DWF Group plc
("DWF" or "the Company" or "Group")

LEI: 213800O9QREOHTOGQ266

10 December 2020

Half-year results for the period ended 31 October 2020
Strong revenue and profit performance despite macro environment

DWF, the global legal business, today announces its half-year results for the period ended 31 October 2020.

GROUP FINANCIAL SUMMARY

£m (unless otherwise stated)	HY21	HY20	Change
Net revenue	167.6	145.2	15.4%
Gross profit	83.1	73.2	13.5%
Gross profit margin	49.6%	50.4%	(0.8)ppts
Cost to income ratio[1]	40.4%	41.7%	(1.3)ppts
Adjusted operating profit ('Adjusted EBITDA')[2]	24.7	21.1	17.1%
Reported operating (loss)/profit	(8.9)	9.9	
Adjusted profit before tax ('Adjusted PBT')[3]	13.4	10.9	23.0%
Reported PBT	(11.0)	8.0	
Adjusted diluted EPS (pence)[4]	3.6	2.9	24.1%
Reported diluted EPS (pence)	(4.2)	2.0	
Gross lock-up days[5]	196	201	(5) days
Free cash flow[6]	19.6	(9.2)	28.9
Net debt[7]	(58.5)	(49.5)	(8.9)

HY21 FINANCIAL HIGHLIGHTS

- Group revenue growth of over 15% (3% organic)[8] at a gross margin of just below 50%
  - 3% growth in Insurance Services division, all organic
  - 7% growth in Commercial Services (including Managed Services), with organic revenue flat as activity levels recovered through H1 from the sudden weakness experienced in March and April due to COVID-19
  - 58% growth in International, with RCD acquisition in Spain adding £15.7m of revenue, alongside organic growth of 3%
  - 19% growth in Connected Services, all organic
- Adjusted PBT of £13.4m which is 23% higher than HY20 and close to the FY20 comparator of £15.2m
- Reported PBT is a loss of £11.0m, which differs to Adjusted PBT due to significant, largely non-cash, acquisition related expenses treated as non-underlying items
- £19.6m free cash flow generated in H1 versus an outflow of £9.2m in the prior year, assisted by c£14m of COVID-19 related deferrals
- Net debt of £58.5m is £8.9m higher than HY20 and a reduction of £6.4m versus April 20 position despite £12.4m of acquisition related outflows in HY21

OPERATIONAL & STRATEGIC PERFORMANCE

- A 5 day reduction in lock-up days versus HY20 and a 10 day reduction versus FY20 position due to improving operational processes and client engagement

- Cost to income ratio improved by 1.3ppts versus HY20 to 40.4%, and by 1.0ppts from FY20, demonstrating the impact of cost control and efficiency measures
- Revenue per partner increased by 0.4% to £446k (half year basis) despite H1 investment in new partners
- 15 new partner hires in the period which are expected to support ongoing organic growth particularly in Insurance Services and International
- Agreements in principle made to reduce office space and/or vary lease terms in several locations as a first stage of the Group's new property strategy, promoting greater flexible working and securing annualised cash savings of £0.6m
- Investment in new Pune, India office to increase headcount capacity to c1,000 from c500 to support Managed Services build

OUTLOOK AND CURRENT TRADING

- The Board is pleased with the Group's performance to date in FY21 and is increasingly confident in the outlook for the full year as the Group continues to see a strong sales pipeline and anticipates a more stable trading environment in 2021
- The Group's focus on a one team culture and global mind-set is driving more connectivity both internally and with its clients, who are seeing the benefits of the Group's integrated legal and business services offering.
- Managed Services is an important component of that and, having successfully integrated Mindcrest, it is generating both revenue and margin opportunities for the Group as it scales.
- The Board has approved an interim dividend for FY21 of 1.50 pence per share which is payable on 5 March 2021 to shareholders on the register as at 29 January 2021. The Board has given careful consideration to the quantum of the interim dividend to ensure that it is progressive but retains flexibility whilst there remains a degree of uncertainty as to the trading environment for the remainder of the financial year

Sir Nigel Knowles, Chief Executive Officer, commented:
"Given the extreme impact of COVID-19 on the worldwide economy, we are pleased with the performance of the business in the first half of FY21 following the swift actions taken by the new management team. We are also encouraged that despite ongoing COVID related restrictions in a number of the markets in which we operate November activity levels were strong. We have achieved strong revenue growth in the period thanks to the contributions of RCD and Mindcrest and a pleasing return to organic growth. Operationally, the decisive cost actions taken at the beginning of this financial year and a continued focus on cash management has seen a reduction in both net debt and lock-up days. These factors have combined to help us deliver a good profit performance with adjusted PBT in the first half of FY21 close to that achieved for the full year in FY20.

"We expect the uncertain macro environment to continue into 2021, although the positive news in relation to potential vaccines for COVID-19 allows some optimism for a more settled economy as we progress through next year. We therefore are increasingly confident in the prospects for the Group as we look ahead to the rest of FY21 and recent client wins and panel appointments such as those for Serco and Zurich are testament to the strength of our differentiated offering."

For further information
DWF Group plc
James Igoe - Head of Communications +44 (0)7971 783533

Finsbury (PR advisers to DWF)
Ed Simpkins +44 (0)20 7251 3801
Richard Crowley

About DWF

DWF is a global legal business providing integrated legal and business services operating from 31 key locations with more than 4,000 people. The Company became the first Main Market Premium Listed legal business on the London Stock Exchange in March 2019. For more information visit: dwfgroup.com

Forward looking statements

This announcement contains certain forward-looking statements with respect to the Company's current targets, expectations and projections about future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, include all matters that are not historical facts and reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

[1] Cost to income ratio is defined in note 2
[2] Adjusted EBITDA is defined in note 2
[3] Adjusted PBT is defined in note 2
[4] Adjusted diluted EPS is defined in note 8
[5] Gross lock-up days is defined in note 21
[6] Free cash flow is defined in note 21
[7] Net debt is defined in note 17
[8] Organic revenue growth removes the impact of acquisitions and discontinued operations

CHIEF EXECUTIVE OFFICER'S REPORT

STRENGTH AND RESILIENCE DELIVERS A STRONG START TO FY21

Given the extreme impact of COVID-19 on the worldwide economy, we are pleased with our performance in the first half of this financial year, following the swift actions taken by the new management team. Revenue increased by more than 15% to £167.6m for the half-year driven by our acquisitions of RCD and Mindcrest alongside organic growth of 3% across the Group. Adjusted profit before tax increased by 23% to £13.4m, close to the FY20 comparator.

Our insurance business demonstrated its resilience, generating 3% of organic growth. In particular, our Professional Indemnity and Commercial Insurance teams experienced significant activity levels due to their involvement advising clients in the FCA proceedings regarding COVID-19 policy coverage.

Despite the challenging environment, Commercial & Managed Services was broadly flat in organic revenue terms, with overall growth and an enhanced service proposition resulting from the Mindcrest acquisition. Corporate and Real Estate activity levels have steadily recovered through H1 following a material impact in Q4 of FY20, whilst as expected demand remains strong in Litigation.

International has grown strongly, with revenue increasing by 58% compared with the same period last year. Whilst this growth was driven by the acquisition of RCD in Spain, we also saw 3% organic growth in the division with France, Italy, Poland and Dubai all performing well. Connected Services continued its strong growth profile, with revenue up by 19% and gross profit increasing by 39% thanks to divisional operational improvements.

In addition to increasing revenues and improved profitability, we saw a reduction in our gross lock-up days and increased free cash flow, which have helped us to reduce our net debt by £6.4m since April, despite £12.4m of acquisition related outflows in the first half.

After experiencing a significant impact from COVID-19 in Q4 of FY20, the strength and resilience of our business model has enabled us to respond strongly.

As I set out in my statement at our full-year results in September, following my appointment in May we took a number of steps to improve operational performance and reduce cost. These included the closure of offices in Brussels and Singapore and a reduction in our presence in Dubai.

In addition to these cost saving measures, we have also made a number of targeted investments in the first half. We recruited 15 partners, with new arrivals in a number of locations including Australia, Germany and Poland. We made several appointments in Insurance Services and targeted recruitment in Commercial Services to strengthen our insolvency and restructuring capabilities leading to high profile appointments such as on the recent administration of clothing retailer, Bonmarché.

We have recruited a further five partners who will join us in the second half of this financial year. These include three partners joining our Insurance Services division to set up a new presence in Southampton.

We have also invested in our Connected Services capabilities, including through the recruitment of a Senior Loss Adjuster in Milan that enabled the launch of DWF Adjusting in Italy. We recruited a new head of DWF Advocacy in the UK and, in Australia, launched a new Connected Service, DWF Risk, to provide work health and safety and workplace relations services.

We also continue to invest in the build of our global Managed Services platform, including a new office space in Pune. This new office, that our teams will begin to occupy from early 2021 (COVID restrictions permitting) has space for 1,000 people which is around double the current workforce in Pune. We also signed a contract with Peppermint Technology for our Managed Services division to use its case management platform.

Our continued investment in, and commitment to, innovation helped us to achieve a new highest-ever position in the Financial Times' Innovative Lawyers ranking. Last year we achieved a ranking of 8th and this year we climbed one place to 7th. We were also ranked by the FT as one of seven legal businesses it defined as the 'pacesetters' when it comes to legal innovation.

Our innovative approach to the delivery of integrated legal and business services has helped us to secure appointment or reappointment to 28 legal panels, including Serco and Zurich.

The first half also saw the completion of our largest ever client listening exercise. We surveyed more than 400 clients from across all of our sectors to ask them to rate the service we provide and to give us their feedback on what we do well, but also on where we can improve.

Clients were asked to rate the experience of our service, applying a score of between 0 and 10 against how likely they are to recommend us. I'm really pleased to report that 56% of our clients rated us as a 9 or 10 – which means they are classed as 'Promoters' of DWF. Our Net Promoter Score is 47, which is also very positive and compares favourably to our industry peers.

We have continued to focus on ensuring DWF is an attractive place to work. One of our key initiatives in this half-year has been the launch of a new Group Bonus Plan which we believe fairly rewards our people and strengthens the alignment of interests with our shareholders. The plan is linked to the overall performance of the Group, along with divisional and personal performance conditions.

We have recently launched our latest Pulse Survey to track employee engagement and have announced internally the formation of a new 'Pulse Forum'. This Forum will comprise representatives from across our locations, offices and career levels and its purpose will be to consider the results of the Pulse Survey and to provide recommendations of further ways to improve our people proposition.

One of the key ingredients that drives engagement at DWF is the work of the DWF Foundation. The Foundation is an independent charity that was set up by DWF in 2015. It celebrated its 5th anniversary earlier this month and at the same time it reached £500,000 of charitable grants and donations. Through the fundraising activities of our people, it has been able to support around 250 charities around the world. Its work has never been more important and it is something we are incredibly proud to support.

Outlook and current trading

The Board is pleased with the Group's performance to date in FY21 and is increasingly confident in the outlook for the full year as the Group continues to see a strong sales pipeline and anticipates a more stable trading environment in 2021. The Group's focus on a one team culture and global mind-set is driving more connectivity both internally and with its clients, who are seeing the benefits of the Group's integrated legal and business services offering. Managed Services is an important component of that and, having successfully integrated Mindcrest, it is generating both revenue and margin opportunities for the Group as it scales.

