 charities

76%
consistent colleague engagement score compared to prior year

323
number of colleague promotions

1,627 hours
pro bono recorded

8,671 hours
volunteering recorded

40%
overall target of 25,000 volunteering hours by 2025 achieved

31,958 training hours
an increase of 57% compared with last year

Agile working
remains permanent with most colleagues now spending equal time between office and home working

Code of Conduct
was updated with 89% of our global senior leadership team attending at least one of our ESG & Sustainability academic workshops

Our priorities

- We will be introducing a new global pro bono policy in FY2023/24 and identifying pro bono leaders within each region.
- We are looking to invest in more technological solutions to support our colleagues globally, including the use of a global HR system. Introduce a new procurement strategy which will have a strong emphasis on environment and human rights impacts to enable us to measure this across our value chain.
- We will be working on a new mandatory training programme which will include elements aligned to our ESG & Sustainability strategy, the environment and human rights.

Actions we need to take

- Better data and assessment of our value chain by working more closely together. Where applicable, providing training, on-site visits, risk analysis and contract reviews in the context of ESG & Sustainability.
- Create an environment where all colleagues feel empowered and encouraged to use 15 hours volunteering/pro bono hours.
- A revised approach to our mandatory training across the Group.

Supporting and connecting with our clients

Our targets

- 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 & Sustainability.
- 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.

Our performance

Sustainable Business & ESG Advisory Practice

Appointment of a senior partner to lead our newly created consultancy-led practice

Legal Charter 1.5

An inaugural signatory and contributor to the eight principles

62

Net promoter score, in line with last year's performance

ESG foundation training

developed to support our clients with 2 hours' worth of CDP e-learning

90

individuals involved in peer mentoring programmes with our clients

52

articles and thought leadership published for a variety of audiences from our Sustainable Business & ESG experts

56%

of key clients have already engaged with us on Sustainable Business & ESG

Our priorities

Our overall objective is to help our clients optimise the positive impact of their sustainable business strategy and actions across the environmental, social and governance risk agenda to enable them to transform and elevate business performance in the long term. We deliver this through focusing on our client priorities outlined below:

- Design and develop risk-mitigation solutions to enable our clients to address sustainable business and ESG risks and unlock value creation opportunities using our multi-disciplinary skills and expertise in consulting, legal, risk, compliance and corporate governance.
- Develop trusted relationships with C suite and senior business leaders to fully engage upon their strategic issues and position sustainable business and ESG as a platform for growth and enhanced strategy performance.
- Conduct and deliver leading-edge thought leadership on sustainable business and ESG hot topics that challenge the status quo and empowers our clients to fully embrace the end-to-end opportunities of responsible business.
- Continue to build and scale up our unique blend of consulting-led legal advisory expertise and skills to support our clients in the effective design, development and delivery of their sustainable business and ESG strategies and prioritised action plans
- Work collaboratively with our colleagues to identify opportunities to help our clients in the development of their knowledge, skills and expertise of sustainable business and ESG through coaching, mentoring and pro bono offerings.

Actions we need to take

- Provide the tools needed to upskill our colleagues in line with the principles of the Legal Charter 1.5 and The Law Society guidance to advice our clients with transitioning to a 1.5 degree pathway.
- Continue to review our clients globally to ensure we are taking action against those in particularly high-risk sectors, as outlined in our ESG Client Policy. This includes further development of the policy at individual matter level to mitigate potential risks and create opportunities with our clients.

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

Climate action is a key pillar of our ESG & Sustainability strategy, recognising that climate change will affect all of our stakeholders and disrupt the environment in which we operate. We therefore continue to assess the potential impacts of climate change on our business, and align this work with the recommendations of the TCFD.

Climate-related risk to the business is still considered an emerging risk, not a principal risk, given the inherent resilience of our business model to the worst physical impacts of climate change, and our ability to adapt our strategy in response to the transition to a low-carbon economy. Further detail is available in the principal risks section of the Strategic report (page 42 to 43). During the year, our focus has been to effectively embed climate-related risk and opportunity assessments into our broader strategic planning and risk management processes, so that our response to climate change is effectively integrated into our operations.

Our climate-related risks and opportunities analysis focused on the potential impacts of climate change on our colleagues, clients and communities in order to identify how these impacts might affect our ability to achieve our purpose of delivering positive outcomes with these groups. Further attention was also given to the potential impacts of climate change on our infrastructure and our consequential ability to operate effectively.

We have used scenario planning assumptions that are consistent with those used in 2021/22, because these still provide the best illustrative cases to assess potential climate-related impacts on our business under different warming conditions.

The disclosures that follow summarise our response to each of the 11 TCFD recommendations:

R1. Governance

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

The Board has oversight and overall responsibility for ESG & Sustainability, including the impact of climate-related risks and opportunities on the business. The Board is supported by the Group Head of ESG & Sustainability 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.

The Group Head of ESG & Sustainability presents on key ESG & Sustainability matters to the Board quarterly. 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.

This process includes considering climate related issues in the context of strategy development, annual budget and forecasting processes and overall risk management policies.

The Executive Board and PLC Board continue to receive training on environmental issues including climate change, and in 2022/23 there was a particular focus on carbon credits and offsetting models. This education and insight helps to inform the Group's strategy in effectively responding to climate-related risks.

This presentation includes emission data to enable the board to monitor and manage progress against the reduction targets set.

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

Management of climate-related risks and opportunities lies with the ESG Leadership Group, led by the Group Head of ESG and Sustainability and attended by the Executive Board's ESG sponsor. Membership of this group comprises key function heads, and includes the Global Co-Head of Energy, a legal expert in the field of emerging power; energy transition; regulatory change and policy. During the year, the Group also invested in a new role by appointing a Head of Sustainability with a core focus of supporting the Group's strategic response to climate change and leading its ambitious carbon reduction plan.

At each ESG Leadership Group meeting, updates relating to environmental and climate-related matters are discussed, and the group actively monitors progress against agreed actions to ensure it responds to climate-related risks effectively. The objectives of the ESG Leadership Group are supported by the ESG Operations Group, a taskforce established to manage the operational programmes designed to deliver the ESG & Sustainability Strategy.

Assessment of climate-related risks and opportunities is performed by the Executive Board, with input from senior management across all key business areas, including both client services and central support functions. Senior management also assess how these risks and opportunities may manifest differently in the context of the two warming scenarios over the short, medium and long term.

The ESG Leadership Group subsequently reviews this analysis and determines which risks and opportunities could have a significant impact on the strategy of the Group as a whole. Related risks are reviewed within the Group's existing Risk Management Framework as described below, and opportunities identified are logged and actioned with the relevant management team.

Training is provided to senior leaders to ensure they can effectively assess the potential impacts of climate change on their business area. In 2022/23, training provided to our global senior leadership team included an independent training programme delivered by academics from the Alliance Manchester Business School, attended by 80% of all our global leadership team. Additionally, a further 51 colleagues have received Carbon Literacy Training throughout 2022/23 and colleagues had the opportunity to attend specific training on the SBTi to increase understanding of our carbon reduction targets. Management is also supported by thought leadership obtained through membership of the UN Global Compact's Climate Disclosures working group, which meets quarterly.

R2. Strategy
a-b. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term, and the impact of these on the organisation's businesses, strategy and financial planning.
The strategic implications of the risks and opportunities identified as part of the Group's assessment are summarised in the table on pages 34 to 36. As outlined above, we have also classified these risks and opportunities according to their potential to impact our infrastructure, colleagues, clients and communities; in order to identify where they may impact our ability to deliver positive outcomes in line with our core purpose. The risks and opportunities identified have been considered in the context of their potential impact over the short term (1-3 years), medium term (3-10 years) and long term (10+ years). These timescales align to those used in the context of the Group's broader strategic planning process.

Details of the Group's strategy to reduce GHG emissions in line with the targets set are set out in the ESG impact report

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
See disclosure on page 35.

R3. Risk management
a-c. Describe the organisation's processes for identifying, assessing and managing climate-related risks, and their integration into overall risk management.
Climate-related risks are identified, assessed and managed as a component part of the Group's overall risk management process, as outlined on pages 40 to 44.

As part of this process, the Board, supported by the ESG Leadership Group, review the Group's Enterprise Risk Management ('ERM') framework to ensure it effectively incorporates processes to identify, assess and manage climate-related risks and opportunities over the short, medium and long term. This review happens at least bi-annually.

As described within recommendation 1b the risk assessment is performed by senior management and subsequently assessed by the ESG Leadership Group, which identifies the risks that have the potential to impact the strategy of the Group as a whole before feeding them into the risk register.

During the 2022/23 risk management cycle, the ESG Leadership Group also reviewed the Group's existing principal risks to consider how climate change may impact the likelihood and magnitude of these risks, or how these can be mitigated. This has facilitated a more effective process of embedding considerations of climate change within our existing risk assessment process.

Within the scope of the ERM, the business also identifies potential emergency situations, including those that are caused by, or might impact, environmental change. These risks are reviewed at least annually.

Climate impact, categories and timescale	Strategic implications
1. Physical: Disruption to IT infrastructure in extreme weather events **Clients** **Infrastructure** **Medium term** **Long term** Description IT infrastructure is critical to the Group's ability to operate. This infrastructure is reliant on physical data centres and a reliable power supply. It is therefore exposed to the consequences of extreme weather events, which could result in business disruption via power failure, flood or loss of cooling.	Risk resilience and mitigation: • Most personal IT hardware and equipment is portable and therefore can be more easily protected from physical disruption than integrated assets. • Our global presence means colleagues are primarily based in similar jurisdictions to our clients. Therefore, power failure caused by extreme weather is likely to simultaneously impact client and internal operations, implying a mutual acceptance of flexibility around service delivery timelines. • 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. Opportunity potential: • N/A
2. Physical: Impact of extreme weather events on offices and home working environments **Colleagues** **Clients** **Infrastructure** **Medium term** **Long term** Description Office premises and colleague homes are exposed to extreme weather events, especially those in higher-risk geographies. This could result in disruption to our colleagues working remotely or in offices, and to our support services. This could impact our ability to service our clients effectively.	Risk resilience and mitigation: • A large portion of our operations are based in the UK, which is less exposed to the most severe physical impacts of climate change in the short to medium term. Whilst periodic flooding and overheating are likely to cause temporary disruption, the geographic spread within the UK and flexibility of hybrid working provides resilience against the risk that we could not continue to service clients. • The work that is performed in our more highly exposed locations, such as our Indian office, is not exclusively delivered by teams who work there. The services they deliver are also performed by teams in the UK and Canada, which allows us to plan for effective business continuity in the event of climate-related disruption. Some of the work performed by these teams serves internal operational functions, and therefore disruption would not have a direct impact on clients and revenue-generating work streams. • In our more highly exposed client serving locations such as Australia, we anticipate that the loss of productivity would manifest itself as reduced output and lack of billing potential over a period of weeks. This does not constitute a material portion of Group revenue and therefore is a risk that can be reasonably built into financial budgets and forecasts as a contingency. • DWF does not own its office premises and therefore would not bear any direct financial cost of retrofit or repair from damage. It is likely that the associated cost and insurance premium impact will be built into rent increases by landlords, who are contractually obligated to provide sufficient notice of increases, and therefore would be built into financial budgets and forecasts accordingly. Opportunity potential: • N/A

Climate impact, categories and timescale	Strategic implications
3. Physical: Impact of extreme weather events on clients and their operations **Clients** **Medium term** **Long term** Description The ongoing operational effectiveness of the Group's clients is vulnerable to disruption from extreme weather events. Some clients will be significantly exposed due to either their location in higher-risk geographies, or where they have value chains that are at high risk of disruption. Insurance industry clients are likely to see significant impacts of extreme weather events on their risk assessment and claims processes. Disruption to clients has the potential to impact revenue-generating opportunities.	Risk resilience and mitigation: • We have reviewed our portfolio for clients who will be more highly exposed to physical risk, to identify which of our services may suffer reduced demand as a result. This review focused on the 8 core sectors that we provide services to, and identified that the diversity of our offering provides a natural hedge whereby physical impacts on some clients that could pose a risk to revenue streams are largely outweighed by impacts on other clients that will trigger a greater need for our integrated legal services. *Opportunity potential:* • Client proposition in the insurance industry: as our insurance clients adapt their strategies in response to climate change, their reliance on reliable legal services will increase. The Group is working closely with key insurance clients to ensure that it is well placed to support them in the future, and is therefore securing its revenue pipeline from these clients. • Cost saving: As clients experience the impacts of more volatile weather conditions on their ways of working, the expectation for travel is likely to decrease and result in cost savings.
4. Physical: Impact of extreme weather events on our supply chain **Communities** **Medium term** **Long term** Description The Group's supply chain may experience disruption based on environmental and geopolitical factors inhibiting effective delivery of goods and services to DWF. This could impact the ability of the Group to deliver client services, and could cause supply chain cost inflation.	Risk resilience and mitigation: • As a professional services business, our model is inherently resilient to disruption in its physical goods supply chain. Therefore, the Group could effectively deliver its core legal services if its supply chain was disrupted temporarily. • Where the Group relies on third party service provision, there is not significant reliance on a single provider, mitigating the risk of disruption. • The impact of cost inflation is built into the Group's strategic financial planning process and therefore exposure to this risk is low. Opportunity potential: • N/A

Climate impact, categories and timescale	Strategic implications
5. Transition: Increased societal expectation around climate action and its impact on talent **Colleagues** **Short term** **Medium term** Description Our colleagues are key to the future success of the Group. To continue to attract and retain talent, we must take meaningful action and be a leading player within the legal sector in our response to the global climate emergency.	Risk resilience and mitigation: • The Group has publicly disclosed its commitment to climate action and has a robust carbon reduction plan. This commitment is a key factor in mitigating the risk of failing to attract and retain talent. Opportunity potential: • The strong commitment from the Group in respect of climate action is likely to boost talent attraction and retention. This will drive quality of client service and therefore help to secure revenue-generating opportunities, and will also reduce attrition and associated recruitment costs.
6. Transition: Brand and reputational risk and opportunity in response to the increased societal expectation around climate action **Colleagues** **Clients** **Communities** **Short term** **Medium term** Description The DWF brand and reputation are impacted by action taken by the Group in response to the climate emergency. Additionally, our association with clients who do not commit to climate action could undermine the carbon reduction commitments we have made and put the Group at risk of greenwashing. This has the potential to impact revenue.	Risk resilience and mitigation: • The Group has publicly disclosed its commitment to climate action and has a robust carbon reduction plan to secure its reputation in respect of environmentally responsible behaviour. • The Group has a client take-on policy process to reduce the risk of acting on behalf of clients who do not commit to climate action. Opportunity potential: • The public commitments the group has made to climate action are likely to attract clients who are scrutinising their supply chains and prefer to work with firms who can support their own carbon reduction ambitions. This has the potential to be a significant competitive advantage and deliver associated revenue-generating opportunities.

Climate impact, categories and timescale	Strategic implications
7. Transition: Transition to a low-carbon economy triggers market shifts and changing client expectation for products and services **Clients** **Medium term** **Long term** Description As clients adapt their business models in response to the transition to a low-carbon economy, their requirement for legal and advisory services will change accordingly. Failure to align our client offering to changing commercial need risks loss of revenue, but timely and relevant new product development will be a competitive advantage.	Risk resilience and mitigation: • We have reviewed our key client base across the eight main sectors we operate within to assess how their needs will change in response to climate impacts. This assessment concluded that as these clients adapt their models, their fundamental need for our core legal offering will remain unchanged and therefore our model is inherently resilient to this risk. In order to keep our core offering relevant and effective, we are continuing to educate all our colleagues on the causes and impacts of climate change to ensure they are well placed to incorporate these factors into their advice. Opportunity potential: • We have engaged with our clients to better understand how the significant socio-economic change caused by the transition to a low-carbon economy will impact them. This demonstrated that in many cases their need for integrated legal and advisory services will increase during the transition. • There is an emerging pipeline of significant regulatory change in relation to climate change and the response by businesses. This change aligns strongly to our core offering and will provide significant revenue-generating opportunities. • We continue to build our existing well established offering to the Energy & Natural Resources sector, which is well placed to facilitate the transition. • We are effectively positioned to deliver revenue growth in this area due to a combination of expertise and strong reputation, established through our own commitments to climate action. • Our talent pipeline and succession planning focusses on ensuring the Group has the expertise to deliver competitive services from industry leading talent within a low-carbon economy.
8. Transition: The transition to a low-carbon economy negatively impacts clients who are unable to transition effectively **Clients** **Long term** Description Revenue-generating opportunities may be limited from clients who do not effectively transition to a low-carbon economy. Where this causes a threat to their viability, or a significant financial downturn, the potential for revenue generation from these clients will be compromised.	Risk resilience and mitigation: • Within our client base, there is limited reliance on clients whose viability is challenged by a transition to a decarbonised economy, in particular the energy and aviation sectors. *Within our energy and natural resources practice, the majority of our work focuses* on renewable energy and the transition to low-carbon fuel, which offers significant growth potential. Opportunity potential: • N/A

The strategic review has demonstrated that our business model is inherently resilient to the worst physical impacts of climate change, given the agility to transition to remote working, and the location of our key offices at sites that are at low risk of physical damage from extreme weather. The review has also demonstrated that we are well placed to realise the benefit of opportunities that climate change and the transition to the a low carbon economy presents – largely in respect of the likely significant change to legislation that our clients will need to navigate as part of the transition to a low carbon economy, in addition to legal support required for successful divestment and acquisition of assets triggered by the transition. Further verification of this has been provided by the application of scenario planning.

R.2 Strategy

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

The two scenarios used to assess the resilience of the Group to the impacts of climate change provide effective illustrative cases of the most extreme conditions that could arise. By considering these two extreme cases, the Group can effectively plan for mitigative actions that demonstrate the most prudent response to the potential impacts of climate change on its business model. These scenarios, and indicative conditions, are summarised below.

Environmental, Social and Governance report continued

The strategic impacts identified in the tables on pages 34 to 36 have been considered in the context of the indicative physical and socio-economic conditions under each of the two scenarios. Under each scenario, every risk or opportunity has been given a rating based on the respective exposure or potential, as per the rating tables below.

	Scenario 1	Scenario 2
Temperature rise above pre-industrial levels	1.5 degrees	4 degrees
Description	GHG emissions reduction aligned to the goals of the Paris Agreement to reach Net-Zero by 2050.	Limited GHG emission reduction resulting in 4 degree warming by 2100.
Indicative physical conditions	More frequent extreme weather events, causing periodic disruption triggered by flooding, extreme heat, drought and storms.	Permanent volatility in weather, causing continued disruption triggered by flooding, extreme heat, drought and storms.
Indicative socio-economic conditions	• Significant decarbonisation policy and regulation • Significant investment focus in low-carbon assets and infrastructure • Widespread societal behavioural change • Rapid business-model transformation to adapt to a low-carbon economy	• Policy change limited to reactionary and shortterm response • Wide-spread displacement of populations and associated conflict • Limited business-model change leading to reactive response to the transition

Rating	Risk exposure
1	Strong mitigation potential, unlikely to impact *strategic progress*
2	Good mitigation potential, immaterial impact on strategic progress
3	Low mitigation potential, material impact on strategic progress

Rating	Opportunity potential
A	Material financial return
B	Immaterial financial return
C	Unlikely to generate financial returns

Climate impact		Classification: Scenario 1	Classification: Scenario 2
1. Disruption to IT infrastructure in extreme weather events	Risk	1	2
	Opportunity	N/A	N/A
2. Impact of extreme weather events on offices and home working environments	Risk	1	3
	Opportunity	N/A	N/A
3. Impact of extreme weather events on clients and their operations	Risk	1	2
	Opportunity	B	B
4. Impact of extreme weather events on our supply chain	Risk	1	2
	Opportunity	N/A	N/A
5. Increased societal expectation around climate action and its impact on talent	Risk	1	1
	Opportunity	A	B
6. Brand and reputational risk and opportunity in response to the increased societal expectation around climate action	Risk	1	1
	Opportunity	A	A
7. Transition to a low-carbon economy triggers market shifts and changing client expectation for products and services	Risk	1	1
	Opportunity	A	C
8. The transition to a low-carbon economy negatively impacts clients who are unable to transition effectively	Risk	1	2
	Opportunity	N/A	N/A

Strategic impacts – conclusion

The Board concluded that the Group is well placed to deliver its broader strategic objectives in the face of climate change by: continuing to effectively integrate its assessment of climate-related risks into its overall risk management process; and continuing to innovate and adapt its integrated legal services to meet the changing needs of clients as they adapt to the transition to a low-carbon economy.

It also recognised that to effectively manage these climate-related impacts, it must continue to educate and engage all colleagues to consider climate change in the context of their individual roles and responsibilities, so that the Group is well placed to respond to the volatility that climate change will cause within its operating environment.

R4. Metrics and targets
a. 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 supporting the global transition to a sustainable low-carbon economy and our ambition is to achieve Net Zero GHG emissions ahead of the UK Government's target of 2050, aligned to the goals of the Paris Agreement. This action ensures we play our part in the collective effort to mitigate the worst climate-related risks noted above by reducing the impact of climate change on society globally.

