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This announcement is an advertisement and not a prospectus for the purposes of the Prospectus Rules of the Financial Conduct Authority (the "FCA") or otherwise. Investors should not subscribe for or purchase any ordinary shares (the "Shares") referred to in this announcement or the Registration Document except solely on the basis of the information contained in a prospectus in its final form (together with any supplementary prospectus, if relevant, the "Prospectus") that may be published by DWF Group Limited (to be re-registered as a public limited company) (the "Company", and together with its subsidiary undertakings, the "Group") in due course in connection with a possible offer of Shares in the Company (the "Offer") and the possible admission (the "Admission") to listing of its Shares to the premium segment of the Official List of the FCA and to trading on the London Stock Exchange plc's main market for listed securities, including the risk factors set out therein. Copies of the Prospectus will, if published, be available from the Company's registered office at 20 Fenchurch Street, London EC3M 3AG, United Kingdom and on the Company's website at [www.dwf.law](http://www.dwf.law)

31 January 2019

DWF Group Limited

### Announcement of Publication of Registration Document, 2018/19 Half Year Results and Potential Intention to Float on the London Stock Exchange

DWF Group Limited (the "**Company**" and together with its subsidiary undertakings "**DWF**" or the "**Group**"), a global legal business, is today announcing its potential intention to undertake an initial public offering (the "**IPO**" or the "**Offer**") and the expected publication of a registration document (the "**Registration Document**") that has been submitted for approval to the UK Financial Conduct Authority (the "**FCA**").

Following any decision to proceed with its intention to IPO, the Group plans to undertake a reorganisation of its structure, governance and internal contractual arrangements (the "**Reorganisation**"). The Company, which is recently incorporated, would become the parent undertaking of the Group. The Company would apply for admission of its ordinary shares (the "**Shares**") to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities (the "**Main Market**") of the London Stock Exchange plc (the "**LSE**") ("**Admission**"). Prior to Admission, the Company will be re-registered as a public company limited by shares and renamed DWF Group plc.

DWF is also announcing its first-half financial results for the year ending 30 April 2019, in which the Group reported 18.3% year-on-year net revenue growth for the six months ended 31 October 2018, underpinned by 13.9% organic growth, an internal gross margin uplift of 305bps, and strong growth in its International and Connected Services divisions.

Andrew Leatherland, CEO, said:

*"This announcement is an important step for DWF and our future growth story, highlighting just how far we have come over the past decade. We have developed into a global legal business, providing an innovative and differentiated offering to meet the full spectrum of our clients' legal needs."*

*We are delighted with our continued profitable growth through the first half of the year, with a significant increase in net revenue, net revenue per partner and internal gross profit, reflecting the ongoing success of our strategy.*

*This success has been driven by our differentiated business model and ability to provide complex legal, managed and connected services, coupled with the benefits of technological innovation, while continuing to expand internationally to better serve our clients, globally. Led by our dedicated and experienced management team, this positions us well to deliver on our strategy of providing the best possible service for our clients, attracting and retaining the best people and innovating to develop our Connected Services division, while pursuing a value accretive approach to M&A. We are in a strong position for further expansion, allowing us to capitalise on the positive trends in the global markets in which we operate as DWF continues to thrive.”*

The Registration Document, submitted to the FCA and expected to be published later today, will include the Company's strategic objectives and investment highlights as well as a pro forma analysis of the Group's recent financial performance prepared to illustrate the impact of the Reorganisation and intended Admission and reflective of its structure post-Admission.

Following approval of the Registration Document, a copy will be submitted to the National Storage Mechanism and will be available for inspection at <http://www.morningstar.co.uk/uk/NSM>. A copy of the Registration Document will also be available from the Company's registered office, at 20 Fenchurch St, London EC3M 3AG and online at [www.dwf.law](http://www.dwf.law)

## **BUSINESS AND FINANCIAL HIGHLIGHTS**

- DWF is a global legal business, supplying complex legal, managed and connected services to its clients in the growing international legal market, with a focus on three global sectors: insurance, financial services and real estate. As at 31 October 2018, the Group had 27 offices in 14 jurisdictions across four continents and employed approximately 3,100 people.
- DWF's business is organised into four divisions (which are also the Group's financial reporting segments):
  - Commercial Services: This division provides a range of complex legal services and managed services to clients and includes the corporate, litigation and real estate practice groups;
  - Insurance: This division provides a range of complex legal services and managed services predominantly to insurers and their insureds;
  - International: This division includes the DWF offices that provide complex legal services and managed services outside of Great Britain; and
  - Connected Services: This division offers complementary products or services to the traditional legal services offered by DWF's other three divisions and consists of a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions.
- For the six months ended 31 October 2018, the Group delivered continued profitable growth:

- Net revenue<sup>1</sup> increased by 18.3% year-on-year<sup>2</sup> to £133.4 million (1H18: £112.7 million)
  - Organic net revenue<sup>3</sup> growth of 13.9%
- Net revenue per average full-time equivalent partner and partner equivalent improved 9.7% year-on-year to £423,000 (1H18: £385,000)
- Internal gross profit<sup>4</sup> grew by 26.0% year-on-year to £66.2 million (1H18: £52.5 million)
- Sustainable growth across all segments:
  - Commercial Services division net revenue up 7.8% to £55.1 million, with internal gross profit up by 13.1% to £31.8 million
  - Insurance division net revenue up by 0.8% to £43.3 million, with internal gross profit up by 3.7% to £19.5 million
  - International division delivered exceptional net revenue growth of 131.6% to £25.8 million, with internal gross profit up 242.0% to £11.3 million
  - Connected Services division net revenue up 21.9% to £9.1 million, with internal gross profit up by 55.3% to £3.7 million
  - Internal gross profit margins remained robust at 57.7% for Commercial, 44.9% for Insurance, 43.7% for International and 40.1% for Connected Services
- DWF's adjusted cost income ratio<sup>5</sup> was 43.6%, down from 44.8% a year earlier
  - DWF has a medium-term target adjusted cost income ratio of 40%
- For the 12 months ended 30 April 2018, the Group delivered the following results:
  - Net revenue increased by 18.6% to £236.5 million (FY17: £199.3 million)
    - Organic revenue growth of 9.6%
  - Net revenue per average full-time equivalent partner and partner equivalent improved 2.6% to £787,000 (FY17: £766,000)
  - Adjusted cost income ratio of 42.7% (FY17: 44.5%)
  - Operating cash conversion<sup>6</sup> was 80.9%
- The Group has prepared pro forma financials to illustrate the impact of the intended Reorganisation on Admission on the Group's illustrative gross profit, which principally reflect the impact of the new partner compensation model and the impact of a pro forma corporation tax expense.<sup>7</sup>

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<sup>1</sup> Net Revenue is defined as revenue presented on an IFRS 15 basis less recoverable expenses. Revenue for the years ended 30 April 2016, 30 April 2017 and 30 April 2018 is not presented under IFRS 15 and thus does not include recoverable expenses. IFRS 15 has been adopted from 1 May 2018, resulting in the recognition of recoverable expenses within revenue from this date. In order to facilitate comparisons between revenue figures before and after the adoption of IFRS 15, net revenue has been presented.