Operating efficiency remains a priority, and the changes that the Group is beginning to make to its office estate are expected to deliver material and multi-year savings, whilst retaining agile environments which will enable even more flexible working in the future.

As is the case with other listed businesses, it remains difficult to give detailed guidance on key metrics. However, the current view of the sales pipeline, anticipated activity levels, and cost development, suggest a similar performance trend in H2 to that seen in the first half, with some additional benefit possible from the cost saving measures which have been implemented if activity levels are sustained at current levels.

FINANCIAL REVIEW

A STRONG RECOVERY FROM FY20 COVID-19 IMPACT

Financial overview

The performance for the first half of FY21 has shown a material improvement on FY20 Q4 which was impacted by COVID-19. The Board is pleased with the Group's response to the pandemic with the global move to fully agile working and swift action taken on costs delivering a strong revenue and profit performance for HY21.

All divisions have shown both revenue growth and gross profit improvement in HY21 compared to the equivalent period in the prior year with aggregate top line growth of 15.4% (2.7% organic) and a gross margin of 49.6% reflecting a positive H1 trajectory. This performance reflects the contribution of RCD and Mindcrest but also a gradual improvement in underlying activity to pre-COVID levels as the Group saw the benefits of its diversified offering. This top line performance, combined with measures taken to right-size direct costs, have improved gross profit contribution. Strict controls of overhead expenditure have also been implemented reducing the cost to income ratio from 41.7% in HY20 to 40.4%, which is also a 1.0ppts improvement on FY20. This has led to an improved Adjusted Profit before Tax for HY21, with further direct cost benefits expected in H2 as headcount reductions implemented in H1 take effect as notice periods expire.

Working capital performance has remained robust despite the challenging macro environment. Gross lock-up days have reduced on both comparator periods and free cash flow generation has significantly outperformed the equivalent period in the prior year. Whilst there has been some benefit from COVID-19 tax deferrals, the underlying free cash flow is nevertheless significantly better than the prior year.

Revenue

Group revenue increased 15% to £167.6m for HY21 (HY20: £145.2m). Despite the impact of COVID-19, the Group has delivered creditable organic growth across Insurance Services (3%) and Connected Services (19%). International showed some recovery (3% organic revenue growth) despite ongoing headwinds in a few key locations, particularly Australia and Germany. Commercial Services, which was the most impacted by COVID-19, delivered a flat organic performance year on year, with an improving trajectory.

Acquisitions further supplemented this divisional organic growth, with Commercial Services growing 7% (including Mindcrest) and International growing by 58%, (benefitting from a strong performance from RCD in Spain).

For the first time, Managed Services has been split out of Commercial Services. The figures in this report are presented on both a reported and like-for-like basis.

Direct costs

Direct costs were £84.4m, increasing 17% primarily due to the impact of acquisitions (HY20: £72.0m). On an organic basis direct costs have increased by 3%. Across the business, actions have been taken as part of the Group's previously announced £15m cost reduction programme to manage and reduce direct costs in order to align resource levels to activity, with savings arising as notice periods of leavers expire. Separately, selective investments have been made in 14 partner hires, with those investments targeted in Insurance Services and International to reflect areas where the Group believes there are revenue opportunities which justify the investment.

Gross profit

Gross profit grew 13.5% to £83.1m in the first half (HY20: £73.2m) but reflects a slight dilution in gross margin from 50.4% to 49.6%. This reported dilution is due to the change in margin mix as a result of acquisitions impact on direct costs. On an organic basis, gross profit has improved by £1.6m with gross profit margin of 50.6% being just 0.3ppts below HY20. Cost saving measures already taken in relation to headcount reductions will continue to improve profitability as notice periods expire.

Working capital

Working capital continues to be a key area of focus and opportunity across the business. Gross lock-up days comprise WIP days, the amount of time between starting work and invoicing clients, and debtor days, the length of time between invoicing and cash collection.

In the final quarter of FY20 gross lock-up days deteriorated which management believe reflected a temporary change in billing and payment behaviours due to COVID-19. This led to combined lock-up days of 206 in April 20. Over the course of HY21 significant operational efforts have gone into improving the working capital performance in order to deliver the October 2020 position of 196 days, an improvement of 10 days since April 20 and an improvement of 5 days compared to October 2019.

This improvement in lock-up days is reflected in the improved net debt position, reducing by £6.4m from 30 April 20 to £58.5m at 31 October 20. Whilst net debt is £8.9m higher than 31 October 19, the current year position reflects the impact of the acquisitions of RCD and Mindcrest where total cash consideration paid since the December 19 and February 20 acquisition dates is £19.7m.

Free cash flow generation for HY21 was £19.6m, which contrasts with a £9.2m outflow in HY20, and an outflow of £4.6m for FY20 full year. Whilst net debt has reduced in H1 from April 20, H2 outflows for deferred consideration and COVID-19 deferrals will offset operational cash generation such that net debt is expected to be broadly flat for the year. However, further improvement to gross lock-up days remains a key area of operational focus and represents an opportunity to reduce working capital.

Reducing leverage remains a priority for the Group and whilst net debt may not reduce materially in FY21, mainly due to the aforementioned deferred outflows, leverage will reduce as profitability improves.

Divisional Performance

The divisional performance figures that follow reflect a small number of changes to the alignment of some locations. From an operational perspective, Belfast and Dublin have been realigned to the Commercial Services and Insurance Services divisions. The divisional figures reflect these operational changes which were effected to improve alignment across UK and Ireland as a whole and to drive greater revenue and cost synergies than were possible by retaining these locations within the International division.

Insurance Services

Measure £m	HY21	HY20	Variance	Variance
Revenue	51.5	50.2	1.3	3%
Direct cost	(25.9)	(25.6)	(0.3)	(1%)
Reported gross profit	25.6	24.6	1.0	4%
Reported gross margin %	49.7%	49.0%	0.7ppts	

In an insurance market significantly impacted by COVID-19, including a lengthy lockdown at the start of the financial year followed by localised restrictions, the Group's Insurance Services division performed remarkably strongly finishing the half year with 3% growth (all organic) versus prior year and with a slightly improved gross profit margin of 49.7% (HY20 49.0%).

The Professional Indemnity and Commercial Insurance practice group has been the standout performer. The Group experienced significant activity levels in H1, as it advised some of our largest clients in relation to the highly publicised FCA declaratory proceedings on COVID-19 policy coverage.

As expected, the Motor and Fraud practice group was most impacted by the lockdown dramatically reducing the volume of claims which at one stage were down 75% compared to pre-lockdown levels. The reduction in instructions has been compounded by delays in the conclusion of cases due to court closures and a combination of other factors, which have led to more time being required on fixed fee cases plus a degree of working capital drag due to settlement delays. Despite this, most teams have now returned to near normal levels of activity. Cost savings have been effected to protect gross profit contribution. Some of these delays are easing but the effect of the current second wave measures on road traffic accident claims is being carefully monitored.

The Group expects that demand for insurance services will increase in the second half of the financial year due to a combination of factors including the expected large volume of COVID-19 disease and fatality claims which are already starting to come through from care homes and food processors amongst others. There should also be a strong flow of business interruption claims following the Supreme Court judgement on COVID-19 policy coverage, which will potentially be delivered before Christmas. Insurers are also revisiting their business models and the Group has already benefited from a permanent large outsourcing of claims from one of its biggest clients. Recent lateral hires together with the new Southampton team are also expected to make important contributions to the second half of the year.

Commercial and Managed Services

Measure £m	**HY21**	**HY20**	**Variance**	**Variance**
Revenue	63.0	58.7	4.3	7%
Direct cost	(27.4)	(24.9)	(2.6)	(10%)
Reported gross profit	35.6	33.9	1.7	5%
Reported gross margin %	56.5%	57.7%	(1.2ppts)	
Organic revenue	*58.1*	*58.1*	*0.0*	*0%*
Organic direct cost	*(25.1)*	*(24.2)*	*(0.9)*	*(4%)*
Organic gross profit	*33.0*	*33.9*	*(0.9)*	*(3%)*
Organic gross margin %	*56.8%*	*58.3%*	*(1.5ppts)*	

Commercial & Managed Services (including Mindcrest) delivered revenue growth of 7% in HY21. Commercial Services experienced a material adverse impact in Q4 of FY20 as a result of COVID-19, however it has delivered flat organic revenues year on year in HY21 and has seen activity levels on an improving trajectory compared to H2 of FY20.

Whilst results are largely being driven by the Litigation practice group, where client demand remains particularly strong, transactional activity in both Corporate Services and Real Estate has also held up well despite macroeconomic uncertainty. The division invested in a number of lateral hires during

FY20, several of whom arrived during Q4, and these investments are delivering new client wins contributing positively to the half year revenue position.

Although direct costs at the end of H1 were broadly in line with those incurred in the same period last year, actions have been taken through the course of the first half to right-size the division, removing excess capacity and cost and improving utilisation. It is expected that as notice periods expire the benefit of these savings will be delivered in the second half.

The division continues to make good progress with its key objectives, including transitioning work to Managed Services and working more closely with Connected Services, allowing more efficient operating practices and broadening client relationships.

Managed Services continues to attract client interest in the Group's integrated offering, with a number of large bids currently underway which could supplement the above internal work-transfer opportunities.

The outlook for H2 is improving, with all areas of the division currently showing strong pipelines which, alongside the cost reduction programme benefits, are expected to support gross profit margin.

International

Measure £m	**HY21**	**HY20**	**Variance**	**Variance**
Revenue	40.3	25.5	14.7	58%
Direct cost	(23.8)	(14.7)	(9.1)	(62%)
Reported gross profit	16.4	10.8	5.7	53%
Reported gross margin %	40.9%	42.2%	(1.3ppts)	
Organic revenue	*25.1*	*24.5*	*0.6*	*3%*
Organic direct cost	*(14.4)*	*(13.7)*	*(0.7)*	*(5%)*
Organic gross profit	*10.7*	*10.7*	*0.0*	*0%*
Organic gross profit %	*42.7%*	*43.8%*	*(1.1ppts)*	

The International division remains a key growth area for the Group, delivering revenue growth of 58% to £40.3m in HY21 (HY20: £25.5m) as a result of the acquisition of RCD, which has performed strongly. The organic performance in the division was 3% growth on prior year reflecting mixed results across different geographies.

France, Italy and Poland are all showing revenue growth as a result of investments in new partner hires and, as expected, there is a degree of short term margin dilution as a result. Germany, after the slimming down of Cologne, is building new capabilities in Dusseldorf and will have a diluted margin as the new hires develop their practices. The recently rationalised Dubai office is performing well and is now delivering a sustainable gross profit contribution. Australia is undergoing a degree of consolidation after a period of heavy investment, with the current year focus being on ensuring resource levels are appropriate for the work in hand and are reflective of the pipeline given the pandemic impacts in different locations.