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

In addition to the Group's GHG emissions, financial metrics including revenue, operating costs and asset values are also used to help inform the assessment of climate-related risks and opportunities in line with its strategy and risk management process.

b. Disclose Scope 1, 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.
The Group measures Scope 1 and 2 emissions and reports these in line with SECR requirements as summarised on page 26. The group also measures its Scope 3 emissions, which are disclosed within its ESG & Sustainability Impact report.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
Our near-term targets are to reduce Scope 1, 2 and 3 GHG emissions by 50% by 2030 against a 2019 baseline. More detail on the action being taken by the Group in achieving these targets can be found on page 27 and in our ESG & Sustainability Impact Report.

Risk management, our approach

DWF outlines the Group's commitment and approach to good risk management through its Risk Management Framework. The purpose of the framework is to ensure that the organisational approach to risk is clearly understood and effectively managed across all areas of the business. It identifies the roles and responsibilities of everyone in the Group and the integral part that they play in the management of risk. An annual review is conducted to ensure that the framework aligns to the Group strategy and both the internal and external environment.

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.

The DWF Risk Committee supported the FY2022/23 risk review recommendation to have ESG as a designated principal risk, and concluded that initially an 'open' risk appetite would be assigned to it.

At DWF, we recognise the importance of a strong culture of compliance, ethics and integrity, and we have an 'averse' 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 and is performed on all key risks.

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

External assurance providers

Governing body
Accountability to stakeholders for organisational oversight

Governing body roles:
Integrity, leadership and transparency

Management
Actions (including managing risk) to achieve organisational objectives

First line roles:
Provision of products/services to clients, managing and reporting risk

Second line roles:
Expertise, support, monitoring and challenge on risk-related matters

Internal Audit
Independent assurance

Third line roles:
Independent and objective assurance and advice on all matters related to the achievement of objectives

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.

Risk management, our approach continued

Principal risks

During the financial year 2022/23, the continuing war in Ukraine has contributed to economic instability globally.

DWF remains alert to the impact of the Russian invasion of Ukraine and subsequent ongoing events.

We actively implement actions to limit the impact on, and ensure the sustainability of, our business. Our considerations include:

- monitoring of sanctions on individuals and organisations; and
- the rising overhead costs created through increasing utilities charges and wage expectations due to the cost of living crisis

Business, commercial and strategy risk

Risk rating 1 2 3 4 5 V

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 expanded our 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 mitigating action:
We have reviewed and enhanced a number of our processes aligned to the integration of M&A activity to ensure colleagues globally are aligned and service to clients is seamless. Furthermore, the inception of a dedicated team to support key clients and ensure expectations are understood and delivered has received very positive feedback.

We have undertaken a strategic cost review to ensure our operating structure, processes and Real Estate strategy is aligned to our profitability and sustainability goals.

Conduct and ethics risk

Risk rating 1 2 3 4 5 N

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 mitigating 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 1 2 3 4 5 N

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 colleagues.

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 mitigating 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.

ESG risk

Risk rating 1 2 3 4 5 N

At the beginning of FY2022/23, following the annual review of the Risk Management Framework, the Risk Committee approved an additional principal risk should be added to the Group Taxonomy in the form of ESG risk.

Within ESG, the following categories were identified where potential risks may be sited; Net Zero by 2030, Diversity & Inclusion Targets, Governance and Pro Bono, and an 'open' appetite for the first year was agreed.

Example of risk mitigating action:
Both an ESG Leadership Group and an ESG Operational Board have been formed and meet regularly. The Head of ESG briefs the PLC Board and advises the Executive Board. An ESG Strategy and pillars, each with targets and priorities, enable us to stay focused, and objectives for colleagues have been identified and are tracked.

Key to risks

5 High risk
4 Medium to high risk
3 Medium risk
2 Low risk
1 Negligible risk
V Viability risk
N Not a viability risk

Operational risk

Risk rating 1 2 3 4 5 N

At the beginning of our financial year 2022/23, we reviewed our overall appetite for operational risk, and reduced it to 'cautious'.

This was because 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.

However, 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 provides us the opportunity to take well managed risks where opportunities to create discernible benefits through innovation could assist in the achievement of our objectives.

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 1 2 3 4 5 V

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. The Group has a revolving credit facility, which expires in December 2025, with one 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 1 2 3 4 5 N

We do not waver 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 become more prevalent across the legal sector over the past few years.

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 learned.

Risk management, our approach 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 continues 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 the Russian invasion of Ukraine

Risk rating 1 2 3 4 5 N

During the financial year 2022/23, Russia continued its occupation of some areas of Ukraine and maintained a sustained attack on other areas. 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.

DWF has continued to maintain its efforts to support the Ukraine relief efforts financially.

DWF's Risk & Sanctions Committee continues to oversee 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.

Key to risks

- 5 High risk
- 4 Medium to high risk
- 3 Medium risk
- 2 Low risk
- 1 Negligible risk
- V Viability risk
- N Not a viability risk

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 page 10), the Group's strategy (see page 12), risk management (see page 40) and the Group's principal risks (see page 42). 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 2026 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 that was initially taken out for a three-year period (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.

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, excluding M&A. 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 considering the ever-changing risk horizon.

Financial resources

The Group closed the year with committed Banking Facilities of £158m (of which £139m were drawn, but with a cash balance of £37m), the largest of which is the £120m rolling credit facility (RCF) where the accordion option of an extra £20m was exercised in February 2023. This increased the facilities available to the Group on the backdrop of challenging macro environment and legal sector headwinds particularly around extended lock-up cycles. This RCF has two years remaining with one twelve month extension and is subject to financial covenants as outlined in the going concern assessment on page 105. The facility agreement also permits the Group to obtain a further £25m of external funding and £15m of leasing facilities if required.

Principal risks

All of the principal risks detailed on pages 42 to 44 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 were they to crystallise. 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.

Scenario	Principal Risk	Description
Proposed cash offer for DWF PLC does not materialise	Business, Commercial and Strategy Risk	A scenario was modelled that the proposed deal did not complete and therefore the outlook was assessed on the Net Assets, Cash flows and existing 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 and acutely in the legal sector result in increased overhead cost base. The scenario modelled is that inflation continues to rise above that set out in the base case.

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, albeit both on a shallow downward trajectory.

If the recommendation of an all cash offer for DWF Group plc from Aquila Bidco Limited is approved, the current facilities will be fully repaid on completion, and new committed banking facilities of £330m will become available to the Group. The new facilities have long-term maturity dates, and include two working capital facilities, comprising £30m initial, with an additional optional £40m to drawdown on. The new facilities will be subject to new financial covenants as outlined in the going concern assessment on page 106. The assessment considers the event that the transaction completes and as the decisions around future strategy and intentions will no longer be in the exclusive control of the DWF Group PLC Directors, there exists a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern in such a scenario.

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 Group's 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 reduction strategy.

Conclusion

Based on the 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 meets its liabilities as they fall due across the three-year assessment period.

Non-Financial and Sustainability 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	• Environmental, Social and Governance Strategy • Supplier Code of Conduct • Sustainable Development Goals	Environmental, Social and Governance report	26 to 39
Employees	• Environmental, Social and Governance Strategy • Code of Conduct • Ethics Statement • Diversity & Inclusion policy • Speak Up policy and Helpline	Environmental, Social and Governance report – Empowering our colleagues and our communities Engaging with our stakeholders Corporate Governance report	30 22 to 25 48 to 61
Social and community matters	• Environmental, Social and Governance Strategy • DWF Foundation	Environmental, Social and Governance report – Empowering our colleagues and our communities Engaging with our stakeholders	30 22 to 25
Respect for human rights	• Environmental, Social and Governance Strategy • Supplier Code of Conduct • Modern Slavery Statement • Human Rights policy	Environmental, Social and Governance report Engaging with our stakeholders	26 to 39 22 to 25
Anti-bribery and corruption	• Anti-Bribery and Corruption policy	Corporate Governance report	57
Business model		Our business model	4 to 5
Principal risks and uncertainties	• Risk taxonomy • Risk register	Risk management Principal risks Risk Committee report	40 to 44 42 to 44 68 to 69
Non-financial KPIs	• Environmental, Social and Governance Strategy	Key performance indicators	14 to 15

Approval of the Strategic Report
By order of the Board

Jonathan Bloomer
Chair

24 August 2023

Governance

Chair's governance overview

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 2023.

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 continued 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 2, 4, 10, and 12

Board membership, succession planning and diversity
The Directors of the Company in office at the date of this report and served throughout the year, and up to the date of signing, are listed on pages 50 to 51. The Nomination Committee and the Board have continued to keep the composition and skills of the Board and its committees under review, and there are no plans for any changes at this time. There were no changes to Board membership during the financial year. In addition, the Nomination Committee monitors external appointments by Directors and significant external appointments will be permitted where they are not detrimental to the Group.

Succession planning and the development of our talent pipeline has continued to be an area of focus during the year. This has been increasingly important given the divisional restructure. 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 62 to 63.

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 29.

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 50 to 52 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 *an internal evaluation, following our* externally run evaluation conducted by SCT Consultants on FY2021/22.

The evaluation was conducted using a combination of questionnaires and interviews. As a result, an action plan has been developed and will be progressed in FY2023/24. Overall, I am pleased to report that the Board and its committees are operating effectively.

Further details of the outcomes following the Board evaluation can be found on page 61.

Environmental, Social and Governance ('ESG')
The Board recognises the importance of ESG matters and is committed to strategically integrating and advancing our sustainability efforts. The Group has made progress towards the targets within our ESG Strategy. Whilst there is more to do, I am confident in the direction of travel and the Board will continue to ensure this stays on track.

Further detail on our ESG Strategy can be found on pages 26 to 39 or, alternatively, in the latest version of the ESG & Sustainability Impact Report on our website.

Focus in FY2023/24
The Board has determined that the following areas will be governance priorities for FY2023/24:

- Monitoring progress against the ESG Strategy
- Implementing the action plan that has been developed following an internal Board evaluation

Given the proposed transaction, the Board will reassess its governance priorities as the deal progresses.

Annual General Meeting
Our AGM will be held on 20 October 2023 at 12.00pm. Full details of the meeting arrangements and the resolutions to be proposed to Shareholders can be found in the Notice of AGM which will be made available on our website dwfgroup.com/en/investors. The outcome of the resolutions put to the AGM, including results of the poll, will be published on the London Stock Exchange's and the Company's websites once the AGM has concluded.

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

Jonathan Bloomer
Chair

24 August 2023

> "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."

Board and Committee attendance table

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

Key to attendance

Attended meeting

U Unable to attend meeting

– Not required to attend meeting

Governance framework

The Board

The Board sets the Group's strategy to promote the long-term sustainable success of the Group.

The Board provides leadership within a framework of strong governance, risk management and effective controls.

It oversees the performance and progress of the Executive Committee against business plans, utilising KPIs to support it in its assessment. The Board is responsible for monitoring the Group's purpose, values and culture.

The Board has a schedule of matters reserved for its own decision which includes setting profit expectations and dividend policy and approving major acquisitions, capital expenditure and financing.

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Committees

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on remuneration, determining the individual remuneration packages, including pension rights and any compensation payments, of each of the Company's Executive Directors and senior management.

The Remuneration Committee is also responsible for considering and making recommendations to the Board on the design and targets of share plans and equity incentive plans and reviewing the ongoing appropriateness and relevance of the remuneration arrangements across the Group.

Nomination Committee

The Nomination Committee assists the Board in reviewing the structure, composition and diversity of the Board and its committees, succession planning, evaluating the balance of skills, experience, independence and knowledge on the Board, leading the process for Board appointments, and making recommendations to the Board on such matters.

It is also responsible for assisting with any evaluation process, both internal and external, to assess the overall and individual performance of the Board and its committees, and reviewing the policies on Diversity & Inclusion, as well as progress against achieving objectives under those policies.

Risk Committee

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

Audit Committee

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

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Standing Committee

Disclosure Committee

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

Board of Directors

Jonathan Bloomer
Chair
Appointed to the Board: 1 August 2020
Committee memberships: No Re

Key skills and experience:
Jonathan has over 40 years of experience in financial services and has significant board experience both as an executive and non-executive director. His previous positions include Chair of the JLT Employee Benefits Group, Senior Independent Director of Hargreaves Lansdowne plc, and Non-Executive Director of Railtrack plc.

Jonathan was Group Chief Executive Officer of Prudential Group plc and has held senior roles at Arthur Andersen. Jonathan is a Fellow of the Institute of Chartered Accountants in England and Wales.

Significant external appointments:
Chair of Morgan Stanley & Co International plc, Hiscox plc and of SDL Property Services Group Limited

Chris Sullivan
Deputy Chair and Senior Independent Non-Executive Director
Appointed to the Board: 1 November 2018
Committee memberships: Au No Re Ri

Key skills and experience:
Chris was appointed Deputy Chair on 1 August 2020, in addition to his role as Senior Independent Non-Executive Director and the Designated Non-Executive Director for the workforce. Chris has extensive experience of corporate, investment and retail banking and asset financing together with general management experience. His previous roles include Chief Executive of the Corporate Investment Bank at Santander UK, Chief Executive of RBS Insurance, Vice Chairman of the ABI and Chairman of the General Insurance Committee. 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

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

Chris Stefani
Chief Financial Officer
Appointed to the Board: 10 September 2018
Committee memberships: None

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

Significant external appointments:
None

Michele Cicchetti
Partner Director
Appointed to the Board: 22 October 2020
Committee memberships: None

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

Significant external appointments:
Non-Executive Director of the Italian subsidiary of Enfinity Global

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 & 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

Matthew Doughty
Chief Strategy & Growth 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. He was Group Chief Operating Officer between May 2020 and September 2022 before assuming his current role. Matthew has been a partner at DWF since June 2016 and has held corporate partner roles at Squire Patton Boggs, Dorsey & Whitney, and Addleshaw Goddard. He was admitted as a solicitor by the Solicitors Regulation Authority in 1996 and is a registered foreign lawyer with the Law Society of Scotland.

Significant external appointments:
None

Teresa Colaianni
Independent Non-Executive Director
Appointed to the Board: 1 November 2018
Committee memberships: Re Ri Au No

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 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

Luke Savage
Independent Non-Executive Director
Appointed to the Board: 1 November 2018
Committee memberships: Re Ri Au No

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 held CFO positions at Standard Life and Lloyd's of London, and previously served as a Non-Executive Director on a number of boards. Luke is a Fellow of the Institute of Chartered Accountants of England and Wales.

Significant external appointments:
Chair of Chesnara PLC and of Numis Securities plc

Samantha Tymms
(also known as Samantha Duncan)
Independent Non-Executive Director
Appointed to the Board: 1 December 2018
Committee memberships: Re Ri Au No

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, a business unit of IBM Consulting.

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 & Company Secretary of Moneysupermarket.com Group PLC. Darren is a member of the Law Society of England.

Key to Committee membership
Re Remuneration
Ri Risk
Au Audit
No Nomination
Chair

Executive Board

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

Our Executive Board is fundamental in promoting our inclusive culture and each member is the Executive Sponsor to a strand of our Diversity & 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 as at 30 April 2023

Executive Board

- **Executive Directors**
  - **Sir Nigel Knowles** – Group Chief Executive Officer. Sponsor: Overall Diversity & Inclusion
  - **Chris Stefani** – Chief Financial Officer. Sponsor: Overall Diversity & Inclusion
  - **Matthew Doughty** – Chief Growth & Strategy Officer. Sponsor: Overall Diversity & Inclusion
- **Divisional CEOs**
  - **Paul Rimmer** – Legal Advisory. Sponsor: Gender
  - **Rob Marks** – Mindcrest. Sponsor: Flexible Working
  - **Jason Ford** – Connected Services. Sponsor: Mental Health
- **Regional Managing Partners**
  - **Ignasi Costas*** – Europe, Middle East & Latin America and Country Managing Partner Spain. Sponsor: Disability
  - **Damien van Brunschot** – Australasia. Sponsor: LGBT+
- **Central Services**
  - **Jon Grainger** – Chief Information Officer. Sponsor: Race & Ethnicity
  - **Zelinda Bennett** – Chief Marketing Officer. Sponsor: Race & Ethnicity
  - **Louise Rogerson** – Chief People Officer. Sponsor: Disability
  - **Darren Drabble** – Group General Counsel & Company Secretary. Sponsor: Mental Health
  - **Deborah Abraham** – Group Director of Risk. Sponsor: Gender
- **Other**
  - **Hilary Ross** – Head of Clients & Markets. Sponsor: Gender
  - **Kirsty Rogers** – Group Head of ESG and Office Managing Partner Manchester. Co-Chair of Gender Network
  - **Matt Glenville** – Chief Operating Officer

* 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 2023. 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 2023, 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 considers 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 Company purpose

A. Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society

B. Purpose, values and strategy with alignment to culture

C. Resources for the company to meet its objectives and measure performance. *Controls framework for management and assessment of risks*

D. Effective engagement with shareholders and stakeholders

E. Consistency of workforce policies and practices to support long-term sustainable success

- Chair's statement p04 to p05
- Strategic report p01 to p46
- Board engagement with key stakeholders p22 to p25
- Shareholder engagement p24, p25 and p57
- Audit and Risk Committee reports p64 to p69
- Conflicts of interest p90

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 p52
- Key roles and responsibilities p58
- General qualifications required of all Directors p59
- Information and training p59
- Board appointments and succession planning p59 to p61

Section 3: Composition, succession and evaluation

J. Board appointments and succession plans for board and senior management and promotion of diversity

K. Skills, experience and knowledge of board and length of service of board as a whole

L. Annual evaluation of board and directors and demonstration of whether each director continues to contribute effectively

- Board composition p52
- Diversity, tenure and experience p59 to p61
- Board, committee and director performance evaluation p61
- Nomination Committee report p62 to p63

Section 4: Audit, risk and internal control – contains information required for 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 p64 to p69
- Strategic Report – Risk management, our approach p40 to p44
- Fair, balanced and understandable Annual Report p94
- Going concern basis of accounting p93, p94 and p105
- Viability statement p45

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 p70 to p88

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 FY2022/23 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 49 sets out attendance at the scheduled Board meetings during FY2022/23. 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 52) 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 91 and 92 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 colleagues, 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 colleagues 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 colleagues 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 FY2022/23

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 22 to 25 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

Continued to monitor progress against the Group's strategic objectives through regular updates from the Group Chief Executive Officer and Group Strategy & Growth 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 FY2021/22 of 3.25 pence per share and approved an interim dividend for payment for FY2022/23 of 1.60 pence per share in line with the Company's dividend policy.

Approved the three-year plan.

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, including the implementation of a new Board Diversity Policy in response to the changes to the Listing Rules.

Continued to monitor the skills, experience and knowledge of the Board as a whole.

Continued to monitor the effectiveness of the operating structure and approved appointments and resignations to/from the Executive Board.

ESG

Received reports on, and monitored progress against, the targets and measures in the Group ESG Strategy.

Reviewed and approved corporate statements including the Modern Slavery Statement.

Received reports on people issues including Diversity & Inclusion, colleague 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 Code.

Conducted an annual review of Board and committee effectiveness, internally facilitated by the Group Secretariat, and monitored progress against the action plan to address the areas for improvement.

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 04, 10 and 48. 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	Links to culture	Links to purpose
Non-Executive Directors as well as Executive Directors participated in virtual Global Town Halls and colleague engagement events.	Provided a top-down approach to corporate culture and enabled oversight of the culture through interaction with colleague and partners.	
The Group Strategy & Growth Officer and Group Chief Operating Officer and 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 colleague. 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 colleague 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.	

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 colleagues 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 colleagues on key policies, with self-disclosure of completion now required at half year 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 9, 29, 30, 84 and 85.

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 20 October 2023, 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.

Division of responsibilities

DWF Group plc Board

The Board provides leadership within a framework of prudent and effective controls. There is a clear division of responsibility amongst the Board with the overarching goal to promote the Group's long-term sustainable success.

The Board has established four committees and one standing committee. In addition to the schedule of Matters Reserved for the Board, each committee has written Terms of Reference defining its role and responsibilities.

These are reviewed annually and the current versions can be found on the Company's website dwfgroup.com/en/investors. Membership of the Audit Committee and the Risk Committee is limited to Independent Non-Executive Directors, in accordance with the Code. The Chair of the Board chairs the Nomination Committee and is a member of the Remuneration Committee. All Independent Non-Executive Directors sit on all four committees.

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 2023.

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

Composition, succession and evaluation

Board changes during the year
There were no changes to the Board during the financial year to 30 April 2023.

As at 30 April 2023, 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.

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 15 members being lawyers.

Board succession
The Nomination Committee continues to review succession plans for the Board and Executive Board each year. Further information on our approach to succession planning, our Diversity & Inclusion policy and Board appointments can be found in the Nomination Committee report on pages 62 to 63.

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 & Company Secretary, senior management, other key colleagues 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, colleagues 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 & 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 90. 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 2023 AGM, in line with the recommendations of 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 & Company *Secretary is responsible to the Chair* for advising the Board on all governance matters. The Group General Counsel & 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 & Company Secretary. They are also able to take independent legal and professional advice when they believe it is necessary to do so.