<sup>2</sup>The term "year-on-year" refers to the comparison between comparable financial periods (including periods of six months) in two separate financials years.

<sup>3</sup> Organic net revenue growth represents the organic net revenue that exceeds the net revenue from the comparable period in the prior financial year. Organic net revenue includes all net revenue during a financial year except for net revenue that directly flows from any acquisition during the 12 calendar months after an acquisition is finalised.

<sup>4</sup> The gross profit measure on a segmental basis included in Part X "Historical Financial Information"—Note 2. Operating Segments" of the Registration Document, representing the gross profit measure reported internally by the Company

<sup>5</sup> Representing Administrative expenses (excluding non-underlying items) divided by net revenue.

<sup>6</sup> Operating cash conversion is net cash from operations before transactions with members divided by profit for the period before members' remuneration and profit shares. These calculations reflect the exclusion of partner remuneration from the line items used to calculate operating cash conversion. Post-Admission, both the numerator and the denominator of the calculation will be impacted by the inclusion of partners' remuneration.

<sup>7</sup> The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results had the Reorganisation or intended Admission taken place on the assumed dates, nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma adjustments are based on currently available information and certain assumptions that the Group believes are reasonable and supportable.

- For the six months ended 31 October 2018, the Group's pro forma gross profit<sup>8</sup> was £68.6 million, representing a pro forma gross margin of 51.5%
  - For the 12 months ended 30 April 2018, the Group's pro forma gross profit<sup>9</sup> was £119.2 million, representing a pro forma gross margin of 50.4%
- DWF has a compelling financial profile, delivering significant net revenue growth over its last twelve financial years with an 18.6% CAGR, and 12.5% CAGR over its last three financial years. Revenue increased from approximately £32 million for the financial year ended 30 April 2006, to £236 million for the financial year ended 30 April 2018. DWF expects to continue to develop its existing business while generating sufficient cash flow to support expansion.
  - DWF's legal business model, which is unique in the opinion of the Directors, with international reach and scale means it is well placed to capitalise on the growing global legal services market, which is projected to increase from approximately £653 billion in 2017 to £778 billion in 2021 (according to Statista based on BRC estimates 2013 to 2021, market size quotes in USD, converted to GBP using an exchange rate of 1 GBP: 1.3 USD). This growth is expected to be driven by general macroeconomic factors, international expansion of corporates, continuing regulatory change and increased outsourcing of in-house legal services to third-party providers such as DWF.
  - The Group has a global growth platform and a well-established UK business. A strong UK national footprint and broad offering allows DWF to leverage its regional offices to service clients using a lower cost base. Furthermore, DWF has established the scale and reach to serve a number of its multinational clients in their home jurisdictions, with opportunities to utilise its current platform to continue to deliver growth in its global sectors of insurance, financial services and real estate. DWF's scale, sector expertise and international capabilities position it for continued strong growth.
  - DWF provides clients with a comprehensive range of complex legal, managed and connected services, which positions the Group well to enable it to capture a larger share of revenue from clients or attract new clients, benefitting from the trend for multinationals to simplify their supplier base of outsourced legal, managed and connected services providers.
  - DWF has a high-quality client base across a variety of sectors, which underpins a well-diversified and repeat client revenue business model. DWF currently works with 23% of the FTSE 100 (as the FTSE 100 was constituted on 31 December 2018), and the Group's top 200 clients by revenue and top 400 clients by revenue in the financial year ended 30 April 2018, represented an average of approximately 61% and 72%, respectively, of the Group's net revenue in the three financial years ended 30 April 2018. Moreover, for the period beginning 1 May 2017 and ending 29 November 2018, 62% of DWF's clients had started their client relationship with DWF ten or more years ago. DWF's average net promoter score from the financial year ending 30 April 2014 to the financial year ending 30 April 2018 was 66.

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<sup>8</sup> The gross profit measure on a pro forma basis included in Part XI "Unaudited Pro Forma Financial Information" of the Registration Document, and presented in the pro forma section below, represent an illustrative gross profit principally to reflect the impact of the new member compensation model and the impact of a pro forma tax expense following the Reorganisation and Admission.

<sup>9</sup> The gross profit measure on a pro forma basis included in Part XI "Unaudited Pro Forma Financial Information" of the Registration Document, and presented in the pro forma section below, represent an illustrative gross profit principally to reflect the impact of the new member compensation model and the impact of a pro forma tax expense following the Reorganisation and Admission.

- DWF has a number of innovative technology services and solutions. This allows it to strengthen client relationships by offering new technology and software solutions directly to clients, while delivering its services more cost efficiently and leveraging its global sector expertise across all offices. As a result, DWF was ranked the 11th most innovative law firm in the Financial Times Most Innovative Law firm rankings for 2018.
- DWF has a large consolidation opportunity and a strong track record of integrating acquisitions in a highly fragmented global market for legal and connected services. The Group has a proven track record of successfully completing and integrating acquisitions in existing and new markets, having acquired and integrated 14 businesses over the last 12 years.
- The Group has a strong management team with a cohesive strategy, led by Andrew Leatherland (CEO), Chris Stefani (CFO) and Sir Nigel Knowles (Chairman of the Board). DWF has grown significantly, and since Andrew's appointment as CEO in 2006, the total office count has increased from 2 to 27, expanding from solely operating in the United Kingdom to operating in 14 jurisdictions, across four continents. From the financial year ended 30 April 2015 to financial year ended 30 April 2018, 136 partners have joined DWF. Net revenue per average full-time equivalent partner and partner equivalent saw a 4.8% CAGR from the financial year ended 30 April 2016 to financial year ended 30 April 2018. Additionally, DWF's common values and culture continue to support successful acquisition and people integration.