Cost savings implemented in late FY20 and HY21 are gradually being reflected, however gross profit margin of 40.9% was slightly down (HY20: 42.2%). It is expected that as the cost savings already executed continue to be delivered the full year margin will further improve. The closures of Brussels and Singapore have also removed loss-making operations allowing a deeper management focus on the remaining key locations.

International continues to present opportunities for growth and carries latent capacity due to the level of partner and fee-earner investment made in recent periods. As and when the COVID-19 impacts around the world reduce as restrictions ease it is expected that the investments made to date will begin to generate an improving return.

Connected Services

Measure £m	HY21	HY20	Variance	Variance
Revenue	12.8	10.8	2.1	19%
Direct cost	(7.3)	(6.8)	(0.5)	(8%)
Reported gross profit	5.5	4.0	1.6	39%
Reported gross margin %	43.1%	36.9%	6.2ppts	

The Group's Connected Services division has had a strong first half of the year with revenue growth of 19% (to £12.8m) compared to prior year, all organic. Whilst the underlying gross margin development of the Connected Services businesses was delayed towards the end of the last financial year due to COVID-19, there has been a marked improvement in HY21 with gross profit margin increasing to 43%. This is a result of divisional operational improvements (including the closure of our DWF Resource business and a number of team restructures) together with increasing awareness of divisional capabilities driving more opportunities from new and existing clients and through internal referrals.

It has been a particularly strong start to the financial year for our businesses that have been providing clients with a unified approach to COVID-19 related business interruption claims. Our integrated solution to managing such claims has resulted in our Claims Management and Adjusting colleagues working closely with our Forensic Accountancy team (and legal colleagues) to support the quantification and challenge of business interruption losses in the UK. As a result, the UK Claims Management and Adjusting business, and the Forensic Accounting team, have had particularly strong performances. Overall, our Claims Management and Adjusting business (with presence in Australia, Canada, France, Ireland, Italy, UK and USA) has grown by 22%.

The Regulatory Consulting business, launched in FY20, has been successful in converting a strong FY20 year-end pipeline to client wins delivering H1 revenue in excess of £0.5m. Despite the unprecedented disruption to the court service, revenue in the Advocacy team (DWF's alternative solution to the external Bar and traditional chambers) has grown with increased efficiencies arising from the transition to virtual hearings. The demand for services within the DWF 360 software development business has improved (following a number of large projects being put on hold at the start of COVID-19) with revenue ahead of target at the end of H1.

Management are confident with the outlook for the second half of the year with strong pipeline activity across all businesses and a focus on exploring more innovative ways to meet client needs.

Administrative expenses

Reported administrative expenses increased from £63.4m in HY20 to £92.1m in HY21. However, as described in note 2, there are four factors impacting comparability:

- The inclusion of £12.5m of non-underlying items in HY21, compared to just £1.1m in HY20. These predominantly relate to the acquisition accounting for RCD and Mindcrest.
- An amortisation and impairment charge of £2.5m in HY21 (HY20 £0.2m) which also relates to recent acquisitions.
- An increase in Share Based Payment expenses in FY21, with a charge of £9.5m versus £4.4m in the prior year. This increase primarily relates to the acquisition accounting for RCD.

- A £2.8m gain on bargain purchase included as a credit in the FY20 figures relating to the acquisition in Poland.

The items above are excluded as they are all either one-off, non-cash or non-trading related expenses.

On an underlying basis, administrative expenses increased 11.7% to £67.6m (HY20: £60.5m). The majority of this increase relates to the administrative expenses of RCD and Mindcrest. On an organic basis, previously announced cost savings have prevented any underlying increase to overheads and the Group continues to see ongoing savings from actions already taken as well as a temporary benefit from COVID-19 affected expense categories such as travel and business development.

The Group has improved its cost to income ratio to 40.4% (HY20: 41.7%) reflecting the Group's stated strategy of delivering operational gearing by using its platform more effectively.

Interest
Interest expense comprises £1.0m of interest payable on leases (HY20 £1.0m) and net finance expense of £1.1m (HY20 £0.8m) which represents bank charges, loan interest and interest on the drawn element of the main Group £80m RCF facility. The increase in the net finance expense compared to HY20 is a result of a higher net debt position for HY21 as the business gradually deleverages after incurring the acquisition outflows for RCD and Mindcrest.

IFRS 16-related interest payable on leases of £1.0m is recognised separately on the face of the income statement to allow for greater understanding of the composition of finance costs by the Group.

Profit before tax
Reported profit before tax for HY21 is a loss of £11.0m compared to a profit of £8.0m in HY20. This reported position is impacted by the non-underlying items referenced in the Administrative Expenses section. Adjusted PBT is £13.4m compared to the prior year position of £10.9m, an increase of £2.5m or 23%. This improvement in adjusted profitability reflects the FY21 impact of acquisitions, the improving activity levels in the business and the control of costs at both direct cost and administrative cost level.

Taxation
The Group is subject to corporation tax and payments on account of £0.4m (HY20 £3.0m) have been made in the first half with a tax charge to the Income statement of £0.5m (HY20 £1.4m).

Dividend
The Group's capital allocation policy is to retain sufficient capital to fund ongoing operating requirements and to invest in the Group's long-term growth, while also paying attractive dividends. The Group has a target dividend pay-out ratio of up to 70% of DWF Group plc's Adjusted Profit After Tax.

The Group paid a final dividend in relation to FY20 of 0.75p per share, taking total dividend in relation to FY20 to 3.25p. The Board has approved an interim dividend for FY21 of 1.50 pence per share which is payable on 5 March 2021 to shareholders on the register as at 29 January 2021. The Board has given careful consideration to the quantum of the interim dividend to ensure that it is progressive but retains flexibility whilst there remains a degree of uncertainty as to the trading environment for the remainder of the financial year.

Capital expenditure
The Group has incurred cash outflows on tangible fixed assets of £2.9m in HY21 (HY20: £1.6m) with the majority of the increase due to the fit-out of the new office in Pune, India, to accommodate anticipated growth in Mindcrest (Managed Services).

In addition, the Group incurred £1.2m of expenditure on intangibles in HY21 (HY20: £0.9m) primarily relating to the ongoing build of the Managed Services platform.

Conclusion

The Group has delivered an improving performance in HY21 against the backdrop of an uncertain macro environment, with activity levels, revenue, cash generation and profitability all showing improvement. Demand for services, and capacity to deliver those services, has steadily improved over the course of H1. The Group has a strong pipeline of work coming into the second half of the financial year and expects increasingly to see the benefits from its previously announced £15m cost reduction programme as it continues to target improvement in its net profit margin in the medium term.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that the interim information has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union. The Interim Management Report includes a fair review of the Interim Information and, as required by DTR 4.2 TR and DTR 4.2 8R, the following information:

- an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- disclosure of material related party transactions that have taken place in the first six months of the current financial year and of any material changes in the related party transactions described in the last Annual Report and Financial Statements.

This responsibility statement was approved by the board of Directors on 9 December 2020 and is signed on its behalf by:

Chris Stefani
Chief Financial Officer

OFFICERS

Directors:

Jonathan Bloomer
Chairman

Chris Sullivan
Deputy Chairman and Senior Independent Director

Sir Nigel Knowles
Chief Executive Officer

Chris Stefani
Chief Financial Officer

Matthew Doughty
Chief Operating Officer

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

Michele Cicchetti
Partner Director

Seema Bains
Partner Director

Company Secretary:
Mollie Stoker

Registered office:

20 Fenchurch Street
London
EC3M 3AG
United Kingdom

Tel: +44 333 320 2220
dwfgroup.com

Company registration number: 11561594

FINANCIAL STATEMENTS

Unaudited Consolidated Income Statement

	Notes	**Six months ended 31 October 2020 £'000**	*Re-presented (note 1.6)* Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
Revenue		**195,950**	**172,521**	**356,612**
Recoverable expenses		(28,387)	(27,313)	(59,381)
Net revenue	**3**	**167,563**	**145,208**	**297,231**
Direct costs		(84,441)	(71,996)	(154,997)
Gross profit	**3**	**83,122**	**73,212**	**142,234**
Administrative expenses		(92,052)	(63,358)	(120,084)
Operating (loss)/profit		**(8,930)**	**9,854**	**22,150**

Adjusted operating profit		**24,669**	**21,069**	**36,915**
Depreciation and amortisation, impairment, gain on bargain purchase, non-underlying items and share-based payment expense	2,4	(33,599)	(11,215)	(14,765)

Net finance expense	5	(1,132)	(787)	(1,905)
Interest payable on leases	5	(982)	(1,030)	(2,047)
(Loss)/profit before tax		**(11,044)**	**8,037**	**18,198**
Taxation	6	(531)	(1,362)	(3,629)
(Loss)/profit from continuing operations		**(11,575)**	**6,675**	**14,569**
Loss from discontinued operations	10	-	(924)	(4,301)
(Loss)/profit for the period		**(11,575)**	**5,751**	**10,268**

(Losses)/earnings from continuing operations per share attributable to the owners of the parent:				
Basic (p)	8	(4.3)	2.5	5.4
Diluted (p)	8	(4.2)	2.4	5.3
(Losses)/earnings from all operations per share attributable to the owners of the parent:				
Basic (p)	8	(4.3)	2.1	3.8
Diluted (p)	8	(4.2)	2.0	3.7

Notes 1 to 24 are an integral part of these consolidated financial statements.

Unaudited Consolidated Statement of Comprehensive Income

	Six months ended 31 October 2020	*Re-presented (note 1.6)* Six months ended 31 October 2019	Year ended 30 April 2020
	£'000	£'000	£'000
(Loss)/profit for the period	**(11,575)**	**5,751**	**10,268**
Items that are or may be reclassified subsequently to the income statement:			
Foreign currency translation differences – foreign operations	433	(129)	(1,435)
Total other comprehensive income/(expense) for the period, net of income tax	**433**	**(129)**	**(1,435)**
Total comprehensive (expense)/income for the period	**(11,142)**	**5,622**	**8,833**

Items in the above statements are disclosed net of tax. Notes 1 to 24 are an integral part of these consolidated financial statements.

Unaudited Consolidated Statement of Financial Position

	Notes	**31 October 2020 £'000**	*Re-presented (note 1.6)* 31 October 2019 £'000	30 April 2020 £'000
Non-current assets				
Intangible assets and goodwill	11	48,632	7,831	50,654
Property, plant and equipment	12	78,481	80,214	83,775
Investments		277	254	254
Trade and other receivables	13	7,841	152	11,329
Deferred tax asset		3,659	1,197	3,294
Total non-current assets		**138,890**	**89,648**	**149,306**
Current assets				
Current tax asset		-	976	228
Trade and other receivables	13	203,543	169,954	207,707
Cash at bank and in hand	14	32,355	19,805	31,212
Total current assets		**235,898**	**190,735**	**239,147**
Total assets		**374,788**	**280,383**	**388,453**
Current liabilities				
Trade and other payables	15	81,763	43,967	79,833
Current tax liabilities		3,119	-	2,139
Deferred consideration		3,505	2,512	8,982
Lease liabilities	16	12,648	9,655	12,981
Other interest-bearing loans and borrowings	17	3,062	3,687	7,259
Provisions		1,252	1,252	1,252
Amounts due to Members of partnerships in the Group	22	41,453	35,729	35,852
Total current liabilities		**146,802**	**96,802**	**148,298**
Non-current liabilities				
Deferred tax liability		8,708	588	8,884
Deferred consideration		-	610	-
Lease liabilities	16	65,768	72,487	71,697
Other interest-bearing loans and borrowings	17	87,747	65,667	88,815
Provisions		1,825	1,446	1,562
Total non-current liabilities		**164,048**	**140,798**	**170,958**
Total liabilities		**310,850**	**237,600**	**319,256**
Net assets		**63,938**	**42,783**	**69,197**
Equity				
Share capital	19	3,246	3,000	3,246
Share premium	19	88,610	63,167	88,610
Treasury shares	19	(20)	-	(20)
Other reserves		10,949	2,372	5,861
Accumulated losses		(38,847)	(25,756)	(28,500)
Total equity		**63,938**	**42,783**	**69,197**

Notes 1 to 24 are an integral part of these consolidated financial statements.

