

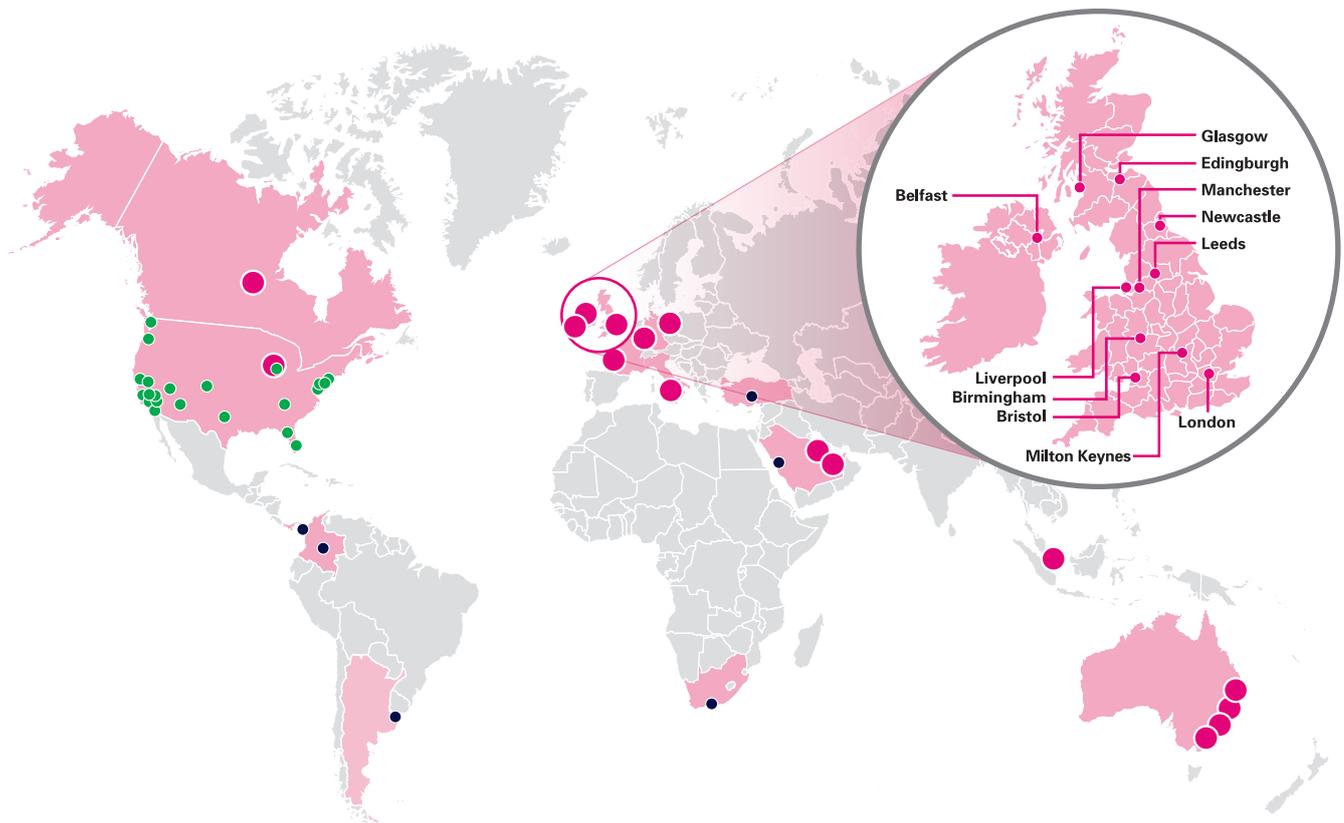


dwf



Transforming legal services
through our people for our clients

- DWF Offices
- Associates
- WSHB Associate offices



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

Australia (14 ⁽¹⁾) Brisbane Melbourne Sydney Newcastle	France (12) Paris	Italy (7) Milan	United Kingdom (246)	Kingdom of Saudi Arabia* Jeddah Riyadh	South Africa* Sandton Durban Cape Town Stellenbosch
Belgium Brussels	Germany (16) Berlin Cologne Munich	Qatar (2) Doha	United States (1) Chicago	Panama* Panama	Turkey* Istanbul
Canada Toronto	Ireland (10) Dublin	Singapore (3) Singapore	Argentina* Buenos Aires		United States* WSHB (22 offices across the region)
		UAE (8) Dubai	Colombia* Bogota		

Notes:
 (1) Number of Partners as at 31 October 2018
 *Indicates Associate office

This document comprises a registration document (the “**Registration Document**”) relating to DWF Group Limited (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 (the “**FSMA**”). A copy of this Registration Document has been filed with, and approved by, the FCA and has been made available to the public in accordance with the Prospectus Rules.

The Company and its directors, whose names appear on page 28 of this document (the “**Directors**”), accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and contains no omission likely to affect its import.

This Registration Document should be read in its entirety. See *Part I — “Risk Factors”* for a discussion of certain risks relating to the Company and its Group.



DWF Group Limited

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11561594)

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company and its Directors as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Registration Document may be relied upon as a promise or representation in this respect as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. Without limitation, the contents of the website of the Group do not form part of this Registration Document and information contained therein should not be relied upon by any person. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Registration Document or that the information contained herein is correct as of any time subsequent to its date.

This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

Any securities referred to in this Registration Document have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”) or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be qualified institutional buyers (“**QIBs**”) as defined in Rule 144A under the US Securities Act or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Any securities referred to in this Registration Document have not been and will not be registered under the applicable securities law of Australia, Canada, Japan, the United States or South Africa and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan, the United States or South Africa.

The distribution of this Registration Document in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Registration Document in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. In the United States, this Registration Document may not be distributed nor may copies of it be made available without the Company’s prior written consent other than to people who have been retained to advise in connection with this Registration Document, or persons reasonably believed by the Company to be QIBs. Accordingly, neither this Registration Document nor any advertisement nor any offering material may be distributed or published in any jurisdiction, other than in the United Kingdom, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Registration Document comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Certain terms used in this Registration Document are defined in *Part XIII — “Definitions”*.

The date of this Registration Document is 1 February 2019.

TABLE OF CONTENTS

	Page
Part I Risk Factors	3
Part II Presentation of Financial and Other Information	18
Part III Directors, Secretary, Registered and Head Office and Advisers	28
Part IV Industry Overview	29
Part V Business Description.....	35
Part VI Regulatory Overview	71
Part VII Directors, Senior Management and Corporate Governance.....	76
Part VIII Selected Financial Information	83
Part IX Operating and Financial Review	89
Part X Historical Financial Information	128
Part XI Unaudited Pro Forma Financial Information.....	174
Part XII Additional Information	183
Part XIII Definitions.....	246

PART I RISK FACTORS

The risk factors described below are not an exhaustive list or explanation of all risks relating to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse impact on the Group's business, results of operations, financial condition or prospects.

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

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

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

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

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

As a legal business, the Group relies on its partners and senior management in the locations in which it operates. The Group's ability to attract, retain and develop key people and, in particular, partners and senior management is dependent on a number of factors, including prevailing market conditions, the Group's values, culture and working environment, and its ability to offer competitive compensation packages. Moreover, while the Company believes that, in the event of Admission, its compensation model, including share incentive plans and equity incentives via discretionary trusts established for the benefit of partner and employees across the Group, should assist with the retention and recruitment of talent, including current and prospective partners, other fee earners and other key personnel, the compensation model remains relatively untested and it may not work as effectively as expected, or it may prove to be unattractive. The Group's partners are typically self-employed and subject to a six-month notice period under the terms of the DWF Law LLP Constitutional Deed and the DWF LLP Constitutional Deed, as defined below (together the "Constitutional Deeds" and each, a "Constitutional Deed"). The market for partners, other fee earners and senior management is highly competitive; when and if any of DWF's people retire, join an existing competitor, form a competing business or otherwise leave the Group, this has in the past and could in the future adversely affect the Group's relationships with clients and result in the loss of business to its competitors, as well as the departure of further key personnel that may choose to follow the departing partner. There is no guarantee that the Group's current arrangements with its partners, other fee earners and senior

management, including the restrictions on competing with the Group that are contained in the DWF Law LLP Constitutional Deed and the DWF LLP Constitutional Deed with its partners and senior management, provide sufficient incentives or protections to prevent them from leaving the Group. The departure of a significant number of partners, other fee earners or senior management could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- difficulty identifying suitable candidate businesses or consummating a strategic transaction on terms or in structures that are favourable to the Group;
- difficulty, disruptions or unforeseen expenses when integrating financial, technological and other systems and maintaining proper and effective internal controls;
- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased compensation for newly hired people;
- challenges arising from a lack of familiarity with new markets with differing business and social norms and customs, which may adversely impact the Group's strategic goals or require the Group to adapt its business model for specific countries;
- difficulty with effectively influencing the operations of an associated firm which could result in damage to the Group's reputation;
- warranty claims and claims for damages against acquired entities which may not be limited in scope, timeframe and amount;
- difficulties in transferring capital to new jurisdictions;
- greater difficulty with payment collections and longer payment cycles;
- potential additional costs being incurred in relation to sourcing and integrating strategic transactions;
- diversion of senior management attention from the existing business; and
- difficulty in maintaining client service standards and levels.

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

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

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

acceptance of its highly specialised services such as those offered by DWF's Connected Services division.

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

In addition, if the Company's efficient operating model plans, supported by the implementation of technology, take longer to implement or prove ineffective, then the Group's operating cost base may grow faster than expected.

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

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

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

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

The Group's assumptions, estimates and judgements related to complex accounting matters could significantly affect its financial results. IFRS and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Group's business, including, but not limited to, revenue recognition (particularly with respect to unbilled revenue), the valuation of amounts recoverable and not recoverable on trade debtors for the Group's trade receivables provision and the valuation of the probable exposure on the uninsured portion of professional indemnity claims are highly complex and involve many subjective assumptions, estimates

and judgements by the Group. Unbilled revenue for the Group's time-based services, which constitute the substantial majority of the revenue-generating client engagements of the Group, are recognised based on the time fee earners charge to clients multiplied by the estimated recoverable hourly rate. The estimated recoverable hourly rate is affected by factors, including time spent, the expertise and skills provided and expenses incurred, as well as judgements related to fee disputes and their impact. The amount recognised by the Group on its balance sheet therefore represents the value it considers to be subsequently recoverable through billings, through an assessment of historical recoverability rates, contingencies, the outcomes of previous matters and the terms of engagements with clients. Clients are increasingly seeking fixed-fee engagements for legal services. Fixed-fee and capped engagements, in particular, require the Group to carefully manage the time spent by its fee earners on an engagement, as under these arrangements the Group is more likely required to bear the impact of any cost overruns for its legal services. As consumers of legal services are increasingly focused on alternative fee arrangements such as fixed-fee structures, the Group may increasingly use such arrangements in the future, which could adversely affect its ability to recover time spent by fee earners on such matters and thus its revenue and gross profit.

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

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

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

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

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

The Group's lock-up is comprised of WIP and Gross Debtors (the "**lock-up**"). WIP represents unbilled revenue and unbilled disbursements. Gross Debtors include only billed, but unpaid, amounts associated with services provided to clients, alongside billed, but unpaid disbursements, and is inclusive of VAT. The Group's lock-up days reflect the lock-up as a proportion of the last 12 months' net revenue (the "**lock-up days**").

Lock-up days are indicative of the period of time it takes the Group to convert its work on matters into cash. The Group's billing and payment cycles tend to fluctuate with milestones, such as near the mid-point or end of the Group's financial year. While the Group often experiences a spike in billing and payment during these periods, it has in the past experienced and may in the future experience a corresponding decrease in its billings during other periods of the year, which can lead to increased lock-up days. If the Group's lock-up days increase, this can reduce its available working capital, which has in the past increased and may in the future increase borrowing costs, due to increased reliance on the Group's revolving credit facility, and reduce funds available for additional investment.

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

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

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

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

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

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

Global economic conditions generally, as well as particularly in the Group's core market of the United Kingdom, where the substantial majority of the Group's revenue is generated, or other countries in which it operates or may operate in the future, impact certain aspects of the Group's business, both directly and indirectly, through their impact on client demand for certain services. Economic slowdown, and economic or political uncertainty in various markets throughout the world and in particular the United Kingdom, has in the past resulted, or may in the future result, in decreased revenue or growth rates for the Group. The United Kingdom is the Group's largest market, with 43% and 37% of the Group's revenue for the financial year ended 30 April 2018 attributable respectively to the Group's Commercial Services and Insurance divisions, which are the Group's primary UK-based operations (which includes advice to clients based outside of the United Kingdom, but excludes the UK-based revenue from the Connected Services division). Adverse macroeconomic conditions, including recessions, inflation, high unemployment, currency fluctuations, volatility or a decline in emerging markets, changes in interest rates, actual or anticipated large-scale defaults or failures, including concerns about European sovereign debt risk and its impact on the

European banking system, or slowdown of global trade, as well as political uncertainties, including increased tariffs, sanctions, armed conflicts or the threat of any of the above could decrease consumer and corporate confidence and reduce consumer, government and corporate spending. While the Group typically expects an increase in spending on disputes and regulatory investigations and related matters in such circumstances, if the Group's clients reduce their spending on external legal advice or connected services, including in connection with a decrease in corporate, finance and commercial transactions, a decrease in real estate investment or other investments, a decrease in information technology budgets or otherwise as a result of challenges in the prevailing economic conditions, the Group's revenue could be negatively impacted.

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

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

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

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

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

The Group relies on the efficient and uninterrupted operation of its own and other third parties' complex and sophisticated information and communication technology and data-processing systems in order to provide its legal and connected services. Consequently, the Group or the third parties on which it relies must accurately predict and successfully implement infrastructure and software update requirements, and if it fails or if they fail to do so, the Group may be unable to provide legal and connected services which meet its clients' expectations. The Group has in the past experienced and may in the future experience system disruptions, outages and other performance problems. The Group's or its third parties' information and communication technology and data-processing systems

and related infrastructure (data centre, hardware and wide and local area networks) are generally exposed to the risk of disturbances, infrastructure changes, human or software errors, damage, electricity failures, fire, other disasters, fraud and spikes in internal or external usage. Furthermore, the Group's datacentres for its UK and certain international operations are located in Manchester and Salford, which are approximately three miles apart, thereby increasing the risk that both datacentres could be affected by disruptions, outages, failures or other performance problems, for example by a regional catastrophic event such as a flood. Any of these events could significantly disrupt the Group's business operations or cause the Group to incur unanticipated losses, including the costs of investigating and remediating any such disruptions and failures, as well as reputational damage.

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

The Group's strategy envisions significantly increasing the number of users, transactions and data that utilise the Group's operations infrastructure, including the third-party systems on which the Group relies. In order to meet its strategic growth plans, the Group will need to maintain or obtain from a third party sufficient excess capacity in its or a third parties' operations infrastructure to meet the needs of all of its clients, and to ensure that its connected services solutions are accessible within an acceptable load time. The Group will also need excess capacity to facilitate the rapid provision of new client deployments and the expansion of existing client deployments. Furthermore, the Group will also need to plan for and successfully implement the integration of acquired legal or connected services businesses into the Group's IT infrastructure. If the Group does not accurately predict the infrastructure requirements for its connected services growth, its existing clients may experience service outages and delays as the Group seeks to obtain additional capacity.

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

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

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

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

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

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

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

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

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

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

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

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

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

- borrow money;
- make investments;
- sell assets, including capital stock of subsidiaries;

- guarantee indebtedness;
- enter into agreements that restrict dividends or other distributions from certain subsidiaries;
- enter into transactions with affiliates;
- create or assume security or liens; and
- engage in mergers, joint ventures or consolidations.

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

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

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

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

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

The Group's business entails the risk of liability resulting from litigation, including malpractice litigation, actions taken by regulatory authorities, damage or business interruption from power loss, systems or telecommunication failure, labour issues, material employee errors, omissions and misconduct, extreme weather conditions, fire, terrorist or other violent or criminal activity, or other natural or man-made disasters. The Group's operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. While the Group has developed and implemented certain internal controls, policies and procedures designed to prevent or mitigate the risks it assesses to be material, such policies and procedures may not be effective in all instances. For example, it is not always possible to identify and deter misconduct or errors by the Group's people and the precautions the Group takes to detect and prevent this activity may not be

effective in controlling unknown or unmanaged risks or losses, which often do not come to light until several years after they are made, if at all. Furthermore, while the Group has various disaster recovery and business continuity plans in place, and maintains various types of insurance, including professional indemnity, employer liability, public liability, combined office and commercial, directors and officers liability and asset protection insurance, there can be no assurance that a claim or claims will be covered by insurance or, if covered, will not exceed the limits of available insurance coverage, or that any insurer will remain solvent and will meet its obligations to provide the Group with coverage.

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

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

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

Risks relating to regulation and legislation

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

The Group has undertaken and intends to undertake certain steps as part of a reorganisation of its structure, governance and internal contractual arrangements (the "**Reorganisation**"). Pursuant to the Reorganisation, the Company will become the ultimate parent company of both the DWF LLP Sub-group and DWF Law LLP Sub-group. The Company and its Board will control, consolidate and have access to the economics of the subsidiaries and the subsidiary undertakings of the DWF Law LLP Sub-group and the DWF LLP Sub-group.

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

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

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

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

In respect of each of the issues above, if the Group cannot amend its legal practice structures to sufficiently address any concerns raised by Local Legal Service Regulators in the future or any relevant changes in laws and regulations, this could impact the Group's ability to control, consolidate and have access to the economics of the subsidiaries and subsidiary undertakings which could require that the relevant local business may ultimately need to be removed from the Group. There is also a risk that any, or all, of the individual lawyers in the various jurisdictions in which DWF operates may be open to regulatory action by the relevant Local Legal Service Regulator in connection with any such concerns regarding DWF's legal practice structures. This may result in the relevant office of DWF not being able to retain its local lawyers. Under such circumstances, to the extent permitted by local laws and regulations, the Group could seek to operate the removed business as a closely associated third-party law firm, with contractual arrangements put in place to align governance and interests generally and to retain as much of the economic interest in that office as possible. However, there is no guarantee that such associations or contractual arrangements will be possible under such circumstances, which could result in the loss of any revenue generated by that office for the Group's results of operations. Such removal could also lead to the removed business operating more, or completely, autonomously, which could impede or prevent the Group from being able to realise its strategy, particularly its ability to continue its international development and expansion in that country as currently envisaged.

The Group cannot exclude the possibility that any circumstances that lead to it or its lawyers being non-compliant with local regulations could subject the Group or its lawyers in the relevant jurisdictions to fines, penalties or other regulatory actions or reputational damage either as a result of any alleged breach of regulations or due to any delay in the Group taking remedial steps in the event that a breach is ultimately determined to have occurred. Any such changes to the Group's structure or regulatory actions may have a material adverse effect on the Group's business, reputation, results of operations, financial condition or prospects.

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

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

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

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

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

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

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

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

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

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

Laws, regulations and regulatory requirements currently affecting the Group and its clients in the various jurisdictions in which it and its clients operate may change at any time in ways that increase the Group's regulatory burden, limit its ability to complete its growth strategy (including by limiting its ability to complete acquisitions) or otherwise in ways that increase the Group's costs or constrict its ability to offer its services. In addition, judges and regulators in certain jurisdictions may change

their interpretation of various laws and regulations. Furthermore, the Group's Connected Services division's work in claims handling and loss-adjusting is currently unregulated, and if these services were to become regulated in certain jurisdictions, the Group could incur significant additional expenses or no longer be able to provide these services in such jurisdictions.

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

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

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

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

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

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

PART II PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

1. General

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company and its Directors, as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Registration Document may be relied upon as a promise or representation in this respect, as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Registration Document or that the information contained herein is correct as of any time subsequent to its date.

The contents of this Registration Document are not to be construed as legal, business or tax advice.

This Registration Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, any of the Company’s advisers or any of their affiliates or representatives regarding the securities of the Company.

2. Presentation of Financial Information

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

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

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

2.1 Basis of Presentation

Existing Basis of Presentation

The Group’s financial information in *Part X — “Historical Financial Information”* (the “**Historical Financial Information**”) reflects the Group’s current operational structure. However, in line with the requirements of PR Annex 1 20.1 (which requires that an issuer prepare its audited historical financial information in a form consistent with the (i) accounting standards, (ii) legislation disclosure requirements and (iii) accounting policies which will be adopted in the issuer’s next published annual financial statements, as if they had already adopted the new framework), the Historical Financial Information in this Registration Document is presented under IFRS and in compliance with the disclosure requirements of the Companies Act 2006 to reflect the proposed Reorganisation and in a form consistent with how DWF Group plc would prepare its first annual report. Prior to adopting

this form of presentation, DWF LLP, the parent of the Pre-Reorganisation Group, which is incorporated under the Limited Liability Partnership Act 2000, prepared and presented its statutory accounts in accordance with the accounting standards FRS 102 (the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland), rather than IFRS, and according to the disclosure requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships, rather than the Companies Act 2006. With respect to the accounting policies, the accounting policies set out in the Historical Financial Information, except where otherwise stated in *Note 1.20 Changes in significant accounting policies*, have been applied consistently to all periods presented therein and in preparing an opening IFRS balance sheet as at 1 May 2015 for the purposes of the transition to IFRS. There will be no changes to the accounting policies between those used in the Historical Financial Information and those that, in the event of Admission, will be published in the Company's first published annual financial statements after Admission, subject to any applicable accounting pronouncements.

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

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

Basis of Presentation in the Event of Admission

Although there will not be changes to the (i) accounting standards, (ii) legislation disclosure requirements or (iii) accounting policies, in connection with the Reorganisation, and in the event of Admission, the Group will implement certain contractual and operational changes, whereby the application of IFRS and the Group's existing accounting policies, as disclosed in the Historical Financial Information will lead to partner remuneration and certain tax items being reflected differently in the event of Admission. With respect to partner remuneration, the Company 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 Ordinary Shares, and, in some cases where performance warrants additional remuneration, participation in the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. In the event of Admission, with the exception of Sir Nigel Knowles and Andrew Leatherland, whose remuneration would be as described in *Part XII — “Additional Information — 9. Directors’ terms of employment — 9.1 Executive Directors — 9.1.1 Chief Executive Officer”*, partner Members based in Ireland, recently promoted partners and partner equivalents (who are salaried partners or senior employees in the Connected Services division whose salaries were historically reflected in direct costs and will continue to be reflected in direct costs), partners’ remuneration paid by the Company would be scaled back from their entitlement at the point of Admission, in the event it occurs, in order to generate net profits for all Shareholders (rather than retaining the existing approach where partners are allocated nearly all of the profits through their drawings), with those Members who are equity partners having their total partner compensation reduced by 60% and all other partners having their total partner

compensation reduced by 10% (the “**fixed profit share**”), with certain Members receiving a nominal salary (the nominal salary together with the fixed profit share, the “**Total Fixed Annual Compensation Amount**”). In the event of Admission, in addition to the Total Fixed Annual Compensation Amount, partner compensation would be comprised of: (a) dividend income derived from a holding of Ordinary Shares; (b) participation in a partner annual bonus pool anticipated to be equivalent to up to 5% of the Group’s profit before tax (before exceptionals) for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan and recorded as a direct cost; and (c) subject to meeting the relevant eligibility requirements, participation in the Share Incentive Plans.

In the event of Admission, partner remuneration will no longer be determined by the terms of the Existing Membership Agreement, but will be in accordance with the DWF Law LLP Constitutional Deed, the DWF LLP Constitutional Deed and the DWF Law LLP and DWF LLP Member Handbooks (as defined below). See *Part XII — “Additional Information — 4. Reorganisation — 4.4 Key agreements under the Reorganisation — 4.4.2. DWF Law LLP Constitutional Deed”* and “— 4.4.5. DWF LLP Constitutional Deed”. These contractual agreements entered into in connection with the Reorganisation, which revise the terms of partners’ remuneration, will result in the Total Fixed Annual Compensation Amount being recognised in direct costs in the financial statements of DWF Group plc, rather than being recognised as “Members’ remuneration charged as an expense” and a discretionary profit allocation within “Other reserves classified as equity” as previously presented as described in the Existing Basis of Presentation above. Partner remuneration to be received as a result of dividends as Shareholders in DWF Group plc, would reflect the receipt of a proportion of profits via dividends (as it will for all other Shareholders) and therefore this will continue to be accounted for through reserves in the DWF Group plc financial statements in line with the accounting standards, legislation and accounting policies disclosed in the Historical Financial Information. Under the revised compensation model, following Admission, in the event of any such Admission, self-employed partners, will have their paid-in-capital contributions reduced in line with their revised remuneration. This is expected to result in approximately two-thirds of the Member capital outstanding at the time of any Admission, to be repaid. Under both the existing basis of presentation and basis of presentation in the event of Admission, the Company will continue to account for expenses within the income statement as expenses and distributions through reserves, with the resulting changes in presentation arising from operational changes as a result of the new contractual arrangements entered into in connection with the Reorganisation through the adoption and implementation of new governance agreements and partnership policies discussed above.

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

Internal Gross Profit

In various parts of the Registration Document, including *Part VIII — “Selected Financial Information”*, the Group presents “*Internal gross profit*” which is the gross profit measure on a segmental basis included in *Part X — “Historical Financial Information” — Note 2. Operating Segments*, and it represents the gross profit measure reported internally by the Company. Internal gross profit represents the gross profit measure reported internally by the Company based on the sum of the total segmental net revenue and the internally reported direct costs (which includes direct costs and the internally reported partner remuneration as described below). Internal gross profit in *Part X — “Historical Financial Information” — Note 2. Operating Segments* differs from gross profit reported in the Income Statement due to the inclusion of a substantial portion of partner remuneration, in addition to direct costs, as a cost above internal gross profit at the segmental level as a result of the

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

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

3. Non-IFRS Financial Measures

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

- **Cost:Income ratio** is defined as administrative expenses (including depreciation) divided by net revenue.
- **Adjusted Cost:Income ratio** is calculated based on administrative expenses adjusted to exclude non-underlying items (such as costs related to the Reorganisation) divided by net revenue.
- **Net Revenue** is defined as revenue presented on an IFRS 15 basis less recoverable expenses. Revenue for the years ended 30 April 2016, 30 April 2017 and 30 April 2018 is not presented under IFRS 15 and thus does not include recoverable expenses. In the Historical Financial Information, IFRS 15 has been adopted from 1 May 2018, resulting in the recognition of recoverable expenses within revenue from this date. In order to facilitate comparisons between revenue figures before and after the adoption of IFRS 15, net revenue has been presented. Net revenue is a non-IFRS measure from 1 May 2018 given the adoption of IFRS 15 in that period.
- **Net cash from operating activities before transactions with Members** is "Net Cash From Operating Activities before transactions with members", excluding payments to Members.
- **Operating cash conversion** is net cash from operations before transactions with members divided by profit for the period before members' remuneration and profit shares. These calculations reflect the exclusion of partner remuneration from the line items used to calculate operating cash conversion. In the event of and following any Admission, both the numerator and the denominator of the calculation would be impacted by the inclusion of partners' remuneration.
- **Organic net revenue** includes all net revenue during a financial year of any business unit that has been in the Group for at least 12 months (and always excludes the first 12 months net revenue of any business unit that was acquired, which is considered inorganic net revenue). Net revenue from month 13 after an acquisition falls into the "organic net revenue" category on the basis

that such net revenue is driven by DWF's management after that point. Net revenue from lateral hires who did not join the Group in the context of an acquisition is considered organic net revenue.

- **Organic growth** represents the organic net revenue that exceeds the organic net revenue from the comparable period in the prior financial year.
- **Inorganic net revenue** includes all net revenue during a financial year of any business unit for the first 12 months following its date of acquisition.
- **Lock-up days** reflect the lock-up as a proportion of the last 12 months' net revenue. Net revenue is used to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis. Since lock-up is comprised of WIP (which amounts includes unbilled disbursements) and Gross Debtors (which amounts include disbursements and VAT), and net revenue is reported excluding disbursements and VAT, the lock-up days are greater than it would be if the lock-up components were also reported excluding disbursements and VAT. Net revenue for the years ended 30 April reflect the net revenue on the income statement for the applicable financial year. However, net revenue used to calculate the lock-up days for the six months ended 31 October represents the last 12 months of net revenue of the Group.
- **Net revenue per average full-time equivalent partner and partner equivalent** is calculated as net revenue divided by the average full-time equivalent partners and partner equivalents in the financial period. Net revenue is used for comparability purposes across the periods. Partners consist of equity and fixed share partners. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. See "*—Other Information—Partner and partner equivalents*" below for additional information. See also *Part IX "Operating and Financial Review—Factors Affecting Results of Operations—Fee Earner Headcount: Revenue Generation and Personnel costs"* below for the average number of full-time equivalent partners and partner equivalents in the financial years ended 30 April 2016, 30 April 2017, 30 April 2018 and the six months ended 31 October 2018.

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

4. Other Information

The Group has certain key performance indicators which include IFRS and non-IFRS financial measures. See *Part X — "Selected Financial Information"* for a list of the Group's key performance indicators. To assist in comparing the Group's historical financial performance from period to period, or at a particular time, certain other operating metrics have been presented in this Registration Document.

These other operating metrics are defined as follows:

- **Headcount figures:** Headcount figures are provided as at or on an average full-time equivalent basis during the period as indicated. From 1 May 2018, the Group has reported consultants as part of the full-time equivalent headcount figures. The Connected Services division, and in particular, DWF Resource, employs consultants that may do work for DWF's clients. As at

31 October 2018, the Group employed 133 consultants on a full-time equivalent basis, 93 of which were employed by the Connected Services division with the remaining 40 distributed across each of the Group's other divisions.

- **Average partners or fee earners per year on a full-time equivalent basis:** A number of the headcount figures provided in the Registration Document are provided on an average basis over the period. This is because partners, partner equivalents and fee earners will only generate revenue for the Group and will typically receive remuneration for the periods during which they are at the Group. Due to the retention rates and the changes in overall numbers that can occur within a period, the Directors believe it is more accurate to share average headcount figures in many instances since the figures as at the end of the period will not capture the variability within the period. In determining these averages, headcount figures are adjusted to reflect the time the person is with the Group for each period. For example, a fee earner that joins halfway through one period and is at the Group for the entirety of the next period will be counted as one half of a fee earner in the period in which they join and as one fee earner in the period in which they were with the Group for the entire period.
- **Partner and partner equivalents:** Prior to the Reorganisation, partners include equity partners and fixed share partners, a classification that will cease to exist in the event of Admission as self-employed Members will receive an annual fixed profit share. In the pre-Reorganisation context, fixed share partners receive a fixed profit share, whereas equity partners receive a contractual monthly profit allocation and a discretionary allocation which is based on profit for the period, as calculated in accordance with the DWF LLP partnership agreement. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements (such as those in Dubai, Qatar and Singapore) or as a result of their seniority), as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division. When “partners” are referred to generally, this typically refers to all partners and partner equivalents, as the context requires. However, references to partner remuneration do not include partner equivalents as partner equivalents are paid a salary and their compensation is already reflected in the Group's direct costs in the Historical Financial Information. Furthermore, the partner remuneration that will apply to the Group in the event of and following any Admission, in the context of the Group's revised compensation model (defined below), refers to the compensation of the partners who are anticipated to be selling shareholders in the event of Admission. In the context of the revised compensation model, any other partners or partner equivalents, which include partner Members based in Ireland (who have not paid-in capital to DWF LLP), recently promoted partners and salaried partners in Dubai, Qatar and Singapore (who are salaried employees for local regulatory reasons), will not have their compensation scaled back and will be entitled to a Free Share award (as defined below) which will be held via the trusts subjecting to the relevant vesting provisions rather than a five-year award (as defined below) (the “**Irish partner Members and partner equivalent revised compensation model exceptions**”). Furthermore, the remuneration of Sir Nigel Knowles and Andrew Leatherland in the event of and following any Admission, described in *Part XII — “Additional Information — 9. Directors’ terms of employment — 9.1 Executive Directors — 9.1.1. Chief Executive Officer”*, will also be outside of the revised compensation model (the “**certain senior manager revised compensation model exceptions**”, together with the Irish partner Members and partner equivalent revised compensation model exceptions, the “**revised compensation model exceptions**”).
- **Revised compensation model:** Partner remuneration in the event of Admission will be determined by providing former equity partners with 40% of their estimated partnership drawings entitlement immediately prior to such Admission and former fixed share partners will receive 90% of their latest fixed drawings immediately prior to such Admission (the “**revised compensation model**”), with the exception of the revised compensation model exceptions. Equity partners’ partnership drawings entitlement is determined by the number of profit points (each, a “**marble**”), which are based on seniority and performance indicators. For the purpose of calculating each former equity partners’ fixed remuneration in the event of and following any Admission, a value of £15,000 has been allocated for each marble (prior to being scaled back by 60%). Certain partners are excluded from the revised compensation model, consisting of the partners that are part of the revised compensation model exceptions. Following the

implementation of the revised compensation model, all partners will have fixed profit shares, which would be reviewed annually and subject to adjustment based on individual performance during the relevant financial year.

- **Fee earners:** DWF's people are each typically characterised as either a fee earner or a non-fee earner. Fee earner is a generic term used by legal businesses for employees who generate fee income for the business. Fee earners are not in all cases legally qualified with practising certificates; however, as the work becomes more complex, then, typically, qualified solicitors or lawyers will be involved in giving legal advice and liaising with the client. Fee earners include equity partners, fixed share partners and salaried partners, but when partners and fee earners are discussed together, partners are typically excluded from the meaning of fee earners in those instances, as the context requires. Fee earners are also distinguished by referencing them as qualified fee earners and non-qualified fee earners.
- **Client satisfaction:** DWF measures the satisfaction of its key client accounts at an annual client care meeting. Clients are asked, "On a scale of one to ten (where ten is the highest), how satisfied are you with the service you receive from DWF?".
- **Key client accounts:** DWF's key client accounts are the clients that DWF's management has identified for business development and marketing purposes to prioritise. DWF meets at least annually with its key client accounts to hold a client care meeting to understand its clients' key priorities and their critical success factors for legal services. Clients are also asked questions to assess their satisfaction and loyalty. DWF updates the clients it considers part of its key client accounts programme from time to time to reflect changes in client retention or acquisition strategy.
- **Top 200 Clients and Top 400 Clients:** For the financial year ended 30 April 2018, Gage identified its top 200 and top 400 clients by revenue (the "**Top 200 Clients**" and "**Top 400 Clients**", respectively) and analysed the revenue generated by its Top 200 Clients and Top 400 Clients in each of its three financial years ended 30 April 2018. The Company's analysis of its Top 200 Clients and Top 400 Clients excluded revenue from Germany and Australia, which represented 3.8% of the Group's revenue in the financial year ended 30 April 2018.
- **Net Promoter Score:** DWF tracks a net promoter score ("**net promoter score**") to measure its clients' loyalty and to gauge its clients' overall perception of DWF's brand, to predict clients' future use of services and to predict their referral behaviour. A positive net promoter score indicates clients are more likely to refer DWF and its services and a negative score means clients are more likely to discourage others from using DWF's services. DWF collects its net promoter score at its client care meetings with its key client accounts and is thus limited to these clients. The net promoter score is calculated by asking clients how likely is it that they would recommend DWF to a friend or colleague on a scale of one to ten. Respondents with a score of nine or ten are considered promoters and those responding with a zero to six are considered detractors. DWF subtracts the percentage of respondents classified as detractors from the percentage classified as promoters to yield the net promoter score, which can range from a low of -100 to a high of 100. Those respondents with a score between seven to eight are considered passives and do not impact the net promoter score. DWF monitors each of its key client accounts and if a passive or detractor score is received, DWF investigates the reason and endeavours to put in place procedures to improve the client experience. DWF also monitors the net promoter score to allow it to measure itself against competitors and it is used as a proxy for gauging clients' overall satisfaction with DWF's services in comparison.

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

5. Currency Presentation

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

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

6. Roundings

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

7. Market, economic and industry data

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

- Association of British Insurers, UK Insurance and Long-Term Savings – The State of the Market, February (2018)
- EY Global Insurance Trends Analysis (June 2018)
- IBISWorld Pty Ltd, World Industry Report M6931: Legal Services in Australia (September 2017)
- Law Society, Legal Services Sector Forecasts (August 2018)
- Office for National Statistics, TOPSI: Turnover of legal activities (August 2018)
- Statista, Size of the legal services market worldwide from 2013 to 2021 (2018) (Statista estimates based on BRC (2013-2017))
- Statista, Legal activities revenue in Germany from 2010 to 2022 (2018) (based on data from Eurostat, (2016))
- Statista, Forecast: legal activities revenue in France from 2010 to 2022 (2018) (based on data from Eurostat (2016))
- Statista, Revenue of legal services (NAICS 5411) in the United States from 2008 to 2018 (in million US dollars) (2018) (based on data from US Census Bureau (2008-2018))
- The Lawyer (September 2018)
- The Legal Services Board, Evaluation: ABS and investment in legal services 2011/12-2016-17 – Main report (June 2017)
- The Global Legal Post, Top 100 law firms increase debt to £4.3 billion to fund growth
- PwC, Law Firms Survey 2018 – Resilience through Change
- Statista, Spend by law departments on technology in the US, 2015 – 2019, by software type
- The Law Society, The GC 350 – Benchmarking Study of In-house Community: Wave 1 (May 2016)

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

In some cases there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Group to rely on internally developed estimates. The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this document. Because market behaviour, preferences and trends are subject to change, it should be

noted that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

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

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

8. *No incorporation of website information*

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

9. *Definitions and glossary*

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

10. *Information not contained in this document*

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time subsequent to the date hereof.

11. *Forward-looking statements*

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

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

- the Group's ability to maintain existing client relationships or establish new client relationships;
- the Group's ability to attract or retain partners, senior management, legal talent and other key personnel;
- the Group's ability to successfully anticipate and respond to competitive change, client preferences and needs or industry trends in a timely and cost-effective manner;

- the Group's gross profit, which is primarily impacted by the revenue generated by its fee earners and its direct costs;
- the hourly rates that the Group's fee-earning personnel record on client matters;
- the Group's ability to successfully complete acquisitions, other strategic transactions and other key strategies related to growing its market share, increasing its share of a client's overall legal work, increasing the fees generated per partner and substantially increasing the revenue from its International and Connected Services divisions;
- any harm to the Group's reputation, including as a result of any potential conflicts of interest or other factors;
- adverse changes in the political or macroeconomic environment, whether in the Group's core market of the United Kingdom or elsewhere;
- adverse market conditions or other factors in the Group's key industries, particularly the insurance industry;
- the operation of the Group's information and communication technology, as well as any disruption to or interruptions in these operations;
- security breaches and improper access to, disclosure of or use of the Group's information or its clients' information;
- financial risks associated with fluctuations in exchange rates, primarily between British pounds sterling, euro and Australian dollars;
- the Group's involvement in various legal and regulatory proceedings;
- the operation of the Group's internal controls, policies and procedures, as well as the coverage of the Group's insurance policies;
- regulatory approvals, corporate governance and financial management of the Group's new legal structure to be adopted in connection with the Reorganisation;
- the professional duties of the Company's subsidiary undertakings, their partners, employees, staff and consultants as well as any conflicts between these duties and the best interests of the Company's shareholders; and
- laws affecting and regulations of the Group both in the United Kingdom and internationally, including tax and transfer pricing regulations, as well as risks and costs associated with compliance with these laws and regulations, including changes in the laws, regulations and regulatory requirements in the markets in which the Group and its clients operate.

Forward-looking statements contained in this document speak only as at the date of this document. The Company, the Directors and the Company's advisers expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, rules and regulations.

PART III DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Sir Nigel Knowles – Chairman Andrew Leatherland – Chief Executive Officer Chris Stefani – Chief Financial Officer Chris Sullivan – Senior Independent Director Teresa Colaianni – Independent Non-Executive Director Vinodka Murria OBE – Independent Non-Executive Director Luke Savage – Independent Non-Executive Director Samantha Tymms – Independent Non-Executive Director Matthew Doughty – Partner Director
Company Secretary	Mollie Stoker
Registered Office of the Company	20 Fenchurch Street London EC3M 3AG United Kingdom
English and US Legal Advisers to the Company	Allen & Overy LLP One Bishops Square London E1 6AD United Kingdom
Legal Advisers to the Company	DWF LLP 20 Fenchurch Street London EC3M 3AG United Kingdom
Reporting Accountants and Auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

PART IV INDUSTRY OVERVIEW

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

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

The projections and forward-looking statements in this Part IV — “Industry Overview” are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See Part I — “Risk Factors” and Part II — “Presentation of Financial and Other Information — 11. Forward-looking statements”.

Global legal business

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

Global Legal Services Market

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

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

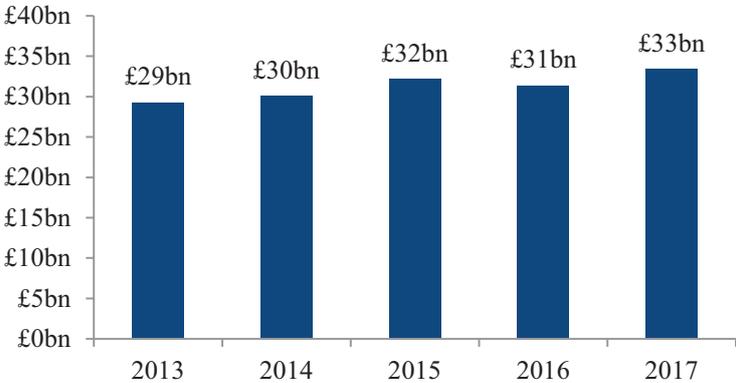
The global legal services market remains highly fragmented with no single law firm representing a meaningful proportion of global legal fee revenue. The global market for legal services can be stratified into firms with a global presence across sectors and practice areas, firms with an international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

United Kingdom

Revenue generated by legal services in the UK was approximately £33.3 billion in 2017, and grew at a compound annual growth rate (“**CAGR**”) of approximately 3.4% from 2013 to 2017. The Law Society of England and Wales expects a slowdown in the average annual growth rate in the coming years, noting that the legal services market has been relatively buoyant through 2017 to 2018, due to a combination of Brexit-related work, steady demand from UK businesses and an increase in work from non-UK clients taking advantage of the depreciation of the pound. It predicts an average annual growth from 2019 to 2025 in the legal services market in the United Kingdom of 2.2% per

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

UK Legal Services Revenue 2013 – 2017



Source: Office for National Statistics

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

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

Europe

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

Asia Pacific

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

Australia

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

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

Principal markets

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

Insurance

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

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

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

Commercial legal services

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

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

Connected services

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

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

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

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

Market Trends

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

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

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

Client consolidation of suppliers

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

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

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

Alternative to traditional law firm model

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

Law firm consolidation

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

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

The Legal Services Act 2007

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

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

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

Australia, in a similar manner to the UK, recognises the capability of non-lawyers to own and manage legal firms, through the Legal Profession Amendment (Incorporated Legal Practices) Act 2000 and the Legal Profession Amendment (Incorporated Legal Practices) Regulation 2001.

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

PART V BUSINESS DESCRIPTION

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

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

Overview

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

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

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

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

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

The Company intends to apply to the FCA for the admission of the Company’s Ordinary Shares, as created under the Reorganisation, to the premium listing segment of the Official List of the FCA and

to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. At the date of this Registration Document the Company intends to make such application before the end of its financial year ended 30 April 2019.

In preparation for the intended Admission, DWF has undertaken certain steps as part of the Reorganisation, which will change DWF’s corporate structure as well as its partner remuneration policy. Further information is set out in *Part XII — “Additional Information — 4. Reorganisation”*.

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

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

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

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

History

The business was founded in 1977 by Jim Davies and Guy Wallis as a Liverpool-based law firm, specialising in real estate and licensing. Over time, DWF expanded to provide corporate and commercial legal services, added its insurance offering through the acquisition of Dodd Ashcroft and launched a finance and restructuring practice. In 2006, Andrew 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 Leatherland's direction, DWF has consummated 14 acquisitions, opened 25 new offices globally, expanded from a presence in the United Kingdom to 14 jurisdictions with revenue increasing substantially from approximately £32 million, for the financial year ended 30 April 2006, to £236 million for the financial year ended 30 April 2018.

Competitive Strengths

A. Attractive and large market opportunity

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

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

B. Global growth platform with established UK business

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

estate and litigation) and its centralised team for managed motor insurance legal services in its Liverpool office.

As at 31 October 2018, approximately 73 partners and partner equivalents were based outside the United Kingdom following DWF's strategic move in 2014 to grow its international capabilities organically as well as through selected acquisitions, with a focus on expanding coverage in areas that will provide opportunities for larger deals and bolt-ons to increase density and breadth of the Group's offering and benefit DWF's three global sectors: financial services; insurance; and real estate. DWF has established the scale and reach to serve many UK and multinational clients in their home jurisdictions and overseas and has provided access to fast-growing emerging legal markets as well as a new pool of potential global clients headquartered internationally. Currently ten clients have placed the Group on their panels in more than one country. The Directors believe that DWF has been able to build a brand that is increasingly recognised internationally by both clients and lawyers in the market alike providing the opportunity for DWF to continue to grow its market share, particularly in its International division. DWF's International division covers key jurisdictions in Europe with offices in Berlin, Cologne, Munich, Brussels, Dublin, Milan and Paris. In the Middle-East DWF has offices in Dubai and Qatar. In Asia-Pacific DWF has a strong base with offices in Brisbane, Melbourne, Newcastle, Sydney and Singapore. In North America DWF has offices in Chicago and Toronto, as part of its Connected Services division, and an association with Wood, Smith, Henning and Berman LLP ("WSHB") which has 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 attorneys and barristers to advise or advocate on certain elements of the dispute, respectively. This multi-disciplinary approach to litigation services is further enhanced by the ability to offer litigation funding solutions under DWF FundLit; these funding solutions may include third-party funding or conditional or damages based fee arrangements with its clients. See "*— Business Model – Fee Generation*" below. DWF provides its clients with a comprehensive portfolio of complex legal, managed and connected services. In recognition of the strength of DWF's legal services, DWF has been recognised by various bodies including the Legal Week – Legal Innovation Awards and The Financial Times – Innovative Lawyers, was shortlisted for the Legal Business Awards for Innovator of the Year 2018, and according to Legal Week, DWF was ranked as the 23rd largest commercial law firm in the United Kingdom for 2017 to 2018, further underpinning DWF's track-record of quality, innovation and service delivery. In addition to legal services, DWF offers a range of additional products and services via its Connected Services division.

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

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

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

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

E. Innovative technology solutions

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

F. Compelling financial profile

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

DWF expects to continue to develop its business while generating sufficient cash flow to underpin its continued organic and non-organic expansion. The legal business is an asset light business model compared to some other service businesses and as such requires modest investments to sustain its operations or grow the business and is highly scalable. Operating cash conversion for the financial year ended 30 April 2018 was 80%.

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

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

Growth Strategy

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

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

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

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

B. “Engaging our people” – Develop, recruit and retain high quality talent

As a legal business within the professional services industry, employee engagement is at the core of a competitive services offering. The ability to develop, recruit and retain high performers and high quality legal and professional talent is vital to DWF maintaining its competitive advantage and providing top service to its clients. Employee engagement is built around common values, a clear set of goals and the right incentive structures. The Directors believe that Admission 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. See “— *People and Talent — Attracting, Developing and Retaining Talent*” below.

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

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

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

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

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

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

Business Model

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

Global Platform and Managed Services

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

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

Partners across the global legal business will also travel and spend time in various offices as needed to seek out work opportunities and to meet client needs.

The Directors believe that demand for legal services will increasingly be driven by the general trend of clients outsourcing certain in-house legal services to third-party providers and the desire to work with fewer service providers which better understand their needs in order to simplify their supply chains. In light of this trend, in August 2018, DWF appointed its CEO of Managed Services to advance the Group's strategy of providing clients with an integrated solution for clients' complex legal services, managed services and connected services' needs. The Directors believe that as it strengthens the systems and processes around its provision of managed services, it will be able to attract an increasing amount of volume, processed oriented managed services traditionally performed in-house that clients are outsourcing or seeking other means of addressing. See *Part IV — "Industry Overview — Market Trends — Client consolidation of suppliers"* above. Furthermore, clients increasingly want access to a platform both for its business as usual volume activity as well as a platform that can scale up during sharp increases in the volume of activity driven by transactions or other matters. DWF intends to integrate its current nascent managed services offerings as well as other resources and create a single global platform of scale that DWF's divisions and its clients can utilise for the delivery of such legal services. While complex legal work flows will remain with their respective practice areas, process flows throughout the Group will be evaluated and re-engineered in an effort to provide optimum efficiency by moving elements of standardised work to managed services. The reclassification of complex services to managed services involves identifying factors in the practice areas of the Group's divisions that have appropriate characteristics for managed services, such as predictable, standardised, process driven and flexible solutions, as well as economies of scale. The Directors believe that creating a single global platform of scale will enable clients to engage with DWF on more long-term service models rather than on the basis of more traditional billing arrangements. While DWF will design its global platform for managed services to address services for all eight sectors on which DWF focuses, DWF expects to focus its managed services global platform on its three global sectors, financial services, insurance and real estate, since these sectors generate demand for a high volume of managed services work as a result of compliance tasks, insurance claims and support for real estate transactions and management that these sectors produce. These three global sectors also all generate demand for a large volume of complex legal services, an emphasis among clients to consolidate its supply chain of legal service providers and attractive growth opportunities in international jurisdictions. Furthermore, in addition to its aim to attract additional outsourced in-house legal work, the Directors believe that DWF's global platform could also serve as an outsourced provider of managed services work for other law firms providing complex legal services. As DWF seeks to establish its global platform for managed services, it will look for acquisitions that will allow it to build up the scale of this platform.

Fee Generation

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

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

For the Connected Services division, revenue is generated in a variety of ways. Each service or solution has a primary billing model for its services, reflecting the nature of the particular service or solution provided. For example, DWF Claims, its claims handling business that acts as a third-party administrator for claims, has a fixed fee model with staged fees relating to the stage and complexity

of the work. Approximately 90% of the claims matters dealt with are at the claims notification stage, which are the initial stage from which many claims do not progress further. DWF Costs offers a mixture of fixed fee or hourly rate services depending on the nature of the service and its complexity. DWF Advocacy, DWF's in-house team of barristers, advocates and mediators, primarily charges fixed fees and generates the majority of its revenue from engagements referred to it by DWF's solicitors. Historically, this team was embedded within DWF's motor practice area, but the establishment of the Connected Services division increased the visibility of this team and has facilitated the use of DWF's internal resource as opposed to instructing third party advocates for matters on which DWF is involved. DWF 360, DWF's software business, typically develops bespoke software applications for clients. For any engagements, DWF 360 draws up a statement of work which includes the costs of development, which is usually paid in stages, with the final payment made on deployment. Following deployment, clients will pay a monthly fee to cover routine maintenance and technical support.

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

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

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

DWF Brand and Marketing

Brand

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

Marketing and Sector Strategy

A number of DWF's marketing activities are centred on its sector approach, which can each cut across multiple divisions and practice groups. DWF focuses on eight sectors: insurance; financial services; real estate; energy and industrials; public sector; retail, food and hospitality; technology and

communications; and transport. Each sector team includes specialists from a range of practice groups and jurisdictions, as well as relevant connected services, allowing DWF to tap into its collective expertise and advise its clients on a global scale. In addition, DWF's support teams have dedicated professionals in the client development and knowledge services functions working on growing and supporting DWF's sector offering, including through the publication of sector-specific papers and reports that can educate clients and establish DWF as an experienced service provider in the relevant sector. DWF introduced its client-centric sector approach to enable DWF to become much more focused on the needs of clients and their current and future challenges and to be better positioned to advise clients, including those that operate across multiple sectors. The Directors believe that the commercial insight gained by establishing industry sector groups and structuring its services in this manner, which brings together multiple practice groups, enables DWF to develop deeper, longer-lasting client relationships, identify new opportunities and win new clients, making the sector approach an effective marketing strategy for DWF.

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

Referral relationships

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

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

Key elements of the Commercial Services division include:

- **Practice Groups:** The Commercial Services division comprises the (i) corporate services, (ii) litigation and (iii) real estate practice groups. The three practice groups made roughly equal contributions to Commercial Services division revenue for the financial year ended 30 April 2018, with, however, the litigation practice group representing the largest of the three practice groups. Furthermore, each of the practice groups comprises a number of practice areas or practice specialisms with particular expertise in the real estate, financial services and insurance sectors.
- **Key Client Accounts:** Whitbread Group plc, Serco Group plc, Santander Consumer (UK) plc, The Royal Bank of Scotland, Wm Morrison Supermarkets plc and Telefonica UK Limited are longstanding clients of the Commercial Services division, while DWF has recently attracted new clients such as Lucozade Ribena Suntory Limited and Sovereign Capital Partners. In addition DWF has been appointed to the panel of the Crown Commercial Services, an executive agency, which gives DWF access to a large number of clients throughout the UK public sector.

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

Corporate Services

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

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

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

Litigation

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

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

- **Commercial Litigation and Dispute Management:** This practice area advises on complex commercial litigation, including risk management, investigations and dispute avoidance strategies. The core focus is on acting for multinationals, large public and privately owned corporates, and high net worth individuals involved in disputes to be resolved through the High Court,

arbitration, mediation and negotiation. The team engages with the Connected Services division (particularly DWF Costs and DWF Forensic) to offer a seamless service. Members of the team also contribute to DWF's international arbitration offering.

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

Real Estate

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

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

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

- **Investment and Development:** The investment and development team draws in expertise from across DWF's construction, planning, tax, banking, corporate, employment and commercial teams, as needed, for each business plan and project. This collaborative approach allows the team to advise and support high-value single asset transactions and development projects, as well as large-scale portfolio acquisitions and disposals.
- **Planning:** The real estate planning team assists with a broad range of matters, from commercial, residential and renewable energy projects, through the development of public spaces and roads to compulsory purchase and compensation.
- **Real Estate Finance:** The real estate finance team advises on real estate finance transactions of all sizes and complexity and has particular experience in advising those active in the financial services, investment, development, housing, hotel, healthcare and retail sectors acting for both borrowers and lenders.

B. Insurance

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

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

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

Notes:

(1) Average partner figures for the financial years ended 30 April 2016, 2017 and 2018 were 88, 83 and 86 respectively and average partner figures for the six months ended 31 October 2017 and 2018 were 86 and 83 respectively. See Part II "Presentation of

Financial and Other Information—Non-IFRS Financial Measures—Net revenue per average full-time equivalent partner and partner equivalent” for information about this metric’s basis of preparation.

- (2) See *Part VIII “Selected Financial Information—Segmental Financial Results—Note 3”* for further information about this metric’s basis of preparation.
- (3) See *Part VIII “Selected Financial Information—Segmental Financial Results—Note 2”* for further information about this metric’s basis of preparation.

Key elements of the Insurance division include:

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

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

Catastrophic Personal Injury and Occupational Health

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

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

- **Catastrophic Personal Injury:** The catastrophic personal injury practice area has one of the largest teams in the country handling the most complex and high-value multi-million pound claims on behalf of a range of insurer clients. Although the volume of claims is comparatively moderate, the importance of these types of claims to insurers is huge, accounting for well over 50% of their claims reserves.
- **Occupational Health:** DWF’s occupational health practice area has a mix of nationally recognised experts in complex diseases such as asbestosis and cancers as well as considerable experience in the volume areas of noise induced hearing loss and hand arm vibration. The occupational health team has a particular reputation for strategic litigation having in recent years successfully taken legal precedent-changing litigation to the Supreme Court.
- **Casualty:** DWF’s casualty practice area advises on the full range of employer, product liability and public liability claims for a variety of the biggest insurers, insurance intermediaries and self-insured corporations in the employer liability market. The practice area has one of the biggest public sector teams in England acting for a variety of local authorities and other public bodies in a diverse range of claims. There is particular expertise in the retail, food and hospitality, and

transport sectors. DWF believes in target driven claims handling, supported by its case management system and data analytics expertise, which the Directors believe means that DWF can achieve the right outcomes in the most cost-efficient manner.

- **Police and Prison:** The police and prison team is a specialist team which advises on claims involving false imprisonment, malicious prosecution, misfeasance in public office, breach of privacy, personal injury, and claims under the Human Rights Act 1998. This specialist team also acts on matters including deaths in custody, deaths due to restraint, self-harm, medical complications, mental health issues, police pursuits and firearms-related deaths. The team acts for both public bodies and the private suppliers of services.

Motor, Fraud, Resolution Law and In-House Teams

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

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

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

Professional Indemnity and Commercial Insurance

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

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

- **Professional Indemnity:** The professional indemnity team takes a sector-based approach within professional indemnity to enable it to meet the needs of insurers, insureds and brokers. The team provides a cradle to grave service for allegations of inadequate service, negligence or malpractice, from claims handling services in the early days of a complaint through to settlement or defence of fully litigated claims. The professions represented by DWF, often at the instruction of their insurers and often in situations where the relevant professional regulator demands that at least a basic level of indemnity cover is held, are many and varied, including the traditional professions such as solicitors, accountants, brokers, architects, engineers, surveyors, designers and construction professionals together with the full range of healthcare professionals, through to more niche and still-rapidly developing professions such as those in the charity, education, cyber/IT and data sectors. This team also represents professionals in related proceedings, for example those of a disciplinary or regulatory nature or during public or national inquiries, as well as in the defence of compensation claims. The significant international nature of the claims handled benefits the ability of this team to advise clients as claim trends that begin in one jurisdiction often make their way to others over time.
- **Product Liability:** The product liability team serves United Kingdom and global insurers as well as corporate clients in defending civil claims relating to defective products both domestically and across multiple jurisdictions, as well as in pursuing recoveries along the supply chain where possible, advising on policy coverage, handling national and global product recalls, advising on regulatory compliance in relation to labelling, advertising and product launches, conducting judicial reviews of product regulatory decisions, advising on jurisdiction and choice of law, and handling often complex group litigation.
- **Energy:** Working alongside DWF's wider energy experts covering issues such as: consenting; procurement; financing; construction; commissioning; generation; transmission; distribution; storage; and the supply of energy, the international energy claims team contains experts across all areas of energy, from renewables such as wind, solar or sea to nuclear, utilities, oil and gas, and conventional power generation. From the conversion of waste to energy, to the implementation of blockchain projects in the energy sector, the team provides sector specialists to advise on new and emerging challenges that energy businesses face. The energy team advises high-value, complex, cross-jurisdictional matters, including pollution and fire claims, actions involving tankers and liquid cargoes, contamination claims, as well as representing clients where there has been a breach of the terms of the relevant agreements (including oil storage and terminal usage).
- **Financial Institutions:** The financial institutions team advises on insurance coverage, regulatory issues and the defence of compensation claims against a range of related individuals or organisations, whether from the banking or insurance sectors, investment managers, through to stockbrokers or clearing houses and regulated market place lenders.
- **Director and Officer Liability:** The potential liabilities for directors and officers of businesses increase year on year, whether of an allegedly criminal nature (for example manslaughter or fraud), regulatory (such as health and safety or breach of directors' duties) or compensatory civil claims. The professional indemnity and commercial insurance practice group's specialists represent those individuals and/or their organisations in the investigations or conduct of proceedings arising. Also often referred to as management liability insurance, directors' and officers' cover is sold by insurers either alone or as an adjunct to the company's partnership's own cover.
- **Marine:** The marine team provides technical advice, as well as dispute and liability representation, including in relation to loss of or damage to commodities, shipping, cargo, freight, terminals and/or logistics arrangements. This team primarily advises commodities companies on insurance matters relating to marine and trade disputes and liabilities in relation to operational and commercial contracts, marine finance and leasing, restructuring and insolvency, corporate, regulatory and other matters, alongside major marine incident representation.
- **Mining:** The mining team represents mining companies, commodities traders and insurers in disputes in connection with high-profile incidents. The mining, industries and energy specialists within this team have expertise in insurance-related disputes across the sector. The team also

makes use of products offered by DWF's Connected Services division using its software, with which mining companies can monitor existing claims and outcomes, permitting cost-effective pursuit of cargo claims and financial recoveries for losses previously considered to be too small to pursue.