## POTENTIAL OFFER STRUCTURE

If DWF decides to proceed with an IPO, the following offer structure is intended:

- Premium listing on the Official List of the FCA and admission to trading on the Main Market of the LSE.
- The Company intends to offer shares to certain institutional and professional investors in the United Kingdom and elsewhere outside the US in reliance on Regulation S, and to QIBs in the US pursuant to Rule 144A.
- The Company intends that it would have a free float of at least 25% and expects that it would be eligible for inclusion in FTSE UK indices.
- It is intended that members of DWF LLP who have paid in capital to DWF LLP and who have qualified to receive Shares in connection with the Reorganisation and Admission, and the trustee of DWF's discretionary trusts (whose potential beneficiaries include DWF's partners and employees), will, in their capacity as shareholders in the Company, sell Shares pursuant to the Offer (the "**Selling Shareholders**").
- Members of DWF LLP who are Selling Shareholders are expected to hold a majority of the Shares after Admission. Members of DWF LLP who are Selling Shareholders will be subject to a phased lock up which will expire on the announcement of the Group's financial results for the financial year ending 30 April 2024.
- Approximately 10% of the Shares are expected to be allocated to the trustee of DWF's discretionary trusts. This is expected to materially pre-fund the Group's future equity needs in relation to partner recruitment and promotion from existing rather than new, dilutive share issues.
- With respect to partner remuneration, the Group will remunerate partners on a fixed basis in the event of Admission, with the remainder of partners' remuneration primarily coming

from dividend income derived from holding Shares, and, in some cases where performance warrants additional remuneration, participation in the annual bonus pool and Share Incentive Plans.

- Further details of the remuneration and incentivisation arrangements to be applied in the event of Admission will be disclosed in the ITF announcement and/or prospectus, when published.
- The Company has engaged Stifel Nicolaus Europe Limited (“**Stifel**”) and Jefferies International Limited (“**Jefferies**”) to act as Joint Global Coordinators and Zeus Capital Ltd (“**Zeus Capital**”) to act as Lead Manager in the event the Offer proceeds.

#### **Access to supplemental information for bona-fide, unconnected research analysts:**

A presentation in person by DWF for bona-fide unconnected research analysts will be held at 20 Fenchurch Street, London EC3M 3AG on Tuesday 5 February 2019 at 11.00am. Please contact James Igoe at DWF at James.Igoe@dwf.law if you would like to attend the presentation and/or access information on DWF.

#### **DWF’S OFFERING**

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

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

#### **GROUP STRATEGY**

DWF’s organic growth strategy is built on three principal strategic objectives: (A) “Understanding our clients”, (B) “Engaging our people” and (C) “Doing things differently” and DWF’s organic growth strategy is complemented by (D) a disciplined acquisition strategy.

#### ***A. “Understanding our clients” – Increase share of clients’ overall legal work across DWF’s sectors globally***

DWF's strategy is at its core based on providing the best possible service for its clients. Fundamental to the best possible service is an understanding of client needs in an international context in order to maximise DWF's revenue opportunity. DWF will continue to develop its sector capabilities, particularly in its global sectors of financial services, insurance and real estate through recruiting talent, international expansion and seeking to increase the range of services it provides to each client. In addition, DWF will consider taking on outsourced managed service and connected service functions from clients where this represents a profitable opportunity to grow DWF's business.

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

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

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

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

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

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

Alongside DWF's organic growth strategy, it expects to continue to pursue a highly disciplined acquisitive strategy as it has since 2006. DWF has a proven method of identifying, executing and integrating revenue generating acquisitions of traditional partnership structures internationally.

DWF's acquisition growth strategy will predominantly focus on taking advantage of two major high growth opportunities:

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

Acquisition identification, selection and execution will continue to follow strict criteria set out by the Board as part of its overall strategy.

## **CAPITAL STRUCTURE**

With respect to the Group's capital structure, the Group is targeting a net debt to EBITDA ratio of around 1x, excluding outstanding members' paid-in capital or around 1.5x including members' paid-in capital in the medium term.

While DWF's members will remain members of certain partnerships within the Group, to facilitate the structure they will move to a fixed basis of remuneration, at a level which is reduced compared to their current remuneration levels. The members will also forego substantially all membership and voting rights from which they currently benefit.

## **INVESTMENT HIGHLIGHTS**

The Directors believe that the key competitive strengths set out below will help the Group to realise its strategic goals and reinforce its competitive position.

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

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

The global market for legal services remains highly fragmented. In the UK, the top 25 law firms are estimated to account for just over half the revenue with a large tail of an estimated 10,000 smaller independent law firms. DWF is among this group of top 25 law firms. The Directors believe that DWF's scale, sector expertise and international capabilities position it to be able to grow and



strengthen its legal and connected services offerings. Furthermore, the Directors believe that it will become increasingly difficult for smaller independent law firms to compete with DWF and its peers due to the fact that they will find it more difficult to make the required technology investments, build scale or develop their businesses internationally in line with changing market demand.

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

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

As at 31 October 2018, approximately 73 partners and partner equivalents were based outside the United Kingdom following DWF's strategic move in 2014 to grow its international capabilities organically as well as through selected acquisitions, with a focus on expanding coverage in areas that will provide opportunities for larger deals and bolt-ons to increase density and breadth of the Group's offering and benefit DWF's three global sectors: financial services; insurance; and real estate. DWF has established the scale and reach to serve many UK and multinational clients in their home jurisdictions and overseas and has provided access to fast-growing emerging legal markets as well as a new pool of potential global clients headquartered internationally. Currently ten clients have placed the Group on their panels in more than one country. The Directors believe that DWF has been able to build a brand that is increasingly recognised internationally by both clients and lawyers in the market alike providing the opportunity for DWF to continue to grow its market share, particularly in its International division. DWF's International division covers key jurisdictions in Europe with offices in Berlin, Cologne, Munich, Brussels, Dublin, Milan and Paris. In the Middle-East DWF has offices in Dubai and Qatar. In Asia-Pacific DWF has a strong base with offices in Brisbane, Melbourne, Newcastle, Sydney and Singapore. In North America DWF has offices in Chicago and Toronto, as part of its Connected Services division, and an association with Wood, Smith, Henning and Berman LLP ("**WSHB**") which has 22 offices across the United States. DWF and WSHB have formed a steering group with key individuals from each business that will have a market and client led focus with the objective of growing revenues from mutual clients and through referrals of business opportunities, including with respect to DWF's insurance claims handling operations in Chicago. DWF has identified potential future opportunities to add legal service capabilities in these markets in DWF's selected sectors. In addition, DWF is developing its managed service strategy to be deployed in certain international locations, such as Australia, where a dedicated centre is expected to be established to deliver this work more efficiently.

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

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

The Directors believe that there is an increased trend to simplify the global supplier base of outsourced legal and connected services among DWF's larger multinational clients. DWF promotes its full suite of professional services and technology solutions, which are tailored to the needs of such clients, allowing it to build on its sector expertise and leverage existing client relationships internationally. This approach has enabled DWF to become a preferred supplier and to capture a larger share of revenue from clients who are seeking to consolidate their global supply chains. For example, DWF's connected services enhance its traditional litigation service offering by providing clients with products and services such as: EvoClaim, DWF Claims, DWF Forensic, DWF Adjusting, DWF Advocacy and DWF Costs, which can offer a digital claims platform to track the entire claim lifecycle, claims handling management resources, forensic accountants and investigators to advise whether or not to litigate from a financial perspective, technical adjustment specialists to advise on whether or not to settle, as well as specialist solicitors and barristers to advise or advocate on certain elements of the dispute, respectively. This multi-disciplinary approach to litigation services is further enhanced by the ability to offer litigation funding solutions under DWF FundLit; these funding solutions may include third-party funding or conditional or damages-based fee arrangements with its clients.