Unaudited Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Treasury shares £'000	Merger reserve £'000	Share-based payments reserve £'000	Translation reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 May 2019	**3,000**	**63,167**	**-**	**(2,385)**	**1,053**	**9**	**(23,046)**	**41,798**
Adjustment from the adoption of IFRS 16	-	-	-	-	-	-	(5,715)	**(5,715)**
Restated at 1 May 2019	**3,000**	**63,167**	**-**	**(2,385)**	**1,053**	**9**	**(28,761)**	**36,083**
Profit for the period	-	-	-	-	-	-	5,751	**5,751**
Exchange rate differences	-	-	-	-	-	(129)	-	**(129)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(129)**	**5,751**	**5,622**
Dividends paid	-	-	-	-	-	-	(2,746)	**(2,746)**
Share-based payments	-	-	-	-	3,824	-	-	**3,824**
At 31 October 2019	**3,000**	**63,167**	**-**	**(2,385)**	**4,877**	**(120)**	**(25,756)**	**42,783**
Profit for the period	-	-	-	-	-	-	4,517	**4,517**
Exchange rate differences	-	-	-	-	-	(1,306)	-	**(1,306)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(1,306)**	**4,517**	**3,211**
Treasury shares	-	-	(20)	-	-	-	-	**(20)**
Issue of share capital	246	25,443	-	-	-	-	-	**25,689**
Dividends paid	-	-	-	-	-	-	(7,065)	**(7,065)**
Share-based payments	-	-	-	-	4,795	-	-	**4,795**
Tax on share-based payments	-	-	-	-	-	-	(196)	**(196)**
At 30 April 2020	**3,246**	**88,610**	**(20)**	**(2,385)**	**9,672**	**(1,426)**	**(28,500)**	**69,197**

Unaudited Consolidated Statement of Changes in Equity (continued)

	Share capital £'000	Share premium £'000	Treasury shares £'000	Merger reserve £'000	Share-based payments reserve £'000	Translation reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 May 2020	**3,246**	**88,610**	**(20)**	**(2,385)**	**9,672**	**(1,426)**	**(28,500)**	**69,197**
Loss for the period	-	-	-	-	-	-	(11,575)	**(11,575)**
Exchange rate differences	-	-	-	-	-	433	-	**433**
Total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**433**	**(11,575)**	**(11,142)**
Share-based payments	**-**	**-**	**-**	**-**	4,655	**-**	1,135	**5,790**
Tax on share-based payments	**-**	**-**	**-**	**-**	-	**-**	93	**93**
At 31 October 2020	**3,246**	**88,610**	**(20)**	**(2,385)**	**14,327**	**(993)**	**(38,847)**	**63,938**

Notes 1 to 24 are an integral part of these consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows

	Note	**Six months ended 31 October 2020**	*Re-presented (note 1.6)* Six months ended 31 October 2019	Year ended 30 April 2020
		£'000	£'000	£'000
Cash flows from operating activities				
Cash generated from operations before adjusting items	21a	32,938	4,100	24,158
Cash used to settle non-underlying items		(8,026)	(1,614)	(10,501)
Cash generated from operations		**24,912**	**2,486**	**13,657**
Interest paid		(2,241)	(2,097)	(4,192)
Tax paid		(417)	(3,020)	(4,309)
Net cash used in operating activities		**22,254**	**(2,631)**	**5,156**
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired		-	323	(3,853)
Acquisition of subsidiary, deferred consideration		(5,467)	(799)	(2,859)
Purchase of property, plant and equipment		(2,872)	(1,611)	(3,520)
Purchase of other intangible assets		(1,158)	(859)	(4,116)
Net cash flows used in investing activities		**(9,497)**	**(2,946)**	**(14,348)**
Cash flows from financing activities				
Issue of ordinary shares, net of issue costs		-	-	(57)
Dividends paid		-	(2,746)	(9,811)
Loan arrangement fee		(128)	-	-
Proceeds from borrowings		4,173	39,000	73,535
Repayment of borrowings		(9,294)	(16,483)	(24,913)
Repayment of lease liabilities		(6,618)	(6,060)	(12,654)
Movement in supplier payments facility		(146)	(1,821)	(1,973)
Interest received		127	310	456
Capital contributions by Members		2,640	617	5,938
Repayments to former Members		(2,625)	(808)	(3,386)
Net cash flows from financing activities		**(11,871)**	**12,009**	**27,135**
Net increase in cash and cash equivalents		**886**	**6,432**	**17,943**
Cash and cash equivalents at the beginning of period		28,727	10,822	10,822
Effects of foreign exchange rate changes on cash and cash equivalents		133	146	(38)
Cash and cash equivalents at the end of period	**14**	**29,746**	**17,400**	**28,727**

Notes 1 to 24 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1 Accounting policies

1.1 General information

DWF Group plc (the 'Company'), is a public limited company incorporated on 10 September 2018, domiciled in the United Kingdom under the Companies Act 2006, and registered in England. The registered office is 20 Fenchurch Street, London, EC3M 3AG, United Kingdom.

The principal activities of the Company and its subsidiary undertakings (together referred to as the 'Group') and the nature of the Group's operations are set out in the latest Annual Report and Financial Statements for the year ended 30 April 2020. The entire issued share capital of the Company was admitted to the premium listing segment of the official list of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange on 15 March 2019.

The functional currency of the Group is considered to be British pounds sterling which reflects the currency of the primary economic environment in which the Group operates. The Group financial statements are also presented in British pounds sterling.

1.2 Basis of preparation

This condensed consolidated interim financial information ('Interim Information') was approved for issue by the Board of Directors on 9 December 2020.

The Interim Information is neither reviewed nor audited and does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 April 2020 were approved by the Board of Directors on 7 September 2020 and subsequently filed with the Registrar. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This Interim Information for the six months ended 31 October 2020 is prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34: *Interim Financial Reporting* as adopted by the European Union ('IAS 34'). The accounting policies, methods of computation and presentation are consistent with those presented in the most recent Annual Report and Financial Statements. The Interim Information should be read in conjunction with the Annual Report and Financial Statements for the year ended 30 April 2020 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), and are available on the Group's website: www.dwfgroup.com.

No changes have been made to the Group’s accounting policies in the period ended 31 October 2020.

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current banking facilities. The Directors have therefore adopted a going concern basis in preparing the Interim Information.

1.3 Non-underlying items

Non-underlying items are non-trading, non-cash or one-off items disclosed separately in the Consolidated Income Statement where management consider the quantum, nature or volatility of such items would distort the view of the underlying performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- Transaction expenses associated with acquisitions;
- Purchase price relating to acquisitions treated as remuneration;
- Expenses directly associated with COVID-19;
- IPO-related expenses;
- Expenses and impairment charges associated with office closures or scale-back of operations; and
- Costs associated with the change of CEO.

1.4 New or amended International Financial Reporting Standards and Interpretations adopted

The following IFRS have been issued and adopted by the Group in these consolidated financial statements. Their adoption did not have a material effect on the financial information unless otherwise indicated:

- Amendment to IFRS 3, Business combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform
- Amendments to IFRS 16 Leases Covid 19 – Related rent concessions

1.5 Accounting estimates and judgement

The preparation of the financial statements 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 judgements, estimates and assumptions relate to the fair value of unbilled revenue, impairment of trade receivables, professional indemnity provisions and control over ABS and non-ABS Groups.

Critical judgements in applying the Group's accounting policies

Control over the ABS and non-ABS Groups

Regulations in certain jurisdictions in which the Group is represented allow Alternative Business Structures (ABS) where legal firms can be owned by non-lawyers. This is not the case in other jurisdictions (non-ABS). As a result, DWF LLP, the head of the non-ABS Group, is not directly owned by any entity within the ABS Group (which includes the ultimate parent DWF Group plc). Consolidation of DWF LLP and the other non-ABS entities depends on the assessment of whether a member of the ABS Group is exposed, or has rights, to variable returns from its involvement with such entity and has the ability to affect those returns through its power over such entity. DWF LLP and the other non-ABS entities are consolidated in these financial statements on the basis of the Governance Deed adopted by the Group.

Professional indemnity insurance claims

There is significant judgement in the recognition and quantification of the liability associated with claims and regulatory proceedings. Recognition is based on the assessed likelihood of an individual claim's success. When the outflow is both probable and can be estimated reliably, a liability is recognised for the best estimate of the gross liability with a separate asset recognised for any portion that the Group will recover from its insurers. Where the payment is not probable or cannot be estimated reliably no liability is recognised. Gross liability is recognised in other payables and the related asset is recognised in other receivables in the consolidated statement of financial position.

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. Respective amounts are provided in note 13.

1.5 Accounting estimates and judgement (continued)

Trade receivables provision

The valuation of amounts recoverable and not recoverable on trade receivables involves significant estimation. The estimation of provisions is established based on interactions between finance, the fee earner and clients, mindful of the specific circumstances of clients and individual matters and invoices and guided by calculation rules applied to the aged population of all trade receivables (excluding those already addressed by more specific provisions). Bad debt provision amounting to £16,030,000 was provided at 31 October 2020 (31 October 2019: £8,012,000; 30 April 2020: £11,871,000).

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 profile of debts and the historical credit loss rates adjusted by a forward-looking estimate that includes the probability of a worsening global economic environment and specific conditions to a particular client over the coming quarters.

1.6 Representation of prior period

The prior period results have been represented as follows:

Acquisition of K&L Gates Jamka sp.k – Poland

The provisionally recognised fair values disclosed in the October 2019 Interim Report were subsequently amended and finalised in April 2020. The principal adjustment was to increase the acquired non-current intangible assets resulting in a corresponding increase to gain on bargain purchase. The comparative half-year period is represented to reflect the finalised fair values recorded in April 2020.

Discontinuation of Cologne

On 30 April 2020, the Group disposed of the business of the Cologne office in Germany and the results of that business were reported in the FY20 full year as a discontinued operation. The comparative half-year period is represented to reflect this disposal.