- **Property Damage:** A very significant number of property damage-related claims arise from a wide variety of scenarios, whether subsidence, fires, floods, escapes of water, accidental damage, deliberate acts, impact damage to properties by vehicles, negligence of a property-related professional (for example by a welder or plumber) or other such cause. The commercial insurance and related teams handle the defence of these claims, with values ranging from a few hundred pounds of damage to a domestic home handled on a managed services platform, to hundreds of millions of pounds of damage to a commercial plant, often in each instance defending those said to have caused the damage but also providing a large-scale subrogated recovery service for sums paid out by insurers to their own insureds where property damage has been suffered.

C. International

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

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

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

Notes:

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

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

Australia

DWF initially entered the Australian market in January 2017 via the acquisition of Triton Global, a claims management business with offices in Australia, Canada and the United States (and which now

forms the core of DWF Claims in the Connected Services division). That was followed in February 2018 by the acquisition of Kaden Boriss' Australian practice with offices in Brisbane and Melbourne, which was identified as a complementary legal offering to the Triton Global claims management business, and which resulted in the Group having a total of 66 people in Australia, which included seven partners and partner equivalents and 21 additional fee earners. DWF now has four offices in Australia: Brisbane, Melbourne, Newcastle and Sydney. For the financial year ending 30 April 2018, the Australian team had an average of eight full-time employees. As at 31 October 2018, the Australian team had 14 partners and partner equivalents, five directors and 108 staff total. There are currently three internal promotions to partner due to take effect on 4 February 2019, four lateral partner hires who have recently joined or are scheduled to commence in early February 2019 and a number of ongoing discussions with potential lateral partner hires. The Directors believe that DWF is the first global legal business in the Australian market to provide complex, managed and connected services via an incorporated capital model and that there is a strong demand for managed and connected services due to a demand for technology and software to provide more sophisticated legal service offerings. The Australian legal market is heavily fragmented and DWF believes that the market provides consolidation opportunities. DWF's Australian offices primarily advise on corporate, commercial and insurance law, and the sectors supported from within Australia include all of the Group's global sectors (real estate (including construction), financial services and insurance). DWF's revenue in Australia for the financial year ended 30 April 2018 was £2.0 million.

Belgium

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

France

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

Germany

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

Ireland and Northern Ireland

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

comprised 127 people, which included 27 partners and partner equivalents and 62 additional fee earners.

Italy

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

Middle East

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

Singapore

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

Associated Firms

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

DWF's associated firms include the following:

- **United States:** Wood, Smith, Henning and Berman LLP
- **Saudi Arabia:** Harasani & Alkhamees, with offices in Jeddah and Riyadh
- **Turkey:** Özkan-Gürden
- **Argentina:** Vagedes & Asociados
- **Colombia:** Duarte Garcia Abogados
- **Panama:** Fabrega Molino
- **South Africa:** Thomson Wilks

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

D. Connected Services

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

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

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

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

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

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

Notes:

- (1) DWF Adjusting and DWF Claims cumulatively represented just over one half of the Connected Services division's revenue for the financial year ended 30 April 2018, while DWF Costs represented just over a quarter and DWF 360 represented one tenth of the division's revenue for the same period.
- (2) See Part VIII "Selected Financial Information—Segmental Financial Results—Note 3" for further information about this metric's basis of preparation.
- (3) See Part VIII "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

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

- **DWF 360:** DWF 360 is the software business in DWF's Connected Services division, offering software solutions, as well as support with implementation and ongoing development and maintenance of business critical applications and systems. It also provides technical consulting services. It offers a suite of fully configurable software to clients ranging from insurers, brokers, retailers, energy, construction and engineering companies and professional service firms, as well as to the public sector, local government and housing associations. DWF's proprietary claims management system, "Claimsview", was developed and is supported by DWF 360 technology. See "— DWF Claims" below.
- The DWF 360 software suite (EvoSuite) and other services include the following:
 - *EvoClaim:* EvoClaim is a claims management software platform that covers the entire claim lifecycle, from first notice of loss through to settlement and claim file closure. It includes sophisticated standard and bespoke management information reporting options, as well as direct client real time access to claims files.
 - *EvoSafe:* EvoSafe covers the entire compliance lifecycle, including risk prevention, effective process management, collecting clients' monitoring and auditing data, initial notification of an incident, more robust and speedy accident investigation processes and a robust claims solution. EvoSafe allows clients to self-build reporting and management information, providing access to the information on demand.
 - *EvoRisk:* EvoRisk is designed to help organisations manage risk, compliance and auditing, including by coordinating audit activities and results across a business in one clear log.
 - *EvoDataProtect:* EvoDataProtect is a tool designed to help organisations prepare and arrange their responsibilities under GDPR and to allow clients to manage data compliance more easily on a day-to-day basis while safeguarding and protecting data from corruption or loss.
 - *DWF Notify:* DWF Notify is a mobile device crisis management notification tool that can be used for sending alerts or logging incidents in EvoClaim/EvoSafe. It also allows for the distribution of compliance/policy and risk assessments by role/location to ensure the latest documents are available, read and understood to mitigate risk.
 - *DWF Pinpoint:* DWF Pinpoint is a cloud-based software package that allows clients to manage multiple asset portfolios in one place. Clients can log in and access, control and measure their asset portfolio information. They can share information with colleagues or potential buyers and create reports, such as lease breaks or expiry dates across a portfolio.
 - *IT Services:* Alongside DWF 360's suite of products, this team also provides technology and infrastructure advisory services including cloud services, infrastructure as a service, co-location of data storage, remote desktop services, and security and data protection.

- **DWF Adjusting:** DWF Adjusting provides professional services in relation to the investigation and settlement of complex losses with a particular focus on property, construction and engineering claims. Its clients are commercial insurers and their policyholders as well as corporates and professional services businesses. The team specialises in the technical investigation of claims, working either directly with clients or in collaboration with lawyers at DWF as part of a multi-disciplinary approach to provide early and comprehensive advice. DWF Adjusting also serves DWF Claims connected services business by providing early technical assessment of claims to promote a cost-effective resolution for less complex or lower value issues.
- **DWF Advantage:** DWF Advantage integrates online learning into a client's business. DWF Advantage has over 30 modules and uses a blend of in-house content and industry standard content from its content partners. It offers three key learning categories: legal and compliance, business skills, and management and leadership.
- **DWF Advocacy:** DWF Advocacy consists of a dedicated team of experienced barristers, advocates and mediators, across the United Kingdom, which works alongside DWF's internal legal teams. It provides specialist advocacy services at telephone or in-person court hearings, in all courts across England and Wales, as well as supporting them with advice and drafting. The Directors believe that getting the best results from advocacy relies on specialist understanding and up-to-date experience. For that reason, DWF Advocacy is separated into sub-teams, drawing together experts in employment, motor fraud, occupational health and casualty, catastrophic injury, professional indemnity, costs assessments, inquests and arbitration both in the UK and internationally. DWF Advocacy is one of the regulated connected services and is an ABS regulated by the SRA.
- **DWF Claims:** DWF Claims is a global insurance claims handling management business specialising in the management and administration of all classes of commercial lines claims. It seeks to provide the capabilities of an in-house claims department for businesses on an outsourced basis, reducing the clients claims spend and life-cycle, while representing fewer suppliers for the client to manage and improving client risk management. It has particular expertise in matters concerning professional indemnity, general liability, healthcare, legal expenses, motor and property insurance. DWF Claims has developed its own proprietary claims management system, called "Claimsview", which enables DWF to help insurers, corporates that are self-insured, brokers and policyholders to monitor their exposure, not only in terms of reserves and payments on a claim-by-claim basis, but also the performance of the classes of business for underwriting purposes. It provides this through a client dashboard which shows a graphical analysis of losses according to statistical indicators (such as location and loss code), as well as opportunities to investigate varying data sets (such as year of account or period) or to access a full electronic file (incorporating incoming and outgoing correspondence, internal referrals and all policy documentation). DWF Claims is charged on flexible fee structures for claim management. Claimsview was developed and is supported by DWF 360. DWF Claims is located across the globe in: London, Bristol, Manchester, Birmingham and Leeds in the United Kingdom; and in Sydney, Australia; Paris, France; Milan, Italy; Dublin, Ireland; Toronto, Canada; and Chicago, the United States. Furthermore, the Directors believe that there is scope for growth in the property and casualty segments in North America and Latin America, as well as opportunities for increasing marine claims in Singapore and Asia, in addition to overall geographical expansion in Europe.
- **DWF Company Secretarial:** DWF Company Secretarial offers a range of company secretarial support. Services include company incorporations, annual compliance services, corporate health checks, registered office services, named company secretary and annual general meeting services. The team can also assist with more technical issues such as the review of constitutional documents, small group reorganisations and cash repatriation schemes.
- **DWF Compliance:** DWF Compliance is a connected service available for the Singapore market that provides advisory services to financial institutions, trust companies and corporates on regulatory requirements, in areas such as data protection, the Foreign Account Tax Compliance Act, Common Reporting Standards, Anti-Money Laundering and Financing of Terrorism.
- **DWF Consulting:** DWF Consulting offers three separate business consulting services spanning data, business improvement and contract drafting:

- o *DWF Improvement and Innovation:* DWF Improvement and Innovation offers process advice to model and re-engineer a client's organisational processes and plans to reduce risk and improve productivity.
- o *DWF Data Analytics:* DWF Data Analytics specialists work with clients to understand and interpret a range of data sets, using DWF's own systems and software.
- o *DWF Draft:* DWF Draft is an automated contract drafting solution which has been developed from Thomson Reuters' contract automation platform, Contract Express. DWF offers this consulting service to its clients and employs it in certain areas within DWF's own practice groups to improve efficiency of work. DWF utilises DWF Draft within each of the practice areas of its Commercial Services division as a drafting tool, which the Directors believe increases the efficiency of its fee earners, saving its clients fees, while also reducing DWF's costs.
- ***DWF Costs:*** DWF Costs is one of the largest costs businesses in the United Kingdom, providing advice and guidance in relation to costs matters, including legal and other service provider costs. It provides specialist advice on cost budgeting and assessment in litigation cases, as well as advisory services to clients on managing the costs of service providers. For cases litigated in England, throughout the litigation process there are times when the costs for legal fees will be presented to the court for approval, including prior to trial, to agree on a costs budget and after trial to award the provision of legal costs for the successful party. Specialist costs lawyers are typically involved at each of these stages for complex matters. In addition to its costs solicitors, DWF Costs has also developed a predictive fixed fee cost tool to help insurers and other clients that have a high volume of low value claims to analyse and determine a representative value for the claim or service in order to be able to assess a fair cost themselves for legal fees on these high volume but low value matters. This enables clients to manage and control their costs for legal fees on matters where it would not be reasonable to pay for DWF Costs' individual advice and provides an example of managed services within the Connected Services division. As at 31 October 2018, DWF Costs had approximately 50 people across six DWF offices. The team includes solicitors, chartered legal executives and costs lawyers. DWF Costs is one of the regulated connected services and is an ABS regulated by the SRA.
- ***DWF Forensic:*** DWF Forensic is a team of forensic accountants and investigators that specialise in the quantum and investigative aspects of commercial disputes, insurance claims, corporate crime and regulatory issues. It also provides intelligence advice and reports (including DWF Sonar and DWF Radar), which provide clients with risk, due diligence and financial profiling information.
- ***DWF Resource:*** DWF Resource is a flexible resourcing service, providing high quality legal support according to client needs. It provides legal support with fixed costs, which is adaptable to a client's changing needs. Support can be provided on a short-term basis, for project-specific roles, interim and cover roles as well as for on-site or off-site support. It also provides the same service to clients for other non-legal professional services, including risk and compliance, auditing and forensic accounting. As at 30 April 2018 and 31 October 2018, DWF Resource had 80 and 90 legal support professionals registered with its service, respectively.
- ***DWF Ventures:*** DWF Ventures is a wholly-owned new ideas incubator and an innovation company. It focuses on client-focused research and development opportunities, as well as nurturing early-growth services.
- ***Vueity:*** Vueity is DWF's dedicated, international insurance auditing operation which allows insurers to audit their performance against Lloyd's of London's standards. It provides audits of third-party administrators and delegated authorities as well as general underwriting audits.

DWF's Acquisition Process

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

Selection and Integration Process

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

Associations

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

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

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

Associations can be either:

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

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

Timetable of Recent Acquisition Activity and Future Strategy

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

- In January 2012, DWF acquired the business of Newcastle-based Crutes LLP. The Crutes LLP acquisition expanded DWF's insurance practice and added a public sector practice.
- In May 2012, DWF acquired the business of Birmingham-headquartered Buller Jeffries LLP, which helped to further expand DWF's insurance practice.
- In July 2012, DWF also acquired the business of Scottish practice, Biggart Baillie LLP, expanding its UK national footprint and giving the combined business the opportunity to participate in UK-wide panels for large clients by offering Scottish law advice, especially in the financial services and real estate sectors, as well as presenting the opportunity to extend DWF's insurance sector coverage into Scotland, which was subsequently achieved.

- DWF thereafter continued to expand its national footprint through its acquisition of the respective businesses of two additional UK practices:
 - In February 2013, DWF acquired the business of Cobbetts LLP, which provided DWF with critical mass in the Birmingham market and further enhanced DWF's real estate and financial services sector focus.
 - In February 2013, DWF acquired the business of Fishburns LLP, which added offices in Bristol, London and Dublin, and gave DWF access to London market insurance work, as well as its first insurance claims handling business and a technology business. The business of Fishburns LLP, together with DWF's pre-existing DWF Costs business, became the initial cornerstone of DWF's Connected Services division.
- In May 2015, DWF acquired the business of London-based Watmores for £1.1 million, an insurance services practice with significant expertise in local authority insurance work.
- In December 2015, DWF engaged in further international expansion as it acquired Bridgehouse Law LLP, with offices in Munich and Cologne, Germany for £1.1 million, giving a stronger European footprint designed to drive further opportunities in the context of Brexit, as well as a focus on the technology sector in particular.
- DWF strengthened its insurance practice further with the acquisition of two more UK practices:
 - In May 2016, DWF acquired the business of Fox Hartley in Bristol for £1.0 million, a transaction that was initiated by a major insurer client's desire to consolidate its relationships (and which has led to further expansion internationally as that relationship has continued to grow).
 - In December 2016, DWF acquired the business of C&H Jefferson in Belfast, Northern Ireland for £3.9 million, making DWF one of only a small number of law firms to have a UK-wide footprint.
- Following this, DWF acquired a number of international operations:
 - In January 2017, DWF acquired the businesses of Heenan Paris in France for £0.2 million, and Triton Global for £1.2 million, a claims management business with offices in Australia, Canada and the United States (and which now forms the core of DWF Claims).
 - In February 2018, DWF acquired the businesses of Kaden Boriss for £0.9 million, an Australian business, with offices in Brisbane and Melbourne and complimented the claims management business acquired in January 2017.
 - In June 2017, DWF also acquired the Neolaw costs business from Keeleys LLP for £0.5 million, which was integrated into DWF Costs and brought into the Connected Services division.

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

- **Continental EU:** Focus on expansion opportunities in:
 - *Spain:* Spain provides an opportunity in the technology, insurance and financial services sectors and is currently a key missing presence from the Group's continental European portfolio. It would also provide an anchor in Europe for a future Latin America strategy.
 - *Poland:* Poland provides an opportunity in the real estate, financial services, technology and energy sectors and provides an important geopolitical hub for Central Europe, Eastern Europe and South-eastern Europe. Poland also has strong trade links with Germany and the US.
- **Asia-Pacific:** Focus on expansion opportunities in Hong Kong.
 - *Hong Kong:* Hong Kong provides an Asia Pacific-wide insurance led opportunity. It would also provide a location that supports financial services and real estate business, along with corporate services in due course.

- **Americas:** Focus on expanding beyond DWF's Connected Services platform in the US and Canada by entering into associations with or acquiring complex legal and managed services businesses to underpin up-selling to existing clients of its Connected Services division (e.g. the DWF Claims handling business in Toronto) by adding local legal capabilities. Canada also provide opportunities in the insurance and financial services sectors, while the US represents the largest legal market in the world. Further expansion into Latin America over the long term, with Brazil, Panama and Argentina potentially attractive markets.
- **MENA:** Aim to consolidate existing Dubai and Qatar operations, seek closer strategic relationship with DWF's associated firm in Saudi Arabia and, over the long term, consider expansion into Africa.
- In addition, DWF continues to seek out opportunities to strengthen its ability to serve its global sectors in its various offices through acquisitions. It has also identified loss adjusting and safety investigation businesses as additional complementary services that could be acquisition opportunities to further expand its Connected Services offering in certain countries.

People and Talent

DWF's Values

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

DWF's stated values are:

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

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

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

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

People and the Revised Compensation Model

DWF's ability to deliver lasting value and results to its clients has been, and will continue to be, a product of the strong character, expertise and dedication of its people. DWF's people work to solve

difficult problems by combining legal training and speciality with sector expertise. DWF’s people are supported by a culture of innovation and inclusion and are guided by DWF’s values.

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

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

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

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

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

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

- **Partners and partner equivalents:** A partner is a qualified solicitor or lawyer who heads up a team of fee earners and typically has a strong following of clients within their chosen practice. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) who are also fee earners. The Group also has partner equivalents that are senior staff within the Connected Services division who earn over £100,000 per year. While these senior staff are not fee earners, they are tasked with revenue generation and have revenue targets for the teams they are responsible for. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered and billing arrangements in that division.
- **Directors, senior associates, associates and solicitors:** These fee earners are typically qualified lawyers with practising certificates with experience ranging from those initially qualified to directors which is typically one of the last positions before one may become a partner. Associate is a more general term for a qualified lawyer who is certified by the regulator of their applicable jurisdiction. In England and Wales, a solicitor is a qualified solicitor who has a practising certificate issued by the SRA.
- **Trainees:** A trainee is an individual who has completed a degree (or equivalent) and is undertaking their training contract (which ordinarily takes two years to complete) with their employer law firm in order to qualify, for example as a solicitor with a practising certificate issued by the SRA (for those within England and Wales) or another applicable local regulatory body.

- **Paralegals:** A paralegal is ordinarily an individual with a legal background, be that completion of a law degree or some form of legal work experience, which provides support to more senior fee earners. There is typically no requirement that paralegals be qualified as legal practitioners in the jurisdiction in which they work. Within DWF's headcount figures, those characterised as non-qualified fee earners are mostly paralegals.
- **Laterals:** A term used to refer to a partner, director, senior associate or associate that is hired after working initially for another law firm or in-house rather than starting since qualification with their place of business.

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

Attracting, Developing and Retaining Talent

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

Attracting Talent

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

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

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

The Revised Compensation Model

In the event of Admission, the Group would have a compensation model for its partners and fee earners that the Directors believe would be unique among its peers. A key component of that model would be the ability to provide equity incentives via discretionary trusts (the "**Trusts**") established for the benefit of partners, employees, staff and consultants across the Group, to be operated in conjunction with the Share Incentive Plans (see *Part XII — "Additional Information — 13. Share Incentive Plans"*). The trustees of the Trusts would subscribe for Ordinary Shares in the aggregate equivalent to approximately 10% of the market capitalisation of the Company at Admission, in the event it occurs, to be held for the purposes of the future incentivisation of the Group's partners, employees, staff and consultants. The Directors believe that the Group's compensation model, supported by such a significant transfer of value into the Trusts, would enable the Group to retain and attract high quality talent to its business over the long term.

In the event of Admission, most partners would be self-employed Members of both DWF Law LLP and DWF LLP. Their compensation would comprise: (a) an annual fixed profit share; (b) dividend

income derived from a holding of Ordinary Shares; (c) participation in a partner annual bonus pool anticipated to be equivalent to up to 5% of the Group's profit before tax for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or DWF LLP Sub-group Deferred Bonus Plan and recorded as a direct cost; (d) for Members of DWF Law LLP based in England, a nominal salary as an employee of a Connected Services entity; and (e) subject to meeting the relevant eligibility requirements, participation in the Share Incentive Plans. Self-employed partners of DWF Law LLP and DWF LLP would be required to pay in capital equivalent to 30% of their annual fixed profit share (subject to a minimum contribution of £25,001).

In the event of Admission, the revised compensation model as described in *Part II — “Presentation of Financial and Other Information — 4. Other Information — Revised compensation model”* would be implemented, which will result in Members who are equity partners having their total partner compensation reduced by 60% and all other partners having their total partner compensation reduced by 10%, except for the revised compensation model exceptions, in order to generate net profits for all Shareholders (rather than retaining the existing approach where partners are allocated nearly all of the profits through their drawings). The Directors believe that the scaled back compensation resulting in the relevant partners Total Fixed Annual Compensation Amount would be substantially offset by the value of the other elements of compensation described above and, when taken together with other benefits arising in the event of Admission, would represent a significant retention and incentivisation tool for the Group.

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

The key terms of the Share Incentive Plans are described in *Part XII — “Additional Information — 13. Share Incentive Plans”*.

Development and Training

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

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

Retention Strategies

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

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

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

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

Corporate Social Responsibility

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

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

DWF Foundation

At DWF, its values underpin not only its culture, but also set the future course that DWF wants to take as a business. The launch of the DWF Foundation (a UK registered charity) in December 2015 marked a significant step in DWF's journey as a responsible business and force for good. The DWF Foundation's sole aim is to provide funds, resources and support to help build stronger communities and is aligned to DWF's existing community pillars, homelessness, health and wellbeing, employability and education. The DWF Foundation has been set up particularly to help with initiatives that tackle specific community issues, to help voluntary and community groups become more effective and efficient, to encourage the involvement in the community of those too often excluded, and to enable young people to develop skills for the benefit of the community. Location-based corporate social responsibility teams support the Foundation objectives, inspiring colleagues to support both fundraising and volunteering activities.

UN Global Compact

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

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

Diversity and Inclusion

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

DWF launched a global diversity and inclusion strategy and business case in October 2017. Its Diversity Steering Group comprises 34 senior leaders and drives activity through six action plans covering gender, disability, LGBT, flexible/agile working, race and culture, and age. DWF has a dedicated team to support the implementation of its strategic diversity objectives and is recognised as a top performer in diversity benchmarking indices.

Environment

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

Risk Management and Internal Control: The DWF Business Excellence Team

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

The goals of an Internal Procedural Audit are to:

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

The Business Excellence Team adopts a flexible risk driven approach while delivering a pre-planned audit programme. As part of the firm-wide management review, the Business Excellence Team provides a six-month update to the Executive Board on the activities of internal audits and the progress or the challenges that they face. They may also conduct additional special reviews required by the senior management team or other risk management teams, where risks have been identified. In addition, the Business Excellence Team can also complete proactive "health checks" on client service level agreements to see how DWF's performance compares with the agreement so that any remedial action can be taken prior to a client completing an audit. If DWF were found not to be meeting the standards set in its service level agreements with clients, this could lead to the loss of future work with such clients.

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

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

The work of the Business Excellence Team is externally assessed in accordance with the ISO 9001:2015 quality management standard for its operations in England, Scotland and Northern

Ireland. The Business Excellence Team also works towards identifying and sharing good practice, identifying issues and providing guidance on root cause analysis and implementing solutions.

Information Technology

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

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

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

Cloud as a Competitive Advantage

DWF is strategically committed to cloud-based solutions. Many business systems already run on a cloud computing service, Microsoft Azure or O365 platform, including Yammer (a collaboration tool used to share knowledge and capability globally). DWF has adopted the telecommunications application software, Skype, globally, and has commenced its full migration to Office 365, which is expected to complete in 2019. DWF's cloud strategy has four objectives:

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

Core Applications

DWF's core applications are as follows:

- **Finance including ERP:** Thomson Reuters Elite 3E is the leading ERP solution in the legal sector. 3E supports client and matter financial management from inception to collection, as well as all ERP financial functions.
- **New Business Intake:** IntApp Open is a leading business intake solution in the legal sector. It is used internationally to onboard new business, managing ethical and commercial conflicts, and regulatory, financial and reputational risks.
- **Case Management:** LexisNexis Visualfiles is one of the leading workflow and legal case automation solutions. It is highly configured by DWF to provide customised capabilities in case management, including business process automation, document automation and storage, and

data capture to enable data analytics. The software is used to manage almost all of DWF's managed services workload. The software is managed and enhanced using continuous improvement methods, such as Agile development.

- **Document Management:** iManage Worksite is the leading document and email management solution in the legal sector. It is used for all complex legal services work products to provide a centralised repository for matter documents and emails. DWF has extended the repository using Workshare secure file sharing to enable DWF's people to streamline how they work with internal and external stakeholders.
- **DWF Draft:** DWF Draft is an automated contract drafting solution which has been developed from Thomson Reuters' contract automation platform, Contract Express. This technology is designed to allow people to more efficiently produce legal documents, contracts and reports. This technology seeks to enable DWF's people to dedicate more time to higher value bespoke drafting and negotiation. Using document automation software has historically improved DWF's accuracy and risk management through a more consistent approach. See "*— Legal and Connected Services — D. Connected Services*" above.
- **DWF Diligence:** DWF Diligence is a specialist platform licensed from High Q, and designed to support a transaction such as the selling or purchasing of an asset for a client. It allows the user to create permissions to documents at a granular level along with other advanced features such as audit reports and indexing.
- **EvoSuite:** DWF 360's software suite EvoSuite, developed and marketed by the Connected Services division, is also used internally both for the full lifecycle of claims management workloads and for internal management of DWF's risk and complaints processes. It also provides the technology for Claimsvue, DWF's proprietary software application that facilitates claims processing and management.

Artificial Intelligence and Analytics

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

DWF sees the main opportunities as:

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

Resilience and Security

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

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

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

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

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

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

Intellectual Property

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

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

DWF has a variety of proprietary marks registered in the United Kingdom and certain foreign countries, including “DWF”. Generally, registered trademarks have perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks, though this is not the case in all jurisdictions. DWF has registered trademarks related to its name and logo in the United Kingdom, with the earliest renewal in February 2021, while the earliest renewal for its trademarks outside of the United Kingdom is in June 2024. DWF also owns a number of domain names for its legal business.

Property

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

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

Insurance

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

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

PART VI REGULATORY OVERVIEW

Legal Services Regulators

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

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

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

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

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

Professional duties of lawyers

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

- to provide services to clients in a manner which protects clients’ interests;
- to ensure that they have the resources, skills and procedures to carry out clients’ instructions;
- to provide services in a timely manner;
- to take into account clients’ needs and circumstances;
- to communicate clearly and effectively with clients;

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

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

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

England and Wales – DWF Law LLP

Under the Legal Services Act 2007, as amended, a “**Licensed Body**” is a legal practice that is authorised to carry on reserved legal activities by virtue of a licence granted to it by the Solicitors Regulation Authority or another Relevant Licensing Authority in England and Wales and in which at least one Non-authorised Person is a manager or a holder of an interest. DWF Law LLP will be a Licensed Body following the Reorganisation and will be required to operate in accordance with the terms of its licence and other applicable SRA regulation. The SRA has approved DWF Law LLP's application for authorisation as a Licensed Body, which will take effect from the date on which the SRA will issue the licence, immediately before completion of the Reorganisation.

The Legal Services Act 2007 places restrictions on the holding of a Restricted Interest in a Licensed Body by a Non-authorised Person. If a person (alone or in aggregate with their associates) who is a Non-authorised Person proposes to acquire a Restricted Interest, that person must not take any steps to acquire such Restricted Interest until after it has: (a) notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest; and (b) received the necessary approvals from the Relevant Licensing Authority, as may be required under the Legal Services Act 2007 and the Regulatory Arrangements. It is a criminal offence under the Legal Services Act 2007 for a Non-authorised Person to fail to comply with these obligations.

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

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

to be issued in right of the Relevant Shares or in pursuance of any offer made to their holder; (d) except in a liquidation, no payment is to be made of any sums due from the issue of the Relevant Shares, whether in respect of capital or otherwise; and (e) any other restriction that the Relevant Licensing Authority may impose in respect of the Relevant Shares in accordance with the Legal Services Act 2007 and Regulatory Arrangements.

Regulatory intervention powers

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

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

Other DWF Law LLP Sub-group jurisdictions

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

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

Regulatory intervention powers

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

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

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

Scotland

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

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

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

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

Regulatory intervention powers

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

Other DWF LLP Sub-group jurisdictions

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

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

Regulatory intervention powers

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

The intervention powers of Legal Services Regulators in jurisdictions falling into category (i) above are focussed on individual lawyers rather than on law firms. In the category (ii) jurisdictions, Legal Services Regulators are empowered to take regulatory action against law firms only in specific circumstances, principally on one or more of the following events occurring: (a) the dissolution or insolvency of a law firm, (b) where a law firm is not dealing adequately with client or trust money, or (c) where a law firm fails to fulfil requirements for admission to practise law. In some category (ii) jurisdictions (such as Germany), the type of regulatory action that the Legal Services Regulators can take against a law firm is restricted to suspending or revoking the firm's admission to practise law; any other regulatory action (such as the imposition of fines or ordering the firm to change its conduct) would have to be taken against the individuals managing the local firm instead of the firm itself.

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

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

Accordingly, in respect of each member of the Group which provides regulated legal services, including each member of the DWF LLP Sub-group (i.e. in Scotland, Qatar, Belgium, Singapore, Italy, Northern Ireland, Ireland, France and Germany), the Company and its legal advisors approached and engaged with each of the local Legal Service Regulators to (a) explain the proposed Reorganisation and new structure and governance arrangements of the Group, (b) answer any questions the relevant regulator may have on the proposals, (c) seek clarity (where required) on the likely scope, application and interpretation of the relevant local regulations in each jurisdiction, (d) discuss the continued compliance by the relevant legal practices in the Group with those local regulations, and (e) obtain confirmation, where available, that the proposed structure and governance arrangements of the Group comply with the local regulations. The Company and its legal advisors sought to obtain the best level of comfort (whether written or verbal) obtainable, from a practicable perspective, from each of the Legal Services Regulators. As noted above, none of the Legal Services Regulators provided formal written approval of the proposed structure and governance arrangements as such (as they are not required to do so under relevant regulation and a number of the regulators noted that as a matter of policy they do not provide such formal approvals). However, all of the relevant Legal Services Regulators have acknowledged (in most cases in writing) the structure and governance arrangements that the Company presented to them. None of the Legal Services Regulators with which the Company has engaged has expressed any objection regarding the Reorganisation (or any specific part of it) or asserted that the proposed structure and governance arrangements of the Group (or any part of them) do not comply with local regulations.

See *Part XII — “Additional Information — 4. Reorganisation”* for more detail.

PART VII DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. DWF Group Limited

1.1 Directors

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

Name	Position	Date appointed
Sir Nigel Knowles	Chairman of the Board	1 November 2018 ⁽¹⁾
Andrew Leatherland	Chief Executive Officer and Managing Partner	10 September 2018 ⁽²⁾
Chris Stefani	Chief Financial Officer	10 September 2018 ⁽³⁾
Chris Sullivan	Senior Independent Director	1 November 2018
Teresa Colaiani	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 ⁽⁴⁾

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

Chris Sullivan

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

Teresa Colaianni

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

Vinodka Murria OBE

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

Luke Savage

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

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

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

Matthew Doughty

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

1.2 Senior Managers

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

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

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

Glyn Jones

Glyn joined the Group in January 2007 and became CEO of the Insurance division in May 2018. He is responsible for executing the Group's Insurance division strategy, driving forward the Group's market-facing activities in relation to the Insurance division and co-ordinating the practice groups within the Insurance division. Glyn specialises in dealing with complex catastrophic injury claims, as well as other serious injury and fatal claims, and also advises on insurance policy issues. Prior to becoming the CEO of the Insurance division, Glyn was the Practice Group Partner for DWF's Catastrophic Personal Injury, Large Loss, Occupational Health and Casualty team for six years. In 2018, Glyn was ranked by the legal directory Chambers and Partners Guide UK as a leader in his field for defendant work. He holds a BA Law Languages degree from Manchester Metropolitan University and passed the Solicitors Final Examination course in 1980. Glyn was admitted as a solicitor by the Solicitors Regulation Authority in 1983 and is a registered foreign lawyer with the Law Society of Scotland.

Stephen Miles

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

Stefan Paciorek

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

Jason Ford

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

Anup Kollanethu

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

Daniel Pollick

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

Helen Hill

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

Zelinda Bennett

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

Mollie Stoker

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

1.3 Corporate Governance

As an unlisted private company, the Company is not subject to the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council.

As at the date of this Registration Document, the Board consists of the non-executive Chairman of the Board, five Independent Non-Executive Directors, the Chief Executive Officer, the Chief Financial Officer and one Partner Director.

2. DWF LLP

2.1 Strategic Board Members

The following table sets out certain information with respect to the members of the strategic board (the “**Strategic Board**”) of DWF LLP. The business address for each of the Strategic Board members is 20 Fenchurch Street, London EC3M 3AG.

Name	Position	Date appointed
Sir Nigel Knowles	Strategic Board Member	September 2017
Andrew Leatherland	Strategic Board Member	May 2006
Chris Stefani	Strategic Board Member	April 2016
Stephen Miles	Strategic Board Member	August 2014
Helen Hill	Strategic Board Member	November 2017
Claire Bowler	Strategic Board Member	November 2016
Paul Rimmer	Strategic Board Member	November 2016
Hilary Ross	Strategic Board Member	November 2016
Michael Falter	Strategic Board Member	November 2016

The management experience and expertise of each of the Strategic Board members (the “**Strategic Board Members**”) of DWF LLP (other than Sir Nigel Knowles, Andrew Leatherland, Chris Stefani, Stephen Miles and Helen Hill, whose experience and expertise are stated above) is set out below.

Claire Bowler

Claire Bowler became a Strategic Board Member of DWF LLP in November 2016. She has been a partner at DWF LLP since July 2008, when she was one of two partners who joined to set up their London office. Claire is Head of the Insurance Sector and is also Head of the International Claims Team. She was previously a partner at Davies Lavery (now part of Kennedys) from 2006 to 2008, an associate at Barlow Lyde & Gilbert (now part of Clyde & Co) from 2002 to 2006 and a solicitor at Beachcroft Stanleys (now DACB) from 2000 to 2002. Claire was admitted as a solicitor by the SRA in 2000 and is a registered foreign lawyer with the Law Society of Scotland. Claire holds a Law degree (LLB Honours) from Durham University and undertook her Legal Practice Course at the College of Law in London.

Paul Rimmer

Paul Rimmer became a Strategic Board member of DWF LLP in November 2016 and has been a partner at DWF LLP since April 2013. Paul holds a law degree from Birmingham University. He was admitted as a solicitor by the Solicitors Regulation Authority in 1995 and is a registered foreign lawyer with the Law Society of Scotland.

Hilary Ross

Hilary Ross became a Strategic Board Member of DWF LLP in November 2016. Hilary has been a partner at DWF LLP since September 2011 and is the Executive Partner for London and Group Sector Head for Retail Food and Hospitality. She was previously a partner and Head of Hospitality at Womble Bond Dickson from February 2008 to September 2011, a partner at Bryan Cave Leighton Paisner from 2001 to February 2008 and an assistant solicitor at Bryan Cave Leighton Paisner from August 1998. Hilary was an assistant solicitor at Sonnenchein, Nath and Rosenthal from September 1996 to July 1998 and an assistant solicitor at Cameron McKenna from June 1994 to September 1996. Hilary holds a 2:1 LLB degree from Glasgow University and a Diploma in Legal Practice from Glasgow University. She was admitted as a solicitor in Scotland in 1993 and by the Solicitors Regulation Authority in 1994 and is a registered foreign lawyer with the Law Society of Scotland.

Michael Falter

Michael Falter became a Strategic Board member of DWF LLP in November 2016. Michael has been a partner at DWF LLP since 1 January 2016 and is the Managing Partner of DWF Germany Rechtsanwaltsgesellschaft mbH. He was previously a managing partner at BridgehouseLaw from 1 June 2012 to 31 December 2015, an associate at Cleary Gottlieb Steen & Hamilton LLP from 1 May 2008 to 31 May 2012 and a trainee solicitor and associate at Shearman & Sterling LLP from 1 October 2005 to 30 April 2008. Michael holds a law degree from Albert-Ludwigs-Universität Freiburg, Germany, a masters degree (Magister Artium) in Ethnology from Albert-Ludwigs-Universität Freiburg, Germany, and a bachelor of general studies degree from Brandon University, Brandon, Manitoba, Canada. He was admitted as a solicitor by the Solicitors Regulation Authority (Rechtsanwaltskammer) in Karlsruhe, Germany and is a registered foreign lawyer with the Law Society of Scotland.

2.2 Corporate Governance

As a limited liability partnership, DWF LLP is not subject to the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council.

PART VIII SELECTED FINANCIAL INFORMATION

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

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

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Year ended			Six months ended ⁽²⁾	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
Revenue*	186,850	199,322	236,488	112,729	157,168
Recoverable expenses	—	—	—	—	(23,812)
Net revenue	186,850	199,322	236,488	112,729	133,356
Direct costs.....	(60,870)	(67,951)	(85,388)	(41,543)	(46,248)
Gross profit	125,980	131,371	151,100	71,186	87,108
Administrative expenses	(78,144)	(89,026)	(102,994)	(50,690)	(66,164)
Gain on bargain purchase.....	—	1,273	—	—	—
Operating profit	47,836	43,618	48,106	20,496	20,944
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)
Net financing expense	(825)	(1,262)	(1,438)	(874)	(828)
Profit for the period before taxation, Members' remuneration and profit shares	47,011	42,356	46,668	19,622	20,116
Corporate and other entity based taxation	(898)	(37)	(92)	(98)	(28)
Profit for the period before Members' remuneration and profit shares	46,113	42,319	46,576	19,524	20,088
Members' remuneration charged as an expense	(23,169)	(23,025)	(25,452)	(12,150)	(14,784)
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members	22,944	19,294	21,124	7,374	5,304
Other comprehensive (expense)/income					
<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
Total comprehensive income for the period available for discretionary division amongst Members	22,785	19,515	20,732	7,368	5,755

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

Consolidated Balance Sheet

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

Consolidated Cash Flow Statement

	Year ended			Six months ended	
	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
Cash flows from operating activities					
Profit for the period before Members' remuneration and profit shares.....	46,113	42,319	46,576	19,524	20,088
<i>Adjustments for:</i>					
Depreciation, amortisation and impairment.....	6,181	5,919	6,333	3,160	2,876
Gain on bargain purchase.....	—	(1,273)	—	—	—
Financial income.....	(312)	(355)	(405)	(318)	(79)
Financial expense.....	1,137	1,617	1,843	1,192	907
Taxation.....	898	37	92	98	28
	54,017	48,264	54,439	23,656	23,820
Decrease/(increase) in trade and other receivables.....	1,510	(9,722)	(15,956)	(5,840)	(3,705)
(Decrease)/increase in trade and other payables.....	(2,546)	4,023	60	2,801	5,224
Increase/(decrease) in provisions.....	277	(2,054)	(559)	306	6
Corporation tax paid.....	(939)	(520)	(69)	(98)	(29)
Effect of foreign exchange rate changes	(159)	221	(227)	256	455
Net cash from operating activities before transactions with Members	52,160	40,212	37,688	21,081	25,771
Payments to Members.....	(45,083)	(39,023)	(46,412)	(20,639)	(24,284)
Net cash from/(used in) operating activities	7,077	1,189	(8,724)	442	1,487
Cash flows from investing activities					
Interest received.....	312	291	240	56	75
Acquisition of subsidiary, net of cash acquired.....	(1,941)	(1,962)	(1,376)	(1,223)	(270)
Acquisition of property, plant and equipment.....	(3,798)	(3,501)	(4,211)	(1,647)	(2,345)
Acquisition of other intangible assets....	(234)	(581)	(1,028)	(346)	(680)
Acquisition of investments.....	—	(254)	—	—	—
Net cash used in investing activities	(5,661)	(6,007)	(6,375)	(3,160)	(3,220)
Cash flows from financing activities					
Proceeds from borrowings.....	39,781	—	75,911	11,007	28,980
Interest paid.....	(761)	(2,489)	(3,137)	(2,611)	(2,571)
Repayment of borrowings.....	(20,436)	(271)	(59,115)	(1,271)	(21,566)
Payment of finance lease liabilities.....	(293)	(862)	—	—	—
Acquisition of subsidiary, deferred consideration.....	—	—	(897)	(883)	(881)
Capital contributions by Members.....	2,975	3,996	7,780	1,090	2,287
Repayments to former Members.....	(4,836)	(2,874)	(3,902)	(1,241)	(2,206)
Net cash from/(used in) financing activities	16,430	(2,500)	16,640	6,091	4,043
Net increase/(decrease) in cash and cash equivalents.....	17,846	(7,318)	1,541	3,373	2,310
Cash and cash equivalents beginning of period.....	(7,870)	9,976	2,772	2,772	4,228
Effects of foreign exchange rate changes on cash and cash equivalents.....	—	114	(85)	76	(56)
Cash and cash equivalents at end of period	9,976	2,772	4,228	6,221	6,482

Segmental financial results

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

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

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

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

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

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

Key Performance Indicators

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

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

Reconciliation of Adjusted Cost:Income Ratio

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

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

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

PART IX OPERATING AND FINANCIAL REVIEW

This Part IX — “Operating and Financial Review” should be read in conjunction with Part II — “Presentation of Financial and Other Information”, Part IV — “Industry Overview”, Part V — “Business Description” and Part X — “Historical Financial Information”. The financial information considered in this Part IX — “Operating and Financial Review” is extracted from the financial information set out in Part X — “Historical Financial Information”.

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

The following discussion of the Group’s results of operations and financial condition contains forward-looking statements. The Group’s actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly under Part I — “Risk Factors” and Part II — “Presentation of Financial and Other Information — 11. Forward-looking statements”. In addition, certain industry issues also affect the Group’s results of operations and are described in Part IV — “Industry Overview”.

Overview

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

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

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

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

Segments

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

Current Trading and Prospects

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

Financial Targets

As set out below, the Group has established certain financial targets as measures of its performance which are based on the Group's business plan and a number of assumptions which the Directors believe are appropriate, but which may turn out to be incorrect or different than expected. The Group's financial targets are based on the organic growth plans of the Group. The targets are forward-looking statements and the Group's ability to achieve them will depend on a number of factors, many of which are outside of its control, including significant business, economic and competitive uncertainties and contingencies and risks including those described in *Part I — "Risk Factors"*. See also *Part II — "Presentation of Financial and Other Information — 11. Forward-looking statements"*. As a result, the Group's actual results may vary from the targets and those variations may be material. Except as specifically set out below, the Company has not defined, by reference to specific periods, the term "medium term", and the financial targets are not intended to be in respect of any particular financial year.

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

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

The Company is targeting a reduction in the Group's adjusted cost:income ratio by between 2% to 4% in the medium term from 42.7% for the year ended 30 April 2018. The Group anticipates that its adjusted cost:income ratio will decrease in part as a result of the implementation of certain cost efficiency initiatives, its expectation that its premises costs will not increase significantly as the legal business grows as a result of excess square footage currently available and due to the Group's agile working environment which does not require as much square footage due to its flexible working arrangements. Furthermore, the Group expects its ratio of fee earners to support staff to continue its upward trend, which would also support its ability to meet this target. The Directors believe that comparable law firms in the UK have cost income ratios of between 37% to 40% as evidenced by the

PwC Law Firms' Survey 2018. The Company is also targeting reduced interest expense in the medium to long term as it retains cash and has greater cash reserves to use for its working capital needs as opposed to borrowings used for working capital purposes as a result of its expectations around its improved profitability. With respect to the Group's capital structure, 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. The Group also aims to reduce its lock-up days by five to ten days in the medium term. In the meantime, revenue growth is expected to result in an increase in the lock-up driven by an increase in the Group's revenue. Trade and other payables are anticipated to remain broadly in line with those reported for the financial year ended 30 April 2018 in the medium term

In the event of Admission, the Group expects its effective tax rate to be approximately 2% above the UK average effective tax rate.

Basis of Presentation

Existing Basis of Presentation

The Group's financial information in *Part X — "Historical Financial Information"* (the "**Historical Financial Information**") reflects the Group's current operational structure. However, in line with the requirements of PR Annex 1 20.1 (which requires that an issuer prepare its audited historical financial information in a form consistent with the (i) accounting standards, (ii) legislation disclosure requirements and (iii) accounting policies which will be adopted in the issuer's next published annual financial statements, as if they had already adopted the new framework), the Historical Financial Information in this Registration Document is presented under IFRS and in compliance with the disclosure requirements of the Companies Act 2006 to reflect the proposed Reorganisation and in a form consistent with how DWF Group plc would prepare its first annual report. Prior to adopting this form of presentation, DWF LLP, the parent of the Pre-Reorganisation Group, which is incorporated under the Limited Liability Partnership Act 2000, prepared and presented its statutory accounts in accordance with the accounting standards FRS 102 (the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland), rather than IFRS, and according to the disclosure requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships, rather than the Companies Act 2006. With respect to the accounting policies, the accounting policies set out in the Historical Financial Information, except where otherwise stated in *Note 1.21 Changes in significant accounting policies*, have been applied consistently to all periods presented therein and in preparing an opening IFRS balance sheet as at 1 May 2015 for the purposes of the transition to IFRS. There will be no changes to the accounting policies between those used in the Historical Financial Information and those that would be published in the Company's first published annual financial statements in the event of Admission, subject to any applicable accounting pronouncements.

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

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

the adjustments in remuneration, the personal tax payment liabilities that accrue following the Reorganisation for the existing Members are expected to be lower.

Basis of Presentation in the Event of Admission

Although there will not be changes to the (i) accounting standards, (ii) legislation disclosure requirements or (iii) accounting policies, in connection with the Reorganisation or in the event of Admission, the Group will implement certain contractual and operational changes, whereby the application of IFRS and the Group's existing accounting policies, as disclosed in the Historical Financial Information, will lead to partner remuneration and certain tax items being reflected differently in the event of Admission. With respect to partner remuneration, in the event of Admission, the Company would remunerate partners on a fixed basis, with the remainder of partners' remuneration primarily coming from dividend income derived from holding Ordinary Shares, and, in some cases where performance warrants additional remuneration, participation in the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. In the event of Admission, with the exception of the revised compensation model exceptions, partner remuneration paid by the Company would be scaled back to the Total Fixed Annual Compensation Amount in order to generate net profits for all Shareholders (rather than retaining the existing approach where partners are allocated nearly all of the profits through their drawings). In the event of Admission, in addition to the Total Fixed Annual Compensation Amount, partner compensation would comprise: (a) dividend income derived from a holding of Ordinary Shares through the five-year share award; (b) participation in a partner annual bonus pool anticipated to be equivalent to up to 5% of the Group's profit before tax (excluding exceptionals) for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan and recorded as a direct cost; and (c) subject to meeting the relevant eligibility requirements, participation in the Share Incentive Plans.

In the event of Admission, partner remuneration, subject to the revised compensation model exceptions, would no longer be determined by the terms of the Existing Membership Agreement, but would be determined in accordance with the DWF Law LLP Constitutional Deed, the DWF LLP Constitutional Deed and the DWF Law LLP and DWF LLP Member Handbooks (as defined below). See *Part XII — "Additional Information — 4. Reorganisation 4.4 Key agreements under the reorganisation — 4.4.2. DWF Law LLP Constitutional Deed"* and "*— 4.4.3 DWF Law LLP and DWF LLP Member Handbooks*". These contractual agreements, to be entered into in connection with the Reorganisation, revise the terms of partners' remuneration, and would result in the Total Fixed Annual Compensation Amount being recognised in direct costs in the financial statements of DWF Group plc, rather than being recognised as "Members' remuneration charged as an expense" and a discretionary profit allocation within "Other reserves classified as equity", as previously presented and described in the Existing Basis of Presentation above. In the event of Admission, partner remuneration to be received as a result of dividends as Shareholders in DWF Group plc would reflect the receipt of a proportion of profits via dividends (as it will for all other Shareholders) and therefore this would continue to be accounted for through reserves in the DWF Group plc financial statements in line with the accounting standards, legislation and accounting policies disclosed in the Historical Financial Information. Under the revised compensation model, following Admission, in the event of any such Admission, self-employed partners will have their paid-in-capital contributions reduced in line with their revised remuneration. This is expected to result in approximately two-thirds of the Member capital outstanding at the time of any Admission, to be repaid. Under both the existing basis of presentation and the basis of presentation in the event of Admission, the Company would continue to account for expenses within the income statement as expenses and distributions through reserves, with the resulting changes in presentation arising from operational changes as a result of the new contractual arrangements entered into in connection with the Reorganisation through the adoption and implementation of the new governance agreements and partnership policies discussed above.

With respect to taxation, as a result of the Reorganisation, DWF Holdings Limited (a newly incorporated subsidiary of the Company) will become a Member of DWF Law LLP (which will hold most of the revenue generating operations of or held by DWF LLP prior to the Reorganisation). DWF Holdings Limited will receive the residual profits after Members' remuneration is paid (which Member remuneration will consist of the annual fixed profit share). As a result, the remaining profits earned by DWF Law LLP during a period will be regarded as income for DWF Holdings Limited. As a corporate entity, DWF Holdings Limited will be liable for corporation tax. Consequently, while DWF LLP's profits were not subject to corporation tax nor related deferred taxation and only a

limited number of entities in the Group were subject to tax in the period covered by the Historical Financial Information, a greater proportion of the Group's profits will be subject to such tax, going forward, as a result of the new entities and structure of the Group after the Reorganisation.

Internal Gross Profit

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

In the event of Admission, the partner's Total Fixed Annual Compensation Amount will be reported as direct costs in the income statement of the Company in line with the operational changes to be implemented.

Factors Affecting Results of Operations

Acquisitions and the Inorganic and Organic Growth of the International and Connected Services Divisions

Over the past several years, the Group has significantly transformed its operations from a UK law firm to growing into a global legal business with a deep UK legal and an expanded connected services offering complemented by international offices. This transformation was accelerated by acquisitions undertaken during the period. Prior to the financial year ended 30 April 2016, nearly all of the Group's revenue was generated from legal services within Great Britain, represented by the revenue of the Commercial Services and Insurance segments. Furthermore, while the Group offered connected services, it only formally established its Connected Services division in October 2017, following the acquisition of Triton Group Limited and its subsidiaries in January 2017, which increased the scale of the connected services offered by the Group to a degree to warrant its own division. In connection with the Group's international expansion and the formal establishment and growth of its Connected Services division, partly through acquisitions, the proportion of the Group's revenue generated by its International and Connected Services segments has grown. As a proportion of the Group's net revenue, the International segment has grown from 2.2% for the financial year ended 30 April 2016, to 6.9% for the financial year ended 30 April 2017, to 12.8% for the financial year ended 30 April 2018 and to 19.3% for the six months ended 31 October 2018, and its Connected Services segment has grown from 2.6%, to 3.8%, to 6.3% and to 6.9% over the same periods, respectively. During the period under review, acquisitions also benefited the Insurance division, with the acquisition of Triton Group Limited and its subsidiaries, including a professional indemnity insurance legal business within the United Kingdom that became part of the Insurance division's professional indemnity practice group.

The Directors characterise organic net revenue as all net revenue during a financial year except for net revenue that directly flows from any acquisition during the 12 calendar months after an acquisition is finalised. Organic growth represents the organic net revenue that exceeds the net revenue from the comparable period in the prior financial year (“**organic growth**”).

Organic net revenue bridge

	Year ended 30 April						Six months ended 31 October				
	2016	Organic growth ⁽¹⁾	Inorganic growth ⁽²⁾	2017	Organic growth ⁽¹⁾	Inorganic growth ⁽²⁾	2018	2017	Organic growth ⁽¹⁾	Inorganic growth ⁽²⁾	2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Commercial	100,508	(1,932)	—	98,576	4,193	—	102,769	51,113	4,000	—	55,113
Insurance	77,472	(1,514)	3,662	79,620	5,266	3,666	88,552	42,984	328	—	43,312
International.....	4,044	3,050	6,655	13,749	9,066	7,377	30,192	11,135	9,712	4,943	25,790
Connected	4,826	339	2,212	7,377	634	6,964	14,975	7,497	1,644	—	9,141
Net Revenue.....	186,850	(57)	12,529	199,322	19,159	18,007	236,488	112,729	15,684	4,943	133,356

- (1) Inorganic growth represents the net revenue from acquired businesses for the first twelve months after the acquisition that exceeds such net revenue from the comparable period in the prior financial year.
- (2) Organic growth represents the organic net revenue (as defined in *Part II — “Presentation of Financial and Other Information — 3. Non-IFRS Financial Measures”*) that exceeds the organic net revenue from the comparable period in the prior financial year. As the financial year ended 30 April 2015 falls outside the historical financial period, see *Part X — “Historical Financial Information”*, the Group is not showing organic growth for the year ended 30 April 2016.

While the International and Connected Services segments have made increasing contributions to the Group’s revenue and organic growth, on an internal gross profit level, the results have been more mixed in part due to investments made in these segments during the period under review. Internal gross profit margin for the International segment was 31.2%, 44.8% and 36.5% for financial years ended 30 April 2016, 2017 and 2018, respectively. Internal gross profit margin for the Connected Services segment was 60.0%, 51.0% and 31.9% for financial years ended 30 April 2016, 2017 and 2018, respectively. Fluctuations in the internal gross profit during the period under review related largely to investments made in connection with the expansion efforts of the International and Connected Services segments, which included additional direct costs as a result of redundancy costs and lateral hires following the acquisitions. Furthermore, within the Connected Services division, internal gross profit margin decreased over the period primarily due to the addition of the Triton Group claims management business in the second half of the financial year ended 30 April 2017 which has a lower margin profile. However, the Group experienced growth in internal gross profit margins for the International and Connected Services segments in the six months ended 31 October 2018, which grew to 43.7% and 40.1%, respectively, as the divisions started to benefit from certain of its past investments in prior periods, including acquisitions.

With respect to the Group’s expansion efforts, the Group has historically made acquisitions and plans to continue to do so where available in line with the Group’s strategy. The Directors believe that acquisitions are typically more profitable at an earlier stage as a result of bringing existing business and client relationships which are typically then supplemented by lateral hires, as opposed to the self-build approach through the opening of new offices, which typically requires more initial investment in partners and other senior staff to generate business and can take more time for the Group to establish business and realise revenue.

Fee Generation: Clients, the Realisation Rate, Unbilled Revenue and the Mix of Billing and Service Models

As with traditional law firms, the Group’s revenue is primarily driven by traditional fee generating legal engagements, supplemented by fees for managed and non-legal services. The Group’s suite of legal and connected services provides it with the opportunity to offer its existing clients additional complementary services and products. Longstanding client relationships are important to the Group’s business and any loss of clients or reduction in the level of work engaged for by a client may result in less revenue generated by the Group. Conversely, the addition of new clients or the increase in revenue generated from existing clients may increase the revenue generated. The Group has a number of longstanding client relationships, with the Top 200 Clients by revenue and Top 400 Clients by revenue in the financial year ended 30 April 2018, representing an average of 61% and 72%, respectively, of the Group’s revenue over the three financial years ended 30 April 2018. However, the Group operates in a competitive market and competition exists whenever tender opportunities arise.

In addition to the amount of fee-generating engagements undertaken, the Group's results of operations are impacted by its realisation rate for these engagements. The Group tracks its realisation rates to assess its performance. The realisation rate for a client engagement reflects the amount of billed work that is collected from the client (realisation) divided by the fees at the Group's standard billing rate, expressed as a percentage (the "**realisation rate**"). The realisation rate will reflect any agreed discounts from standard rates, write-downs (fee reductions taken before sending the bill) and write-offs (fee reductions after sending the bill). There are two primary reasons why the Group and other law firms typically will not achieve a realisation rate of 100%. First, the billing partner reviewing the bill may write down time charged to the matter by fee earners for a number of reasons, including: a task took longer than it should have taken, multiple timekeepers billed for the same task; the task billed was inconsistent with any billing guidelines for a particular client; or the partner chose to write down the time client-specific reasons, including contractual agreements. Second, the bill may result in write-offs as the client may refuse or be unable to pay the bill, request a fee reduction or contest the validity of certain time entries. The realisation rate can generally also be enhanced through best practices with respect to billings and collections, including: being prompt with billings, tracking all past-due accounts with detailed ageing reports, regularly contacting late-paying clients, having clear write-down and write-off policies, maintaining accurate timekeeping procedures and maintaining good communication with clients.

DWF's unbilled revenue reflects revenue which has been recognised under the Group's accounting policies but has not yet been billed to the client. As a result, while DWF may accrue time for work performed on client engagements that will be impacted by the realisation rate, its unbilled revenue, which is reported in the Group's Historical Financial Information, takes into account factors such as historical recoverability rates, contingencies, the outcomes of previous matters (such as the realisation rate) and agreements with clients when determining the amount of billings that should be recognised as unbilled revenue. See *Part X — "Historical Financial Information — Note 1.22 — Accounting estimates and judgements — Key sources of estimation uncertainty — Unbilled revenue"* for more detail of the key assumptions and sources of estimation used in reporting unbilled revenue. As a result, during the period under review, the Group typically collected most of the unbilled revenue once it was billed. See *Part X — "Historical Financial Information — Note 11 — Trade and other receivables"* for more information on provisions established for doubtful receivables during the period under review.

DWF monitors its key performance indicators to assess its fee generation levels and its recoverability, including net revenue per average full-time equivalent partner and partner equivalent (to assess it fees generated on a partner and partner equivalent basis), as well as its lock-up days (which reflect the approximate time it takes to bill and receive cash from WIP and Gross Debtors, respectively). The Group also monitors its net working capital, including the ageing of its trade receivables to monitor any provisions that should be made for its trade receivables.

DWF's revenue is also impacted by its billing rates for its services, as adjusted for any write-downs or write-offs of its billing. DWF's billing rates typically vary based on the geographic market, the nature of the service being performed, any specific rates agreed under client panel arrangements, its complexity and the seniority of the fee earner doing the work. The Group's standard terms of business outline that billing rates are reviewed annually, although they have remained largely constant during the period under review with the exception of the Commercial Services division which raised rates in October 2018. In addition, a large proportion of the Group's clients utilises panel arrangements to consolidate and manage their legal spend and, with time, more of the Group's existing clients may move towards the panel arrangement model. Such panel arrangements typically operate according to a service level agreement with most having work billed on a time basis, often on a discounted or fixed fee basis, with the billing rates for the duration of the service level agreement, with many service level agreements entered into for a period of three years. As a result, these service level agreements effectively freeze DWF's billing rates for the duration of the service level agreement and thus have impacted and are expected to continue to impact the amount of revenue DWF generates from its service to these clients under these agreements.