DWF provides its clients with a comprehensive portfolio of complex legal, managed and connected services. In recognition of the strength of DWF's legal services, DWF has been recognised by various bodies including the Legal Week – Legal Innovation Awards and The Financial Times – Innovative Lawyers, was shortlisted for the Legal Business Awards for Innovator of the Year 2018, and according to Legal Week, DWF was ranked as the 23rd largest commercial law firm in the United Kingdom for 2017 to 2018, further underpinning DWF's track-record of quality, innovation and service delivery. In addition to legal services, DWF offers a range of additional products and services via its Connected Services division.

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

DWF has had notable success in its client-led approach across various sectors such as insurance, financial services and retail food and hospitality, contributing to a strong brand recognition and many long-standing client relationships driving significant repeat clients and with a considerable opportunity for DWF to increase the types of services it provides to such clients, particularly through its services and solutions available from its Connected Services division. DWF's client base is diversified with limited revenue concentration and consists of a wide range of clients from large multinationals and government and public bodies to high net worth individuals. DWF's clients include established international blue chip corporate names such as The Royal Bank of Scotland plc, Aviva plc, RSA Insurance Group plc, QBE Insurance (Europe) Ltd, Santander Consumer (UK) plc, Tokio Marine Kiln Group Limited, Telefonica UK Limited, and Wm Morrison Supermarkets plc.

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

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

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

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

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

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

DWF expects to continue to develop its business while generating sufficient cash flow to underpin its continued organic and non-organic expansion. The legal business is an asset light business model compared to some other service businesses and as such requires modest investments to sustain its operations or grow the business and is highly scalable. Operating cash conversion<sup>10</sup> for the financial year ended 30 April 2018 was 80.9%.

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

DWF operates in a highly fragmented global market for legal and connected services and has a proven track record of successfully identifying, acquiring and integrating acquisitions in existing and new markets, often on a client-led basis. DWF will continue to focus on value accretive acquisition opportunities which the Directors believe will meet the Group's strategic aspirations. Acquisitions allow DWF to continue to develop its service capabilities, its sector expertise and its international operations. DWF has successfully acquired and integrated 14 businesses since 2006 with 11 new jurisdictions entered into since the start of 2014. DWF has rigorous identification, selection, review and project execution processes in place for acquisitions. DWF has identified an

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<sup>10</sup> Representing net cash from operating activities before transactions with members divided by profit for the period before members' remuneration and profit shares.

attractive pipeline of potential acquisition opportunities which are in various stages of discussion and which it would seek to progress in the event of Admission. All potential acquisition targets are evaluated on – among others – cultural fit with DWF’s core values, financial potential, key fee earner performance metrics, quality and fit of the client base as well as additional sales opportunities. Any acquisitions selected on this basis would be expected to be value accretive to DWF’s stand-alone business plan and, in the event of Admission, would likely be structured with a significant equity component to the consideration payable to align interests with retained key partners in any of the acquired entities.

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

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

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

**DIRECTORS**

DWF has made the following Board appointments in anticipation of a potential listing.

| <b>Name</b>        | <b>Position</b>                              | <b>Date appointed</b>            |
|--------------------|--|----------------------------------|
| Sir Nigel Knowles  | Chairman of the Board                        | 1 November 2018 <sup>(1)</sup>   |
| Andrew Leatherland | Chief Executive Officer and Managing Partner | 10 September 2018 <sup>(2)</sup> |

|                    |                                    |                                  |
|--------------------|------------------------------------|----------------------------------|
| Chris Stefani      | Chief Financial Officer            | 10 September 2018 <sup>(3)</sup> |
| Chris Sullivan     | Senior Independent Director        | 1 November 2018                  |
| Teresa Colaianni   | Independent Non-Executive Director | 1 November 2018                  |
| Vinodka Murria OBE | Independent Non-Executive Director | 1 November 2018                  |
| Luke Savage        | Independent Non-Executive Director | 1 November 2018                  |
| Samantha Tymms     | Independent Non-Executive Director | 1 December 2018                  |
| Matthew Doughty    | Partner Director                   | 1 November 2018 <sup>(4)</sup>   |

**Note:**

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

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

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

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

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

***Sir Nigel Knowles***

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

***Andrew Leatherland***

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

***Chris Stefani***

Chris became CFO of the Group in April 2016. He has had approximately 20 years of experience in the professional services sector. He was previously the Finance Director of Ernst & Young’s EMEIA Advisory business (from 2014 to 2016), the Global Service Line reporting lead of Ernst & Young London (from 2013 to 2014), a director in the UK Core Business Services Finance team of

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

### ***Chris Sullivan***

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

### ***Teresa Colaanni***

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

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

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

### ***Luke Savage***

Luke became an Independent Non-Executive Director of the Company in November 2018. He has more than 34 years of experience in the financial and professional services sector. Luke has been serving on the board of Liverpool Victoria Friendly Society Ltd as a non-executive director since

January 2018. He has previously served as a non-executive director on the boards of HDFC Life Insurance Company Ltd, Standard Life Employee Services Ltd, Standard Life Finance Ltd and Standard Life Oversea Holding Ltd. Luke has experience in managing regulatory, analyst, investor and banking relationships for major institutions. He was Group CFO at Standard Life from 2014 to 2017 and CFO of Lloyd's of London from 2004 to 2014. Luke holds a bachelor's degree in electrical and electronic engineering from Imperial College. He holds an ACA qualification and is a member of the institute of Chartered Accountants of England and Wales.

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

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

***Matthew Doughty***

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

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- Lee Morton

## **Lead Manager**

Zeus Capital: +44 20 3829 5000

- Dominic King
- Ben Robertson

## **FURTHER INFORMATION ON THE GROUP**

### **History**

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

Under Andrew Leitherland's leadership, DWF has expanded significantly to become a global legal business offering a range of legal and connected services. As the needs of clients have become more complex and international, DWF has aligned its operations with its clients' businesses by creating sector-specific teams across practices and offices and has expanded DWF's geographic footprint within the United Kingdom and internationally. DWF first established itself in London in 2008 and following organic and inorganic growth opened its current London office at 20 Fenchurch Street in September 2014. The Directors believe that DWF's entry into the London market, and its deliberate and continued investment in that market over the last ten years, has created the platform to extend DWF's relationships with its larger clients based globally and to access more complex legal services work. Between 2014 and 2018, DWF's international expansion beyond the United Kingdom and Ireland accelerated and it now has operations in 14 jurisdictions, with its operations in the United States and Canada being limited to connected services. DWF also has associated firms in seven countries, including in the United States. Building on existing products and services, DWF formally launched its Connected Services offering as a separate division in October 2017 in response to the growing demand from its clients and to expand its service delivery model as part of its strategic growth plans.