The impact on the half-year comparative Consolidated Income Statement and Balance Sheet is as follows:

	As previously reported six months ended 31 October 2019 £'000	Poland Amendment £'000	Discontinue Cologne (note 10) £'000	*Re-presented* six months ended 31 October 2019 £'000
Net revenue	**146,793**	**-**	**(1,585)**	**145,208**
Direct costs	(73,088)	**-**	**1,092**	**(71,996)**
Gross profit	**73,705**	**-**	**(493)**	**73,212**
Administrative expenses	(67,194)	2,419	1,417	(63,358)
Operating profit	**6,511**	**2,419**	**924**	**9,854**
Interest payable on leases	(1,030)	**-**	**-**	**(1,030)**
Net finance expense	(787)	**-**	**-**	**(787)**
Profit before tax	**4,694**	**2,419**	**924**	**8,037**
Taxation	(1,362)	**-**	**-**	**(1,362)**
Profit after tax from continuing operations	**3,332**	**2,419**	**924**	6,675
Loss from the discontinued operations	-	-	(924)	(924)
Profit for the period	**3,332**	**2,419**	**-**	**5,751**

1.6 Representation of prior period

	As previously reported at 31 October 2019 £'000	Poland Amendment £'000	Discontinue Cologne (note 10) £'000	*Re-presented* at 31 October 2019 £'000
Non-current assets				
Intangible assets and goodwill	4,892	2,939	-	7,831
Property, plant and equipment	80,214	-	-	80,214
Investments	254	-	-	254
Trade and other receivables	152	-	-	152
Deferred tax asset	1,197	-	-	1,197
Total non-current assets	**86,709**	**2,939**	**-**	**89,648**
Current assets				
Current tax asset	976	-	-	976
Trade and other receivables	170,025	(71)	-	169,954
Cash at bank and in hand	19,805	-	-	19,805
Total current assets	**190,806**	**(71)**	**-**	**190,735**
Total assets	**277,515**	**2,868**	**-**	**280,383**
Current liabilities				
Trade and other payables	44,108	(141)	-	43,967
Deferred consideration	2,512	-	-	2,512
Lease liabilities	9,655	-	-	9,655
Other interest-bearing loans and borrowings	3,687	-	-	3,687
Provisions	1,252	-	-	1,252
Amounts due to Members of partnerships in the Group	35,729	-	-	35,729
Total current liabilities	**96,943**	**(141)**	**-**	**96,802**
Non-current liabilities				
Deferred tax liability	-	588	-	588
Deferred consideration	608	2	-	610
Lease liabilities	72,487	-	-	72,487
Other interest-bearing loans and borrowings	65,667	-	-	65,667
Provisions	1,446	-	-	1,446
Total non-current liabilities	**140,208**	**590**	**-**	**140,798**
Total liabilities	**237,151**	**449**	**-**	**237,600**
Net assets	**40,364**	**2,419**	**-**	**42,783**
Equity				
Share capital	3,000	-	-	3,000
Share premium	63,167	-	-	63,167
Other reserves	2,372	-	-	2,372
Accumulated losses	(28,175)	2,419	-	(25,756)
Total equity	**40,364**	**2,419**	**-**	**42,783**

Representation of Reporting Segments disclosure

In the six months to October 2020, the Group made changes to the operating segments reported to the CODM. In accordance with IFRS 8 *Operating Segments,* prior-period segment disclosure is represented in this report. This is described further in note 3.

2 Alternative performance measures

Alternative performance measures ('APM') are not intended to supplant IFRS measures. In line with investor feedback and to provide readers of the financial statements with additional understanding of the trading performance of the Group, adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') is calculated as profit before tax after adding back:

- impairment;
- amortisation of intangible assets – acquired;
- non-underlying items;
- share-based payments expense;
- gain on bargain purchase;
- interest payable on leases;
- net finance expense; and
- other depreciation and amortisation.

Adjusted profit before tax, adjusted EBITDA and underlying adjusted EBITDA reconcile to profit on continuing activities before tax as follows:

	Six months ended 31 October 2020	*Re-presented (note 1.6)* Six months ended 31 October 2019	Year ended 30 April 2020
	£'000	£'000	£'000
Profit before tax	**(11,044)**	**8,037**	**18,198**
Amortisation of intangible assets – acquired	2,101	156	1,510
Impairment	369	-	382
Gain on bargain purchase	-	(2,772)	(25,084)
Non-underlying items	12,457	1,050	7,632
Share-based payments expense	9,482	4,392	12,570
Adjusted profit before tax ('Adjusted PBT')	**13,365**	**10,863**	**15,208**
Depreciation of right-of-use asset	5,967	5,456	11,580
Other depreciation and amortisation	3,223	2,933	6,175
Interest payable on leases	982	1,030	2,047
Net finance expense	1,132	787	1,905
Adjusted operating profit ('Adjusted EBITDA')	**24,669**	**21,069**	**36,915**

2 Alternative performance measures (continued)

The cost-to-income ratio is used to assess the levels of operational gearing in the Group. The cost-to-income ratio is defined as administrative expenses less non-underlying items, impairment, amortisation of acquired intangible assets, gain on bargain purchase, and share-based payment expense and divided by net revenue.

The cost-to-income ratio is calculated as follows:

	Six months ended 31 October 2020	*Re-presented (note 1.6)* Six months ended 31 October 2019	Year ended 30 April 2020
	£'000	£'000	£'000
Net revenue	**167,563**	**145,208**	**297,231**
Administrative expenses	**92,052**	**63,358**	**120,084**
Amortisation of intangible assets - acquired	(2,101)	(156)	(1,510)
Impairment	(369)	-	(382)
Gain on bargain purchase	-	2,772	25,084
Non-underlying items	(12,457)	(1,050)	(7,632)
Share-based payment expenses	(9,482)	(4,392)	(12,570)
Adjusted administrative expenses	**67,643**	**60,532**	**123,074**
Cost-to-income ratio	**40.4%**	**41.7%**	**41.4%**

The cost-to-income ratio as reported in the October 2019 Interim Report was 43.0%. The comparative in this report is represented to remove the impact of Cologne in line with note 1.6. The impact of IFRS 16 is now fully reflected in all periods.

3 Reporting segments

In accordance with IFRS 8: *Operating Segments* ('IFRS 8'), the Group's operating segments are based on the operating results reviewed by the Board, who represent the chief operating decision maker ('CODM'). The Group has the following five strategic divisions, which are its reportable segments. These divisions offer different services and are reported separately because of different specialisms from the teams in the business Group.

3 Reporting segments (continued)

The following summary describes the operations of each reportable segment:

Reportable segment	***Operations***
Commercial Services	Provides commercial legal services, encompassing our Corporate Services, Litigation and Real Estate practice groups.
Insurance Services	Provides insurance legal services, encompassing our Professional Indemnity & Commercial, Catastrophic Personal Injury & Occupational Health, and Motor, Fraud & Claimant practice groups.
International*	A division focused on supporting clients on a global scale, with a sector-focused approach to grow a client-orientated practice.
Connected Services	Encompasses various independent businesses that work alongside, support and deliver products and services to our legal teams and clients.
Managed Services**	Delivers outsourcing and process led transformation of legal portfolios providing a fully integrated, end-to-end outsourced solution.

*During May 2020, the Northern Ireland and Republic of Ireland practice groups were transferred from International to Commercial Services and Insurance Services. The prior-period comparators have been represented to reflect this.

**From FY21 onwards, Managed Services is being reported and monitored as a separate division. This division encompasses the Mindcrest acquisition revenues and an element of revenue transferred from Commercial Services.

The revenue and operating profit are attributable to the principal activities of the Group.

For period ended 31 October 2020 – Reported

	Commercial Services	Insurance Services	International	Connected Services	Managed Services	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Segment net revenue	55,799	51,470	40,251	12,840	7,203	167,563
Direct costs	(24,347)	(25,896)	(23,808)	(7,307)	(3,083)	(84,441)
Gross profit	**31,452**	**25,574**	**16,443**	**5,533**	**4,120**	**83,122**
Gross margin %	***56.4%***	***49.7%***	***40.9%***	***43.1%***	***57.2%***	***49.6%***
					Administrative expenses	(92,052)
					Operating profit	**(8,930)**
					Interest payable on leases	(982)
					Net finance expense	(1,132)
					Profit before tax	**(11,044)**
					Taxation	(531)
					Profit from continuing operations	**(11,575)**

3 Reporting segments (continued)

For period ended 31 October 2019 – Represented (note 1.6)

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Managed Services £'000	Total £'000
Segment net revenue	57,754	50,198	25,511	10,763	982	145,208
Direct costs	(24,361)	(25,598)	(14,741)	(6,796)	(500)	(71,996)
Gross profit	**33,393**	**24,600**	**10,771**	**3,967**	**482**	**73,212**
Gross margin %	***57.8%***	***49.0%***	***42.2%***	***36.9%***	***49.1%***	***50.4%***
					Administrative expenses	(63,358)
					Operating profit	**9,854**
					Interest payable on leases	(1,030)
					Net finance expense	(787)
					Profit before tax	**8,037**
					Taxation	(1,362)
					Profit from continuing operations	**6,675**

For year ended 30 April 2020 – Represented (note 1.6)

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Managed Services £'000	Total £'000
Segment net revenue	107,515	100,575	64,323	20,861	3,957	297,231
Direct costs	(48,246)	(52,345)	(38,641)	(14,123)	(1,642)	(154,997)
Gross profit	**59,269**	**48,230**	**25,682**	**6,738**	**2,315**	**142,234**
Gross margin %	**55.1%**	**48.0%**	**39.9%**	**32.3%**	**58.5%**	**47.9%**
					Administrative expenses	(120,084)
					Operating profit	**22,150**
					Net finance expense	(3,952)
					Profit before tax	**18,198**
					Taxation	(3,629)
					Profit from continuing operations	**14,569**

There are no intra-segmental revenues which are material for disclosure. Administrative expenses represent non direct costs that are not specifically allocated to segments.

3 Reporting segments (continued)

Revenue by Region

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external clients in the UK, albeit this continues to reduce over time as the Group geographically expands. The geographical analysis of revenue is on the basis of the country of origin in which the client is invoiced:

	Six months ended 31 October 2020	*Represented (note 1.6)* Six months ended 31 October 2019	Year ended 30 April 2020
	£'000	£'000	£'000
UK	114,772	112,928	218,562
Europe and Middle East (excluding UK)	35,965	19,741	52,607
Rest of World	16,826	12,539	26,062
Net revenue	**167,563**	**145,208**	**297,231**

Total assets and liabilities for each reportable segment are not presented as this information is not provided to the CODM.

4 Non-underlying items

The following items have been charged to the Income Statement during the period but are considered to be non-underlying in nature (note 1.3) so are shown separately:

	Six months ended 31 October 2020	*Represented (note 1.6)* Six months ended 31 October 2019	Year ended 30 April 2020
	£'000	£'000	£'000
Acquisition-related advisory fees - successful	31	1,050	2,639
Acquisition-related advisory fees - aborted	-	-	1,542
Acquisition-related remuneration expense	5,010	-	2,876
COVID-19-related costs	1,011	-	230
Closure and scale-back of operations	5,394	-	-
Costs associated with the change of CEO	1,011	-	-
IPO-related advisory fees	-	-	345
Total non-underlying items	**12,457**	**1,050**	**7,632**

COVID-19 related costs include, inter-alia, specialist cleaning and additional IT support costs that are non-recurring.