For the Connected Services division, each service or solution has a primary billing model for its services, reflecting the nature of the particular service or solution provided. For example, DWF Claims, its claims handling business that acts as a third-party administrator for claims, has a fixed fee model with staged fees relating to the stage and complexity of the work. See *Part V — "Business Description — Business Model — Fee Generation"* for additional information about the fee models of the Group's other key connected services. If the Connected Services division makes an increasing

contribution to the Group's revenue moving forward as anticipated by the Group's strategy, this will impact the mix of fee models moving forward which could impact the results of operations depending on the nature of the mix and the nature of the growth in the Connected Services division and which fee models are the most prominent.

The varying fee generation models related to DWF's services also impact the Group's gross profit margin and further impact is expected through the implementation of the managed services model. The Group's results of operations for the period under review, including the six months ended 31 October 2018, do not yet reflect the efficiencies that the Directors anticipate should result from the further consolidation of certain of its managed services into low cost centres and the introduction of additional standardised systems and processes for such services. While certain managed services work was performed during the period under review at low cost centres, there is a plan to consolidate a greater volume of managed services work and the introduction of additional standardised systems and processes to improve the efficiency of this work. While this process began in August 2018 with the appointment of DWF's CEO of Managed Services and the identification of additional processes to be implemented, the processes and improvements identified to date have yet to be implemented and additional improvements are still being identified. As a result, the benefits from such improvements are anticipated to be received in the medium term as the systems and processes become fully implemented and operational. Once these are implemented, the efficiencies are expected to allow fee earners that currently perform a mix of complex legal services and managed services to spend more time on complex matters, while managed services can be delivered in a more efficient manner through technology efficiencies which are expected to permit the scaling up of the services that can be performed without a corresponding increase in costs due to an increased headcount. However, during the period covered by the Historical Financial Information, the Group did experience some redundancy costs and short-term duplication of staff roles in connection with its consolidation of managed legal services work in Liverpool which impacted the Insurance division's internal gross profit margin.

Lock-up Days and Net Finance Expense

The Group's management carefully monitors its lock-up (WIP plus Gross Debtors) and lock-up days (with lock-up days defined as the lock-up expressed as a proportion of the past 12 months net revenue). Net revenue is used in the calculation of lock-up days to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis. WIP which has been recognised in accordance with the Group's revenue recognition policies, which take into account recoverability, the billing terms and previous engagements with repeat clients to determine the appropriate amount to recognise as unbilled revenue as well as unbilled disbursements, with Gross Debtors representing the billed work outstanding until paid which includes disbursements and VAT. The lock-up days trend is representative of the time it takes to bill or collect the WIP and Gross Debtors, respectively, and represents a measure of the period of time it takes the Group to convert its work on matters into cash.

The Group's management monitors lock-up and lock-up days on an ongoing basis as a measure of effective cash collection and working capital management. The following table illustrates the amount of the Group's lock-up as at 30 April 2016, 2017, 2018 and 31 October 2018.

	As at 30 April			As at 31 October
	2016 £000	2017 £000	2018 £000	2018 £000
WIP.....	24,781	35,673	43,003	54,151
Gross Debtors	64,914	74,767	86,658	84,133
Lock-up	89,695	110,440	129,661	138,284

The table below shows the WIP days, debtor days and lock-up days as at 30 April 2016, 2017, 2018 and 31 October 2018.

	As at 30 April			As at
	2016	2017	2018	31 October
	2016	2017	2018	2018
WIP days ⁽¹⁾	48	65	66	74
Debtor days ⁽²⁾	127	137	134	119
Lock-up days ⁽³⁾	175	202	200	193

(1) The Group's WIP days reflect its WIP as a proportion of the last twelve months net revenue. Net revenue is used from 1 May 2018 to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis.

(2) The Group's debtor days reflect Gross Debtors as a proportion of the last twelve months net revenue.

(3) Lock-up days reflect the lock-up as a proportion of the last twelve months' revenue or net revenue. Net revenue is used to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis. Since lock-up is comprised of WIP (which amounts includes unbilled disbursements) and Gross Debtors (which amounts include disbursements and VAT), and net revenue is reported excluding disbursements and VAT, the lock-up days are greater than it would be if the lock-up components were also reported excluding disbursements and VAT. Revenue for the years ended 30 April reflect the revenue on the Income Statement for the applicable financial year. However, net revenue used to calculate the lock-up days for the six months ended 31 October represents the last twelve months of net revenue of the Group.

To fund its expenses during the lock-up period, the Group has in the past and plans in the future to rely upon its cash reserves and its credit facility or other borrowings. The extent to which the Group relies on its credit facility or other borrowings to fund its working capital needs during the lock-up period will impact the Group's net financing expenses related to interest payable on bank borrowings. During the financial year ended 30 April 2018, the lock-up balance was £129.7 million and lock-up days were 200, which means that each ten-day reduction in lock-up days would have resulted in approximately £6.5 million of additional cash being available for the Group's operations.

Efficient working capital management through the billing and collection of WIP and Gross Debtors, respectively, and reducing lock-up days is a feature across the legal sector, and DWF monitors its performance against industry benchmarks and introduced process improvements and strengthened its leadership team in the six months ended 31 October 2018 as part of the Group's efforts to improve its performance in relation to this metric. The Group also has other programmes underway to target a reduction in its lock-up days (which are often impacted by the type of work performed rather than jurisdictional factors), including new partner initiatives, hiring additional finance team members, as well as internal trainings to optimise certain operational aspects relating to the lock-up, which has contributed to the reduction in lock-up days from 200 as at 30 April 2018 to 193 as at 31 October 2018.

Fee Earner Headcount: Revenue Generation and Personnel costs

The Group's headcount, particularly its fee earner headcount, impacts the Group's ability to generate revenue since its people are key to the delivery of DWF's services. However, increased fee earner headcount also increases the Group's direct costs and administrative expenses. If the Group increases its fee earner headcount and as a result generates sufficient additional revenue from these fee earners to exceed the direct costs, administrative and any other costs associated with these additional fee earners, this should generally have a positive impact on the Group's profitability. Increases in productivity, utilisation or other increased operating efficiencies can also benefit revenue without corresponding increases in headcount. The following table details the breakdown of the average number of partners and partner equivalents on a full-time equivalent basis, as well as the fee earners and the support staff employed by the Group for the periods indicated below by category.

	Year ended 30 April			Six months ended
				31 October
	2016	2017	2018	2018
Number of partners and partner equivalents:.....	261	260	301	315
Fee earners (excluding partners and partner equivalents).....	1,120	1,223	1,420	1,504
Support staff.....	811	839	936	1,007

Partners and partner equivalents

During the period under review, the average number of full-time equivalent partners and partner equivalents, decreased from 261 partners, and partner equivalents for the year ended 30 April 2016 to 260 partners and partner equivalents for the year ended 30 April 2017, in part due to exits through performance management in 2017, which was followed by a significant investment of laterals the following year, with the average number of partners and partner equivalents for the year ended 30 April 2018 increasing to 301. During the six months ended 31 October 2018, there were an additional 25 full-time equivalent partner and partner equivalents that joined the Group since 30 April 2018, and one partner promotion. The performance management exits were part of the Group's efforts to remove low performers as the business repositioned itself to secure higher quality work with a focus on larger national and international clients enabling it to successfully improve partner productivity levels (such as profit per partner). The partners that left during the financial year ended 30 April 2018 mainly represented the managing out of partners who were performing below group targets and who joined through acquisitions, as well as baseline attrition of approximately 14% of partners and partner equivalents per year and represented approximately £4.8 million of profit share among the partners that were retained, with minimal impact on revenue during that same period. The following table presents the improvements made in net revenue per average full-time equivalent partner and partner equivalent over the historical period under review:

	Year ended 30 April			Six months ended
				31 October
	2016 £000	2017 £000	2018 £000	2018 £000
Net revenue per average full-time equivalent partner and partner equivalent ⁽¹⁾	716	766	787	423

(1) Net revenue per average full-time equivalent partner and partner equivalent is calculated as net revenue divided by the average full-time equivalent partners and partner equivalents in the financial period. Net revenue is used for comparability purposes across the periods. Partners consist of equity and fixed share partners. Partner equivalents consist of salaried partners (which may be salaried as a result of local jurisdictional requirements or as a result of their seniority) as well as senior staff within the Connected Services division who earn over £100,000 per year. The Connected Services division does not require partners for many of the most senior roles due to the different nature of services offered in that division. See “— Personnel costs” below for the average number of full-time equivalent partners and partner equivalents in the financial years ended 30 April 2016, 30 April 2017, 30 April 2018 and the six months ended 31 October 2018.

Fee earners (excluding partners and partner equivalents)

Fee earner (excluding partners and partner equivalents) growth over the period under review was primarily the result of recruitment by the Group to meet demand for its services as well as through fee earners acquired through acquisitions. The Group's two largest divisions, Commercial Services and Insurance, both saw increases in their fee earner to partner ratio, with the Commercial Services division's ratio growing from 2.82 to 3.27 to 3.45 for the year ended 30 April 2016, 2017 and 2018, and this same ratio growing from 6.60 to 7.51 to 8.13 in the Insurance division over that same period. Within the Commercial Services division, the partner to fee earner ratio reflects the nature of the services provided, with a significant amount of the work being complex services compared to the Insurance division which has more volume work that has a lower reliance on partners to complete it. The nature of the services provided by each of these divisions also impacts the types of fee earners employed by each of the divisions, with the Insurance division employing a greater proportion of

paralegals (non-qualified fee earners) compared to the Commercial Services division. For the financial year ended 30 April 2018, the Commercial division comprised 22% partners and partner equivalents, 45% qualified fee earners, 22% non-qualified fee earners and 11% trainees compared to the Insurance division which comprised 11% partners and partner equivalents, 38% qualified fee earners, 49% non-qualified fee earners and 2% trainees. The Group aims to achieve the right balance in its mix of fee earners for the nature of the work available in its divisions to increase each division's gross margin, which is impacted by the amount that can be charged for the work and the costs associated with completing the work, which is typically impacted by the seniority of the fee earner completing the services.

Support Staff

The increase in support staff during the period under review was primarily the result of the acquisition of the Triton Group claims management business. While the overall number of support staff increased during the period under review, the fee earner to support staff ratio increased over the period from 1.70 to 1.77 to 1.84 fee earners per support staff for the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018.

Connected Services Division

If the Connected Services division grows as anticipated by the Group's strategy, the Directors would expect that the number of more junior career levels required in that division will result in the non-qualified fee earner and support staff headcount growing at a greater rate than that of the qualified fee earner headcount of the Group. Furthermore, the Connected Services division does more fixed fee work, so a utilisation rate is not tracked in that division as it is for the other three divisions.

Personnel costs

Personnel costs, are reflected within both direct costs and administrative expenses depending on the type of personnel. Fee earners (excluding equity partners and fixed share partners) are included in direct costs, and central administration and support staff are included in administrative expenses. Personnel costs include wages and salaries, social security costs, and contributions to defined contribution plans, and were the largest expense of the Group during the period under review.

Equity partner and fixed share partner remuneration are not included within direct costs or administrative expenses in the Income Statement of the Historical Financial Information, but moving forward, direct costs will include Members' remuneration which will consist of a portion of the Members' historical remuneration reflected in the Historical Financial Information as the "Members' remuneration charged as an expense" line item. See " — *Basis of Presentation — Basis of Presentation in the Event of Admission*" above. However, during the period under review, the Group's internal reporting of divisional financial performance, as disclosed in *Note 2 Operating Segments* to the Historical Financial Information, includes the remuneration of its partners during each of the periods assuming equity partners are paid on a consistent assumed basis (the "**notional equity partner cost**"). Internally reported partner remuneration consists of actual fixed share partner costs, as well as the notional equity partner cost, with the notional equity partner cost being £200,000 per each financial year.

The total internally reported partner remuneration for the year ended 30 April 2018 amounted to £39.0 million and the average number of full-time equivalent fixed share partners and equity partners for the year ended 30 April 2018 were 155 and 70, respectively. With notional equity partner cost assumed to be £200,000, the total equity partner remuneration as calculated on this basis amounted to £14.0 million of the £39.0 million of internally reported partner remuneration, leaving £25.0 million relating to the actual fixed share partner costs for the year ended 30 April 2018 or an average salary of £161,000 for the fixed share partners as calculated on this basis. These notional equity partner remuneration figures are not the actual average remuneration figures during the period under review, but are what is reported for the Group's internal divisional financial performance assessment. The actual average equity partner remuneration for the year ended 30 April 2018 was approximately £342,000. However, the internally reported partner remuneration does not account for the Group's revised compensation model to be implemented post-Reorganisation in the event of Admission. In order to present the Group's financials on a basis which reflects the scaled down partner remuneration in the event of Admission, the Group has prepared *pro forma* financial information set out in *Part XI — "Unaudited Pro Forma Financial Information"* (the "**Pro Forma Financial Information**"). The revised compensation model is further detailed in *Part V — "Business Description*

— *People and Talent — Attracting, Developing and Retaining Talent — Attracting Talent*”. On the basis of the approach taken in the Pro Forma Financial Information, the average salary for equity partners amounts to £137,000 and the average salary for fixed share partners amounts to £144,000 for the year ended 30 April 2018. The average salaries derived from the Pro Forma Financial Information approach are a closer reflection of the Group’s expectations relating to the annual fixed profit share to be paid to Members in the event of Admission, with such annual fixed profit share paid to Members following any such Admission to be reported as a direct cost in the Group’s financial results. In the event of Admission, partner remuneration will be determined by providing equity partners with 40% of their estimated partnership drawings entitlement immediately prior to any such Admission, and fixed share partners will receive 90% of their latest fixed drawings immediately prior to any such Admission. Equity partners’ remuneration is determined by the number of marbles, which are based on seniority and performance indicators. For the purpose of calculating each equity partners’ fixed remuneration in the event of and following any Admission, a value of £15,000 was allocated for each marble (prior to being scaled back by 60%).

In order to highlight the changes in equity partner and fixed share partner numbers over the period, the following table presents the average number of full-time-equivalent equity partners, fixed share partners and partner equivalents for each of the Group's segments for the years ended 30 April 2016, 30 April 2017 and 30 April 2018 and the six months ended 31 October 2018:

	Year ended 30 April			Six months ended
	2016	2017	2018	31 October 2018
Average FTE Equity Partners				
Commercial Services	35	36	35	29
Insurance.....	29	28	26	23
International	1	5	9	16
Connected Services	—	—	—	0
Group total.....	66	69	70	69
Average FTE Fixed Share Partners				
Commercial Services	105	88	85	86
Insurance.....	50	43	50	52
International	3	6	19	34
Connected Services	—	—	2	2
Group total.....	157	137	155	174
Average FTE Partner Equivalents⁽¹⁾				
Commercial Services	25	26	23	16
Insurance.....	9	12	10	7
International	2	14	36	42
Connected Services	1	2	6	8
Group total.....	38	54	76	73
Average FTE Total Partners (Equity Partners, Fixed Share Partners and Partner Equivalents)				
Commercial Services	165	150	143	131
Insurance.....	88	83	86	83
International	6	25	64	92
Connected Services	1	2	8	10
Group total.....	261	260	301	315
Average Group Staff by Category				
Partners.....	261	260	301	315
Qualified Fee Earners	566	593	653	679
Non-qualified Fee Earners.....	455	532	670	727
Trainees.....	98	97	97	98
Support	811	839	936	1,007
Group total.....	2,192	2,321	2,656	2,827
Fee earner to support staff ratio	1.70	1.77	1.84	1.81

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

(2) Group totals may not sum due to rounding.

31 October 2018 Snapshot

The following table provides a snapshot of DWF's partners and partner equivalents and full-time employees, both on a full-time equivalent basis, for its four divisions as at 31 October 2018:

	31 October 2018	
	FTE Partners and Partner Equivalents ⁽¹⁾	FTE Full-time employees
Divisions		
Commercial Services	124	519
Insurance.....	80	770
International	93	277
Connected Services.....	11	311
Divisions Subtotal	309	1,876
Central Services.....	4	829
Group Total ⁽³⁾	313	2,705 ⁽²⁾

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

(2) This total includes 132 consultants, 89 of which were employed by the Connected Services division with the remainder distributed across each of the Group's other divisions.

(3) Group totals may not sum due to rounding.

Utilisation of Fee Earners

Utilisation of fee earners relates to the number of chargeable hours they perform as a percentage of their standard hours. To the extent that the Group's personnel, particularly the Group's fee earners, are not utilised or allocated to fee earning assignments, expenses are incurred without any revenue generated, which impacts the Group's internal gross profit and gross margin. The Group monitors the utilisation (billable hours targets) and staffing of its fee earners and has objectives in place with the aim to increase the Group's profitability by increasing the productivity and utilisation of its fee earners through appropriate resourcing, leveraging the Group's connected services capabilities and improving processes and efficiencies, including through the use of technology solutions to increase productivity. While increased utilisation rates can improve the Group's gross profit, when client engagements are performed on a fixed fee basis, increased utilisation will not benefit the Group's gross profit if the hours charged exceed the fixed fee. As a result, for fixed fee work it is more important that such client engagements are staffed appropriately and that costs are controlled allowing the return on fee earner hours to be maximised. Furthermore, the impact of utilisation upon the Group's gross profit will also depend on the mix of fee earners whose utilisation is impacted. If non-qualified fee earners increase their utilisation (who are typically lower cost and lower revenue generating) but partner utilisation decreases (who would typically generate more revenue and are more costly), there may not be a benefit to the Group's gross profit depending on the extent of the overall mix and changes in utilisation. The Group has some fee earners whose utilisation is not tracked due to the nature of work undertaken (e.g., the Insurance division's in-house team). Furthermore, utilisation data is not available for all of the Group's International division and utilisation is not tracked within the Connected Services division due to the nature of the services provided by that division. However, the Directors believe the utilisation data available to the Group is representative of the general trends experienced. Subject to the limitations set out above, during the period under review, utilisation has generally increased within the Group. As discussed above, the Group implemented performance management initiatives to improve the performance of partners during the period under review. This resulted in increased utilisation rates in the Commercial Services division. The Group also experienced increased utilisation in the Insurance division during the period under review as the staff mix moved toward non-qualified fee earners whose utilisation is typically higher since they have less non-chargeable responsibilities like business development or leadership. Within the International division, utilisation was the lowest among the divisions where utilisation is

tracked during the period under review, as the opening of new offices and the growth of the division required staff to perform more non-chargeable work to help grow and establish the business.

Administrative expenses

Increases in headcount can lead to increased administrative expenses, including as a result of additional support staff required, increased healthcare benefit costs, learning and development and general office expenses, increased costs for premises if additional office space is required, and software and infrastructure support, including IT licences for knowledge services provided by third parties which licences are linked to the number of employees that require access to the software.

The Group's administrative expenses also include recruitment costs for fee earners and support staff. While these costs have been broadly stable as a percentage of personnel costs, they represented approximately 5% to 10% of people-related administrative expenses during the period under review and were primarily associated with replacing staff through attrition. For the financial year ended 30 April 2018, administrative expenses were £102.8 million, of which £44.6 million were people costs, £20.2 million were premises costs, £15.0 million were office expenses, £10.0 million were central costs, £6.3 million were depreciation and amortisation expenses and £6.7 million were other administrative expenses.

Expenses Related to the Reorganisation and in Preparation for the Intended Admission

The Group incurred a number of expenses in relation to the Reorganisation and in preparation for the intended Admission. During the financial year ended 30 April 2018 and during the six months ended 31 October 2018, the Group incurred £1.5 million and £8.0 million, respectively, of non-underlying costs primarily consisting of professional fees and other expenses incurred in connection with the Reorganisation and in preparation for the intended Admission but exclude any fees contingent on the successful completion of its intended initial public offering.

The Trusts

In the event of Admission, a key component of the Group's compensation model for partners and fee earners will be the ability to provide equity incentives via discretionary trusts, including the Employee Benefit Trust ("EBT"), the Reward Share Trust ("RST") and a Share Incentive Plans trust to be operated in conjunction with the UK share incentive plan (the "SIP Trust" and together with the EBT, and RST the "Trusts"), which would be established for the benefit of partners, employees, staff and consultants across the Group. The Trusts would be used to fund share award allocations for lateral hires and promotions, as well as the existing partner and employee incentive scheme. These Trusts are designed to attract lateral hires and incentivise strong performance among the Group's partners, partner equivalents and staff. See *Part XII — "Additional Information — 13. Share Incentive Plans"*.

The substantial equity value held by the Trusts arising from the dilution of the Members' interests in the event of Admission has been structured with the aim of setting aside a sufficient number of Ordinary Shares for the Trusts in order for the Company to meet its share award allocations for the medium to long term. The Group intends for the initial share grant to the Trusts to meet the share incentive needs of the Group over ten years to 2029 since the Trusts have self-replenishing features, including through the expected receipt of non-dilutive future funding, possible Ordinary Share price appreciation, clawback from leavers and clawback or non-vesting of Ordinary Shares of the Performance Tranche from underperformers. See *Part XII — "Additional Information — 13. Share Incentive Plans"*. If the self-replenishing features operate as anticipated by the Group, including that the Ordinary Share price appreciates at least 4.3% per year over the ten-year period, the Group believes that the Trusts will not require any material dilutive top-up of Ordinary Shares. However, if one or more of the Trusts' self-replenishing features do not operate as anticipated, the Group may need a top-up of Ordinary Shares to meet the Group's anticipated share award allocations over the ten-year time horizon. If DWF's growth is greater than expected, this could also impact the availability of shares for grants in the Trusts, as greater than expected growth would likely result in additional lateral hire awards, additional LTIP awards to additional senior managers and additional staff awards. The Group's expectations regarding the Trusts are forward-looking statements and the Group's ability to achieve them will depend on a number of factors, many of which are outside of its control, including significant business, economic and competitive uncertainties and contingencies and risks, including those described in *Part I — "Risk Factors"*. See also *Part II — "Presentation of Financial and Other Information — 11. Forward-looking statements"*. As a result, the performance of

the Trusts described within this factor may vary from the expectations described here and those variations may be material.

IFRS 2 Charges

IFRS 2 governs the recognition of share-based payments in a Company's financial statements. In the event of Admission and in connection with the grant of awards through the Trusts, the Group expects to incur IFRS 2 charges in connection with (i) the grant of one-off awards following any Admission (including Free Share awards (as defined below) to all eligible employees and awards to certain non-partner senior managers), as well as through (ii) ongoing awards that it anticipates making in the future under its share incentive plans (including its Equity Incentive Plan, long-term incentive awards ("**LTIP awards**"), a Buy as You Earn Plan ("**BAYE**") and a Deferred Bonus Plan ("**DBP**").

The awards vesting schedules will determine the timing of the IFRS 2 charges reflected in the Group's financial statements, which will be reflected in accordance with the Company's accounting policies and relevant accounting regulation as the award vests, see *Part XII — "Additional Information — 13. Share Incentive Plans"* for a description of the vesting schedules of the various equity incentive plans. For any IFRS 2 charges that are incurred, which awards subsequently do not vest, such charges will be adjusted as necessary.

Macroeconomic Conditions, Regulatory Changes and their Impact upon Demand for the Group's Services and its Results of Operation

Demand for the Group's legal and connected services are impacted to a certain extent by macroeconomic factors, with certain practice areas, products or connected services more or less sensitive to macroeconomic factors. For example, the Group's corporate services and real estate practice group generally benefits from positive macroeconomic conditions, but generally experiences adverse effects from negative macroeconomic developments, with the real estate practice group experiencing some slowdown in work following the Brexit vote in June 2016. See *Part I — "Risk Factors — Risks relating to the Group's business and the industry in which it operates — Adverse changes in the political or macroeconomic environment, whether in the Group's core market of the United Kingdom or elsewhere, may negatively affect the Group"*. Moreover, as the Group's revenue generation has historically been concentrated in the United Kingdom, the Group's revenue is impacted by the exchange rate of the British pound sterling to other currencies as changes in the exchange rate can impact demand for the Group's services charged in British pound sterling. For example, demand for the Group's services from international clients could increase if the exchange rate were to move favourably in relation to international clients' currencies as this would result in the Group's services being less costly for these clients assuming all other factors remained constant. Alternatively, demand for the Group's services could decrease if the exchange rate were to move unfavourably in relation to international clients' currencies.

The Group also has divisions and practice groups that the Directors believe are less sensitive to macroeconomic factors than its legal services that are transactionally driven. Management estimates that the Group's, fees billed on litigation and litigation related matters represented over 65% of the Group's revenue in the financial year ended 30 April 2018.

With respect to regulatory changes, demand for the Group's services can be impacted by regulatory developments that lead to increased or decreased demand for its services. For example, during the period under review, certain of the Group's divisions benefited from the introduction of GDPR, which led to increased demand for the Group's complex legal services. On the other hand, the UK government has announced plans to increase the small claims limit for personal injury claims from £1,000 to £5,000. It is currently unclear what impact this change will have upon claims volumes for insurers, though the Directors anticipate the motor insurance practice area within the Insurance division may experience a downturn in fees. However, the Directors currently expect the anticipated changes are unlikely to have more than a modest impact on the other practice areas of the Insurance division.

Seasonality

Historically, the Group has experienced some slight seasonality in its revenue between the first half of its financial year and the second half of its financial year, with the first half of the financial year generating slightly less revenue than the second half of the year. However, the Group's direct costs historically have been relatively flat between the first half of its financial year and the second half of its financial year. This has historically been primarily due to a slight decrease in revenue generation

during the summer holiday period which falls during the first half of the financial year, whereas direct costs are not impacted. As a result, the Group has historically experienced a certain portion of gross profit margin improvements between the first half of its financial year and the second half of its financial year attributable to the seasonality of its revenue. For similar reasons the Group's adjusted cost:income ratio has historically reflected the opposite pattern with the adjusted cost:income ratio higher in the first half of its financial year compared to the second half of its financial year.

Principal Components of Results of Operations

Description of Key Line Items

Revenue

Revenue, which excludes disbursements and value-added tax, represents the fair value of the consideration receivable in respect of legal and connected services provided during the period by the Group's divisions.

Revenue includes billed and unbilled amounts, known as unbilled revenue. Revenue is recognised when time is charged to engagements. Where hourly rates are charged, (complex legal services) accrued fees will be held as unbilled revenue until billed. Accrued fees for fixed fee revenues do not have a large unbilled revenue element as this tends to be for shorter engagements. With respect to contingent fee engagements, unbilled revenue is only recognised once the conditional or contingent event occurs.

Legal services are typically provided on a cost and time basis (with or without a cap) or on a fixed fee basis. While alternative fee arrangements exist, such as conditional fee arrangements, they are not yet a substantial part of the Group's revenue. For connected services, each service or solution has a primary billing model for its services, reflecting the nature of the particular service or solution provided. See *Part V — "Business Description — Business Model — Fee Generation"* for a discussion of the billing model for the Group's most common connected services offered.

The Group has adopted IFRS 15 with effect from the date of initial application (i.e. 1 May 2018). Accordingly, the information presented for the periods ending 30 April 2016, 30 April 2017, 31 October 2017 and 30 April 2018 has not been restated. It is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. The only material impact on the Group's financial information following adoption of IFRS 15 *Revenue from contracts with customers* is the recognition of recoverable expenses in revenue as these are deemed to be a component of the transaction price with a customer as defined by IFRS 15. Recoverable expenses represent out of pocket expenses and disbursements incurred in delivering performance obligations on assignments and that are expected to be recoverable from clients. Recoverable expenses are subsequently deducted from revenue to derive net revenue on the Group's Income Statement. Net revenue is presented as this relates to the revenue generated by the activity of the Group on which the Group earns a margin.

Recoverable expenses

Recoverable expenses represent out of pocket expenses and disbursements in delivering performance obligations in respect of assignments and are expected to be recovered from clients.

Net revenue

Recoverable expenses are deducted from revenue to derive net revenue on the Group's profit and loss account.

Direct costs

The Group's direct costs consist of fee earners salaries (excluding equity partners and fixed share partners) and obligations to defined contribution plans and liabilities in relation to short-term benefits earned by the Group's fee earners (excluding equity partner and fixed share partners).

In the event of Admission, for subsequent accounting periods Members, subject to eligibility, would receive compensation through an annual bonus pool (whereas prior to any such Admission only fixed share partners are eligible to receive a bonus, with any such payment being recorded as an administrative expense, and equity partners receive a profit distribution by reference to their profit sharing units without additional compensation) and, for certain partners, executive directors and senior managers, awards through the Share Incentive Plans, which would be recorded as direct costs. Members of DWF Law LLP based in England will also receive a nominal salary as an employee of a Connected Services entity. In the event of Admission, Members' remuneration will no longer include an entitlement to an allocated share of profits other than through Members' annual fixed profit share

and any dividends received as a result of being a shareholder. Accordingly, the direct costs line item is expected to increase significantly in the event of Admission as a result of the reallocation of Members' remuneration and this is expected to impact the gross profit and gross profit margin of the Group's results of operations following any such Admission.

Administrative expenses

The Group's administrative expenses consist of central services and support staff salaries and obligations to defined contribution plans and liabilities in relation to short-term benefits earned by the Group's central services and support staff, costs in relation to office space, including leased premises, IT, depreciation and amortisation and other administrative costs, including travel and recruitment costs. The Group's depreciation expenses relate to capital expenditure on the Group's computer equipment, leasehold improvements and office equipment. Amortisation expenses relate to the Group's purchased software and internally developed software.

Net financing income/expense

The Group's net financing expense consists of financing income and financing expenses reported on a net basis.

Financing income comprises interest receivable on funds invested, dividend income and foreign exchange gains. Foreign currency gains and losses are reported on a net basis, and if there is a net foreign currency gain, it is reported as financial income, whereas a net foreign currency loss is reported as a financial expense.

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions and foreign exchange losses.

Corporate and other entity based taxation

Corporate and other entity based taxation represents the sum of current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies. Current tax is the expected tax payable or receivable on taxable income or loss of the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustments to tax payable in respect of previous periods.

Members' remuneration charged as an expense

Members' remuneration charged as an expense consist of the drawings of equity partners, with drawings representing a portion of anticipated profit share based on their profit sharing unit, which is distributed in advance of the actual profit share being finalised, together with the annual fixed profit share of the fixed share partners. As a result, the amount recorded under Members' remuneration charged as an expense will represent distribution entitlements for equity partners that arise from various periods but represent the drawings that have been made in that reporting period.

Comparison of Six Months Ended 31 October 2018 and 31 October 2017

The following table presents the Group's result of operations for the periods indicated.

	Six months ended 31 October	
	2017 (unaudited) £000	2018 £000
Revenue ⁽¹⁾	112,729	157,168
Recoverable expenses.....	—	(23,812)
Net revenue.....	112,729	133,356
Direct costs	(41,543)	(46,248)
Gross profit	71,186	87,108
Administrative expenses.....	(50,690)	(66,164)
Gain on bargain purchase	—	—
Operating profit	20,496	20,944
Net financing expense	(874)	(828)
Profit for the period before taxation, Members' remuneration and profit shares	19,622	20,116
Corporate and other entity based taxation	(98)	(28)
Profit for the period before Members' remuneration and profit shares	19,524	20,088
Members' remuneration charged as an expense.....	(12,150)	(14,784)
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members	7,374	5,304

(1) IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date. Please see Part X — “Historical Financial Information — Note 1.20 Changes in significant accounting policies” for further details.

Revenue

Revenue increased by £44.4 million to £157.2 million in the six months ended 31 October 2018 from £112.7 million in the six months ended 31 October 2017. The increase was driven by the impact of IFRS 15, which resulted in the inclusion of recoverable expenses within revenue of £23.8 million as well as the increase in revenue described in net revenue below. As a result of the implementation of IFRS 15, the revenue in the six months ended 31 October 2018 and in the six months ended 31 October 2017 are not prepared on the same basis, as the disclosure requirements in IFRS 15 that have been applied since 1 May 2018. See “—Net Revenue” below for more information.

Recoverable expenses

The Group recognised £23.8 million in recoverable expenses for the six months ended 31 October 2018. The recognition of recoverable expenses in revenue is the only material impact on the Group's financial information following the adoption of IFRS 15 from 1 May 2018. The disclosure requirements of IFRS 15 have not been applied to the six months ended 31 October 2017 (or any other periods prior to 1 May 2018) and thus there are no recoverable expenses reported for the comparative period.

Net revenue

Net revenue increased by £20.6 million, or 18.3%, to £133.4 million in the six months ended 31 October 2018 from £112.7 million in the six months ended 31 October 2017. The increase was driven by an increase in net revenues in all four divisions with particularly strong growth in the International division. Of the £20.6 million increase in net revenue, £15.7 million was attributable to organic growth, with £9.7 million, £4.0 million, £1.6 million and £0.3 million of organic growth in the International, Commercial Services, Connected Services and Insurance divisions, respectively. The remaining £4.9 million increase in net revenue was attributable to inorganic net revenue, which represented net revenue generated in the six months ended 31 October 2018 from acquisitions

completed less than one year ago. There were no new acquisitions completed in the six months ended 31 October 2018.

Direct costs

Direct costs increased by £4.7 million, or 11.3%, to £46.2 million in the six months ended 31 October 2018 from £41.5 million in the six months ended 31 October 2017. This increase related largely to payroll costs as a result of headcount increases in qualified and non-qualified fee earners for the six months ended 31 October 2018 compared with the six months ended 31 October 2017, as well as wage increases as a result of promotions and pay increases.

Administrative expenses

Administrative expenses increased by £15.4 million, or 30.5%, to £66.2 million in the six months ended 31 October 2018 from £50.7 million in the six months ended 31 October 2017. Of this increase, £8.0 million was attributable to non-underlying transaction costs incurred in connection with the Reorganisation and in preparation for the intended Admission. The Group also hired additional support staff in the United Kingdom and across the International division as a result of increased business volumes increasing staff costs by £2.9 million compared with the previous period. During the six months ended 31 October 2018, premises costs increased by £1.0 million compared with the six months ended 31 October 2017 reflecting in part the Group's expansion in new territories. In addition, the Group incurred higher professional indemnity insurance premiums reflecting changes in prevailing rates following several insurers withdrawing from the market that offered the type of coverage required for the Group's business. The Group's cost:income ratio grew to 49.6% for the six months ended 31 October 2018 from 45.0% for the six months ended 31 October 2017 primarily as a result of non-underlying costs related to the Reorganisation. However, the Group's adjusted cost:income ratio improved to 43.6% for the six months ended 31 October 2018 from 44.8% for the six months ended 31 October 2017 once non-underlying costs were excluded.

Administrative expenses include depreciation and amortisation charges which decreased by £0.3 million, or 8.8%, to £2.9 million in the six months ended 31 October 2018 from £3.2 million in the six months ended 31 October 2017.

Net financing expense

Net financing expense was broadly the same at £0.8 million in the six months ended 31 October 2018 compared with £0.9 million in the six months ended 31 October 2017. A decrease in financial income was matched by a similar decrease in financial expenses.

Corporate and other entity based taxation

Corporate and other entity based taxation decreased by £0.1 million to nil in the six months ended 31 October 2018 from £0.1 million in the six months ended 31 October 2017.

Members' remuneration charged as an expense

Members' remuneration charged as an expense increased by £2.6 million, or 21.7%, to £14.8 million in the six months ended 31 October 2018 from £12.1 million in the six months ended 31 October 2017. The increase was driven by an increase in the number of Members.

Segmental Results

The following table presents the Group's segmental results of operations for the periods indicated.

	Six months ended 31 October			
	2017 (unaudited)		2018	
	£000	%(¹)	£000	%(¹)
Segmental Net Revenue				
Commercial Services.....	51,113	45.3%	55,113	41.3%
Insurance	42,984	38.1%	43,312	32.5%
International	11,135	9.9%	25,790	19.3%
Connected Services	7,497	6.7%	9,141	6.9%
Total segmental net revenue	112,729	100%	133,356	100%
Internal Gross Profit				
	£000	%(²)	£000	%(²)
Commercial Services.....	28,093	55.0	31,784	57.7
Insurance	18,760	43.6	19,456	44.9
International	3,297	29.6	11,275	43.7
Connected Services	2,357	31.5	3,662	40.1
Total internal gross profit ⁽³⁾	52,507	46.6	66,177	49.6
Internally reported partner remuneration	18,679	N/A	20,931	N/A
Gross profit	71,186	N/A	87,108	N/A

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

(2) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. N/A is an abbreviation for not applicable. See Part VIII "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

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

Segmental Net Revenue

Net revenue from the Commercial Services division increased by £4.0 million, or 7.8%, to £55.1 million in the six months ended 31 October 2018 from £51.1 million in the six months ended 31 October 2017. The increase was driven by increased performance from all three practice groups within the Commercial Services division, with higher realisation rates from a similar number of fee earners. The largest contribution to the increase came from the corporate services practice group, primarily as a result of lateral partner hires in the prior periods achieving increased utilisation levels whereas in the comparative period they had lower utilisation levels as they grew their practices following their lateral move to the Group. The litigation practice group is the largest and most mature of the three practice groups within the Commercial Services division and, during the six-month period to 31 October 2018, appointments to a number of new panels and growth in net revenues from the employment practice area primarily contributed to the increased net revenue in that practice group. The division also benefited from improvements in the pricing for its services.

Net revenue from the Insurance division increased by £0.3 million, or 0.8%, to £43.3 million in the six months ended 31 October 2018 from £43.0 million in the six months ended 31 October 2017. The increase was driven by increased net revenue in the catastrophic personal injury and occupational health practice group and motor, fraud, resolution law and in-house teams practice group as a result of increased volumes from existing clients including appointments to additional panels. However these increases were partially offset by a decrease in net revenue in the professional indemnity and commercial insurance practice group compared with the previous period due to certain large litigation matters in the six months ended 31 October 2017 which did not recur in the six months ended 31 October 2018.

Net revenue from the International division increased by £14.7 million, or 131.6%, to £25.8 million in the six months ended 31 October 2018 from £11.1 million in the six months ended 31 October 2017.

The increase reflects the inclusion of results for businesses in Australia and Italy which were acquired and established, respectively, in the second half of the financial year ended 30 April 2018, as well as a continuation of the trading levels from the other international businesses that was experienced in the second half of the financial year ended 30 April 2018. As a result, the International division's businesses in Ireland, Germany, France, Singapore, Dubai and Qatar for the six months ended 31 October 2018 demonstrated net revenue growth compared to the six months ended 31 October 2017. Net revenue from the Dubai business was more than double the six months ended 31 October 2017 following a change of leadership and the replacement of underperforming partners.

Net revenue from the Connected Services division increased by £1.6 million, or 21.9%, to £9.1 million in the six months ended 31 October 2018 from £7.5 million in the six months ended 31 October 2017. The increase was principally driven by the performance of the DWF Costs, DWF Advocacy and DWF Forensics connected services businesses within the division. Net revenue from the Triton Global business for the six months ended 31 October 2018 was broadly consistent with the net revenue for the six months ended 31 October 2017.

Internal Gross Profit

Internal gross profit from the Commercial Services division increased by £3.7 million, or 13.1%, to £31.8 million in the six months ended 31 October 2018 from £28.1 million in the six months ended 31 October 2017. This represents an increase in internal gross profit margin to 57.7% for the six months ended 31 October 2018 compared to 55.0% for the six months ended 31 October 2017. The increase was principally a result of net revenue growth outpacing a moderate increase in direct costs from period to period. The direct cost increase was a result of increased staff costs paid to an average number of fee earners (including partners and partner equivalents) broadly the same as the six months ended 31 October 2017. The average number of partners and partner equivalents for the six-month period ended 31 October 2018 on a full-time equivalent basis was 13 less than the six months ended 31 October 2017 while additional non-qualified fee earners were hired in support of the continuing optimisation of process orientated volume work across the division.

Internal gross profit from the Insurance division increased by £0.7 million, or 3.7%, to £19.5 million in the six months ended 31 October 2018 from £18.8 million in the six months ended 31 October 2017. This represents an increase in internal gross profit margin to 44.9% for the six months ended 31 October 2018 compared to 43.6% for the six months ended 31 October 2017. This increase was driven by the catastrophic personal injury and occupational health practice group and the motor, fraud, resolution law and in-house teams practice group where increased net revenues were delivered as a result of higher recovery rates on the same direct cost base as the comparative period. This also drives up internal gross profit margin for the division. These gains were partially offset by a decline in gross profit from the professional indemnity and commercial insurance practice group (which had a slightly reduced internal gross profit margin) as well as from an increase in the division's management costs. Staff mix across the division of qualified to non-qualified fee earners remained broadly stable in the Insurance division from the six months ended 31 October 2018 to the six months ended 31 October 2017.

Internal gross profit from the International division increased by £8.0 million, or 242.0%, to £11.3 million in the six months ended 31 October 2018 from £3.3 million in the six months ended 31 October 2017. This represents an increase in internal gross profit margin to 43.7% for the six months ended 31 October 2018 compared to 29.6% for the six months ended 31 October 2017. The increase in internal gross profit and internal gross profit margin was driven by the inclusion of the results for businesses in Australia and Italy which were acquired and established, respectively, in the second half of financial year ended 30 April 2018, at higher gross profit margins than the division average. In addition, the trading levels and gross profit margin achieved from the other international businesses was consistent with that experienced in the second half of the financial year ended 30 April 2018 reflecting the ongoing maturation of the fairly newly established operations. Therefore compared to the six months ended 31 October 2017, increases in internal gross profit were reported by all the businesses with the exception of Northern Ireland which reported a marginal decline in internal gross profit with a slightly lower internal gross profit margin. The average number of full-time equivalent partners and partner equivalents and fee earners in the International division increased to 92 and 174, respectively, for the six months ended 31 October 2018 from 55 and 89, respectively, for the six months ended 31 October 2017.

Internal gross profit from the Connected Services division increased by £1.3 million, or 55.3%, to £3.7 million in the six months ended 31 October 2018 from £2.4 million in the six months ended

31 October 2017. This represents an increase in internal gross profit margin to 40.1% for the six months ended 31 October 2018 compared to 31.5% for the six months ended 31 October 2017. The increases were principally driven by the performance of the DWF Costs, DWF Advocacy and DWF Forensics connected services businesses within the division where the net revenue growth was greater than the increase in direct costs, resulting in a higher internal gross margin. Internal gross profit from the Triton Group business was broadly the same as the previous six month period, at similar internal gross profit margin.

Comparison of Financial Years Ended 30 April 2018 and 30 April 2017

The following table presents the Group's result of operations for the periods indicated.

	Year ended 30 April	
	2017 £000	2018 £000
Revenue	199,322	236,488
Direct costs	(67,951)	(85,388)
Gross profit.....	131,371	151,100
Administrative expenses.....	(89,026)	(102,994)
Gain on bargain purchase	1,273	—
Operating profit	43,618	48,106
Net financing expense	(1,262)	(1,438)
Profit for the period before taxation, Members' remuneration and profit shares	42,356	46,668
Corporate and other entity based taxation	(37)	(92)
Profit for the period before Members' remuneration and profit shares	42,319	46,576
Members' remuneration charged as an expense.....	(23,025)	(25,452)
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members	19,294	21,124

Revenue

Revenue increased by £37.2 million, or 18.6%, to £236.5 million in the financial year ended 30 April 2018 from £199.3 million in the financial year ended 30 April 2017. Of this increase, £19.2 million was attributable to organic growth and £18.0 million was attributable to the impact of acquisitions, with £9.1 million, £5.3 million, £4.5 million and £0.4 million of organic growth in the International, Insurance, Commercial Services and Connected Services divisions, respectively. The increase in revenue was principally driven by all four divisions with strong organic growth in the International division, in particular as a result of growth in Germany and Ireland, as well as a result of organic growth in the Group's core Insurance and Commercial divisions.

Direct costs

Direct costs increased by £17.4 million, or 25.6%, to £85.4 million in the financial year ended 30 April 2018 from £68.0 million in the financial year ended 30 April 2017. This increase related largely to the annualised effect on direct costs of the businesses acquired by the International and Connected Services division businesses in the prior year. These costs are primarily payroll costs for qualified and non-qualified fee earners as a result of headcount increases of qualified and non-qualified fee earners as at the financial year ended 30 April 2018 compared to the financial year ended 30 April 2017 as well as wage increases as a result of promotions and pay increases, in addition to significant partner equivalent growth (whose salaries are recorded as a direct cost) in the International division, which increased from an average of 14 full-time equivalent partner equivalents in the financial year ended 30 April 2017 to 36 full-time equivalent partner equivalents in the financial year ended 30 April 2018.

Administrative expenses

Administrative expenses increased by £13.9 million, or 15.6%, to £102.9 million in the financial year ended 30 April 2018 from £89.0 million in the financial year ended 30 April 2017, largely due to the full year effect in the financial year ended 30 April 2018 of the additional support staff acquired as part of the Triton Global Limited acquisition in January 2017. The Group's cost:income ratio improved to 43.5% for the financial year ended 30 April 2018 from 44.7% for the financial year ended 30 April 2017.

One of the most significant drivers for the increased costs was the continuing cost of establishing the business internationally, where people, premises and office costs were incurred to support this growth. People costs are the largest component of administrative expenses; while support staff headcount and therefore payroll costs remained similar year on year, redundancy, bonus, healthcare and travel costs were all significantly higher than the previous year. Certain other costs also increased during the period as a result of the increased business volumes e.g. office expenses, insurance premiums and marketing costs.

Administrative expenses include depreciation and amortisation charges which increased by £0.4 million, or 6.9%, to £6.3 million in the financial year ended 30 April 2018 from £5.9 million in the financial year ended 30 April 2017.

Administrative expenses for the financial year ended 30 April 2018 also included £1.9 million of non-underlying items in relation to transaction costs for acquisitions, the Reorganisation and preparation for the intended Admission.

Gain on bargain purchase

There was no gain on bargain purchases for the year ended 30 April 2018, a decrease of £1.3 million, or 100%, compared to the financial year ended 30 April 2017. The financial year ended 30 April 2017 benefited from a gain on bargain purchase of £1.3 million arising on the purchase of the Triton Group since the assets of the international division were acquired for less than their fair market value, which did not recur in the financial year ended 30 April 2018.

Net financing expense

Net financing expense increased by £0.2 million, or 13.9%, to £1.4 million in the financial year ended 30 April 2018 from £1.3 million in the financial year ended 30 April 2017. The increase was principally driven by increased interest charges in relation to the refinancing in the financial year ended 30 April 2018, but was offset by a reduction in bank fees.

Corporate and other entity based taxation

Corporate and other entity based taxation increased by £0.1 million, or 148.6%, to £0.1 million in the financial year ended 30 April 2018 from £0.0 million in the financial year ended 30 April 2017. The increase was principally driven by tax due from foreign entities.

Members' remuneration charged as an expense

Members' remuneration charged as an expense increased by £2.4 million, or 10.5%, to £25.5 million in the financial year ended 30 April 2018 from £23.0 million in the financial year ended 30 April 2017. The increase was principally driven by an increase in the number of Members.

Segmental Results

The following table presents the Group's segmental results of operations for the periods indicated.

	Year ended 30 April			
	2017		2018	
	£000	%(¹)	£000	%(¹)
Segmental Net Revenue				
Commercial Services	98,576	49.5%	102,769	43.5%
Insurance.....	79,620	39.9%	88,552	37.4%
International	13,749	6.9%	30,192	12.8%
Connected Services	7,377	3.7%	14,975	6.3%
Total segmental net revenue	199,322	100%	236,488	100%
Internal Gross Profit	£000	%(²)	£000	%(²)
Commercial Services	49,993	50.7	56,554	55.0
Insurance.....	36,797	46.2	39,771	44.9
International	6,162	44.8	11,017	36.5
Connected Services	3,763	51.0	4,776	31.9
Total internal gross profit ⁽³⁾	96,715	48.5	112,118	47.4
Internally reported partner remuneration.....	34,656	N/A	38,982	N/A
Gross profit	131,371	N/A	151,100	N/A

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

(2) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. N/A is an abbreviation for not applicable. See Part VIII "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

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

Net revenue from the Commercial Services division increased by £4.4 million, or 4.5%, to £102.8 million in the financial year ended 30 April 2018 from £98.3 million in the financial year ended 30 April 2017. The increase was driven by increased performance from all three practice groups within the Commercial Services division, in part as a result of investments in lateral partner hires across the division in the prior periods, particularly within the Corporate practice group in London, which generated additional engagements for the Group during the financial year ended 30 April 2018. The largest contribution to the increase came from the corporate services practice group where the commercial and competition and corporate practices areas in particular performed well, some of which was attributable to the new GPDR legislation. The litigation practice group is the largest of the three practice groups within the division where during the period under review good growth in commercial, employment, pensions and the regulatory, compliance and investigations practice areas was offset slightly by lower net revenues in the litigation practice group's other practice areas. The real estate practice group reported modest net revenue growth for the period. The Commercial Services division also benefited from a modest increase in fee earner utilisation in the financial year ended 30 April 2018 compared to the financial year ended 30 April 2017.

Net revenue from the Insurance division increased by £8.9 million, or 11.2%, to £88.6 million in the financial year ended 30 April 2018 from £79.6 million in the financial year ended 30 April 2017. The largest contributor to the increase was the professional indemnity and commercial insurance practice group which benefited from the full-year contribution of the professional indemnity legal business acquired as part of the Triton Global Limited acquisition in January 2017. The catastrophic personal injury and occupational health practice group is the largest of the three practice groups within the division and it experienced good net revenue growth during the period as a result of new client wins and increased matter volumes. The motor, fraud, resolution law and in-house teams practice group reported more modest growth in net revenues where increases in volumes as a result of the Group's managed services in the motor practice area was offset by lower net revenue in the other practice

areas. The Insurance division experienced increased fee earner utilisation overall in the financial year ended 30 April 2018 compared to the financial year ended 30 April 2017, despite a decrease in utilisation among the partners.

Net revenue from the International division increased by £16.4 million, or 119.7%, to £30.2 million in the financial year ended 30 April 2018 from £13.7 million in the financial year ended 30 April 2017. The increase was driven by the acquisition of the business in Australia, and the establishment of new international offices in Italy, Qatar and Singapore, together with full-year net revenues from international offices acquired in the previous year, namely France, Germany and Northern Ireland. The Group's businesses in Ireland also reported increased net revenue as a result of extending its range of services beyond its insurance practice following lateral partner hires in other practice groups.

Net revenue from the Connected Services division increased by £7.3 million, or 96.2%, to £15.0 million in the financial year ended 30 April 2018 from £7.6 million in the financial year ended 30 April 2017. The increase was principally driven by a full-year contribution of the claims handling business of Triton Global Limited which was acquired in January 2017 and NeoLaw which was acquired in June 2017, as well as growth in net revenue from DWF's existing connected services, in particular DWF Costs, DWF Advocacy and DWF Forensics which benefited from increased referrals for work from within DWF in connection with their increased visibility following the formal establishment of DWF's Connected Services division in October 2017.

Internal gross profit from the Commercial Services division increased by £6.6 million to £56.6 million in the financial year ended 30 April 2018 from £50.0 million in the financial year ended 30 April 2017. This represents an increase in internal gross profit margin to 55.0% for the financial year ended 30 April 2018 compared to 50.7% for the financial year ended 30 April 2017. This increase in internal gross profit margin was driven by a change in the mix of staff compared to the previous year, where a lower number of partners and an increased number of non-qualified fee earners were able to deliver increased divisional net revenue at a lower aggregated direct cost.

Internal gross profit from the Insurance division increased by £3.0 million to £39.8 million in the financial year ended 30 April 2018 from £36.8 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 44.9% for the financial year ended 30 April 2018 compared to 46.2% for the financial year ended 30 April 2017. This decrease in internal gross profit margin was driven by lower internal gross profit margins in the motor, fraud, resolution law and in-house teams practice areas as a result of one-off costs from the closure of an office and the consolidation of a managed services volume centre in Liverpool which resulted in a short-term duplication of roles and increased direct costs. Furthermore, the Fraud practice area experienced pricing pressure to complete certain tasks on a fixed fee as opposed to an hourly rate basis. In addition, while the Insurance division experienced an increase in utilisation overall among its fee earners, the utilisation increase was concentrated among the managed services work which is priced at a lower rate and therefore did not directly result in an improved internal gross margin among the mix of other net revenue and costs experienced within the division.

Internal gross profit from the International division increased by £4.9 million to £11.0 million in the financial year ended 30 April 2018 from £6.2 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 36.5% for the financial year ended 30 April 2018 compared to 44.8% for the financial year ended 30 April 2017. The decrease in internal gross profit margin was primarily as a result of investment in partners and other fee earning staff in advance of net revenue generation in connection with the Group's international expansion. These investments notably impacted gross profit margins in the Dubai and Germany offices which reported lower gross profit for the financial year ended 30 April 2018 than the previous year. While new office openings in Italy, Qatar and Singapore did contribute to internal gross profit in their first year of operation, the mix of staff was weighted towards partners and senior staff meaning costs were higher relative to other business, and gross profit margins lower. The business in Ireland reported strong growth in internal gross profit and delivered internal gross profit margins well above the average for the division, which reflected a change in the mix of services provided and partner capabilities in that office as its service offering expanded to include the ability to do work in the Group's three global sectors.

Internal gross profit from the Connected Services division increased by £1.0 million to £4.8 million in the financial year ended 30 April 2018 from £3.8 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 31.9% for the financial year ended 30 April 2018 compared to an internal gross profit margin of 51.0% for the financial year ended

30 April 2017. The decrease in internal gross profit was impacted by the change in mix of the business as a result of typically high volume lower margin work associated with the claims management business acquired as part of the Triton Global Limited acquisition. The other businesses within the Connected Services division generated similar levels of internal gross profit margin for the financial year ended 30 April 2018 to the previous year.

Comparison of Financial Years Ended 30 April 2017 and 30 April 2016

The following table presents the Group's result of operations for the periods indicated.

	Year ended 30 April	
	2016 £000	2017 £000
Revenue	186,850	199,322
Direct costs	(60,870)	(67,951)
Gross profit	125,980	131,371
Administrative expenses.....	(78,144)	(89,026)
Gain on bargain purchase	—	1,273
Operating profit	47,836	43,618
Net financing expense	(825)	(1,262)
Profit for the period before taxation, Members' remuneration and profit shares	47,011	42,356
Corporate and other entity based taxation	(898)	(37)
Profit for the period before Members' remuneration and profit shares	46,113	42,319
Members' remuneration charged as an expense	(23,169)	
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members	22,944	(23,025)

Revenue

Revenue increased by £12.5 million, or 6.7%, to £199.3 million in the financial year ended 30 April 2017 from £186.9 million in the financial year ended 30 April 2016. Of this increase, £12.5 million was attributable to inorganic net revenues as a result of acquisitions, which was offset by a decrease of £0.1 million in organic net revenue. With respect to organic growth, the Commercial and Insurance divisions recorded revenue decreases of £1.9 million and £1.5 million, respectively, due to one-off factors, including decreases in organic net revenue in the real estate practice group in the context of the Brexit vote and the decision not to re-tender for a particular client engagement due to its low margins, which were not sufficiently offset by the organic growth of £3.0 million and £0.3 million in the International and Connected Services divisions, respectively.

Direct costs

Direct costs increased by £7.1 million, or 11.6%, to £68.0 million in the financial year ended 30 April 2017 from £60.9 million in the financial year ended 30 April 2016. This increase relates largely to the International division, including the annualised impact of acquisitions made during the financial year ended 30 April 2016 (annualised effect), plus the annualised impact of acquisitions made during the financial year ended 30 April 2017. Direct costs are primarily payroll costs for qualified and non-qualified fee earners (excluding equity partners and fixed share partners) whose average full-time equivalents headcount increased by 99 fee earners, or 7%, to 1,414 fee earners for the financial year ended 30 April 2017 compared with 1,315 fee earners for the financial year ended 30 April 2016. Direct costs also increased due to wage increases to qualified and non-qualified fee earners as a result of promotions and pay increases.

Administrative expenses

Administrative expenses increased by £10.9 million, or 13.9%, to £89.0 million in the financial year ended 30 April 2017 from £78.1 million in the financial year ended 30 April 2016. The Group's cost:income ratio worsened to 44.5% for the financial year ended 30 April 2017 from 41.7% for the financial year ended 30 April 2016.

One of the most significant drivers of change in administrative expenses was in relation to the newly acquired businesses in Germany, Northern Ireland and France where support staff, premises and office costs were incurred to support the operations. Certain other costs also increased during the period as a result of the increased business volumes e.g. office expenses, insurance premiums and marketing costs.

Administrative expenses include depreciation and amortisation charges which decreased by £0.2 million, or 4.2%, to £5.9 million in the financial year ended 30 April 2017 from £6.2 million in the financial year ended 30 April 2016.

Administrative expenses for the financial year ended 30 April 2018 also include £0.3 million of non-underlying items in relation to transaction costs for acquisitions.

Gain on bargain purchase

Gain on bargain purchase increased in the financial year ended 30 April 2017 to £1.3 million from nil in the financial year ended 30 April 2016, arising on the purchase of the Triton Group discussed above.

Net financing expense

Net financing expense increased by £0.4 million, or 53.0%, to £1.3 million in the financial year ended 30 April 2017 from £0.8 million in the financial year ended 30 April 2016. The increase was principally driven by a £0.4 million foreign exchange loss in the financial year ended 30 April 2017.

Corporate and other entity based taxation

Corporate and other entity based taxation decreased by £0.9 million, or 95.9%, to £0.0 million in the financial year ended 30 April 2017 from £0.9 million in the financial year ended 30 April 2016. The decrease was principally driven by the closure of DWF Services, a service company, following the transfer of the activities of DWF Services into DWF LLP.

Members' remuneration charged as an expense

Members' remuneration charged as an expense decreased by £0.1 million, or 0.6%, to £23.0 million in the financial year ended 30 April 2017 from £23.2 million in the financial year ended 30 April 2016. The amounts remain broadly comparable period to period as the number of Members remained broadly comparable.

Segmental Results

The following table presents the Group's segmental results of operations for the periods indicated.

	Year ended 30 April			
	2016		2017	
	£000	% ⁽¹⁾	£000	% ⁽¹⁾
Segmental Net Revenue				
Commercial Services	100,508	53.8%	98,576	49.5%
Insurance.....	77,472	41.5%	79,620	39.9%
International	4,044	2.2%	13,749	6.9%
Connected Services	4,826	2.6%	7,377	3.7%
Total segmental net revenue.....	186,850	100%	199,322	100%
Internal Gross Profit	£000	%⁽²⁾	£000	%⁽²⁾
Commercial Services	52,328	52.1%	49,993	50.7%
Insurance.....	33,784	43.6%	36,797	46.2%
International	1,261	31.2%	6,162	44.8%
Connected Services	2,894	60.0%	3,763	51.0%
Total internal gross profit ⁽³⁾	90,267	48.3%	96,715	48.5%
Internally reported partner remuneration	35,713	N/A	34,656	N/A
Gross profit.....	125,980	N/A	131,371	N/A

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

(2) The figures shared in this column reflect the Group's internal gross profit margin for each division, which is the internal gross profit expressed as a percentage of segmental net revenue for the division for the relevant period. N/A is an abbreviation for not applicable. See Part VIII "Selected Financial Information—Segmental Financial Results—Note 2" for further information about this metric's basis of preparation.