Composition, succession and evaluation continued

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 colleagues can bring their whole self to work and enable our diversity to truly flourish.

We encourage and support our colleagues to take ownership and responsibility for our inclusion agenda. The Board is committed to enhancing its current gender diversity in line with best practice. Whilst none of the senior Board positions were held by women as at 30 April 2023, they do occupy leadership positions on the Board, with two of the four committee chairs being women. When vacancies in any of the senior positions of the Board become available, the Nomination Committee will take into account the diversity of the Board when undergoing the recruitment process. A Board Diversity Policy is in operation and complements the Diversity Policy that applies more widely to the organisation. The Nomination Committee will continue to monitor gender diversity on the Board and within senior Board positions, and will consider making recommendations for change, as required.

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. One member of the Board is from a minority ethnic background.

More information on DWF's Diversity & Inclusion strategy, benchmarking and targets can be found within the ESG report on page 29.

The following tables provide a summary of the Board, Executive Board, senior management and all colleagues' gender diversity as at 30 April 2023. This data was collected by colleagues voluntarily inputting this information into our HR system. Individuals were asked a number of questions including gender identity, ethnicity, sexual orientation, disability and socioeconomic background.

Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	70%	4	10	66.67%
Women	3	30%	0	5	33.33%
Other categories	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8	80%	4	13	86.67%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	1	10%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	1	10%	0	2	13.33%

Board and committee evaluation

During FY2021/22, the Board undertook an external Board evaluation and the Board has continued to regularly monitor progress against the action plan that was subsequently developed. During the year, the Board made the following notable progress against the plan:

- Use of Board templates is encouraged by all presenters in Board meetings (except for the submission), ensuring clear and consistent information flows to the Board.
- Workforce engagement events with Non-Executive Directors were held in London and Manchester, with positive feedback received from colleagues.
- Plans were implemented to hold Board meetings at different offices, including overseas.
- Talent is on the Board forward agenda for discussion bi-annually.
- The Chief Executive Officer and Chief Operating Officer reports have been reformatted to be structured around the different strategic initiatives to facilitate a clearer understanding by the Board of progress against strategy.
- A number of strategic plan items form part of the rolling annual Board agenda as 'deep dives' to ensure the Board is able to review the implementation of the Group strategy.

Table for reporting on gender identity or sex – senior management

	Number of senior management	Percentage of senior management
Men	66	56%
Women	51	32%
Other categories	0	0%
Not specified/prefer not to say	0	0%

Table for reporting on gender identity or sex – all employee gender

	Number of employees	Percentage of employees
Men	1776	41%
Women	2564	59%
Other categories	0	0%
Not specified/prefer not to say	15	0.3%

For FY2022/23, it was agreed to undertake an internally facilitated evaluation of the Board, led by the Group Secretariat.

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 and one-to-one interviews between each Director and the Chair. The Board discussed the findings of the evaluation at a meeting and the Board evaluation action plan was subsequently updated and agreed with the Chair. Progress against this plan will continue to 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 2023, are as follows:

Evaluation finding	Action for FY2023/24
Board	• When looking at refreshing the Board, consider developing the Board's membership to include a Non-Executive Director with extensive legal services sector knowledge and experience. • In conjunction with the new Chief People Officer, regularly monitor and review top talent within the organisation. • Continue to ensure sufficient time is devoted to post-investment appraisals, including reviewing KPIs and financial data.
Stakeholders	• Continue to maintain relationships with stakeholders and consider levels of engagement with a wider spectrum of stakeholders, such as Partner Shareholders. • Keep under review the Group's societal impact, including ensuring more regular oversight of the work of the DWF Foundation.
Culture	• Continue to assess and monitor culture to ensure this is well defined and understood at all levels of the organisation. • Expand the locations that colleague engagement events are held with the Non-Executive Directors.

Nomination Committee report

> **"Following an orderly transition the Committee has monitored the effectiveness of these changes... this new operating structure is performing in line with expectations."**

Jonathan Bloomer
Chair, Nomination Committee

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

Each member's expertise and experience is set out in their biography on pages 50 and 51, alongside their attendance at Committee meetings.

Focus in FY2022/23

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

Focus in FY2023/24

- Ensure there are adequate, and appropriately diverse, succession plans in place for the Board and Executive Committee
- Consider the position of the incumbent Partner Directors, ensuring adequate partner representation and a continual refreshing of this role

Dear Shareholder,

The Group implemented a new operating structure on 1 May 2023 consisting of three divisions; Commercial Services, Insurance Services and Legal Operations. As part of this change, the Nomination Committee (the 'Committee') made recommendations to the Board regarding divisional leadership. Existing divisional CEOs Rob Marks and Paul Rimmer were appointed as CEO of Legal Operations and CEO of Legal Services respectively. Matt Doughty was appointed as CEO of Insurance Services and will take *on this role in addition to his current role* of Chief Strategy & Growth officer. Following an orderly transition, the Committee has monitored the effectiveness of these changes and I am pleased to report that this new operating structure is performing in line with expectations.

During FY2022/23, 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 page 29.

Governance

Our Partner Directors have continued in their roles and the Committee has taken care to monitor the effectiveness of these unique positions. The Partner Directors have continued to attend the Risk and Audit Committee meetings, using their expertise and experience to add to the strength of discussion at these Committees. Their contribution is highly valued by the Non-Executive Directors.

Further information on the considerations taken by the Board regarding the composition of the Board can be found on page 53.

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 two scheduled meetings during FY2022/23 and the table on page 49 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 Chief Executive Officer, Chief Financial Officer, Chief Strategy & Growth Officer, Group General Counsel & Company Secretary, the Chief People Officer and the Deputy Company Secretary.

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

Board composition	Succession planning	Diversity & Inclusion	Governance
• 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 Additional detail can also be found on page 53 of the Corporate Governance report	• 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	• 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 colleagues to operate in a way that maximises their contribution to our business Additional detail can also be found on page 60 of the Corporate Governance report	• 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 Committee report

> "I am pleased to report that the Committee considered itself to be performing effectively."

Luke Savage
Chair, Audit Committee

Members
Luke Savage[1] (Chair)
Tea Colaianni
Sam Tymms
Chris Sullivan

Each member's expertise and experience is set out in their biography on pages 50 and 51, alongside their attendance at Committee meetings.

Focus in FY2022/23
- Monitored the quality of audit provided by the External Auditor
- Continued to monitor the integrity of the Group's financial reporting
- Assessed the effectiveness of internal control processes

Focus in FY2023/24
- 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

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

Dear Shareholder,

I am pleased to present the report on the activities of the Audit Committee (the 'Committee') for the period ended 30 April 2023. 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, Pricewaterhouse Coopers LLP ('PwC'), with particular regard to its effectiveness, objectivity and independence.

The principal matters on which the Committee focused in FY2022/23 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.

During the year, an internal evaluation of the effectiveness of the Committee was conducted, as part of the Board evaluation process, further detail of which can be found on pages 48 and 61. The Committee considered the outcomes of the internal evaluation as it pertained to its own performance and effectiveness. I am pleased to report that the Committee considered itself to be performing effectively.

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

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.

Meetings

The Committee meets at least four 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 four scheduled meetings during FY2022/23 and the table on page 49 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

Reporting, internal controls and risk management	Internal audit	External audit	Governance
• Monitored the effectiveness of the financial reporting process, including review of the Company's annual and half-year 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 66 • 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 • 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 colleagues 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	• 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	• 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 67	• Conducted an annual review of its Terms of Reference • Reviewed the outcomes of an internal 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

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 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, particularly any overrides or any manual adjustments to the calculation. The Committee also challenged management on any changes in methodology from prior years and ensuring they were an improvement in the estimation methodology. Considering all of the above, as well as management 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')	The reporting, classification and consistency of adjusting items is an area of focus for the Committee, in particular, the adherence to the guidance on APMs provided by the European Securities and Markets Authority ('ESMA'). The Committee considers this a key consideration when reviewing the financial statements to ensure that they are fair, balanced and understandable.	The Committee has considered the nature, classification and consistency of adjusting items, and the adherence to the guidance provided by ESMA and FRC Thematic Reviews. 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 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. APMs are discussed in the Financial review and also detailed in note 2 and the glossary to the financial statements.
Control over the Alternative Business Structure ('ABS') and non-ABS group	Regulations in certain jurisdictions in which the Group is represented allow ABSs where legal firms can be owned by non-lawyers. This is not the case in other jurisdictions ('non-ABS'). As a result, DWF LLP, the head of the non-ABS Group, is not directly owned by any entity within the ABS Group (which includes the ultimate parent DWF Group plc). Consolidation of DWF LLP and the other non-ABS entities depends on the assessment of whether a member of the ABS group is exposed, or has rights, to variable returns from its involvement with such entity and has the ability to affect those returns through its power over such entity.	The Committee has reviewed the judgement that the Group continues to consolidate the non-ABS entities, and has had due consideration of the Group's exposure, or rights, to variable returns from non-ABS entities and its ability to affect those returns. The Committee was satisfied with the ongoing consolidation of the non-ABS entities.
Whitelaw Twining acquisition accounting	The acquisition of Whitelaw Twining was completed on 6 December 2022 and the consolidated Group financial statements include the results of the Whitelaw Twining business for the period from acquisition to 30 April 2023. Judgement was required in identifying the fair values of certain assets and liabilities acquired. Advisors were engaged to support the preparation of the opening balance sheet of the Whitelaw Twining business, including supporting on the valuation of acquired intangible assets. Refer to note 9 of the financial statements.	The Committee reviewed a paper prepared by management which explained the key judgements taken in preparing the opening balance sheet and the fair value adjustments applied. Specifically, the Committee focused on the valuation of intangible assets, which involved valuing customer relationships and brands. Assumptions included growth rates, discount rates and royalty rates. The Committee was satisfied that the judgements made and the methodologies applied in the acquisition accounting were reasonable and the provisional fair values of the assets and liabilities acquired had been established appropriately.

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. During the year, the Committee closely monitored the number of days Internal Audit actions remained open and continued 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 November 2022 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.

In addition, the Committee conducted an Internal Audit effectiveness evaluation. The evaluation was conducted by way of a questionnaire completed by members of the Audit Committee, with comments provided by the External Auditor from an external perspective. The feedback and scoring was then collated and presented to the November 2022 meeting of the Committee. Overall, it was concluded that the Internal Audit function was operating effectively.

External Auditor

Independence, objectivity and effectiveness

During the year, the Committee assessed the quality and effectiveness of the External 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 Auditor. 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 2023 were £685,000 and non-audit service fees incurred totalled £429,000 which related to assurance services relating to the Solicitors' Accounts Rules accountant report required by regulation and diligence work relating to a proposed M&A transaction which has since been aborted.

This equates to a non-audit to audit fee ratio of 63%. 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.

Risk Committee report

> **"The Committee has continued to focus on the broad and evolving range of risks which businesses face today."**

Sam Tymms
Chair, Risk Committee

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

Each member's expertise and experience is set out in their biography on pages 50 and 51, alongside their attendance at Committee meetings.

Focus in FY2022/23
- Continued to monitor the impact of risk associated with our ESG Strategy
- Continued to focus on particular areas of risk, such as the external environment, people and cyber risks

Focus in FY2023/24
- Consider the impact of the UK Corporate Governance Reforms on the monitoring of and reporting on the internal control framework
- Review Risk Management Framework to ensure it effectively supports the enhanced reporting requirements of the Resilience Statement
- 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 2023. 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; the evolving nature of the risks the Group faces and the range of sources of internal and external assurance on which the Group can rely.

During the year, an internal evaluation of the effectiveness of the Committee was conducted, as part of the Board evaluation process, further detail of which can be found on page 61. The Committee considered the outcomes of the internal 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 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.

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 three scheduled meetings during FY2022/23 and the table on page 49 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 55.

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 64 to 67.

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.

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

Risk	Regulatory	Systems and controls	Governance
• 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, in particular the ability of the Group to manage its working capital and comply with the terms of the Group's revolving credit facility	• 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	• 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 Chief Risk Officer • 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	• Conducted an annual review of its Terms of Reference • Reviewed the Committee's performance, as part of the internal Board evaluation, 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

Directors' Remuneration Report

> "At our 2022 AGM we submitted our Remuneration Policy for approval and I am pleased to report it was approved by 96.51% of Shareholders."

Tea Colaianni
Chair, Remuneration Committee

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

Each member's expertise and experience is set out in their biography on pages 50 to 51, alongside their attendance at Committee meetings.

Focus in FY2022/23
- Recommended a revised Remuneration Policy to Shareholders for approval at the 2022 AGM
- Engaged with Shareholders on the proposed revised Remuneration Policy.
- Determined the incentive arrangements and outcomes for the Executive Directors and senior management.
- 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.
- Continued to consider wider workforce policies to ensure alignment with Executive Directors and senior management remuneration arrangements.

Focus in FY2023/24
- Overseeing the implementation of the revised Remuneration Policy and ensuring it remains fit for purpose.
- Considering the impact the proposed delisting may have on the remuneration of the Group.
- Monitoring the implementation of executive pay alongside the wider workforce policies.

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2023.

At our 2022 AGM we submitted our Remuneration Policy for approval and I am pleased to report it was approved by 96.51% of Shareholders.

A full copy of the Remuneration Policy can be found on pages 91 to 101 of the Annual Report and Accounts 2022.

Pages 82 to 83 of this report constitute the Annual Report on Remuneration, summarising the outcomes for FY2022/23 and how we intend to operate the policy during FY2023/24.

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 Remuneration Committee (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.

Approach to remuneration in 2023/24
In light of the proposed acquisition of the Group, remuneration arrangement are unchanged and no LTIP awards are anticipated to be granted during FY23/24.

Proposed purchase of the Group's entire share capital
Following the year end the Committee considered the possible impact of the purchase of the Group's share capital and the impact this would have on in flight share awards. The Committee determined that, if a change of control does occur, the outstanding LTIP awards will be pro-rated for time, rounding down to the nearest end of financial year, and a performance assessment will take place. The performance assessment will be measured against applicable targets on the assumption that the original targets assumed linear performance over the full three year performance period. Following the vesting of these awards, there are no further deferral or holding requirements.

Group performance for the 2022/23 *financial year*

The implementation of our strategy (as outlined on page 77 has been measured against the KPIs set out below:

Financial KPIs

Net revenue growth 8.5% (FY2021/22: 3.6%)

Like-for-like net revenue growth 4.9% (FY2021/22: +7%)

Gross profit margin 50.4% (FY2021/22: 51.7%)

Cost to income ratio 37.2% (FY2021/22: 38.4%)

Adjusted EBITDA £69.6m (FY2021/22: £66.7m)

Adjusted profit before tax £43.3m (FY2021/22: £41.4m)

Profit before tax £17.2m (FY2021/22: £22.3m)

Adjusted diluted EPS 10.2p (FY2021/22: 10.7p)

Net revenue per partner: £1,001k (FY2021/22: £975k)

Lock-up days 196 days (FY2021/22: 179 days)

Free cash flow £12.9m (FY2021/22: £12.9m)

Net debt £101.7m (FY2021/22: £71.8m)

Non-financial KPIs

Net promoter score 62 (FY2021/22: 63)

Engagement survey score 76 (FY2021/22: 76)

% Executive Board roles held by women 36% (FY2021/22: 36%)

% senior leadership positions held by women 32% (FY2021/22: 29%)

% Ethnic Minority representation in senior leadership positions 6% (FY2021/22: 4%)

How the policy was implemented in the *2022/23 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:

- 50% adjusted PBT;
- 20% strategic and operational objectives;
- 10% ESG objective; and
- 20% lock-up days target.

The Remuneration Committee assessed performance against targets. The full-year results for both adjusted PBT and lock-up days came in below the threshold targets. Even though the strategic, operational and ESG objectives were met, the Committee determined that no bonus was payable to the Executive Directors in respect of this financial year. Full details of the targets and results against targets can be found on page 79.

2020 LTIP award

The performance period for the 2020 Long-Term Incentive Plan ('LTIP') award, made under the Equity Incentive Plan ('EIP'), ended on 30 April 2023. The formulaic outcome of the award was 14.1% vesting. This comprised an over threshold but below target achievement of the return on capital employed ('ROCE') target and so resulted in a partial vesting. EPS and cash conversion did not reach threshold and therefore resulted in a zero vesting of these measures. Full details of targets and performance are on page 81. 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.

Executive Directors' pay review

As reported in last year's Annual Report and Accounts, 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 colleague and partner salary increase in January 2022 of 5.65%. This was the first pay rise, excluding promotions, in the Executive Directors' salaries since IPO in 2019.

In September 2022, Matt Doughty was appointed in the newly created role of Chief Strategy & Growth Officer, and as such his salary was reviewed and increased to £332,800. The Committee considers this to be commensurate with the increased level of responsibility of this new role and its crucial part of the continued success of the Group.

Shareholder considerations
Similar to previous years, we have continued to maintain transparent and open dialogue and engagement with our Shareholders. Shareholders had an opportunity to vote on the Remuneration Policy at the 2022 AGM and were overwhelmingly supportive of the changes.

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

This year in particular has been challenging for many due to macroeconomic volatility and the Committee has been mindful of this when making decisions on executive pay.

During the year the Group brought forwards the implementation of the revised living wage to January 2023 from May 2023, which benefited our lowest-paid colleagues. Additional cost saving benefits were also made available to assist colleagues with managing increasing costs, such as fuel cards and discount schemes.

We believe allowing all our colleagues to share in the success of the Company is a key performance driver. We continue to issue share awards to our colleagues for promotions and exceptional contributions to the business. We also continue to reward emerging talent to motivate, retain and support succession planning. During FY2022/23, we continued to offer a Buy As You Earn ('BAYE') matched-share scheme in the UK. Matching shares are received on a one for two basis, so for every two shares purchased over the 12-month investment period, participants receive one matching share three years from the start of the relevant 12-month investment period subject to certain conditions. In total, 5.4% of our eligible colleagues are currently participating in a BAYE matched-share scheme. During the financial year, the difficult decision was taken to close the US and Spain BAYE plan due to lack of participation.

On pages 84 to 88 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 74.

Effectiveness
During the year, an internal evaluation of the effectiveness of the Committee was conducted, as part of the Board evaluation process, further detail of which can be found on page 61.

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

Further detail of how our remuneration for Executive Directors aligns with our strategic priorities is set out on page 76 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.

Tea Colaianni
Chair, Remuneration Committee

The Remuneration Committee and its activities during the year

Responsibilities
The Committee's main responsibilities include:

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

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

Membership
The Committee is made up of a minimum of three members, and each is an Independent Non-Executive Director. The Chair of the Board is a member of the Committee and was considered independent on appointment as Chair of the Board. Members of the Committee collectively have appropriate knowledge, expertise and professional experience concerning remuneration policies and practices. The Committee received training during the period on matters including 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 seven scheduled meetings during FY2022/23, and the table on page 49 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 Strategy & Growth Officer ('CSO'), 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.

Deloitte LLP advised the Remuneration Committee during the financial year on all aspects of the Remuneration Policy for Executive Directors and senior management. During FY2021/22 Deloitte were appointed as remuneration advisors by the Remuneration Committee following a tender process. The Remuneration Committee was satisfied that no conflict of interest exists or existed in the provision of these services, 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 £50,190, 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.

Remuneration continued

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

Remuneration and risk	• In conjunction with the Risk Committee, considered the compatibility of the Group's remuneration strategy with the Group's risk management policies
Entire individual remuneration	• Made recommendations to the Board regarding the application of the Remuneration Policy for the Chair of the Board, the Executive Directors, the Partner Directors and senior management. This included pension rights, any compensation payments, and the level and structure of their remuneration, giving full consideration to the matters set out in the UK Corporate Governance Code 2018 (the 'Code'), including Provision 40, and any other relevant laws and regulations in the jurisdictions where the Group operates
Remuneration Policy	• Regularly reviewed the ongoing appropriateness and relevance of the Remuneration Policy to ensure that reward policies worked to promote the long-term success of the Company and its long-term strategic goals • Ensured that a significant proportion of the remuneration of the Executive Directors is linked to Company and individual performance and that any performance-related elements of remuneration are transparent, stretching and rigorously applied • Monitored the Executive Directors' progress against objectives and determined Executive Director bonus outcomes
Wider workforce remuneration	• Reviewed remuneration and related policies applicable to the wider workforce (partners and colleagues), including receiving the Company's Gender and Ethnicity Pay Gap Report and reports on the Group's partner and colleague 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 • Considering the impact of takeover related matters on wider workforce remuneration
Share plans and equity *incentive plans*	• Determined and administered policies for the grant of awards/options to the Executive Directors, the Partner Directors and senior management ensuring that they are provided with appropriate incentives consistent *with the Remuneration Policy* • Approved awards, and associated performance targets, for Executive Directors, Partner Directors and senior management • Determined whether performance targets had been met for awards held by Executive Directors, Partner Directors and senior management • Oversaw the administration of the wider workforce share plans and equity incentive plans, including reviewing policies and their application to ensure fair and consistent administration across the wider workforce • Considered the impact a potential de-listing event would have on inflight share awards
Shareholders	• Receiving reports on engagement with proxy advisors and major Shareholders from the Chair of the Committee and the Company Secretary
Governance	• Received presentations from the Committee's remuneration advisors on developments in corporate governance and market trends, to inform the Committee's regular review of the Remuneration Policy • 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

In determining the 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	The Remuneration Policy sets out clearly the basis for any payments and the terms of the incentive arrangements operated. 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.
Simplicity	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.
Risk	The Remuneration Policy includes: • 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. These elements mitigate against the risk of target-based incentives by: • 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	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.
Proportionality	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.
Alignment to culture	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. 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.