Closure and scale-back of operations relate to the board decision in July 2020 to close the Singapore and Brussels offices and to scale-back the operations in Dubai. These costs comprise of people and supplier exit expenses and the impairment of assets that are deemed irrecoverable as a result of the decision taken. Management do not consider the underlying financial performance of Singapore or Brussels to constitute a major separate line of operations. This is due to their relative size by reference to revenue and gross profit of the Group and so neither meets the definition of a discontinued operation.

Legal advisory fees of £0.3m are included in costs associated with the change of CEO.

5 Net finance expense and interest payable on leases

	Six months ended 31 October 2020 £'000	Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
Finance income			
Interest receivable	127	310	456
	127	**310**	**456**
Finance expense - other			
Interest payable on bank borrowings	925	654	1,655
Other interest payable	25	159	165
Bank and other charges	309	284	541
	1,259	**1,097**	**2,361**
Net finance expense	**1,132**	**787**	**1,905**
Finance expense - leases			
Interest payable on leases	982	1,030	2,047
	982	**1,030**	**2,047**

6 Taxation

	Six months ended 31 October 2020 £'000	Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
UK corporation tax on profit	275	1,421	4,746
Foreign tax on profit	443	4	1,347
Adjustments in respect of prior periods	-	201	97
Current tax expense	**718**	**1,626**	**6,190**
Deferred tax credit	(187)	(264)	(2,587)
Adjustments in respect of prior periods	-	-	26
Deferred tax credit	**(187)**	**(264)**	**(2,561)**
Taxation	**531**	**1,362**	**3,629**

7 Dividends

Distributions to owners of the parent in the period:

	Six months ended 31 October 2020 pence per share	Six months ended 31 October 2019 pence per share	Year ended 30 April 2020 pence per share
Final dividends recognised as distributions in the year	**-**	1.00	1.00
Interim dividends recognised as distributions in the year	-	-	1.25
Interim dividends recognised as distributions in the year	-	-	1.25
Total dividends paid in the period	**-**	**1.00**	**3.50**
Interim and final dividend proposed	**1.50**	**1.25**	**0.75**

	Six months ended 31 October 2020 £'000	Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
Final dividends recognised as distributions in the year	**-**	2,746	2,746
Interim dividends recognised as distributions in the year	-	-	3,428
Interim dividends recognised as distributions in the year	-	-	3,637
Total dividends paid in the period	**-**	**2,746**	**9,811**
Interim and final dividend proposed	**4,868**	**3,428**	**2,434**

On 7 September 2020, the Board approved a final dividend for the year ended 30 April 2020 of 0.75 pence per share. The dividend was paid on 5 November 2020 to all shareholders on the Register of Members on 25 September 2020. The payment of this dividend did not have any tax consequences for the Group. The difference between the amount proposed in September (£2,434,000) and the amount actually paid in November (£2,162,000) is due to dividends waived.

An interim dividend for the year ending 30 April 2021 of 1.50 pence was approved by the board on 9 December 2020. The dividend will be paid on 5 March 2021 to all shareholders on the Register of Members on 29 January 2021.

8 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 31 October 2020 £'000	Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
Earnings from continuing operations for the purpose of basic earnings per share	**(11,575)**	**6,675**	**14,569**
Earnings from all operations for the purpose of basic earnings per share	**(11,575)**	**5,751**	**10,268**

	Number	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings per share	268,916,483	269,309,091	271,406,294
Effect of dilutive potential ordinary shares:			
Future exercise of share awards and options	4,384,890	13,990,578	5,087,543
Weighted average number of ordinary shares for the purposes of diluted earnings per share	273,301,373	283,299,669	276,493,837
Earnings from continuing operations per share attributable to the owners of the parent:			
Basic earnings per share (p)	(4.3)	2.5	5.4
Diluted earnings per share (p)	(4.2)	2.4	5.3
Earnings from all operations per share attributable to the owners of the parent:			
Basic earnings per share (p)	(4.3)	2.1	3.8
Diluted earnings per share (p)	(4.2)	2.0	3.7

Adjusted earnings per share is included as an 'APM'. Adjusted earnings per share is not presented in accordance with IAS 33: *Earnings per share*. Adjusted earnings per share is calculated using adjusted earnings calculated as profit after taxation but before:

- non-underlying items;
- share-based payments expense;
- gain on bargain purchase;
- amortisation of acquired intangible assets;
- impairment; and
- the tax effect of the above items.

8 Earnings per share (continued)

The calculation of adjusted basic and adjusted diluted earnings per share is based on:

	Six months ended 31 October 2020 £'000	Re-presented (note 1.6) Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
Earnings from continuing operations for the purpose of adjusted earnings per share	**(11,575)**	**6,675**	**14,569**
Add/(remove):			
Impairment	369	-	382
Amortisation of intangible assets – acquired	2,101	156	1,510
Gain on bargain purchase	-	(2,772)	(25,084)
Non-underlying items	12,457	1,050	7,632
Share-based payments expense	9,482	4,392	12,570
Tax effect of adjustments above	(1,851)	(747)	(2,394)
Adjusted earnings for the purposes of adjusted earnings per share	**10,983**	**8,754**	**9,185**

	Number	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of adjusted earnings per share	**268,916,483**	**269,309,091**	**271,406,294**
Add:			
Additional shares held in trust	34,592,625	16,700,331	31,400,161
Weighted average number of ordinary shares for the purposes of adjusted basic earnings per share	**303,509,108**	**286,009,422**	**302,806,455**
Effect of dilutive potential ordinary shares:			
Future exercise of share awards and options	4,384,890	13,990,578	5,087,543
Weighted average number of ordinary shares for the purposes of adjusted diluted earnings per share	**307,893,998**	**300,000,000**	**307,893,998**
Adjusted basic earnings per share (p)	3.6	3.1	3.0
Adjusted diluted earnings per share (p)	3.6	2.9	3.0

Tax adjustments of £1,851,000 (31 October 2019: £747,000; 30 April 2020: £2,394,000) have been made in arriving at the adjusted earnings per share. The tax charge is largely driven by the UK corporation tax rate of 19% adjusted upwards to take into account the effect of non-deductible expenses and higher overseas tax rates in certain territories.

Shares held in trust are i) issued shares that are owned by the EBT and RST and are recognised, on consolidation, as treasury shares; less ii) the future exercise of share awards and options.

9 Acquisitions of subsidiaries

Acquisitions in the six months to 31 October 2020

There were no acquisitions during the period.

10 Discontinued operations

On 30 April 2020, the Group disposed of the business of the Cologne office in Germany and the results of that business were reported in the year ended 30 April 2020 as a discontinued operation. Financial information relating to the discontinued operations for the comparative periods is set out below.

	Notes	**Six months ended 31 October 2020 £'000**	Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
Net revenue		**-**	**1,585**	**3,171**
Direct costs		-	(1,092)	(2,184)
Gross profit		**-**	**493**	**987**
Administrative expenses		-	(1,417)	(5,288)
Operating loss		**-**	**(924)**	**(4,301)**
Interest payable on leases		**-**	**-**	**-**
Net finance expense		**-**	**-**	**-**
Loss before tax		**-**	**(924)**	**(4,301)**
Taxation		-	-	-
Loss from discontinued operations		**-**	**(924)**	**(4,301)**

11 Intangible assets and goodwill

		Acquired				
Represented (note 1.6)	Goodwill £'000	Customer relationships £'000	Brand £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
Cost						
At 1 May 2019	2,589	-	-	1,580	3,260	7,429
Additions through acquisitions	-	3,095	-	-	-	3,095
Additions – internally developed	-	-	-	-	729	729
Additions – externally purchased	-	-	-	130	-	130
Effect of movements in foreign exchange	(26)	-	-	-	-	(26)
At 31 October 2019	**2,563**	**3,095**	-	**1,710**	**3,989**	**11,357**
Amortisation and impairment						
At 1 May 2019	319	-	-	538	2,031	2,888
Amortisation for the period	-	156	-	222	261	639
Effect of movements in foreign exchange	(1)	-	-	-	-	(1)
At 31 October 2019	**318**	**156**	-	**760**	**2,292**	**3,526**
Net book value						
At 31 October 2019	**2,245**	**2,939**	-	**950**	**1,697**	**7,831**
At 1 May 2019	2,270	-	-	1,042	1,229	4,541

11 Intangible assets and goodwill (continued)

	Goodwill	Acquired: Customer relationships	Acquired: Brand	Software costs	Capitalised development costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31 October 2019	2,563	3,095	-	1,710	3,989	11,357
Additions through acquisitions	9,126	32,315	1,685	35	-	43,161
Additions – internally developed	-	-	-	-	3,094	3,094
Additions – externally purchased	-	-	-	163	-	163
Effect of movements in foreign exchange	2	(199)	-	15	-	(182)
At 30 April 2020	**11,691**	**35,211**	**1,685**	**1,923**	**7,083**	**57,593**
Amortisation and impairment						
At 31 October 2019	318	156	-	760	2,292	3,526
Amortisation for the period	-	1,195	159	247	774	2,375
Impairment	1,036	-	-	-	-	1,036
Effect of movements in foreign exchange	2	-	-	-	-	2
At 30 April 2020	**1,356**	**1,351**	**159**	**1,007**	**3,066**	**6,939**
Net book value						
At 30 April 2020	**10,335**	**33,860**	**1,526**	**916**	**4,017**	**50,654**
At 31 October 2019	2,245	2,939	-	950	1,697	7,831

	Goodwill	Acquired: Customer relationships	Acquired: Brand	Software costs	Capitalised development costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 May 2020	11,691	35,211	1,685	1,923	7,083	57,593
Additions – internally developed	-	-	-	-	785	785
Additions – externally purchased	-	-	-	373	-	373
Effect of movements in foreign exchange	-	-	-	(13)	-	(13)
At 31 October 2020	**11,691**	**35,211**	**1,685**	**2,283**	**7,868**	**58,738**
Amortisation and impairment						
At 1 May 2020	1,356	1,351	159	1,007	3,066	6,939
Amortisation for the period	-	1,784	317	281	779	3,161
Impairment	-	-	-	2	-	2
Effect of movements in foreign exchange	-	-	-	4	-	4
At 31 October 2020	**1,356**	**3,135**	**476**	**1,294**	**3,845**	**10,106**
Net book value						
At 31 October 2020	**10,335**	**32,076**	**1,209**	**989**	**4,023**	**48,632**
At 1 May 2020	10,335	33,860	1,526	916	4,017	50,654