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

Net revenue from the Commercial Services division decreased by £1.9 million, or 1.7%, to £98.6 million in the financial year ended 30 April 2017 from £100.5 million in the financial year ended 30 April 2016. The decrease was principally driven by a £3.0 million decline in net revenue generated by the real estate practice group which was impacted by a slowdown in property transactions following the Brexit referendum decision as well as the departure of staff in one of DWF's offices that were not replaced during the financial year ended 30 April 2017. This decrease was partially offset by increases in utilisation among the division as well as through net revenue generated by the corporate services practice group. The litigation practice group's net revenue was similar period to period.

Net revenue from the Insurance division increased by £2.1 million, or 2.8%, to £79.6 million in the financial year ended 30 April 2017 from £77.5 million in the financial year ended 30 April 2016. The largest contributor to the increase was the professional indemnity and commercial insurance practice group which benefited from the part-year contribution of the professional indemnity legal business acquired as part of the Triton Global Limited acquisition in January 2017. The motor, fraud, resolution law and in-house teams practice group also reported increased net revenue, but this was partially offset by a decrease in net revenue from the catastrophic personal injury and occupational health practice group as well as the loss of net revenue from a client which was determined to not be sufficiently commercially attractive to re-tender for the work. Utilisation among the fee earners in the Insurance division increased during the financial year ended 30 April 2017 compared to the financial year ended 30 April 2016.

Net revenue from the International division increased by £9.7 million, or 241.5%, to £13.7 million in the financial year ended 30 April 2017 from £4.0 million in the financial year ended 30 April 2016. The increase was principally driven by new international offices in Northern Ireland and France, together with full-year net revenue from international offices established in the previous year, namely Germany and Dubai, with the Group also benefiting from organic growth from the Dublin office.

Net revenue from the Connected Services division increased by £2.5 million, or 52.9%, to £7.4 million in the financial year ended 30 April 2017 from £4.8 million in the financial year ended 30 April 2016. The increase was principally driven by the part-year contribution the claims handling business acquired as part of the Triton Global Limited acquisition, in January 2017.

Internal gross profit from the Commercial Services division decreased by £2.3 million to £50.0 million in the financial year ended 30 April 2018 from £52.3 million in the financial year ended 30 April 2017. This represents a decrease in internal gross profit margin to 50.7% for the financial year ended 30 April 2017 compared to 52.1% for the financial year ended 30 April 2016. This decrease in internal gross profit margin was driven by a reduction in net revenue compared to the previous financial year, while direct costs and internally reported partner remuneration for the division remained similar to the previous financial year, although a change of cost structure was initiated such that the number of partners and partner equivalents was reduced as a result of a performance management programme, while the number of non-qualified fee earner staff was increased.

Internal gross profit from the Insurance division increased by £3.0 million to £36.8 million in the financial year ended 30 April 2017 from £33.8 million in the financial year ended 30 April 2016. This represents an increase in internal gross profit margin to 46.2% for the financial year ended 30 April 2017 compared to 43.6% for the financial year ended 30 April 2016. This increase was driven by the professional indemnity and commercial insurance practice group which reduced its partner headcount and improved its fee earner utilisation. The motor, fraud, resolution law and in-house teams practice group also increased its internal gross profit and internal gross profit margin through changing volume pricing arrangements with clients.

Internal gross profit from the International division increased by £4.9 million to £6.2 million in the financial year ended 30 April 2017 from £1.3 million in the financial year ended 30 April 2016. This represents an increase in internal gross profit margin to 44.8% for the financial year ended 30 April 2017 compared to 31.2% for the financial year ended 30 April 2016. The increase in internal gross margin was driven by the internal gross profit margins achieved by the Northern Ireland and France businesses acquired during the year and the progress of the German business acquired during the previous year.

Internal gross profit from the Connected Services division increased by £0.9 million to £3.8 million in the financial year ended 30 April 2017 from £2.9 million in the financial year ended 30 April 2016. This represents a decrease in internal gross profit margin to 51.0% for the financial year ended 30 April 2017 compared to 60.0% for the financial year ended 30 April 2016. The increase was primarily generated by the claims management business acquired as part of the Triton Global Limited acquisition in January 2017, however this changed the mix of business within the division and as a result has driven the internal gross profit margin change. As described above, the claims business is a high-volume lower value managed service, which has a lower underlying internal gross profit margin than the other businesses within Connected Services.

Liquidity and Capital Resources

Overview

The Group's principal sources of funds are cash generated from operating activities and, to the extent necessary, commitments available under its credit facilities. The Group's principal external funding arrangements are described under “- *Borrowings*” below.

The following table summarises the Group’s consolidated cash flows for the periods indicated and has been extracted without material adjustment from the consolidated Historical Financial Information set out in *Part X — “Historical Financial Information”*:

	Year ended 30 April			Six months ended 31 October	
	2016	2017	2018	2017	2018
	£000	£000	£000	(unaudited) £000	£000
Net cash from operating activities before transactions with Members ..	52,160	40,212	37,688	21,081	25,771
Payments to Members	(45,083)	(39,023)	(46,412)	(20,639)	(24,284)
Net cash used in investing activities	(5,661)	(6,007)	(6,375)	(3,160)	(3,220)
Net cash from/(used in) financing activities	16,430	(2,500)	16,640	6,091	4,043
Net increase/(decrease) in cash and cash equivalents	17,846	(7,318)	1,541	3,373	2,310
Cash and cash equivalent at the beginning of the period	(7,870)	9,976	2,772	2,772	4,228
Cash and cash equivalents at end of period	9,976	2,772	4,228	6,221	6,482

Net cash from operating activities before transactions with Members

Net cash from operating activities before transactions with Members was £25.8 million for the six months ended 31 October 2018, being a £4.7 million increase from £21.1 million for the six months ended 31 October 2017. This was due to favourable working capital movement in respect of trade and other payables principally arising from an increase in accruals, which was partially offset by an unfavourable working capital movement in respect of trade and other receivables which increased as a result of increased revenue, despite the improvement in lock-up days.

Net cash from operating activities before transactions with Members were £37.7 million in the financial year ended 30 April 2018, being a £2.9 million reduction from £40.2 million in the financial year ended 30 April 2017. This was due to an investment in working capital, principally an increase in trade and other receivables to support the growth in the business and the acquisitions undertaken in the period.

Net cash from operating activities before transactions with Members were £40.4 million in the financial year ended 30 April 2017, being an £11.8 million reduction from £52.2 million in the financial year ended 30 April 2016. This was principally due to an increase in trade and other receivables to support expansion through acquisitions undertaken during the period, alongside the adjustment of the non-cash £1.3 million gain on bargain purchase arising on the Triton acquisition which was recognised during the financial year ended 30 April 2017.

Payments to Members

Payments to Members disclosure in the cash flow statement represents amounts paid in the period in relation to partner drawings, profit shares and other related amounts.

Net cash payments to Members were £24.3 million for the six months ended 31 October 2018.

Net cash payments to Members were £46.4 million for the financial year ended 30 April 2018.

Net cash payments to Members were £39.0 million for the financial year ended 30 April 2017.

Net cash payments to Members were £45.1 million for the financial year ended 30 April 2016.

Net cash used in investing activities

Net cash used in investing activities was £3.2 million for the six months ended 31 October 2018, principally relating to acquisitions of property, plant and equipment of £2.3 million, and acquisitions of other intangible assets of £0.7 million.

Net cash used in investing activities was £6.4 million for the financial year ended 30 April 2018, principally relating to acquisitions of property, plant and equipment of £4.2 million, intangible assets of £1.0 million and the acquisition of a subsidiary (net of cash acquired) was £1.4 million and cash inflow from interest received was £0.2 million.

Net cash used in investing activities was £6.0 million for the financial year ended 30 April 2017, relating to acquisitions of property, plant and equipment of £3.5 million and intangible assets £0.6 million. Net cash used for the acquisition of a subsidiary (net of cash acquired) was £2.0 million and net cash used for the acquisition of investments was £0.3 million and cash inflow from interest received was £0.3 million.

Net cash used in investing activities was £5.7 million for the financial year ended 30 April 2016, relating to acquisitions of property, plant and equipment of £3.8 million and intangible assets of £0.2 million. Net cash used for the acquisition of a subsidiary (net of cash acquired) was £1.9 million and cash inflow from interest received was £0.3 million.

Net cash from financing activities

Net cash from financing activities was £4.0 million for the six months ended 31 October 2018, principally as a result of net increase in the Existing Revolving Credit Facility of £1.9 million, the amount outstanding under the Supplier Payment Facility being £2.5 million higher than at 30 April 2018, and a £2.9 million increase in other unsecured borrowings. These movements in borrowings were offset by interest paid of £2.6 million and net finance lease payments of £0.8 million. Cash inflow from capital contributions by Members was approximately equal to cash outflow in respect of repayments to former Members at £2.3 million and £2.2 million, respectively.

Net cash from financing activities was £16.6 million for the financial year ended 30 April 2018, principally as a result of draw-down of the Existing Revolving Credit Facility (following an increase in the facility), as defined below, and other facilities including the Supplier Payment Facility, totalling £75.9 million which was used to repay previous borrowings of £59.1 million. Cash inflow from capital contributions by Members of £7.8 million while cash outflow in respect of repayments to former Members was £3.9 million. Interest paid was £3.1 million.

Net cash used in financing activities was £2.5 million for the financial year ended 30 April 2017. Cash inflow from capital contributions by Members of £4.0 million while cash outflow in respect of repayments to former Members was £2.9 million. Repayments of borrowings and finance lease liabilities amounted to £0.3 million and £0.9 million respectively, while interest payments were £2.5 million.

Net cash from financing activities was £16.4 million for the financial year ended 30 April 2016, principally as a result of draw-down of the Existing Revolving Credit Facility, which was first entered into during the financial year ended 30 April 2016, of £39.8 million which was used to repay previous borrowings of £20.4 million. Cash inflow from capital contributions by Members of £3.0 million while cash outflow in respect of repayments to former Members was £4.8 million. Repayments of finance lease liabilities amounted to £0.3 million and interest paid was £0.8 million.

Capital Expenditures

	Year ended 30 April			Six months ended 31 October	
	2016	2017	2018	2017	2018
	£000	£000	£000	(unaudited) £000	£000
Property, plant and equipment	3,798	3,501	4,211	1,647	2,345
Intangible assets	234	581	1,028	346	680
Total Capital Expenditures	4,032	4,082	5,239	1,993	4,025

The Group primarily funded its capital expenditure through borrowings during the period under review. The Group defines its capital expenditure as investments in property, plant, equipment and software (excluding those acquired through acquisitions), which are expected to be used for more than one year. Once any asset purchased is being used, it is depreciated over time. The Group has historically had low levels of capital expenditures since its business model does not require much capital, which in turn results in limited depreciation. During the period under review, capital expenditure was primarily used for office fit out and refurbishment (for example, the Manchester office) and the purchase of computer equipment to enable agile working.

Borrowings

The Group's principal sources of borrowings are the Existing Revolving Credit Facility (to be replaced by the New Revolving Loan Facility in the event of Admission), the Lloyds Bank Loan, the Overdraft facilities and the Supplier Payment Facility. The table below summarises the Group's principal sources of borrowings and amounts outstanding as at 31 October 2018. See *Part X — "Historical Financial Information — Note 13. Other interest-bearing loans and borrowings"* for further information.

	As at 31 October 2018 £000
Non-current liabilities	
Bank loans	51,285
Current liabilities	
Current portion of bank loans	6,798
Corporate purchasing card facility	7,394
Bank Overdrafts	4,103
Total borrowings	68,924

Details of the Group's principal facilities are set out below:

Existing Revolving Credit Facility

On 2 March 2018, DWF LLP, entered into a £50.0 million revolving facility agreement (the "**Existing Revolving Facility Agreement**") with, among others, HSBC Bank plc ("**HSBC Bank**") and Lloyds Bank plc ("**Lloyds Bank**") as Mandated Lead Arrangers and Bookrunners providing for two facilities comprising a £36.0 million multicurrency revolving loan facility ("**Facility A**") (or as subsequently increased pursuant to a £10 million accordion option as the Existing Revolving Facility Agreement, which was exercised for an amount of £10 million in January 2019), and a £14.0 million revolving loan facility ("**Facility B**") (and together with Facility A the "**Existing Revolving Credit Facility**"). The Existing Revolving Credit Facility is expected to be replaced by the New Revolving Loan Facility in the event of Admission.

Facility A and Facility B are described below:

As at 31 October 2018, £36.0 million was outstanding under the Facility A and £14.0 million under Facility B.

The expected final maturity for Facility A and Facility B is 22 July 2021 (subject to an extension option of up to two further years). The interest period of the loan is one or three months, or any other period agreed between DWF LLP and the agent under the Existing Revolving Facility Agreement. Interest periods start on the utilisation date of the relevant loan and end on the prescribed date as set out in the utilisation request. Repayment of the loans is made at the end of the relevant interest period as set out in the utilisation request. Loans can be “rolled-over” on to subsequent periods, as is usual for a revolving facility of this nature. No loan can extend past the final maturity date of the facility. The purpose of Facility A is general corporate and working capital purposes of the Group, including, but not limited to, refinancing a then existing facility and funding permitted acquisitions. The purpose of Facility B is funding liabilities of the Group in respect of tax.

For a loan in euro, Facility A bears interest at a rate equal to the aggregate of the Euro Interbank Offered Rate (“**EURIBOR**”) plus the agreed margin per year. For a loan in any other currency, Facility A bears interest at a rate equal to the aggregate of the London Interbank Offered Rate (“**LIBOR**”) plus the agreed margin per year. Facility B bears interest at a rate equal to the aggregate of LIBOR plus the agreed margin per year.

New Revolving Loan Facility

On 31 January 2019, the Company entered into a revolving facility agreement (the “**New Revolving Facility Agreement**”) with, amongst others, HSBC UK Bank plc (“**HSBC UK**”), National Westminster Bank plc and Lloyds Bank plc, as Mandated Lead Arrangers (together with any other entities which become a lending party under the New Revolving Facility Agreement the “**New RCF Lenders**” and each a “**New RCF Lender**”) and HSBC UK as Bookrunner, comprising a £80.0 million multicurrency revolving loan facility (the “**New Revolving Loan Facility**”). The New Revolving Loan Facility is conditional on Admission, with Admission itself being the final condition to be satisfied for drawdown. The New Revolving Facility Agreement will be based on the form of the Existing Revolving Facility Agreement, amended to reflect other terms agreed between the Company and the New RCF Lenders. This includes the provision of an ancillary facility mechanic whereby the Company and a New RCF Lender (or an affiliate of a New RCF Lender) may agree that all or part of a New RCF Lender’s commitment under the New Revolving Facility Agreement may be made by way of an overdraft facility, a guarantee, bonding, documentary or stand-by letter of credit facility, a short term loan facility, a derivatives facility, a foreign exchange facility, any other facility or accommodation required in connection with the business of the Group and which is agreed by the Company with a New RCF Lender. The New Revolving Facility Agreement is governed by English law and its utilisation is conditional upon Admission.

- *Purpose:* The purpose of the New Revolving Loan Facility is general corporate and working capital purposes of the Group including to refinancing the Existing Revolving Facility Agreement, funding the Reorganisation and funding permitted acquisitions and any related costs.
- *Fees:* A commitment fee applies to New Revolving Loan Facility at a rate of the 40% of the margin per year on the unused and uncanceled amount of the New Revolving Loan Facility for the availability period (i.e. the period from the signing of the New Revolving Facility Agreement until one month prior to the Termination Date, as defined below, (the “**Availability Period**”). The accrued commitment fee is payable quarterly in arrear during the Availability Period, on the last day of the Availability Period and on the cancelled amount of the New Revolving Loan Facility at the time a cancellation is effective. No commitment fee is payable on any available commitment of a New RCF Lender for any day on which such a New RCF Lender is a defaulting lender. An arrangement fee, which will be in line with customary terms for such facilities, will be paid in respect of the New Revolving Loan Facility and certain customary fees will also be payable to the facility agent. An extension fee, which will be in line with customary terms for such facilities, will be payable in the event of an extension of the Termination Date, as defined below. The payment of fees in connection with any ancillary facility will be determined by agreement between the relevant New RCF Lender and the borrower of that ancillary facility based upon normal market rates and terms.
- *Interest Rate:* For a loan in euro, the New Revolving Loan Facility will bear interest at a rate equal to the aggregate of EURIBOR plus the agreed margin per year. For a loan in any other currency, the New Revolving Loan Facility will bear interest at a rate equal to the aggregate of LIBOR plus the agreed margin per year. The interest period of the loan is one, three or six months, or any other period agreed between the Company and the New RCF Lenders. For any

ancillary facility, the payment of interest will be determined by agreement between the relevant New RCF Lender and the borrower of that ancillary facility based upon normal market rates and terms.

- *Currency*: The New Revolving Loan Facility may be drawn in British pounds sterling, or may, subject to certain conditions also be drawn in optional currencies including US dollars, euros or other currencies approved by the agent acting on instructions of all the New RCF Lenders.
- *Termination Date*: The New Revolving Loan Facility matures on 31 January 2022, subject to an extension option of up to two additional years (the “**Termination Date**”). Each loan is due to be repaid on the last day of its interest period and, in the case of interest periods of longer than six months, on the dates falling at six-monthly intervals after the first day of the interest period but may be re-borrowed during the Availability Period.
- *Voluntary prepayment and voluntary cancellation*: Subject to certain conditions, all or part of the utilisations under the New Revolving Loan Facility may be voluntarily prepaid and all or part of the available commitments under the New Revolving Loan Facility may be cancelled, in each case without penalties. Voluntary prepayments are required to be made in a minimum amount of £100,000 (or its equivalent) and integral multiples of £100,000 (or its equivalent) in respect of each of the utilisations under the New Revolving Loan Facility and such voluntary cancellations are required to be made in a minimum amount of £100,000 (or its equivalent) and integral multiples of £100,000 (or its equivalent), in each case, following giving the agent five business days’ notice of such prepayment or cancellation.
- *Mandatory Prepayment*: If it becomes unlawful in any applicable jurisdiction for any New RCF Lender to perform its obligations, the New Revolving Loan Facility must be prepaid and cancelled. Furthermore, upon a delisting of any part of the share capital of the Company from the main market of the London Stock Exchange, the Company ceasing to be admitted to the premium segment of the Official List maintained by the FCA or a sale of all or substantially all of the assets of the Group except in relation to the Reorganisation, the New Revolving Loan Facility shall be cancelled and repaid on the same business day. Any prepayment shall be made with accrued interest on the amount prepaid and, subject to breakage costs, without premium or penalty.
- *Change of control*: If any person or group of persons, other than the members of DWF Law LLP and DWF LLP (as defined under the DWF Law LLP Constitutional Deed and the DWF LLP Constitutional Deed, respectively on the date of the New Revolving Facility Agreement) (the “**RCF Members**”), acting in concert gains direct or indirect control (controlling, or holding, more than 50% of the votes or shares or assets or income) of the Company, subject to certain conditions, any New RCF Lender may cancel the amount of its respective commitment under the New Revolving Loan Facility and the respective amount can be declared immediately due and payable.
- *Security*: The New Revolving Loan Facility is not secured, but has the benefit of guarantees given by the Company, and other DWF entities that will accede to the New Revolving Facility Agreement as guarantors (as a condition subsequent to the New RCF) (the “**Guarantors**”).
- *Financial Covenants*: The New Revolving Facility Agreement is also subject to certain financial covenants including that the total number of RCF Members shall not at any time be less than 180, that the ratio of trading work-in-progress (including disbursements) that is less than 180 days outstanding and trading debtor balances that are less than 180 days overdue to consolidated net borrowings of the Group (excluding obligations to other members of the Group and any liabilities of the Group or loans to RCF Members in respect of the aggregate capital contribution of each RCF Members, but including the capitalised value of finance leases and deducting the aggregate amount of cash and cash equivalents held by the Company or any Guarantor at any time) may not be less than 2.00:1.00; that the ratio of consolidated net debt to EBITDA (before taking into account any amounts charged in respect of share based payments under IFRS 2) in respect of any relevant period shall not exceed 1.50x (with certain tests measured at 1.75x); interest cover in respect of any relevant period shall not be less than 4.00x; and the ratio of net assets to net debt shall not exceed 1.00:1.00. These financial covenants will be tested on the consolidated financial covenants of the Group on each financial quarter date, with the first test on the first financial quarter date falling after the date of the New Revolving Facility Agreement.

- Other Covenants:* The New Revolving Facility Agreement contains certain covenants customary for an entity of this type, including that it prohibits the Company or any Guarantor from granting or permitting any security over its assets or entering into arrangements similar to security. There are also specific restrictions on drawings and other distributions by the Company. Furthermore, no fixed capital may be repaid to RCF Members, subject to certain exceptions including certain permitted payments, without the consent of the New RCF Lenders. Permitted payments include but are not limited to payments in the context of the Reorganisation. The New Revolving Facility Agreement also restricts the ability of the Group to enter into transactions to acquire any business or company, subject to certain exceptions, including (i) that the entity is engaged in a business substantially the same as or complementary to that carried on by the Group or that forms part of the strategy of the Group (including the strategy as set out in the Registration Document); (ii) that the aggregate consideration (including any assumed financial indebtedness) for all such acquisitions shall not exceed £50,000,000 (or its equivalent) over the life of the New Revolving Loan Facility and (iii) aggregate consideration (including any assumed financial indebtedness) for all such acquisitions does not exceed £20,000,000 (or its equivalent) in any financial year. The New Revolving Facility Agreement includes a restriction on any member of the Group entering into a transaction or a series of transactions to dispose of any asset other than disposals: (i) for customary exceptions or (ii) where the higher of market value or consideration receivable for disposals of assets (excluding shares, businesses, real property and intellectual property (i) does not exceed £50,000 per asset and (ii) does not exceed £1,000,000 in any financial year of the Company. There are also certain restrictions imposed on the members of the Group, subject to various exceptions, in respect of the treasury transactions, mergers, debt incurrence, ability to give guarantees or indemnities, ability to be a creditor in respect of any financial indebtedness or ability to invest in, transfer any assets to or give guarantees for, joint ventures. The New Revolving Facility Agreement also includes a guarantor coverage covenant whereby the Company must ensure that the aggregate gross assets of the Guarantors and the aggregate turnover of the Guarantors (in each case calculated on an unconsolidated basis and excluding all intra-Group items and investment in subsidiaries of the Group) does not represent less than 80% of the Group's EBITDA post Group recharges that arise from the Support Service Fee and Intangibles Service Fee, each as defined below in *Part XII "Additional Information — 4. Reorganisation — 4.4 Key agreements under the Reorganisation — 4.4.8 Services agreements and 4.4.9 Licence agreements"*, and consolidated turnover and 70% of the Group's consolidated gross assets.
- Events of Default:* The New Revolving Facility Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including non-payment, cross-default, a qualified audit opinion on annual audited accounts, breach of the financial covenants described above, failure to comply with any other provision of the New Revolving Facility Agreement and the fee letters executed by the Company (including certain customary undertakings).

The occurrence of an event of default would allow the New RCF Lenders of the New Revolving Loan Facility to, amongst other things, accelerate all or part of the outstanding loans and/or cancel the commitments and/or declare all or part of the loans payable on demand, as well as make a demand under the guarantee and indemnity.

Lloyds Bank Loan

On 26 October 2018, DWF LLP entered into a fixed rate loan with Lloyds Bank plc ("**Lloyds Bank**") ("**Lloyds Bank Loan**") with a total of £6.0 million. The interest on the loan is a fixed rate of 1.06% per annum. The expected maturity date of the loan is October 2019. As at 31 October 2018, the amount outstanding on the Lloyds Bank Loan was £6.0 million. The Lloyds Bank Loan was used to fund the Group's professional indemnity insurance.

Overdraft facilities

On 20 July 2015, DWF LLP entered into a sterling overdraft facility with Lloyds Bank plc ("**Lloyds Bank Overdraft Facility**") with a maximum amount outstanding of £2.5 million. The interest on the loan was 1.15% per annum over the base rate which is the official bank rate of the Bank of England base rate which on 20 July 2015 was 0.5%. The Lloyds Bank Overdraft Facility is available on rolling terms, and is repayable upon demand. As at 31 October 2018, the amount outstanding on the Lloyds Bank Overdraft Facility was nil.

On 20 July 2015, DWF LLP entered into a sterling overdraft facility with The Royal Bank of Scotland plc (“RBS”) (“**RBS Overdraft Facility**”) with a maximum amount outstanding of £2.5 million. The interest on the loan was 1.15% per annum over the base rate which on 20 July 2015 was 0.5%. The RBS Overdraft Facility is available on rolling terms, and is repayable upon demand. As at 31 October 2018, the amount outstanding on the RBS Overdraft Facility was £1.7 million.

Supplier Payment Facility

On 20 July 2017, DWF LLP entered into a corporate payment card customer agreement with HSBC Bank plc (“**HSBC Bank**”) (“**Supplier Payment Facility Agreement**”), with a maximum amount outstanding of £11.0 million. The facility has a foreign exchange rate commission of 2.75%. The facility provides a settlement term of 25 days after the date of the most recent statement, with a late payment fee of £15 per month and 2% per month in interest. The expected maturity date is 13 July 2022 (and will then continue on a rolling basis until terminated by either party). As at 31 October 2018, the amount outstanding on the Supplier Payment Facility was £7.4 million.

Off Balance Sheet Arrangements

The Group does not have any off balance sheet financing arrangements.

Contractual Obligations and Committed Capital

The Group has various contractual obligations and commercial commitments to make future payments, including lease obligations.

The table below summarises the Group’s contractual obligations as at 31 October 2018, reflecting the minimum lease payments and non-cancellable operating lease rentals payable.

	Within 1 year £000	From 1 to 5 Years £000	More than 5 years £000	Total £000
Operating leases				
Land and buildings ⁽¹⁾	12,026	45,374	22,269	79,669
Others ⁽²⁾	803	535	—	1,338

(1) Land and buildings consist of the operating lease obligations in respect of the Group’s office property portfolio.

(2) Others consist of the operating lease obligations primarily in respect of IT equipment, such as photocopiers.

Provisions

The Group maintains three types of provisions: dilapidations provisions, professional indemnity provision and the Forum of Insurance Lawyers (“**FOIL**”) provision. The Group’s FOIL provision represents the total VAT (partial exemption) exposure on historical claims handling engagements of which the provision was £1.3 million as at 31 October 2018, with a net exposure of £400,000, as at 31 October 2018 when taking into account the attributable reimbursement asset described in *Part X — “Historical Financial Information — Note 11 — Trade and other receivables”*. See *Part X — “Historical Financial Information — Note 16 — Provisions”*.

Net Working Capital

The Group’s net working capital is comprised of WIP, Gross Debtors (reflecting current and past due trade receivables) and other current assets, less the trade receivables provision (relating to doubtful receivables) and trade and other payables, and accruals and deferred income. Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

The table below presents the Group's net working capital for the periods presented.

	As at 30 April			As at 31 October
	2016 £000	2017 £000	2018 £000	2018 £000
WIP.....	24,781	35,673	43,003	54,151
Gross Debtors	64,914	74,767	86,658	84,133
Trade receivables provision ⁽¹⁾	(2,409)	(2,964)	(3,854)	(7,384)
Other current assets ⁽²⁾	16,133	15,097	15,168	14,780
Trade and other payables.....	(29,986)	(42,674)	(41,665)	(42,147)
Accruals and deferred income	(8,079)	(7,563)	(9,549)	(13,798)
Net working capital	65,354	72,336	89,761	89,735

(1) The valuation of amounts recoverable and not recoverable on trade debtors involves significant judgement. The estimation of provisions is established based on interactions between finance, the fee earner and clients, mindful of the specific circumstances of clients and individual matters and invoices and guided by calculation rules applied to the aged population of all trade debtors (excluding those already addressed by more specific provisions). For amounts aged between 180 days and 599 days, provisions are made based on the specific circumstances of each debt. For amounts aged 600 days and over 100% provision is made.

(2) Other current assets comprises the line items "other receivables", "prepayments and accrued income" and "reimbursement asset" from the balance sheet of the Historical Financial Information.

Quantitative and Qualitative Disclosure about Credit Risk, Liquidity Risk and Market Risk

The principal categories of risk to which the Group is exposed are credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Credit checks are performed for new customers and ongoing monitoring takes place for existing customers.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk. The Group is financed through a combination of partners' capital (repayable on demand when a Member leaves or were to leave DWF LLP or DWF Law LLP), retained earnings, cash and bank borrowing facilities. Management undertakes rolling 13-week cash flow forecasts to ensure visibility of short-term liquidity and manage facility usage, in addition to annual budgets and longer-term forecasts. For a description of the Group's principal facilities see "*— Liquidity and Capital Resources — Borrowings*" above.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The Group's exposure to market risk predominantly relates to foreign currency risk and interest rate risk.

Interest Rate Risk

The Group's bank borrowings incur both fixed and variable interest rate charges, with the variable charges linked to LIBOR plus a margin. For an interest rate sensitivity analysis, see *Part X — Historical Financial Information — Note 17 — Financial instruments — Financial Instruments Sensitivity Analysis — Interest Rate Sensitivity*".

Foreign Currency Risk

The Group has overseas operations in Europe, the Middle East, Australia, Canada and North America and is therefore exposed to changes in the respective currencies in these territories. The Group maintains bank balances in local currency. Cash positions are monitored and any imbalances are dealt with by purchasing currency at the spot rate. For a foreign exchange rate sensitivity

analysis, see *Part X — “Historical Financial Information — Note 17 — Financial instruments — Financial Instruments Sensitivity Analysis — Foreign exchange rate sensitivity”*.

Critical Accounting Policies and Estimates

The preparation of consolidated financial information under Adopted IFRSs requires management to make judgements, estimates and assumptions which affect the financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis.

The key areas of judgement, estimate and assumptions relate to the fair value of unbilled revenue, the valuation of trade receivables provision and the valuation of the probable exposure of professional indemnity claims. See *Part X — “Historical Financial Information — Note 1.22 — Accounting estimates and judgements”*.

PART X HISTORICAL FINANCIAL INFORMATION

SECTION A – ACCOUNTANTS’ REPORT ON THE HISTORICAL FINANCIAL INFORMATION

Deloitte.

Deloitte LLP
1 New Street Square
London EC4A 3HQ

The Board of Directors
on behalf of DWF Group Limited

2 Hardman Street
Manchester
United Kingdom M3 3AA

1 February 2019

Dear Sirs

DWF LLP

We report on the financial information for the three years ended 30 April 2018 and the six-month period ended 31 October 2018 set out in *Part X – “Historical Financial Information”* (the “**Historical Financial Information**”) of DWF LLP contained within the registration document dated 1 February 2019 of DWF Group Limited (the “**Company**” and, together with its subsidiary undertakings, the “**Group**”) (the “**Registration Document**”). This financial information has been prepared for inclusion in the Registration Document on the basis of the accounting policies set out in note 1.1 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the “**Prospectus Directive Regulation**”) and is given for the purpose of complying with that requirement and for no other purpose.

We have not audited or reviewed the financial information for the six-month period ended 31 October 2017 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Board of Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Item 1.2 of Annex I to the Prospectus Directive Regulation to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Registration Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Registration Document, a true and fair view of the state of affairs of the Group as at 31 October 2018, 30 April 2018, 30 April 2017, 30 April 2016 and 1 May 2015 and of its profits, cash flows and changes in equity for the three years to 30 April 2018 and six-month period ended 31 October 2018 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Item 1.2 of Annex I of the Prospectus Directive Regulation, we are responsible for this report as part of the Registration Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Registration Document in compliance with Annex I item 1.2 of the Prospectus Directive Regulation and for no other purpose.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients.

SECTION B – HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION AS AT AND FOR THE THREE FINANCIAL YEARS ENDED 30 APRIL 2016, 30 APRIL 2017 AND 30 APRIL 2018 AND AS AT AND FOR THE SIX MONTHS ENDED 31 OCTOBER 2018

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Note	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
Revenue*	1.20	186,850	199,322	236,488	112,729	157,168
Recoverable expenses		—	—	—	—	(23,812)
Net revenue	2	186,850	199,322	236,488	112,729	133,356
Direct costs		(60,870)	(67,951)	(85,388)	(41,543)	(46,248)
Gross profit		125,980	131,371	151,100	71,186	87,108
Administrative expenses		(78,144)	(89,026)	(102,994)	(50,690)	(66,164)
Gain on bargain purchase	22	—	1,273	—	—	—
Operating profit	4	47,836	43,618	48,106	20,496	20,944
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	4	(117)	962	(1,904)	(224)	(8,029)
Financial income	5	312	355	405	318	79
Financial expenses	5	(1,137)	(1,617)	(1,843)	(1,192)	(907)
Net financing expense		(825)	(1,262)	(1,438)	(874)	(828)
Profit for the period before taxation, Members' remuneration and profit shares		47,011	42,356	46,668	19,622	20,116
Corporate and other entity based taxation	7	(898)	(37)	(92)	(98)	(28)
Profit for the period before Members' remuneration and profit shares		46,113	42,319	46,576	19,524	20,088
Members' remuneration charged as an expense	1.19	(23,169)	(23,025)	(25,452)	(12,150)	(14,784)
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members		22,944	19,294	21,124	7,374	5,304
Other comprehensive (expense)/ income						
<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
Total comprehensive income for the period available for discretionary division amongst Members		22,785	19,515	20,732	7,368	5,755

* IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date. Please see note 1.20 for further details.

Consolidated Balance Sheet

	Note	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Non-current assets						
Property, plant and equipment....	8	18,870	16,747	15,560	14,184	14,117
Intangible assets and goodwill.....	9	1,715	2,516	3,409	3,801	4,017
Investments	10	—	—	254	254	254
Total non-current assets.....		20,585	19,263	19,223	18,239	18,388
Current assets						
Trade and other receivables.....	11	102,884	103,419	122,573	140,975	144,680
Cash and cash equivalents.....	12	2,905	9,976	3,327	5,130	10,585
Total current assets.....		105,789	113,395	125,900	146,105	155,265
Total assets.....		126,374	132,658	145,123	164,344	173,653
Current liabilities						
Trade and other payables.....	14	28,735	29,986	42,674	41,665	42,147
Accruals and deferred income.....		12,990	8,079	7,563	9,549	13,798
Current tax liabilities.....		524	483	—	23	22
Interest-bearing loans and borrowings.....	13	32,107	896	1,264	9,704	18,295
Provisions.....	16	3,707	3,984	1,930	1,371	1,377
Members' capital.....	21	25,932	24,071	25,193	29,071	29,152
Other amounts due to Members	21	10,909	5,892	5,318	6,644	19,257
Total current liabilities.....		114,904	73,391	83,942	98,027	124,048
Non-current liabilities						
Interest-bearing loans and borrowings.....	13	975	40,463	40,192	49,522	51,285
Trade and other payables.....	14	—	—	200	—	—
Accruals and deferred income.....		12,141	14,186	12,902	11,489	10,831
Total non-current liabilities.....		13,116	54,649	53,294	61,011	62,116
Total liabilities.....		128,020	128,040	137,236	159,038	186,164
Net (liabilities)/assets.....		(1,646)	4,618	7,887	5,306	(12,511)
Equity						
Other reserves classified as equity		(1,646)	4,618	7,887	5,306	(12,511)
Equity.....		(1,646)	4,618	7,887	5,306	(12,511)
Total Members' interests.....						
Members' capital classified as a liability.....	21	25,932	24,071	25,193	29,071	29,152
Other amounts due to Members classified as a liability.....		10,909	5,892	5,318	6,644	19,257
Other reserves classified as equity		(1,646)	4,618	7,887	5,306	(12,511)
Total Members' interests.....		35,195	34,581	38,398	41,021	35,898

Consolidated Cash Flow Statement

		Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
Cash flows from operating activities						
Profit for the period before Members' remuneration and profit shares.....		46,113	42,319	46,576	19,524	20,088
<i>Adjustments for:</i>						
Depreciation, amortisation and impairment.....	8,9	6,181	5,919	6,333	3,160	2,876
Gain on bargain purchase.....	22	—	(1,273)	—	—	—
Financial income.....	5	(312)	(355)	(405)	(318)	(79)
Financial expense.....	5	1,137	1,617	1,843	1,192	907
Taxation.....	7	898	37	92	98	28
		<u>54,017</u>	<u>48,264</u>	<u>54,439</u>	<u>23,656</u>	<u>23,820</u>
Decrease/(increase) in trade and other receivables.....		1,510	(9,722)	(15,956)	(5,840)	(3,705)
(Decrease)/increase in trade and other payables.....		(2,546)	4,023	60	2,801	5,224
Increase/(decrease) in provisions.....		277	(2,054)	(559)	306	6
Corporation tax paid.....		(939)	(520)	(69)	(98)	(29)
Effect of foreign exchange rate changes.....		(159)	221	(227)	256	455
		<u>52,160</u>	<u>40,212</u>	<u>37,688</u>	<u>21,081</u>	<u>25,771</u>
Net cash from operating activities before transactions with Members.....						
Payments to Members.....		(45,083)	(39,023)	(46,412)	(20,639)	(24,284)
		<u>7,077</u>	<u>1,189</u>	<u>(8,724)</u>	<u>442</u>	<u>1,487</u>
Cash flows from investing activities						
Interest received.....		312	291	240	56	75
Acquisition of subsidiary, net of cash acquired.....		(1,941)	(1,962)	(1,376)	(1,223)	(270)
Acquisition of property, plant and equipment.....		(3,798)	(3,501)	(4,211)	(1,647)	(2,345)
Acquisition of other intangible assets.....		(234)	(581)	(1,028)	(346)	(680)
Acquisition of investments.....		—	(254)	—	—	—
		<u>(5,661)</u>	<u>(6,007)</u>	<u>(6,375)</u>	<u>(3,160)</u>	<u>(3,220)</u>
Net cash used in investing activities.....						
Cash flows from financing activities						
Proceeds from borrowings.....		39,781	—	75,911	11,007	28,980
Interest paid.....		(761)	(2,489)	(3,137)	(2,611)	(2,571)
Repayment of borrowings.....		(20,436)	(271)	(59,115)	(1,271)	(21,566)
Payment of finance lease liabilities.....		(293)	(862)	—	—	—
Acquisition of subsidiary, deferred consideration.....		—	—	(897)	(883)	(881)
Capital contributions by Members.....		2,975	3,996	7,780	1,090	2,287
Repayments to former Members.....		(4,836)	(2,874)	(3,902)	(1,241)	(2,206)
		<u>16,430</u>	<u>(2,500)</u>	<u>16,640</u>	<u>6,091</u>	<u>4,043</u>
Net cash from/(used in) financing activities.....						
Net increase/(decrease) in cash and cash equivalents.....		17,846	(7,318)	1,541	3,373	2,310
Cash and cash equivalents beginning of period.....		(7,870)	9,976	2,772	2,772	4,228
Effects of foreign exchange rate changes on cash and cash equivalents.....		—	114	(85)	76	(56)
		<u>9,976</u>	<u>2,772</u>	<u>4,228</u>	<u>6,221</u>	<u>6,482</u>
Cash and cash equivalents at end of period.....	12					

Consolidated Statement of Changes in Equity

	Other reserves classified as being total equity	
	£000	£000
At 1 May 2015.....		(1,646)
Profit for the year after Members' remuneration charged as an expense and available for discretionary division among Members.....	22,944	
Unrealised foreign exchange translation differences	(159)	
	<hr/>	<hr/>
Total Comprehensive Income.....		22,785
Allocation of profit.....		(16,521)
	<hr/>	<hr/>
At 30 April 2016		4,618
	<hr/> <hr/>	<hr/> <hr/>
At 1 May 2016.....		4,618
Profit for the year after Members' remuneration charged as an expense and available for discretionary division among Members.....	19,294	
Unrealised foreign exchange translation differences	221	
	<hr/>	<hr/>
Total Comprehensive Income.....		19,515
Allocation of profit.....		(16,246)
	<hr/>	<hr/>
At 30 April 2017		7,887
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Changes in Equity

	Other reserves classified as being total equity	
	£000	£000
At 1 May 2017.....		7,887
Profit for the year after Members' remuneration charged as an expense and available for discretionary division among Members.....	21,124	
Unrealised foreign exchange translation differences	(392)	
Total Comprehensive Income.....		20,732
Allocation of profit.....		(23,313)
At 30 April 2018		5,306
At 1 May 2017.....		7,887
Profit for the period after Members' remuneration charged as an expense and available for discretionary division among Members.....	7,374	
Unrealised foreign exchange translation differences	(6)	
Total Comprehensive Income.....		7,368
Allocation of profit.....		(17,064)
At 31 October 2017		(1,809)
At 1 May 2018.....		5,306
Profit for the period after Members' remuneration charged as an expense and available for discretionary division among Members.....	5,304	
Unrealised foreign exchange translation differences	451	
Total Comprehensive Income.....		5,755
Allocation of profit.....		(22,059)
Impact of IFRS 9 transition.....		(2,510)
Impact of IFRS 15 transition		997
At 31 October 2018		(12,511)

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

(forming part of the historical financial information)

1 Accounting policies

1.1 General information and basis of accounting

DWF LLP (the “LLP”) is incorporated, domiciled and registered in England and Wales in the UK as a Limited Liability Partnership under the Limited Liability Partnership Act 2000. The registered address is 1 Scott Place, 2 Hardman Street, Manchester, M3 3AA.

The historical financial information (“HFI”) consolidates the LLP and its subsidiary undertakings (together referred to as the “Group”).

The Group HFI has been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRSs”).

The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented and in preparing an opening IFRS balance sheet at 1 May 2015 for the purposes of the transition to IFRSs. The exception to this statement is the application of IFRS 9 and IFRS 15 which became effective on 1 January 2018 and adopted by the Group from 1 May 2018.

The functional currency of the LLP is considered to be British pounds sterling because that is the currency of the primary economic environment in which the LLP operates. The Group’s historical financial information is also presented in British pounds sterling. Foreign operations are included in accordance with the policies set out below.

Accounting judgements made by the Members, in the application of these accounting policies, that have a significant effect on the HFI and accounting estimates with a significant risk of material adjustment in the next year are discussed in note 1.22.

1.2 Transition to IFRSs

The Group has prepared its HFI in accordance with IFRSs for the first time and consequently has applied IFRS 1. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 23.

IFRS 1 grants certain exemptions from the full requirements of IFRSs in the transition period. The following exemptions have been taken in the HFI:

- Business combinations – Business combinations that took place prior to 1 May 2015 have not been restated.
- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at 1 May 2015.

1.3 Measurement convention

The HFI has been prepared on the historical cost basis except where the IFRS requires an alternative treatment.

1.4 Going concern

As at 31 October 2018 the Group has committed credit facilities of £57.2m. This includes a £50.0m revolving credit facility which is committed for 3 years through to May 2021. Since 31 October 2018, the Group has secured a further £10 million of committed facilities. Furthermore, the Group meets its day to day funding requirements through both committed and non-committed facilities (together ‘the financing facilities’). Non-committed facilities, including overdrafts, total £17.9m.

Having reviewed the Group’s forecasts, which includes an analysis of both short term cash flow forecasts and longer term cash flow forecasts, the risk and uncertainties surrounding the current and future demand for legal services, and other reasonably possible variations in trading performance, the Group expects to be able to operate within the Group’s financing facilities and in accordance with the covenants set out in those facility agreements.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact our future performance such as lower levels of revenue growth, lower than forecast receipts of cash, and reduced levels of gross margin expansion. In addition, the members have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within the Group’s control. On this basis, the members have a reasonable basis to conclude that the

Group is forecast to continue to trade in line with existing financing facilities for the foreseeable future.

Accordingly the Members continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

1.5 Basis of consolidation

Subsidiary undertakings

Subsidiary undertakings are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the Group. The financial information of subsidiary undertakings is included in the consolidated financial information from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.6 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the other reserve.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRSs (1 May 2015).

1.7 Adjusted operating profit

The LLP uses adjusted operating profit to assess the financial performance of the business. This measure is a non-IFRS measure because it excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with IFRS. The Members believe adjusted operating profit and similar measures are used by certain investors, analysts and other interested parties as supplemental measures of performance.

Adjusted operating profit may not be comparable to other similarly titled measures used by other companies and it has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the LLP's operating results as reported under IFRS.

The specific items excluded from adjusted operating profit are depreciation and amortisation and non-underlying items. Depreciation and amortisation are excluded because the level of such expense is impacted by the cost and age of tangible assets and the extent to which intangible assets are identifiable, for example, in business combinations. Excluding depreciation and amortisation will make it easier to compare businesses that have grown organically with those that have grown by acquisition.

Non-underlying items are non-trading, non-cash or one-off items disclosed separately in the Consolidated Statement of Profit or Loss where the quantum, nature or volatility of such items are considered by the Members to otherwise distort the underlying performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- IPO professional fees

- Gains on bargain purchase
- Transaction costs associated with mergers and acquisitions

IPO professional fees relate to the LLPs plan to list on the London Stock Exchange and therefore are not considered to be related to the LLP's on-going business operations. Gains on bargain purchase and expenses associated with acquisitions arise from the LLP's acquisition activity and are therefore not considered to relate to the LLP's on-going operations.

1.8 Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

Unbilled revenue

Services provided to client, which at the period end date have not been billed, are recognised as unbilled revenue and included in trade and other receivables.

Unbilled revenue is valued at selling price less provision for any foreseeable under recovery when the outcome of the matter can be assessed with reasonable certainty. Provision is made for such factors as historical recoverability rates, contingencies, agreements with client and amounts considered irrecoverable by fee earners. In respect of contingent fee engagements unbilled revenue is only recognised once the conditional or contingent event occurs.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments

Investments are held at fair value through profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

IFRS 9

The Group has adopted IFRS 9 *Financial Instruments* on 1 May 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

The nature and effects of the key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised in 1.20.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements Over remaining term of the lease
- Fixtures and fittings 10 years
- Computer equipment 4 years
- Office equipment 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.10 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 May 2015

For acquisitions on or after 1 May 2015, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of any existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions prior to 1 May 2015 (date of transition to IFRSs)

IFRS 1 grants certain exemptions from the full requirements of IFRSs in the transition period. The Group and the LLP elected not to restate business combinations that took place prior to 1 May 2015. In respect of acquisitions prior to 1 May 2015, goodwill is included at 1 May 2015 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill ceased as required by IFRS 1.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

1.11 Intangible assets

Development expenditure

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised development costs 4 years
- software costs 4 years

1.12 Impairment

Financial assets (including receivables)

A financial asset not at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group has adopted IFRS 9: *Financial instruments* on 1 May 2018 resulting in a change in accounting policy for the impairment of financial assets. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income ("FVOCI"), but not to investments in equity instruments. The impact of adopting IFRS 9: *Financial instruments* is included in 1.20.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"), that are expected to benefit from the synergies of the combination. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes but not at a level higher than the Group's operating segment.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

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

obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.15 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of professional services provided during the period, exclusive of recoverable expenses and value added taxes.

A contract with a customer is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a client and therefore before any time is accrued by the LLP. Performance obligations are identified on a contract by contract basis; where contracts are entered into at the same time with the same client at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended terms on its services and therefore no significant financing components are identified by the Group. The Group applies the revenue constraint in respect of variable consideration by estimating the amount from clients on unbilled items. This assessment is based on the Group's historical recoverability rates, contingencies, agreements with clients and amounts considered irrecoverable by fee earners. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, and it is measured by consideration of historical recoverability rates and agreements with clients.

IFRS 15 *Revenue from contracts with customers* became effective from 1 January 2018 and was adopted in the Group's HFI on 1 May 2018. Details of the impact of the adoption of IFRS 15 *Revenue from contracts with customers* is provided in 1.20.

1.16 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.17 Taxation

The taxation on profits earned by the LLP is generally the personal liability of the Members, although payment of such liabilities is administered by the Group on behalf of the Members. Consequently, neither taxation nor related deferred taxation is accounted for in the historical financial information, other than to the extent described below.

The tax expense represents the current tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

1.18 Members' interests

Members' capital is repayable on retirement of the Member and is therefore classified as a liability. As Members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, Members' capital is shown as being due within one year.

Other amounts due to Members classified as a liability relate to undistributed profits and Members' taxation reserves.

Other reserves classified as equity relate to unallocated profit or losses and would rank *pari passu* with other creditors who are unsecured in the event of a winding up.

Amounts due to Members classified as a liability rank behind amounts due to creditors and non-Members in the event of an administration or winding up of the LLP.

1.19 Divisible profits and Members' remuneration

Under the terms of the Members agreement, Members' monthly drawings on account, based upon the Members agreement, are automatically divided as drawn and are shown as Members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary distribution among Members.

The remainder of profit shares, which have not been divided until after the balance sheet date, are undivided at the balance sheet date and included within other reserves.

1.20 Changes in significant accounting policies

The Group has applied IFRS 15 (see A) and IFRS 9 (see B) from 1 May 2018.

The effect of initially applying these standards is mainly attributable to the following:

- Recognition of recoverable expenses within revenue (see A); and
- An increase in the impairment losses recognised on financial assets (see B).

A. IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). Accordingly, the information presented for the periods ending 30 April 2016, 30 April 2017, 31 October 2017 and 30 April 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of professional services provided during the period, inclusive of recoverable expenses and exclusive of value added taxes.

A contract with a customer is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a client and therefore before any revenue is recognised by the LLP. Performance obligations are identified on a contract by contract basis; where contracts are entered into at the same time with the same client at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended payment terms on its services and therefore no significant financing components are identified by the Group. The Group applies the revenue constraint in respect of variable consideration by estimating the amount from clients on unbilled items. This assessment will be based on the Group's historical recoverability rates, contingencies, and agreements with clients. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, and it is measured by use of the expected value method which is based on the consideration of historical success and recoverability rates.

The biggest impact on the Group's financial information following adoption of IFRS 15 *Revenue from contracts with customers* is the recognition of recoverable expenses of £23,812,000 in revenue as these are deemed to be a component of the transaction price with a customer as defined by IFRS 15. Recoverable expenses represent out of pocket expenses and disbursements incurred in delivering performance obligations on assignments and that are expected to be recoverable from clients. Recoverable expenses are deducted from revenue to derive net revenue on the Group's profit and loss account. Net revenue is presented as this relates to the revenue generated by the activity of the LLP on which the LLP earns a margin. As such, this change does not have any impact on the Group's balance sheet, profit or loss, or OCI. Previously the Group recognised revenue on contingent fee engagements only to the extent of costs incurred until the contingency was resolved, whereas under IFRS 15 the expected value method has been adopted which has resulted in an adjustment to reserves as at 1 May 2018 of £997,000.

B. IFRS 9: Financial instruments

The Group has adopted IFRS 9 *Financial Instruments* on 1 May 2018.

i. Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through the profit and loss account ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in other reserves as at 1 May 2018. Accordingly, the information presented for the periods ending 30 April 2016, 30 April 2017, 31 October 2017 and 30 April 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the period ending 31 October 2018 under IFRS 9.

The following table summarises the impact, net of tax, of transition to IFRS 9 on other reserves at 1 May 2018.

Other reserves

	Impact of adopting IFRS 9 at 1 May 2018 £000
Closing balance under IAS 39 (30 April 2018).....	3,854
Recognition of expected credit losses under IFRS 9.....	2,510
Opening balance under IFRS 9 (1 May 2018).....	6,364

The adoption of IFRS 9 resulted in the reclassification of financial instruments set out in the table below.

Financial assets	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Trade and other receivables	11	Loans and receivables	Amortised cost	3,854	6,364

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of £3.54 million in the allowance for impairment was recognised in opening other reserves at 1 May 2018 on transition to IFRS 9. The above table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 May 2018.

1.21 IFRS not yet applied

The following IFRSs have been issued but have not been applied by the Group in the HFI. Their adoption is not expected to have a material effect on the financial information unless otherwise indicated:

- IFRS 16: Leases
- Amendments to IAS 28: Long-term Interests in Associate and Joint Venture
- Amendments to IAS 40: Transfers of Investment Property
- Amendments to IFRS 2: Amendments to clarify the classification and measurement of share based payment transactions
- Amendments to IFRS 9: Prepayment features with negative compensation
- IFRIC 22 – Foreign currency transactions and advance consideration
- IFRS 23 – Uncertainty over income tax improvements
- Annual improvements to IFRS cycle 2014-2016
- Annual improvements to IFRS cycle 2015-2017

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The Group currently expects to adopt IFRS 16 for the year ending 30 April 2020. No decision has been made about whether to use any of the transitional options in IFRS 16.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off statement of financial position) and

finance leases (on statement of financial position) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

As at 30 April 2018, the Group has non-cancellable operating lease commitments of £79,570,000. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 18. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the Members are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Members complete the review.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for operating leases), the Members do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

1.22 Accounting estimates and judgements

The preparation of HFI under IFRSs requires management to make judgements, estimates and assumptions which affect the financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis.

The key areas of judgement, estimate and assumptions relate to the fair value of unbilled revenue, impairment of trade receivables, and professional indemnity provisions.

Critical judgements in applying the Group's accounting policies

Professional indemnity insurance claims

There is significant judgement in the recognition and quantification of the liability associated with claims and regulatory proceedings. Recognition is based on the assessed likelihood of an individual claims success. When the outflow is both probable and can be estimated reliably, a liability is recognised for the best estimate of the gross liability with a separate asset recognised for any portion that the Group will recover from its insurers. Where the payment is not probable or cannot be estimated reliably no liability is recognised.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing material adjustment of the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Unbilled revenue

The valuation of unbilled revenue is based on an estimate of the amount expected to be recoverable from clients on unbilled matters based on the time spent at a rate which is defined by factors including time spent, the expertise and skills provided, and expenses incurred. Provision is made for such factors as historical recoverability rates, contingencies, the outcomes of previous matters and agreements with clients.

Trade receivables provision

The valuation of amounts recoverable and not recoverable on trade debtors involves significant judgement. The estimation of provisions is established based on interactions between finance, the fee earner and clients, mindful of the specific circumstances of clients and individual matters and invoices and guided by calculation rules applied to the aged population of all trade debtors (excluding those already addressed by more specific provision. For amounts aged between 180 days and 599 days provisions are made based on the specific circumstances of each debt. For amounts aged 600 days and over 100% provision is made. Bad debt provision amounting to £3,854,000 was provided at 30 April 2018 under this methodology (30 April 2017: £2,964,000, 30 April 2016: £2,409,000, 1 May 2015: £2,972,00). Further details of trade receivables ageing and provision movement are provided in note 11.

IFRS 9 *Financial instruments* requires the expected credit losses to be measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. IFRS 9 allows practical expedients to be used when measuring credit losses. The Group has elected to use a provision matrix based on the ageing profit of debts and the historical credit loss rates adjusted by a forward looking estimate that includes the probability of a worsening domestic economic environment / specific conditions to a particular customer over the coming quarters. The bad debt provision under IFRS 9 *Financial instruments* amounted to £7,834,000 at 31 October 2018.

2 Operating segments

The Chief Operating Decision Maker (“CODM”) is the Chief Executive Officer. The Group has the following four strategic divisions which are its reportable segments. These divisions offer different services and are reported separately because of different specialisms from the legal teams in those business group.

The difference between segment net revenue and consolidated revenue relates to recoverable expenses, which are disclosed on the face of the consolidation statement of profit and loss and other comprehensive income

The following summary describes the operations of each reportable segment:

Reportable Segment	Operations
Commercial Services	Provides commercial legal services, encompassing Corporate Services, Litigation and Real Estate practice groups.
Insurance	Provides insurance legal services, encompassing our Professional Indemnity & Commercial, Catastrophic Personal Injury & Occupational Health, and Motor, Fraud and Claimant practice groups.
International	A division focussed on supporting clients on a global scale, with a sector-focussed approach to grow a client-orientated practice.
Connected Services	Encompasses various independent businesses that work alongside, support and deliver products and services to our legal teams and clients.

Information relating to each reportable segment is set out below:

For 6 months ended 31 October 2018

	Commercial Services £000	Insurance £000	International £000	Connected Services £000	Total £000
Segment net revenue	55,113	43,312	25,790	9,141	133,356
Direct costs	(13,442)	(17,564)	(9,935)	(5,307)	(46,248)
Internally reported partner remuneration.....	(9,887)	(6,292)	(4,580)	(172)	(20,931)
Internal gross profit	31,784	19,456	11,275	3,662	66,177
Internally reported partner remuneration reversal					20,931
Gross profit					87,108
Administrative expenses.....					(66,164)
Operating profit					20,994
Finance income					79
Finance expense					(907)
Net finance expense					(828)
Profit before taxation and Members' remuneration and profit shares.....					20,116
Tax on profit of the subsidiaries.....					(28)
Profit for the financial period before Members' remuneration and profit shares					20,088

The difference between segment net revenue and consolidated revenue relates to recoverable expenses, which are disclosed on the face of the consolidated statement of profit and loss and other comprehensive income.

For 6 months ended 31 October 2017 (unaudited)

	Commercial Services £000	Insurance £000	International £000	Connected Services £000	Total £000
Segment net revenue	51,113	42,984	11,135	7,497	112,729
Direct costs	(13,466)	(17,377)	(5,686)	(5,014)	(41,543)
Internally reported partner remuneration.....	(9,554)	(6,847)	(2,152)	(126)	(18,679)
Internal gross profit	28,093	18,760	3,297	2,357	52,507
Internally reported partner remuneration reversal					18,679
Gross profit					71,186
Administrative expenses.....					(50,690)
Operating profit					20,496
Finance income					318
Finance expense					(1,192)
Net finance expense					(874)
Profit before taxation and Members' remuneration and profit shares.....					19,622
Tax on profit of the subsidiaries.....					(98)
Profit for the financial period before Members' remuneration and profit shares					19,524

For year ended 30 April 2018

	Commercial Services £000	Insurance £000	International £000	Connected Services £000	Total £000
Segment net revenue	102,769	88,552	30,192	14,975	236,488
Direct costs	(26,852)	(34,842)	(13,818)	(9,876)	(85,388)
Internally reported partner remuneration.....	(19,363)	(13,939)	(5,357)	(323)	(38,982)
Internal gross profit	56,554	39,771	11,017	4,776	112,118
Internally reported partner remuneration reversal					38,982
Gross profit					151,100
Administrative expenses.....					(102,994)
Operating profit					48,106
Finance income					405
Finance expense					(1,843)
Net finance expense					(1,438)
Profit before taxation and Members' remuneration and profit shares					46,668
Tax on profit on subsidiaries.....					(92)
Profit for the financial year before Members' remuneration and profit shares					46,576

For year ended 30 April 2017

	Commercial Services £000	Insurance £000	International £000	Connected Services £000	Total £000
Segment net revenue	98,576	79,620	13,749	7,377	199,322
Direct costs	(27,802)	(31,011)	(5,553)	(3,585)	(67,951)
Internally reported partner remuneration.....	(20,781)	(11,812)	(2,034)	(29)	(34,656)
Internal gross profit	49,993	36,797	6,162	3,763	96,715
Internally reported partner remuneration reversal					34,656
Gross profit					131,371
Administrative expenses.....					(89,026)
Gain on bargain purchase					1,273
Operating profit					43,618
Finance income					355
Finance expense					(1,617)
Net finance expense					(1,262)
Profit before taxation and Members' remuneration and profit shares.....					42,356
Tax on profit of the subsidiaries.....					(37)
Profit for the financial year before Members' remuneration and profit shares					42,319

For year ended 30 April 2016

	Commercial Services £000	Insurance £000	International £000	Connected Services £000	Total £000
Segment net revenue	100,508	77,472	4,044	4,826	186,850
Direct costs	(25,833)	(30,763)	(2,369)	(1,905)	(60,870)
Internally reported partner remuneration.....	(22,347)	(12,925)	(414)	(27)	(35,713)
Internal gross profit	52,328	33,784	1,261	2,894	90,267
Internally reported partner remuneration reversal					35,713
Gross profit					125,980
Administrative expenses.....					(78,144)
Operating profit					47,836
Finance income					312
Finance expense					(1,137)
Net finance expense					(825)
Profit before taxation and Members' remuneration and profit shares.....					47,011
Tax on profit of the subsidiaries.....					(898)
Profit for the financial year before Members' remuneration and profit shares					46,113

Revenue by region

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
UK.....	182,810	187,593	208,188	102,492	108,644
Rest of Europe	2,760	7,922	17,466	6,122	12,026
Middle East	1,280	3,023	4,281	1,965	4,345
Rest of world.....	—	784	6,553	2,150	8,341
Total net revenue.....	186,850	199,322	236,488	112,729	133,356

No balance sheet analysis is provided on a segmental basis as no such information is provided to the Chief Operating Decision Maker.