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

### **Overview of the business**

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

As at 31 October 2018, DWF had 27 offices in 14 jurisdictions across four continents and employed approximately 3,100 people globally, which included approximately 319 partners and partner



equivalents. Legal Week ranked DWF as the 23rd largest commercial law firm in the United Kingdom by 2017-2018 revenue. DWF has delivered significant revenue growth over its last twelve financial years with 18% CAGR and revenue growth of 12.5% CAGR over its last three financial years.

DWF delivers a mixture of legal services across its Commercial Services, Insurance and International divisions, which can be characterised as (i) complex legal services, (ii) managed services and connected services:

- DWF's complex legal services represent traditional legal advice and services for which clients typically seek outside counsel and DWF competes with other large, multinational and national legal services firms in the provision of these services.
- DWF's managed services are process oriented and can be performed from a variety of locations, which are often high-volume work that benefits from being performed on a value and efficiency basis. Managed services can include areas such as support in the contract lifecycle, litigation support, transaction drafting, transaction fact finding, legal project management and resourcing. DWF is focused on delivering its legal services as efficiently as possible and as part of its strategy will seek to increase and improve upon the delivery of managed services from its lower cost centres utilising standardised systems and processes.
- In addition to its legal services, DWF provides a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions to its clients ("connected services") through its Connected Services division. This offering is complementary to the traditional legal services offered by DWF's other three divisions and are offered either directly to clients as stand-alone services or as part of a combined offering alongside DWF's other services.

This allows DWF to provide multi-disciplinary teams across different professional and business services in a seamless, integrated offering. The ability for DWF to offer bundled and integrated services allows it to offer its clients a broader offering of services, which have proven attractive to its large multinational clients seeking to consolidate and streamline their supply chains. While the Connected Services division is DWF's smallest division by revenue generated, it represents a key means for fulfilling DWF's purpose to transform legal services and is integral to DWF's strategy.

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

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

## **Financial Highlights**

Consolidated Statement of Profit and Loss and Other Comprehensive Income is shown below:

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

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

\* IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date. Please see note "Historical Financial Information – Note 1.2.1 Changes in significant accounting policies" for further details.

## 2018/19 Half Year Financial Performance

For the six months ended 31 October 2018, the Group delivered continued profitable growth, with net revenue increasing 18.3% year-on-year to £133.4 million (1H18: £112.7 million), with strong momentum generated from business investment. This was underpinned by solid organic growth of 13.9% for the six months ended 31 October 2018. Continued organic growth in the International division played an important part in this, supporting the core divisions and Connected Services.

Net revenue per average full-time equivalent partner and partner equivalent improved 9.7% year-on-year to £423,000 (1H18: £385,000), driven by an improvement in partner efficiency. The International division was the standout performer, growing by 41% to £282,000 (1H18: £200,000) with further growth targeted as the division matures.

On a pro forma basis, reflecting the assumptions and limitations of the pro forma presentation,<sup>11</sup> DWF's pro forma gross profit was £68.6 million, representing a pro forma internal gross margin of 51.5%.

DWF achieved strong internal gross profit growth of 26.0% year-on-year to £66.2 million (1H18: £52.5 million), with a margin of 49.6%, an increase of 3% year on year.

Segmentally, DWF saw sustainable growth with Commercial net revenue up 7.8% to £55.1 million and internal gross profit up by 13.1% to £31.8 million. The Insurance division's net revenue grew by 0.8% to £43.3 million, with internal gross profit up by 3.7% to £19.5 million. International experienced exceptional net revenue growth of 131.6% to £25.8 million, with profit up 242.0% to £11.3 million, while Connected Services' net revenue grew by 21.9% to £9.1 million and internal gross profit by 55.3% to £3.7 million. Internal gross profit margins also remained robust at 57.7% for Commercial, 44.9% for Insurance, 43.7% for International and 40.1% for Connected Services.

DWF's adjusted cost income ratio ("CIR") was 43.6%, down from 44.8% a year earlier and progress made in the half year positions the Group well in relation to CIR going forward. DWF anticipates

<sup>11</sup> The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results had the Reorganisation and Admission taken place on the assumed dates, nor is it indicative of the results that may or may not be expected to be achieved in the future.

that further CIR improvements will come from operational leverage benefits and specific cost saving programmes, with a medium-term target of 40%, while revenue weighting to the second half of the financial year indicates that CIR could reduce further, as seen in the previous full financial year.

## Proforma

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

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

|   | <b>Historical<br/>Financial<br/>Information<br/>for the six<br/>months<br/>ended 31<br/>October<br/>2018 (Note<br/>1)</b> | <b>Revised<br/>compens<br/>ation<br/>model<br/>(Note 2)</b> | <b>Corporati<br/>on tax<br/>expense<br/>(Note 3)</b> | <b>Unaudited<br/>Pro forma<br/>for the six<br/>months<br/>ended 31<br/>October<br/>2018</b> |
|---|---|---|--|---|
|   | <b>£000</b>   | <b>£000</b>   | <b>£000</b>  | <b>£000</b>   |
| <b>Profit for the period before<br/>Members' remuneration and profit<br/>shares</b>   | <b>20,088</b>   | <b>(14,973)</b>   | <b>(3,794)</b>                                       | <b>1,321</b>  |
| Members' remuneration charged as<br>an expense  | (14,784)  | 14,784  | -  | -   |
| <b>Profit for the period after Members'<br/>remuneration charged as an<br/>expense and available for<br/>discretionary division amongst<br/>Members</b> | <b>5,304</b>  | <b>(189)</b>  | <b>(3,794)</b>                                       | <b>1,321</b>  |
| <b>Other comprehensive<br/>(expense)/income</b>   |   |   |  |   |
| <i>Items that are or may be reclassified<br/>subsequently to profit or loss:</i>  |   |   |  |   |
| Foreign currency translation<br>differences - foreign operations  | 451   | -   | -  | 451   |
| <b>Total comprehensive income for<br/>the period available for<br/>discretionary division amongst<br/>Members</b>                                       | <b>5,755</b>  | <b>(189)</b>  | <b>(3,794)</b>                                       | <b>1,772</b>  |

#### Notes

1. The financial information of the Group for the six months ended 31 October 2018 has been extracted without material adjustment from Part X — “Historical Financial Information” of the Registration Document.
2. In the event of Admission most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) the Total Fixed Annual Compensation Amount, (b) dividend income, (c) participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria). As set out in the overview to this Pro Forma Financial Information pro forma adjustments for components (b), (c) and (d) have not been included in this unaudited Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.