12 Property, plant and equipment

	Right-of-use asset £'000	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 May 2019	-	16,230	10,944	36,971	64,145
Adjustment on transition to IFRS 16	70,342	-	-	-	70,342
Additions through acquisitions	-	-	300	1	301
Additions	1,877	34	274	1,303	3,488
Effect of movements in foreign exchange	(67)	18	15	-	(34)
At 31 October 2019	**72,152**	**16,282**	**11,533**	**38,275**	**138,242**
Accumulated depreciation					
At 1 May 2019	-	11,665	6,051	32,397	50,113
Charge for the period	5,456	529	613	1,308	7,906
Effect of movements in foreign exchange	-	2	2	5	9
At 31 October 2019	**5,456**	**12,196**	**6,666**	**33,710**	**58,028**
Net book value					
At 31 October 2019	**66,696**	**4,086**	**4,867**	**4,565**	**80,214**
At 1 May 2019	-	4,565	4,893	4,574	14,032

	Right-of-use asset £'000	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 31 October 2019	72,152	16,282	11,533	38,275	138,242
Additions through acquisitions	6,246	324	292	232	7,094
Additions	2,772	151	477	1,281	4,681
Effect of movements in foreign exchange	67	25	(20)	50	122
At 30 April 2020	**81,237**	**16,782**	**12,282**	**39,838**	**150,139**
Accumulated depreciation					
At 31 October 2019	5,456	12,196	6,666	33,710	58,028
Charge for the period	6,124	542	524	1,155	8,345
Effect of movements in foreign exchange	-	(2)	(2)	(5)	(9)
At 30 April 2020	**11,580**	**12,736**	**7,188**	**34,860**	**66,364**
Net book value					
At 30 April 2020	**69,657**	**4,046**	**5,094**	**4,978**	**83,775**
At 31 October 2019	66,696	4,086	4,867	4,565	80,214

12 Property, plant and equipment (continued)

	Right-of-use asset £'000	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 May 2020	81,237	16,782	12,282	39,838	150,139
Additions	13	1,621	144	1,094	2,872
Effect of movements in foreign exchange	331	-	-	-	331
At 31 October 2020	**81,581**	**18,403**	**12,426**	**40,932**	**153,342**
Accumulated depreciation					
At 1 May 2020	11,580	12,736	7,188	34,860	66,364
Charge for the period	5,967	518	460	1,185	8,130
Impairment	-	-	239	128	367
At 31 October 2020	**17,547**	**13,254**	**7,887**	**36,173**	**74,861**
Net book value					
At 31 October 2020	**64,034**	**5,149**	**4,539**	**4,759**	**78,481**
At 1 May 2020	69,657	4,046	5,094	4,978	83,775

13 Trade and other receivables

	31 October 2020 £'000	31 October 2019 £'000	30 April 2020 £'000
Trade receivables (net of allowance for doubtful receivables)	93,334	80,013	108,727
Other receivables	2,741	3,645	4,950
Amounts recoverable from clients in respect of unbilled revenue	76,301	69,706	64,379
Unbilled disbursements	9,077	6,273	8,501
Prepayments and accrued income	21,238	9,465	20,298
Reimbursement asset attributable to the FOIL provision	852	852	852
	203,543	**169,954**	**207,707**
Non-current			
Other receivables	152	152	152
Prepayments and accrued income	7,689	-	11,177
	7,841	**152**	**11,329**

Current prepayments and accrued income include £9,891,000 (31 October 2019: £nil; 30 April 2020: £10,293,000) and non-current prepayments and accrued income include £7,689,000 (31 October 2019: £nil; 30 April 2020: £11,177,000) both relating to acquisition-related remuneration expense.

14 Cash and cash equivalents

	31 October 2020 £'000	31 October 2019 £'000	30 April 2020 £'000
Cash at bank and in hand	32,355	19,805	31,212
Bank overdrafts (note 17)	(2,609)	(2,405)	(2,485)
Cash and cash equivalents per Statement of Cash Flows	**29,746**	**17,400**	**28,727**

15 Trade and other payables

	31 October 2020 £'000	*Re-presented (note 1.6)* 31 October 2019 £'000	30 April 2020 £'000
Trade payables	26,514	22,988	26,779
Other taxation and social security	25,275	10,428	26,224
Accruals, deferred income and other payables	29,974	10,551	26,830
	81,763	**43,967**	**79,833**

Accruals and deferred income include £1,662,000 (31 October 2019: £nil; 30 April 2020: £1,758,000) relating to acquisition-related remuneration expense.

16 Lease liabilities

	31 October 2020 £'000	31 October 2019 £'000	30 April 2020 £'000
1 May 2020	84,678	86,389	87,302
Additions	13	1,877	9,832
Interest expense related to lease liabilities	982	1,030	2,047
Net foreign currency translation loss	343	(64)	198
Repayment of lease liabilities (including interest)	(7,600)	(7,090)	(14,701)
31 October 2020	**78,416**	**82,142**	**84,678**

Current lease liabilities	12,648	9,655	12,981
Non-current lease liabilities	65,768	72,487	71,697
	78,416	**82,142**	**84,678**

16 Lease liabilities (continued)

The maturity of lease liabilities at 31 October 2020 were as follows:

Lease payments	**31 October 2020 £'000**	31 October 2019 £'000	30 April 2020 £'000
Period to 30 April 2020	-	6,913	-
Period to 30 April 2021	7,396	12,593	14,842
Year to 30 April 2022	13,851	11,668	13,753
Year to 30 April 2023	13,086	10,945	13,004
Year to 30 April 2024	11,342	9,611	11,286
Year to 30 April 2025	9,884	-	-
Later years	29,898	38,873	39,702
	85,457	**90,603**	**92,587**
Effect of discounting	(6,952)	(8,479)	(7,930)
Effect of movement in foreign currency translation rates	(89)	18	21
Closing lease liability	**78,416**	**82,142**	84,678

17 Other interest-bearing loans and borrowings

Obligations under interest-bearing loans and borrowings

	31 October 2020 £'000	31 October 2019 £'000	30 April 2020 £'000
Current liabilities			
Bank loans	289	820	4,464
Supplier payments facility	164	462	310
Bank overdrafts	2,609	2,405	2,485
	3,062	**3,687**	**7,259**
Non-current liabilities			
Bank loans	88,120	66,154	89,194
Capitalised loan arrangement fees	(373)	(487)	(379)
	87,747	**65,667**	**88,815**
	90,809	**69,354**	**96,074**

17 Other interest-bearing loans and borrowings (continued)

Analysis of cash and cash equivalents and other interest-bearing loans and borrowings:

	1 May 2020	Cash flow	Exchange movement	Non-cash movement	**31 October 2020**
	£'000	£'000	£'000	£'000	**£'000**
Cash and cash equivalents	28,727	886	133	-	29,746
Bank loans	(93,279)	5,249	-	(6)	(88,036)
Supplier payments facility	(310)	146	-	-	(164)
Total net debt (excluding IFRS 16)	**(64,862)**	**6,281**	**133**	**(6)**	**(58,454)**

	1 May 2019	Cash flow	Exchange movement	Non-cash movement	**31 October 2019**
	£'000	£'000	£'000	£'000	**£'000**
Cash and cash equivalents	10,822	6,432	146	-	17,400
Bank loans	(43,851)	(22,517)	(11)	(108)	(66,487)
Supplier payments facility	(2,283)	1,821	-	-	(462)
Total net debt (excluding IFRS 16)	**(35,312)**	**(14,264)**	**135**	**(108)**	**(49,549)**

	1 May 2019	Cash flow	Exchange movement	Non-cash movement	**30 April 2020**
	£'000	£'000	£'000	£'000	**£'000**
Cash and cash equivalents	10,822	17,943	(38)	-	28,727
Bank loans	(43,851)	(48,622)	-	(806)	(93,279)
Supplier payments facility	(2,283)	1,973	-	-	(310)
Total net debt (excluding IFRS 16)	**(35,312)**	**(28,706)**	**(38)**	**(806)**	**(64,862)**

18 Financial instruments

Financial risk management

The Directors have overall responsibility for the oversight of the Group's risk management framework. Further explanation on management of risk factors is provided in the risk section of the Annual Report and Financial Statements for the year ended 30 April 2020.

The Group's principal financial instruments comprise trade and other receivables, unbilled revenue, cash and cash equivalents, trade and other payables, bank borrowings and capital contributions from members.

<u>Credit risk</u>
Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables. Credit checks are performed for most new clients and ongoing monitoring takes place for existing clients.

<u>Liquidity risk</u>
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk.

18 Financial instruments (continued)

The Group is financed through a combination of partners' capital (repayable on retirement of the Member), undistributed profits, cash and bank borrowing facilities.

Banking facilities, which in addition to a contingency facility of £15m and various ancillary facilities, include a rolling credit facility of £80m that matures in January 2022 (with an additional one year extension available to the Company to January 2023) are considered to be sufficient for the Group's purposes based on current projections. It is assumed that these facilities will be renewed successfully in 2021. The Group expects to operate within the banking covenant parameters for the forecast period.

The directors consider going concern in the twice-yearly reporting cycle and short-term cash flows are monitored on a monthly basis. All results and forecasts confirm full covenant compliance and sufficient resources to settle liabilities as they fall due. Base case budget and forecast assumptions for FY21, and medium-term modelling assumptions for FY22 and beyond, reflect that the Group will operate in compliance with covenants and with sufficient cash and access to banking facilities to meet all obligations as they fall due.

The timing of the HY21 interim results announcement has given the Directors visibility of trading performance and cash flows for November and both profit and cash generation have continued to improve in this month alongside the trend in the half year.

The Directors are of the view that the strong trading performance in recent months and the availability of additional cash and cost mitigations in the event of further headwinds give confidence in the ongoing viability of the Group. Mitigations available to the Group include further cost cutting measures including bonus payments, deferral of certain outflows, and review of the dividend policy and reassessment of capital expenditure.

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

Interest rate risk
The Group's bank borrowings incur both fixed and variable interest charges. The variable rates are linked to LIBOR or EURIBOR plus a margin.

Foreign currency risk
The Group has overseas operations in Europe, Middle East, Asia, 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.

19 Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Treasury shares £'000	**Total £'000**
Issued and fully paid ordinary shares					
At 31 October 2019	**300,000,000**	**3,000**	**63,167**	**-**	**66,167**
Shares issued in acquisition of Rousaud Costas Duran S.L.P.U	19,525,927	195	19,037	(20)	19,212
Shares issued in acquisition of Mindcrest Inc.	5,028,726	51	6,406	-	6,457
At 30 April 2020	**324,554,653**	**3,246**	**88,610**	**(20)**	**91,836**
At 31 October 2020	**324,554,653**	**3,246**	**88,610**	**(20)**	**91,836**

20 Related parties and ultimate controlling party

By virtue of being on the Executive Boards of DWF Law LLP and DWF LLP, Jason Ford is a related party of the Company. In July 2017, July 2018, July 2019 and July 2020, loan agreements (the ‘‘July 2017 Loan Agreement’’, ‘‘July 2018 Loan Agreement’’, ‘‘July 2019 Loan Agreement’’ and ‘‘July 2020 Loan Agreement’’, respectively) were made between DWF LLP (in 2017 and 2018) and DWF Law LLP (in 2019 and 2020) and six former directors of Triton Global Limited, including Jason Ford (who at the time of the agreements was a member of DWF LLP (and DWF Law LLP from March 2019)) (together, the ‘‘Borrowers’’). As at 31 October 2020, the total aggregate outstanding loan amount owed by the Borrowers to DWF LLP under the July 2017 Loan Agreement and July 2018 Loan Agreement and to DWF Law LLP under the July 2019 Loan Agreement and July 2020 Loan Agreement was £985,000 (31 October 2019: £692,000; 30 April 2020: £692,000). The Borrowers are jointly and severally liable under those loan agreements.