3 Earnings per share

The historical capital structure of the Group is that of an LLP and therefore does not include share capital. In line with the provisions of paragraph 60 of SIR 2000 the Group has not provided an earnings per share calculation as it is not considered meaningful.

4 Profit for the period

Included in profit are the following:

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
Depreciation of tangible assets.....	5,352	4,987	5,316	2,769	2,311
Depreciation of assets held under finance lease.....	492	472	375	147	101
Amortisation of intangible assets....	337	460	637	239	464
Impairment of intangible assets	—	—	5	5	—
Operating lease costs on land and buildings	5,997	9,634	10,285	4,556	5,984
Operating lease costs on other leases	984	691	753	395	211

Non-underlying items:

Transaction costs associated with mergers and acquisitions	117	311	453	224	—
IPO professional fees.....	—	—	1,451	—	8,029
Gain on bargain purchase.....	—	(1,273)	—	—	—
Total non-underlying items.....	117	(962)	1,904	224	8,029

Transaction costs items relate to the acquisitions of BridgehouseLaw Germany Holding GbR in the year ended 30 April 2016, the acquisition of Triton Global Limited in the year ended 30 April 2017 and the acquisition of Kaden Boriss in the year ended 30 April 2018.

IPO professional fees relate to the proposed IPO in the financial year ended 30 April 2018 and the period ended 31 October 2018.

The gain on bargain purchase relates to the acquisition of Triton Global Limited.

5 Finance income and expense

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
<i>Finance income</i>					
Foreign exchange gains	—	64	165	262	4
Other interest receivable.....	312	291	240	56	75
Total finance income	312	355	405	318	79
<i>Finance expense</i>					
Interest payable on bank borrowings.....	803	762	1,124	490	183
Other interest payable	33	133	107	75	105
Bank and other charges.....	301	297	302	246	417
Foreign exchange loss	—	425	310	381	202
Total finance expense	1,137	1,617	1,843	1,192	907

6 Members and employee information

The average number of persons employed by the Group (excluding Members) during the periods, analysed by category, was as follows:

	Number of employees				
	Year ended 30 April 2016	Year ended 30 April 2017	Year ended 30 April 2018	6 months ended 31 October 2017 (unaudited)	6 months ended 31 October 2018
Fee earners	1,267	1,394	1,548	1,485	1,536
Support staff.....	770	807	1,108	1,084	1,158
	<u>2,037</u>	<u>2,201</u>	<u>2,656</u>	<u>2,569</u>	<u>2,694</u>

The aggregate payroll costs of these persons were as follows:

	£000				
	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
Wages and salaries	75,131	87,134	101,976	50,320	54,083
Social security costs.....	7,985	8,685	9,628	4,844	5,441
Contributions to defined contribution plans	2,206	2,750	3,107	1,472	2,400
	<u>85,322</u>	<u>98,569</u>	<u>114,711</u>	<u>56,636</u>	<u>61,924</u>

7 Taxation

	£000				
	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months ended 31 October 2018 £000
UK corporation tax on profit	898	29	—	—	—
Foreign tax on profit.....	—	8	92	98	28
Current tax expense.....	<u>898</u>	<u>37</u>	<u>92</u>	<u>98</u>	<u>28</u>

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly.

Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

8 Property, plant and equipment

	Leasehold improvements £000	Office equipment and fixtures & fittings £000	Computer equipment £000	Asset under construction £000	Total £000
Cost					
Balance at 1 May 2015	13,891	5,802	27,994	—	47,687
Acquisitions through business combinations	—	102	—	—	102
Additions.....	128	55	2,547	889	3,619
Balance at 30 April 2016.....	14,019	5,959	30,541	889	51,408
Balance at 1 May 2016	14,019	5,959	30,541	889	51,408
Acquisitions through business combinations	365	474	104	—	943
Additions.....	215	1,011	2,104	—	3,330
Transfers	889	—	—	(889)	—
Balance at 30 April 2017.....	15,488	7,444	32,749	—	55,681
Balance at 1 May 2017	15,488	7,444	32,749	—	55,681
Acquisitions through business combinations	45	59	—	—	104
Additions.....	226	2,363	1,630	—	4,219
Disposals	(44)	(3)	—	—	(47)
Effects of movements in foreign exchange.....	(11)	5	(2)	—	(8)
Balance at 30 April 2018.....	15,704	9,868	34,377	—	59,949
Balance at 1 May 2018	15,704	9,868	34,377	—	59,949
Additions.....	348	1,028	952	—	2,328
Effects of movements in foreign exchange.....	(7)	22	2	—	17
Balance at 31 October 2018	16,045	10,918	35,331	—	62,294

	Leasehold improvements £000	Office equipment and fixtures & fittings £000	Computer equipment £000	Asset under construction £000	Total £000
Depreciation					
Balance at 1 May 2015	6,357	3,629	18,831	—	28,817
Depreciation charge for the year	1,465	367	4,012	—	5,844
Balance at 30 April 2016.....	7,822	3,996	22,843	—	34,661
Balance at 1 May 2016	7,822	3,996	22,843	—	34,661
Depreciation charge for the year	1,084	537	3,838	—	5,459
Balance at 30 April 2017.....	8,906	4,533	26,681	—	40,121
Balance at 1 May 2017	8,906	4,533	26,681	—	40,121
Depreciation charge for the year	1,762	751	3,178	—	5,691
Disposals	(44)	(3)	—	—	(47)
Balance at 30 April 2018.....	10,624	5,281	29,860	—	45,765
Balance at 1 May 2018	10,624	5,281	29,860	—	45,765
Depreciation charge for the period.....	538	603	1,271	—	2,412
Balance at 31 October 2018	11,162	5,884	31,131	—	48,177
Net book value					
At 1 May 2015	7,534	2,173	9,163	—	18,870
At 30 April 2016	6,197	1,963	7,698	889	16,747
At 30 April 2017	6,582	2,911	6,068	—	15,560
At 30 April 2018	5,080	4,587	4,517	—	14,184
At 31 October 2018	4,883	5,034	4,200	—	14,117

9 Intangible assets and goodwill

	Goodwill £000	Software costs £000	Capitalised development costs £000	Total £000
Cost				
Balance at 1 May 2015.....	695	57	1,387	2,139
Acquisitions through business combinations	721	4	—	725
Additions – internally developed.....	—	—	413	413
Effects of movements in foreign exchange	4	(4)	—	—
Balance at 30 April 2016.....	1,420	57	1,800	3,277
Balance at 1 May 2016.....	1,420	57	1,800	3,277
Acquisitions through business combinations	600	—	—	600
Additions – internally developed.....	—	—	449	449
Additions – externally purchased	—	301	—	301
Effects of movements in foreign exchange	2	—	—	2
Balance at 30 April 2017.....	2,022	358	2,249	4,629
Balance at 1 May 2017.....	2,022	358	2,249	4,629
Acquisitions through business combinations	5	1	—	6
Additions – internally developed.....	—	—	431	431
Additions – externally purchased	—	576	—	576
Effects of movements in foreign exchange	25	8	(1)	32
Balance at 30 April 2018.....	2,052	943	2,679	5,674
Balance at 1 May 2018.....	2,052	943	2,679	5,674
Additions – internally developed.....	—	—	253	253
Additions – externally purchased	—	439	—	439
Effects of movements in foreign exchange	(12)	—	—	(12)
Balance at 31 October 2018.....	2,040	1,382	2,932	6,354

The above capitalised development costs relate to the development of software used internally and as products for customers of the Group.

	Goodwill £000	Software costs £000	Capitalised development costs £000	Total £000
Amortisation and impairment				
Balance at 1 May 2015.....	313	13	98	424
Amortisation for the year.....	—	14	323	337
Balance at 30 April 2016.....	313	27	421	761
Balance at 1 May 2016.....	313	27	421	761
Amortisation for the year.....	—	14	446	460
Balance at 30 April 2017.....	313	41	867	1,221
Balance at 1 May 2017.....	313	41	867	1,221
Amortisation for the year.....	—	103	534	637
Impairment charge.....	5	—	—	5
Effects of movements in foreign exchange.....	3	8	—	11
Balance at 30 April 2018.....	321	152	1,401	1,873
Balance at 1 May 2018.....	321	152	1,401	1,873
Amortisation for the period.....	—	158	306	464
Balance at 31 October 2018.....	321	310	1,707	2,337
Net book value				
At 1 May 2015.....	382	44	1,289	1,715
At 30 April 2016.....	1,107	30	1,379	2,516
At 30 April 2017.....	1,709	317	1,382	3,408
At 30 April 2018.....	1,731	791	1,279	3,801
At 31 October 2018.....	1,719	1,072	1,226	4,017

Goodwill has been allocated to cash generating units or groups of cash generating units (“CGU”) as follows:

Goodwill

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
Connected Services....	382	382	382	382	382	382
International.....	—	658	660	682	676	670
Insurance.....	—	67	667	667	667	667
	382	1,107	1,709	1,731	1,725	1,719

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of each of the above CGU’s are determined from value in use calculations. The calculations have been based on a discounted cash flow model covering a period of 3 years using

forecast revenues and costs, extended to perpetuity. In each case, the calculations use a growth rate of 2% and a pre-tax discount rate of 15%.

No reasonably possible change in assumption would cause an impairment, as such no charge has been recognised in any of the disclosed periods. The recoverable amount of the goodwill in each case being in excess of the carrying amount.

10 Investments

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2017 (unaudited) £000	31 October 2018 £000
Other investments						
At the start of the period	—	—	—	254	254	254
Additions in the period	—	—	254	—	—	—
At the end of the period	—	—	254	254	254	254

The LLP holds a £204,000 investment (10% interest) in Dealscoper Limited and £50,000 investment (<0.1% interest) in Mercantile Ports and Logistics Limited; these are deemed to be approximate to the investment's fair value based on management information available.

The Group has investments in the following subsidiary undertakings:

Subsidiaries	Principal place of business	Nature of business	Proportion of ownership					
			1 May 2015	30 April 2016	30 April 2017	30 April 2018	31 October 2017	31 October 2018
Direct								
Davies Wallis Foyster Limited***	United Kingdom	Non trading Provision of employment	100%	100%	100%	100%	100%	100%
DWF Services Limited***	United Kingdom	services	100%	100%	100%	100%	100%	100%
Resolution Law Limited*	United Kingdom	Dormant Provision of pension	100%	100%	100%	100%	100%	100%
DWF Pension Trustees Limited***	United Kingdom	trustees services	100%	100%	100%	100%	100%	100%
Davies Wallis (unlimited)*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Solicitors Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF (Nominees) 2013 Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF (Trustee) Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
Bailford EBT Trustees Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
Bailford Trustees Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Directors (Scotland) Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Secretarial Services (Scotland) Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Trustee (Scotland) Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Connected Services Limited	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF (TG) Limited	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF Germany Holding GbR **/***	Germany	Law services	—	100%	100%	100%	100%	100%
DWF LLP Studio Legale Associato*	Italy Republic of	Law services	—	—	—	100%	100%	100%
DWF (Dublin) ***	Ireland United Arab	Law services	100%	100%	100%	100%	100%	100%
DWF (Middle East) LLP ***	Emirates	Law services	100%	100%	100%	100%	100%	100%
DWF (NI) LLP	Northern Ireland	Law services	100%	100%	100%	100%	100%	100%
DWF (France) AARPI	France	Law services	100%	100%	100%	100%	100%	100%
Indirect								
DWF Secretarial Services Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Nominees Limited*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
DWF Claims Limited	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF Loss Adjusting Limited	United Kingdom	Dormant	—	—	100%	100%	100%	100%
DWF Audit Limited	United Kingdom	Dormant	—	—	100%	100%	100%	100%
15squared Limited***	United Kingdom	Software provider	100%	100%	100%	100%	100%	100%
DWF Middle East Group LLP*	United Kingdom	Dormant	100%	100%	100%	100%	100%	100%
Triton Global Claims Ireland Limited	Ireland Republic of	Law services	—	—	100%	100%	100%	100%
Triton Global LLC	USA	Law services	—	—	100%	100%	100%	100%
Triton Global Claims (Canada) Limited	Canada	Law services	—	—	100%	100%	100%	100%
Triton Global (Australia) Pty Limited	Australia	Law services	—	—	100%	100%	100%	100%
Triton Global Claims (HK) Limited	Hong Kong	Dormant	—	—	100%	100%	100%	100%
Triton Global Claims (Asia) Pte Limited	Singapore	Law services	—	—	100%	100%	100%	100%
Other Investments								
Dealscoper Limited	United Kingdom	Software provider	10%	10%	10%	10%	10%	10%
Mercantile Ports & Logistics Limited	Guernsey	Asset investment	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%

* Subsidiary undertakings have been excluded from the consolidation on the basis of immateriality.

** The statutory year end for DWF Germany Holding GbR in the period being reported is 31 December.

*** These entities are related entities of DWF LLP since the majority of its Members are also Members of DWF LLP. In substance it is controlled by DWF LLP and so its results are included in the consolidation.

All of these entities are related entities of DWF LLP since the majority of its Members are also Members of DWF LLP. In substance it is controlled by DWF LLP and so its results are included in the consolidation as required under IFRS 10 *Consolidated financial statements*.

11 Trade and other receivables

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Trade receivables	61,385	62,505	71,803	82,804	76,749
Other receivables	3,952	4,149	5,293	4,064	4,519
Unbilled revenue.....	21,868	21,347	30,906	37,854	48,577
Unbilled disbursements	4,191	3,434	4,767	5,149	5,574
Prepayments and accrued income ...	8,053	9,615	9,472	10,252	8,409
Reimbursement asset*	3,435	2,369	332	852	852
	<u>102,884</u>	<u>103,419</u>	<u>122,573</u>	<u>140,975</u>	<u>144,680</u>

* Reimbursement asset attributable to FOIL provision, see note 16.

All trade and other receivables are due within one year.

Trade receivables disclosed above include amounts, which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in allowance for doubtful receivables

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Brought forward provision.....	1,792	2,972	2,409	2,964	3,854
Provision utilised and other movements.....	(1,407)	(2,513)	(1,716)	(1,368)	(823)
Charges to profit and loss	2,587	1,950	2,271	2,258	4,353
	<u>2,972</u>	<u>2,409</u>	<u>2,964</u>	<u>3,854</u>	<u>7,384</u>

These balances are held against trade receivables.

Ageing of trade receivables before provision

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Current	26,682	26,655	26,975	28,714	25,829
<i>Trade receivables past due</i>					
0-90 days.....	24,715	26,341	33,749	40,354	35,144
91-180 days.....	4,239	3,792	4,256	7,052	9,772
181-270 days.....	2,455	2,412	2,758	2,990	5,166
271-365 days.....	772	1,444	1,642	1,642	1,966
More than 365 days	5,494	4,270	5,387	5,906	6,256
Trade receivables before allowance for doubtful receivables.....	64,357	64,914	74,767	86,658	84,133
Less: Allowance for doubtful receivables.....	(2,972)	(2,409)	(2,964)	(3,854)	(7,384)
Total trade receivables	61,385	62,505	71,803	82,804	76,749

12 Cash and cash equivalents

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Cash at bank and in hand.....	2,905	9,976	3,327	5,130	10,585
Bank overdrafts.....	(10,775)	—	(555)	(902)	(4,103)
Cash and cash equivalents per cash flow statement	(7,870)	9,976	2,772	4,228	6,482

13 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 17.

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Non-current liabilities					
Bank loans.....	975	40,324	40,192	49,522	51,285
Finance lease liabilities.....	—	139	—	—	—
	975	40,463	40,192	49,522	51,285
Current liabilities					
Current portion of bank loans	21,289	433	551	3,872	6,798
Current portion of finance lease liabilities.....	43	463	158	—	—
Corporate purchasing card facility..	—	—	—	4,930	7,394
Bank overdrafts	10,775	—	555	902	4,103
	32,107	896	1,264	9,704	18,295

Finance lease liability commitments:

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Future payments of finance lease					
Within one year	43	463	158	—	—
Between one and five years	—	139	—	—	—
Present value of the finance lease liabilities	43	602	158	—	—
Present value of the finance lease liabilities					
Within one year	43	602	158	—	—
Between one and five years	—	—	—	—	—
	43	602	158	—	—

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. No asset is being pledged to secure these finance lease contracts. All lease obligations are denominated in sterling.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	1 May 2015 Carrying amount* £000	30 April 2016 Carrying amount* £000	30 April 2017 Carrying amount* £000	30 April 2018 Carrying amount* £000	31 October 2018 Carrying amount* £000
Unsecured bank loan	GBP	3.75%	2019	22,264	—	385	192	151
Unsecured bank loan	GBP	LIBOR +1.35%	2021	—	40,757	40,172	47,740	49,650
Unsecured bank loans	GBP	1.77% to 8.50%	2019-21	—	—	—	4,452	7,432
Unsecured bank loan	EUR	2.00%	2020	—	—	186	138	113
Unsecured bank loan	AUD	6.50%	2021	—	—	—	872	737
Finance lease liabilities	GBP	4.00%	2022	43	602	158	—	—
Corporate purchasing card facility	GBP	n/a	2019	—	—	—	4,930	7,394
Bank overdraft	GBP	Base rate +1.15%	2019	10,775	—	555	902	4,103
				33,082	41,359	41,456	59,226	69,580

* The carrying amount of these loans and borrowings equates to the fair value.

14 Trade and other payables

	1 May 2015 £000	30 April 2016 £000	30 April 2017 £000	30 April 2018 £000	31 October 2018 £000
Current					
Trade payables	16,516	20,176	23,533	23,306	25,973
Other payables.....	1,839	2,270	10,545	8,390	7,935
Other taxation and social security...	10,380	7,540	8,596	9,969	8,239
	<u>28,735</u>	<u>29,986</u>	<u>42,674</u>	<u>41,665</u>	<u>42,147</u>
Non-current					
Other trade payables	—	—	200	—	—

Advances for which related work has not started, and billings in excess of cost incurred and recognised profits are presented as deferred income and amounted to £189,000 at 31 October 2018 (30 April 2018 £85,000, 30 April 2017 £277,000, 30 April 2016 £667,000 and 1 May 2015 £555,000).

15 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The amounts charged to the profit and loss account in respect of this scheme represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution scheme was £3,107,000 for the year ended 30 April 2018 (30 April 2017: £2,750,000; 30 April 2016: £2,206,000) and the outstanding balance at period end was £550,000 at 30 April 2018 (30 April 2017: £420,000; 30 April 2016: £318,000).

For the 6 months ended 31 October 2018, the cost was £2,400,000 (6 months to 31 October 2017: £1,472,000) the outstanding balance at period end was £558,000 at 31 October 2018 (31 October 2017: £800,000).

16 Provisions

Dilapidations provisions

Dilapidation provisions are established for property leases, held at the date of the statement of financial position. Such provisions are estimated at the start of the lease and updated annually. The Group's current lease portfolio terminate sporadically over the next 10 years.

FOIL provision

The Forum of Insurance Lawyers (FOIL) provision represents the total VAT (partial exemption) exposure on historical claims handling engagements. There is an attributable reimbursement asset in note 11, resulting in net exposure of £400,000 as at 31 October 2018 (30 April 2018: £400,000, 30 April 2017: £920,000, 30 April 2016: £1,338,000). The enquiry is ongoing and therefore it is not possible to estimate when the provision will crystallise.

Dilapidations provisions

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	Six months ended 31 October 2018 £000
Balance at beginning of year/period.....	—	277	678	119
Provisions made during the year/period.....	277	958	613	234
Provisions used during the year/period.....	—	(200)	(655)	(200)
Provisions reversed during the year/period.....	—	(357)	(517)	(28)
Balance at end of year/period.....	277	678	119	125
Non-current.....	—	—	—	—
Current.....	277	678	119	125
	277	678	119	125

FOIL provision

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	Six months ended 31 October 2018 £000
Balance at beginning of year/period.....	3,707	3,707	1,252	1,252
Provisions reversed during the year/period.....	—	(2,455)	—	—
Balance at end of year/period.....	3,707	1,252	1,252	1,252
Non-current.....	—	—	—	—
Current.....	3,707	1,252	1,252	1,252
	3,707	1,252	1,252	1,252

Total provisions

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	Six months ended 31 October 2018 £000
Balance at beginning of year/period.....	3,707	3,984	1,930	1,371
Provisions made during the year/period.....	277	958	613	234
Provisions used during the year/period.....	—	(200)	(655)	(200)
Provisions reversed during the year/period.....	—	(2,812)	(517)	(28)
Balance at end of year/period.....	3,984	1,930	1,371	1,377
Non-current.....	—	—	—	—
Current.....	3,984	1,930	1,371	1,377
	3,984	1,930	1,371	1,377

17 Financial instruments

Financial risk management

The Members have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Members, who also monitor the status of agreed actions to mitigate risks.

The Group's principal financial instruments comprise trade and other receivables, unbilled revenue, cash and cash equivalents, trade and other payables and bank borrowings.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Credit checks are performed for new customers and ongoing monitoring takes place for existing customers.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk.

DWF LLP is financed through a combination of partners' capital (repayable on demand when a Member leaves the LLP), undistributed profits, cash and bank borrowing facilities.

The Group's principal facilities are a £50 million revolving credit facility ("RCF") and a £5 million overdraft facility. Details of amounts drawn can be found in note 13. Management undertake rolling thirteen week cash flow forecasts to ensure visibility of short term liquidity and manage facility usage, in addition to annual budgets and longer term forecasts. The RCF matures in 2021 and there are no contracted repayments until that date. The Group anticipates continued utilisation of the facility to fund business growth.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk.

Interest rate risk

The Group's bank borrowings incur both fixed and variable interest charges, with the variable charges linked to LIBOR plus a margin.

Foreign currency risk

The Group has overseas operations in Europe, Middle East, Australia, Canada and North America and is therefore exposed to changes in the respective currencies in these territories. The Group maintains bank balances in local currency. Cash positions are monitored and any imbalances are dealt with by purchasing currency at the spot rate.

Fair value measurements

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables and short terms borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long term borrowings	The majority of the value of the Group's borrowings are on a variable rate linked to LIBOR. Interest on this is paid quarterly. Therefore the fair value of bank loans and other loans approximates to the carrying value reported in the Group's balance sheet.

		Year ended 1 May 2015 £000	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months to 31 October 2018 £000
Cash and cash equivalents	12	(7,870)	9,976	2,772	4,228	6,482
<i>Amortised cost</i>						
Trade and other receivables	11	94,831	93,804	113,101	130,723	136,271
<i>Fair value through profit or loss</i>						
Investments	10	—	—	254	254	254
Total financial assets		86,961	103,780	116,127	135,205	143,007
<i>Measured at amortised cost</i>						
Trade and other payables	14	28,735	29,986	42,874	41,665	42,147
Borrowings	13	22,307	41,359	40,901	58,324	65,477
Amounts due to Members classified as a liability		36,841	29,963	30,511	35,715	37,908
Total financial liabilities ...		87,883	101,308	114,286	135,704	145,532

Financial instruments sensitivity analysis

The Group has exposure to interest rate and foreign exchange rate movements given the nature of its borrowings and operations. At the end of the reporting period, the effect of hypothetical changes in interest and currency rates are as follows.

Interest rate sensitivity

A change of 100 basis points in interest rates at the balance sheet date would have increased / (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative periods.

The impact of the results in the statement of profit and loss and other comprehensive income and equity would be:

	Year ended 1 May 2015 £000	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months to 31 October 2018 £000
Impact on profit and loss	(330)	(369)	(410)	(478)	(339)

A 100 bps decrease in interest rates would have had the equal but opposite effect on the above to the amounts shown above, on the basis that all other variables remain constant.

Foreign exchange rate sensitivity

A 10% weakening of the following currencies against the pound sterling would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for comparative periods.

The Group transacts in the following currencies which have been incorporated into the sensitivity analysis; Euro, US Dollar, Australian Dollar, Singaporean Dollar, UAE Dirham, and Canadian Dollar.

The impact of the results in the statement of profit and loss and other comprehensive income and equity would be:

	Year ended 1 May 2015 £000	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months to 31 October 2018 £000
Impact on equity	(74)	(67)	(169)	(24)	(126)
Impact on profit and loss	68	35	12	(229)	(522)
Impact on gross assets.....	(280)	(126)	(846)	(1,646)	(2,325)
Impact on gross liabilities	206	59	677	1,622	2,199

A 10% strengthening of the above currencies against the pound sterling would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

18 Operating leases

Present value of minimum lease payments and non-cancellable operating lease rentals are payable as follows:

	1 May 2015		30 April 2016		30 April 2017		30 April 2018		31 October 2018	
	Land and buildings £000	Others £000	Land and buildings £000	Others £000	Land and buildings £000	Others £000	Land and buildings £000	Others £000	Land and buildings £000	Others £000
Less than one year	9,763	—	10,834	1,015	10,636	543	11,849	964	12,026	803
Between one and five years.....	30,579	1,015	34,576	—	40,927	—	40,923	643	45,374	535
*More than five years.....	33,348	—	36,721	—	28,665	—	25,191	—	22,269	—
	73,690	1,015	82,131	1,015	80,228	543	77,963	1,607	79,669	1,338

19 Related parties

Compensation paid to key management personnel

The Group considers the Strategic Board Members as the key management personnel. The total remuneration for key management personnel for the period was £4,670,000 at 30 April 2018 (30 April 2017: £3,500,000; 30 April 2016: £3,428,000).

For the 6 months ended 31 October 2018, the cost was £2,729,000 (6 months to 31 October 2017: £1,686,000).

	Year ended 30 April 2016 £000	Year ended 30 April 2017 £000	Year ended 30 April 2018 £000	6 months ended 31 October 2017 (unaudited) £000	6 months to 31 October 2018 £000
Emoluments.....	3,428,000	3,500,000	4,461,000	1,686,000	2,729,000
Other.....	—	—	209,000	—	—

20 Ultimate parent undertaking and parent undertaking of the Group

In the opinion of the Members, there is no controlling party of the LLP.

21 Members interests

Members' interests comprises other reserves, Members' capital classified as liabilities and other amounts due to Members as follows:

	Members' capital classified as liabilities £000	Other amounts due to Members £000	Total loans and other debts due to Members £000	Other reserves classified as equity £000	Total Members' interest £000
At 1 May 2015	25,932	10,909	36,841	(1,646)	35,195
Profits for the financial year available for division among Members	—	—	—	22,944	22,944
Members' remuneration charged as an expense	—	23,169	23,169	—	23,169
Foreign currency translation differences	—	—	—	(159)	(159)
.....	25,932	34,078	60,010	21,139	81,149
Allocation of profit.....	—	16,521	16,521	(16,521)	—
Introduced by the Members	2,975	—	2,975	—	2,975
Repayments of capital.....	(4,836)	—	(4,836)	—	(4,836)
Drawings	—	(44,707)	(44,707)	—	(44,707)
Members' interest as at 30 April 2016	24,071	5,892	29,963	4,618	34,581
	24,071	5,892	29,963	4,618	34,581
Profits for the financial year available for division among Members	—	—	—	19,294	19,294
Members' remuneration charged as an expense	—	23,025	23,025	—	23,025
Foreign currency translation differences	—	—	—	221	221
.....	24,071	28,917	52,988	24,133	77,121
Allocation of profit.....	—	16,246	16,246	(16,246)	—
Introduced by the Members	3,996	—	3,996	—	3,996
Repayments of capital.....	(2,874)	—	(2,874)	—	(2,874)
Drawings	—	(39,845)	(39,845)	—	(39,845)
Members' interest as at 30 April 2017	25,193	5,318	30,511	7,887	38,398

	Members' capital classified as liabilities £000	Other amounts due to Members £000	Total loans and other debts due to Members £000	Other reserves classified as equity £000	Total Members' interest £000
At 1 May 2017.....	25,193	5,318	30,511	7,887	38,398
Profits for the financial year available for division among Members.....	—	—	—	21,124	21,124
Members' remuneration charged as an expense.....	—	25,452	25,452	—	25,452
Foreign currency translation differences	—	—	—	(392)	(392)
	<u>25,193</u>	<u>30,770</u>	<u>55,963</u>	<u>28,619</u>	<u>84,582</u>
Allocation of profit.....	—	23,313	23,313	(23,313)	—
Introduced by the Members.....	7,780	—	7,780	—	7,780
Repayments of capital.....	(3,902)	—	(3,902)	—	(3,902)
Drawings.....	—	(47,439)	(47,439)	—	(47,439)
Members' interest as at 30 April 2018...	<u>29,071</u>	<u>6,644</u>	<u>35,715</u>	<u>5,306</u>	<u>41,021</u>
At 1 May 2017.....	25,193	5,318	30,511	7,887	38,398
Profits for the financial period available for division among Members.....	—	—	—	7,374	7,374
Members' remuneration charged as an expense.....	—	12,150	12,150	—	12,150
Foreign currency translation differences	—	—	—	(6)	(6)
	<u>25,193</u>	<u>17,468</u>	<u>42,661</u>	<u>15,255</u>	<u>57,916</u>
				(17,064	
Allocation of profit.....	—	17,064	17,064)	—
Introduced by the Members.....	1,090	—	1,090	—	1,090
Repayments of capital.....	(1,241)	—	(1,241)	—	(1,241)
Drawings.....	—	(21,666)	(21,666)	—	(21,666)
Members' interest as at 31 October 2017	<u>25,042</u>	<u>12,866</u>	<u>37,908</u>	<u>(1,809)</u>	<u>36,099</u>
At 1 May 2018.....	29,071	6,644	35,715	5,306	41,021
Profits for the financial period available for division among Members.....	—	—	—	5,304	5,304
Members' remuneration charged as an expense.....	—	14,784	14,784	—	14,784
Foreign currency translation differences	—	—	—	451	451
	<u>29,071</u>	<u>21,428</u>	<u>50,499</u>	<u>11,061</u>	<u>61,560</u>
Allocation of profit.....	—	22,059	22,059	(22,059)	—
Impact of IFRS 9 transition.....	—	—	—	(2,510)	(2,510)
Impact of IFRS 15 transition.....	—	—	—	997	997
Introduced by the Members.....	2,287	—	2,287	—	2,287
Repayments of capital.....	(2,206)	—	(2,206)	—	(2,206)
Drawings.....	—	(24,230)	(24,230)	—	(24,230)
Members' interest as at 31 October 2018	<u>29,152</u>	<u>19,257</u>	<u>48,409</u>	<u>(12,511)</u>	<u>35,898</u>

22 Acquisition of subsidiary undertakings

Acquisitions in the period ended 31 October 2018

There have been no acquisitions during the period ended 31 October 2018.

Acquisitions in the year ended 30 April 2018

On 1 May 2017, the Group laterally hired the staff of and acquired the trade receivables of NeoLaw from Keelys LLP for total consideration of £469,000. This consideration comprised £469,000 cash. The principal activity of the team is Connected Services. The acquisition of NeoLaw will enable the Group to expand the existing Birmingham cost team, contributing to the continued growth in the Connected Services division.

On 1 December 2017, the Group acquired 100% control of Kaden Boriss a general partnership for total consideration of £911,000. This consideration comprised £365,000 cash and £546,000 deferred consideration. Professional fees incurred in connection with the acquisition have been recognised in operating expenses in the statements of profit or loss in the amount of £205,600. Revenue generated post acquisition and recognised in the year ended 30 April 2018 was £2,049,000 leading to the profit of £10,600 which has been included in the consolidated statement of profit or loss and other comprehensive income. The principal activity of the acquired business is that of Legal Services. If the acquisition has taken place at the start of the year revenue and profit would have been £4,917,000 and £25,400 respectively. The acquisition of Kaden Boriss will provide the Group with expanded access to the Australian legal services market.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	NeoLaw Fair values on acquisition £000	Kaden Boriss Fair values on acquisition £000
Acquiree's net assets at the acquisition date:		
Tangible assets.....	—	104
Intangible assets.....	—	1
Trade and other receivables.....	464	1,982
Cash and cash equivalents.....	—	391
Trade and other payables.....	—	(588)
Other interest bearing loans and borrowings.....	(979)	
Net identifiable assets and liabilities.....	<u>464</u>	<u>911</u>
Consideration paid:		
Initial cash price paid.....	469	365
Deferred consideration at fair value.....	—	546
Total consideration.....	<u>469</u>	<u>911</u>
Goodwill.....	<u>5</u>	<u>—</u>

Acquisitions in year ended 30 April 2017

On 1 May 2016, the Group acquired 100% control of Trevor Fox T/A Fox Hartley a sole trade for total consideration of £1,009,000. This consideration comprised £409,000 cash consideration and £600,000 contingent consideration. The contingent consideration is payable in equal annual instalments over a three year earn out period with reference to earn out revenue target. The principal activity is Legal Services. The acquisition of Trevor Fox T/A Fox Hartley provided the Group with access to the Fox Hartley customer base. The goodwill is attributable to the technical skills of Trevor Fox T/A Fox Hartley's work force and the synergies expected to be achieved from integrating the business into the Group's existing business.

On 1 December 2016, the Group acquired 100% control of C&H Jefferson LLP a sole trade for total consideration of £3,927,000. This consideration comprised £1,167,000 cash and £2,760,000 deferred consideration. The principal activity is Legal Services. In the 5 months to 30 April 2017, the subsidiary contributed operating profit of £538,000 and revenue of £2,787,000. If the acquisition had occurred on 1 May 2016, revenue would have been £6,422,000 and net profit would have been £1,240,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The acquisition of C&H Jefferson LLP provided the Group with access to the Northern Irish legal services market.

On 1 January 2017, the Group acquired 100% control of Heenan Paris a partnership for total consideration of £170,000. This consideration comprised £170,000 deferred consideration. The principal activity is Legal Services. In the 4 months to 30 April 2017, the subsidiary contributed operating profit of £211,000 and revenue of £833,000. If the acquisition had occurred on 1 May 2016, revenue would have been £2,500,000 and net profit would have been £633,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The acquisition of Heenan Paris provided the Group with access to the French legal services market.

On 24 January 2017, the Group acquired 100% control of Triton Global Limited and its subsidiaries for total consideration of £1,193,000. This consideration comprised cash of £263,000 and £930,000 deferred consideration. Contractual receivables associated with the acquisition amounted to £5,395,000. The principal activity is Legal Services. In the 3 months to 30 April 2017, the subsidiary contributed operating profit of £457,000 and revenue of £5,504,000. If the acquisition had occurred on 1 May 2016, revenue would have been £17,864,000 and net profit would have been £1,483,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The gain on bargain purchase arising on acquisition has been recognised immediately to the income statement in accordance with IFRS 3. The acquisition of Triton Global Limited provided the Group with an expanded claims management offering.

Effect of acquisitions

The acquisitions had the following effect on the Group's assets and liabilities.

	Fox Hartley Fair values on acquisition £000	C&H Jefferson Fair values on acquisition £000	Heenan Paris Fair values on acquisition £000	Triton Group Fair values on acquisition £000
Acquiree's net assets at the acquisition date:				
Property, plant and equipment.....	31	371	234	307
Trade and other receivables	616	4,149	628	4,039
Cash and cash equivalents.....	128	—	5	79
Trade and other payables.....	(366)	(593)	(697)	(1,959)
	<u>409</u>	<u>3,927</u>	<u>170</u>	<u>2,466</u>
Net identifiable assets and liabilities.....				
	<u>409</u>	<u>3,927</u>	<u>170</u>	<u>2,466</u>
Consideration paid:				
Initial cash price paid	409	1,167	—	263
Deferred consideration at fair value.....	—	2,760	170	930
Contingent consideration at fair value.....	600	—	—	—
	<u>1,009</u>	<u>3,927</u>	<u>170</u>	<u>1,193</u>
Total consideration.....	<u>1,009</u>	<u>3,927</u>	<u>170</u>	<u>1,193</u>
Goodwill/(Gain on bargain purchase).....	600	—	—	(1,273)
	<u>600</u>	<u>—</u>	<u>—</u>	<u>(1,273)</u>

Acquisitions in year ended 30 April 2016

On 15 May 2015, the Group acquired 100% control of Watmores Solicitors Limited for total consideration of £1,089,000. This consideration comprised £480,000 cash and £609,000 deferred consideration. The company's principal activity is Legal Services. The acquisition of Watmores Solicitors Limited provided the Group with access to the Watmores Solicitors Limited customer base.

On 1 January 2016, the Group acquired 100% control of BridgehouseLaw Germany holding GbR and BridgehouseLaw Germany RmbH for total consideration of £1,069,000. This consideration comprised £819,000 cash and £250,000 deferred consideration. The company's principal activity is Legal Services. In the 4 months to 30 April 2016, the subsidiary contributed operating profit of £189,000 and revenue of £970,000. If the acquisition had occurred on 1 May 2015, revenue would have been £2,910,000 and operating profit would have been £567,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2015. The acquisition of BridgehouseLaw Germany holding GbR provided the Group with access to the German legal services market. The goodwill is attributable to the technical skills of the acquired work force and market access.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Watmores Solicitors Fair values on acquisition £000	BridgehouseLaw Germany Holding GbR Fair values on acquisition £000
Acquiree's net assets at the acquisition date:		
Tangible assets.....	—	102
Intangible assets.....	—	4
Trade and other receivables.....	1,481	564
Cash and cash equivalents.....	33	82
Trade and other payables.....	(492)	(337)
	<u>1,022</u>	<u>415</u>
Net identifiable assets and liabilities.....	<u>1,022</u>	<u>415</u>
Consideration paid:		
Initial cash price paid.....	480	819
Deferred consideration at fair value.....	609	250
	<u>1,089</u>	<u>1,069</u>
Total consideration.....	<u>1,089</u>	<u>1,069</u>
Goodwill.....	<u>67</u>	<u>654</u>

23 Explanation of transition to IFRSs

As stated in note 1, this is the Group's first HFI prepared in accordance with IFRSs.

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial information prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	1 May 2015		30 April 2016		30 April 2017			
	FRS 102 £000	Effect of transition to IFRSs £000	FRS 102 £000	Effect of transition to IFRSs £000	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000
Non-current assets								
Property, plant and equipment	18,870	—	16,747	—	15,560	—	—	15,560
Intangible assets and goodwill	1,715	—	1,723	793	2,391	1,018	—	3,409
Investments	—	—	—	—	254	—	—	254
Total non-current assets	20,585	—	18,470	793	18,205	1,018	—	19,223
Current assets								
Trade and other receivables	99,449	3,435	101,050	—	120,634	—	1,939	122,573
Cash and cash equivalents..	2,905	—	9,976	—	3,327	—	—	3,327
Total current assets	102,354	3,435	111,026	—	123,961	—	1,939	125,900
Total assets	122,939	3,435	129,496	793	142,166	1,018	1,939	145,123
Current liabilities								
Bank overdraft	10,775	—	—	—	555	—	—	555
Other interest-bearing loans and borrowings	21,332	—	896	—	709	—	—	709
Trade and other payables	29,007	(272)	31,323	278	42,527	200	(53)	42,674
Accruals and deferred income	13,751	(761)	8,094	(242)	7,181	(152)	534	7,563
Tax payable	524	—	483	—	—	—	—	—
Provisions	—	3,707	—	—	—	—	1,930	1,930
Members' capital	25,932	—	24,071	—	25,193	—	—	25,193
Other amounts due to Members	10,909	—	5,892	—	5,318	—	—	5,318
Total current liabilities	112,230	(761)	70,759	36	81,483	48	2,411	83,942

Reconciliation of profit and loss

	Year ended 30 April 2016				Year ended 30 April 2017			
	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000	FRS 102 £000	Effect of transition to IFRSs £000	Effect of historical corrections £000	IFRSs £000
Revenue	186,850	—	—	186,850	199,322	—	—	199,322
Direct costs	(60,870)	—	—	(60,870)	(67,951)	—	—	(67,951)
Gross profit	125,980	—	—	125,980	131,371	—	—	131,371
Administrative expenses a, b	(80,716)	2,799	(227)	(78,144)	(89,018)	237	(245)	(89,026)
Gain on bargain purchase ...	—	—	—	—	1,273	—	—	1,273
Operating profit	45,264	2,799	(227)	47,836	43,626	237	(245)	43,618
Financial income.....	312	—	—	312	355	—	—	355
Financial expenses	(1,137)	—	—	(1,137)	(1,617)	—	—	(1,617)
Net financing expense	(825)	—	—	(825)	(1,262)	—	—	(1,262)
Profit for the period before taxation, Members' remuneration and profit shares	44,439	2,799	(227)	47,011	42,364	237	(245)	42,356
Corporate and other entity base taxation.....	(898)	—	—	(898)	(37)	—	—	(37)
Profit for the period before Members' remuneration and profit shares	43,541	2,799	(227)	46,113	42,327	237	(245)	42,319
Members' remuneration charged as an expense.....	(23,169)	—	—	(23,169)	(23,025)	—	—	(23,025)
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members	20,372	2,799	(227)	22,944	19,302	237	(245)	19,294
Other comprehensive income <i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation differences – foreign operations	(159)	—	—	(159)	221	—	—	221
Total comprehensive income for the period available for discretionary division amongst Members	20,213	2,799	(227)	22,725	19,523	237	(245)	19,515

Notes to the reconciliation of profit

- Goodwill amortisation – goodwill amortisation recognised under FRS 102 has been reversed under IFRS and goodwill frozen at the date of the acquisition and subject to impairment testing on an annual basis. In addition, the gain on bargain purchase on the acquisition of Triton Global Limited has been immediately credited to the income statement.
- Lease incentives – an adjustment has been made to spread lease incentives over the term of lease. A grandfathering exemption was taken under FRS 102 to not re-state old leases which is not available under IFRS 1.

Historical corrections

- c) Provisions – an adjustment has been made to recognise the full liability due in relation to claims and regulatory proceedings and separately the asset in relation to the amounts recoverable under the Group’s insurance cover. The liability has been recognised in current liabilities and the insurance asset in current assets.
- d) Annual licenses – an adjustment has been made to re-apportion annual software license payments across correct accounting periods.

Explanation of material adjustments to the cash flow statement

There are no other material differences between the cash flow statement presented under IFRSs and the cash flow statement presented under FRS 102.

PART XI UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A – ACCOUNTANTS’ REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

Deloitte.

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

The Board of Directors on behalf of
DWF Group Limited

2 Hardman Street
Manchester
United Kingdom
M3 3AA

1 February 2019

Dear Sirs,

DWF Group Limited (the “Company”)

We report on the unaudited *pro forma* financial information (the “**Pro Forma Financial Information**”) set out in Part XI of the registration document dated 1 February 2019 (the “**Registration Document**”), which has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the reorganisation, in the event of admission, might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 30 April 2018 and the six months ended 31 October 2018. This report is required by the Commission Regulation (EC) No 809/2004 (the “**Prospectus Directive Regulation**”) and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro Forma Financial Information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of

America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

We are responsible for this report as part of the Registration Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Registration Document in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients.

SECTION B – UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* statements of profit and loss and other comprehensive income and the unaudited *pro forma* statements of net assets (together the “**Pro Forma Financial Information**”) of the Group set out below have been prepared to illustrate the impact of the Reorganisation and intended Admission described below.

The Pro Forma Financial Information is based on the Historical Financial Information of the Group as at and for the six months ended 31 October 2018 and for the financial year ended 30 April 2018 as contained in *Part X — “Historical Financial Information”*. The Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group’s actual financial position or results had the Reorganisation and 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 Pro Forma Financial Information does not constitute financial statements within the meaning of Section 43 of the Companies Act 2006. Investors should read the whole of this document and not rely solely on the summarised financial information contained in this Section B of *Part XI — “Unaudited Pro Forma Financial Information”*.

The unaudited *pro forma* statements of profit and loss and other comprehensive income and the unaudited *pro forma* statements of net assets have been prepared in accordance with the basis set out below consistent with the accounting policies of the Group set out in *Note 1* contained in *Part X — “Historical Financial Information”*, and in accordance with Annex II to the Prospectus Directive Regulation. They should be read in conjunction with the notes below.

The Company intends to apply to the FCA for the admission of the Company’s Ordinary Shares, as created under the Reorganisation, to the premium listing segment of the Official List of the FCA and to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. At the date of this Registration Document the Company intends to make such application before the end of its financial year ended 30 April 2019.

The consolidated statement of profit and loss and other comprehensive income presented in *Part X — “Historical Financial Information”* is prepared in accordance with International Financial Reporting Standards as adopted by the EU (“**IFRS**”) where Members’ remuneration is partially recognised as an equity drawing and partially as an expense. Members’ remuneration charged as an expense in the consolidated statement of profit and loss and other comprehensive income represents contractual cash drawings paid to Members during the financial period.

Following the Reorganisation and in the event of Admission, the Group’s financial statements will no longer include an income statement line item “Members’ remuneration charged as an expense”. Instead, the Total Fixed Annual Compensation Amount described below will be recognised in direct costs.

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) their annual fixed profit share and for certain Members a nominal salary (the “**Total Fixed Annual Compensation Amount**”), (b) dividend income, (c) participation in a discretionary partner annual bonus pool to be administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan, and (d) participation in the Share Incentive Plans (subject to eligibility criteria).

The impact on the presentation of Members’ remuneration, and the impact of a pro forma corporation tax expense, has been presented in the unaudited *pro forma* statements of profit and loss and other comprehensive income as if the Reorganisation and intended Admission had taken place as at 1 May 2017 for the unaudited Pro forma statement of profit and loss and other comprehensive income for the year ended 30 April 2018, and as at 1 May 2018 for the unaudited Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018. The impact of these pro forma adjustments has been presented in the unaudited pro forma net assets statement as if the Reorganisation and intended Admission had taken place as at 30 April 2018 for the unaudited pro forma net assets statement as at 30 April 2018, and as at 31 October 2018 for the unaudited pro forma statement of net assets as at 31 October 2018. The unaudited *pro forma* adjustments are based on currently available information and certain assumptions that the Group believes are reasonable and supportable.

Adjustments in relation to the discretionary partner annual bonus pool, the Share Incentive Plans and dividends have not been reflected in the unaudited Pro Forma Financial Information as they would not currently be factually supportable as their quantum is not yet known since they would be based on future management decisions. Further detail of the potential impact of these adjustments is disclosed in note 5 of the unaudited Pro forma statement of profit and loss and other comprehensive income for the six months ended 31 October 2018.

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

	Historical Financial Information for the six months ended 31 October 2018 (Note 1) £000	Revised compensation model (Note 2) £000	Corporation tax expense (Note 3) £000	Unaudited Pro forma for the six months ended 31 October 2018 £000
Revenue	157,168	—	—	157,168
Recoverable expenses	(23,812)	—	—	(23,812)
Net revenue	133,356	—	—	133,356
Direct costs	(46,248)	(18,485)	—	(64,733)
Gross profit	87,108	(18,485)	—	68,623
Administrative expenses.....	(66,164)	—	—	(66,164)
Operating profit	20,944	(18,485)	—	2,459
Adjusted operating profit	31,849	(18,485)	—	13,364
Depreciation and amortisation	(2,876)	—	—	(2,876)
Non-underlying items	(8,029)	—	—	(8,029)
Financial income.....	79	—	—	79
Financial expenses	(907)	—	—	(907)
Net financing expense	(828)	—	—	(828)
Profit for the period before taxation, Members' remuneration and profit shares	20,116	(18,485)	—	1,631
Corporate and other entity based taxation	(28)	3,512	(3,794)	(310)
Profit for the period before Members' remuneration and profit shares	20,088	(14,973)	(3,794)	1,309
Members' remuneration charged as an expense.....	(14,784)	14,784	—	—
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members	5,304	(189)	(3,794)	1,321
Other comprehensive (expense) income <i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences – foreign operations.....	451	—	—	451
Total comprehensive income for the period available for discretionary division amongst Members	5,755	(189)	(3,794)	1,772

Notes

- 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”.

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 the unaudited Pro forma statement of profit and loss and other comprehensive income.
 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"*. 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"*.
 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 in the event of and following any Admission.
3. In the event of and following 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 in the event of and following any 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"*, the compensation of self-employed Members of both DWF Law LLP and DWF LLP will include participation in a partner annual bonus pool administered through the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. It is anticipated that the partner annual bonus pool will be equivalent to up to 5% of the Group's profit before tax (before non-underlying items) for the relevant financial year, which may be paid 50% in cash and 50% in shares from the applicable DWF Group plc Deferred Bonus Plan or the DWF LLP Sub-group Deferred Bonus Plan. The associated statement of profit and loss and other comprehensive income expense will be recorded as a direct cost.
 - b. Share Incentive Plans: as described in *Part XII — "Additional Information — 13. Share Incentive Plans"*, 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 statement of profit and loss and other comprehensive income 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 financial information as at 31 October 2018 (Note 1) £000	Revised Compensation model (Note 2) £000	Corporation tax expense (Note 3) £000	Unaudited Pro forma as at 31 October 2018 £000
Non-current assets				
Property, plant and equipment	14,117	—	—	14,117
Intangible assets and goodwill	4,017	—	—	4,017
Investments	254	—	—	254
Total non-current assets.....	18,388	—	—	18,388
Current assets				
Trade and other receivables.....	144,680	—	—	144,680
Cash and cash equivalents	10,585	—	—	10,585
Total current assets	155,265	—	—	155,265
Total assets.....	173,653	—	—	173,653
Current liabilities				
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
Total current liabilities	124,048	—	—	124,048
Non-current liabilities				
Other interest-bearing loans and borrowings	51,285	—	—	51,285
Trade and other payables	—	—	—	—
Accruals and deferred income	10,831	—	—	10,831
Total non-current liabilities.....	62,116	—	—	62,116
Total liabilities.....	186,164	—	—	186,164
Net assets	(12,511)	—	—	(12,511)

Notes

- The financial information of the Group as at 31 October 2018 has been extracted without material adjustment from *Part X — “Historical Financial Information”*.
- 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 XII — “Additional Information — 4. Reorganisation”*), there will be a capital restructuring whereby Other reserves classified as equity and Total members interests (as presented in *Part X — “Historical Financial Information”*) will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.
- The corporation tax expense has no impact on this unaudited Pro forma statement of net assets.
- 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

	Historical Financial Information for the year ended 30 April 2018 (Note 1) £000	Revised compensation model (Note 2) £000	Corporation tax expense (Note 3) £000	Unaudited Pro forma for the year ended 30 April 2018 £000
Revenue	236,488	—	—	236,488
Recoverable expenses.....	—	—	—	—
Net revenue	236,488	—	—	236,488
Direct costs	(85,388)	(31,881)	—	(117,269)
Gross profit	151,100	(31,881)	—	119,219
Administrative expenses.....	(102,994)	—	—	(102,994)
Operating profit	48,106	(31,881)	—	16,225
Adjusted operating profit	56,338	(31,881)	—	24,457
Depreciation and amortisation	(6,328)	—	—	(6,328)
Non-underlying items	(1,904)	—	—	(1,904)
Financial income.....	405	—	—	405
Financial expenses	(1,843)	—	—	(1,843)
Net financing expense	(1,438)	—	—	(1,438)
Profit for the period before taxation, Members' remuneration and profit shares	46,668	(31,881)	—	14,787
Corporate and other entity based taxation	(92)	6,057	(8,775)	(2,810)
Profit for the period before Members' remuneration and profit shares	46,576	(25,824)	(8,775)	11,977
Members' remuneration charged as an expense.....	(25,452)	25,452	—	—
Profit for the period after Members' remuneration charged as an expense and available for discretionary division amongst Members	21,124	(372)	(8,775)	11,977
Other comprehensive (expense)/income <i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences – foreign operations.....	(392)	—	—	(392)
Total comprehensive income for the period available for discretionary division amongst Members	20,732	(372)	(8,775)	11,585

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”*.
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 the unaudited Pro forma statement of profit and loss and other comprehensive income.

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”*. 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. 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”*.

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 in the event of and following Admission.

3. In the event of and following 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 in the event of and following 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.
5. 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 financial information as at 30 April 2018 (Note 1) £000	Revised Compensation model (Note 2) £000	Corporation tax expense (Note 3) £000	Unaudited Pro Forma as at 30 April 2018 £000
Non-current assets				
Property, plant and equipment	14,184	—	—	14,184
Intangible assets and goodwill	3,801	—	—	3,801
Investments	254	—	—	254
Total non-current assets	18,239	—	—	18,239
Current assets				
Trade and other receivables.....	140,975	—	—	140,975
Cash and cash equivalents	5,130	—	—	5,130
Total current assets	146,105	—	—	146,105
Total assets	164,344	—	—	164,344
Current liabilities				
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
Total current liabilities	98,027	—	—	98,027
Non-current liabilities				
Interest-bearing loans and borrowings	49,522	—	—	49,522
Trade and other payables	—	—	—	—
Accruals and deferred income	11,489	—	—	11,489
Total non-current liabilities	61,011	—	—	61,011
Total liabilities	159,038	—	—	159,038
Net assets	5,306	—	—	5,306

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”*.
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 XII — “Additional Information — 4. Reorganisation”*), there will be a capital restructuring whereby Other reserves classified as equity and Total members interests (as presented in *Part X — “Historical Financial Information”*) will no longer be presented in the Group financial statements and the equity of the Group will comprise share capital, share premium and other reserves.
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.

PART XII ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names and principal functions are set out in *Part VII* — “*Directors, Senior Management and Corporate Governance*”, accept responsibility for the information contained in this Registration Document. To the best knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation

2.1 DWF LLP

2.1.1 DWF LLP is a limited liability partnership incorporated in England and Wales on 4 June 2007, with registered number OC328794.

2.1.2 DWF LLP’s registered office and principal place of business is 1 Scott Place, 2 Hardman Street, Manchester M3 3AA.

2.1.3 The principal legislation under which DWF LLP operates is the Limited Liability Partnerships Act 2000 and the regulations made thereunder. DWF LLP operates in conformity with the Limited Liability Partnerships Act 2000.

2.2 DWF Group Limited

2.2.1 The Company is a private company limited by shares in the United Kingdom with registered number 11561594, incorporated on 10 September 2018. The Group’s business is currently operated by DWF LLP, which, as at the date of this Registration Document, has 100% ownership of the Company. However, it is proposed that, in the event of Admission, the Company will become the new holding company of the Group, pursuant to the Reorganisation, and that it will be re-registered as a public company limited by shares and renamed as DWF Group plc.

2.2.2 The Company’s registered office and principal place of business is 20 Fenchurch Street, London EC3M 3AG.

2.2.3 The principal legislation under which the Company operates and under which the Ordinary Shares were created is the Companies Act 2006 and the regulations made thereunder. The Company operates in conformity with its constitution.

3. Share capital

3.1 On incorporation, the share capital of the Company was £1.00 consisting of one Ordinary Share of £1.00, which was allotted to DWF LLP.

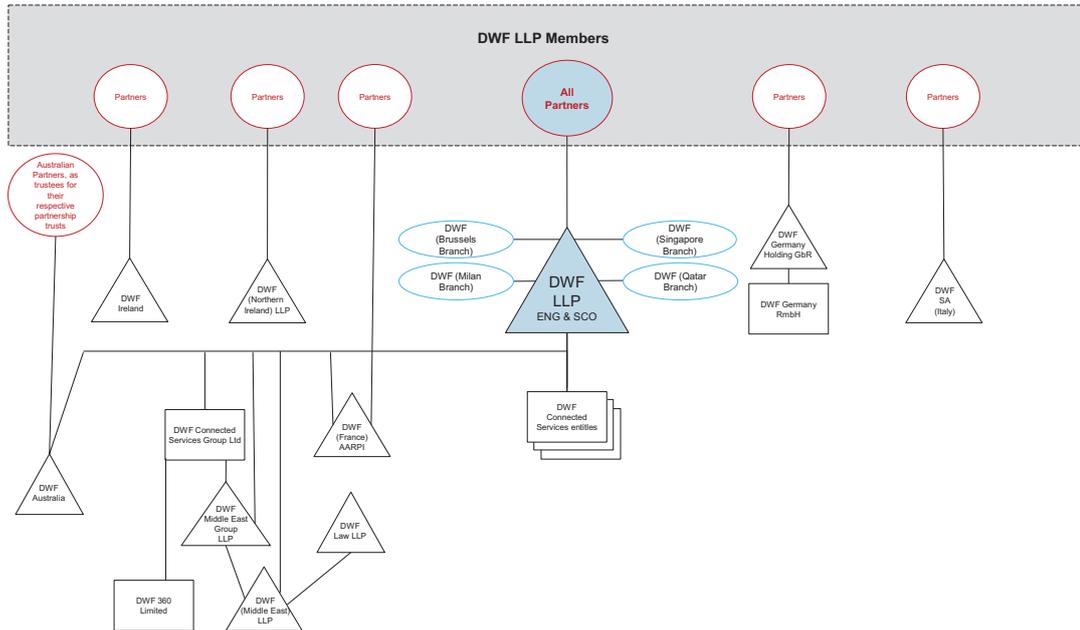
3.2 Immediately prior to the publication of this Registration Document, the share capital of the Company was £1.00 consisting of one Ordinary Share of £1.00.

4. Reorganisation

The Group has undertaken and will undertake certain steps as part of the Reorganisation. The result of the Reorganisation steps taken following the date of this Registration Document and immediately prior to the intended date of Admission, in the event it occurs, will be that the Company will become the ultimate holding company of the Group and the Group will be reorganised into the DWF Law LLP Sub-group and the DWF LLP Sub-group in order to meet local regulatory requirements in certain international jurisdictions where DWF currently provides legal services. See *Part VI* — “*Regulatory Overview*” for more details on the local regulatory requirements in respect of the structure and governance arrangements of the Group’s legal service providers.