Following the Reorganisation the distinction between equity partners and fixed share partners will no longer exist, as all self-employed Members will receive an annual fixed profit share. The annual fixed profit shares will be calculated by reference to a percentage reduction to the individual equity partner or fixed share partner's profit share, being a 60% reduction in respect of equity partners and a 10% reduction in respect of fixed share partners, as described in Part II — "Presentation of Financial and Other Information" of the Registration Document. For the purposes of this pro forma adjustment the percentage reduction has been applied to Profit for the period before Members' remuneration and profit shares for the six months ended 31 October 2018 of £20.1 million (plus an add back of expenses not allocated to members of £8.2 million, permissible under the terms of the existing DWF LLP membership agreement), resulting in £28.3 million split £14.0 million for equity partners and £14.3 million for fixed share partners, which are then scaled back by 60% and 10% respectively. This results in a pro forma adjustment, recognised in direct costs, totalling £18.5 million, of which £5.6 million relates to equity partners and £12.9 million relates to fixed share partners. This adjustment in respect of the revised compensation model does not apply to the CEO and CFO, whose remuneration will be structured as outlined in Part XII — "Additional Information" of the Registration Document.

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

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

3. In the event of the Reorganisation and Admission the Group will be subject to UK corporation tax. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. This adjustment shows the impact of applying this rate to the unaudited pro forma Profit for the period before taxation, Members' remuneration and profit shares. In the event of a possible Admission the actual effective tax rate may vary from the UK statutory rate. This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.
4. Other than the adjustments detailed in notes 2 and 3 above, no other adjustments have been made for events occurring after 31 October 2018.
5. The following matters have not been reflected in the unaudited Pro Forma Financial Information as they would not be factually supportable as their quantum is not yet known since they are based on future management decisions but they are anticipated following the Reorganisation and in the event of Admission:
  - a) Partner bonus pool: as described in Part V — "Business Description — People and Talent — Attracting, Developing and Retaining Talent — Attracting Talent" of the Registration Document, the compensation of self-employed Members of both DWF Law LLP and DWF LLP will include participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. It is anticipated that the partner annual bonus pool will be equivalent to up to 5% of the Group's profit before tax (before exceptionals) for the relevant financial year, which may be paid 50% in cash and 50% in Shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. The associated income statement expense will be recorded as a direct cost.

- b) Share Incentive Plans: as described in Part XII — "Additional Information — 11. Share Incentive Plans" of the Registration Document, the Company has established Share Incentive Plans to be operated in the event of Admission. The issuance of share options to Members and employees will result in IFRS 2 income statement expenses which have not been reflected in the pro forma statements of profit and loss and other comprehensive income presented in this Pro Forma Financial Information.
- c) Dividends: in the event of Admission, the Group plans to declare dividends, but these will be subject to any policies adopted and the Directors' discretion.

### Pro forma statement of net assets

|                                       | Historical<br>financial<br>information<br>as at 31<br>October<br>2018<br><u>(Note 1)</u><br>£000 | Revised<br>Compens<br>ation<br>model<br><u>(Note 2)</u><br>£000 | Corporati<br>on tax<br>expense<br><u>(Note 3)</u><br>£000 | Unaudited<br>pro forma<br>as at 31<br>October<br>2018<br><u>£000</u> |
|---------------------------------------|--|---|---|--|
| <b>Non-current assets</b>             |  |   |   |  |
| Property, plant and equipment         | 14,117   | -   | -   | 14,117   |
| Intangible assets and goodwill        | 4,017  | -   | -   | 4,017  |
| Investments                           | 254  | -   | -   | 254  |
| <b>Total non-current assets</b>       | <b>18,388</b>  | <b>-</b>  | <b>-</b>  | <b>18,388</b>  |
| <b>Current assets</b>                 |  |   |   |  |
| Trade and other receivables           | 144,680  | -   | -   | 144,680  |
| Cash and cash equivalents             | 10,585   | -   | -   | 10,585   |
| <b>Total current assets</b>           | <b>155,265</b>   | <b>-</b>  | <b>-</b>  | <b>155,265</b>   |
| <b>Total assets</b>                   | <b>173,653</b>   | <b>-</b>  | <b>-</b>  | <b>173,653</b>   |
| <b>Current liabilities</b>            |  |   |   |  |
| Trade and other payables              | 42,147   | -   | -   | 42,147   |
| Accruals and deferred income          | 13,798   | -   | -   | 13,798   |
| Current tax liabilities               | 22   | -   | -   | 22   |
| Interest-bearing loans and borrowings | 18,295   | -   | -   | 18,295   |
| Provisions                            | 1,377  | -   | -   | 1,377  |
| Members' capital                      | 29,152   | -   | -   | 29,152   |
| Other amounts due to members          | 19,257   | -   | -   | 19,257   |

|                                       |                 |          |          |                 |
|---------------------------------------|-----------------|----------|----------|-----------------|
| <b>Total current liabilities</b>      | <b>124,048</b>  | <b>-</b> | <b>-</b> | <b>124,048</b>  |
| <b>Non-current liabilities</b>        |                 |          |          |                 |
| Interest-bearing loans and borrowings | 51,285          | -        | -        | 51,285          |
| Trade and other payables              | -               | -        | -        | -               |
| Accruals and deferred income          | 10,831          | -        | -        | 10,831          |
| <b>Total non-current liabilities</b>  | <b>62,116</b>   | <b>-</b> | <b>-</b> | <b>62,116</b>   |
| <b>Total liabilities</b>              | <b>186,164</b>  | <b>-</b> | <b>-</b> | <b>186,164</b>  |
| <b>Net assets</b>                     | <b>(12,511)</b> | <b>-</b> | <b>-</b> | <b>(12,511)</b> |

#### Notes

1. The financial information of the Group as at 31 October 2018 has been extracted without material adjustment from Part X – "Historical Financial Information" of the Registration Document.
2. No adjustments have been made for events occurring after 31 October 2018. The revised compensation model has no impact on this Pro forma statement of net assets. As at the date of the Registration Document although it is possible to quantify the impact of a possible Admission on Members' remuneration, it is not possible to quantify the impact of a possible Admission on the funding and capital structure in a way which is factually supportable. On the basis that there is no Admission at this date, there are no adjustments to this Pro forma statement of net assets. Furthermore, as part of the Reorganisation from a limited liability partnership to a public limited company (as described in Part CII – "Additional Information – Reorganisation" of the Registration Document), there will be a capital restructuring whereby Other reserves classified as equity and Total members interests (as presented in Part X – "Historical Financial Information" of the Registration Document) will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.
3. The corporation tax expense has no impact on this unaudited Pro forma statement of net assets.
4. See note 5 of "— Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018" above.