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 FY2022/23; and
- Remuneration Policy operation in FY2022/23 and intended implementation in FY2023/24.

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

Business context

The Group has delivered profitable growth in a particularly difficult environment for the sector. Revenue growth for the year was 8.6% to £452m (PY £416m), net revenue growth was 8.5% to £380m (PY £350m), with a 4.7% increase in adjusted profit before tax to £43.3m (PY £41.4m) and a reported profit before tax reduction of 23% to £17.2m (PY £22.3m). The Group is gradually seeing the stabilisation and reversal of gross margin dilution from salary inflation over the last 18 months. The gross margin gap to prior year at FY23 has reduced compared to HY23, reflecting some improvements in pricing combined with the cost programme announced in December 2022. Overheads and the cost-to-income ratio are trending favourably with £9m of the previously announced cost savings secured by the end of FY23. Working capital performance continues to be an area of challenge in an environment where clients are generally looking to manage their own working capital cycle by often seeking longer billing or payment cycles. The Group reported lock-up days of 190 at HY23 which reflected an 11 day increase on FY22. As expected, this position stabilised in H2 with the like-for-like lock-up day performance for the full year at 193 days (like for like excludes M&A). Net debt performance follows lock-up days with FY23 net debt of £101.7m.

How our incentive performance measures align to our strategy

The implementation of our strategy (as outlined on pages 91 to 101 of the Annual Report & Accounts FY2021/22) for FY2022/23 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 ability to deliver integrated legal and business services. 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. We can leverage our ability to identify new innovative products and services based around current and emerging client needs.	**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 and business services capabilities, whilst also remaining focused on scaling our legal operations platform globally.	**Engaging our colleagues:** 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 global economy grapples with uncertainty. We have defined our culture and values, our partner and employee 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

Non-financial

Net promoter score	Engagement survey score	% Executive Board roles held by women	% senior leadership positions held by women	% Ethnic minority representation in senior leadership positions

Annual bonus	Long-term incentives
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 colleague engagement	**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 FY2023/24 – At a glance

	Element	Operation in FY2022/23	Intended operation in FY2023/24
Fixed pay	**Base salary**	CEO £551,200 CFO £332,800 CSO £332,800 The Executive Directors received a 4% pay rise with effect from 1 May 2022. Matt Doughty received an additional increase on his change of role from COO to CSO. The average employee (includes partners) rise was 5.8%[1]	No change
Fixed pay	**Benefits**	In line with policy	No change
Fixed pay	**Pension**	In line with policy: CEO 7% of salary CFO 7% of salary CSO 7% of salary	No change
Variable pay	**Annual bonus**	In line with policy Maximum opportunity: CEO: 150% of salary CFO: 100% of salary CSO: 100% of salary Performance conditions and weightings: **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** Weightings and targets of performance conditions are reviewed annually, as well as any bonus outcomes and strategic and operational objectives. See page 79 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 of the Annual Report and Accounts 2022.	No change The actual performance targets set are not disclosed at the start of the financial year, as they are considered commercially sensitive. These are reported and disclosed retrospectively at the end of the year in order for Shareholders to assess the basis for any bonus paid.
Variable pay	**LTIPs (made through the EIP)**	Maximum opportunity: CEO: 175% of salary CFO: 125% of salary CSO: 125% of salary Measures and weightings: Cumulative three-year EPS (33% 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 (33% 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 (33% 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.	No award expected to be granted subject to the successful completion of the takeover.
Variable pay		See table on page 81 for details of the performance conditions and targets The EIP contains clawback and malus provisions. Full details are set out on page 95 of the Annual Report and Accounts 2022.	
Variable pay	**Shareholding requirements**	Executive Directors are required to hold 100% of their pre-cessation requirements shareholding requirement (or actual shareholding, if lower) for two years following their cessation of employment.	No change
Variable pay	**Chair and Non-Executive Director fees**[2]	• 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 Director[3]: £0 per annum	No change

Notes
1. The average employee rise of 5.8% is the Group average figure for salary review and promotion eligible employees excluding Legal Operations (formerly Mindcrest) employees in the US and India, and Spain based employees. (Based on pay review data effective 1 Jan 2023)
2. In accordance with the Articles of Association of the Company, fees paid to Directors shall not exceed in aggregate £2,000,000 per annum.
3. 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 outcomes for FY2022/23 – At a glance

Directors' Remuneration for the year ended 30 April 2023
Certain details set out on pages 70 to 88 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.

	Salary/ fees £		Taxable benefits[1] £		Bonus[2] £		LTIP[3] £		Pensions[4] £		Other £		Total £		Total fixed £		Total variable £	
FY	2022/ 23	2021/ 22	2022/ 23	2021/ 22	2022/ 23	2021/ 22	2022/ 23	2021/ 22	2022/ 23	2021/ 22	2022/ 23	2021/ 22	2022/ 23	2021/ 22	2022/ 23	2021/ 22	2022/ 23	2021/ 22
Executive Directors																		
Sir Nigel Knowles	551,200	530,000	6,722	3,754	0	221,680	178,215	N/A	38,584	37,100	N/A	N/A	774,721	792,534	596,506[4]	570,854	178,215	221,680
Chris Stefani	332,800	320,000	5,162	4,693	0	221,680	76,858	135,745	23,346	21,801	N/A	N/A	438,166	703,919	361,308	346,494	76,858	357,425
Matthew Doughty	325,413	300,000	5,692	5,208	0	221,680	72,055	N/A	22,779	21,000	N/A	N/A	425,939	547,888	353,884	326,208	72,055	221,680
Non-Executive Directors																		
Jonathan Bloomer	170,000	170,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	170,000	170,000	170,000	170,000	N/A	N/A
Chris Sullivan	95,000	95,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95,000	95,000	95,000	95,000	N/A	N/A
Luke Savage[5]	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 Colaianni[5]	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[5]	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

Notes

1. Taxable benefits for the CEO, CFO and CSO 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 in FY2021/22 was distributed equally between the three Executive Directors as described in the Annual Report and Accounts 2022.
3. LTIPs are made through the EIP. Further details can be found on page 93 of the Annual Report and Accounts 2022. Nigel Knowles' LTIP consisting of 1,303,034 shares is due to vest on release of FY23 results with 14.1% performance conditions achieved. Chris Stefani's LTIP consisting of 561,955 shares is due to vest on release of FY23 results with 14.1% performance conditions achieved. Matt Doughty's LTIP consisting of 526,833 shares is due to vest on release of FY23 results with 14.1% performance conditions achieved A £0.97 share price has been assumed. Of the value shown in the table £47,439 of that value relates to the share price growth for Nigel Knowles' awards, £20,458 of the value relates to share price growth for Chris Stefani's awards and £19,180 of the value relates to share price growth for Matt Doughty's awards. Chris Stefani's LTIP for 2021/22 was recalculated to the actual value upon vesting using a the share price £0.984978.
4. The pension paid to the CFO was partly paid into the company provided pension scheme with the additional amount paid as a cash allowance. Together these payments were equivalent to 7% of salary.
   Payments for CEO and CSO were paid wholly as a cash allowance due to life time allowance limits and annual allowance limits.
5. Fees include Non-Executive Director fees and fees for the chairing of committees. Further details can be found on page 97 of the Annual Report and Accounts 2022.
6. 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 £205,880 (2021/22: £418,417). His remuneration for FY2021/22 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 2023 (audited)

Performance condition	*Threshold* performance required (20% of max)	*Target* performance required (50% of max)	*Maximum* performance required (100% of max)	Actual performance	*Weighting* (based on 100% maximum)	Bonus outcome for each Director: Sir Nigel Knowles	Chris Stefani	Matthew Doughty
Adjusted PBT	£43.9m	£47.8m	£50.2m	£43.3m	50%	0%	0%	0%
Lock-up days	179	177	173	196	20%	0%	0%	0%
Strategic and operational objectives		See details below		69% objectives met	20%	0%	0%	0%
ESG objectives		See details below		65% objectives met	10%	0%	0%	0%
Percentage of maximum performance achieved						0%	0%	0%

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 CSO was 100% of salary.
3. Payment of all elements of the bonus was subject to achievement of the threshold adjusted PBT target. As the threshold target was missed, no bonus is payable.

Details of strategic, operational and ESG objectives for FY2022/23

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:

Executive Director		Clients (33% weighting)	ESG (33% weighting)	Growth (33% weighting)
Sir Nigel Knowles (CEO)	Objective	Embed and deliver on DWF's Integrated Legal Management (ILM) approach.	Work with the Head of ESG to deliver the key KPIs in the sustainability report regarding empowering our colleagues and communities and to make progress on the long-term D&I targets.	Continue to identify growth opportunities including M&A and new associations.
	Outcome	• ILM clients increased by more than 12%, including the notable achievement of securing a Crown Commercial Services Framework appointment.	• Our colleague engagement survey ran in May 2023, with the firm-wide eNPS remaining static at +76; this was a strong result given the current economic and financial environment. • Continued progress against our representation targets: we finished the financial year at 32.3% female leadership representation and 6.4% senior ethnically diverse representation.	• Completion of successful transactions with UK and Canadian business that strengthen our ability to provide ILM.
	Attainment	66%	80%	50%

Remuneration continued

Chris Stefani (CFO)		SRA Compliance (33% weighting)	ESG (33% weighting)	Cost Reduction (33% weighting)
	Objective	Improve our SRA audit outcomes.	Develop and evolve the way we measure and report our impact on climate and nature and implement ESG linked borrowing.	Continue to sponsor the review of the target operating model for Finance through project Etienne.
	Outcome	• Significant focus on finance operations process improvement, leading to improved SRA outcomes.	• TCFD reporting was updated for the full year, and is included in the Annual Report; TNFD reporting remains on the plan for adoption. • Potential purchasing strategy in development, alongside discussions with co-members of the Charter 1.5 to explore the potential for a joint offset project.	• Following a review of internal process improvement projects, a new strategy has been implemented with a focus on process streamlining and automation. • We achieved strong cost saving results via the strategic costs review and we estimate that this review will see approximately £15m of annualised cost savings by the end of FY24.
	Attainment	100%	50%	50%
Matthew Doughty (CSO)		Growth (33% weighting)	ESG (33% weighting)	Operating Model (33% weighting)
	Objective	Continue to identify growth opportunities including M&A and new associations.	Work with the Head of ESG to develop an action plan to operationalise the ESG Strategy.	Continue to embed a people plan that engages our colleagues and drives performance.
	Outcome	• A successful acquisition of a UK based specialist in legal spend management (Acumension) to complement our Insurance Services offering. • Completion of a successful transaction with Canadian litigation specialist – Whitelaw Twining – that provides opportunities in the Canadian legal market and strengthens our ability to provide ILM in the North American region.	• We continue to work on embedding the ESG Integration policy and risk assessment, with the first round of training complete. • The Risk and Sanctions Committee is now embedded as the escalation point, and the Head of ESG sits on this committee to ensure ESG considerations are robustly considered. • An online training programme for senior leaders on our ESG strategy was delivered by Manchester University; attendance averaged 74% across the three sessions.	• Voluntary attrition has remained broadly flat across FY23; a number of changes in our approach to recruitment have been implemented, including strategic partnerships to ensure that our talent pipeline remains a priority. • Investment in a new global People Management Platform which will enhance our employee value proposition, and deliver improved people analytics to drive insights and actions.
	Attainment	100%	66%	50%

Vesting of 2020 long-term incentive award

The three-year performance period for the EIP award granted on 1 August 2020 ended on 30 April 2023. The formulaic outcome of the performance conditions was 14.1% 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	Threshold (20% vesting)	Target (50% vesting)	Maximum (100% vesting)	Actual performance	Total % vesting
Cumulative Three-Year EPS (40% weighting)	33.8 pence	37.7 pence	41.3 pence	28.9 pence	0%
Average Annual ROCE (40% weighting)	26%	29%	32%	27.5%[1]	14.1%
Average Cash Conversion (20% weighting)	82%	91%	101%	75.3%	0%

Note

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 2023

LTIP awards, which are conditional share awards made through the EIP, were granted to the Executive Directors on 1 August 2022.

Executive Director	Award date	% of salary	Shares granted	Face value[1]
Sir Nigel Knowles (CEO)	1 August 2022	175%	1,015,776	£964,000
Chris Stefani (CFO)	1 August 2022	125%	438,070	£416,000
Matthew Doughty (CSO)	1 August 2022	125%	410,691	£390,000

Note

1. Based on the five-day Volume weighted average price share price of the Company of £ 0.949 as at 1 August 2022.

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 and percentage of award opportunity	Threshold (20% vesting)	Target (50% vesting)	Maximum (100% vesting)
Cumulative Three-Year EPS (40% weighting)	36 pence	40 pence	44 pence
Average Annual ROCE (40% weighting)	21%	23%	25%
Average Cash Conversion (20% weighting)	86%	95%	105%

* 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 2023

The following chart illustrates the achievement of the shareholding guidelines by the Executive Directors as at 30 April 2023, against the minimum shareholding requirement under the Remuneration Policy (see page 94 of the Annual Report and Accounts 2022 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 82.

		Achievement of shareholding guidelines beginning of FY2022/23		Achievement of shareholding guidelines end of FY2022/23	
Executive Director	Base salary	Number	Value[1]	Number	Value[2]
Sir Nigel Knowles (CEO)	£551,200	2,667,211	£2,944,932	2,677,211	£1,713,415
Chris Stefani (CFO)	£332,800	928,097	£1,020,907	958,411	£613,383
Matthew Doughty (CSO)	£332,800	2,669,421	£2,936,363	2,669,421	£1,708,429

Notes

1 Based on share price of the Company of £1.10 as at 29 April 2022.
2 Based on share price of the Company of £0.64 as at 28 April 2023.

Annual Report on Remuneration

The following table sets out where in the Remuneration Report the information can be found or where it is not relevant a statement to that effect:

Information	Page
Single figure of remuneration for each Executive Director	78
Share interests awarded during FY2022/23	81
Payment to past Directors	83
Statement of Directors' shareholding and share interests	82
Percentage change in remuneration of Directors and all colleagues (including partners)	87
Pay ratio information in relation to the total remuneration of the Director undertaking the role of the CEO	85
Statement of the Implementation of the Remuneration Policy in FY2022/23	77
Statement of voting at General Meeting	83

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 2022 to the financial year ended 30 April 2023. There have been no changes between 30 April 2023 and the date of this report.

	FY2021/22 £m	FY2022/23 £m	Change %
Shareholder distributions paid in the year[1]	13.5	15.1	+11.9
Total remuneration cost[2]	218.2	238.7	+9.4

Notes
1. Dividends paid per year is defined in note 7 of the financial statements.
2. 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 2023 are provided below. There have been no changes between 30 April 2023 and the date of this report.

	Number of shares beneficially owned	Value of shares beneficially owned as a % salary/fees[1]	Shareholding guidelines	Deferred Bonus Plan Shares[2]	Shares subject to performance conditions	Shares not subject to performance conditions	Total interest in shares
Executive Directors							
Sir Nigel Knowles	2,677,211	311%	250%	247,020	3,138,156	0	6,062,387
Chris Stefani	958,411	184%	200%	247,020	1,353,381	0	2,558,812
Matthew Doughty	2,669,421	513%	200%	247,019	1,268,796	0	4,185,236
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	1,779,644	N/A	N/A	56,349	22,000[3]	300,021[4]	2,158,014

Notes
1. Calculated using the share price of £0.64 on 28 April 2023
2. *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.*
3. 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.
4. This is a conditional award over 156,897 ordinary shares granted to Michele Cicchetti on 14 January 2021, which will vest over five years in equal tranches and are not subject to performance conditions. This award is unrelated to his role as Partner Director for which he receives no remuneration as described on page 78. An additional conditional award over 411,769 ordinary shares was granted to Michele Cicchetti on 9 December 2022. This will vest in equal tranches, with the first tranche having vested on 16 January 2023 and the second tranche vesting upon the release of full year results.

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 reappointment at the AGM for an initial term of three years commencing on the admission of the shares to trading on the London Stock Exchange. The initial period of three years is renewable by one additional period of three years and renewable thereafter at the discretion of the Company. Partner Director letters of appointment provide that their duties as a Director are subject to their professional duties as solicitors authorised by the SRA or equivalent regulatory authority.

	Date appointed	Expiry date	Notice period by Company or Director
Executive Directors			
Sir Nigel Knowles	29 May 2020	Rolling service contract with no fixed expiry date.	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 Colaianni	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)

There were no payments made to any director for loss of office during FY2022/23.

Shareholder voting at the 2022 AGM

	Votes for	% for	Votes against	% against	Total votes validly cast	Votes withheld
To approve the Directors' Remuneration Policy	124,025,517	96.51	4,489,586	3.49	128,515,103	21,418
To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy	120,678,137	94.43	7,115,131	5.57	127,793,268	743,253

Wider workforce remuneration

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

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

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

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

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

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

Grading structure
DWF has a centralised approach to grading, with a new grading methodology introduced on 1 March 2021 to reflect the complexity of the Group and to allow for future growth, with colleagues (Executive Directors, partners and colleagues) graded from band 1 to 4.

Overview of findings
The Group's workforce has a unique structure, comprising both colleagues 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 colleagues 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 colleagues 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 colleagues 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 colleagues 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 colleagues 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 colleagues and partners.

Pensions
All UK colleagues 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 colleagues are in line with local legal requirements.

Benefits
UK colleagues 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 colleagues and partners
The Board is committed to ensuring there is an open dialogue with our colleagues 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 colleagues and responded to their feedback is continued within our Section 172(1) statement on pages 20 and 21.

For more information, please see page 61 of the Corporate Governance report and page 30 of the Environmental, Social and Governance report.

CEO-to-worker pay ratio as at 30 April 2023
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 colleagues (including partners) on a full-time equivalent ('FTE') basis for the financial year, to identify the quartiles. The pay and benefits for all UK colleagues and partners for the relevant financial year is calculated and ranked from lowest to highest, to identify the colleagues and partners at P25, P50 and P75. We chose methodology A as we felt it comprehensively reflects the pay levels of our colleagues (including partners).

The salary and total remuneration of UK FTE colleagues (including partners) at the 25th, 50th and 75th percentile, and the ratios between the CEO and these colleagues (including partners) are shown in the table below. The information in the table below was collated using available data as at 30 April 2023.

			Salary			Total remuneration		
	Year	Methodology	P25	P50	P75	P25	P50	P75
Amount	FY2022/23	A	£26,000	£40,901	£66,875	£28,058	£45,391	£74,040
	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	FY2022/23	A	21:1	13:1	8:1	28:1	17:1	10:1
	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

Remuneration continued

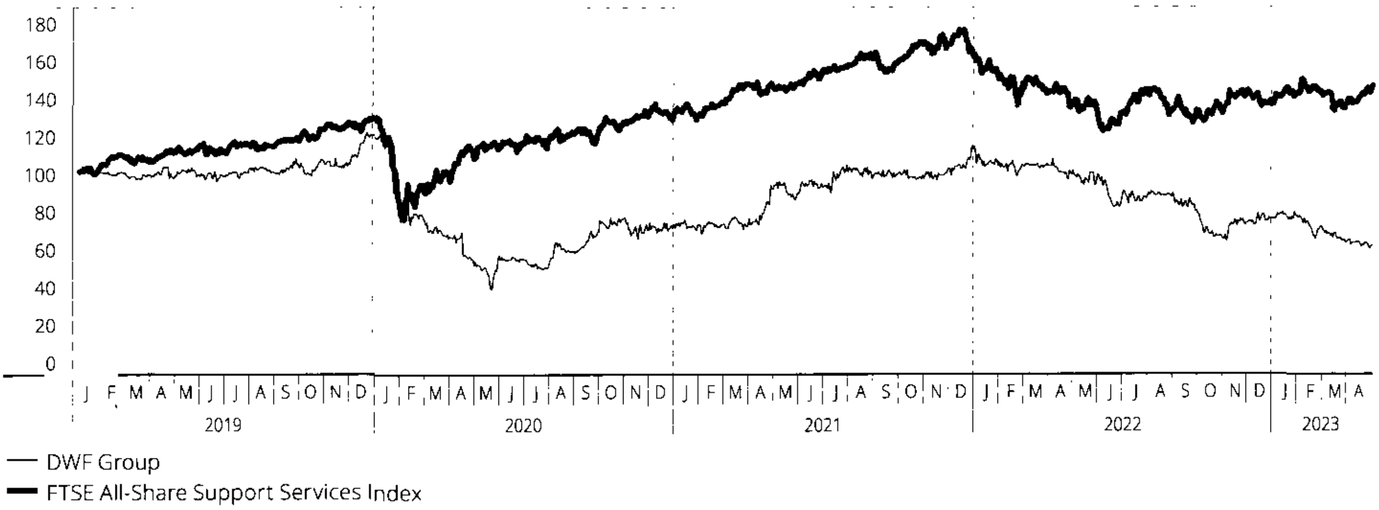
The Company believes the median pay ratio for FY2022/23 is consistent with the pay, reward and progression policies for the Group's UK colleagues (and partners). We complete a rigorous pay and benchmarking exercise annually on all roles, and adjust appropriately based on performance and affordability, to ensure colleagues (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, taxable benefits, pension benefits and a low level of incentive payout comprising no bonus payment and 14.1% long-term incentive vesting. We also recognise that ratios will be influenced by levels of employee (and partner) pay, which may vary from other sectors.