4.1 **Pre-Reorganisation Structure of the Group**

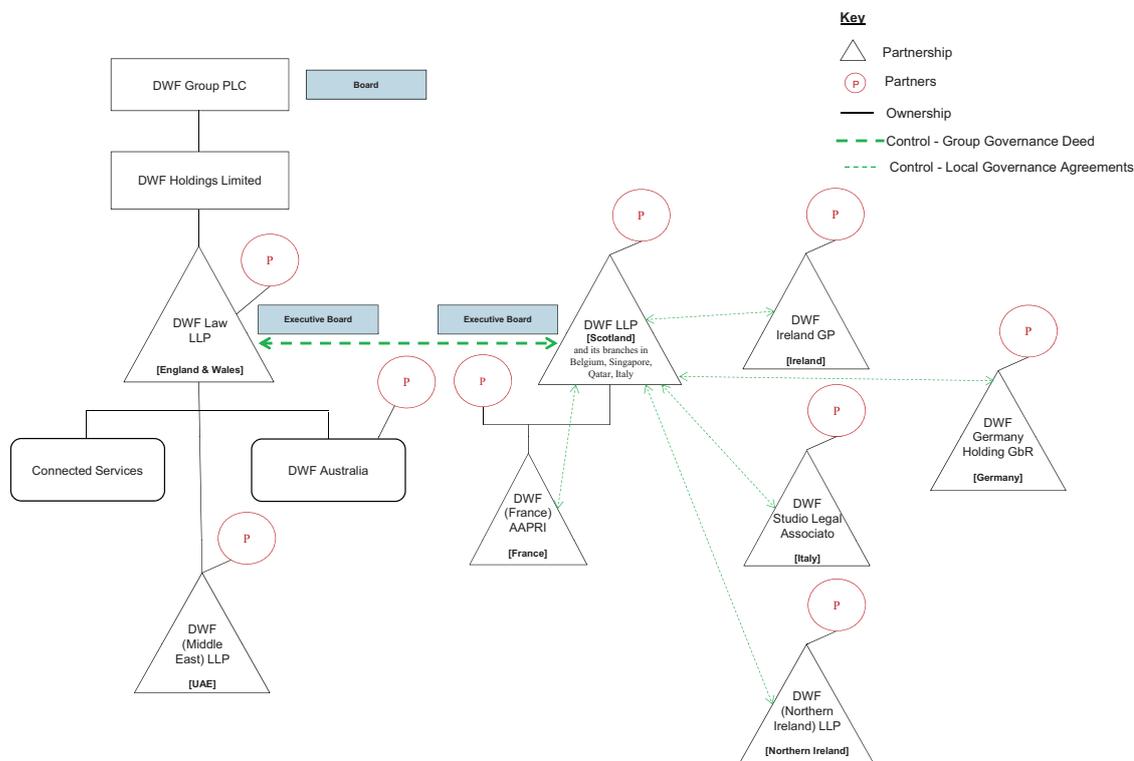
The following diagram illustrates the general corporate structure of DWF LLP prior to the key steps of the Reorganisation:



DWF LLP is party to local governance agreements with each of its subsidiary undertaking partnerships and their partners in Northern Ireland, Ireland, Germany and Italy. These partnerships are, by virtue of the local governance agreements, subsidiary undertakings of DWF LLP. The partners of each of these subsidiary undertaking partnerships are also Members of DWF LLP. DWF LLP has a direct partnership interest in DWF France and under the by-laws of DWF France, DWF LLP is the controlling partner, and owns all of the assets, of DWF France. The partners of DWF France are also Members of DWF LLP.

4.2 Post-Reorganisation Structure of the Group

The following diagram illustrates the general anticipated corporate structure of the Group following the key steps of the Reorganisation, which are described in more detail below:



4.2.1 DWF Law LLP Sub-group

DWF Law LLP and its subsidiaries (including its connected services subsidiaries), but excluding the DWF LLP Sub-group (as defined below), following the Reorganisation are referred to in this document as “**DWF Law LLP Sub-group**”.

The Solicitors Regulation Authority (the “**SRA**”) has decided to grant the application to authorise DWF Law LLP as a Licensed Body (as defined in the Legal Services Act 2007), and the authorisation will take effect from the date that the licence is issued, which will be immediately before completion of the Reorganisation. The Group’s businesses in certain jurisdictions where regulations do not prohibit the ownership, control and/or management of legal service providers by non-lawyers (namely, Australia and the UAE) will be, together with DWF’s connected services subsidiaries, subsidiaries of DWF Law LLP.

See *Part VI — “Regulatory Overview”* for more details on the local regulatory requirements in respect of the structure and governance arrangements of these legal service providers.

4.2.2 DWF LLP Sub-group

DWF LLP and its subsidiary undertakings following the Reorganisation are referred to in this document as “**DWF LLP Sub-group**”.

In jurisdictions where the direct ownership, control and/or management of law firms by non-lawyers and/or the sharing of profits with non-lawyers is generally prohibited (namely, Scotland, Northern Ireland, Ireland, France, Belgium, Singapore and Germany), DWF’s businesses will be in the DWF LLP Sub-group and will be subsidiary undertakings of the Company, DWF Law LLP and DWF LLP (as applicable) by way of contractual arrangements.

In Italy and Qatar, where regulations do not explicitly prohibit ownership, control and/or management of legal service providers by non-lawyers or sharing of profits with non-lawyers (subject to certain restrictions), DWF’s legal practices will also remain in the DWF LLP Sub-group to minimise the amount of reorganisation required.

Neither the Company nor any other member of the DWF Law LLP Sub-group will have equity ownership of any member of the DWF LLP Sub-group.

See *Part VI — “Regulatory Overview”* for more details on the local regulatory requirements in respect of the structure and governance arrangements of these legal service providers.

4.2.3 *Governance arrangements*

The governance arrangements to be put in place in connection with the Reorganisation are set out in paragraph 4.4. — “*Key agreements under the Reorganisation*” below.

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

The constitutional deed of DWF Law LLP (the “**DWF Law LLP Constitutional Deed**”) and the constitutional deed of DWF LLP (the “**DWF LLP Constitutional Deed**”) will set out the terms on which the respective LLPs will be controlled and managed. The respective Constitutional Deeds will provide that the Members of the LLP delegate substantially all control and day-to-day management of the LLP (and its sub-group) to the LLP’s Executive Board, subject to the matters reserved to the Board of the Company.

The DWF Law LLP Constitutional Deed will provide that DWF Law LLP is controlled by DWF Holdings Limited, whereas the DWF LLP Constitutional Deed will provide that the business of DWF LLP and the DWF LLP Sub-group will be managed in accordance with the group governance deed between DWF Law LLP and DWF LLP (the “**Group Governance Deed**”) (and, as a result, DWF LLP will be a subsidiary undertaking of DWF Law LLP).

The executive functions of the Group will be exercised by the Executive Board of each LLP, with the membership of such including the Chief Executive Officer, Chief Financial Officer and the Group’s senior management team. Due to local legal and regulatory requirements in respect of the DWF LLP Sub-group, a majority of the members of each Executive Board must be lawyers. Members of the DWF Law LLP Executive Board will be appointed by the Company, as senior managers (as that term applies under the UK Corporate Governance Code). The DWF LLP Constitutional Deed and the Group Governance Deed will provide that the DWF LLP Executive Board will comprise the same members as the DWF Law LLP Executive Board, or as otherwise determined by the Company. In addition to these contractual arrangements, maintaining common Executive Boards for the LLPs will ensure, in practice, a unity of management across the Group.

As mentioned in paragraph 4.1 above, DWF LLP is already party to local governance agreements with each of its subsidiary undertaking partnerships and their partners in Northern Ireland, Ireland, Germany and Italy, which (other than in respect of Ireland) will be amended before the Reorganisation. These partnerships are, and will continue to be, by virtue of the local governance agreements, subsidiary undertakings of DWF LLP. DWF LLP has a direct partnership interest in DWF France and under the by-laws of DWF France, DWF LLP is the controlling partner and owns all of the assets of DWF France. The subsidiary undertaking in Northern Ireland is a limited liability partnership and the subsidiary undertakings in Ireland, France and Italy are unincorporated partnerships. The Irish partnership has unlimited liability. The subsidiary undertaking in Germany is structured as a civil law partnership (*Gesellschaft bürgerlichen Rechts*) and a limited liability company for lawyers (*Rechtsanwaltsgesellschaft*). The partners of each of these subsidiary undertaking partnerships are also Members of DWF LLP and partners in Northern Ireland, France, Germany and Italy will also be Members of DWF Law LLP.

4.2.4 *Economic flows*

There are a number of ways in which economic surpluses arising from the DWF LLP Sub-group may flow to the Company after Reorganisation.

Services and Licence Agreements

Services and licence agreements will be put in place on arm's length terms between DWF Law LLP and DWF LLP, as well as between DWF LLP and other local legal businesses of the DWF LLP Sub-group, pursuant to which DWF Law LLP will charge DWF LLP and all other local DWF entities: (i) fees for the use of DWF's brand, intellectual property and other intangibles; and (ii) fees for the provision of support services such as financial and accounting, HR, IT and other administrative services. A summary of the servicing and licensing agreements is set out in paragraph 4.4. — “*Key agreements under the Reorganisation*”.

Intragroup loans

Where intragroup loans are required, they will be provided on arm's length terms and interest will be charged on such loans at market rates.

Valve-partner arrangements

After the Reorganisation, most of the partners of the Group will be Members of both DWF Law LLP and DWF LLP. Each partner will have a “home legal practice”, which is the subsidiary undertaking of the Group on behalf of which the partner primarily practices as a legal practitioner (“**Home Legal Practice**”). Generally, it is intended that each partner will receive a fixed profit share from his or her Home Legal Practice.

The Executive Board will be able to designate a partner as a valve-partner, which means that such partner would receive all or part of his or her fixed profit share from a subsidiary undertaking of the Group other than his or her Home Legal Practice and, thereby, reduce the amount of fixed profit share that such valve-partner would otherwise receive from his or her Home Legal Practice by the amount that he or she will receive from such other subsidiary undertaking of the Group. Before becoming a valve-partner in a given jurisdiction, the partner will need to meet the local regulatory requirements to qualify for registration as a valve-partner in the applicable jurisdiction. The purpose of the valve-partner arrangements is to give the Executive Board flexibility in distributing, to valve-partners, surpluses of each Home Legal Practice after having paid all expenses, charges for intra-group services and licence agreements and partner fixed profit share of such Home Legal Practice (“**Surpluses**”) such that, ultimately, partners with a Home Legal Practice in the DWF Law LLP Sub-group who are designated as valve-partners (the “**DWF Law LLP Valve-Partners**”) will receive the aggregate amount of all Surpluses arising in the DWF LLP Sub-group under the valve-partner arrangements, and, thereby, reduce the aggregate fixed profit share that such DWF Law LLP Valve-Partners would otherwise receive from the DWF Law LLP Sub-group by such aggregate amount of Surpluses that they receive from the DWF Law Sub-group. This arrangement is expected to allow the Group to manage the level of retained profits or losses in a manner so that DWF Law LLP has excess profit available for distribution to DWF Holdings Limited to enable it to fund any future payment of dividends by the Company.

Valve-partner arrangements are commonly used in the legal industry by integrated international law firms. In addition to providing remuneration flexibility, the valve-partner arrangement also enables effective collaboration between the partners and integration across the various entities of the Group as it facilitates providing advice for the benefit of various entities in the Group, the development of client relationships and maintaining and generating new client engagements across geographical boundaries. The Executive Board will, based on the forecast profit of the DWF LLP Sub-group and the policy and budget approved by the Company's Board and remuneration committee (the “**Remuneration Committee**”), decide on the expected need for, and number of, valve-partners at or before the beginning of each financial year.

4.3 **Key steps under the Reorganisation**

4.3.1 The key Reorganisation steps completed as at the date of this Registration Document were as follows:

- (a) DWF Law LLP was incorporated on 12 July 2018 as a subsidiary of DWF LLP.
- (b) DWF Holdings Limited was incorporated on 4 September 2018 as a subsidiary of DWF LLP.
- (c) The Company was incorporated on 10 September 2018 as a subsidiary of DWF LLP.

4.3.2 The key Reorganisation steps that the Group intends to complete following the date of this Registration Document and immediately prior to the intended date of Admission are as follows:

- (a) As described in paragraph 4.2.3. — “*Governance arrangements*” above, most of the Members of DWF LLP will be admitted as Members of DWF Law LLP.
- (b) DWF LLP will transfer its 100 subscriber shares of £0.01 each in DWF Holdings Limited to a specified DWF partner for a cash consideration of £1.00.
- (c) The Australian Members will subscribe for shares in DWF Holdings Limited through their partnership trusts.
- (d) The capital interests of the Members of DWF Law LLP will be adjusted between themselves such that the fixed share partners, in addition to the equity partners, will have a share of the capital profits of DWF Law LLP and the surplus assets of DWF Law LLP in the event of a winding up.
- (e) DWF Law LLP will acquire the English legal business, including intellectual property rights associated with the DWF brand, from DWF LLP by way of a business transfer. DWF Law LLP will also acquire from DWF LLP the assets and liabilities associated with the internal operational functions of the Group by way of a business transfer, such that DWF Law LLP will house and operate those internal operational functions.

DWF Law LLP will also acquire the Australian legal business and the Connected Services sub-group from DWF LLP by way of a transfer of the shares held by DWF LLP in DWF Australia Holdings Pty Ltd, DWF Connected Services Holdings Limited, DWF Connected Services Group Limited and Resolution Law Limited.

The transfer of the UAE legal business to DWF Law LLP will be effected by admitting DWF Law LLP as a member of DWF (Middle East) LLP, the vehicle through which DWF provides legal services in Dubai. DWF LLP, which as at the date of publication of this Registration Document is a member of DWF (Middle East) LLP, will retire as a member.

- (f) DWF Holdings Limited will be admitted as a Member of DWF Law LLP.
- (g) The Members of DWF Law LLP will subscribe for ordinary shares in DWF Holdings Limited of £0.01 each at par value, *pro rata* to their capital interests in DWF Law LLP, as adjusted under clause (a) of this paragraph 4.3.2.

The specified DWF partner referred to in clause (b) of this paragraph 4.3.2 will accordingly subscribe for a proportionate amount of shares in DWF Holdings Limited, less the subscriber shares transferred to him by DWF LLP as described in clause (b) of this paragraph 4.3.2. To mitigate adverse tax consequences in certain jurisdictions outside the United Kingdom, certain partners will also receive fewer shares in DWF Holdings Limited.

- (h) A certain number of ordinary shares of £0.01 each in DWF Holdings Limited will be allotted and issued to the EBT and the RST, together comprising a number of Ordinary Shares equal to approximately 10% of the fully diluted share capital of DWF Holdings Limited and the Ordinary Shares subject to awards to be made in the event of Admission to certain senior managers (non-partners) of the Group (as described in further detail in paragraph 13.6.1 below).
- (i) The individual Members of DWF Law LLP will transfer their shares of the capital profits of DWF Law LLP, and the surplus assets of DWF Law LLP in the event of a winding up, to DWF Holdings Limited for nil consideration.
- (j) The Australian Members will become members of DWF Law LLP.
- (k) The key agreements set out in paragraph 4.4.1 will come into full force and effect.
- (l) DWF LLP will transfer its subscriber Ordinary Share of £1.00 in the Company to a specified DWF partner for a cash consideration of £1.00. Such Ordinary Share of £1.00 will be sub-divided into a number of new Ordinary Shares in the Company with a nominal value to be determined.

- (m) Each of the DWF Holdings Shareholders (being the Members of DWF Law LLP, the EBT and the RST) will be allotted Ordinary Shares in the Company with the nominal value of the Ordinary Shares in the Company following the subdivision referred to in clause (k) of this paragraph 4.3.2, *pro rata* to their shareholdings in DWF Holdings Limited.

In exchange, each DWF Holdings Shareholder will transfer to the Company all the ordinary shares held by such shareholder in the capital of DWF Holdings Limited, collectively comprising the entire issued share capital of DWF Holdings Limited (such share-for-share exchange being the “**Share Exchange**”).

The specified DWF partner referred to in clause (b) of this paragraph 4.3.2. will receive a proportionate amount of Ordinary Shares, less the subscriber Ordinary Shares transferred to him by DWF LLP and subsequently sub-divided, as described in clause (k) of this paragraph 4.3.2.

In this way, DWF Holdings Limited will become a wholly-owned subsidiary of the Company and the DWF Holdings Shareholders will become shareholders of the Company.

- (n) The merger reserve created by the Share Exchange will be capitalised and applied in paying up in full the Capital Reduction Share which will be allotted and issued by way of a bonus issue to a specified DWF partner.

The Capital Reduction Share will have a nominal value equal to the value of such merger reserve. It will not be admitting to trading or carry any entitlement to attend or vote at general meetings of the Company, and will carry only the right to participate in any return of capital to the extent of the amount paid up or credited as paid up on the Capital Reduction Share but only after the holder of each Ordinary Share has received the amount paid up or credited as paid up on such a share and the sum of £10 million in respect of each Ordinary Share.

Accordingly, the Capital Reduction Share will, for all practical purposes, be valueless and will be subsequently cancelled, as described in clause (n) of this paragraph 4.3.2.

- (o) The issued share capital of the Company will be reduced, by cancelling the Capital Reduction Share immediately following issuance, in order to generate distributable reserves to facilitate future dividend distributions. This will be effected by way of the directors’ solvency statement procedure governed by the Act.

Following such capital reduction, the Company will be re-registered as a public limited company.

4.4 ***Key agreements under the Reorganisation***

4.4.1 The key agreements under the Reorganisation are set out in paragraphs 4.4.2 to 4.4.9 below and comprise the following:

- DWF Law LLP Constitutional Deed;
- DWF Law LLP and DWF LLP Member Handbooks;
- Group Governance Deed;
- DWF LLP Constitutional Deed;
- Local governance agreements, partnership agreements and related constitutional arrangements; and
- The services agreements and the licence agreements.

4.4.2 ***DWF Law LLP Constitutional Deed***

As part of the Reorganisation, DWF Law LLP will adopt a new limited liability agreement (the “**DWF Law LLP Constitutional Deed**”) that sets out the terms on which DWF Law LLP will be organised and the rights and obligations of its Members. The DWF Law LLP Constitutional Deed will replace all previous LLP agreements relating to DWF Law LLP.

Executive Board

The DWF Law LLP Constitutional Deed will provide for the DWF Law LLP Executive Board, comprised of Members of DWF Law LLP and other persons who hold the roles set out in the terms of reference of the DWF Law LLP Executive Board (the “**DWF Law LLP**

Executive Board Terms of Reference”). The DWF Law LLP Executive Board will comprise the members of DWF’s senior management team, as set out in *Part VII — “Directors, Senior Management and Corporate Governance”*.

Pursuant to the DWF Law LLP Constitutional Deed, the DWF Law LLP Executive Board will have the authority to determine all matters in connection with DWF Law LLP in accordance with the DWF Law LLP Executive Board Terms of Reference, except that:

- (a) each reserved matter, as set out in the DWF Law LLP Executive Board Terms of Reference, is a reserved matter (each a “**DWF Law Reserved Matter**” and together the “**DWF Law Reserved Matters**”) subject to the prior written consent of DWF Holdings Limited and will include, *inter alia*, the appointment and removal of members of the DWF Law LLP Executive Board and any amendment to the DWF Law LLP Executive Board Terms of Reference; and
- (b) any of the following amendments (each a “**DWF Law Member Matter**” and together the “**DWF Law Member Matters**”) requires the prior approval by Members of DWF Law LLP:
 - (i) any amendment of any provision of the DWF Law LLP Constitutional Deed or the Member Handbook, which amendment would materially prejudice the rights or interests of any class of individual Members of DWF Law LLP under the DWF Law LLP Constitutional Deed or the Member Handbook (for the avoidance of doubt, the exercise of any discretion by any of DWF Law LLP, DWF Holdings Limited or the DWF Law LLP Executive Board conferred on it under the DWF Law LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision);
 - (ii) any amendment of DWF Law LLP’s policy relating to the obligations on Members to contribute capital to DWF Law LLP (the “**DWF Law Capital Policy**”), except that the DWF Law LLP Executive Board may amend the DWF Law Capital Policy if required by law, regulation or (in the opinion of the DWF Law LLP Executive Board acting in good faith) to preserve the tax status of DWF Law LLP or some or all of the Members of DWF Law LLP (for the avoidance of doubt, the exercise of any discretion by any of DWF Law LLP, DWF Holdings Limited or the DWF Law LLP Executive Board conferred on it under the DWF Law LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision); or
 - (iii) any amendment of the provisions of the DWF Law LLP Constitutional Deed which set out the procedure for voting on the two matters listed above.

The matters covered by (b)(i) above include all terms of the DWF Law LLP Constitutional Deed and the Member Handbook relating to a class of individual Members of DWF Law LLP in respect of their (A) self-employed LLP member status and (B) statutory duties and liabilities resulting from their status as members of an English limited liability partnership, including under applicable statutes and regulations. In terms of their self-employed LLP member status, this includes (but is not limited to) matters such as (i) allocation of profits, (ii) drawing of profits, (iii) expulsion from the LLP, (iv) compulsory retirement, (v) voluntary retirement, (vi) gardening leave and suspension from the LLP and (vii) restrictive covenants. In terms of their status as members of an English limited liability partnership, this includes (but is not limited to) matters such as (i) preparation of statutory accounts, (ii) treatment of member capital contributions, (iii) duties, rights and liabilities of Members as between each other and also the LLP arising by virtue of such status, (iv) indemnities given by the LLP to individual Members of DWF Law LLP to address certain liabilities that may arise by virtue of such status, and (v) providing for those members who act in the capacity of office holders under statute, regulation or professional rules.

Pursuant to the DWF Law LLP Constitutional Deed, DWF Law LLP and the DWF Law LLP Executive Board will be obligated to act in the best interests of DWF Law LLP and in accordance with, among other things, the terms of the DWF Law LLP Constitutional Deed and the Group Policies.

Capital Accounts and Profit Shares

The DWF Law LLP Constitutional Deed includes provisions for the establishment and operation of capital accounts in the name of each Member of DWF Law LLP, with contributions and withdrawals to be made by the Members in accordance with DWF Law Capital Policy. Pursuant to the DWF Law LLP Constitutional Deed, profits will be allocated to Members as set out in the Member Handbook and in accordance with the terms set out in the relevant Members' DWF Law Member Notification. The Member Handbook also provides for the "valve-partner arrangements" as further described in paragraph 4.2.4. — "*Economic flows*" above.

Customary LLP provisions

The DWF Law LLP Constitutional Deed will further contain provisions customary in a limited liability partnership deed, including provisions concerning the admission and retirement of Members, preparation of statutory accounts and provisions governing the procedures for meetings of the Members of DWF Law LLP.

Under the DWF Law LLP Constitutional Deed, each Member of DWF Law LLP will agree to comply with the DWF Law LLP Constitutional Deed, their Member Notification and the Group Policies. Each Member of DWF Law LLP will agree to, among other things, act diligently in the conduct of the business of DWF Law LLP, show the utmost good faith to DWF Law LLP and the other Members of DWF Law LLP in all transactions relating to business of DWF Law LLP and not do anything or omit to do anything that amounts to misconduct (including fraud, dishonesty and reckless conduct).

Pursuant to the DWF Law LLP Constitutional Deed, each Member of DWF Law LLP (other than DWF Holdings Limited) appoints each member of the DWF Law LLP Executive Board as his attorney in connection with (a) that member's obligations under the DWF Law LLP Constitutional Deed, Member Handbook and Group Policies and (b) in order to implement any decision made in accordance with the DWF Law LLP Constitutional Deed, the DWF Law LLP Executive Board Terms of Reference, the Member Handbook or the Group Policies.

Pursuant to the DWF Law LLP Constitutional Deed, DWF Law LLP has agreed to indemnify each Member against certain costs, charges, losses, expenses and liabilities (together, "**Liabilities**") incurred by those parties, as follows:

- (a) each Member or former Member of DWF Law LLP against all Liabilities incurred by him or her in the proper performance by him or her of his or her duties as a Member in his or her ordinary and proper conduct of the business of DWF Law LLP;
- (b) each Member or former Member of DWF Law LLP (other than any member of the DWF Law LLP Executive Board) against all Liabilities incurred as a result of a failure by the DWF Law LLP Executive Board to properly discharge the Member's statutory duties delegated to the DWF Law LLP Executive Board under the DWF Law LLP Constitutional Deed;
- (c) each DWF Law office holder or former DWF Law office holder against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a DWF Law office holder;
- (d) each member of the DWF Law LLP Executive Board against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a member of the DWF Law LLP Executive Board; and
- (e) each Member or former Member of DWF Law LLP against all Liabilities incurred by him or her in his or her capacity as a Valve Partner in connection with him or her receiving sums from a Group entity in accordance with the Member Handbook, to the extent that such Liabilities are in excess of any liabilities that such Member would otherwise have incurred if he or she had not received sums from such Group entity, including in connection with tax liabilities or compliance costs in additional jurisdiction, with the intention that a Valve Partner neither benefits nor is disadvantaged by being designated a Valve Partner.

Nothing shall require DWF Law LLP to indemnify any Member against any Liability to the extent that:

- (a) such indemnity would be void, illegal or unenforceable or in breach of any law, regulation or rule of a regulatory body in respect of DWF Law LLP or its parent undertakings;
- (b) the Member has improperly derived a personal benefit or profit in connection with such Liabilities; or
- (c) the Liability arises, directly or indirectly, as a result of or in connection with the misconduct (including fraud, dishonesty and reckless conduct or material breach of contract) of the Member.

4.4.3 *DWF Law LLP and DWF LLP Member Handbooks*

As part of the Reorganisation, DWF Law LLP and DWF LLP will each adopt a group policy known as the “**Member Handbook**”. The Member Handbook sets out each LLP’s policies for determining and allocating profits and other financial awards to DWF Law LLP Members and to DWF LLP Members, including the policy relating to their contribution of capital to DWF Law LLP and DWF LLP, respectively. This document does not include any policies in respect of amounts to which a Member may become entitled as a shareholder of the Company, as a beneficiary of a Group employee benefit or discretionary trust, which are matters to be determined by the Company.

The Member Handbook includes provisions setting out the valve partner arrangements. Each Member will receive a member notification (the “**Member Notification**”) indicating, among other things, his or her fixed profit share, required capital contribution and other benefits. The DWF Law LLP Executive Board may also designate certain Members as valve partners (each a “**Valve Partner**”) for the purposes of the valve-partner arrangements.

4.4.4 *Group Governance Deed*

As part of the Reorganisation, DWF Law LLP and DWF LLP will enter into a governance deed (the “**Group Governance Deed**”). The purpose of the Group Governance Deed is to implement the intention of the individual members of DWF Law LLP and DWF LLP for the business of DWF Law LLP and DWF LLP (and their subsidiary undertakings) to continue to be managed and operated on a unified basis. To the extent that there is any conflict between the Group Governance Deed and the DWF LLP Constitutional Deed (as defined in paragraph 4.4.5 — “*DWF LLP Constitutional Deed*” below), the provisions of the Group Governance Deed will prevail.

Under the Group Governance Deed, DWF Law LLP and DWF LLP will agree to:

- (a) implement the objectives, strategies and business plans of the unified business of DWF Law LLP and DWF LLP (and their subsidiary undertakings) as approved by DWF Law LLP; and
- (b) manage the unified business of DWF Law LLP and DWF LLP in accordance with (i) the group-wide policies and procedures of the Company and its subsidiary undertakings in force for the time being, the “**Group Policies**”) and (ii) the intra-group arrangements entered into between DWF Law LLP and DWF LLP (the “**Intra-Group Arrangements**”).

DWF LLP will agree:

- (a) to procure that its subsidiary undertakings will implement arrangements to ensure that they (and their respective partners, employees and consultants) comply with directions of the executive board of DWF LLP (the “**DWF LLP Executive Board**”), the Group Policies and the Intra-Group Arrangements; and
- (b) that neither it nor its subsidiary undertakings will amend the DWF LLP Constitutional Deed, or any constitutional or governance arrangement of any subsidiary undertaking of DWF LLP, without DWF Law LLP’s consent.

DWF LLP will agree that the DWF LLP Executive Board will:

- (a) exercise its powers and responsibilities in accordance with the DWF LLP Executive Board's terms of reference (the "**DWF Terms of Reference**"), which includes matters reserved for decision to DWF Law LLP. The DWF Terms of Reference may be amended by the DWF LLP Executive Board with the prior written consent of DWF Law LLP; and
- (b) be constituted by the same members who constitute the executive board of DWF Law LLP (the "**DWF Law LLP Executive Board**") or as otherwise approved by DWF Law LLP.

Each of the lawyers (and other legal practitioners entitled to practice law) of the Group owes professional duties as a member of the legal profession. The Group Governance Deed will provide for the prevalence of such professional duties to the extent of any conflict or potential conflict between such professional duties and the Group Policies or directions given by the DWF LLP Executive Board or the DWF Law LLP Executive Board.

4.4.5 *DWF LLP Constitutional Deed*

As part of the Reorganisation, DWF LLP will adopt a new limited liability partnership agreement (the "**DWF LLP Constitutional Deed**") that sets out the terms on which Members of DWF LLP will carry on the practice and profession of solicitors through DWF LLP. The DWF LLP Constitutional Deed will replace all previous LLP agreements relating to DWF LLP.

Executive Board

The DWF LLP Constitutional Deed will provide for the DWF LLP Executive Board, comprised of Members of DWF LLP and other persons who hold the roles set out in the terms of reference of the DWF LLP Executive Board (the "**DWF LLP Executive Board Terms of Reference**"), and otherwise in accordance with the Group Governance Deed. The DWF LLP Executive Board will comprise the members of DWF's senior management team, as set out in *Part VII — "Directors, Senior Management and Corporate Governance"*.

Pursuant to the DWF LLP Constitutional Deed, the DWF LLP Executive Board will have authority to determine all matters in connection with DWF LLP in accordance with the DWF LLP Executive Board Terms of Reference and the Group Governance Deed, except that:

- (a) each reserved matter, as set out in the DWF LLP Executive Board Terms of Reference, is a reserved matter (each a "**DWF Reserved Matter**" and together the "**DWF Reserved Matters**") subject to the prior written consent of DWF Law LLP and will, *inter alia*, include the appointment and removal of members of the DWF LLP Executive Board and any amendment to the DWF LLP Executive Board Terms of Reference; and
- (b) any of the following amendments (each a "**DWF Member Matter**" and together the "**DWF Member Matters**") will require the prior approval by Members of DWF LLP:
 - (i) any amendment of any provision of the DWF LLP Constitutional Deed or the Member Handbook, which amendment would materially prejudice the rights or interests of any class of Members of DWF LLP under the DWF LLP Constitutional Deed or the Member Handbook (for the avoidance of doubt, the exercise of any discretion by either of DWF LLP or the DWF LLP Executive Board conferred on it under the DWF LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision);
 - (ii) any amendment of DWF LLP's policy relating to the obligations on Members to contribute capital to DWF LLP (the "**DWF Capital Policy**"), except that the DWF LLP Executive Board may amend the DWF Capital Policy if required by law, regulation or (in the opinion of the DWF LLP Executive Board acting in good faith) to preserve the tax status of DWF LLP or some or all of the Members of DWF LLP (for the avoidance of doubt, the exercise of any discretion by either of DWF LLP or the DWF LLP Executive Board conferred on it under the DWF LLP Constitutional Deed, the Member Handbook or the Group Policies does not constitute an amendment for the purposes of this provision); or

- (iii) any amendment of the provisions of the DWF LLP Constitutional Deed which set out the procedure for voting on the two matters listed above.

The matters covered by (b)(i) above include all terms of the DWF LLP Constitutional Deed and the Member Handbook relating to a class of Members of DWF LLP in respect of their (A) self-employed LLP member status and (B) statutory duties and liabilities resulting from their status as members of an English limited liability partnership, including under applicable statutes and regulations. In terms of their self-employed status, this includes (but is not limited to) matters such as (i) allocation of profits, (ii) drawing of profits, (iii) expulsion from the LLP, (iv) compulsory retirement, (v) voluntary retirement, (vi) gardening leave and suspension from the LLP and (vii) restrictive covenants. In terms of their status as members of an English limited liability partnership, this includes (but is not limited to) matters such as (i) preparation of statutory accounts, (ii) treatment of member capital contributions, (iii) duties, rights and liabilities of Members as between each other and also the LLP that may arise by virtue of such status, (iv) indemnities given by the LLP to Members of DWF LLP to address certain liabilities that may arise by virtue of such status, and (v) providing for those members who act in the capacity of office holders under statute, regulation or professional rules

Pursuant to the DWF LLP Constitutional Deed, DWF LLP and the DWF LLP Executive Board will be obligated to act in the best interests of DWF LLP and in accordance with, among other things, the terms of the DWF LLP Constitutional Deed, the Group Policies and the Group Governance Deed.

In respect of any director of the Company or member of the DWF LLP Executive Board, to the extent that any provisions of the DWF LLP Constitutional Deed or the Member Handbook conflict with his or her letter of appointment or service contract, or any law or Group Policy applicable to him or her as a director of the Company or as “senior management” (or equivalent senior role), then, to the extent of the conflict or inconsistency, such arrangements will prevail over the DWF LLP Constitutional Deed and the Member Handbook.

Capital accounts, profit shares and valve-partner arrangements

The DWF LLP Constitutional Deed will include provisions for the continuation and operation of capital accounts in the name of each Member of DWF LLP, with contributions and withdrawals to be made by the Members in accordance with the DWF Capital Policy. Pursuant to the DWF LLP Constitutional Deed, profits will be allocated to Members as set out in the Member Handbook and in accordance with the terms set out in the relevant Members’ DWF Member Notification. The Member Handbook also provides for the “valve-partner arrangements” as further described in paragraph 4.2.4 — (“*Economic flows*”) above.

Customary LLP provisions

The DWF LLP Constitutional Deed will further contain provisions customary in a limited liability partnership deed, including provisions concerning the admission and retirement of Members, preparation of statutory accounts and provisions governing the procedures for meetings of the Members of DWF LLP.

Under the DWF LLP Constitutional Deed, each Member of DWF LLP will agree to comply with the DWF LLP Constitutional Deed, their Member Notification and the Group Policies.

Each Member of DWF LLP will agree to comply with the Group Governance Deed. Each Member of DWF LLP will agree to, among other things, act diligently in the conduct of the business of DWF LLP, show the utmost good faith to DWF LLP and the other Members of DWF LLP in all transactions relating to DWF LLP and not do anything or omit to do anything that amounts to misconduct (including fraud, dishonesty and reckless conduct). Each Member of DWF LLP who is also a member of a subsidiary undertaking of DWF LLP through which the practice and profession of solicitors or lawyers is carried out, will undertake to comply with the relevant Local Governance Agreement (see paragraph 4.4.7 — (“*Local partnership and related constitutional arrangements*”) below and agrees that any material breach by him or her of the relevant Local Governance Agreement will be deemed to be a material breach of the DWF LLP Constitutional Deed.

Pursuant to the DWF LLP Constitutional Deed, each Member of DWF LLP will appoint each member of the DWF LLP Executive Board as his attorney in connection with (a) that member's obligations under the DWF LLP Constitutional Deed, the Member Handbook, the Group Policies and the Local Governance Agreements and (b) in order to implement any decision made in accordance with the DWF LLP Constitutional Deed, the DWF LLP Executive Board Terms of Reference, the Member Handbook, the Group Policies or the Local Governance Agreements.

Pursuant to the DWF LLP Constitutional Deed, DWF LLP will indemnify each Member against certain costs, charges, losses, expenses and liabilities (together, "**Liabilities**") incurred by them, as follows:

- (a) each Member or former Member of DWF LLP against all Liabilities incurred by him or her in the proper performance by him or her of his or her duties as a Member in his or her ordinary and proper conduct of the business of DWF LLP;
- (b) each Member or former Member of DWF LLP (other than any member of the DWF LLP Executive Board) against all Liabilities incurred as a result of a failure by the DWF LLP Executive Board to properly discharge the Member's statutory duties delegated to the DWF LLP Executive Board under the DWF LLP Constitutional Deed;
- (c) each DWF office holder or former DWF office holder against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a DWF office holder;
- (d) each member of the DWF LLP Executive Board against all Liabilities incurred by him or her in the proper execution and discharge of his or her duties as a member of the DWF LLP Executive Board; and
- (e) each Member or former Member of DWF LLP against all Liabilities incurred by him or her in his or her capacity as a Valve Partner in connection with him or her receiving sums from a Group entity in accordance with the Member Handbook, to the extent that such Liabilities are in excess of any liabilities that such Member would otherwise have incurred if he or she had not received sums from such Group entity, including in connection with tax liabilities or compliance costs in additional jurisdiction, with the intention that a Valve Partner neither benefits nor is disadvantaged by being designated a Valve Partner.

Nothing will require DWF LLP to indemnify any Member against any Liability to the extent that:

- (a) such indemnity would be void, illegal or unenforceable or in breach of any law, regulation or rule of a regulatory body in respect of DWF LLP or its parent undertakings;
- (b) the Member has improperly derived a personal benefit or profit in connection with such Liabilities; or
- (c) the Liability arises, directly or indirectly, as a result of or in connection with the misconduct (including fraud, dishonesty and reckless conduct or material breach of contract) of the Member.

4.4.6 *Local governance agreements*

DWF LLP will be party to local governance agreements (the "**Local Governance Agreements**") with each of DWF (France) AARPI ("**DWF France**"), DWF LLP Studio Legale Associato ("**DWF Italy**"), DWF (Northern Ireland) LLP ("**DWF NI**"), DWF Ireland GP ("**DWF Ireland**") and DWF Holding Gesellschaft bürgerlichen Rechts and DWF Germany Rechtsanwalts-gesellschaft mbH (together "**DWF Germany**"), and each of these entities will be (and currently is) a subsidiary undertaking of the Group.

(a) DWF Italy Local Governance Agreement

As part of the Reorganisation, DWF LLP, DWF Italy and the members of DWF Italy (the "**Italian Members**") will enter into a local governance agreement in relation to the governance of DWF Italy (the "**DWF Italy Local Governance Agreement**").

The key terms of the DWF Italy Local Governance Agreement will include the following:

- *Management* – DWF Italy and each Italian Member will undertake to manage and conduct the business and affairs of DWF Italy in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each Italian Member will agree

to propose and to vote on any resolution of DWF Italy as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board not to propose or vote on any resolution of DWF Italy;

- *Membership* – No person will be admitted as a member of DWF Italy unless and until the DWF LLP Executive Board has approved such person’s admission as a member of DWF Italy and such person has acceded to the DWF LLP Constitutional Deed. A member of DWF Italy will automatically cease to be a member of DWF Italy upon ceasing to be a member of DWF LLP;
- *Professional duties* – Each Italian Member and employee or consultant of DWF Italy who is a solicitor, lawyer or other legal practitioner entitled to practise in Italy (each an “**Italian Lawyer**”) has professional duties as a member of the legal profession in Italy and the application of Group Policies and directions given by the DWF LLP Executive Board to each Italian Lawyer will be subject to the condition that such Italian Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the Italian Members on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

(b) DWF Northern Ireland Local Governance Agreement

As part of the Reorganisation, DWF LLP, DWF NI and the members of DWF NI (the “**Northern Irish Members**”) will enter into a local governance agreement in relation to the governance of DWF NI (the “**DWF Northern Ireland Local Governance Agreement**”).

The key terms of the DWF Northern Ireland Local Governance Agreement will include the following:

- *Management* – DWF NI and each Northern Irish Member undertakes to manage and conduct the business and affairs of DWF NI in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each Northern Irish Member will agree to propose and to vote on any resolution of DWF NI as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board not to propose or vote on any resolution of DWF NI;
- *Membership* – No person will be admitted as a member of DWF NI unless and until the DWF LLP Executive Board has approved such person’s admission as a member of DWF NI and such person has acceded to the DWF LLP Constitutional Deed. A member of DWF NI will automatically cease to be a member of DWF NI upon ceasing to be a member of DWF LLP;
- *Professional duties* – Each Northern Irish Member and employee or consultant of DWF NI who is a solicitor, lawyer or other legal practitioner entitled to practise in Northern Ireland (each a “**Northern Irish Lawyer**”) has professional duties as a member of the legal profession in Northern Ireland and the application of Group Policies and directions given by the DWF LLP Executive Board to each Northern Irish Lawyer will be subject to the condition that such Northern Irish Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the Northern Irish Members on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

(c) DWF Republic of Ireland Local Governance Agreement

DWF LLP, DWF Ireland and the partners of DWF Ireland (the “**Irish Partners**”) are party to a local governance agreement in relation to the governance of DWF Ireland (the “**DWF Ireland Local Governance Agreement**”).

The key terms of the DWF Ireland Local Governance Agreement will include the following:

- *Management* – DWF Ireland and each Irish Partner will undertake to manage and conduct the business and affairs of DWF Ireland in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each Irish Partner will agree to propose and to vote on any resolution of DWF Ireland as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board, not to propose or vote on any resolution of DWF Ireland;

- *Membership* – No person will be admitted as a partner of DWF Ireland unless and until the DWF LLP Executive Board has approved such person’s admission as a partner of DWF Ireland and such person has acceded to the DWF LLP Constitutional Deed. A partner of DWF Ireland will automatically cease to be a partner of DWF Ireland upon ceasing to be a member of DWF LLP;
- *Professional duties* – The DWF Ireland Local Governance Agreement will provide that DWF LLP, DWF Ireland and each Irish Partner are bound by the DWF LLP Constitutional Deed, which includes provision for DWF LLP to recognise that each Irish Partner and employee or consultant of DWF Ireland who is a solicitor, lawyer or other legal practitioner entitled to practise in Ireland (each an “**Irish Lawyer**”) has professional duties as a member of the legal profession in Ireland and to agree that the application of Group Policies and directions given by the DWF LLP Executive Board to each Irish Lawyer will be subject to the condition that such Irish Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the Irish Partners on a substantially similar basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

(d) DWF Germany Local Governance Agreement

As part of the Reorganisation, DWF LLP, DWF Germany and the partners of DWF Germany (the “**German Partners**”) will enter into a local governance agreement in relation to the governance of DWF Germany (the “**DWF Germany Local Governance Agreement**”).

The key terms of the DWF Germany Local Governance Agreement will include the following:

- *Management* – DWF Germany and each German Partner will undertake to manage and conduct the business and affairs of DWF Germany in accordance with the directions of the DWF LLP Executive Board and the Group Policies and each German Partner will agree to propose and to vote on any resolution of DWF Germany as directed by the DWF LLP Executive Board and, unless directed to do so by the DWF LLP Executive Board, not to propose or vote on any resolution of DWF Germany;
- *Membership* – No person will be admitted as a member of DWF Germany unless and until the DWF LLP Executive Board has approved such person’s admission as a member of DWF Germany and such person has acceded to the DWF LLP Constitutional Deed. A member of DWF Germany will automatically cease to be a member of DWF Germany upon ceasing to be a member of DWF LLP;
- *Professional duties* – Each German Partner and employee or consultant of DWF Germany who is a solicitor, lawyer or other legal practitioner entitled to practise in Germany (each a “**German Lawyer**”) has professional duties as a member of the legal profession in Germany and the application of Group Policies and directions given by the DWF LLP Executive Board to each German Lawyer will be subject to the condition that such German Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail; and
- *Indemnity* – DWF LLP will indemnify the German Partners on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

(e) DWF France Local Governance Agreement

As part of the Reorganisation, DWF LLP and DWF France will enter into a local governance agreement in relation to the governance of DWF France (the “**DWF France Local Governance Agreement**”). As further explained in paragraph 4.4.7 — “*Local partnership and related constitutional arrangements*” below, DWF LLP is the controlling member of DWF France and the partners of DWF France (the “**French Partners**”) will not directly be party to the DWF France Local Governance Agreement, but they will be required to comply with its terms pursuant to the By-laws of DWF France.

The key terms of the DWF France Local Governance Agreement will be as follows:

- *Management* – DWF France and each French Partner will undertake to manage and conduct the business and affairs of DWF France in accordance with the directions of the DWF LLP Executive Board and the Group Policies;

- *Professional duties* – Each French Partner and employee or consultant of DWF France who is a solicitor, lawyer or other legal practitioner entitled to practise in France (each a “**French Lawyer**”) has professional duties as a member of the legal profession in France and the application of Group Policies and directions given by the DWF LLP Executive Board to each French Lawyer will be subject to the condition that such French Lawyer’s compliance with his or her professional duties (to the extent of any conflict or potential conflict) shall prevail.

DWF LLP will execute a deed poll of indemnity in favour of the French Partners, from time to time, under which DWF LLP will indemnify the French Partners on substantially the same basis as it indemnifies the Members of DWF LLP under the DWF LLP Constitutional Deed.

4.4.7 *Local partnership and related constitutional arrangements*

Other than DWF France (in which DWF LLP has a direct membership/partnership interest), DWF LLP will not have any equity or other membership/partnership interest (and therefore no direct membership/partnership rights) in the local partnerships (DWF Italy, DWF NI, DWF Ireland and DWF Germany).

The partnership and related constitutional arrangements of the local partnerships (DWF France, DWF Italy, DWF NI, DWF Ireland and DWF Germany) will contain customary provisions such as those relating to, among others, the duration and dissolution of the partnerships, categories of partners and the appointment of the managing partner, powers of any general meetings of the partners, exclusions or withdrawals of partners and how profits are distributed among partners.

In respect of DWF NI, the limited liability partnership agreement of DWF NI will provide for the indemnification of the partners of DWF NI, rather than the indemnity being provided by DWF LLP.

In respect of DWF France, under its by-laws, DWF LLP will be the controlling partner. In respect of voting rights, DWF LLP will have the right to cast the majority of votes of all resolutions of DWF France, including, *inter alia*, to appoint the managing partner, admit new partners, terminate partner appointments and amend the terms of the by-laws. It also, *inter alia*, will have the right to determine profit share allocations of the partners (including its own profit share allocation) and DWF LLP will own all of the assets of the partnership. Additionally, under the by-laws of DWF France, the French Partners will be required to comply with the DWF France Local Governance Agreement.

4.4.8 *Services agreements*

In connection with the Reorganisation, DWF Law LLP will enter into a services agreement with DWF LLP (the “**Services Agreement**”) under which DWF Law LLP will provide support services to DWF LLP, including financial and accounting, human resources, IT and other administrative support. Pursuant to the agreement, DWF LLP will pay DWF Law LLP a service fee (the “**Support Service Fee**”) based on: (a) the internal costs incurred by DWF Law LLP in providing the services; plus (b) a mark-up, in the case of internal costs. External costs will not be subject to a mark-up. Internal costs include salary, bonus, benefits and certain overhead costs. External costs include third-party costs such as software fees and audit fees.

The Support Service Fee will be calculated in accordance with annually forecast costs data and invoiced monthly in arrears. The Support Service Fee will then be reviewed quarterly, after which review the Support Service Fee will be adjusted to the extent that the forecast revenue and costs differ from the actual revenue and costs. At the end of each financial year, the final instalment of the fee payable for that year will be calculated based on the actual internal costs, associated mark-up and external costs less the aggregate of all instalments of the Support Service Fee paid during that year.

DWF LLP will enter into direct agreements with its subsidiary undertakings on similar terms to the Master Services Agreement for the provision of the same services which it receives under the Master Services Agreement (each a “**Local Services Agreement**”). For the purposes of each Local Services Agreement, DWF Law LLP will provide the relevant services as DWF LLP’s sub-contractor but DWF LLP will remain liable for any breaches of a Local Services Agreement by DWF LLP or the relevant subsidiary undertaking. DWF LLP shall also be liable for charging and recovering the relevant service charges payable under each Local

Services Agreement which will be calculated as a proportion of the Support Service Fee payable by DWF LLP, based upon the headcount of and likely service usage by the relevant subsidiary undertaking.

Service fees (whether the Support Service Fee payable under the Master Services Agreement or any charges due under a Local Services Agreement) will not include costs of activities that a member of the Group performs solely in its capacity as a shareholder (e.g., the costs of preparing consolidated accounts).

4.4.9 *Licence agreements*

In connection with the Reorganisation, DWF Law LLP will enter into a licence agreement with DWF LLP (the “**Licence Agreement**”), under which DWF Law LLP will provide certain intangibles services and grant certain rights to DWF LLP for the use of certain intellectual property rights, including its brand, trademarks and logos. Pursuant to the Licence Agreement, DWF LLP will pay DWF Law LLP a service fee (the “**Intangibles Service Fee**”), which will be equal to 6% of DWF LLP’s revenue for each financial year.

The Intangibles Service Fee will be calculated in accordance with annually forecast revenue data and invoiced monthly in arrears. The Intangibles Service Fee will then be reviewed quarterly, after every which review the Intangibles Service Fee will be adjusted to the extent that the forecast revenue differ from the actual revenue. At the end of each financial year, the final instalment of the fee payable for that year will be calculated based on the actual revenue of DWF LLP for the relevant financial year less the aggregate of all instalments of the Intangibles Service Fee paid during that year.

The Licence Agreement will entitle DWF LLP to enter into sub-licences with its subsidiary undertakings on similar terms to the Licence Agreement for the grant of the same rights which it receives under the Licence Agreement (each, a “**Sub-Licence Agreement**”). DWF LLP will be liable for any breaches of a Sub-Licence Agreement by DWF LLP or the relevant subsidiary undertaking. DWF LLP shall also be liable for charging and recovering the relevant licence fees payable under each Sub-Licence Agreement which will be calculated on the same basis as the Licence Agreement in relation to the relevant subsidiary undertaking’s revenue.

5. **Articles of Association**

5.1 *Existing Articles of Association*

The existing articles of association of the Company (the “**Existing Articles**”) include provisions to the following effect:

5.1.1 *Objects*

In accordance with section 31(1) of the Act, the objects of the Company are unrestricted and, accordingly, the Existing Articles do not include an objects provision.

5.1.2 *Limited liability*

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

5.1.3 *Rights attaching to shares*

Voting rights of members

A resolution put to the vote at a general meeting must be decided on a show of hands, unless a poll is duly demanded. A poll may be demanded in advance of the general meeting where it is to be put to the vote, or at a general meeting either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is determined. A poll may be demanded by the chairman of the meeting, the directors, two or more persons having the right to vote on the resolution, or a person or persons with not less than one tenth of the total voting rights of all members with a right to vote on the resolution.

A shareholder may appoint a proxy by a written proxy notice. A person entitled to attend, speak or vote at a general meeting remains entitled to do so even if a valid proxy has been delivered to the Company on behalf of that person.

Dividends

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the board. Subject to the provisions of the Act, the board may pay interim dividends. Unless the shareholders' resolution or directors' decision to declare or pay a dividend, or the terms on which shares are issued, specify otherwise, dividends must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

Capitalisation of reserves

The board may, with the authority of an ordinary resolution of the Company: (A) resolve to capitalise any sum standing to the credit of the share premium account or capital redemption reserve, or any profits of the Company not required for the payment of any preferential dividend (whether or not they are available for distribution); and (B) appropriate that sum to the persons who would have been entitled to it if it were distributed by way of a dividend and in the same proportions. Capitalised sums may be applied in paying up new shares of a nominal value equal to the capitalised sum (or, in the case of capitalised profits, new debentures) which are then allotted credited as fully paid to the persons entitled or as they may direct.

5.1.4 Issue of Shares

Subject to the Existing Articles and without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as determined by ordinary resolution. Shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the directors may determine the terms, conditions and manner of redemption of such shares.

5.1.5 Alteration of share capital

The Existing Articles do not restrict the Company's ability to increase, consolidate or sub-divide its share capital. Therefore, subject to the Act, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

5.1.6 Transfer of Ordinary Shares

A member may transfer all or any of his shares by an instrument of transfer in any usual form or any other form approved by the directors. An instrument of transfer shall be executed by or on behalf of the transferor. The directors may refuse to register any instrument of transfer, and, if they do so, must return the instrument of transfer to the transferee with a notice of refusal, unless they suspect that the proposed transfer may have been fraudulent. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

5.1.7 Communications by the Company

A document or information may be supplied by or to the Company in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the Company.

5.1.8 General meetings

The Existing Articles do not specify the requisite quorum for general meetings of the Company. Accordingly, pursuant to the Act, the requisite quorum is two qualifying persons. A qualifying person is: an individual who is a member of the Company; a corporate representative; or a proxy.

5.1.9 Directors

Appointment

Directors may be appointed by ordinary resolution or by a decision of the directors.

Remuneration

Directors are entitled to such remuneration as the directors determine for their services to the Company as directors and for any other service which they undertake for the Company. In addition to any remuneration to which the directors are entitled under the Existing Articles,

they may be paid reasonable expenses properly incurred in connection with their attendance at board meetings or shareholder meetings, or otherwise in connection with the exercise of their powers and discharge of their responsibilities in relation to the Company.

Conflicts of interest

A director shall not count for quorum or voting purposes in a proposed decision of the directors concerned with an actual or proposed transaction or arrangement with the Company in which he or she is interested, unless the shareholders of the Company pass an ordinary resolution disapplying the provision of the Existing Articles which would otherwise prevent the director from being counted, the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest or the interest arises from a permitted cause. The following are permitted causes:

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;
- (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Company or any of its subsidiaries which do not provide special benefits for directors or former directors.

Indemnity

As far as the applicable statutory provisions allow, the Company may:

- (a) indemnify any director of the Company (or of an associated company) against any liability in connection with any negligence, default, breach of duty or breach of trust relating to the Company or an associated company;
- (b) indemnify any director of the Company (or of an associated company) against any liability in connection with the activities of the Company (or an associated company) in its capacity as a trustee of an occupational pension scheme;
- (c) indemnify any director of the Company (or of an associated company) against any other liability incurred by that director as an officer of the Company or an associated company;
- (d) purchase and maintain insurance for any director or former director of the Company or an associated company for any loss or liability which has been or may be incurred by he or she in connection with his or her duties or powers in relation to the Company, an associated company or any pension fund or employees' share scheme of the Company or an associated company.

Proceedings of the Board

A director may at any time, and the secretary may at the request of a director, call a meeting of the board. Notice of a directors' meeting must indicate the proposed date and time, where it is to take place, and (if it is anticipated that directors participating in the meeting will not be in the same place) how it is proposed that they should communicate with each other. Directors participate in a directors' meeting when the meeting has been called and takes place in accordance with the Existing Articles, and they can communicate to the others any information or opinions they have on any particular item of business.

The quorum necessary for the transaction of the business of the board, unless fixed by the directors at any other number, shall be two.

The directors may appoint a chairman to chair their meetings and such appointment may be terminated by the directors at any time. If the chairman is not present within ten minutes of the time fixed for the holding of the meeting, the directors present shall appoint one of themselves to act as chairman for that meeting.

Questions arising at a board meeting shall be determined by a majority of votes, and, in the case of equality of votes, the chairman of the meeting shall have a casting vote. A resolution which is signed or approved by all the directors entitled to vote on that resolution shall be valid and effectual as if it had been passed at a board meeting duly called and constituted.

5.1.10 Dividends

Declaration of dividends

Subject to the provisions of the Act, the Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, but no dividend shall exceed the amount recommended by the board.

Interim dividends

Subject to the provisions of the Act, the board may pay interim dividends. If the share capital is divided into different classes, the board may not pay an interim dividend on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. If the board acts in good faith, it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares with deferred or non-preferred rights.

Calculation and currency of dividends

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be declared and paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

Dividends not to bear interest

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the terms of issue of the share, or the provisions of another agreement between the shareholder and the Company.

Dividends in specie

With the authority of an ordinary resolution of the Company and on the recommendation of the board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and, in particular, of paid up shares or other securities of any other company.

Unclaimed dividends

Any dividend unclaimed for a period of twelve years after having been declared shall be forfeited and cease to remain owing by the Company.

5.2 **Articles of Association to be adopted in the event of Admission**

The summary in this section relates to the articles of association (the "Articles") of the Company which are intended to be adopted in the event of Admission. All capitalised terms in this section are defined in the Glossary unless the context provides otherwise.

In accordance with section 31(1) of the Act, the objects of the Company are unrestricted and, accordingly, the Articles do not include an objects provision.

5.2.1 *Licensed Bodies*

The Company will be the ultimate holding company of each Licensed Body.

The Company and the directors shall procure that appropriate systems are implemented and maintained by the Company and its subsidiary undertakings to ensure that they and each of their directors, officers, partners, staff and consultants shall at all times comply with the Legal Services Act and the Regulatory Arrangements in respect of each Licensed Body.

5.2.2 *Professional duties of legal practitioners*

The Company and the directors shall procure that appropriate systems are implemented and maintained to enable the provision of legal services by the Company's subsidiary undertakings and their directors, officers, partners, staff and consultants in accordance with the professional duties of legal practitioners in each jurisdiction in which they practise.

The Company and the directors shall procure that:

- (a) the Company and the directors comply with their statutory and other duties at law and under the Articles to the members;
- (b) the Company's subsidiary undertakings and their directors, officers, partners, staff and consultants comply with their professional duties as legal practitioners in each jurisdiction in which they are entitled to practise law; and

- (c) to the extent of any conflict or potential conflict between:
- (i) the Company's and the directors' statutory and other duties at law and under the Articles to the members; and
 - (ii) the professional duties of the Company's subsidiary undertakings and their directors, officers, partners, staff and consultants as legal practitioners in each jurisdiction in which they are entitled to practise law,
- the professional duties of those legal practitioners will prevail over the Company's and the directors' statutory and other duties at law and under the Articles to members.

5.2.3 *Restricted interest provisions*

It is a cardinal principle of the Company that a Non-authorized Person shall not hold, or take steps to acquire, any Restricted Interest, other than in compliance with the Legal Services Act and the Regulatory Arrangements. The purpose of the restricted interest provisions is to enforce this principle by imposing restrictions on the holding of Restricted Interests.

The restricted interest provisions shall apply notwithstanding, and shall prevail over, every other provision of the Articles. No member (or prospective member) shall have any right of action against the Company or the directors for any loss arising, whether directly or indirectly, from the Company's exercise of its powers under the restricted interest provisions.

The Company may refuse to register a person as a member of the Company or the transfer or allotment of shares or other interests in shares, if the Company believes that such registration may result in a Non-authorized Person holding a Restricted Interest in breach of the Articles, the Legal Services Act or the Regulatory Arrangements.

If a member (or prospective member) who is a Non-authorized Person proposes to acquire a Restricted Interest, that member (or prospective member) shall not take any steps to acquire such Restricted Interest until after it has:

- (a) notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest; and
- (b) received the necessary approvals from the Relevant Licensing Authority,

as may be required under the Legal Services Act and the Regulatory Arrangements. Each member (and prospective member) acknowledges that it is a criminal offence under the Legal Services Act for a Non-authorized Person to fail to comply with its obligations under paragraph (a) above.

A member (or prospective member) who is not a Non-authorized Person (an "**Authorised Person**") may notify the Company that it is an Authorised Person and shall provide such information to the Company as the Company may request under the Articles as evidence that such member (or prospective member) is an Authorised Person. If an Authorised Person does not notify the Company (to the Company's satisfaction), such Authorised Person shall be deemed to be a Non-authorized Person for the purposes of the Articles (a "**Deemed Non-authorized Person**"). Each Deemed Non-authorized Person shall comply with the provisions of the Articles that apply to Non-authorized Persons as if such person was a Non-authorized Person.