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

|                | <b>Historical<br/>Financial<br/>Information<br/>for the year<br/>ended 30<br/>April 2018<br/>(Note 1)</b> | <b>Revised<br/>compensati<br/>on model<br/>(Note 2)</b> | <b>Corporatio<br/>n tax<br/>expense<br/>(Note 3)</b> | <b>Unaudited Pro<br/>forma for the<br/>year ended<br/>30 April 2018</b> |
|----------------|---|---|--|---|
|                | <b>£000</b>   | <b>£000</b>   | <b>£000</b>  | <b>£000</b>   |
| <b>Revenue</b> | <b>236,488</b>  | <b>-</b>  | <b>-</b>   | <b>236,488</b>  |



|   |                |                 |                |                |
|---|----------------|-----------------|----------------|----------------|
| Recoverable expenses  | -              | -               | -              | -              |
| <b>Net revenue</b>  | <b>236,488</b> | -               | -              | <b>236,488</b> |
| Direct costs  | (85,388)       | (31,881)        | -              | (117,269)      |
| <b>Gross profit</b>   | <b>151,100</b> | <b>(31,881)</b> | -              | <b>119,219</b> |
| Administrative expenses   | (102,994)      | -               | -              | (102,994)      |
| <b>Operating profit</b>   | <b>48,106</b>  | <b>(31,881)</b> | -              | <b>16,225</b>  |
| <b>Adjusted operating profit</b>  | <b>56,338</b>  | <b>(31,881)</b> | -              | <b>24,457</b>  |
| Depreciation and amortisation   | (6,328)        | -               | -              | (6,328)        |
| Non-underlying items  | (1,904)        | -               | -              | (1,904)        |
| Financial income  | 405            | -               | -              | 405            |
| Financial expenses  | (1,843)        | -               | -              | (1,843)        |
| <b>Net financing expense</b>  | <b>(1,438)</b> | -               | -              | <b>(1,438)</b> |
| <b>Profit for the period before taxation, Members' remuneration and profit shares</b>   | <b>46,668</b>  | <b>(31,881)</b> | -              | <b>14,787</b>  |
| Corporate and other entity based taxation   | (92)           | 6,057           | (8,775)        | (2,810)        |
| <b>Profit for the period before Members' remuneration and profit shares</b>   | <b>46,576</b>  | <b>(25,824)</b> | <b>(8,775)</b> | <b>11,977</b>  |
| Members' remuneration charged as an expense   | (25,452)       | 25,452          | -              | -              |
| <b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members</b> | <b>21,124</b>  | <b>(372)</b>    | <b>(8,775)</b> | <b>11,977</b>  |
| <b>Other comprehensive (expense)/income</b>   |                |                 |                |                |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i>  |                |                 |                |                |
| Foreign currency translation differences - foreign  | (392)          | -               | -              | (392)          |

operations  
.....

**Total comprehensive  
income for the period  
available for discretionary  
division amongst  
Members**  
.....

|  |               |              |                |               |
|--|---------------|--------------|----------------|---------------|
|  | <b>20,732</b> | <b>(372)</b> | <b>(8,775)</b> | <b>11,585</b> |
|--|---------------|--------------|----------------|---------------|

#### Notes

1. The financial information of the Group for the year ended 30 April 2018 has been extracted without material adjustment from Part X — “Historical Financial Information” of the Registration Document.
2. In the event of Admission, most self-employed Members will be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation will comprise a combination of (a) the Total Fixed Annual Compensation Amount, (b) dividend income, (c) participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria). As set out in the overview to this Pro Forma Financial Information, pro forma adjustments for components (b), (c) and (d) have not been included in this unaudited Pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018.

Following the Reorganisation the distinction between equity partners and fixed share partners will no longer exist, as all self-employed Members will receive an annual fixed profit share. The annual fixed profit shares will be calculated by reference to a percentage reduction to the individual equity partner or fixed share partner's profit share, being a 60% reduction in respect of equity partners and a 10% reduction in respect of fixed share partners, as described in Part II — “Presentation of Financial and Other Information” of the Registration Document. For the purposes of this pro forma adjustment, the percentage reduction to the equity and fixed share partners' annual fixed profit share has been applied to Profit for the period before Members' remuneration and profit shares for the year ended 30 April 2018 of £46.6 million (plus an add back of expenses not allocated to members of £2.0 million, permissible under the terms of the existing DWF LLP membership agreement), resulting in £48.6 million split £23.8 million for equity partners and £24.8 million for fixed share partners, which are then scaled back by 60% and 10% respectively. This results in a pro forma adjustment, recognised in direct costs, totalling £31.9 million, of which £9.5 million relates to equity partners and £22.4 million relates to fixed share partners.

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

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

3. In the event of the Reorganisation and Admission the Group will be subject to UK corporation tax. For the purposes of this pro forma adjustment the corporation tax rate applied is the UK statutory rate of 19%. This adjustment shows the impact of applying this rate to the unaudited pro forma Profit for the period before taxation, Members' remuneration and profit shares. In the event of a possible Admission the actual effective tax rate may vary from the UK statutory rate. This will be a continuing adjustment to the Group statement of profit and loss and other comprehensive income post-Admission.
4. Other than the adjustments detailed in notes 2 and 3 above, no other adjustments have been made for events occurring after 30 April 2018.

See note 5 of "— Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018" above.

## Pro forma statement of net assets

|                                       | Historical<br>financial<br>information<br>as at 30<br>April 2018 | Revised<br>Compens<br>ation<br>model | Corporati<br>on tax<br>expense | Unaudited<br>pro forma<br>as at 30<br>April 2018 |
|---------------------------------------|--|--------------------------------------|--------------------------------|--|
|                                       | (Note 1)   | (Note 2)                             | (Note 3)                       |  |
|                                       | £000   | £000                                 | £000                           | £000   |
| <b>Non-current assets</b>             |  |                                      |                                |  |
| Property, plant and equipment         | 14,184   | -                                    | -                              | 14,184   |
| Intangible assets and goodwill        | 3,801  | -                                    | -                              | 3,801  |
| Investments                           | 254  | -                                    | -                              | 254  |
| <b>Total non-current assets</b>       | <b>18,239</b>  | -                                    | -                              | <b>18,239</b>                                    |
| <b>Current assets</b>                 |  |                                      |                                |  |
| Trade and other receivables           | 140,975  | -                                    | -                              | 140,975  |
| Cash and cash equivalents             | 5,130  | -                                    | -                              | 5,130  |
| <b>Total current assets</b>           | <b>146,105</b>   | -                                    | -                              | <b>146,105</b>                                   |
| <b>Total assets</b>                   | <b>164,344</b>   | -                                    | -                              | <b>164,344</b>                                   |
| <b>Current liabilities</b>            |  |                                      |                                |  |
| Trade and other payables              | 41,665   | -                                    | -                              | 41,665   |
| Accruals and deferred income          | 9,549  | -                                    | -                              | 9,549  |
| Current tax liabilities               | 23   | -                                    | -                              | 23   |
| Interest-bearing loans and borrowings | 9,704  | -                                    | -                              | 9,704  |
| Provisions                            | 1,371  | -                                    | -                              | 1,371  |
| Members' capital                      | 29,071   | -                                    | -                              | 29,071   |
| Other amounts due to members          | 6,644  | -                                    | -                              | 6,644  |
| <b>Total current liabilities</b>      | <b>98,027</b>  | -                                    | -                              | <b>98,027</b>                                    |