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

- Our CEO pay is made up of a higher proportion of incentive pay than that of our colleagues (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 colleagues (and partners), as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and wider workforce. Where the structure of remuneration is similar, as for the Executive Board and the CEO, the ratio is likely to be much more stable over time.

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



Historic CEO remuneration

Element	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23
Total remuneration	£70,949	£530,000	£868,784[1]	£792,533	£774,721
Annual bonus as a percentage of opportunity	0%	0%	37.1%[2]	28.0%	0%
LTIP as a percentage of opportunity	N/A	N/A	N/A	N/A	14.1%

Notes
1. Figures for FY2020/21 are based on total remuneration paid to Andrew Leaitherland up to 28 May 2020 and Sir Nigel Knowles from 29 May 2020
2. 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.
3. The aggregate total bonus outcome of £665k for FY2021/22 was distributed equally between the three Executive Directors as described on page 84 of the Annual Report FY22. The maximum bonus opportunity for the CEO was 150% of base salary.

Percentage change in remuneration of the Directors and all colleagues 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 % change			Taxable benefits % change			Bonus % change		
FY	2022/23	2021/22	2020/21	2022/23	2021/22	2020/21	2022/23	2021/22	2020/21
Executive Directors									
Sir Nigel Knowles	4%	9%	0%	79%	-11%	0%	-100%	-25%	0%
Chris Stefani	4%	0%	0%	10%	2.4%	-15%	-100%	-25%	0%
Matthew Doughty	8%	90%	0%	9%	119%	0%	-100%	40%	0%
Non-Executive Director									
Sir Nigel Knowles	N/A	N/A	0%	N/A	N/A	N/A	N/A	N/A	N/A
Jonathan Bloomer	0%	34%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Chris Sullivan	0%	6%	20%	N/A	N/A	N/A	N/A	N/A	N/A
Luke Savage	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Tea Colaianni	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Sam Tymms	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Vin Murria	N/A	N/A	-35%	N/A	N/A	N/A	N/A	N/A	N/A
Average employee (includes partners)	5.80%	9%	-0.2%	18%	-28%	31%	-100%	-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 84.

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 colleagues (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 2022 in March 2023. The full 2021 Gender and Diversity Pay Gap Report is available on our website at dwfgroup.com.

The Group's UK gender pay gap

Pay gap[1]	2017	2018	2019	2020	2021	2022
Mean hourly pay gap	50%	48%	39%	37%	35%	38%
Median hourly pay gap	36%	32%	33%	33%	28%	31%
Mean bonus pay gap	51%	45%	37%	38%	24%	49%
Median bonus pay gap	32%	23%	35%	38%	8%	42%

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 In our employee population, there is an increased number of women represented in our lowest pay quartile; whilst there was also an increase in Women in our highest pay quartile, the total number of employees in these groups differ significantly. 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

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

Pay gap[1]	2020	2021	2022
Mean hourly pay gap	23%	24%	26%
Median hourly pay gap	22%	23%	25%

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 colleagues across all career bands. We have seen a reduction in the median pay gap figure, and this can likely be attributed to the number of ethnically diverse colleagues in the upper pay quartiles. Statistically, with 23% of our population still not disclosing their information, we can see small changes affect our pay gap. 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 our latest representation targets, to 2025, will drive action and hold ourselves accountable to change.

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 ethnically diverse colleagues. More details on these targets can be found on page 29.

Approved by the Board of Directors and signed on its behalf

Tea Colaianni
Chair, Remuneration Committee

Directors' report

Directors' report

The Board of Directors present their report on the audited consolidated financial statements for the financial year ended 30 April 2023 as required by the Companies Act 2006. The Directors' report, together with the Strategic report on pages 1 to 46, 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	5
Risk factors and principal risks; going concern and viability statements	Strategic report	40 to 45
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	127
Governance arrangements; human rights and anti-corruption and bribery matters	Environmental, Social and Governance report	26
Environmental matters including annual greenhouse gas emissions, TCFD and SECR	Environmental, Social and Governance report	26 to 39
Social and community matters	Environmental, Social and Governance report	30
Financial risk management	Consolidated financial statements	127
Section 172(1) statement	Section 172(1) and stakeholders	20 to 25

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 53.

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, 70 to 88
9.8.4(12)	Waiver of dividends by a Shareholder	Directors' report 90
9.8.4(13)	Waiver of future dividend by a Shareholder	Directors' report 90

Board of Directors

You can find the names of all current Directors and their biographies on pages 50 to 51. All Directors intend to seek election or re-election at the 2023 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:

i. recommended by the Board; or

ii. not less than 14 nor more than 42 days before the date appointed for the meeting there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of the intention to propose a resolution for the election of that person, stating the particulars which would, if they were so elected, be required to be included in the Company's register of Directors and a notice executed by that person of their willingness to be elected.

A Director may be removed by the Company in certain circumstances set out in the Articles of Association or by special resolution or by ordinary resolution of which special notice had been given in accordance with the Companies Act 2006.

Directors' report continued

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 2023 are set out on page 82 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.

Dividends
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. Under normal circumstances, the Board targets a pay-out ratio of up to 70% of adjusted profit after tax. For FY2022/23, however, no final dividend has been declared given the proposed acquisition of DWF Group by Inflexion and unanimous recommendation that DWF Shareholders vote in favour of the deal. During the year, the Board declared an interim dividend of 0.0160 pence per ordinary share which was paid to Shareholders on 3 March 2023. 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 2023, the Company's share capital comprised 341,979,578 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 70 to 88 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 2023. 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:

£m	Number of ordinary shares as at 30 April 2023[1]	% of issued capital as at 30 April 2023
DWF Group Plc Employee Benefit Trust	26,094,415	7.63
Premier Miton Investors	19,366,428	5.66
Cartesian Capital Group	18,214,338	5.33
Gresham House Asset Management	16,541,914	4.84
abrdn	16,337,928	4.78
GAM	13,669,916	4.00

1 Issued share capital as at 30 April 2023 was 341,979,578.

As at 24 August 2023, only two further notifications have been received. The first notification released on 4 July confirmed Gresham House has increased their holding to 17,291,914 shares (5.06%). The second notification published on 1 August confirmed that Premier Milton have decreased their shareholding to below 3%.

Authority to allot and purchase own shares
At the Company's 2022 AGM, the Directors were authorised to:

i. 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 1pence each); and

ii. allot ordinary shares in connection with a rights issue up to an aggregate nominal amount equal to £2,169,018 (representing 216,901,800 ordinary shares of 1pence each), as reduced by the nominal amount of any shares previously issued under paragraph (i) above.

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):

a) holds at least 10% of the shares in the Company;
b) is able to exercise significant influence over the management of the Company by virtue of their shareholding in the Company;
c) 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
d) is able to exercise significant influence over the management of the Company by virtue of the person's entitlement to exercise, or control the exercise of, voting rights in the Company.

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 £120.0m 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 €18.45m. 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 126.

The Directors are not aware of any agreements between the Company and its Directors or colleagues 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 132 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 (2021/22: £nil).

At the Annual General Meeting to be held on 20 October 2023, 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 £50,000 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 94.

Information	Section	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	20 to 25
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	20 to 25

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	Page
How the Directors engage with employees	Section 172(1) statement	20 to 21
	Engaging with our stakeholders	20 to 25
	Corporate Governance report	57
How the Group provides employees with information on matters of concern to them as employees	Section 172(1) statement	20 to 21
	Engaging with our stakeholders	20 to 25
	Corporate Governance report	57
How the Group consults with and considers employee feedback	Section 172(1) statement	20 to 21
	Engaging with our stakeholders	20 to 25
	Corporate Governance report	57
How the Directors have had regard to employee interests	Non-Financial Information Statement	46
	Engaging with our stakeholders	20 to 25
	Corporate Governance report	57
How the Group informs employees of the financial and economic factors affecting its performance	Section 172(1) statement Engaging with our stakeholders	20 to 25

Colleagues 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 colleagues with disabilities, having regard to their particular aptitudes and abilities. If an colleagues 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. Colleagues with disabilities share equally in the opportunities for training, career development and promotion. Further information on supporting disability can be found on page 30.

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 2023 Annual General Meeting of the Company will be held at 20 Fenchurch Street, London, EC3M 3AG on 20 October 2023 at 12:00pm. The Notice of Annual General Meeting together with explanatory notes accompanies the Annual Report and Accounts which is sent to Shareholders. It is also available on our website at dwfgroup.com/en/investors.

Important events affecting the Group since 30 April 2023
On 21 July 2023, the Board unanimously announced the recommendation of an all cash offer for DWF Group Plc from Aquila Bidco Limited, a newly incorporated wholly-owned subsidiary of funds advised by Inflexion. It is not possible to estimate the financial effect on the Company as a result of this change in ultimate parent ownership.

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
The Directors have a reasonable expectation that the Group has sufficient resources to continue its operations for at least 12 months from the date of signing the financial statements. 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.

The directors are satisfied that under the no deal basis there is sufficient support and knowledge of the cash flows and operations of the business to adopt a going concern basis. The all cash offer for DWF Group plc from Aquila Bidco Limited outlined above remains subject to shareholder approval. Assuming such approval is received, the transaction is expected to complete within 12 months of these Financial Statements. The new ultimate parent undertaking have stated their intentions surrounding the Group's future outlook and funding plans and these align to the Group's current business plan and strategy. However, as these decisions will no longer be in the exclusive control of the DWF Group PLC Directors, this creates a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern as at 24 August 2023. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern

The Directors' report was approved by the Board and has been signed on its behalf by the Group General Counsel & Company Secretary.

By order of the Board

Darren Drabble
Group General Counsel & Company Secretary

24 August 2023

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 'Governance: Board of Directors' on pages 50 to 51 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 24 August 2023 and is signed on its behalf by:

Sir Nigel Knowles
Group Chief Executive Officer

24 August 2023

Chris Stefani
Chief Financial Officer

24 August 2023

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 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- financial statements 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 2023; 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.3 to the financial statements concerning the group's and the company's ability to continue as a going concern. The all cash offer for DWF Group plc from Aquila Bidco Limited as disclosed in note 1.3 remains subject to shareholder approval. Assuming such approval is received, the transaction is expected to complete within 12 months from the approval of these Financial Statements. Aquila Bidco Limited have stated their intentions surrounding the group's future outlook and funding plans and these align to the group's current business plan and strategy. However the decisions around future strategy and intentions will no longer be in the exclusive control of the DWF Group plc Directors. These conditions, along with the other matters explained in note 1.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and 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.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 1.3 to the financial statements, 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, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

Audit scope

- Our audit focused on those entities with the most significant contribution to the Group's net revenue. Of the Group's 78 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, Trade receivables and Amounts recoverable from clients in respect of unbilled revenue were in scope for Rousaud Costas Duran S.L.P. and Cash and cash equivalents was in scope for DWF Poland Jamka and TWK Management Limited.

- 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; and
- The components within the scope of our work, and work performed centrally by the Group engagement team, accounted for 74% of Group revenue and 72% of Group profit before tax.

Key audit matters

- Material uncertainty related to going concern
- Revenue recognition and valuation of unbilled revenue (group)
- Accounting for the acquisition of Whitelaw Twining Law Corporation (group)
- Carrying value of investments (parent)

Materiality

- Overall group materiality: £3.8m (2022: £3.5m) based on 1% of net revenue.
- Overall company materiality: £3.6m (2022: £3.2m) based on 1% of total assets capped at 95% of overall group materiality.
- *Performance materiality: £2.9m (2022: £1.8m) (group) and £2.7m* (2022: £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.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Accounting for the acquisition of Whitelaw Twining Law Corporation is a new key audit matter this year. Recoverability of trade receivables, which was a key audit matter last year, is no longer included because of a reduction in estimation uncertainty within the balances for the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and valuation of unbilled revenue (group) Refer to page 66 (Audit Committee Report), note 1.15, 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 2023, total unbilled receivables balances included in note 13 were £92.9m (2022: £72.0m). 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 balance is considered to be a key risk due to the significance of this balance 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.

Key audit matter	How our audit addressed the key audit matter
Accounting for the acquisition of Whitelaw Twining Law Corporation (group) Refer to page 66 (Audit Committee Report), note 1.2, note 1.20 and note 9 to the Financial Statements for the Directors' disclosures of the related accounting policies, judgements and estimates. On 5 December 2022, the Group acquired 100% of the share capital of Whitelaw Twining Law Corporation, for a net consideration of £5.3 m. The fair value of the net assets acquired was £9.7m resulting in a gain on bargain purchase of £4.4m. In addition to this consideration, £10.5m of shares were issued with vesting conditions linked to future service conditions by the vendors over the next four years. As these shares have vesting conditions requiring continued service by the vendors, it is management's judgement that this is remuneration rather than consideration. However, other indicators do exist which could indicate consideration. If it were to be considered as consideration, the impact of this would be to decrease the gain on bargain purchase by the fair value of the shares. As part of the acquisition management recognised a number of intangible assets including Brands and Customer relationships. In valuing these intangibles assets, management is required to use judgement to estimate their fair value. The material assumptions used include cash flow forecasts of the entity (including growth rates and royalty rates), customer retention rates and the contributory asset charges.	We obtained and read the relevant terms of the purchase agreements to inform our further audit procedures to test the accounting for the acquisition and ensure the purchase consideration was complete and accurate. We tested the recognition in the Consolidated Financial Statements of the fair value of the assets and liabilities acquired and residual gain on bargain purchase. In doing so, we: (i) Tested managements' valuation of the fair value adjustments by testing if the assumptions used in the calculations were consistent with our understanding of the acquisition and through agreement to supporting evidence. We utilised specialists in valuations to review the methodology and assumptions used by management in the identification and valuation of the acquired intangibles. In addition for the fair value of the acquired intangibles, we compared the assumptions to previous acquisitions made by the Group in this industry, including estimated attrition rates and the discount rate applied. We found no significant inconsistencies in the assumptions determined by management; (ii) Considered the completeness of the intangible assets identified by management, based on our understanding of the transactions, our knowledge of the businesses, the purchase agreements and discussions with management. No additional intangible assets were identified from the work performed; (iii) Tested whether other assets and liabilities acquired had been recognised at fair value, with no material differences identified; and (iv) Considered management's critical judgement of the treatment of the shares as remuneration given the future service conditions and the link to the vesting conditions. We are comfortable with management's judgement. Based on our audit work, we found estimates made in the recognition and valuation of acquired intangibles to be acceptable and the treatment of the shares as remuneration to be appropriate. We also consider the disclosures made in the financial statements to be appropriate.
Carrying value of investments (parent) Refer to note 1.1 and note 2 of the Company Financial Statements. The Company holds investments in its subsidiaries of £270,579k (2022: £255,955k). We focused on this area due to the size of the investment balances. Management has performed an assessment of the recoverable amount of the investments and compared this to the carrying value using discounted cash flow methodology. The results showed that no impairment was required against these investments.	We obtained Management's assessment of the carrying value of the investments and we challenged: (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; (ii) the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations; (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; and (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. Following the conclusion of our procedures above, we are satisfied that no impairment is required.

Independent Auditor's report to the members of DWF Group plc continued

How we tailored the audit scope
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.

The Group is organised into 78 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, Trade receivables and Amounts recoverable from clients in respect of unbilled revenue were in scope were in scope for Rousaud Costas Duran S.L.P. Cash and cash equivalents was in scope for DWF Poland Jamka and Cash and cash equivalents was in scope for TWK Management Limited. 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.

All audit work was performed by the Group engagement team.

The Group engagement team also performed the audit of the Company.

The impact of climate risk on our audit
As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the financial statements.

We challenged the completeness of management's climate risk *assessment by: reading external reporting made by management;* challenging the consistency of management's climate impact assessment with internal climate plans and board minutes; and, reading the entity's website / communications for details of climate related impacts.

Management has made commitments to become net zero prior to the UK government goal of 2050. This commitment does not directly impact financial reporting, as management has not yet developed a detailed pathway on how exactly they will deliver this commitment and will only be able to model the impact further into the journey to net zero.

Management considers the impact of climate risk as at the balance sheet date does not give rise to a potential material financial statement impact.

Materiality
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.

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	£3.8m (2022: £3.5m).	£3.6m (2022: £3.2m).
How we determined it	1% of net revenue	1% of total assets capped at 95% 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 £1.5 million and £3.6 million. 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 75% (2022: 50%) of overall materiality, amounting to £2.9m (2022: £1.8m) for the group financial statements and £2.7m (2022: £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 £0.4m (group audit) (2022: £0.2m) and £0.4m (company audit) (2022: £0.2m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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.

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 2023 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, except for the matters reported in the section headed 'Material uncertainty related to going concern', 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 and company 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 Listing Rules and 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. Audit procedures performed by the engagement team included:

Independent Auditor's report to the members of DWF Group plc continued

- challenging assumptions and judgements made by management in their significant accounting estimates, in particular around the valuation of unbilled revenue, fair value of acquisitions and treatment of consideration;
- 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. The period of total uninterrupted engagement is two years, covering the years ended 30 April 2022 and 30 April 2023.

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

24 August 2023

Consolidated income statement

Year ended 30 April 2023

	Notes	2023 £'000	2022 £'000
Revenue	3	**451,641**	416,052
Recoverable expenses	3	**(71,505)**	(65,810)
Net revenue	3	**380,136**	350,242
Direct costs	3	**(188,395)**	(169,332)
Gross profit	3	**191,741**	180,910
Administrative expenses		**(162,220)**	(146,691)
Gain on bargain purchase	9	**4,459**	–
Trade receivables impairment	13	**(1,454)**	(2,973)
Accelerated depreciation/amortisation	4	**(6,452)**	–
Other impairment	4	**(1,856)**	(3,593)
Operating profit	4	**24,218**	27,653
Net finance expense	5	**(5,310)**	(3,664)
Net interest expense on leases	5	**(1,739)**	(1,673)
Profit before tax		**17,169**	22,316
Total of adjusting items as defined under the Group's alternative performance measures	2	**(26,158)**	(19,081)
Adjusted profit before tax	2	**43,327**	41,397
Taxation	6	**(4,722)**	(2,029)
Profit for the year		**12,447**	20,287
Earnings per share attributable to the owners of the parent:			
Basic (p)	8	**4.0**	6.8
Diluted (p)	8	**3.8**	6.5

The results are from continuing operations.

Notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Year ended 30 April 2023

	2023 £'000	2022 £'000
Profit for the year	**12,447**	20,287
Items that are or may be subsequently reclassified to the income statement:		
Foreign currency translation differences – foreign operations	**(1,388)**	83
Total other comprehensive (expense)/income for the year	**(1,388)**	83
Total comprehensive income for the year	**11,059**	20,370

There is no taxation on items within other comprehensive income.

Notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 April 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	10	**49,890**	45,604
Property, plant and equipment	11	**9,300**	11,239
Right-of-use assets	12	**57,223**	65,234
Trade and other receivables	13	**412**	1,464
Deferred tax assets	20	**4,320**	3,938
Total non-current assets		**121,145**	127,479
Current assets			
Trade and other receivables	13	**243,339**	190,174
Cash and cash equivalents (excluding bank overdrafts)	14	**36,404**	28,310
Total current assets		**279,743**	218,484
Total assets		**400,888**	345,963
Current liabilities			
Trade and other payables	15	**59,855**	63,325
Corporation tax liabilities		**9,366**	6,190
Deferred consideration		**583**	890
Lease liabilities	16	**13,712**	14,576
Interest-bearing loans and borrowings	17	**23,512**	9,786
Provisions	18	**6,898**	6,315
Amounts due to members of partnerships in the Group	27	**30,700**	28,243
Total current liabilities		**144,626**	129,325
Non-current liabilities			
Deferred tax liabilities	20	**7,501**	5,869
Lease liabilities	16	**58,298**	63,163
Interest-bearing loans and borrowings	17	**114,640**	90,344
Provisions	18	**3,772**	4,147
Total non-current liabilities		**184,211**	163,523
Total liabilities		**328,837**	292,848
Net assets		**72,051**	53,115
Equity			
Share capital	21	**3,420**	3,254
Share premium	21	**91,940**	89,365
Treasury shares	21	**(129)**	(129)
Other reserves	22	**17,021**	4,929
Accumulated losses	22	**(40,201)**	(44,304)
Total equity		**72,051**	53,115

Notes 1 to 28 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 24 August 2023 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 2023

	Share capital (note 21) £'000	Share premium (note 21) £'000	Treasury shares (note 21) £'000	Other reserves: Merger reserve (note 22) £'000	Other reserves: Share-based payments reserve (note 22) £'000	Translation reserve (note 22) £'000	Accumulated losses (note 22) £'000	Total equity £'000
At 1 May 2022	**3,254**	**89,365**	**(129)**	**(2,385)**	**11,512**	**(4,198)**	**(44,304)**	**53,115**
Profit for the year	–	–	–	–	–	–	**12,447**	**12,447**
Other comprehensive income	–	–	–	–	–	**(1,388)**	–	**(1,388)**
Total comprehensive income	–	–	–	–	–	**(1,388)**	**12,447**	**11,059**
Shares issued	**166**	**2,575**		–		–	–	**2,741**
Dividends paid	–	–	–	–	–	–	**(15,113)**	**(15,113)**
Share-based payments (note 23)	–	–	–	–	**20,774**	–	–	**20,774**
Recycling of share-based payments (note 23)	–	–	–	–	**(7,294)**	–	**7,294**	–
Tax on share-based payments	–	–	–	–	–	–	**(525)**	**(525)**
At 30 April 2023	**3,420**	**91,940**	**(129)**	**(2,385)**	**24,992**	**(5,586)**	**(40,201)**	**72,051**

	Share capital (note 21) £'000	Share premium (note 21) £'000	Treasury shares (note 21) £'000	Other reserves: Merger reserve (note 22) £'000	Other reserves: Share-based payments reserve (note 22) £'000	Translation reserve (note 22) £'000	Accumulated losses (note 22) £'000	Total equity £'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 expense	–	–	–	–	–	83	–	83
Total comprehensive expense	–	–	–	–	–	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

Notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 30 April 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations before adjusting items	26	**42,929**	41,623
Cash used to settle non-underlying items		**(6,756)**	(8,464)
Cash generated from operations		**36,173**	33,159
Interest paid		**(5,979)**	(4,596)
Interest received		**468**	–
Tax paid		**(3,713)**	(2,854)
Net cash generated from operating activities		**26,949**	25,709
Cash flows from investing activities			
Proceeds from sale of investment		**–**	227
Acquisition of subsidiary, net of cash acquired	9	**(16,807)**	(3,540)
Purchase of property, plant and equipment		**(2,874)**	(3,581)
Purchase of other intangible assets		**(3,452)**	(4,300)
Net cash flows used in investing activities		**(23,133)**	(11,194)
Cash flows from financing activities			
Purchase of treasury shares			–
Dividends paid	7	**(15,113)**	(13,537)
Loan arrangement fee		**(163)**	(626)
Proceeds from borrowings		**37,089**	109,727
Repayment of borrowings		**(10,908)**	(104,861)
Repayment of principal of lease liabilities	16	**(14,447)**	(13,396)
Interest received		**–**	101
Capital contributions by members	27	**7,237**	2,132
Repayments to former members	27	**(4,807)**	(1,072)
Net cash flows used in financing activities		**(1,112)**	(21,532)
Net increase/(decrease) in cash and cash equivalents		**2,704**	(7,017)
Cash and cash equivalents at the beginning of year		**27,704**	34,580
Effects of foreign exchange rate changes on cash and cash equivalents		**188**	141
Cash and cash equivalents at the end of year	14	**30,596**	27,704

Notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated notes to the financial statements

Year ended 30 April 2023

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 2023 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
Acuhold Limited	08411526
Acumension Limited	03594984
DWF (Hong Kong) LLP	OC442266

1.2 Basis of accounting

The Group financial statements consolidate those of the Company and its subsidiary undertakings and partnership undertakings.

The consolidated financial statements 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 AS 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.

When consideration with performance conditions is issued to selling shareholders remaining within the business, an assessment is performed as to whether the payment is consideration or remuneration, in accordance with IFRS 3. If it is determined that the payment is remuneration, the transaction will be accounted for as a separate transaction to the acquisition.

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 October 2024 and is carried out as follows:

- The Group's Board-approved budget base case is used to calculate the net debt position, liquidity, covenant compliance and available headroom over the going concern period.
- The going concern assessment has been carried out on two different base cases, the first of which assumes the recommendation of an all cash offer for DWF Group plc from Aquila Bidco Limited is accepted, and the second of which assumes that the business continues as a Plc.
- The assessment of going concern is carried out with reference to available financing facilities under both scenarios, 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 a variety of risks materialising over the going concern period.

1 Accounting policies continued

1.3 Going concern continued

Assessment of going concern continued

- 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 £158m (of which £139m were drawn). The largest of these is the £120m revolving credit facility ('RCF'), which was increased through exercising the accordion facility in February 2023. This RCF matures in December 2025, with one additional 12-month extension option. The undrawn portion of the RCF is readily accessible and does not require any further approval for drawdown by the Group's banking syndicate. The facility agreement also permits the Group to obtain a further £25m of external funding and £15m of leasing facilities, if required. The covenant thresholds across the assessment period *are set out below:*

Covenant	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24
Net Asset Value to Consolidated Net Borrowings	1.60x	1.60x	1.60x	1.60x	1.60x
Interest Cover	4.00x	4.00x	4.00x	4.00x	4.00x
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.

If the recommendation of an all cash offer for DWF Group plc from Aquila Bidco Limited is approved, the current facilities will be fully repaid on completion, and new committed banking facilities of £330m will become available to the Group. The new facilities have long-term maturity dates, and include two working capital facilities, comprising £30m initial, with an additional optional £40m to drawdown on. There is also an additional £60m facility available to be utilised for future acquisitions, subject to lender approval. There are different covenant thresholds across the facilities, but the minimum covenant ratio has been modelled for the assessment period and these are as follows:

Covenant	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24
Leverage	–	–	–	4.50x	4.50x

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, adjusted to include Whitelaw Twining, has been used to measure the going concern and future viability of the Group. This assessment has been performed on the same two bases as going concern. 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 downside scenarios arising from the principal risks and uncertainties.

In particular, the Board has considered the impact of both a de-listing and business-as-usual scenario, including impacts on cash flows and covenants. *In addition the assessment considers the potential* 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 each 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 reduction strategy.

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 a stretch in working capital 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, under either scenario.

Conclusion

Based on this assessment, the Directors have a reasonable expectation that the Group and Company has sufficient resources to continue its operations for the period of assessment. In particular the Directors have a reasonable expectation that the Group and Company 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 and Company to adopt the going concern basis in preparing these financial statements.

The directors are satisfied that under the no deal basis there is sufficient support and knowledge of the cash flows and operations of the business to adopt a going concern basis for the Group and Company. The all cash offer for DWF Group plc from Aquila Bidco Limited outlined above remains subject to shareholder approval. Assuming such approval is received, the transaction is expected to complete within 12 months of these Financial Statements. Aquila Bidco Limited have stated their intentions surrounding the Group's future outlook and funding plans and these align to the Group's current business plan and strategy. However, as the decisions around future strategy and intentions will no longer be in the exclusive control of the DWF Group PLC Directors, this creates a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern as at 24th August 2023. The financial statements do not include the adjustments that would result if the Group or Company were unable to continue as a going concern.

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:

- 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, gain on bargain purchase associated with 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 and impairment charges associated with office closures or scale-back of operations; 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 Accounting policies continued

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	7 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 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.

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 14 years
• Brand	2 to 16 years
• Software costs	4 years
• Capitalised development costs	3 to 4 years

1.10 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 £44.8m (2022: £43.7m). 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.

1.11 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 Accounting policies continued

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.13 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.

1.14 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.

1.15 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.

1.16 Financing income and expenses

Financing expenses comprises interest payable, unwinding of the discount on provisions, and net foreign exchange gains or 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.

Foreign currency gains and losses are reported on a net basis.

1.17 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.

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.

1.18 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.

1.19 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 2022 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. Control is exercised over the non-ABS entities through a Governance Deed.

1 Accounting policies continued

1.20 Accounting estimates and judgement continued

Critical judgement in applying the Group's accounting policies continued

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 and thus can exercise control over the non-ABS entities.

Business combinations: Whitelaw Twining consideration

On 5 December 2022 the Group completed the acquisition of Whitelaw Twining, a Canadian Law firm headquartered in Vancouver. The fair value of the consideration was determined as £5,260,000, satisfied in both cash and shares. In addition to this consideration, £10,528,000 of shares were issued with vesting conditions linked to future service conditions by the vendors over the next four years. As these shares have vesting conditions requiring continued service by the vendors, it is management's judgement that this is remuneration rather than consideration. However, other indicators do exist which could indicate consideration. If it were to be considered as consideration, the impact of this would be to decrease the gain on bargain purchase by the fair value of the shares. See note 9 for further details of the acquisition accounting.

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 £4,201,107 increase in the carrying value of amounts recoverable from clients in respect of unbilled revenue and a £4,201,107 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.

Goodwill and intangible assets

The Group has made several acquisitions in the year, and in doing so *recognised a number of intangible assets on consolidation, including* Brands, Customer Lists, and Goodwill. In valuing these intangible assets, management are required to use estimates in determining their fair values. Intangible assets identified on acquisition are brand names, customer lists and intellectual property. The material assumptions used are predominantly the cash flow forecasts used within the relevant valuation model. To assist in this work, the Group engages external valuation experts for material acquisitions to assess the fair values of intangible assets. Management review the work carried out by these external valuation experts and assess the outcome. The fair values of the acquired entities' balance sheets are also assessed to ensure that the values reflect the fair value of all acquired assets and liabilities. A 10% increase in the cash flow forecasts used in the Whitelaw Twining intangible valuation models would increase the acquired intangibles by £0.8m with a corresponding increase in the gain on bargain purchase. A 10% decrease in the cash flow forecasts would result in an equal and opposite impact on intangibles and gain on bargain purchase.

A 10% increase in the cash flow forecasts used in the Whitelaw Twining intangible valuation models would increase the acquired intangibles by £0.8m with a corresponding increase in the gain on bargain purchase. A 10% decrease in the cash flow forecasts would result in an equal and opposite impact on intangibles and gain on bargain purchase.

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 142 to 146. Adjusted profit before tax reconciles to profit before tax as follows:

	2023 £'000	2022 £'000
Profit before tax	**17,169**	22,316
Adjusting items:		
Amortisation of intangible assets – acquired	**3,929**	4,655
Impairment of intangible assets	**1,494**	2,966
Impairment of tangible and right of use assets	**362**	627
Accelerated depreciation	**6,452**	–
Non-underlying items	**6,248**	1,224
Gain on bargain purchase	**(4,459)**	–
Share-based payments expense	**12,132**	9,609
Total of adjusting items	**26,158**	19,081
Adjusted PBT	**43,327**	41,397

In FY23, an accelerated depreciation charge of £6.5m (FY22: £nil) was recognised in relation to the right of use, and other fixed assets located within a vacant floor in the Pune office. There are no future plans to occupy this space given the adoption of hybrid working, therefore associated assets have been fully depreciated in the year.

Adjusted profit before tax reconciles to profit before tax with reconciling items by nature as follows:

	2023 £'000	2022 £'000
Profit before tax	**17,169**	22,316
Office closures and scale-backs	**9,972**	(238)
Acquisition-related expenses	**6,493**	9,564
Gain on bargain purchase	**(4,459)**	–
Share-based payment expense	**10,822**	9,609
Restructuring costs	**3,330**	–
Refinancing costs	**–**	146
Adjusted PBT	**43,327**	41,397

Cash used to settle non-underlying items includes £5.4m (FY22: £3.8m) relating to closures and other restructure costs and £1.4m (FY22: £4.6m) relating to acquisition-related advisory fees.

Non-underlying items are set out in the table below:

	Notes	2023 £'000	2022 £'000
Acquisition-related advisory fees	a	**1,254**	336
Acquisition-related expenses	b	**–**	1,104
Closure and scale-back of operations	c	**1,664**	(362)
Restructuring costs	d	**3,330**	–
Non-underlying items within operating profit		**6,248**	1,078
Non-underlying finance expense	e	**–**	146
Total non-underlying items		**6,248**	1,224

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 Acumension and Whitelaw Twining as well as fees for aborted acquisitions.

b. Acquisition-related expense relates to the remuneration expense from the acquisition of Mindcrest in FY20. 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.

c. Closure and scale-back of operations in the current year relate to ongoing costs relating to the scale-back of operations in Germany which commenced in FY21 and final costs for the completion of closures and scalebacks in other jurisdictions such as Singapore. These costs comprise people and supplier exit expenses as a result of the decision taken.

d. During the year, the Group commenced an efficiency programme with the aim of removing cost from the business. Costs of executing the restructuring are considered non-recurring as a restructuring of this size is one-off and as a result is reported as a non-underlying item to provide clarity of underlying trading performance.

e. These costs are associated with the FY22 re-financing and include professional fees incurred that are significant in value and by their nature are not recurring annually.

2 Alternative performance measures continued

The cost to income ratio is used to assess the levels of operational gearing in the Group. The cost to income ratio is defined as administrative expenses less adjusting items and divided by net revenue and is calculated as follows:

	2023 £'000	2022 £'000
Net revenue	**380,136**	350,242
Administrative expenses, gain on bargain purchase, accelerated depreciation and impairment	**167,523**	153,257
Total of adjusting items	**(26,158)**	(19,081)
Less: re-financing costs included in adjusting items	**–**	146
Adjusted administrative expenses	**141,365**	134,322
Cost to income ratio	**37.2%**	38.4%

3 Operating segments

Reporting segments

In accordance with IFRS 8: Operating Segments ('IFRS 8'), the Group's operating segments are based on the operating results reviewed by the Board, who represent the chief operating decision maker ('CODM'). 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	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 2023, the Group changed from the above strategic divisions to:

Reportable segment	Operations
Commercial Services	Combining our commercial Legal Advisory teams with business services including Global Entity Management, Forensic Accountants, ESG Consulting and Regulatory Consulting.
Insurance Services	Combining our insurance-focused legal and business services expertise under a single leadership team.
Legal Operations	Our alternative legal services provider, delivering services including eDiscovery, contract management, compliance, legal technology, consulting and operations, and knowledge management.

These changes to the Group's internal structure are a natural evolution to those made at the start of FY22, and will allow DWF to go further in how it delivers its integrated offering to clients.

For year ended 30 April 2023

	Legal Advisory £'000	Connected Services £'000	Mindcrest £'000	Total £'000
Revenue	**385,263**	**41,547**	**24,831**	**451,641**
Recoverable expenses	**(68,685)**	**(894)**	**(1,926)**	**(71,505)**
Net revenue	**316,578**	**40,653**	**22,905**	**380,136**
Direct costs	**(153,959)**	**(22,749)**	**(11,687)**	**(188,395)**
Gross profit	**162,619**	**17,904**	**11,218**	**191,741**
Gross margin %	**51.4%**	**44.0%**	**49.0%**	**50.4%**
Administrative expenses				**(162,220)**
Gain on bargain purchase				**4,459**
Trade receivables impairment				**(1,454)**
Other impairment				**(1,856)**
Accelerated depreciation/amortisation				**(6,452)**
Operating profit				**24,218**
Net finance expense				**(5,310)**
Net interest expense on leases				**(1,739)**
Profit before tax				**17,169**
Taxation				**(4,722)**
Profit for the year				**12,447**

In FY23, an accelerated depreciation charge of £6.5m (FY22: £nil) was recognised in relation to the right of use, and other fixed assets located within a vacant floor in the Pune office. There are no future plans to occupy this space given the adoption of hybrid working, therefore associated assets have been fully depreciated in the year.

Within administrative expenses, there is an impairment loss of £1.5m recognised relating to the Zing CGU. This is attributable to the Connected Services segment.

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
Gross margin %	52.5%	44.4%	51.8%	51.7%
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

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 Parent Company'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.

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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
UK	**75,702**	57,141	**333,442**	310,381	**268,284**	250,584
Spain	**23,419**	23,935	**40,241**	36,515	**40,241**	36,515
North America	**14,331**	12,100	**23,833**	7,717	**23,828**	7,702
Asia	**1,464**	14,063	**11,654**	11,107	**10,312**	8,838
Rest of World	**1,497**	14,838	**42,471**	50,332	**37,471**	46,603
Total allocated to geographical regions	**116,413**	122,077	**451,641**	416,052	**380,136**	350,242
Deferred tax assets	**4,320**	3,938				
Non-current other trade receivables	**412**	1,464				
Total	**121,145**	127,479				

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

	2023 £'000	2022 £'000
Recognised in the income statement		
Impairment of intangible assets	**1,494**	2,966
Amortisation of intangible assets – acquired	**3,929**	4,655
Impairment of property, plant and equipment and right-of-use assets	**362**	627
Accelerated depreciation/amortisation	**6,452**	–
Gain on bargain purchase	**(4,459)**	–
Non-underlying items (less: non-underlying finance expense)	**6,248**	1,078
Share-based payments expense (note 23)	**12,132**	9,609
Total of adjusting items within operating profit	**26,158**	18,935
Members' remuneration charged as an expense	**44,829**	43,670
Net foreign exchange gain	**(1,431)**	(1,856)
Amortisation of intangible assets – software and capitalised development costs	**3,268**	4,251
Depreciation of tangible assets	**3,562**	2,960
Depreciation of right-of-use assets	**12,365**	12,737
Auditor's remuneration		
Audit of the Group financial statements	**535**	510
Total audit fees	**535**	510
Amounts payable to the Company's auditor and its associates in respect of:		
Audit of financial information of subsidiaries, subsidiary undertakings and partnerships of the DWF Group plc	**150**	125
Other services pursuant to legislation or regulation	**429**	105
Total fees	**1,114**	740

5 Net finance expense

	2023 £'000	2022 £'000
Finance income		
Interest receivable	**861**	101
	861	101
Finance expense		
Interest payable on bank borrowings	**4,969**	2,300
Other interest payable	**112**	54
Bank and other charges	**1,090**	1,265
Non-underlying finance expense	**-**	146
	6,171	3,765
Net finance expense	**5,310**	3,664
Net interest expense on leases		
Interest expense on lease liabilities	**1,739**	1,673
	1,739	1,673

6 Taxation

	2023 £'000	2022 £'000
UK corporation tax on profit/loss	**4,858**	5,639
Foreign tax on profit	**2,188**	2,822
Adjustments in respect of prior periods	**(445)**	(5,443)
Current tax expense	***6,601***	*3,018*
Deferred tax credit	**(1,341)**	(2,354)
Adjustments in respect of prior periods	**(538)**	1,365
Total deferred tax credit	**(1,879)**	(989)
Total tax charge for the year	**4,722**	2,029

The effective tax rate is higher (2022: lower) than the average rate of corporate tax in the UK of 19.5% (2022: 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:

	2023 £'000	2022 £'000
Profit before taxation	**17,169**	22,316
Tax on Group profit/(loss) at standard UK corporation tax rate of 19% (2022: 19%)	**3,348**	4,240
Foreign tax rate differences	**498**	(4)
Non-deductible expenses	**1,656**	706
Adjustments in respect of prior periods	**(983)**	(4,079)
Brought forward tax losses utilised	**(2,115)**	(263)
Tax losses in year not recognised as assets	**2,478**	2,060
Impact of share price on expected tax deduction	**-**	203
Effect on deferred tax of change in corporation tax rate	**(160)**	(834)
Group total tax charge for the year	**4,722**	2,029

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. 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 £5.7m on a profit before tax of £17.2m, representing an effective rate of tax of 33%. 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 £2.5m) and the tax effect of non-tax deductible expenses (increasing the tax charge by £1.6m) offset by the effect of the utilisation of unrecognised losses brought forward (reducing the tax charge by £2.1m). Please refer to Note 20 for further details.

7 Dividends

Distributions to owners of the parent in the year:

	2023 pence per share	2022 pence per share
Final dividend recognised as distributions in the year	**3.25**	3.00
Interim dividend recognised as distributions in the year	**1.60**	1.50
Total dividend paid in the year	**4.85**	4.50
Final dividend proposed	**–**	3.25

	2023 £'000	2022 £'000
Final dividend recognised as distributions in the year	**9,821**	9,008
Interim dividend recognised as distributions in the year	**5,292**	4,529
Total dividend paid in the year	**15,113**	13,537
Final dividend proposed	**–**	10,574

The Directors are not proposing a final dividend for the financial year ended 30 April 2023. A special dividend, which is conditional upon the scheme of arrangement becoming effective, is proposed as described in the scheme document published by the Company on 15 August 2023.

8 Earnings per share

	2023 £'000	2022 £'000
Profit for the year for the purpose of basic earnings per share	**12,447**	20,287

	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**311,419,070**	298,898,991
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	**12,001,403**	13,639,188
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**323,420,473**	312,538,179
Earnings per share attributable to the owners of the parent:		
Basic earnings per share (p)	**4.0**	6.8
Diluted earnings per share (p)	**3.8**	6.5

Adjusted basic and adjusted diluted earnings per share are APMs (as defined in the glossary on pages 142 to 146 and have been calculated using profit for the purpose of basic earnings per 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:

	2023 £'000	2022 £'000
Profit for the year	**12,447**	20,287
Add/(remove):		
Total of adjusting items (note 2)	**26,158**	19,081
Tax effect of adjustments above	**(3,763)**	(4,651)
Adjusted profit for the purpose of adjusted earnings per share	**34,842**	34,717

	Number	Number
Weighted average number of ordinary shares for the purposes of adjusted basic earnings per share	**311,419,070**	298,898,991
Ordinary shares for the purposes of adjusted diluted earnings per share	**341,979,578**	325,352,865
Adjusted basic earnings per share (p)	**11.2**	11.6
Adjusted diluted earnings per share (p)	**10.2**	10.7

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.