In March 2017, DWF LLP and Jason Ford entered into a loan agreement, pursuant to which DWF LLP provided a loan of £100,000 to Jason Ford, for the purpose of repayment by Jason Ford of a professional corporate investment loan made available by Barclays Bank plc to Jason Ford in December 2015 to fund a shareholder loan to Triton Global Limited. The outstanding loan amount owed by Jason Ford to DWF LLP as at 31 October 2020 was £100,000 (31 October 2019: £100,000; 30 April 2020: £100,000).

In September 2020, DWF Group plc granted a restricted share award of 1,903,928 ordinary shares (the "Growth Shares") to Jason Ford subject to a Restricted Share Agreement (31 October 2019: no shares; 30 April 2020: no shares). Pursuant to the restricted share agreement under which the award was granted, the Growth Shares will be held in trust until either the Group's share price hits a predetermined value or five years passes (whichever is sooner) at which point the shares will be sold to the market and used to settle Jason Ford's liabilities due to the Group.

In the opinion of the Directors, there is no controlling party of DWF Group plc.

21 Cash generated from operations

a) Cash used in operations before adjusting items

	Six months ended 31 October 2020	*Re-presented* Six months ended 31 October 2019	Year ended 30 April 2020
	£'000	£'000	£'000
Cash flows from operating activities			
(Loss)/profit before tax	(11,044)	7,113	13,897
Adjustments for:			
Impairment	369	-	1,036
Amortisation of acquired intangible assets	2,101	156	1,510
Depreciation of right-of-use asset	5,967	5,456	11,580
Other depreciation and amortisation	3,223	2,933	6,175
Fair value gain on investment	(23)	-	-
Gain on bargain purchase	-	(2,772)	(25,084)
Non-underlying items	12,457	1,050	7,632
Share-based payments expense	9,482	4,392	11,599
Interest payable on leases	982	1,030	2,047
Net finance expense	1,132	787	1,905
Operating cash flows before movements in working capital	**24,646**	**20,145**	**32,297**
Decrease/(increase) in trade and other receivables	3,390	(4,950)	(18,726)
(Decrease)/increase in trade and other payables	(1,356)	(9,061)	15,125
Increase in provisions	263	117	233
Increase/(decrease) in amounts due to Members of partnerships in the Group	5,995	(2,151)	(4,771)
Cash generated by operations before adjusting items	**32,938**	**4,100**	**24,158**

21 Cash generated from operations (continued)

b) Free cash flows

	Six months ended 31 October 2020 £'000	*Re-presented* Six months ended 31 October 2019 £'000	Year ended 30 April 2020 £'000
Free cash flows			
Operating cash flows before movements in working capital	24,646	20,145	32,297
Net working capital movement	2,297	(13,894)	(3,368)
Amounts due to Members of partnerships in the Group	5,995	(2,151)	(4,771)
Cash generated from operations before adjusting items	**32,938**	**4,100**	**24,158**
Repayment of lease liabilities	(6,618)	(6,060)	(12,654)
Net interest paid	(2,241)	(1,787)	(4,192)
Tax paid	(417)	(3,020)	(4,309)
Purchase of property, plant and equipment	(2,872)	(1,611)	(3,520)
Purchase of other intangible assets	(1,158)	(859)	(4,116)
Free cash flows	**19,632**	**(9,237)**	**(4,633)**

21 Cash generated from operations (continued)

c) Working capital measures

	31 October 2020 £'000	31 October 2019 £'000	30 April 2020 £'000
WIP days			
Amounts recoverable from clients in respect of unbilled revenue	76,301	69,706	64,379
Unbilled disbursements	9,077	6,273	8,501
Total WIP	**85,378**	**75,979**	**72,880**
Annualised net revenue	**337,277**	**289,736**	**330,340**
WIP days	**92**	**96**	**81**
Debtor days			
Trade receivables (net of allowance for doubtful receivables)	93,334	80,013	108,727
Other receivables	2,741	3,645	4,950
Total debtors	**96,075**	**83,658**	**113,677**
Annualised net revenue	**337,277**	**289,736**	**330,340**
Debtor days	**104**	**105**	**125**
Gross lock-up days			
Total WIP	85,378	75,979	72,880
Total debtors	96,075	83,659	113,677
Total gross lock-up	**181,453**	**159,638**	**186,557**
Annualised net revenue	**337,277**	**289,736**	**330,340**
Gross lock-up days	**196**	**201**	**206**

Annualised net revenue reflects the total net revenue for the previous 12-month period inclusive of pro-forma adjustments for acquisitions and discontinuations

22 Amounts due to Members of partnerships in the Group

Amounts due to Members of partnerships in the Group comprise unallocated reserves within equity, Members' capital and other amounts due to Members classified as liabilities as follows:

	Members' capital £'000	Other amounts due to Members £'000	**Total amounts due to Members of partnerships in the Group £'000**
At 1 May 2020	**13,231**	**22,621**	**35,852**
Members' remuneration charged as an expense	-	20,727	**20,727**
Unrealised foreign exchange translation differences	(1)	(408)	**(409)**
Capital introduced by Members	2,640	-	**2,640**
Repayments of capital	(2,625)	-	**(2,625)**
Drawings	-	(14,732)	**(14,732)**
At 31 October 2020	**13,245**	**28,208**	**41,453**

	Members' capital £'000	Other amounts due to Members £'000	**Total amounts due to Members of partnerships in the Group £'000**
At 1 May 2019	**10,679**	**27,392**	**38,071**
Members' remuneration charged as an expense	-	19,009	**19,009**
Capital introduced by Members	617	-	**617**
Repayments of capital	(808)	-	**(808)**
Drawings	-	(21,160)	**(21,160)**
At 31 October 2019	**10,488**	**25,241**	**35,729**

	Members' capital £'000	Other amounts due to Members £'000	**Total amounts due to Members of partnerships in the Group £'000**
At 1 May 2019	**10,679**	**27,392**	**38,071**
Members' remuneration charged as an expense	-	38,808	**38,808**
Capital introduced by Members	5,938	-	**5,938**
Repayments of capital	(3,386)	-	**(3,386)**
Drawings	-	(43,579)	**(43,579)**
At 30 April 2020	**13,231**	**22,621**	**35,852**

22 Amounts due to Members of partnerships in the Group (continued)

The average number of Members during the period was as follows:

	31 October 2020	Re-presented 31 October 2019	30 April 2020
Average number of Members of partnerships held by the Group during the period	**382**	335	366

23 Seasonality

Historically, the Group generates one to two percentage points more revenue in the second half of the year when compared to the first. This is due to the number of working days, the timing of annual leave, the timing of resource investments and new client wins.

24 Events after the reporting period

There have been no events after the reporting period.

Appendix 1 – Reconciliation of represented information

Reconciliation of six month period ended 31 October 2019

	As reported in the prior year £'000	Poland amendments £'000	Cologne discontinuation £'000	Realign the Managed Services division £'000	Realign NI and ROI practice groups £'000	Represented total per HY21 accounts £'000
Segment net revenue						
Commercial Services	55,183	-	-	(982)	3,553	57,754
Insurance Services	47,830	-	-	-	2,368	50,198
International	33,017	-	(1,585)	-	(5,921)	25,511
Connected Services	10,763	-	-	-	-	10,763
Managed Services	-	-	-	982	-	982
Net revenue	**146,793**	**-**	**(1,585)**	**-**	**-**	**145,208**
Segment direct cost						
Commercial Services	(22,897)	-	-	500	(1,964)	(24,361)
Insurance Services	(24,289)	-	-	-	(1,309)	(25,598)
International	(19,106)	-	1,092	-	3,274	(14,741)
Connected Services	(6,796)	-	-	-	-	(6,796)
Managed Services	-	-	-	(500)	-	(500)
Direct cost	**(73,088)**	**-**	**1,092**	**-**	**-**	**(71,996)**
Segment gross profit						
Commercial Services	32,286	-	-	(482)	1,589	33,393
Insurance Services	23,541	-	-	-	1,059	24,600
International	13,911	-	(493)	-	(2,648)	10,771
Connected Services	3,967	-	-	-	-	3,967
Managed Services	-	-	-	482	-	482
Gross profit	**73,705**	**-**	**(493)**	**-**	**-**	**73,212**
Administrative expenses	(67,194)	2,419	1,417	-	-	(63,358)
Operating profit	**6,511**	**2,419**	**924**	**-**	**-**	**9,854**
Net finance expense	(787)	-	-	-	-	(787)
Interest payable on leases	(1,030)	-	-	-	-	(1,030)
Profit before tax	**4,694**	**2,419**	**924**	**-**	**-**	**8,037**
Taxation	(1,362)	-	-	-	-	(1,362)
Profit after tax	**3,332**	**2,419**	**924**	**-**	**-**	**6,675**

Reconciliation of year ended 30 April 2020

	As reported in the prior year £'000	Poland amendments £'000	Cologne discontinuation £'000	Realign the Managed Services division £'000	Realign NI and ROI practice groups £'000	Represented total per HY21 accounts £'000
Segment net revenue						
Commercial Services	104,367	-	-	(3,957)	7,105	107,515
Insurance Services	95,838	-	-	-	4,737	100,575
International	76,165	-	-	-	(11,842)	64,323
Connected Services	20,861	-	-	-	-	20,861
Managed Services	-	-	-	3,957	-	3,957
Net revenue	**297,231**	**-**	**-**	**-**	**-**	**297,231**
Segment direct cost						
Commercial Services	(45,960)	-	-	1,642	(3,928)	(48,246)
Insurance Services	(49,726)	-	-	-	(2,619)	(52,345)
International	(45,188)	-	-	-	6,547	(38,641)
Connected Services	(14,123)	-	-	-	-	(14,123)
Managed Services	-	-	-	(1,642)	-	(1,642)
Direct cost	**(154,997)**	**-**	**-**	**-**	**-**	**(154,997)**
Segment gross profit						
Commercial Services	58,407	-	-	(2,315)	3,177	59,269
Insurance Services	46,112	-	-	-	2,118	48,230
International	30,977	-	-	-	(5,295)	25,682
Connected Services	6,738	-	-	-	-	6,738
Managed Services	-	-	-	2,315	-	2,315
Gross profit	**142,234**	**-**	**-**	**-**	**-**	**142,234**
Administrative expenses	(120,084)	-	-	-	-	(120,084)
Operating profit	**22,150**	**-**	**-**	**-**	**-**	**22,150**
Net finance expense	(1,905)	-	-	-	-	(1,905)
Interest payable on leases	(2,047)	-	-	-	-	(2,047)
Profit before tax	**18,198**	**-**	**-**	**-**	**-**	**18,198**
Taxation	(3,629)	-	-	-	-	(3,629)
Profit after tax	**14,569**	**-**	**-**	**-**	**-**	**14,569**