If an Authorised Person (including a Deemed Non-authorized Person) notifies the Company (to the Company's satisfaction) that such person is an Authorised Person, such person shall be referred to as an Approved Person.

If the Company believes that the Divestiture Condition may be satisfied in relation to a Non-authorized Person (a "**Defaulting Person**"), the Company may give notice to such Defaulting Person that all of the restrictions referred to below shall apply in respect of that Defaulting Person's Relevant Shares:

- (a) subject to compulsory disposal provisions (noted below), a transfer of (or agreement to transfer) the Relevant Shares, or, in the case of unissued shares, a transfer of (or agreement to transfer) the right to be issued with them, is void;
- (b) no voting rights are to be exercisable in respect of the Relevant Shares;
- (c) no further shares in the Company are to be issued in right of the Relevant Shares or in pursuance of any offer made to their holder;

- (d) except in a liquidation, no payment is to be made of any sums due from the Company on the Relevant Shares, whether in respect of capital or otherwise; and
- (e) any other restriction that the Relevant Licensing Authority may impose in respect of the Relevant Shares in accordance with the Legal Services Act and the Regulatory Arrangements.

In addition, for so long as the restrictions set out above apply to a Defaulting Person, the following compulsory disposal provisions will also apply to such Defaulting Person. The Company may (in its absolute discretion) notify the Defaulting Person that, within seven days of the date of service of the notice, the Defaulting Person must dispose of such number of its Relevant Shares that will result in the Defaulting Person no longer holding a Restricted Interest (the “**Disposal Shares**”).

If the Defaulting Person has not disposed of the Disposal Shares in accordance with the preceding paragraph, the Company shall arrange for the Company to sell the Disposal Shares as soon as reasonably practicable. The Company shall not be liable to the Defaulting Person for any alleged deficiency in the amount of sale proceeds in respect of, or any other matter relating to, the Disposal Shares. The Company may make any arrangements it deems necessary or desirable to sell the Disposal Shares. The Defaulting Person will receive the net proceeds from the sale of the Disposal Shares.

The Company may, from time to time, send a member (or prospective member) or any other person appearing to hold any interest in shares in the Company a notice requiring such person, within seven days of the date of service of the notice, to provide such information to the Company as the Company may request so that it may determine whether such person is an Authorised Person or a Non-authorised Person who holds, or proposes to acquire, a Restricted Interest. If such a person or any other person appearing to hold any interest in shares in the Company does not respond to a notice served by the Company in accordance with the Articles, the Company may impose the restrictions set out above as if such person was a Defaulting Person.

The Company may establish and maintain such additional share registers as it deems appropriate for the purposes of these restricted interest provisions.

5.2.4 Limited liability

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

5.2.5 Rights attaching to shares

Voting rights of members

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company, the provisions of the Companies Act 2006 shall apply in relation to voting rights. On a poll, every member present in person or by proxy has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

Dividends

Subject to the rights attached to any shares issued on any special terms and conditions, dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls should be treated for these purposes as paid up on the share.

Return of capital

If the Company is in liquidation, the liquidator may, with the authority of a special resolution of the Company and any other authority required by any applicable statutory provision (A) divide among the members in specie the whole or any part of the assets of the Company or (B) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

Capitalisation of reserves

The Board may, with the authority of an ordinary resolution of the Company: (A) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including the share premium account and capital redemption reserve) or any sum standing to the credit of the profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and (B) appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution; provided that the share premium account and the capital redemption reserve, any redenomination reserve and any sum not available for distribution in accordance with the applicable statutory provisions may only be applied in paying up shares to be allotted credited as fully paid up.

5.2.6 Issue of Shares

The Company may from time to time pass an ordinary resolution authorising, in accordance with Section 551 of the Companies Act 2006, the board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).

Subject (other than in relation to the sale of treasury shares) to the board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with Section 551 of the Companies Act 2006, the Company may from time to time resolve, by special resolution, that the board be given power to allot equity securities for cash as if Section 561 of the Companies Act 2006 did not apply to the allotment, but that power shall be limited: (A) to the allotment of equity securities in connection with a rights issue; and (B) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution. The authority shall expire on the day specified in the resolution.

5.2.7 Alteration of share capital

The Company may exercise the powers conferred by the applicable statutory provisions to:

- (a) increase its share capital by allotting new shares;
- (b) reduce its share capital;
- (c) subdivide or consolidate and divide all or any of its share capital; and
- (d) redenominate all or any of its shares and reduce its share capital in connection with such redenomination.

5.2.8 Variation of class rights

Whenever the share capital of the Company is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class. Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or by the purchase or redemption by the Company of any of its own shares.

5.2.9 Transfer of Ordinary Shares

A member may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is from time to time approved by the board. The Company shall maintain a record of uncertificated shares in accordance with the applicable statutory provisions.

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place on an open and proper basis) or on which the Company has a lien. The board may also refuse to register any instrument of transfer of a certificated share unless it is left at the registered office, or such other place as the board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the board may reasonably require to prove title of the intending transferor or his right to transfer shares, and in respect of only one class of shares. If the board refuses to register a transfer of a certificated share, it shall, as soon as practicable and in any event within two months after the date on which the instrument was lodged, give to the transferee notice of the refusal together with its reasons for refusal. The board must provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request. Unless otherwise agreed by the board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

5.2.10 Disclosure of interests in Ordinary Shares

If the holder of, or any person appearing to be interested in, any share has been given a notice requiring any of the information mentioned in Section 793 of the Companies Act 2006 (the “**Section 793 Notice**”) and, in respect of that share (a “**Default Share**”), has been in default, for a period of 14 days after the Section 793 Notice has been given, in supplying to the Company the information required by the Section 793 Notice, the following restrictions shall apply: (A) if the Default Shares in which any one person is interested or appears to the Company to be interested represent less than 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting of the Company; or (B) if the Default Shares in which any one person is interested or appears to the Company to be interested represent at least 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares:

- (a) to attend or to vote, either personally or by proxy, at any general meeting of the Company;
- (b) to receive any dividend or other distribution; or
- (c) to transfer or agree to transfer any of those shares or any rights in them.

5.2.11 Forfeiture of shares

If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Every share which is forfeited or surrendered shall become the property of the Company and (subject to the applicable statutory provisions) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up.

5.2.12 Uncertificated shares – general powers

In relation to any uncertificated share, the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under any applicable statutory provision or the Articles or otherwise in effecting any action. Any provision in the Articles in relation to uncertificated shares which is inconsistent with any applicable statutory provision or the exercise of any powers or functions, including

actions by means of a relevant system, by the Company shall not apply. The Company may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form within such period as may be specified in the notice. For the purpose of effecting any action by the Company, the board may determine that shares held by a person in uncertificated form and in certificated form shall be treated as separate holdings but they shall not be treated as separate classes of shares.

5.2.13 Communications by the Company

Subject to the applicable statutory provisions (and other rules applicable to the Company), a document or information may be sent or supplied by the Company to any member in electronic form to such address as may from time to time be authorised by the member concerned or by making it available on a website and notifying the member concerned in accordance with the applicable statutory provisions (and other rules applicable to the Company) of the presence of a document or information on the website. A member shall be deemed to have agreed that the Company may send or supply a document or information by means of a website if the conditions set out in the applicable statutory provisions have been satisfied.

5.2.14 General meetings

An annual general meeting shall be held in accordance with the applicable statutory provisions. Other general meetings may be convened whenever the board thinks fit or on the requisition of members under the applicable statutory provisions.

Subject to the applicable statutory provisions, an annual general meeting shall be called by not less than 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice or by not less than such minimum notice period as is permitted by the applicable statutory provisions.

The requisite quorum for general meetings of the Company shall be two qualifying persons entitled to vote on the business to be transacted at the meeting. A qualifying person is: an individual who is a member of the Company; a corporate representative; or a proxy.

5.2.15 Directors

Appointment, resignation and termination

The directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two or more than 15 in number.

A director need not be a member of the Company.

For so long as the members of DWF Law LLP, from time to time, who also hold shares (the "**LLP Members**"), in aggregate hold:

- (a) at least 25% or more of the voting rights that may be exercised at a general meeting, the board shall appoint two LLP Members as directors each of whom (A) meets the selection criteria set by the nomination committee of the board for a person to be eligible to be recommended to be appointed as a director by the nomination committee of the board and (B) is willing to act to be directors; and
- (b) at least 10% but less than 25% of the voting rights that may be exercised at a general meeting, the board shall appoint one LLP Member as a director who (A) meets the selection criteria set by the nomination committee of the board for a person to be eligible to be recommended to be appointed as a director by the nomination committee of the board and (B) is willing to act to be a director,

and each director so appointed shall otherwise be subject to these articles to the same extent as each other director.

This paragraph is a provision for entrenchment and shall not be amended or repealed unless the Company passes a resolution by a majority of more than 90%. A resolution under this paragraph shall be treated in all other respects as a special resolution under the Articles.

In relation to the appointment of the first two LLP Members as directors under paragraph (a) above, one LLP Member shall be appointed (or continue in his appointment) as a director with effect on and from the date of adoption of the Articles and the second LLP Member shall be appointed as a director within 12 months of the date of adoption of the Articles.

At each annual general meeting, every director shall retire from office. A retiring director shall be eligible for re-election, and a director who is re-elected will be treated as continuing in office without a break. A retiring director who is not re-elected shall retain office until the close of the meeting at which he retires. If the Company, at any meeting at which a director retires in accordance with the Articles, does not fill the office vacated by such director, the retiring director, if willing to act, shall be deemed to be re-elected, unless at the meeting a resolution is passed not to fill the vacancy or to elect another person in his place or unless the resolution to re-elect him is put to the meeting and not passed.

Conflicts of interest

If a situation (a “**Relevant Situation**”) arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company but which does not arise in relation to a transaction or arrangement with the Company, the director must declare the nature and extent of his interest to the other directors, and the directors (other than the director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may (i) if the Relevant Situation arises from the appointment or proposed appointment of a person as a director of the Company, resolve to authorise the appointment of the director and the Relevant Situation on such terms as they may determine and (ii) if the Relevant Situation arises in other circumstances, resolve to authorise the Relevant Situation and the continuing performance by the director of his duties on such terms as they may determine. Any terms of such authorisation may be imposed at the time of the authorisation or may be imposed or varied subsequently and may include (without limitation):

- (a) whether the interested directors may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;
- (b) the exclusion of the interested directors from all information and discussion by the Company of the Relevant Situation; and
- (c) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the Relevant Situation.

Any authorisation of a Relevant Situation may provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company’s affairs in circumstances where to do so would amount to a breach of that confidence.

If a director is in any way, directly or indirectly, interested in a proposed or an existing transaction or arrangement with the Company, he must declare the nature and extent of that interest to the other directors.

Subject to any applicable statutory provisions and to declaring his interest to the other directors, a director may:

- (a) enter into or be interested in any transaction or arrangement with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company, or as vendor, purchaser or otherwise;
- (b) hold and be remunerated in respect of any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director;
- (c) act by himself or his firm in a professional capacity for the Company (except as auditor) and be entitled to remuneration for professional services as if he were not a director;
- (d) be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any holding company or subsidiary undertaking of that holding company or any other company in which the Company may be interested; and
- (e) be or become a director of any other company in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of his appointment as a director of that other company.

Remuneration

The directors shall be paid such fees not exceeding in aggregate £2 million per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the board may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and shall accrue from day to day.

The Board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company. Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the board may decide in addition to any remuneration payable under or pursuant to any other of the Articles.

A director shall be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties, including his expenses of travelling to and from board meetings, committee meetings and general meetings. Subject to any guidelines and procedures established from time to time by the board, a director may also be paid out of the funds of the Company all expenses incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.

The board may exercise all the powers of the Company to:

- (a) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any body corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate, or the relatives or dependants of any such person. For that purpose, the board may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums;
- (b) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme, including shares, share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and
- (c) support and subscribe to any institution or association which may be for the benefit of the Company or of any associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

Indemnity

As far as the applicable statutory provisions allow, the Company may:

- (a) indemnify any director of the Company (or of an associated body corporate) against any liability;
- (b) indemnify a director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;
- (c) purchase and maintain insurance against any liability for any director referred to in paragraph (a) or (b) above; and
- (d) provide any director referred to in paragraph (a) or (b) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

Proceedings of the Board

A director may at any time, and the secretary may at the request of a director, call a meeting of the board. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meeting as it thinks fit. This includes at a meeting which consists of a conference between directors, some or all of whom are in different places; provided that each director may participate in the business of the meeting by any means which allows him both to hear each of the other participating directors (or receive real time communications made by them) and, if he so wishes, to address all of the other participating directors (or communicate in real time with them).

The quorum necessary for the transaction of the business of the board, unless fixed by the board at any other number, shall be two. A board meeting at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the board.

The board may appoint a chairman and one or more deputy chairmen and may at any time revoke such an appointment. The chairman, or failing him any deputy chairman (the longest in office taking precedence), shall, if present and willing, preside at all board meetings but, if no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chairman of the meeting, the directors present shall choose one of their number to act as chairman for that meeting.

Questions arising at a board meeting shall be determined by a majority of votes, and, in the case of equality of votes, the chairman of the meeting shall have a casting vote. A resolution which is signed or approved by all the directors entitled to vote on that resolution shall be valid and effectual as if it had been passed at a board meeting duly called and constituted.

All acts executed in a *bona fide* manner by a meeting of the board, of a committee or by any person acting as a director or committee member, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the board or committee or of the person so acting, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a director and had continued to be a director or member of the committee and had been entitled to vote.

5.2.16 Dividends

Declaration of dividends

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the board.

Interim dividends

The board may pay such interim dividends as appear to the board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the board whenever the financial position of the Company, in the opinion of the board, justifies its payment. If the board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

Calculation and currency of dividends

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (A) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; (B) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and (C) dividends may be declared or paid in any currency using an exchange rate selected by the directors for any currency conversions required, and the directors can also decide how any costs relating to the choice of currency will be met.

Dividends not to bear interest

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

Calls or debts may be deducted from dividends

The board may deduct from any dividend or other moneys payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

Dividends in specie

With the authority of an ordinary resolution of the Company and on the recommendation of the board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and, in particular, of paid up shares or debentures of any other company.

Scrip dividends

The board may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares of that class by way of scrip dividend instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution.

Unclaimed dividends

Any dividend unclaimed for a period of six years after having been declared shall be forfeited and cease to remain owing by the Company.

6. Directors and Senior Management

6.1 DWF LLP

6.1.1 The Strategic Board Members and their functions within the Group and brief biographies are set out in *Part VII — “Directors, Senior Management and Corporate Governance”*.

6.1.2 The business address of the Strategic Board Members is 20 Fenchurch Street, London EC3M 3AG.

6.1.3 In addition to their memberships of partnerships of other members of the Group, the Strategic Board Members (other than Sir Nigel Knowles, Andrew Leitherland, Chris Stefani, Stephen Miles and Helen Hill, whose directorships and memberships are stated in 6.2.3 below) hold, or have held, the following directorships or equivalent roles and are or were members of the following partnerships, within the previous five years prior to the date of this Registration Document:

Name	Company/Partnership	Position still held
Michael Falter	Hytorc Technologies GmbH	Yes

6.1.4 There are no family relationships between any of the Strategic Board Members.

6.1.5 As at the date of this Registration Document, none of the Strategic Board Members has, at any time within the last five years:

- (a) had any prior convictions in relation to fraudulent offences;
- (b) been declared bankrupt or been the subject of any individual voluntary arrangement;
- (c) been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager;
- (d) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies);
- (e) been disqualified by a court from acting in the management or conduct of the affairs of any issuer;
- (f) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer;

- (g) been a partner or senior manager in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;
- (h) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at the time or within the 12 months preceding such event;
- (i) been a director or senior manager of a company or a partner of a partnership which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors or any business rescue plans generally or any class of creditors, at any time during which he was a director or senior manager of that company or partner of that partnership or within 12 months of his ceasing to be a director or senior manager or partner;
- (j) been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
- (k) received public criticism from statutory or regulatory authorities, including professional bodies, and has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- (l) been barred from entry into a profession or occupation; or
- (m) been convicted in any jurisdiction of any criminal offence.

6.1.6 No Strategic Board Member nor, so far as DWF LLP is aware, any director of DWF LLP who resigned during the last 18 months has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group and which were affected by the Group during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

6.1.7 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Strategic Board Members.

6.2 DWF Group Limited

6.2.1 The Directors, the Senior Managers and their functions within the Group and brief biographies are set out in *Part VII — “Directors, Senior Management and Corporate Governance”*.

6.2.2 The business address of the Directors and the Senior Managers is 20 Fenchurch Street, London EC3M 3AG.

6.2.3 In addition to their directorships of the Company and directorships and memberships of partnerships of other members of the Group, the Directors and the Senior Managers hold, or have held, the following directorships or equivalent roles and are or were members of the following partnerships, within the previous five years prior to the date of this Registration Document:

Name	Company/Partnership	Position still held
Sir Nigel Knowles	Biosure (UK) Limited (Director)	Yes
	Zeus Capital Investment Limited (Director)	Yes
	Zeus Group Limited (Director)	Yes
	Kim Technologies Limited (Director)	Yes
	Getting Capital Limited (Director)	Yes
	The Link App Limited (Director)	Yes
	Onedome Limited (Director)	Yes
	Glasswall Holdings Limited (Director)	Yes
	Morses Club plc (Director)	Yes
	Meetoo Limited (Director)	Yes
	Suntings Limited (Director)	Yes
	Zeus Capital Limited (Director)	Yes
	SGO Corporation Limited (Director)	Yes
	PC Spineinvest LLP (LLP Member)	Yes
BC Rolatube LLP (LLP Designated Member)	Yes	

Name	Company/Partnership	Position still held
	Beyond Capital LLP (LLP Designated Member)	Yes
	Scion Films Sale and Leaseback Sixth LLP (LLP Member)	Yes
	Riverview Law Limited (Director)	No
	Riverview Law Holdings Limited (Director)	No
	Langham Park Homes Limited (Director)	No
	Holland 88 Limited (Director)	No
	TMG Group Limited (Director)	No
	Blenheim Capital Services Limited (Director)	No
	Noble Street Limited (Director)	No
	DLA Piper Europe LLP (LLP Designated Member)	No
	DLA Piper International LLP (LLP Member)	No
	DLA Piper UK LLP (LLP Member)	No
	DLA Piper Asia LLP (LLP Member)	No
	DLA Piper Treasury Services Limited (Director)	No
	DLA Piper Prague LLP (LLP Designated Member)	No
	DLA Limited (Director)	No
	Dibb Lupton Alsop Limited (Director)	No
	DLA Group Limited (Director)	No
	Dealmill Limited (Director)	No
	DLA Direct Limited (Director)	No
	Dibb Lupton Broomhead Limited (Director)	No
	Broomheads (Services) Limited (Director)	No
	DLA Piper Limited (Director)	No
	DLA Piper UK Secretarial Services Limited (Director)	No
	DLA Piper Legal Delivery Centre Limited (Director)	No
	DLA Management Services (Belgium) Limited (Director)	No
	HRExclusive Limited (Director)	No
	DLA Piper International Nominees Limited (Director)	No
	DLA Piper UK Management Services Limited (Director)	No
	A.S.B. Nominees Limited (Director)	No
	DLA UK Limited (Director)	No
	DLA Piper Oman LLP (LLP Designated Member)	No
	DLA Piper Middle East LLP (LLP Designated Member)	No
	Prince's Trust International (Director)	No
	PGI - Protection Group International Ltd. (Director)	No
	DLA Piper UK Nominees Limited (Director)	No
	DLA Piper UK Properties Limited (Director)	No
Andrew Leatherland	Atelier Bride Limited (Director)	No
Chris Stefani	KIDS (Director, Trustee and Treasurer)	Yes
	Play-Train (Director)	No
	Support Education and Respite Care for Children (Director)	Yes
	Strut Limited (Director)	Yes
	Kids Trading Company Limited (Director)	Yes
	Kidsactive (Director)	Yes
Chris Sullivan	Cater Allen Limited (Director)	No
	Santander Asset Finance plc (Director)	No
	Abbey National Treasury Services plc (Director)	No
	Santander UK Operations Limited (Director)	No
	Centrepoint Soho (Director)	No
	Chris Sullivan Associates Ltd (Director)	Yes
	The Candy Foundation Limited (Director)	Yes
	Goodwood Estate Company Limited (The) (Director)	Yes
	Ship Midco Limited (Director)	No

Name	Company/Partnership	Position still held
	Elixirr Partners LLP (LLP Member)	No
	Ashridge Executive & Organisation Development Limited (Director)	No
Teresa Colaianni	WIH2020 Ltd (Director)	Yes
	Bounty Brands Holdings Limited (Director)	No
	Shingle Point Limited (Director)	Yes
	Sandboy Management Company Limited (Director)	Yes
	Mothercare plc. (Director)	No
	Poundland Group plc (Director)	No
	Alexandra Palace Trading Limited (Director)	No
	SD Worx Group (Director)	Yes
	SD Worx Holding	Yes
	The Watches of Switzerland Group Ltd	Yes
	Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust (Director)	No
	Merlin Entertainments plc (Director)	No
Vinodka Murria OBE	ADV Technology Limited (Director)	Yes
	ADV Software Limited (Director)	Yes
	Elderstreet Holdings Limited (Director)	Yes
	Elderstreet Investments Limited (Director)	Yes
	FinnCap Group PLC (Director)	Yes
	FinnCap Ltd (Director)	No
	Hay Hill Wealth Management Limited (Director)	Yes
	Intercede 2445 Limited (Director)	Yes
	PS Foundation (Director)	Yes
	Pythagoras Communications Limited (Director)	Yes
	VM.AV Corporate Services Limited Ltd (Director)	Yes
	XCD HR Limited (Director)	Yes
	5 Star Computer Systems Limited (Director)	No
	A.S.R. Computers Limited (Director)	No
	Adastra Software Limited (Director)	No
	ADV Management Services Ltd Limited (Director)	No
	ADV Software (Jersey) Limited (Director)	No
	ADV Technology (Jersey) Limited (Director)	No
	Advanced 365 Limited (Director)	No
	Advanced Accounts Limited (Director)	No
	Advanced Business Software and Solutions Limited (Director)	No
	Advanced Business Solutions CRM Limited (Director)	No
	Advanced Chorus Application Software Limited (Director)	No
	Advanced Communications Software and Solutions Limited (Director)	No
	Advanced Computer Software Group Limited (Director)	No
	Advanced Enterprise Software Limited (Director)	No
	Advanced Field Service Solutions Limited (Director)	No
	Advanced Health and Care Limited (Director)	No
	Advanced Legal Solutions Limited (Director)	No
	Advanced Sharpowl Software Limited (Director)	No
	Advanced Ticketing Limited (Director)	No
	AIM Group Holdings Limited (Director)	No
	Aim Holdings Limited (Director)	No
	AIM Professional Systems Limited (Director)	No
	Alphalaw Limited (Director)	No
	Applied Computer Expertise Limited (Director)	No
	Belmin Group Limited (Director)	No
	BI Inform Limited (Director)	No

Name	Company/Partnership	Position still held
	Business Systems 365 Limited (Director)	No
	Business Systems Group Holdings Limited (Director)	No
	Care Business Solutions Limited (Director)	No
	Caresys Software Limited (Director)	No
	Cedar Consulting Holdings Limited (Director)	No
	Cerrus Limited (Director)	No
	Charitysoftware Limited (Director)	No
	Chime Communications Limited (Director)	No
	Cloudhouse Technologies Ltd (Director)	No
	COA Solutions Limited (Director)	No
	Compass Computer Consultants Limited (Director)	No
	Computer Software Group Limited (Director)	No
	Computer Software Holdings Limited (Director)	No
	Computer Software Limited (Director)	No
	Consensus Information Technology Limited (Director)	No
	ConsultCRM Limited (Director)	No
	ConsultGRP Limited (Director)	No
	Covemead Limited (Director)	No
	CSG Bidco Limited (Director)	No
	CSG Equityco Limited (Director)	No
	CSG Midco Limited (Director)	No
	CSG Shareholder Debtco Limited (Director)	No
	Data Accelerator Limited (Director)	No
	Data Cloud Limited (Director)	No
	Exchequer Software Limited (Director)	No
	Exchequer365 Mobile Solutions Limited (Director)	No
	Fabric Technologies Limited (Director)	No
	Formation Software Limited (Director)	No
	G B Systems Limited (Director)	No
	Goldcrest Solutions Limited (Director)	No
	Healthy Software Limited (Director)	No
	Integra Computer Systems Limited (Director)	No
	Integrated Support Systems Limited (Director)	No
	JBS Computer Services Limited (Director)	No
	Konnekt IT Solutions Limited (Director)	No
	Laserform International Limited (Director)	No
	Lawwwdiary Limited (Director)	No
	LFM Partnership Solutions Limited (Director)	No
	Management Support Systems Limited (Director)	No
	Meridian Law Limited (Director)	No
	Minerva Computer Systems Limited (Director)	No
	Open Accounts Limited (Director)	No
	Open Logistix Systems Limited (Director)	No
	Openpeople Limited (Director)	No
	Opsis Practice Management Solutions Ltd (Director)	No
	Penfold Health Media Limited (Director)	No
	Pinnacle Computer Systems Limited (Director)	No
	Plain Healthcare Ltd (Director)	No
	Prolog Systems Limited (Director)	No
	Redac Limited (Director)	No
	Softcat plc (Director)	Yes
	Sophos Group plc (Director)	Yes
	Springstone Software Services Limited (Director)	No
	Staffplan Enterprise Ltd (Director)	No
	Staffplan Limited (Director)	No
	Strand Technology Limited (Director)	No
	Strata Systems (Holdings) Limited (Director)	No
	Systems Team Limited (Director)	No
	Teamflo Limited (Director)	No

Name	Company/Partnership	Position still held
	Teamflow Limited (Director)	No
	Transoft Group Limited (Director)	No
	Transoft Limited	No
	V1 Limited (Director)	No
	Videss Limited (Director)	No
	Webgenerics Limited (Director)	No
	Zoopla Property Group plc, subsequently ZPG plc (Director)	No
	Greenko Group plc (Director)	No
Luke Savage	Lutine Yachts Limited (Director)	Yes
	Standard Life Employee Services Limited (Director)	No
	Standard Life Finance Limited (Director)	No
	Standard Life Aberdeen plc (Director)	No
	Standard Life Oversea Holdings Limited (Director)	No
	Standard Life Assurance Limited (Director and Group Chief Financial Officer)	No
	Centrewrite Limited (Director)	No
	Lloyd's Members Agency Services Limited (Director)	No
	Lioncover Insurance Company Limited (Director)	No
	Additional Securities Limited (Director)	No
	HDFC Standard Life Insurance Company Limited (Director, Alternate Director)	No
	Liverpool Victoria Friendly Society Limited (Director)	Yes
	Queen Mary, University of London Foundation (Director)	Yes
Samantha Tymms (also known as Samantha Duncan and formerly Samantha Lyden-Cowan)	IG Group Holdings plc (Director)	Yes
Matthew Doughty	Squire Patton Boggs (UK) LLP (LLP Member)	No
	Phoenix Film Partners LLP (LLP Member)	Yes
Stephen Miles	Pinsent Masons LLP (LLP Member)	No
	Pinsent Masons Secretarial Limited (Director)	No
	Pinsent Masons Director Limited (Director)	No
Stefan Paciorek	The Percy Bilton Charity (Director and Trustee)	No
	Pinsent Masons LLP (LLP Member)	No
Jason Ford	Robinsimon LLP (LLP Designated Member)	No
Daniel Pollick	Thongsbridge Tennis and Fitness Limited (Director)	Yes
Helen Hill	Townhouse Consulting Ltd (Director)	Yes
	Darcy House Ltd (Director)	No
Zelinda Bennett	Major Data Systems Limited (Secretary)	Yes
Mollie Stoker	Lucozade Ribena Suntory Limited (Director and Secretary)	No
	Lucozade Ribena Suntory Exports Limited (Director and Secretary)	No

Save as set out above, none of the Directors or the Senior Managers has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

6.2.4 There are no family relationships between any Directors, between any of the Senior Managers or between any Directors and Senior Managers.

- 6.2.5 As at the date of this Registration Document, none of the Directors or the Senior Managers has, at any time within the last five years:
- (a) had any prior convictions in relation to fraudulent offences;
 - (b) been declared bankrupt or been the subject of any individual voluntary arrangement;
 - (c) been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager;
 - (d) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies);
 - (e) been disqualified by a court from acting in the management or conduct of the affairs of any issuer;
 - (f) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer;
 - (g) been a partner or senior manager in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;
 - (h) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at the time or within the 12 months preceding such event;
 - (i) been a director or senior manager of a company or a partner of a partnership which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors or any business rescue plans generally or any class of creditors, at any time during which he was a director or senior manager of that company or partner of that partnership or within 12 months of his ceasing to be a director or senior manager or partner;
 - (j) been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
 - (k) received public criticism from statutory or regulatory authorities, including professional bodies, and has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
 - (l) been barred from entry into a profession or occupation; or
 - (m) been convicted in any jurisdiction of any criminal offence.
- 6.2.6 No Director or any of the Senior Managers nor, so far as the Company is aware, any director of the Company who resigned during the last 18 months has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group and which were affected by the Group during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.
- 6.2.7 Save as disclosed in paragraph 19. — "*Related party transactions*", there are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors or any of the Senior Managers.

7. Directors' and Senior Management's interests

7.1 DWF LLP

- 7.1.1 As at the date of this Registration Document, no Strategic Board Member has any interest in any class of share in DWF LLP.
- 7.1.2 There are no potential conflicts of interest between any duties owed by the Strategic Board Members to DWF LLP and their private interests or other duties.

7.2 DWF Group Limited

- 7.2.1 As at the date of this Registration Document, no Director or Senior Manager has any interest in any class of share in the Company.

7.2.2 There are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

8. Significant shareholders' interests in the Company

8.1 DWF LLP

8.1.1 As a limited liability partnership registered in England and Wales in accordance with the Limited Liability Partnerships Act 2000, DWF LLP's members are its partners.

8.2 DWF Group Limited

8.2.1 As at the date of this Registration Document, DWF LLP is directly interested (within the meaning of the Companies Act 2006) in 100% of the Company's issued share capital of one Ordinary Share of £1.00.

8.2.2 Insofar as is known to the Directors, there is no other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company.

8.2.3 Other than as described in paragraph 4. — "*Reorganisation*", the Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

9. Directors' terms of employment

The Directors and their functions are set out in *Part III — "Directors, Secretary, Registered and Head Office and Advisers"*. Summary details of the service agreements of the Chief Executive Officer and the Chief Financial officer, to be entered into in the event of Admission, are set out below.

9.1 Executive Directors

In the event of Admission, each of the Executive Directors will enter into a new service agreement prior to any such Admission with in respect of Christopher Stefani, DWF Law LLP and in respect of Andrew Leitherland, DWF Connected Services Holdings Limited (the "**Employer**", as applicable).

9.1.1 Chief Executive Officer

In the event of Admission, Andrew Leitherland will enter into a service agreement prior to any such Admission his appointment on the terms set out in that service agreement will begin on the date of any such Admission. Under his service agreement, Andrew will be entitled to a basic salary of £530,000 per annum. Andrew will be entitled to participate in the DWF Group plc Plans (as defined in paragraph 13. — "*Share Incentive Plans*") on such terms as the Remuneration Committee may decide. Any bonus payment will be purely discretionary.

The Company has in accordance with Regulation 5EA (Company directors) of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 exercised its discretion not to enrol Andrew into a pension scheme. Instead, Andrew shall receive a pensions allowance equal to 10% of his basic salary (less an amount equivalent to any employer social security costs which would otherwise be payable on such amount).

Andrew will be entitled to membership of (a) a private medical insurance scheme for himself, his spouse or civil partner and all dependent children of his, (b) a private health insurance scheme and (c) a life insurance scheme at a rate of four times his salary up to a maximum of £1 million. He will also be eligible to benefit from the directors' indemnity provided for in the Company's articles of association, and for cover under any directors and officers' liability insurance policy that the Company maintains from time to time. Andrew will be entitled to the reimbursement of reasonable business expenses incurred by him in the performance of his duties and may participate in the Group's flexible benefits scheme. Andrew will receive an annual car parking ticket at a car parking facility of his choice (other than at the Group's London location).

In addition to bank and public holidays, Andrew will be entitled to 33 working days holiday per annum.

Under his service agreement, Andrew's employment will be able to be terminated by either party providing written notice to the other of not less than 12 months. The Employer may, in its sole discretion, make a payment in lieu of notice equal to the basic salary and benefits

which Andrew would have been entitled to during the unexpired portion of the notice period, less all relevant deductions for income tax and National Insurance contributions and not including any bonus or commission which might otherwise have been made, or payment in respect of holiday entitlement that would have accrued, during the unexpired portion of the notice period. The Employer will be entitled to dismiss Andrew without notice in certain circumstances, including serious misconduct, following serious or repeated breach of his obligations under his service agreement or if Andrew becomes ineligible to be, or the SRA recommends or determines that he should not be, a director of the Company in connection with the SRA's regulatory arrangements.

Andrew's service agreement will contain post-termination restrictions, including restrictions on the solicitation of certain clients and employees for a period of 12 months after termination.

Andrew's appointment as managing partner of each of DWF Law LLP and DWF LLP will be under each of the Constitutional Deeds and he is not entitled to receive any remuneration or employee-like benefits under the Constitutional Deeds in connection with his role as managing partner of each of DWF Law LLP and DWF LLP.

9.1.2 **Chief Financial Officer**

Christopher Stefani's employment commenced on 18 April 2016. In the event of Admission, he will enter into a service agreement prior to Admission and his appointment on the terms set out in that service agreement will begin on the date of Admission. His service agreement will contain terms typical for a senior executive. Under Christopher's service agreement, he will be entitled to a base salary of £320,000 per annum. Christopher will be entitled to participate in the DWF Group plc Plans (as defined in *paragraph 13. — "Share Incentive Plans"*) on such terms as the Remuneration Committee may decide. Any bonus payment will be purely discretionary.

Christopher will be eligible to join the UK Defined Contribution Personal Pension Scheme (as defined in *paragraph 14 "Pensions"*), to which the Company will contribute £5,000 per annum if Christopher chooses to contribute £5,000 per annum. Christopher will be able to contribute more than £5,000 per annum, but the Company's contribution will not exceed £5,000 per annum. Christopher shall also receive a pensions allowance equal to 10% of his basic salary, less £5,000 (£5,000 represents the Company's pension contribution to the UK Defined Contribution Personal Pension Scheme) (less an amount equivalent to any employer social security costs which would otherwise be payable on such amount).

Christopher will be entitled to membership of (a) a private medical insurance scheme for himself, his spouse or civil partner and all dependent children of his, (b) a private health insurance scheme and (c) a life insurance scheme at a rate of four times his salary, subject to a maximum of £1 million. He will also be eligible to benefit from the directors' indemnity provided for in the Company's Articles, and for cover under any directors' and officers' liability insurance policy that the Company maintains from time to time. Christopher will be entitled to the reimbursement of reasonable business expenses incurred by him in the performance of his duties and may participate in the Group's flexible benefits scheme. Christopher will receive an annual car parking ticket at a car parking facility of his choice (other than at the Group's London location).

In addition to bank and public holidays, Christopher will be entitled to 28 days holiday per annum, rising after five years in the role by one day per year up to a maximum of five extra days of holiday per year.

Under his service agreement, Christopher's employment will be able to be terminated by either party providing written notice to the other of not less than 12 months. The Employer may, in its sole discretion, make a payment in lieu of notice equal to the basic salary and benefits which Christopher would have been entitled to during the unexpired portion of the notice period, less all relevant deductions for income tax and National Insurance contributions and not including any bonus or commission which might otherwise have been made, or payment in respect of holiday entitlement that would have accrued, during the unexpired portion of the notice period. The Employer will be entitled to dismiss Christopher without notice in certain circumstances, including serious misconduct, following serious or repeated breach of his obligations under his service agreement or if Christopher becomes ineligible to be, or the SRA recommends or determines that he should not be, a director of the Company in connection with the SRA's regulatory arrangements.

Christopher's service agreement will contain post-termination restrictions, including restrictions on the solicitation of certain clients and employees for a period of six months after termination.

9.2 Chairman, Independent Non-Executive Directors and Partner Directors

The Company has appointed a Non-Executive Chairman, five Independent Non-Executive Directors and one Partner Director. It is intended that, in the event of Admission, the Company will appoint one other Partner Director after any such Admission. Summary details of their terms of appointment, to be entered into in the event of Admission, are set out below.

9.2.1 Chairman

Sir Nigel Knowles is entitled to receive, in the event of Admission, an annual fee of £200,000. The duties of the Chairman include: (a) chairing and setting the agenda of all meetings of the Board; (b) ensuring the performance of the Board and management committees is evaluated regularly; and (c) effectively communicating with shareholders and other stakeholders. The Chairman is appointed for an initial period of three years commencing on Admission, in the event it occurs. It is envisaged that the Chairman will devote approximately three and a half days per week to carrying out his duties.

The Chairman will also be a member of DWF Law LLP and DWF LLP, but will not be entitled to any fees or remuneration in his capacity as a member of DWF Law LLP and DWF LLP.

9.2.2 Independent Non-Executive Directors

The Independent Non-Executive Directors are entitled to a fee of £65,000 per annum. Chris Sullivan will receive an additional fee of £10,000 per annum for serving as the Senior Independent Non-Executive Director of the Company.

The duties of the Independent Non-Executive Directors include: (a) constructively challenging and contributing to the development of strategy; (b) scrutinising management performance against agreed goals and objectives; (c) ensuring financial controls and risk management systems are robust and defensible; and (d) to take into account the views of shareholders and other stakeholders where appropriate. The Independent Non-Executive Directors are appointed for an initial term of three years commencing on Admission, in the event it occurs. It is envisaged that the Independent Non-Executive Directors will each devote approximately two days per calendar month to carrying out their duties. The Independent Non-Executive Directors are entitled to the reimbursement of reasonable expenses incurred by them in the performance of their duties.

9.2.3 Partner Directors

Matthew Doughty is not entitled to receive a fee for undertaking his role as a Partner Director.

The duties of the Partner Director include: (a) constructively challenging and contributing to the development of strategy; (b) scrutinising management performance against agreed goals and objectives; (c) provide constructive challenge to executive decisions made by the CEO, the CFO and the senior management team; (d) to take into account the views of shareholders and other stakeholders where appropriate; and (e) devise and recommend proposals for the Board to have meaningful and regular dialogue with all of the Group's partners and staff. Matthew Doughty will not serve on any Board Committee. Matthew Doughty is appointed for an initial term of three years commencing on Admission, in the event it occurs. It is envisaged that Matthew Doughty will devote approximately three days per calendar month to carry out his duties.

Matthew Doughty will also be a member of DWF Law LLP and DWF LLP and an active fee earner of DWF Law LLP. All of the remuneration of each Partner Director from the Group will be provided to them in their capacity as a member of DWF Law LLP and DWF LLP under the terms of the Constitutional Deeds and in accordance with the share incentive plans set out at paragraph 13 — "*Share Incentive Plans*".

9.2.4 *Common Provisions*

The Company's Articles will require all Directors to retire and seek re-election at each AGM following Admission, in the event it occurs. The letters of appointment of each of the Chairman and the Partner Director provide that each of their duties as Directors are subject to their professional duties as solicitors authorised by the SRA. The appointment of the Chairman is terminable by either the Chairman or the Company giving the other three months' written notice. The appointments of each of the Independent Non-Executive Directors and the Partner Director are terminable by either the relevant Director or the Company giving the other one month's written notice. Each of their letters of appointment contains a change of control provision which provides for that Director to resign, at the Company's request, with effect from the date on which the change of control becomes effective without any entitlement to notice or to payment in lieu of notice. Control has the meaning given to it in the UK City Code on Takeovers and Mergers (i.e. an interest in shares carrying 30% or more of the voting rights).

Each Director is eligible to benefit from the directors' indemnity provided for in the Company's Articles, and for cover under any directors and officers liability insurance policy that the Company maintains from time to time. The Directors may obtain, at the Company's expense, external legal or professional advice necessary to enable the Director to carry out their duties.

10. Directors' and Senior Managers' remuneration

10.1 *DWF LLP*

In the financial year ended 30 April 2018, the Strategic Board Members (other than Sir Nigel Knowles, Andrew Leitherland and Chris Stefani, whose remuneration are stated in 10.2.2 below) were remunerated as set out below:

Name	Position	Profit share (£)	Annual salary/fees (£)	Other benefits (£)
Stephen Miles	Strategic Board Member	529,013	—	4,726
Helen Hill	Strategic Board Member	—	143,000	8,237
Paul Rimmer	Strategic Board Member	429,610	—	7,860
Hilary Ross	Strategic Board Member	430,449	—	7,728
Michael Falter	Strategic Board Member	277,237	—	6,514
Claire Bowler.....	Strategic Board Member	432,230	—	7,362

10.2 *DWF Group Limited*

10.2.1 In the financial year ended 30 April 2018, the aggregate remuneration and benefits to the Directors and the Senior Managers who served during the financial year ended 30 April 2018 was £3,446,282.

10.2.2 In the financial year ended 30 April 2018, the Directors were remunerated as set out below:

Name	Position	Profit share (£)	Annual salary/fees (£)	Other benefits (£)
Sir Nigel Knowles ⁽¹⁾	Chairman of the Board	172,785	—	—
Andrew Leatherland ⁽¹⁾	Chief Executive Officer	897,629	—	8,862
Chris Stefani	Chief Financial Officer	—	231,000	5,825
Chris Sullivan	Senior Independent Director	—	—	—
Teresa Colaianni	Independent Non-Executive Director	—	—	—
Vinodka Murria	Independent Non-Executive Director	—	—	—
Luke Savage	Independent Non-Executive Director	—	—	—
Samantha Tymms	Independent Non-Executive Director	—	—	—
Matthew Doughty ⁽¹⁾	Partner Director	329,347 ⁽²⁾	—	3,729 ⁽²⁾

Notes:

- (1) This individual was a full equity partner of DWF LLP and in this capacity received remuneration by way of DWF LLP's profit sharing arrangements among its partners.
- (2) The costs for Matthew Doughty in the financial year ended 30 April 2018 were incurred only in his capacity as an Equity Partner.

10.2.3 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

11. Remuneration Policy

11.1 *Context for Post-Admission Remuneration Policy*

In the event of Admission, the remuneration policy as disclosed in this Registration Document will come into force with effect from Admission.

In the event of Admission, most former equity partners and certain individuals on the Executive Board and fixed share partners will be self-employed Members of both DWF LLP and DWF Law LLP and, in that capacity, will contribute capital to one of the LLPs. Their compensation will comprise a combination of (a) an annual fixed profit share, (b) dividend income, (c) participation in a discretionary bonus pool, (d) a nominal salary as an employee of a Group entity (for Members in the DWF Law LLP sub-group), and (e) participation in the Share Incentive Plans (subject to eligibility criteria). This compensation model applies to the Partner Director(s) and Members on the Executive Board. The Partner Director(s) have a letter of appointment with the Company's Board but will not have a service contract with the Company and will not receive a fee for undertaking the Partner Director role.

The CEO and Chairman will continue to be Members of both DWF Law LLP and DWF LLP but will receive no remuneration or any other benefits in connection with their membership of DWF Law LLP or DWF LLP and will not contribute any capital to either DWF LLP or DWF Law LLP.

The CEO and CFO will each have a service contract with DWF Group plc and will receive remuneration in their capacity as executive Directors of the Company only.

The Chairman will have a letter of appointment with DWF Group plc and will receive fees in his capacity as a non-executive Chairman of the Company only.

A detailed review of the remuneration for Directors took place, taking into consideration:-

- the size and complexity of DWF Group plc in the event of and following any Admission;
- the growth strategy of the business;

- that, as a legal business, the Group relies on its partners and senior management in the locations in which it operates; and
- the market for partners, other fee earners and senior management is highly competitive.

The remuneration policy as disclosed in this document will come into force, in the event of Admission, with effect from Admission. The Group's aim is to create a compensation model which is distinct from those offered by the Group's law firm peers through the ability to offer equity based incentives and equity participation. Notwithstanding this, as far as possible, the Remuneration Committee has sought to structure the ongoing remuneration policy for the Directors and the Executive Board broadly in line with those of other UK listed companies of a similar size and complexity, whilst seeking to avoid making unnecessary changes where this is not warranted.

At the Company's first annual general meeting (which is expected to take place in September 2019) it is intended that a shareholder resolution will be proposed to approve the remuneration policy as it applies to Directors of the Company and any remuneration payments to Directors of the Company from that date will be consistent with the approved policy, unless they are separately approved by shareholders.

11.2 *Remuneration Strategy*

The Company's remuneration policy is designed to provide a framework to:

- promote the long-term success of the Company;
- recruit, retain and develop high quality people who are experts in their field and to focus the Directors and the Executive Board on the delivery of the Group's growth strategy which is built on the following principal strategic objectives (A) "Understanding our clients", (B) "Engaging our people" and (C) "Doing things differently" complemented by (D) a disciplined acquisition strategy;
- encourage widespread equity ownership across the Directors and the Executive Board as well as the broader partner and fee earner population in order to create a compensation model which is distinct from those offered by the Group's law firm peers and to ensure a long-term focus and alignment of interest with shareholders;
- provide an appropriate balance between fixed and performance-related pay to support a high performance culture and a platform for delivering high quality, complex legal services to clients (which the Board believe will drive incremental revenue and improvement in profit margin over time as well as enabling the Group to deliver dividends to shareholders in line with the Group's dividend policy);
- provide a remuneration structure which is easily understood by all stakeholders; and
- adhere to principles of good corporate governance and appropriate risk management.

Consistent with this strategy, for the Directors and Executive Board:

- salaries will be set at competitive, but not excessive, levels compared to peers and taking into account the size and complexity of the Company and its growth strategy and which reflects an individual's experience, performance and responsibilities within the Group;
- performance-related pay, based on stretching targets, will form a significant part of remuneration packages and offer the potential for competitive levels of total pay if targets are delivered; and
- for the CEO and CFO there will be a greater emphasis on rewards for delivery of longer-term performance targets than short-term performance targets.

The remuneration framework intended to deliver this policy in the event of and following any Admission for Directors and the Executive Board is described in more detail below.

11.3 *Base Salary and Fixed Profit Share*

Salaries for the CEO and CFO and annual fixed profit share for the Partner Director(s) and salaries and/or annual fixed profit shares for the Executive Board will be reviewed annually and will be set at a level considered appropriate for the size and nature of the business. Any increases will usually take effect from 1 May each year.

The level of increases for the executive Directors and the Executive Board will take due account of the increases awarded to the workforce as a whole, as well as the performance of the Group and the individual's professional experience, level of responsibility in the role and individual performance.

Base salaries and the annual fixed profit share in the event of and following any Admission for the Directors are set out in the table below.

Director	Annual Salary	Fixed Profit Share
CEO	£530,000	n/a
CFO	£320,000	n/a
Partner Director	£4,000 from Connected Services	£161,000

The Remuneration Committee will next review base salaries for the CEO and CFO in July 2020.

11.4 *Pension and benefits*

The Company does not operate a defined benefit pension scheme for the benefit of its Directors or the Executive Board.

The benefits package to be offered to executive Directors and the Executive Board will depend on a number of factors, including the Career Level and employment function (whether legal or non-legal) of each individual. The benefits comprise private medical insurance, life assurance, permanent health insurance and a contribution to the DWF Pension Scheme/DWF defined contribution pension scheme or cash in lieu of such a contribution up to a maximum of 10% of base salary per annum for Career Level 1 and 2 employees (including the CEO and CFO). The Partner Director(s) and individuals on the Executive Board who are self-employed Members of DWF LLP and DWF Law LLP will not receive a pension contribution.

11.5 *Annual Bonus*

For the financial year to 30 April 2020 and beyond, it is intended that the compensation of self-employed Members of both DWF LLP and DWF Law LLP will include participation in a partner annual bonus pool. It is anticipated that the partner annual bonus pool will be equivalent to up to 5% of the Group's profit before tax for the relevant financial year.

Under the policy, it is intended that the annual bonus for the CEO will be capped at 150% of annual base salary and will be capped at 100% of annual base salary for the CFO and 100% of fixed profit share and base salary for the Partner Director(s). It is intended that any annual bonus will be half in cash and half in deferred shares under the DBP (see paragraph 13.5 below). For Directors and individuals on the Executive Board who are self-employed Members, the deferred shares will vest after three years, subject to continued employment or, where applicable, membership of DWF Law LLP or DWF LLP. For other individuals on the Executive Board, the deferred shares will vest after two years, subject to continued employment or, where applicable, membership of DWF Law LLP or DWF LLP.

The annual bonus will be discretionary. Performance is measured against an annual scorecard, based on targets set for financial outcomes and non-financial outcomes (taking into account risk, culture and behaviour related measures and personal objectives). The Remuneration Committee will assess and judge performance against the targets set to determine the level of achievement. The Remuneration Committee has discretion to amend the annual incentive payout based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.

11.6 *Long-term incentives*

In the event of Admission the Board will adopt a new long-term incentive plan, the DWF Group plc Equity Incentive Plan (the "PLC EIP") and DWF LLP Sub-group Equity Incentive Plan (the "LLP EIP", and together with the PLC EIP, the "EIP"), the operation of which is conditional on any such Admission. This will be the sole long-term incentive arrangement for

Executive Directors and the Executive Board and will be operated, in the case of Executive Directors of the Company, in line with any applicable directors' remuneration policy approved by shareholders from time to time.

In recognition of the contribution made by the CFO, in the event of Admission it is intended that the CFO will be granted an Equity Award in the event of Admission over shares with a value of £1.5 million. The award will vest as detailed in paragraph 13.4 "*The Equity Incentive Plan*" of Part XII — "*Additional Information*" below.

It is currently intended that, in the event of and following any Admission, the sole long-term incentive arrangement for Executive Directors will be the grant of LTIP Awards under the EIP. It is not currently intended that Executive Directors will be granted Career Level 1 – 3 Awards or Promotion Awards as referred to in paragraph 13.4 — "*The Equity Incentive Plan*" of Part XII — "*Additional Information*".

It is intended that LTIP Awards will be in the form of conditional free shares or nil cost options and will be granted to the Executive Directors on an annual basis. The limit under the EIP rules on the face value of awards that can be made in respect of any financial year will be 200% of the Executive Director's annual basic salary and where applicable the Executive Director's annual fixed profit share (as at the date of grant). This value may be exceeded subject to an overall maximum of 400% if the Executive Director joined the Group within the previous 12 months or the Remuneration Committee so determines.

It is intended that the first LTIP Awards to Executive Directors under the EIP will be made in 2019, after the announcement of preliminary results for the financial year ended 30 April 2019 at a level of 175% of base salary for the CEO and 125% of base salary for the CFO and up to 125% of the Executive Director's annual fixed profit share for Partner Director(s). For future grants, the intention is that LTIP Awards to Executive Directors would be made at a level of 200% of base salary for the CEO and 150% of base salary for the CFO and up to 150% of annual fixed profit share and base salary for the Partner Directors(s).

The grant of LTIP Awards is discretionary and the Remuneration Committee will take into consideration prior individual and Company performance when assessing the value of the LTIP Awards.

LTIP Awards will vest following a three-year vesting period subject to performance conditions, and with a two-year holding period applying following vesting. Performance conditions will be set for each LTIP Award. The Remuneration Committee will consider the appropriate performance conditions closer to the grant of the LTIP Award and these will be disclosed in the case of LTIP Awards granted to the directors of the Company in the Directors' Remuneration Report each year.

The Remuneration Committee retains discretion to reduce (to zero if appropriate) the LTIP vesting based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.

A summary of the principal terms of the EIP is set out at paragraph 13.4 — "*The Equity Incentive Plan*" of Part XII — "*Additional Information*" below.

11.7 ***Adjustment***

Malus and clawback provisions may be operated in respect of awards granted to Directors and the Executive Board in the event of material error or misstatement of results, material failure of risk management, a participant's material misconduct, reputational damage to the Group for which a participant should be held responsible, material corporate failure, and or any other circumstances that the Board in its discretion considers to be similar in nature or effect to those events. These provisions may be operated in respect of any annual bonus (including any part of an annual bonus which is deferred into Shares under the DBP) and any award granted under the EIP other than the Equity Awards referred to in 13.4. These provisions may be applied until the fifth anniversary of grant of an LTIP Award, until the normal vesting date of a DBP Award or a Career Level 1 to 3 Award or Promotion Award, and in the case of Directors until the third anniversary of payment in the case of any cash element of an annual bonus.

The Remuneration Committee retains discretion to reduce (to zero if appropriate) the extent to which Awards will vest based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.

11.8 *Shareholding guidelines*

While it is expected that the Directors and the individuals on the Executive Board who are self-employed Members (other than the CFO) will, in the event of Admission, have significant shareholdings in the Company, the Remuneration Committee has adopted formal shareholding guidelines in order to encourage the CEO, CFO and Partner Director(s) to build or maintain (as appropriate) a shareholding in the Company.

The shareholding guideline requirement is 250% of base salary for the CEO and 200% of base salary for the CFO and 100% of the annual profit share and base salary for the Partner Director(s).

Upon leaving the Group, the CEO and CFO are required to retain half of the required shareholding for a period of two years after leaving. If the CEO or CFO has not met their required shareholding on departure they will be required to retain the Shares they do own up to these limits. The post leaving shareholding guideline does not apply to the Partner Director(s). This recognises the unique nature of the Partner Director role; that the Partner Director(s) do not receive a fee for undertaking this role; and this also maintains consistency with partners who are self-employed Members.

In the event of Admission shares held on any such Admission, together with any shares acquired following any such Admission, will count towards the threshold. In addition, Shares subject to awards under the Group share plans may count towards the threshold to the extent they are no longer subject to a risk of forfeiture/lapse – for example, awards which are exercisable but not exercised and LTIP Awards which are in a “holding period”; such Shares shall count on a net of assumed tax basis.

If a person to whom the guideline applies does not meet the guideline, they will be expected to retain shares vesting under the Company’s incentive plans until the guideline is met, although they may dispose of shares to satisfy any tax or social security liability to which they are liable on the exercise or vesting of the award.

11.9 *Recruitment policy*

The Remuneration Committee will take into account all relevant factors when determining the remuneration package for a new Director or member of the Executive Board and will normally expect to apply the policy set out above.

The Remuneration Committee recognises that it may be necessary in some circumstances to provide compensation for amounts foregone from a previous employer (“**buyout awards**”). Any buyout awards would be limited to what is felt to be a fair estimate of the value of remuneration foregone when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the fair value and other key terms (e.g. time to vesting and performance targets) than the remuneration it is replacing.

11.10 *Termination policy*

In the event of termination, service contracts and LLP agreements provide for payments of base salary, pension (or cash in lieu of pension contributions) and benefits only over the notice period.

There is no contractual right to any bonus payment in the event of termination although in certain “good leaver” circumstances the Remuneration Committee may exercise its discretion to pay a bonus for the period of employment and based on performance assessed after the end of the financial year, although in appropriate circumstances (such as cessation due to death or ill-health) a bonus may be paid at the date of cessation.

The treatment of awards under the Group's share plans is summarised below.

Plan	Treatment
EIP	<p><i>Unvested awards</i></p> <p>If the participant leaves because of death, serious ill health, the termination of the participant's membership in DWF Law LLP by DWF Law LLP in breach of the Constitutional Deed (or membership in DWF LLP by DWF LLP in breach of the Constitutional Deed), or for any other reason determined by the Remuneration Committee (a "Good Leaver"), awards ordinarily will vest in accordance with the original vesting schedule and remain subject to any originally applicable holding period, although the Remuneration Committee will have discretion to vest the award when the participant leaves the Group and/or to shorten or disapply any applicable holding period, and would do this where the award vests on death.</p> <p>Equity Awards and Career level 1-3 Awards will vest in full if the Good Leaver reason is that a participant leaves the Group because of death, serious ill health or the termination of the participant's membership in DWF Law LLP by DWF Law LLP in breach of the Constitutional Deed (or membership in DWF LLP by DWF LLP in breach of the Constitutional Deed).</p> <p>Equity Awards and Career level 1-3 Awards will vest to the extent determined by the Remuneration Committee if the Good Leaver reason is that the Remuneration Committee determines that a participant should be treated as a Good Leaver for any other reason.</p> <p>Other awards will vest to the extent determined taking into account the extent to which the applicable performance condition has been satisfied and, unless the Remuneration Committee determines otherwise, the proportion of the original performance period which remains outstanding at the date of leaving.</p> <p>If the participant leaves other than as a Good Leaver, the award will lapse.</p> <p><i>Vested awards which are subject to a holding period</i></p> <p>The holding period will ordinarily continue to apply, although the Remuneration Committee will have discretion to bring the holding period to an end and would do this in the event of death. If the participant is dismissed for material misconduct, he/she will forfeit the Shares which were subject to the holding period.</p>
DBP	<p>If a participant leaves as a Good Leaver, any DBP Award he/she holds will ordinarily vest in accordance with the original vesting schedule, although the Remuneration Committee will have discretion to vest the award at leaving or at some other date (and will vest at leaving in the event of death). Awards will vest in full, unless the Remuneration Committee decides to reduce the extent of vesting to take account of the proportion of the original vesting period which remains outstanding at the date of leaving.</p> <p>If the participant leaves other than as a Good Leaver, the award will lapse.</p>

12. Chairman and Non-Executive Director fee policy

The Chairman and the other Non-Executive Directors do not participate in any of the Company's incentive arrangements or receive any pension provision.

The Chairman will, in the event of and following any Admission, receive an annual fee of £200,000. This fee is inclusive of all committee roles. He will not participate in the discretionary bonus pool for partners.

The other Non-Executive Directors will receive a basic Board fee of £65,000, with additional fees of £7,500 payable for chairmanship of the Audit Committee, Risk Committee and Remuneration Committee and £10,000 payable for performing the role of Senior Independent Director.

13. Share Incentive Plans

13.1 Overview

In the event of Admission, a key component of the Group's compensation model will be the provision of equity incentives, as described at *Part V — "Business Description — People and Talent — Attracting, Developing and Retaining Talent — the Revised Compensation Model"*. It is intended that all qualifying partners and staff of the Group will be eligible to participate in the Share Incentive Plans operating over the Company's shares.

It is intended that Share awards ("**Awards**") be made in the event of Admission, conditionally on any such Admission, to all qualifying partners and staff of the Group, details of which are set out at paragraph 13.4. In the event of Admission, it is intended that the first regular annual grant of share awards under the Share Incentive Plans would be made following the release of the Company's annual results for the financial year ended 30 April 2019. The key terms of the Share Incentive Plans and the Trusts (as defined below) are summarised below.