Shares held in trust are deducted from the weighted average number of ordinary shares for basic earnings per share and adjusted basic earnings per share.

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 2023

Business combinations are accounted for using the acquisition accounting method as at the acquisition date, which is the date at which control is transferred to the Group.

Two acquisitions were made in the year; Acuhold Limited ('Acumension') and Whitelaw Twining Law Corporation ('Whitelaw Twining'). Details of the acquisitions are as follows:

	Country of incorporation	Nature of activity	Date of acquisition	Consideration £'000	Percentage ownership
Acumension	UK	Costs management	2 September 2022	5,530	100%
Whitelaw Twining	Canada	Insurance	5 December 2022	5,260	100%

Acumension is a leading specialist in legal costs management headquartered in Manchester, focused on utilising technological capability to deal with complex defendant costs, and will expand our existing Costs business within the Connected Services division.

Whitelaw Twining is a leading Canadian law firm headquartered in Vancouver, specialising in insurance, commercial litigation, personal injury and dispute resolution. Whitelaw Twining brings a strong strategic fit, greater scale and an enhanced platform in North America, with synergy opportunities alongside DWF's existing Canadian claims and adjusting businesses.

The fair values of the assets and liabilities and the associated goodwill arising from the acquisitions are as follows:

	Acumension £'000	Whitelaw Twining £'000
Intangible assets	223	8,453
Property, plant and equipment	89	–
Right-of-use asset	–	4,835
Trade and other receivables	2,854	15,204
Cash and cash equivalents	1,690	91
Trade and other payables	(352)	(4,466)
Lease liabilities	–	(4,835)
Provisions	-	(342)
Amounts due to members	–	(3,361)
Loans and borrowings	–	(3,614)
Deferred tax liability	(81)	(2,246)
Net assets acquired	**4,423**	**9,719**
Purchase consideration	**5,530**	**5,260**
Purchase consideration satisfied by:		
Initial cash consideration	4,368	304
Deferred cash consideration	1,086	2,347
Assets transferred as consideration	76	–
Contingent consideration	–	15
Shares issued to shareholders	-	2,594
Provisional goodwill/(gain on bargain purchase)	**1,107**	**(4,459)**

Within the £5,530,000 consideration for Acumension, £1,086,000 is deferred and payable over one year post-acquisition and is not contingent on future performance targets. Of this deferred consideration, £760,000 has been paid in the period. Contingent consideration of £1,250,000 was payable based on certain KPIs being met in the first year post-acquisition. These targets were deemed to be unlikely to be met as at the acquisition date and therefore not included within the fair value assessment of consideration. The provisional fair values in relation to Acumension as disclosed in the FY23 interim accounts have been updated resulting in an increase to goodwill of £452,000 and a decrease in acquired net assets of £1,761,000.

Of the £5,260,000 consideration for Whitelaw Twining, £2,347,000 was deferred and payable in February 2023. This was not contingent on future performance targets. During the period, all deferred consideration was paid. An additional consideration of £15,000 was contingent on future performance targets in FY23. These were achieved, and the contingent consideration paid in March 2023.

In addition to the consideration paid for Whitelaw Twining, 13,143,000 of shares were issued that vest over a period of between one and five years to July 2027. These shares are contingent on continuing service of the sellers. This is accounted for as remuneration and within the scope of IFRS 2 Share-Based Payments. An IFRS 2 charge of £1,293,000 being recognised in the year, and an IFRS 2 balance of £9,234,000 included within prepayments.

The goodwill for Acumension is attributable to the benefits of operating an already well-established business in the relevant sector and the synergies that are expected to be achieved from incorporating the business into the Group's operations. The goodwill will be allocated to the Costs CGU. As the purchase was not made with any qualifying intellectual property, all goodwill acquired is non-tax deductible.

Goodwill is measured at the acquisition date as the fair value of consideration transferred, plus non-controlling interests and the fair value of any previously held equity interests less the net recognised amount (which is generally fair value) of the identifiable assets and liabilities assumed. Goodwill is subject to an annual review for impairment (or more frequently if necessary) in accordance with our accounting policies. Any impairment is charged to the income statement as it arises.

9 Acquisitions of subsidiaries and transactions related to previous acquisitions continued

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).

	Acumension £'000	Whitelaw Twining £'000
Intangible assets – brands	–	2,086
Intangible assets – customer relationships	223	6,235
Total fair value of intangibles on acquisition	**223**	**8,321**
Deferred tax recognised as a result of the intangibles	(57)	(2,246)
Total fair value on acquisition	166	6,075

Cash flows arising from the acquisition were as follows:

	Acumension £'000	Whitelaw Twining £'000
Initial purchase consideration	(4,368)	(304)
Cash and cash equivalents acquired	1,690	(3,523)
Total fair value on acquisition	**(2,678)**	**(3,827)**
Deferred consideration paid in the year	(760)	(2,347)
Net cash outflow in the year	**(3,438)**	**(6,174)**

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
Acumension	2,233	427	3,137	126
Whitelaw Twining	10,025	877	23,676	997

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.

During FY23, the Group has concluded on the fair value of the net assets in respect of acquisitions completed, resulting in an increase of £3.9m in net assets and a corresponding decrease in goodwill.

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').

Full details of the acquisitions can be found in the Annual Report and Accounts 2022 at www.dwfgroup.com.

10 Intangible assets

	Acquired					
	Goodwill £'000	Customer relationships £'000	Brand £'000	External software costs £'000	Capitalised development costs £'000	Total £'000
Cost						
At 1 May 2022	**14,034**	**36,812**	**1,933**	**6,762**	**14,165**	**73,706**
Additions – internally developed	**–**	**–**	**–**		**2,726**	**2,726**
Additions – externally purchased	**–**	**–**	**–**	**731**	**–**	**731**
Additions through acquisitions	**1,107**	**6,458**	**2,086**	**132**	**–**	**9,783**
Effect of movements in foreign exchange	**(38)**	**(110)**	**263**	**(58)**	**–**	**57**
At 30 April 2023	**15,103**	**43,160**	**4,282**	**7,567**	**16,891**	**87,003**
Amortisation and impairment						
At 1 May 2022	**1,357**	**13,132**	**1,782**	**4,444**	**7,387**	**28,102**
Amortisation for the year	**–**	**3,743**	**186**	**987**	**2,281**	**7,197**
Accelerated amortisation	**–**	**–**	**–**	**133**	**–**	**133**
Impairment	**1,403**	**91**	**–**	**–**	**–**	**1,494**
Effect of movements in foreign exchange	**–**	**172**	**36**	**(21)**	**–**	**187**
At 30 April 2023	**2,760**	**17,138**	**2,004**	**5,543**	**9,668**	**37,113**
Net book value						
At 30 April 2023	**12,343**	**26,022**	**2,278**	**2,024**	**7,223**	**49,890**
At 1 May 2022	**12,677**	**23,680**	**151**	**2,318**	**6,778**	**45,604**

	Acquired					
	Goodwill £'000	Customer relationships £'000	Brand £'000	External software costs £'000	Capitalised development costs £'000	Total £'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

Individual intangible assets that are material to the financial statements are set out below:

- Customer relationships – Whitelaw Twining: Net book value at 30 April 2023 £6.0m (2022: £nil) – remaining amortisation period is 13.5 years
- Customer relationships – Spain: Net book value at 30 April 2023 £18.0m (2022: £19.5m) – remaining amortisation period is 7 years

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:

	2023 £'000	2022 £'000
Insurance	**3,921**	3,921
Claims Management and Adjusting	**2,150**	2,150
Costs	**1,398**	1,398
Other individually immaterial CGUs	**4,874**	5,208
	12,343	12,677

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 FY24 which is underpinned by the business plan that has been signed off by the Board. Cash flows for FY24 through to FY27 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% (2022: 2%) consistent with the sector average and a pre-tax discount rate of 12-13% (2022: 10-12%). 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.

The review for the Zing 365 CGU indicated that the recoverable amount was lower than the carrying value by £1.5m. The carrying value of the CGU has therefore been reduced to its recoverable amount, resulting in a Goodwill impairment charge of £1.4m, with the remaining £0.1m impairment allocated against the Customer Relationships intangible. This charge is recognised within administrative expenses in the Group income statement, and is attributable to the Connected Services segment.

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, with the exception of the Zing 365 CGU. No other reasonable worst-case scenario gives rise to a material impairment risk.

11 Property, plant and equipment

	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 May 2022	18,170	13,938	37,491	69,599
Additions	855	1,160	871	2,886
Acquired through business combinations	–	89	–	89
Disposals	(68)	(322)	(151)	(541)
Effect of movements in foreign exchange	(209)	(29)	(20)	(258)
At 30 April 2023	**18,748**	**14,836**	**38,191**	**71,775**
Accumulated depreciation				
At 1 May 2022	14,066	9,163	35,131	58,360
Charge for the year	789	1,367	1,406	3,562
Accelerated depreciation	985	190	–	1,175
Disposals	–	(319)	(57)	(376)
Effect of movements in foreign exchange	(32)	(181)	(33)	(246)
At 30 April 2023	**15,808**	**10,220**	**36,447**	**62,745**
Net book value				
At 30 April 2023	**2,940**	**4,616**	**1,744**	**9,300**
At 1 May 2022	4,104	4,775	2,360	11,239

In FY23, an accelerated depreciation charge of £1.2m (FY22: £nil) was recognised in relation to leasehold improvements and office equipment located within a vacant floor in the Pune office. There are no future plans to occupy this space given the adoption of hybrid working, therefore associated assets have been fully depreciated in the year.

	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

12 Right-of-use assets

Leases as a lessee

	Property £'000	Equipment £'000	Total £'000
Right-of-use assets			
At 1 May 2021	67,073	2,093	69,166
Additions	10,467	–	10,467
Acquisitions	–	–	–
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**
Additions	3,487	–	3,487
Acquisitions	4,835	–	4,835
Depreciation	(11,907)	(458)	(12,365)
Accelerated depreciation	(5,144)	–	(5,144)
Impairment	(362)	–	(362)
Remeasurement adjustment	1,559	(23)	1,536
Effect of movements in foreign exchange	2	–	2
At 30 April 2023	**56,085**	**1,138**	**57,223**

In FY23, an accelerated depreciation charge of £5.1m (FY22: £nil) was recognised in relation to the right-of-use asset for a vacant floor in the Pune office. There are no future plans to occupy this space given the adoption of hybrid working, therefore associated assets have been fully depreciated in the year.

The remeasurement adjustment relates to the impact of term and rent changes on property leases during the year.

Leases as a lessor

During FY22, 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 £nil (2022: £1.0m) which was previously recorded against the right-of-use assets.

13 Trade and other receivables

	2023 £'000	2022 £'000
Current		
Trade receivables	**104,593**	88,949
Amounts recoverable from clients in respect of unbilled revenue	**92,890**	71,958
Unbilled disbursements	**11,232**	7,982
Contract assets	**104,122**	79,940
Trade receivables and contract assets	**208,715**	168,889
Other receivables	**4,143**	2,216
Amounts due from Members of partnerships	**2,441**	2,238
Lease receivables	**310**	432
Reimbursement asset	**4,962**	4,040
Prepayments	**22,768**	12,359
	243,339	190,174
Non-current		
Other receivables	**225**	938
Lease receivables	**187**	526
	412	1,464

The reimbursement asset is principally attributable to the professional indemnity provision (see note 18). Prepayments include £9.2m (2022: £nil) relating to acquisition-related remuneration expense (see note 9).

Ageing of trade receivables, amounts recoverable from clients in respect of unbilled revenue and unbilled disbursements

	2023 £'000	2022 £'000
Trade receivables not past due	**18,286**	14,794
Trade receivables past due		
0 – 90 days	**68,522**	59,876
91 – 180 days	**11,432**	8,846
181 – 270 days	**4,538**	3,337
271 – 365 days	**2,746**	2,366
More than 365 days	**10,615**	11,459
Gross trade receivables	**116,139**	100,678
Amounts recoverable from clients in respect of unbilled revenue	**92,890**	71,958
Unbilled disbursements	**11,232**	7,982
Expected credit losses	**(8,438)**	(8,588)
Other impairment provisions	**(3,108)**	(3,141)
Total trade receivables and contract assets	**208,715**	168,889

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	
	2023	2022	**2023**	2022
0 – 90 days	**0.9%**	0.5%	**2.7%**	0.9%
91 – 180 days	**3.5%**	3.4%	**8.7%**	4.2%
181 – 270 days	**7.6%**	10.5%	**19.8%**	13.1%
271 – 365 days	**12.5%**	19.9%	**25.8%**	20.7%
More than 365 days	**63.4%**	50.6%	**49.1%**	45.0%

Movement in provision for impairment

	2023 £'000	2022 £'000
At 1 May 2022	**11,729**	13,031
Provision utilised and other movements	**(1,637)**	(4,275)
Charges to income statement	**1,454**	2,973
At 30 April 2023	**11,546**	11,729

Other movements include expected credit loss provisions acquired from business combinations in the year of £421,000 (2022: £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

	2023 £'000	2022 £'000
Cash at bank and in hand	**36,404**	28,310
Bank overdrafts	**(5,808)**	(606)
Cash and cash equivalents	**30,596**	27,704

15 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	**28,716**	27,896
Other payables	**3,101**	3,748
Other taxation and social security	**14,164**	15,284
Deferred income	**1,795**	2,014
Accruals	**12,079**	14,383
Trade and other payables	**59,855**	63,325

Other payables relates principally to payroll-related creditors.

16 Lease liabilities

	2023 £'000	2022 £'000
At 1 May 2022	**77,739**	84,002
Additions	**3,387**	7,683
Acquisitions	**4,835**	–
Interest expense related to lease liabilities	**1,738**	1,673
Net foreign currency translation (gain)/loss	**(379)**	763
Remeasurement adjustment	**875**	(1,313)
Repayment of lease liabilities (including interest)	**(16,185)**	(15,069)
At 30 April 2023	**72,010**	77,739
Current lease liabilities	**13,712**	14,576
Non-current lease liabilities	**58,298**	63,163
	72,010	77,739

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 £78.1m (2022: £82.9m). Operating costs, included within administrative expenses, relating to short-term and low value leases during the year were £2.2m (2022: £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

	2023 £'000	2022 £'000
Current liabilities		
Bank loans	**11,425**	9,093
Supplier payment facility	**6,279**	87
Bank overdrafts	**5,808**	606
	23,512	9,786
Non-current liabilities		
Bank loans	**115,069**	90,907
Unamortised finance costs	**(429)**	(563)
	114,640	90,344
	138,152	100,130

On 22 December 2021, the Group completed a refinancing of its principal rolling credit facility ('RCF'). The new facility was increased to £120m in February 2023 and matures in December 2025 with one additional 12-month extension option.

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 2022 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	30 April 2023 £'000
Cash and cash equivalents	**27,704**	**2,705**	**187**	**–**	**30,596**
Bank loans	**(99,437)**	**(26,017)**	**(313)**	**(297)**	**(126,064)**
Supplier payments facility	**(87)**	**34,831**	**–**	**(41,023)**	**(6,279)**
Total net debt (excluding IFRS 16)	**(71,820)**	**11,519**	**(126)**	**(41,320)**	**(101,747)**

	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)

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 in scope of IFRS 16 is £173.8m (2022: £149.6m).

Net debt is an APM and is defined in the glossary to the financial statements on pages 142 to 146.

18 Provisions

	Dilapidation provision £'000	Professional indemnity provision £'000	Total £'000
At 1 May 2022	4,462	6,000	10,462
Utilised in the year	(213)	(2,428)	(2,641)
Released in the year	(68)	(414)	(482)
Provisions made in the year	107	4,014	4,121
Acquired through business combinations	342	–	342
Reclassified to other payables	–	(1,132)	(1,132)
At 30 April 2023	**4,630**	**6,040**	**10,670**
Current	858	6,040	6,898
Non-current	3,772	–	3,772

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 five 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.

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 eleven years.

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 £120m (2022: £100m) 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 2025, with one 12-month extension option 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 (2022: £0.7m). The Group has issued rental guarantees of £2.1m denominated in Euros and Australian dollars (2022: £2.1m).

19 Financial instruments continued

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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Payments				
Year to 2023	**–**	9,180	**–**	16,030
Year to 2024	**11,451**	–	**15,364**	14,639
Year to 2025	**–**	90,907	**14,212**	13,056
Year to 2026	**115,042**	–	**13,102**	11,850
Year to 2027	**–**	–	**11,867**	–
Later years	**–**	–	**23,553**	27,326
	126,493	100,087	**78,098**	82,901
Effect of discounting cash flows	**–**	–	**(6,088)**	(5,162)
Carrying value	**126,493**	100,087	**72,010**	77,739

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.

The Group's principal facility exposure to variable interest rates poses a risk in both the cash flows and the impact on the income statement with potential interest increases expected in FY24.

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	**2023 £'000**	2022 £'000
Measured at amortised cost:			
Trade and other receivables	13	**220,983**	179,279
Total financial assets		**251,579**	206,983
Measured at amortised cost:			
Trade and other payables	15	**58,360**	61,311
Lease liabilities	16	**72,010**	77,739
Borrowings	17	**132,773**	100,087
Amounts due to members of partnerships in the Group	27	**30,700**	28,243
Total financial liabilities		**293,843**	267,380

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 2023, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately £1.1m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effect, equity would change by approximately £0.9m.

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% (FY22: 20%) 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.

Strengthening	Year	Effect of change in EUR rate	Effect of change in USD rate
Impact on equity	FY23	2,041	194
Impact on equity	FY22	1,796	203
Impact on profit or loss	FY23	(1,541)	(31)
Impact on profit or loss	FY22	(647)	(207)

Weakening	Year	Effect of change in EUR rate	Effect of change in USD rate
Impact on equity	FY23	(1,361)	(129)
Impact on equity	FY22	(1,198)	(135)
Impact on profit or loss	FY23	1,027	1
Impact on profit or loss	FY22	431	138

20 Deferred taxation

The deferred tax asset is as follows:

	2023 £'000	2022 £'000
Assets		
At 1 May 2022	**3,938**	4,649
Deferred tax debit recognised directly in equity	**(525)**	438
Deferred tax (charge)/credit in the income statement for the year	**894**	(1,173)
Exchange rate translation	**13**	24
At 30 April 2023	**4,320**	3,938

Deferred tax assets of £4.3m have been recognised in respect of tax depreciation timing differences (£1.6m), expected tax deductions for share-based payments (£2.5m) and other temporary differences (£0.2m). It is anticipated that the Group and certain related subsidiary undertakings will make sufficient taxable profit to allow the benefit of the deferred tax asset to be utilised. A potential deferred tax asset of £14.2m (2022: £11.7m) has not been recognised relating to tax losses in subsidiary undertakings that are not anticipated to make sufficient taxable profit to allow the benefit of the deferred tax asset to be utilised.

The deferred tax liability as at 30 April 2023 is as follows:

	2023 £'000	2022 £'000
Non-current liabilities		
At 1 May 2022	**5,869**	7,584
Arising on acquisition intangibles	**2,303**	503
Deferred tax credit in the income statement for the year	**(985)**	(2,163)
Exchange rate translation	**314**	(55)
At 30 April 2023	**7,501**	5,869

The deferred tax liability principally 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 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
Shares issues on transaction with Whitelaw Twining	16,626,713	166	2,575	–	2,741
At 30 April 2023	**341,979,578**	**3,420**	**91,940**	**(129)**	**95,231**

On 6 December 2022, 16,504,757 ordinary shares were issued as a result of the transaction with Whitelaw Twining Law Corporation. A further 121,956 ordinary shares were issued on 31 March 2023 in relation to the same transaction.

The Group has 11,309,876 (2022: 24,322,488) 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 (2022: three 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 page 70 to 88.

Charge to the income statement

The charge to the income statement is set out below:

	2023 £'000	2022 £'000
Share plans:		
Equity incentive plan	**11,229**	6,721
Buy-as-you-earn plan	**174**	871
Deferred bonus plan	**236**	109
	11,639	7,701
Social security expenses	**493**	1,908
Total expense	**12,132**	9,609

Impact of share-based payments ('SBP') movement in 2023:

	SBP expense £'000	SBP reserve £'000	Accumulated losses £'000	Prepayments £'000	Other taxation and social security £'000
Acquisition of Whitelaw Twining	1,310	(10,445)	–	(9,234)	–
Share-based payment schemes	10,329	(10,329)	–	–	–
Recycling of vested shares	–	7,294	(7,294)	–	–
Social security expenses	493	–	–	–	(493)
Total movement	**12,132**	**(13,480)**	**(7,294)**	**(9,234)**	**(493)**

Impact of share-based payments ('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)**

Prepaid share-based payments charge in the year relates to shares issued as part of the Whitelaw Twining acquisition that is treated as remuneration rather than consideration. Refer to Note 9 for further detail.