**Non-current liabilities**

|                                       |                |          |          |                |
|---------------------------------------|----------------|----------|----------|----------------|
| Interest-bearing loans and borrowings | 49,522         | -        | -        | 49,522         |
| Trade and other payables              | -              | -        | -        | -              |
| Accruals and deferred income          | 11,489         | -        | -        | 11,489         |
| <b>Total non-current liabilities</b>  | <b>61,011</b>  | <b>-</b> | <b>-</b> | <b>61,011</b>  |
| <b>Total liabilities</b>              | <b>159,038</b> | <b>-</b> | <b>-</b> | <b>159,038</b> |
| <b>Net assets</b>                     | <b>5,306</b>   | <b>-</b> | <b>-</b> | <b>5,306</b>   |

## Notes

1. The financial information of the Group as at 30 April 2018 has been extracted without material adjustment from Part X – "Historical Financial Information" of the Registration Document.
2. No adjustments have been made for events occurring after 30 April 2018. The revised compensation model has no impact on this Pro forma statement of net assets. As at the date of the Registration Document although it is possible to quantify the impact of a possible Admission on Members' remuneration, it is not possible to quantify the impact of a possible Admission on the funding and capital structure in a way which is factually supportable. On the basis that there is no Admission at this date, there are no adjustments to this Pro forma statement of net assets. Furthermore, as part of the Reorganisation from a limited liability partnership to a public limited company (as described in Part CII – "Additional Information – Reorganisation" of the Registration Document), there will be a capital restructuring whereby Other reserves classified as equity and Total members interests (as presented in Part X – "Historical Financial Information" of the Registration Document) will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.
3. The corporation tax expense has no impact on this unaudited Pro forma statement of net assets.
4. See note 5 of "— Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018" above.

**Important Legal Information**

The contents of this announcement, which has been prepared by and is the sole responsibility of the Company, has been approved by Stifel solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended).

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

The Shares referred to herein have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The Shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan and, subject to certain exceptions, may not be offered or sold within Australia, Canada or Japan or to any national, resident or citizen of Australia, Canada or Japan. Neither this announcement nor any copy of it may be taken or transmitted, directly or indirectly, into the United States (including its territories and possessions), Australia, Canada or Japan or to any persons in any of those jurisdictions or any other jurisdictions where to do so would constitute a violation of the relevant securities laws of such jurisdiction. Any failure to comply with the foregoing restrictions may constitute a violation of United States, Australian, Canadian or Japanese securities laws. The publication or distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement and the Offer, if made subsequently, is and will be only directed at persons in member states of the European Economic Area (the “**EEA**”) who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC), and any amendments thereto, including the amending directive, Directive 2010/73/EU to the extent implemented in the relevant member state and any relevant implementing measure in each relevant member state (“**Qualified Investors**”). In addition, in the United Kingdom, this announcement and the Offer, if made subsequently, is and will be only directed at, and should only be relied upon by, Qualified Investors who are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order or are persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as “**Relevant Persons**”). Any investment or investment activity to which this announcement relates will be available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons.

This announcement does not constitute an offer or invitation for the sale, issuance or subscription for any Shares in any jurisdiction, nor does it purport to give legal, tax or financial advice. Nothing contained herein shall form the basis of or be relied upon in connection with, or act as an inducement to enter into, any investment activity. The information, statements and opinions contained in this announcement do not constitute a public offer under any applicable legislation or an offer to sell, or a solicitation of an offer to purchase, any securities in and are not for release, publication or distribution (directly or indirectly) in or into the United States, Canada, Japan, Australia or any other jurisdiction where such distribution or offer is unlawful.

Neither this announcement, nor the Registration Document referred to herein, constitutes a recommendation concerning the possible Offer. The value of Shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the possible Offer for the person concerned. You should not base your financial decision on this announcement. The Company may decide not to go ahead with the Offer and there is therefore no guarantee that Admission will occur.

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking

terminology, including the terms “believes”, “aims”, “estimates”, “anticipates”, “targets”, “forecasts”, “expects”, “intends”, “plans”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology; by the forward-looking nature of discussions of strategy, plans or intentions; or by their context. These forward-looking statements include all matters that are not historical facts. These forward-looking statements reflect, at the time made, the Company’s beliefs, intentions and current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, targets, prospects, growth, partner remuneration, lateral fee earner hires and strategies. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they are based on numerous assumptions regarding the Company’s present and future business strategies and future events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition, liquidity, prospects, growth and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements set out in this announcement. Past performance of the Company cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date they are made.

Neither the Company, the Selling Shareholders, Stifel, Jefferies and Zeus Capital (together the “**Banks**”) nor any of such persons’ parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such persons’ respective partners, directors, officers, employees, agents, affiliates, advisers or agents is under an obligation to update, revise or keep current the information contained in this announcement and the information in this announcement is subject to change without notice.

The non-IFRS financial measures and other metrics, each as defined herein, may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and criteria upon which these measures are based can vary from company to company. Certain figures included in this announcement, including financial information, have been subjected to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

Neither the Banks, the Company, the Group or the Selling Shareholders nor any of their respective parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such persons’ respective partners, directors, officers, employees, agents, affiliates, advisers or agents accepts any responsibility, obligation or liability whatsoever for, or makes any representation or warranty, express or implied, as to, and no reliance should be placed on, the fairness, truth, fullness, accuracy, completeness or correctness of, the information in this announcement or whether any information has been omitted from the announcement or as to any other information relating to the Company or the Group, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement, its contents or otherwise arising in connection therewith.

Each of the Banks is authorised and regulated in the United Kingdom by the FCA. Each of the Banks is acting exclusively for the Company and for no one else in connection with the possible Offer and Admission. The Banks will not regard any other person as their respective clients and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for the giving of advice in relation to the possible Offer and Admission, the contents of this announcement or any transaction, matter or arrangement referred to herein.

## **Market Data**

Unless otherwise indicated, market, industry and competitive position data are estimates (and accordingly, approximate) and should be treated with caution. Such information has not been



audited or independently verified, nor has the Company ascertained the underlying economic assumptions relied upon therein.