13.2 Share schemes

The Company has established the following Share Incentive Plans, to be operated in the event of Admission:

- (a) the DWF Group plc Equity Incentive Plan (the "**PLC EIP**");
- (b) the DWF Group plc Deferred Bonus Plan (the "**PLC DBP**");
- (c) the DWF Group plc Buy As You Earn Plan (the "**PLC BAYE**"). The rules of the PLC BAYE include a UK tax advantaged share incentive plan for UK employees (the "**UK SIP**"),
(together, the "**DWF Group plc Plans**");
- (d) the DWF LLP Sub-group Equity Incentive Plan (the "**LLP EIP**", and together with the PLC EIP, the "**EIP**");
- (e) the DWF LLP Sub-group Deferred Bonus Plan (the "**LLP DBP**", and together with the PLC DBP, the "**DBP**"); and
- (f) the DWF LLP Sub-group Buy As You Earn Plan (the "**LLP BAYE**", and together with the PLC BAYE, the "**BAYE**"),
(together, the "**DWF LLP Sub-group Plans**", and collectively with the DWF Group plc Plans, the "**Share Incentive Plans**").

13.2.2 Participation in the DWF Group plc Plans will be limited to the partners and staff of the DWF Group plc group ("**DWF Group plc Employees**"). Partners will be employees by virtue of holding employment with a DWF Law LLP Sub-group entity. The usual legal and regulatory "employee share scheme" exemptions relating to the operation of employee share plans will apply in respect of the DWF Group plc Plans. The term "DWF Group plc group" in this context includes only subsidiaries of the Company and not its other "subsidiary undertakings", which means that partners and staff of DWF LLP Sub-group will not be able to participate in the DWF Group plc Plans. Partners and staff who are not DWF Group plc Employees (the partners and staff of the DWF LLP Sub-group) will participate in the DWF LLP Sub-group Plans; for these purposes "staff" includes persons such as consultants and self-employed lawyers and others providing services to clients of the DWF LLP Sub-group on behalf of the DWF LLP Sub-group, and relevant references in this section 13 to "staff" should be read accordingly.

13.2.3 Decisions in relation to the DWF Group plc Plans and the DWF LLP Sub-group Plans will be taken by the Board or any duly authorised committee of DWF Group plc, which will ordinarily be the Remuneration Committee, and references in this section to the Remuneration Committee should be read accordingly. Decisions in relation to the participation in the EIP and DBP by the Executive Directors and senior management will always be taken by the Remuneration Committee. It is intended the DWF Law LLP and DWF LLP Executive Board will make recommendations to DWF Group plc as to individual allocations to their respective partners and staff.

13.3 *Trusts*

Two trusts (the “**Trusts**”) will be established, into which, in the event of Admission, a number of Ordinary Shares equal to approximately 10% of the issued Ordinary Shares following any such Admission will be contributed immediately prior to any such Admission, to be held for the purposes of incentivisation of partners and staff of the Group. The number of Ordinary Shares contributed to the Trusts is anticipated to be sufficient for the operation of the Share Incentive Plans over ten years to 2029, as described in greater detail in *Part IX “Operating and Financial Review — Factors Affecting Results of Operations — The Trusts”*. A separate trust will also be established to operate in conjunction with the UK SIP (see paragraph 13.6 — “*The Buy As You Earn Plan (“BAYE”)*” below).

13.4 *The Equity Incentive Plan (“EIP”)*

13.4.1 *General*

- (a) It is intended that Awards will be granted under the PLC EIP in the event of Admission, conditionally on any such Admission, (the “**Equity Awards**”) to senior managers (non-partners) of the DWF Law LLP Sub-group (including the Company CFO). Each Equity Award will vest:
- (i) as to a proportion of the Ordinary Shares subject to the Equity Award on, in the event of any such Admission, and the resulting Ordinary Shares sold;
 - (ii) as to 10% of the remaining Ordinary Shares subject to the Equity Award on each announcement of the Company’s preliminary results for the first five financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2020, subject to the participant’s ongoing service; and
 - (iii) (except in the case of the Equity Award intended to be granted to Chris Stefani) as to 10% of the remaining Ordinary Shares subject to the Equity Award on each announcement of the Company’s preliminary results for the first five financial years of the Company commencing with the preliminary financial results for the financial year ending 30 April 2020, subject to the participant’s ongoing service and to the participant receiving at least a “fully achieving” performance rating with respect to the financial year to which the relevant announcement of preliminary results relates. This element of the CFO’s Equity award is subject to the CFO’s ongoing service only.
- (b) In the event of Admission, it is intended that, following any such Admission, Equity Awards may be granted to partners and employees, staff and consultants on an annual basis to reward strong individual performance. There will also be set levels of award for associates and partners upon promotion to a higher career level, as well as for lateral hires joining the Group at an equivalent level, all of which will be subject to vesting and leaver provisions as follows:
- (i) For lateral hires, new promotions or to reward particularly strong performance (partners and non-partners at an equivalent career level), Awards (“**Career Level 1 – 3 Awards**”) will vest:
 - (A) as to 10% of the Ordinary Shares subject to the Award, on the first five anniversaries of the later of (1) the grant of the Award and (2) the date the Company announces its first interim or annual results, if relevant, following the participant’s appointment; and
 - (B) as to 10% of the Ordinary Shares subject to the Award, on the first five anniversaries of the later of (1) the grant of the Award and (2) the date the Company announces its first annual results, if relevant, following the

participant's appointment, subject to achieving a "fully achieving" performance rating with respect to the financial period to which the relevant announcement of results relates;

- (ii) Promotion awards below partner or partner equivalent career level: it is currently anticipated that Awards will vest after three years subject to meeting the participant's required performance rating ("**Promotion Awards**"); and
- (iii) Long-term incentive awards ("**LTIP Awards**"): annual Awards granted at the discretion of the Remuneration Committee, vesting following a three-year vesting period subject, ordinarily, to performance conditions, and with a two-year holding period applying following vesting. LTIP Awards granted to Executive Directors will always be subject to performance conditions, a holding period and malus and clawback provisions.

It is intended that LTIP awards will generally be made annually, with the first annual LTIP Awards granted following the announcement of the Company's financial results in 2019.

13.4.2 Eligibility

The EIP is a discretionary plan and the Remuneration Committee will determine which partners and staff will be granted Awards and what type of Awards will be granted. All Group partners and staff may participate in the EIP. Participation in the PLC EIP will be limited to DWF Group plc Employees. DWF LLP Sub-group partners and staff may participate in the LLP EIP.

13.4.3 Performance condition

- (a) The vesting of Awards may be subject to the satisfaction of a performance condition which will be stated at the date of grant. The Remuneration Committee will determine any performance condition that will apply to an Award and whether and to what extent any performance condition has been met.
- (b) The Equity Awards will be subject to performance conditions as referred to above, and Career Level 1 – 3 Awards will be subject to performance conditions on an equivalent basis. Promotion Awards are expected to be subject to a performance condition based on the participant's personal performance rating assessed over such period as the Remuneration Committee determines, which will typically be three years.
- (c) LTIP Awards granted to Executive Directors will always be subject to performance conditions. LTIP Awards will ordinarily be subject to performance conditions based on key financial performance measures (which may be based on earnings), divisional performance, operational key performance indicators or personal performance.
- (d) If the Remuneration Committee determines that the overall performance of the Group does not warrant the extent of vesting based on the satisfaction of the performance conditions, it may determine that an Award will vest to a lesser extent or that it will not vest at all.
- (e) Any performance condition may be amended or substituted if the Remuneration Committee considers that an amended or substituted performance condition is more appropriate and not materially less difficult to satisfy.

13.4.4 Individual limit

- (a) The maximum value (as determined by the Remuneration Committee) of Ordinary Shares which may normally be subject to an Award granted to an Executive Director in respect of any financial year will be 200% of the Executive Director's annual basic salary and annual fixed profit share (as at the date of grant). This value may be exceeded subject to an overall maximum of 400% if the Executive Director joined the Group within the previous 12 months or the Remuneration Committee so determines.
- (b) This limit does not apply to any Equity Awards.
- (c) The quantum of LTIP Awards granted to Executive Directors will be determined in accordance with any applicable shareholder approved Directors' Remuneration Policy.

13.4.5 Normal vesting

- (a) Awards will vest, subject to the satisfaction of any applicable performance condition and the participant's on going service, in accordance with the vesting schedule determined by the Remuneration Committee at the time of grant.
- (b) For the CEO and CFO (to whom the DWF Group plc minimum shareholding guidelines (the "**Shareholding Guidelines**") apply), it is expected that vested Ordinary Shares will be retained until the applicable guideline holding has been met, after any sales to realise an amount equal to any tax liability arising in connection with the vesting of the Award or the acquisition of Shares.

13.4.6 Holding Period

- (a) Following the vesting of an LTIP Award, the vested Ordinary Shares may be subject to a holding period, determined by the Remuneration Committee at the time of grant, during which they may not be transferred, assigned or disposed of without consent from the Remuneration Committee other than to realise an amount equal to any tax liability arising in connection with the vesting or exercise.
- (b) It is currently intended that a two-year holding period will apply and that only LTIP Awards will be subject to holding periods.

13.4.7 Leaving the Group

In this summary, reference to a participant "**leaving the Group**" means the participant ceasing to be an officer or employee of the Group and, if relevant, a partner of DWF Law LLP (in the case of a participant in the PLC EIP) or DWF LLP (in the case of a participant in the LLP EIP).

(a) *Unvested award*

If a participant leaves the Group before an Award, as defined below, has vested, the Award will normally lapse.

However, if a participant leaves the Group because of death, serious ill health, the termination of the participant's membership of DWF LLP by DWF LLP (or the participant's membership of DWF Law LLP by DWF Law LLP) in breach of the Constitutional Deed, or for any other reason determined by the Remuneration Committee (taking into account such factors as it may determine including, but not limited to, performance, length of service and the participant's intention to take up new employment or partnership elsewhere) (a "**Good Leaver**"), the participant's Award ordinarily will vest in accordance with the original vesting schedule (to the extent set out in "extent of vesting" below) and remain subject to any originally applicable holding period. The Remuneration Committee will have discretion to vest the Award when the participant leaves the Group and/or to shorten or dis-apply any applicable holding period, and intends to do this where an Award vests on death.

(b) *Leaving in a holding period*

If a participant leaves the Group during the holding period applying to an Award, that holding period will ordinarily continue to apply. However, the Remuneration Committee will have discretion to bring the holding period to an end and would do this in the event of death in the holding period. If the participant is dismissed for material misconduct, he will forfeit the Ordinary Shares which were subject to the holding period.

13.4.8 Change of control

- (a) If there is a change of control or winding-up of the Company, unvested Awards will normally vest at the time of the relevant event (to the extent set out in "extent of vesting" below) and all applicable holding periods will come to an end.
- (b) The Remuneration Committee may decide that:
 - (i) unvested Awards will not vest on a change of control but will, with the consent of the acquiring company, be exchanged for equivalent awards over shares in the acquiring or another company; and
 - (ii) Awards subject to holding periods will be exchanged for awards subject to an equivalent holding period over shares in such a company.

- (c) In the event of a Company reorganisation or merger, where the shareholders of the acquiring company are substantially the same as the Company's shareholders immediately before the change of control, unvested Awards will not vest and outstanding Awards will be exchanged for equivalent awards unless the Remuneration Committee determined otherwise. In the event of a demerger, de-listing, special dividend or other event which, in the opinion of the Remuneration Committee, may materially affect the current or future value of Ordinary Shares, the Remuneration Committee may determine that the same treatment will apply as on a change of control.

13.4.9 Extent of vesting

- (a) If a participant leaves the Group as a Good Leaver or there is a change of control (or other relevant corporate event) before an Award has vested:
 - (i) any unvested Equity Award or Career Level 1 – 3 Awards will vest in full on a change of control or if the Good Leaver reason is that a participant leaves the Group because of death, serious ill health or, the termination of the participant's membership of DWF Law LLP by DWF Law LLP (or the participant's membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed;
 - (ii) if the Good Leaver reason is that the Remuneration Committee determines that a participant should be treated as a Good Leaver for any other reason, then any unvested Equity Award or Career Level 1 – 3 Awards will vest to the extent determined by the Remuneration Committee; and
 - (iii) any unvested Promotion Awards and LTIP Award will vest to the extent determined by the Remuneration Committee, taking into account the extent to which the applicable performance condition has been satisfied and, unless the Remuneration Committee determines otherwise, the proportion of the original performance period which remains outstanding at the date of the relevant event.
- (b) Where the participant leaves the Group, the performance condition will be assessed at the end of the original performance period, unless the Remuneration Committee determines it should be assessed when the participant leaves the Group. In the event of a change of control or other relevant event, the performance condition will be assessed at the date of the event. Where a performance condition is assessed before the end of the originally anticipated performance period, it will be assessed on such basis as the Remuneration Committee determines.

13.5 The Deferred Bonus Plan (“DBP”)

13.5.1 General

The DBP will operate in conjunction with the Group's bonus arrangements, with it first applying in relation to bonuses earned for the Company's financial year ending in 2020. The Remuneration Committee may, at its discretion, determine that a proportion of a bonus granted to any partners or staff member be deferred into an Award under the DBP. In the case of Executive Directors, the proportion to be deferred will be determined in accordance with the Company's Directors' Remuneration Policy, which will initially require deferral of 50% of any bonus earned.

13.5.2 Eligibility

The DBP is a discretionary plan and the Remuneration Committee will determine which partners and staff will be granted Awards and what type of Awards will be granted. All current and former Group partners and staff may participate in the DBP. Participation in the PLC DBP will be limited to DWF Group plc Employees. DWF LLP Sub-group partners and staff may participate in the LLP DBP.

13.5.3 Normal vesting

- (a) Subject to the participant's ongoing service, Awards will vest in accordance with the vesting schedule determined by the Remuneration Committee at the time of grant. It is currently intended that Awards granted to partners and non-partners at an equivalent career level will vest on the third anniversary of the determination of the annual bonus in respect of which the Award is granted, and Awards granted to all other participants will vest on the second anniversary of the determination of the annual bonus in respect of which the Award is granted.

- (b) If the Remuneration Committee determines that the overall performance of the Group does not warrant the Award vesting, it may determine an Award will vest to a lesser extent or that it will not vest at all.
- (c) For participants to whom the Shareholding Guidelines apply, it is expected that vested Ordinary Shares will be retained until the applicable guideline holding has been met, after any sales to realise an amount equal to any tax liability arising in connection with the vesting of the Award or acquisition of Shares.

13.5.4 Leaving the Group

- (a) If a participant leaves the Group before an Award has vested, the participant's Award will normally lapse.
- (b) If a participant leaves the Group before the vesting of an Award because of death, serious ill health, the termination of the participant's membership of DWF LLP by DWF LLP (or the participant's membership of DWF Law LLP by DWF Law LLP) in breach of the Constitutional Deed, or for any other reason determined by the Remuneration Committee (taking into account such factors as it may determine including, but not limited to, performance, length of service and the participant's intention to take up new employment or partnership elsewhere), the participant's Award will ordinarily vest in accordance with the original vesting schedule, although the Remuneration Committee will have discretion to vest the Award at the leaving date or at some other date (and will vest at the leaving date in the event of death). Awards will vest in full, unless the Remuneration Committee decides to reduce the extent of vesting to take account of the proportion of the original vesting period which remains outstanding at the date of leaving.

13.5.5 Change of control

If there is a change of control or winding-up of the Company, Awards will normally vest in full at the time of the relevant event. The Remuneration Committee may decide that Awards will not vest on a change of control but will, with the consent of the acquiring company, be exchanged for equivalent awards over shares in the acquiring company or another company. In the event of a Company reorganisation or merger, where the shareholders of the acquiring company are substantially the same as the Company's shareholders immediately before the change of control, Awards will not vest but will be exchanged for equivalent rights unless the Remuneration Committee determines otherwise.

13.6 The Buy As You Earn Plan ("BAYE")

13.6.1 General

Awards in the Event of Admission

- (a) In the event of Admission, it is intended that awards will be made to all staff on any such Admission (the "**Allocations**") who have been rated "fully achieving" at 31 October 2018, and who were employed for 12 months at the date of any such Admission and not serving notice at the date of any such Admission. Each Allocation will have a value (upon the date of any such Admission) up to 20% of the participant's salary at any such Admission, converted into UK pounds sterling at an exchange rate determined by the Board where relevant.
- (b) The Allocations will vest as follows:
 - (i) up to 20% of each Allocation will be made as an immediately fully vested cash award; and
 - (ii) the balance of each Allocation will be made as an allocation of Free Shares (as defined below) and vesting in two equal tranches on announcements of the Group's financial results for the financial years ending 30 April 2020 and 30 April 2021, subject to the participant remaining in employment (unless the participant leaves for a "**Good Leaver Reason**").

Allocations will not be made under the UK SIP.

Ongoing awards

- (c) In the event of Admission, it is intended that the BAYE would be operated following any such Admission on an annual basis, from the announcement of the Group's financial results for the financial year ending 30 April 2019. It is intended that all qualifying staff will be:
 - (i) invited to participate in the BAYE by acquiring Ordinary Shares out of deductions from salary; and
 - (ii) awarded matching shares in respect of Ordinary Shares acquired.
- (d) In the event of Admission, where possible, following any such Admission offers under the BAYE will be made under the UK SIP.

13.6.2 Eligibility

- (a) All Group partners and staff may participate in the BAYE. Participation in the PLC BAYE is limited to DWF Group plc Employees. DWF LLP Sub-group staff may participate in the LLP BAYE. Selection for participation in the BAYE is ultimately at the discretion of the Board (other than as regards the UK SIP as described below). The intention is to operate the BAYE on a broad basis, permitting participation by all qualifying persons, although the Board may impose a qualifying period of service.
- (b) All UK tax resident employees of any participating company must be invited to participate in the UK SIP on each occasion it is operated, although the Board may set a qualifying period of employment which must be met in order to be eligible to participate in the UK SIP.

13.6.3 Operation

- (a) The BAYE will be operated as follows:
 - (i) allocations of free Ordinary Shares ("**Free Shares**") may be made to participants;
 - (ii) participants may be offered the opportunity to purchase Ordinary Shares ("**Purchased Shares**");
 - (iii) participants who acquire Purchased Shares may be awarded additional Ordinary Shares for free ("**Matching Shares**"); and
 - (iv) dividends paid on Purchased Shares and, in the case of the UK SIP, Free Shares and Matching Shares, may be re-invested in further Ordinary Shares ("**Dividend Shares**"),(together referred to as "**Plan Shares**").
- (b) In the event of Admission, Awards may be granted before or within 42 days of any such Admission. Thereafter, Awards of Free Shares may normally only be made within 42 days of the announcement of the Company's results for any period, although awards of Free Shares may also be made at other times if the Board determines that there are exceptional circumstances.
- (c) Plan Shares may be held on behalf of participants by a nominee who may be either a trustee of one of the Trusts, or a share plan administrator (or, in the case of UK SIP participants, the trustee of a UK resident trust established to hold Ordinary Shares for the purposes of the UK SIP (the "**SIP Trust**"). Alternatively, in the case of the BAYE which does not constitute the UK SIP, Free Share awards and Matching Share awards may be granted as rights to receive Ordinary Shares.

13.6.4 Free Shares

- (a) The UK SIP provides that each participant may be awarded Free Shares worth up to the statutory maximum (currently £3,600) each tax year. Allocations can be subject to the satisfaction of performance conditions, although it is not currently anticipated that performance conditions will be applied. Other than as regards performance conditions, Free Shares must be awarded to employees on the same terms, although awards can vary by reference to remuneration, length of service or hours worked. Free Shares must be held in the SIP Trust for a holding period specified by the Board of between three and five years (or such other period as the relevant legislation permits).

- (b) The provisions of the BAYE which do not constitute the UK SIP provide that Free Shares may be granted as rights to receive Ordinary Shares on the basis the participant does not become entitled to the Ordinary Shares until the end of the holding period, and subject to continued employment). The maximum Free Share award under the provisions of the BAYE which do not constitute the UK SIP for any Executive Director will be consistent with the UK SIP maximum from time to time, but converted into any relevant currency at an exchange rate determined by the Board, which may be set at the start of a period and be fixed for the duration of that period.

13.6.5 Purchased Shares

Participants may be offered the opportunity to acquire Purchased Shares out of post-tax salary (or, in the case of UK SIP participants, pre-tax salary). The amount of salary that may be applied in the acquisition of Purchased Shares under the UK SIP shall not exceed £1,800 in any tax year (or such other limit as may be permitted by the applicable legislation from time to time). The maximum for the BAYE which does not constitute the UK SIP for any Executive Director will be consistent with the UK SIP maximum from time to time, but converted into any relevant currency at an exchange rate determined by the Board, which may be set at the start of a period and be fixed for the duration of that period. The Purchased Shares may be acquired immediately or the purchase monies may accumulate for any period of up to 12 months before they are used to buy Purchased Shares. It is currently intended that Purchased Shares will be acquired immediately. Applications for Purchased Shares may be scaled back relative to any limit set by the Board on the number which may be acquired and the contribution limits prescribed in any application. Purchased Shares can be withdrawn from the BAYE by the participant at any time and are not subject to forfeiture provisions.

13.6.6 Matching Shares

- (a) Save in respect of the UK SIP, as explained below, provided Purchased Shares are retained for a specified holding period, participants may be awarded Matching Shares, on the basis of such ratio as may be determined by the Board, which may vest or may be forfeited subject to continued employment over a time period determined by the Board at grant, and/or be subject to such holding period as the Board may determine at grant. Matching Shares will be delivered in the form of a conditional share award, vesting at the end of the applicable holding period.
- (b) Where UK SIP participants acquire Purchased Shares, they may be awarded, for free, a number of Matching Shares determined by reference to the number of Purchased Shares acquired. The maximum matching ratio will be two Matching Shares for each Purchased Share (or such other ratio as may be permitted by the relevant legislation from time to time). For the initial operation, it is proposed that a matching ratio of one Matching Share for two Purchased Shares will be applied. Matching Shares must be held in the SIP Trust for a holding period specified by the Board of between three and five years (or such other period as the relevant legislation permits). For the initial operation, it is intended that a holding period of three years will apply.
- (c) The provisions of the BAYE which do not constitute the UK SIP provide for Matching Shares to be awarded on the basis of a ratio determined by the Board which, in the case of any Executive Director shall not exceed the ratio applicable to the UK SIP from time to time.

13.6.7 Dividend Shares and Dividends

Participants in the UK SIP will be entitled to dividends paid on any Plan Shares held for them (whether Free Shares, Purchased Shares or Matching Shares). Under the UK SIP, Dividend Shares will be subject to a three-year holding period, but are not subject to forfeiture. The Board may impose a limit on the amount of dividends which may be reinvested in Dividend Shares to be held on behalf of any participant. To the extent that the cash dividends exceed any limit imposed, the SIP Trust trustee must pay over cash dividends to the relevant participant as soon as practicable.

13.6.8 Leavers

- (a) For the purposes of the UK SIP, a “**Good Leaver Reason**” is cessation of employment due to death, injury, disability, redundancy or retirement, because of the sale of the participant’s employing company or business out of the Group.

- (b) For the purposes of the BAYE other than the UK SIP, a “**Good Leaver Reason**” is cessation of employment due to death, serious ill health, the termination of the participant’s membership of DWF Law LLP by DWF Law LLP (or the participant’s membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed, or for any other reason determined by the Board (taking into account such factors as it may determine including, but not limited to, performance, length of service and the participant’s intention to take up new employment or partnership elsewhere).
- (c) Allocations will be forfeited on cessation of employment before the vesting date, other than where cessation is for a Good Leaver Reason. Where the Good Leaver Reason is death, serious ill health or, the termination of the participant’s membership of DWF Law LLP by DWF Law LLP (or the participant’s membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed Allocations will vest in full. For any other Good Leaver Reason, Allocations will vest to the extent determined by the Board.
- (d) Purchased Shares will not be forfeited on cessation of employment for any reason. No further Purchased Shares will be acquired following cessation of employment.
- (e) Free Shares (other than those subject to Allocations) and Matching Shares will be forfeited if a participant ceases employment before the end of the applicable holding period, other than where the participant ceases employment for a Good Leaver Reason. Where the Good Leaver Reason is death, serious ill health or, the termination of the participant’s membership of DWF Law LLP by DWF Law LLP (or the participant’s membership of DWF LLP by DWF LLP) in breach of the Constitutional Deed Free Shares (other than Allocations) and Matching Shares will vest in full. For any other Good Leaver Reason, Free Shares (other than Allocations) and Matching Shares will vest to the extent determined by the Board.
- (f) Under the UK SIP, non-forfeited Free Shares and Matching Shares will be released to the participant shortly after cessation.
- (g) Under the BAYE which does not constitute the UK SIP, the delivery of Free Shares and Matching Shares which are not forfeited will be delayed until the end of the holding period, unless the Board determines otherwise.

13.6.9 *Change of control*

On a change of control, participants will be able to instruct the nominee or trustee (including, where relevant, the trustee of the SIP Trust) how to act in relation to Plan Shares held for them. Under the BAYE which does not constitute the UK SIP, Free Share awards and Matching Share awards will vest on a change of control. Free Share awards will vest in full and Matching Share awards will vest in respect of the Matching Shares attributable to the Purchased Shares acquired at the date of the change of control.

13.7 *Common terms of the Share Incentive Plans*

13.7.1 *Dividends*

- (a) Dividends will be paid on Ordinary Shares subject to Awards structured as restricted share awards (unless the Remuneration Committee determines otherwise at the time of grant) or UK SIP awards (in accordance with paragraph 13.6.7 above).
- (b) To the extent an Equity Award or Career Level 1 – 3 Award is granted as a conditional share award or option, on each occasion during the period between the grant and vesting of the Award, the participant will receive a payment equal to the value of dividends that would have been paid on those Ordinary Shares if the participant had owned them.
- (c) Following the vesting of a conditional share award or the exercise of an option (other than a conditional share award or option which is an Equity Award or Career Level 1 – 3 Award), a participant may, if the Remuneration Committee so determines, receive in respect of the Ordinary Shares acquired an additional payment (in cash or further Ordinary Shares) calculated by reference to dividends paid or payable between the grant and vesting of the Award (or if an EIP Award is subject to a holding period, between grant and the end of the holding period), which may assume the reinvestment of dividends into Ordinary Shares. Similar dividend equivalents may be paid in respect of a restricted share award where dividends on the Ordinary Shares are waived over the vesting period.

- (d) Participants in the BAYE which does not constitute the UK SIP will be entitled to dividends paid on Purchased Shares. No dividend equivalents will be paid on the Ordinary Shares which are subject to Allocations.

13.7.2 Limits on the Use of Shares

- (a) Awards may be granted over newly issued Ordinary Shares, Ordinary Shares held in treasury or Ordinary Shares purchased in the market (other than into treasury).
- (b) In any ten-year period, the number of Ordinary Shares that may be issued under the Share Incentive Plans and under any other employees' share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.
- (c) In addition, in any ten-year period, the number of Ordinary Shares that may be issued under the EIP, the DBP or any other employees' share plan adopted by the Company which is operated on a discretionary basis may not exceed 5% of the issued ordinary share capital of the Company from time to time.
- (d) In the event of Admission, Ordinary Shares transferred into the Trusts in connection with any such Admission or Awards granted prior to any such Admission will not count towards these limits.
- (e) Ordinary Shares held in treasury will be treated as newly issued Ordinary Shares for the purposes of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.
- (f) For the BAYE, it is envisaged that the Ordinary Shares held in the Trusts (and, in respect of the UK SIP, the SIP Trust) will be used for Free Share and Matching Share awards. Purchased Shares are intended to be acquired in the market.

13.7.3 Variation of Share Capital

The Committee may adjust the number and/or type of Ordinary Shares comprised in any Award, as well as any exercise price or performance condition applicable to that Award, in the event of any variation in the share capital of the Company or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Ordinary Shares.

13.7.4 Cash Alternative

EIP and DBP Awards and Free and Matching Share awards granted under the BAYE (other than the UK SIP) may also be granted as a right to, or may be settled as, a cash payment determined by reference to the value of a notional number of Ordinary Shares, although following any Admission, in the event it occurs the Company only proposes to grant cash-based awards or settle awards in cash where regulatory restrictions make it impractical to grant share-based awards.

13.7.5 Rights attaching to Share Award

- (a) All Ordinary Shares acquired under Awards will rank equally in all respects with Ordinary Shares then in issue except for any rights attaching to the shares by reference to a record date before the date of acquisition.
- (b) Benefits received by participants under the Plans are not pensionable and, other than Purchased Shares acquired under the BAYE, may not be transferred, assigned, charged or otherwise disposed of to any person (other than to a personal representative on the death of a participant).

13.7.6 Amendment

- (a) The Remuneration Committee may (in the case of the UK SIP, with the consent of the trustee of the UK SIP) at any time amend the Plans, save that any amendments to the advantage of participants in relation to: (i) who is eligible to participate in the Plans; (ii) the limit on the number of Ordinary Shares which may be issued or transferred from treasury; (iii) the maximum entitlement for each participant and the basis for determining a participant's entitlement to Ordinary Shares; and (iv) the basis of any adjustment if there is a variation of share capital, must be approved in advance by the Company's shareholders in a general meeting, unless the alteration or addition is minor in nature and

is made to the benefit of the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or a member of the Group.

- (b) The Committee may establish additional schedules to the Plans to operate outside the UK. A schedule may vary the rules of the Plans to take account of any securities, exchange control or taxation laws or regulations in an overseas jurisdiction. However, no schedule may increase the individual limit on the size of an Award and any shares made available under any schedules will count towards the overall limit on the number of shares which may be used under the Plans.

13.7.7 Termination

No Awards can be granted under the Plans more than ten years after Admission, in the event it occurs.

13.8 Common terms of the EIP and the DBP

13.8.1 Grant of Awards

- (a) In the event of Admission, Awards may be granted before or within 42 days of any such Admission. Thereafter, Awards will normally be granted within 42 days of the announcement of the Company's results for any period. Awards may also be granted within the period of 42 days following the date on which any Directors' Remuneration Policy comes into effect or at other times if the Remuneration Committee determines that there are exceptional circumstances, which would include a person first becoming eligible to participate in the Share Incentive Plans as a result of joining the Group.
- (b) If a restriction prevents the grant of Awards during any of these periods, Awards may be granted within the period of 42 days beginning on the lifting of the restriction. It is intended that Awards will generally be made twice a year. LTIP Awards (as defined below) granted in respect of a financial year will ordinarily be granted following the announcement of the Company's results for the preceding financial year, with the first such Awards granted following the announcement of the Company's results for its financial year ending in 2019. Promotion Awards (as defined below) will ordinarily be granted following the announcement of the Company's interim or full-year results for the period in which the promotion takes effect. Career Level 1 – 3 Awards (as defined below) will be granted as determined by the Remuneration Committee in connection with the recruitment.

13.8.2 Form of Awards

The EIP and DBP rules permit the grant of conditional share awards and nil or nominal cost options over Ordinary Shares. The EIP rules also permit the grant of restricted share awards.

13.8.3 Malus and Clawback

In the event of a material error or misstatement of results, a material failure of risk management, a participant's material misconduct, serious reputational damage to the Group for which a participant should be held responsible, and/or a material corporate failure (or other events similar in the nature or effect), the Remuneration Committee may, in respect of any LTIP Award, DBP Award (as defined below), Career Level 1 – 3 Award or Promotion Award:

- (a) following the grant of the Award but before vesting of the Award, reduce (including to zero) the number of Ordinary Shares subject to an Award or impose additional conditions on the Award; and/or
- (b) at any time within a period determined at the date of grant of the Award, (which will be, unless the Remuneration Committee determines otherwise at the time of the grant of the Award, the period of five years from the date of grant of an LTIP Award and the normal vesting date of a DBP Award, Career Level 1 – 3 Award or a Promotion Award), require the repayment of any number of Ordinary Shares (or cash amount) received in respect of the Award.

Malus and clawback provisions will not apply to any Equity Awards granted under the EIP.

13.9 *Employee Benefit Trust (“EBT”) and Reward Share Trust (“RST”)*

Prior to any Admission, the Company will establish the DWF Group plc Employee Benefit Trust and the DWF Group plc Reward Share Trust, both of which will be constituted by trust deeds to be entered into between the Company and Estera Trust (Jersey) Limited, a professional Jersey resident trustee. The Company has the power to appoint and remove the trustee of the EBT and the RST.

The beneficiaries of the EBT will be the DWF Group plc Employees, former DWF Group plc Employees and certain members of their families. The beneficiaries of the RST will be the DWF Group plc Employees, former DWF Group plc Employees, the members of DWF LLP and any other partnership which is a subsidiary undertaking of the Company, former members of DWF LLP and any other partnership which is a subsidiary undertaking of the Company, consultants and self-employed lawyers providing services and former consultants and self-employed lawyers providing or who provided services on behalf of the same, and certain members of their families, along with the DWF Foundation.

Assets held in the EBT will only be able to be used to benefit the beneficiaries of the EBT, and assets held in the RST will only be able to be used to benefit the beneficiaries of the RST. DWF Group plc and its subsidiaries will be able to fund the EBT and the RST by loan or gift to acquire Ordinary Shares, either in the market or by subscription. The trustee of the EBT will be about to use the Ordinary Shares acquired for the purposes of satisfying awards under the DWF Group plc Plans, or other share incentive arrangements established by the DWF Group plc from time to time. The trustee of the RST will be able to use the Ordinary Shares acquired for the purpose of satisfying awards under the Share Incentive Plans, or other share incentive arrangements established by the Group from time to time.

14. **Pensions**

The Group’s largest pension scheme is its defined contribution personal pension scheme in the United Kingdom (the “**UK Defined Contribution Personal Pension Scheme**”) which is administered by AEGON. Personal contributions made to the UK Defined Contribution Personal Pension Scheme are matched by the Group at a rate that is based upon the employee’s grade. The Group also contributes to a number of small pension vehicles for employees in its international operations, such as state run schemes, and additional voluntary schemes (together with the UK Defined Contribution Personal Pension Scheme, the “**Pension Schemes**”). The Group’s Pension Schemes are compliant with relevant local employment law.

The Group’s contribution to the Pension Schemes was £2.2 million, £2.8 million, £3.1 million and £2.4 million for the financial years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively.

The Company does not operate a defined benefit pension scheme for the benefit of its Directors or members of senior management.

15. Subsidiaries, investments and principal establishments

15.1 Subsidiaries and Subsidiary Undertakings

15.1.1 DWF LLP

The following table shows details of DWF LLP's principal subsidiaries and subsidiary undertakings as at the date of this Registration Document.

Name	Country of incorporation and registered office	Percentage of equity ownership ⁽¹⁾	Percentage or basis of control ⁽²⁾	Principal Activity
DWF Connected Services Group Limited	England	100%	100%	Holding company
DWF 360 Limited	England	100%	100%	Connected services
DWF Middle East Group LLP	England	n/a ⁽⁴⁾	100%	Holding company
DWF (Middle East) LLP	UAE	n/a ⁽⁴⁾	100%	Legal services
DWF Australia Holdings Pty Ltd	Australia	100%	100%	Holding company
DWF Law Australia Pty Ltd	Australia	Note 5	100%	Legal services
DWF (France) AARPI	France	n/a ⁽⁴⁾	100%	Legal services
DWF Ireland GP	Ireland	n/a	Note 3	Legal services
DWF LLP Studio Legale Associato	Italy	n/a	Note 3	Legal services
DWF (Northern Ireland) LLP	Northern Ireland	n/a	Note 3	Legal services
DWF Holding Gesellschaft bürgerlichen Rechts	Germany	n/a	Note 3	Holding undertaking
DWF Germany Rechtsanwaltsgesellschaft mbH	Germany	n/a	Note 3	Legal services

Notes:

- (1) The percentage of equity ownership refers to the percentage of shares or other form of membership interest held by DWF LLP in each of the subsidiaries and subsidiary undertakings named in this table as at the date of this Registration Document. Subsidiary undertakings listed as "n/a" will be part of the DWF LLP Sub-group following the Reorganisation and will be subsidiary undertakings of DWF Law LLP or DWF LLP by way of contractual arrangements.
- (2) The percentage or basis of control refers to the extent or manner by which DWF LLP controls each of its subsidiaries and subsidiary undertakings. For subsidiaries and subsidiary undertakings where DWF LLP will hold a direct or indirect equity ownership, control is expressed as the percentage of voting control held by DWF LLP. For subsidiary undertakings that are part of the Group under on contractual arrangements, the basis of control is not based on equity ownership.
- (3) By virtue of existing contractual agreements, DWF Ireland GP, DWF LLP Studio Legale Associato, DWF (Northern Ireland) LLP, DWF Holding Gesellschaft bürgerlichen Rechts and DWF Germany Rechtsanwaltsgesellschaft mbH are subsidiary undertakings of DWF LLP under section 1162(4) of the Companies Act 2006.
- (4) DWF LLP holds a direct membership interest in DWF (France) AARPI and controls DWF (France) AARPI under the terms of its by-laws.
- (5) DWF Australia Holdings Pty Ltd is the sole holder of ordinary shares in DWF Law Australia Pty Ltd. All members of DWF LLP who are partners in Australia hold non-voting preference shares in DWF Law Australia Pty Ltd.

15.1.2 DWF Group Limited

As at the date of this Registration Document, the Company does not have any subsidiaries or subsidiary undertakings.

Following Reorganisation, (i) DWF Holdings Limited, (ii) each of DWF Law LLP and its subsidiary undertakings and (iii) each of DWF LLP and its subsidiary undertakings will become subsidiary undertakings of the Company.

15.2 Properties, Investments and Assets

The following are the principal establishments of the Group:

Name and Location	Type of Facility	Tenure	Term Expiry Date
5 St Paul's Square, Old Hall Street, Liverpool, L3 9AE	Office	Lease	17 March 2028
20 Fenchurch Street, London, EC3M 3AG	Office	Lease	17 March 2026
1 Scott Place, 2 Hardman Street, Manchester, M3 3AA	Office	Lease	26 April 2028

16. Statutory auditor

By resolution of the Directors dated 18 January 2019, Deloitte LLP, whose registered address is at 1 New Street Square, London EC4A 3HQ, was appointed as the statutory auditor to the Company. Deloitte LLP has prepared the accountants' report in Section A of *Part X* — “*Historical Financial Information*” and Section A of *Part XI* — “*Unaudited Pro Forma Financial Information*”. Deloitte LLP is registered to perform audit work by the Institute of Chartered Accountants in England and Wales.

17. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group; or (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

17.1 Existing Membership Agreement

As of the date of this Registration Document, the limited liability partnership agreement between (i) DWF LLP and (ii) the current members of DWF LLP dated 3 February 2011 (as amended) (the “**Existing Membership Agreement**”) records the terms on which DWF LLP is organised and the rights and obligations of the members of DWF LLP, both during the currency of their membership and/or upon cessation of such membership. The DWF LLP Constitutional Deed will replace the Existing Membership Agreement once entered into pursuant to the Reorganisation. The following is a summary of certain key terms of the Existing Membership Agreement:

Capital accounts, profit shares and partner arrangements

The Existing Membership Agreement includes provisions for the establishment and operation of capital accounts in the name of each member of DWF LLP, providing that the members shall contribute to the capital of DWF LLP in accordance with the capital policy of the partnership approved from time to time by ordinary resolution of the members. The Existing Membership Agreement also provides mechanisms for loans from DWF LLP members to DWF LLP, allocation of profits between the DWF LLP members, allocation of partnership units between equity members and a mechanism in respect of member drawings. In respect of contributions by DWF LLP members to DWF LLP, pursuant to a contributions agreement between the equity partners the equity partners agree to contribute to certain liabilities of the LLP and each current member of DWF LLP agrees and acknowledges that he or she is bound by and party to such agreement from appointment as an equity member of DWF LLP.

Membership

The Existing Membership Agreement provides that there may be three forms of membership in DWF LLP (equity membership, senior fixed share membership and fixed share membership) and provides for processes of admission as each type of member. Each member of DWF LLP agrees to be bound to the Existing Membership Agreement upon becoming a member. The Existing Management Agreement provides that meetings of (i) members and (ii) equity members shall be held at least three times per accounting period of DWF LLP. The Existing Management Agreement also provides for quorum, location, notice and other customary requirements in respect of such members' meetings.

Members' Duties and Restrictions

Members must, in their capacity as members, fulfil certain duties and abide by certain restrictions in accordance with the Existing Membership Agreement, including:

- (a) (other than as agreed by the Strategic Board of DWF LLP) devotion of their whole time and attention to the business;
- (b) diligent employment in and promotion of the business;
- (c) conduction of themselves in a proper and responsible manner;

- (d) showing utmost good faith to DWF LLP and complying with all legislation, regulations, professional standards and other provisions governing them (including the terms of the Existing Membership Agreement);
- (e) indemnification of DWF LLP in the case of such member's material or continued breach of the Existing Membership Agreement; and
- (f) accounting to DWF LLP for profits derived in breach of the Existing Membership Agreement.

No member may, without the prior written consent of the Strategic Board of DWF LLP, engage in any business other than that of DWF LLP, derive benefit from the assets, business or business connections of DWF LLP and/or act on behalf of DWF LLP in contravention of the Existing Membership Agreement.

Members are indemnified by DWF LLP in respect of debts, liabilities, losses, payments and personal liabilities incurred in the performance of such member's duties in accordance with the terms of the Existing Membership Agreement (in the ordinary and proper conduct of the business and/or for the purpose of preservation of the business and its assets).

Other Customary LLP Provisions

The Existing Membership Agreement contains provisions in respect of matters customarily dealt with in a limited liability partnership deed, including provisions in respect of the following matters:

- (a) *Assets* – under the Existing Membership Agreement, the property, rights and/or assets owned or occupied by DWF LLP are owned by DWF LLP absolutely and none of the members of DWF LLP have any individual rights in any such asset(s) other than entitlement(s) to capital distributions in accordance with the terms of the Existing Membership Agreement. Members' intellectual property belongs and is the absolute property of DWF LLP. Provisions in respect of assignment, waiver of moral rights, vesting of legal title, trust arrangements and/or other assistance in respect of intellectual property and/or other assets is provided for in the Existing Membership Agreement.
- (b) *Policies* – it is a term of the Existing Membership Agreement that DWF LLP and its members are obliged to comply with the respective terms of (and be entitled to the respective benefits of) certain policies, including a capital policy, drawings policy and retirement policy.
- (c) *Accounting/Audit/Tax* – pursuant to the Existing Membership Agreement, the members shall ensure that accountants and auditors are appointed in respect of DWF LLP and that proper books of account are prepared and audited. The Strategic Board of DWF LLP is responsible for approval of DWF LLP's annual accounts prior to distribution among the members. The members shall also ensure that appropriate amounts are withheld from members' drawings in order to satisfy each member's tax liabilities on such drawn amount(s) and/or any other applicable tax liability, obligation or commitment (and tax advisers shall be appointed at the nomination of the Strategic Board for such purpose).
- (d) *Management and Strategic Board Meetings* – the Existing Membership Agreement provides that, subject always to the Limited Liability Partnerships Act 2000 and certain reserved matters requiring equity member consent, the policy and administration of DWF LLP and its business shall be managed by a strategic board, who may exercise all the powers of the members of DWF LLP acting in the best interests of the partnership and the members as a whole. DWF LLP's Strategic Board has a remit to set the strategic direction of the partnership and to exercise its rights and fulfil its obligations as set out in the Existing Membership Agreement. The Existing Membership Agreement sets out provisions in respect of the Strategic Board's composition (as is customary for such an agreement). The Strategic Board may also establish committees and delegate its work to such committee(s) and/or other person(s) as they consider competent to undertake such role.

In addition, the Existing Membership Agreement provides for appointment of an executive board to provide a forum for communication among its members and decision making in relation to matters of firm-wide interest. The executive board shall have the role, function and powers delegated to it by the Strategic Board. Similarly, the Existing Membership Agreement

provides for appointment of a remuneration committee and a nomination committee in respect of DWF LLP (in each case, having the role, function and powers delegated to it by the Strategic Board). Standard provisions in respect of amendment of the Existing Membership Agreement, retirement of members, expulsion from DWF LLP (including provisions in respect of garden leave), holiday leave, insurance, entitlements and obligations of outgoing members, liquidation of the partnership, confidentiality and dispute resolution are also provided for in the Existing Membership Agreement.

17.2 *Existing governance arrangements*

Germany

There is a supplemental partnership agreement between DWF LLP and DWF Germany Holding GbR in place, under which the partners of DWF Germany Holding GbR agree that the German partnership will manage its shareholding in DWF Germany RmbH, and procure that DWF Germany RmbH be managed, in accordance with the general guidelines as to strategy, policy and objective set by the managing partner of DWF LLP.

Ireland

There is a supplemental agreement to the Irish partnership agreement and the DWF LLP Membership Agreement in place, under which partners of the Irish partnership agree to manage the business of the Irish partnership in line with the overall strategies, policies and objectives of DWF LLP and in accordance with the directions of the strategic board of DWF LLP. The partners also agree to vote on any resolution of the partnership in accordance with the directions of the strategic board of DWF LLP and to follow in all respects all directions given by the managing partner of DWF LLP or the strategic board of DWF LLP with regard to the management or conduct of the business of the Irish partnership.

Italy

There is a cooperation agreement in place between the partners of the Italian partnership, the Italian partnership and DWF LLP, under which partners of the Italian partnership agree to manage the business of the Italian partnership in line with the overall strategies, policies and objectives of DWF LLP and in accordance with the directions of the strategic board of DWF LLP. The partners also agree to vote on any resolution of the partnership in accordance with the directions of the strategic board of DWF LLP and to follow in all respects all directions given by the managing partner of DWF LLP or the strategic board of DWF LLP with regard to the management or conduct of the business of the Italian partnership.

Northern Ireland

There is a supplemental agreement in place between the partners of the Northern Irish partnership, the Northern Irish partnership and DWF LLP, under which partners of the Northern Irish partnership agree to manage the business of the Northern Irish partnership in line with the overall strategies, policies and objectives of DWF LLP and in accordance with the directions of the strategic board of DWF LLP. The partners also agree to vote on any resolution of the partnership in accordance with the directions of the strategic board of DWF LLP and to follow in all respects all directions given by the managing partner of DWF LLP or the strategic board of DWF LLP with regard to the management or conduct of the business of the Northern Irish partnership.

Australia

There is a supplemental agreement in place between the partners of the Australian partnership, the Australian partnership and DWF LLP, under which partners of the Australian partnership agree to manage the business of the Australian partnership in line with the overall strategies, policies and objectives of DWF LLP and in accordance with the directions of the strategic board of DWF LLP. The partners also agree to vote on any resolution of the partnership in accordance with the directions of the strategic board of DWF LLP and to follow in all respects all directions given by the managing partner of DWF LLP or the strategic board of DWF LLP with regard to the management or conduct of the business of the Australian partnership.

17.3 *Existing Revolving Credit Facility*

See *Part IX — “Operating and Financial Review — Liquidity and Capital Resources”*.

17.4 ***New Revolving Loan Facility***

See *Part IX — “Operating and Financial Review — Liquidity and Capital Resources”*.

18. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during at least the 12 months preceding the date of this Registration Document which may have, or have had, significant effects on the Company and/or the Group’s financial position or profitability.

19. **Related party transactions**

Save (i) as disclosed in the following paragraphs and (ii) those steps which have taken place pursuant to the Reorganisation described in paragraph 4 — “*Reorganisation*” of this *Part XII — “Additional Information”*, no members of the Group entered into related party transactions during the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018 and the six months ended 31 October 2018 or during the period from 31 October 2018 to the date of this Registration Document.

By virtue of being on the Executive Board, Jason Ford will be a related party of the Company.

In July 2017 and July 2018, loan agreements (the “**July 2017 Loan Agreement**” and “**July 2018 Loan Agreement**”, respectively) were made between DWF LLP and six former directors of Triton Global Limited, including Jason Ford (who at the time of the agreements was a member of DWF LLP) (together, the “**Borrowers**”). Under the July 2017 Loan Agreement, DWF LLP provided a total loan of £104,500 to the Borrowers, with interest charged at 3% per annum. Under the July 2018 Loan Agreement, DWF LLP provided a total loan of £293,551 to the Borrowers, with interest charged at 3% per annum. The July 2017 Loan Agreement and July 2018 Loan Agreement were each made for the purpose of repayment by the Borrowers of instalments due under a standstill agreement made among Wesleyan Bank Limited, the Borrowers and DWF LLP in February 2017 (the “**Standstill Agreement**”). The Standstill Agreement provides for payment by the Borrowers to Wesleyan Bank Limited of the sum owed by them under their guarantee of loan facilities totalling £2,000,666 advanced by Wesleyan Bank Limited to Triton Global Limited under various loan agreements made between July 2014 and August 2016. As at 31 October 2018, the total aggregate outstanding loan amount owed by the Borrowers to DWF LLP under the July 2017 Loan Agreement and July 2018 Loan Agreement was £398,051. The Borrowers are jointly and severally liable under those loan agreements.

In March 2017, DWF LLP and Jason Ford entered into a loan agreement, pursuant to which DWF LLP provided a loan of £100,000 to Jason Ford for the purpose of repayment by Jason Ford of a professional corporate investment loan made available by Barclays Bank plc to Jason Ford in December 2015 to fund a shareholder loan to Triton Global Limited. Interest is charged at 3% per annum. The outstanding loan amount owed by Jason Ford to DWF LLP as at 31 October 2018 was £104,024.

20. **No significant change**

There has been no significant change in the financial or trading position of the Group since 31 October 2018, the date to which the Historical Financial Information in *Part X — “Historical Financial Information”* was prepared.

21. **Consents**

Deloitte LLP which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the inclusion in this Registration Document of its Accountant’s Report set out in Section A of *Part X — “Historical Financial Information”* and Section A of *Part XI — “Unaudited Pro Forma Financial Information”* in the form and context in which they appear and has authorised the contents of the Registration Document which comprise its reports for the purposes of items 1.2 and 23.1 of Annex I to the Prospectus Directive Regulation.

22. General

The financial information contained in this Registration Document does not amount to statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. Full audited accounts have been delivered to the Registrar of Companies for the Group for the financial years ended 30 April 2016, 30 April 2017 and 30 April 2018.

23. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 28 days from the date of publication of this Registration Document at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD, United Kingdom, and at the Company's registered office at 20 Fenchurch Street, London EC3M 3AG:

- (a) the Articles;
- (b) the Historical Financial Information of the Group in respect of the three financial years ended and as at 30 April 2016, 30 April 2017 and 30 April 2018 and the six months ended 31 October 2018, together with the related Accountants' Report from Deloitte LLP, which are set out in *Part X — "Historical Financial Information"*;
- (c) the unaudited Pro Forma Financial Information, together with the related Accountants' Report from Deloitte LLP, which is set out in *Part XI — "Unaudited Pro Forma Financial Information"*;
- (d) the consent letters referred to in paragraph 21 — "*Consents*" above; and
- (e) this Registration Document.

Dated 1 February 2019

PART XIII DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“ABS”	a “licensed body” within the meaning of Part 5 (Alternative Business Structures) of the Legal Services Act
“Admission”	the proposed admission of the Ordinary Shares of the Company to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities, in respect of which the Company intends to make applications in due course
“AML”	Anti-Money Laundering
“Articles”	the articles of association of the Company intended to be adopted in the event of Admission
“Board”	the board of directors of the Company
“Brexit”	the exit of the United Kingdom from the European Union, officially announced on 29 March 2017
“Chambers”	Chambers and Partners
“City Code”	the UK City Code on Takeovers and Mergers
“Company”	DWF Group Limited (to be re-registered in the event of Admission as a public limited company, DWF Group plc, pursuant to the Reorganisation)
“connected services”	DWF’s connected services are offered by DWF’s Connected Services division and are complementary products or services to the traditional legal services offered by DWF’s other three divisions and consist of a range of professional, business or consulting services, a number of which include or are enabled by technology products and solutions
“connected services market”	the connected services market includes any products, services or solutions offered by DWF’s Connected Services division as well as other complementary or alternative products or services to traditional legal services including technology solutions, business, consulting or other professional services
“Corporations Act”	the Corporations Act 2001 of the Commonwealth of Australia
“Directors”	the directors of the Company as at the date of this Registration Document, whose names appear on page 28 of this Registration Document
“Divestiture Condition”	the same meaning as in the Legal Services Act, which includes where a Non-authorised Person holds a Restricted Interest by virtue of holding shares in the Company, in any of the circumstances set out below: <ol style="list-style-type: none">(a) as a result of the person taking a step in circumstances in which that constitutes an offence under paragraph 24(1) of Schedule 13 to the Legal Services Act (whether or not the person is charged with, or convicted of, an offence under that paragraph);(b) in breach of conditions imposed under paragraph 17, 28 or 33 of Schedule 13 to the Legal Services Act; or(c) in contravention of an objection by the Relevant Licensing Authority under paragraph 31 or 36 of Schedule 13 to the Legal Services Act
“DWF Foundation”	the DWF Foundation is a registered charity number 1157229
“DWF Law LLP Sub-group”	DWF Law LLP and its subsidiary undertakings, but excluding the DWF LLP Sub-group, following the Reorganisation

“DWF LLP”	DWF LLP is the parent of the Pre-Reorganisation Group and is both a recognised body regulated by the SRA and a multinational practice and incorporated practice regulated by the Law Society of Scotland for out-of-court matters, and after the Reorganisation, DWF LLP will be the parent undertaking of the DWF LLP Sub-group and will be a multinational practice and incorporated practice regulated by the Law Society of Scotland for out-of-court matters (having applied in connection with the Reorganisation for revocation of the SRA’s authorisation)
“DWF LLP Sub-group”	DWF LLP and its subsidiary undertakings, following the Reorganisation
“FCA”	the UK Financial Conduct Authority
“five-year award”	the share award for certain partners, senior managers, lateral partners and certain senior new hires described in <i>Part V “Business Description — People and Talent — Attracting, Developing and Retaining Talent — Attracting Talent”</i>
“FSMA”	the Financial Services and Markets Act 2000, as amended
“GDP”	gross domestic product
“GDPR” or “EU General Data Protection Regulation”	the General Data Protection Regulation 2016/679
“Great Britain”	a political term for the part of the United Kingdom made up of England, Scotland and Wales (including the outlying islands that they administer), but excluding Northern Ireland
“Gross Debtors”	trade receivables before allowance for doubtful receivables, which includes disbursements and VAT
“Group” or “DWF”	following the Reorganisation, the Company, DWF Holdings Limited, the DWF Law LLP Sub-group and the DWF LLP Sub-group and before the Reorganisation, the Pre-Reorganisation Group
“HMRC”	Her Majesty’s Revenue and Customs
“IFRS”	International Financial Reporting Standards as adopted by the European Union
“Independent Non-Executive Directors”	the independent non-executive Directors of the Company as at the date of this Registration Document
“Internal gross profit”	the gross profit measure on a segmental basis included in <i>Part X — “Historical Financial Information” — Note 2. Operating Segments”</i> , and it represents the gross profit measure reported internally by the Company
“Legal Service Regulators”	regulators of legal service providers
“Licensed Body”	any subsidiary or subsidiary undertaking of the Company which holds a licence under Part 5 (Alternative business structures) of the Legal Services Act
“lock-up”	WIP plus Gross Debtors
“lock-up days”	the lock-up as a proportion of the last 12 months’ net revenue. Net revenue is used to ensure the metric before and after the adoption of IFRS 15 remains comparable and is prepared on a consistent basis
“London Stock Exchange”	London Stock Exchange plc
“LSA”	the Legal Services Act 2007, as amended
“Member States”	member states of the EEA

“Members”	members of DWF LLP prior to the Reorganisation and Admission, and members of DWF LLP and/or DWF Law LLP, as applicable, following the Reorganisation and Admission
“Non-authorized Person”	the same meaning as in the Legal Services Act, which includes any person who is not approved to carry on legal activities by the Solicitors Regulation Authority, or another Relevant Licensing Authority, under the Regulatory Arrangements
“Non-IFRS Financial Measures”	certain financial measures that are not defined or recognised under IFRS
“Order”	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
“Ordinary Shares”	the ordinary shares of the Company, having the rights set out in the Articles
“participating Member States”	Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia
“Pre-Reorganisation Group”	DWF LLP (and prior to the incorporation of DWF LLP as a limited liability partnership in 2007, the partnerships and its subsidiary undertakings that became DWF LLP) and its subsidiary undertakings
“Prospectus Directive”	Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU and any implementing measure
“Prospectus Directive Regulation”	Prospectus Directive Regulation EC 809/2004
“qualified institutional buyers” or “QIBs”	has the meaning given by Rule 144A
“Qualified Investors”	persons who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive
“Regulation S”	Regulation S under the US Securities Act
“Regulatory Arrangements”	the same meaning as in the Legal Services Act, which includes all arrangements, rules and regulations of the Solicitors Regulation Authority, and (where applicable) the other Relevant Licensing Authorities in connection with their respective roles as regulators of the legal professions in England and Wales
“Relevant Licensing Authority”	the same meaning as in the Legal Services Act, which includes the Solicitors Regulation Authority and, where applicable, each other designated regulator of the legal professions in England and Wales
“relevant persons”	Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Order and Qualified Investors falling within Articles 49(2)(a) to (d) of the Order and (ii) to whom it may otherwise lawfully be communicated
“Relevant Shares”	the same meaning as in the Legal Services Act, which includes all shares in the Company held by a Non-authorized Person in connection with the Divestiture Condition
“Reorganisation”	steps the Group has undertaken and will undertake as part of a reorganisation of its corporate structure, as described more fully in <i>Part XII — “Additional Information — 4. Reorganisation”</i>
“Restricted Interest”	the same meaning as in the Legal Services Act, which includes where a person: <ul style="list-style-type: none"> (a) holds at least 10% of the shares in the Company; (b) is able to exercise significant influence over the management of the Company by virtue of the person’s shareholding in the Company;

	(c) is entitled to exercise, or control the exercise of, voting power in the Company which, if it consists of voting rights, constitutes at least 10% of the voting rights in the Company; or
	(d) is able to exercise significant influence over the management of the Company by virtue of the person's entitlement to exercise, or control the exercise of, voting rights in the Company
“revised compensation model”	the revised compensation model described in <i>Part II — “Presentation of Financial and Other Information — 4. Other Information — Revised compensation model”</i>
“Rule 144A”	rule 144A under the US Securities Act
“Senior Managers”	all members of the Executive Board of DWF Law LLP and DWF LLP
“Share Incentive Plans”	the share incentives arrangements summarised at <i>Part XII — “Additional Information — 13. Share Incentive Plans”</i>
“SIX”	the SIX Swiss Exchange
“SRA”	Solicitors Regulation Authority
“subsidiary undertaking”	has the meaning given in section 1162 of the Companies Act 2006
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council
“US”	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
“US Securities Act”	US Securities Act of 1933, as amended
“WIP”	unbilled revenue and unbilled disbursements

Our culture is shaped by our values.

As a business, we genuinely believe in our value set, which was created by our people.



● Disrupt to progress

Just because there's an established way of doing things, it doesn't mean it's the best way.

● Attend to details

Paying attention to every last detail is the right way to ensure that clients experience the very best of DWF.

● Keep all promises

A promise is a promise, no matter how large or small. By keeping promises, we build trust, loyalty and commitment.

● Be better together

By supporting each other and working as a team we can achieve more for our clients and ourselves.

● Always aim higher

By refusing to do only the minimum and reaching further every time, we expand the realm of what's possible.