Summary of share awards
The following table shows the movements in share awards across all plans for the year:

	2023 Number of shares '000	2022 Number of shares '000
Number of shares awards outstanding 1 May	**34,073**	33,046
Awards granted during the year	**26,849**	12,331
Awards vested during the year	**(7,805)**	(8,598)
Awards lapsed during the year	**(6,026)**	(2,706)
Number of shares awards outstanding 30 April	**47,091**	34,073

The weighted average remaining contractual life at the end of the period is 1.3 years (2022: 1.8 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 £0.86 (2022: £1.07).

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.

23 Share-based payments continued

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:

	2023			2022		
	EIP	**BAYE**	**Deferred bonus**	EIP	BAYE	Deferred bonus
Weighted average fair value at measurement date	**0.75**	**0.65**	**0.78**	1.14	1.10	0.95
Weighted average share price at grant date	**0.84**	**0.65**	**0.93**	1.19	1.20	1.17
Expected volatility	**38.55%**	**35.14%**	**43.21%**	42.96%	43.46%	43.52%
Expected life (years)	**1.71**	**1.96**	**2.92**	2.87	1.37	2.87
Expected dividend yield	**6.85%**	**7.60%**	**7.67%**	1.33%	5.72%	6.57%
Risk free interest rate	**2.99%**	**4.00%**	**2.03%**	0.50%	0.51%	0.18%
Estimate of attrition	**16.98%**	**25.18%**	**27.94%**	21.60%	9.42%	20.46%
Estimate of performance conditions being met	**88.47%**	**N/A**	**N/A**	85.70%	N/A	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

	2023 £'000	2022 £'000
Remuneration of the PLC Board		
Short-term employee benefits	**1,899**	2,717
Post-employment benefits	**101**	92
Share-based payments	**555**	640
	2,555	3,449

Key management personnel comprise the PLC Board of Directors. The amount paid to the highest paid member of key management was £0.8m (2022: £0.8m). Further information can be found in the Directors' Remuneration Report on page 70 to 88.

Related parties

Zeus Capital Limited was a related party of the Group by virtue of Sir Nigel Knowles being Chairman of Zeus Capital Limited. Total sales by the Group to Zeus Capital in the period were £5,000 (PY: £255,000) relating to the provision of legal services. Zeus Capital Limited also act as broker to the Group, and fees payable to Zeus Capital Limited in the period was £50,000 (PY: £43,750). No amounts were payable or outstanding at the year end or at the prior year end.

Onedome Limited is also a related party of the Group by virtue of Sir Nigel Knowles being a director of the company. Total sales to Onedome Limited in the period were £78,000 (PY: £nil) relating to the provision of legal services. An amount of £94,000 was outstanding from Onedome Limited as at the year end (PY: £nil).

Cannaray Limited is a related party of the Group by virtue of Sir Nigel Knowles being a director of the company. Total sales by the Group to Cannaray Limited in the period were £11,000 (PY: £30,000) relating to the provision of legal services. An amount of £13,000 was outstanding from Cannaray Limited as at the year end (PY: £nil).

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:

	2023 No.	2022 No.
Legal advisors	**2,542**	2,426
Support staff	**1,296**	1,222
	3,838	3,648

	£'000	£'000
Wages and salaries	**217,504**	199,828
Social security costs	**13,390**	11,694
Contributions to defined contribution plans	**7,843**	6,698
	238,737	218,220

The Group operates defined contribution pension plans. The total annual pension cost for the defined contribution plan was £7.8m (2022: £6.7m) and the outstanding balance at 30 April 2023 was £1.3m (30 April 2022: £0.9m).

26 Cash generated from operations

a) Cash generated from operations before adjusting items

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit before tax	**17,169**	22,316
Adjustments for:	**-**	
Amortisation of acquired intangible assets	**3,929**	4,655
Impairment of intangible assets	**1,494**	–
Impairment of tangible and right of use assets	**362**	–
Accelerated depreciation/amortisation	**6,452**	3,593
Depreciation of right-of-use asset	**12,365**	12,737
Other depreciation and amortisation	**6,830**	7,211
Non-underlying items	**6,248**	1,224
Gain on bargain purchase	**(4,459)**	–
Share-based payments expense	**12,132**	9,609
Interest expense on lease liabilities	**1,739**	1,673
Net finance expense	**5,310**	3,518
Operating cash flows before movements in working capital	**69,571**	66,536
Increase in trade and other receivables	**(24,775)**	(8,031)
(Decrease) in trade and other payables	**(79)**	(17,641)
(Decrease)/increase in provisions	**(1,309)**	4,798
Decrease in amounts due to members of partnerships in the Group	**(479)**	(4,039)
Cash generated in operations before adjusting items	**42,929**	41,623

b) Free cash flows

Free cash flows is an APM and is defined in the glossary to the financial statements on pages 142 to 146.

	2023 £'000	2022 £'000
Free cash flows		
Operating cash flows before movements in working capital	**69,571**	66,536
Net working capital movement	**(26,163)**	(20,874)
Amounts due to members of partnerships in the Group	**(479)**	(4,039)
Cash generated from operations before adjusting items	**42,929**	41,623
Net interest paid	**(5,511)**	(4,596)
Tax paid	**(3,713)**	(2,854)
Repayment of lease liabilities	**(14,447)**	(13,396)
Purchase of property, plant and equipment	**(2,874)**	(3,581)
Purchase of other intangible assets	**(3,452)**	(4,300)
Free cash flows	**12,932**	12,896

26 Cash generated from operations continued
c) Working capital measures

	2023 £'000	2022 £'000
WIP days		
Amounts recoverable from clients in respect of unbilled revenue	**92,890**	71,958
Unbilled disbursements	**11,232**	7,982
Total WIP	**104,122**	79,940
Annualised net revenue	**396,757**	350,490
WIP days	**96**	83
Debtor days		
Trade receivables (net of allowance for doubtful receivables)	**104,593**	88,949
Other receivables	**4,368**	3,154
Total debtors	**108,961**	92,103
Annualised net revenue	**396,757**	350,490
Debtor days	**100**	96
Total lock-up days		
Total WIP	**104,122**	79,940
Total debtors	**108,961**	92,103
Total lock-up	**213,083**	172,043
Annualised net revenue	**396,757**	350,490
Total lock-up days	**196**	179

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.

Lock-up days is an APM and is defined in the glossary to the financial statements on pages 142 to 146.

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 192 days (2022: 176 days).

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 2022	**14,370**	**13,873**	**28,243**
Members' remuneration charged as an expense	**-**	**44,829**	**44,829**
Unrealised foreign exchange translation differences	**54**	**452**	**506**
Capital introduced by members	**7,237**	**-**	**7,237**
Repayments of capital	**(4,807)**	**-**	**(4,807)**
Drawings	**-**	**(45,308)**	**(45,308)**
At 30 April 2023	**16,854**	**13,846**	**30,700**

	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

The average number of members during the year was as follows:

	2023	2022
Average number of members of partnerships held by the Group during the year	**385**	366

28 Events after the reporting date
On 21 July 2023, the Board unanimously announced the recommendation of an all cash offer for DWF Group Plc from Aquila Bidco Limited, a newly incorporated wholly-owned subsidiary of funds advised by Inflexion. It is not possible to estimate the financial effect on the Company as a result of this change in ultimate parent ownership.

Company statement of financial position

As at 30 April 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Investments	2	**270,579**	255,955
Total non-current assets		**270,579**	255,955
Current assets			
Trade and other receivables	3	**205,901**	163,515
Cash at bank and in hand		**208**	445
Total current assets		**206,109**	163,960
Total assets		**476,688**	419,915
Current liabilities		**-**	–
Trade and other payables	4	**30,568**	17,461
Total current liabilities		**30,568**	17,461
Non-current liabilities		**-**	-
Interest-bearing loans and borrowings	5	**114,613**	90,344
Total non-current liabilities		**114,613**	90,344
Total liabilities		**145,181**	107,805
Net assets		**331,507**	312,110
Equity		**-**	–
Share capital	6	**3,420**	3,254
Share premium	6	**91,940**	89,365
Share-based payments reserve		**24,992**	11,512
Retained earnings		**211,155**	207,979
Total equity		**331,507**	312,110

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The profit for the year to 30 April 2023 was £11.0m (FY22: loss of £2.5m).

These financial statements of DWF Group plc (registered number: 11561594) were approved by the Board on 24 August 2023.

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 2023

	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
1 May 2022	**3,254**	**89,365**	**11,512**	**207,979**	**312,110**
Profit for the year	**–**	**–**	**–**	**10,995**	**10,995**
Total comprehensive income	**–**	**–**	**–**	**10,995**	**10,995**
Shares issued	**166**	**2,575**	**–**	**–**	**2,741**
Dividends paid	**–**	**–**	**–**	**(15,113)**	**(15,113)**
Recycling of share-based payments (note 23)	**–**	**–**	**(7,294)**	**7,294**	**–**
Share-based payments	**–**	**–**	**20,774**	**–**	**20,774**
At 30 April 2023	**3,420**	**91,940**	**24,992**	**211,155**	**331,507**

	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

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 2023

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 Accounting 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.

2 Investments

	2023 £'000	Restated (note 1.4) 2022 £'000
Investments		
At 1 May	**255,955**	247,281
Additions	**15,781**	8,674
Disposals	**(1,157)**	8,674
At 30 April	**270,579**	255,955

Additions in the year ended 30 April 2023 relate to, inter alia, the Whitelaw 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:[c]

	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	xxii	USA	Investment holding	100%
DWF Connected Services Investments Limited[c,d]	xxiv	UK	Connected services	100%
1371969 B.C. Ltd	xxv	Canada	Investment holding	100%
1371970 B.C. Ltd	xxv	Canada	Investment holding	100%
DWF Arabia Headquarter (SPC)	xxvi	Saudi Arabia	Legal services	100%
DWF Arabia Business Services LLC (SPC)	xxvi	Saudi Arabia	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
DWF Trustees (Scotland) Limited[a]	iii	UK	Dormant	Note 2
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
DWF 360 Limited	i	UK	Software provider	Note 1
EBT	v	UK	Trustees	Note 9

	Registered address	Principal place of business	Nature of business	Proportion of ownership
RST	v	UK	Trustees	Note 9
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
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	viii	ROI	Law services	Note 2
DWF Claims (Ireland) Limited	viii	ROI	Connected services	Note 1
DWF Poland Holdings Sp. z o.o.	xvi	Poland	Investment holding	Note 1
DWF Poland Jamka sp.k[b]	xvi	Poland	Law services	Note 1
DWF Spain S.L.P.	xx	Spain	Investment holding	Note 1
Rousaud Costas Duran S.L.P.U.	xix	Spain	Law services	Note 1
Rousaud Costas Duran Abogados S.L.P.U.	xx	Spain	Law services	Note 1
Rousaud Costas Duran Concursal S.L.P.	xxi	Spain	Law services	Note 1
Rousaud Costas Duran Valencia S.L.P.U.	xx	Spain	Law services	Note 1
RCD Tax & Legal Advisors S.L.P.U.	xx	Spain	Law services	Note 1
Gestart Assessors S.L.U.	xx	Spain	Law services	Note 1
Gestart Asesoramiento Empresarial S.L.U.	xix	Spain	Law services	Note 1
DWF Law Australia Pty Limited	x	Australia	Law services	Note 1
DWF Australia Holdings Pty Limited	x	Australia	Law services	Note 1
DWF Claims (Australia) Pty Limited	xi	Australia	Connected services	Note 1
DWF Adjusting (Australia) Pty Limited	xi	Australia	Connected services	Note 1
DWF Connected Services Australia Pty Limited	x	Australia	Dormant	Note 1
DWF Claims (Canada) Limited	xii	Canada	Connected services	Note 1
DWF Adjusting (Canada) Limited	xii	Canada	Connected services	Note 1
DWF Compliance (Singapore) Pte Limited	xiii	Singapore	Connected services	Note 1
DWF (Middle East) LLP	xiv	UAE	Law services	Note 1
Mindcrest Inc.	xvii	USA	Law services	Note 5
Mindcrest (India) Private Limited	xvii	India	Law services	Note 5
Mindcrest UK Limited[c]	i	UK	Law services	Note 5
DWF Claims (USA) LLC	xv	USA	Connected services	Note 1
Moat Pensions Limited[c]	iii	UK	Connected services	Note 2
DWF MGA (USA) LLC	xv	USA	Connected services	Note 1
Zing 365 Holdings Limited[c]	i	UK	Connected services	100%
Zing Associates Limited[c]	i	UK	Connected services	Note 3
Zing 365 Limited[c]	i	UK	Connected services	Note 3
Marlborough Training and Consultancy Limited[c]	i	UK	Connected services	Note 3
Try Solutions Limited[c]	i	UK	Connected services	Note 3
BCA Claims & Consulting Limited	xxiii	Canada	Connected services	Note 4
DWF (Hong Kong) LLP	i	UK	Dormant	Note 2
Whitelaw Twining Law Corporation	xxv	Canada	Legal services	Note 6
TWK Management Limited	xxv	Canada	Legal services	Note 7
Acuhold Limited	i	UK	Investment Holding	Note 4
Acumension Limited	i	UK	Connected services	Note 4
DWF CMA (Hong Kong) Limited	xxvii	Hong Kong	Connected Services	Note 4
DWF Audit (USA) Inc.	xxvi	USA	Connected Services	Note 4
Whitelaw Twining LLP	xxviii	Canada	Legal services	Note 2
WT BCA LLP	xxv	Canada	Legal services	Note 8
Whitelaw Twining (Ontario) LLP	xii	Canada	Legal services	Note 2
DWF – RCD Andalucía S.L.P.	xxix	Spain	Connected services	Note 1

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 2023 under section 479A of the Companies Act 2006.
d Investments have been made during the year to 30 April 2023.

2 Investments continued

Note 1 DWF Group plc indirectly controls these entities through its subsidiary, DWF Holdings Limited.
Note 2 *DWF Group plc indirectly controls these entities by virtue of Governance Agreements and Intra-Group Agreements between the Company, DWF Law LLP, DWF LLP and other related subsidiary undertakings.*
Note 3 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 DWF Group plc indirectly controls these entities through its subsidiary, 1371970 B.C. Ltd.
Note 7 DWF Group plc indirectly controls these entities through its subsidiary, 1371969 B.C. Ltd.
Note 8 DWF Group plc indirectly controls these entities through its subsidiary, DWF Adjusting (Canada) Limited.
Note 9 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) The Lennox, 50 Richmond Street South, Saint Kevin's, Dublin 2, D02 FK02 Ireland
(ix) Via dei Bossi 6, Milano, Italy
(x) Level 36, 123 Eagle Street, Brisbane, QLD 4000, Australia
(xi) Suite 1002 Currency Place, 23 Hunter Street, Sydney 2000, NSW
(xii) 111 Queen Street East, Suite 450, Toronto, Ontario, M5C 1S2, Canada
(xiii) 9 Raffles Place, #58-0 Republic Plaza, Singapore, 048619
(xiv) *P.O. Box 507104, Office 902, Tower 2, Al Fattan Currency House, DIFC, Dubai*
(xv) 740 Waukegan Road, Deerfield, Chicago, Illinois, 60015, USA
(xvi) plac Stanisława Małachowskiego 2, 00-066 Warsaw
(xvii) 425 S. Financial Place, Suite 1100, Chicago, IL 60605
(xviii) 603/604 Block D, Weikfield IT-Citi Info Park, Nagar Rd, Vadgaon Sheri, Pune, 411014, India
(xix) Calle Serrano, 116, 28006 Madrid, Spain
(xx) Calle Escoles Pies, 102, 08017 Barcelona, Spain
(xxi) Gran Via Marquez del Turia n 55 Puerta 8, 46005, Valencia, Spain
(xxii) 251 Little Falls Drive, Wilmington, Delaware 19808, US
(xxiii) 605-1185 West Georgia St., Vancouver, BC, V6E 4E6
(xxiv) 20 Fenchurch Street, London, England, EC3M 3AG
(xxv) 2400-200 Granville St. Vancouver, BC V6C 1S4
(xxvi) Suite 4, Zone A, Building 7, Riyadh, 11683, Saudi Arabia
(xxvii) Suite 3708, 37/F Tower Two Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong
(xxiii) 810-150 9th Avenue SW, Calgary, Alberta T2P 3H9, Canada
(xxix) Calle San Fernando 7, Sevilla 41, Sevilla, Spain

3 Trade and other receivables

	2023 £'000	2022 £'000
Amounts due from subsidiary undertakings	**196,465**	163,154
Other receivables	**34**	–
Prepayments	**9,402**	361
	205,901	163,515

Amounts due from all subsidiaries are interest free, unsecured and repayable on demand. Prepayments of £9.4m include £9.2m of prepaid remuneration in relation to the acquisition of Whitelaw Twining. (See note 9 of the Group financial statements).

4 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	–	111
Other taxation and social security	**1,883**	2,025
Accruals	**2,815**	1,578
Amounts due to subsidiary undertakings	**25,870**	13,747
	30,568	17,461

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

	2023 £'000	2022 £'000
Non-current liabilities		
Bank loans	**115,042**	90,907
Unamortised finance costs	**(429)**	(563)
	114,613	90,344
	114,613	90,344

6 Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 May 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
Shares issued on transaction with Whitelaw Twining	16,626,713	166	2,575	2,741
At 30 April 2023	**341,979,578**	**3,420**	**91,940**	**95,360**

On 6 December 2022, 16,504,757 ordinary shares were issued as a result of the transaction with Whitelaw Twining Law Corporation. A further 121,956 ordinary shares were issued on 31 March 2023 in relation to the same transaction

7 Employee information and Directors' remuneration

Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 70 to 88.

Unaudited information

Appendix

Reconciliation to new global operating structure – year ended 30 April 2023

The following reconciliation shows how the current year's revenue, net revenue and gross profit would be presented under the new operating structure:

	As reported for the year ended 30 April 2023 £'000	Impact of restructure £'000	As reported under new global operating structure effective 1 May 2023 £'000
Net revenue			
Legal Advisory	316,577	(316,577)	–
Connected Services	40,653	(40,653)	–
Commercial Services	–	203,118	203,118
Insurance Services	–	162,930	162,930
Mindcrest	22,906	(22,906)	–
Legal Operations	–	14,088	14,088
Net revenue	**380,136**	**–**	**380,136**
Direct cost			
Legal Advisory	(153,959)	153,959	–
Connected Services	(22,749)	22,749	–
Commercial Services	–	(98,343)	(98,343)
Insurance Services	–	(83,842)	(83,842)
Mindcrest	(11,687)	11,687	–
Legal Operations	–	(6,210)	(6,210)
Direct cost	**(188,395)**	**–**	**(188,395)**
Gross profit			
Legal Advisory	162,618	(162,618)	–
Connected Services	17,904	(17,904)	–
Commercial Services	–	104,775	104,775
Insurance Services	–	79,088	79,088
Mindcrest	11,219	(11,219)	
Legal Operations	–	7,878	7,878
Gross profit	**191,741**	**–**	**191,741**

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 to 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.

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

	2023 £'000	2022 £'000
Revenue	**451,641**	416,052
Recoverable expenses	**(71,505)**	(65,810)
Net revenue	**380,136**	350,242

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

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 affect 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.

Reconciliation

	2023 £'000	2022 £'000
Operating profit	**24,218**	27,653
Depreciation of right-of-use assets	**12,365**	12,737
Other depreciation and amortisation	**6,830**	7,211
Total of adjusting items	**26,158**	19,081
Adjusted EBITDA	**69,571**	66,682

APM
Adjusted profit before tax ('adjusted PBT')

Closest equivalent statutory measure
Profit 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

	2023 £'000	2022 £'000
Profit before tax	**17,169**	22,316
Total of adjusting items (note 2)	**26,158**	19,081
Adjusted profit before tax	**43,327**	41,397

Glossary continued

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

	2023 £'000	2022 £'000
Net revenue	**380,136**	350,242
Adjusted administrative expenses and impairment (note 2)	**141,365**	134,322
Cost to income ratio	**37.2%**	38.4%

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 principal 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

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 acquisitions of Acumension and Whitelaw Twining.

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 acquisitions of Acumension and Whitelaw Twining were 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

	2023 £'000	2022 £'000
Legal Advisory	**937**	896
Connected Services	**1,457**	1,382
Mindcrest	**8,589**	12,216
Group	**1,001**	975

Glossary continued

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 flow

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

	2023 £'000	2022 £'000
Adjusted EBITDA (last 12 months)	**69,571**	66,682
Net debt	**101,747**	71,820
Leverage	**1.46**	1.08

Shareholder information

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 20 October 2023 at 12.00pm.

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 Services, Business Services and Legal Operations; 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.

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Glasgow
G2 7BW

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Corporate information

Company name
DWF Group plc

Registered number
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companysecretary@dwf.law
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* Lines are open from 8 30am to 5 30pm UK time, Monday to Friday

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82 King Street
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M2 4WQ
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Principal UK bankers
HSBC UK Bank plc
8 Canada Square
London
E14 5HQ
United Kingdom

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.