Board of directors

David Beech
Chief Executive Officer

A corporate lawyer and former manager of a private equity fund, David joined Knights in 2011 with the vision to transform the business into the UK's leading legal and professional services business outside London. David acquired and remodelled Knights in 2012 with a clear strategy to transform the business into a growth platform.

Kate Lewis
Chief Financial Officer

Kate is a Chartered Accountant and has been a member of the ICAEW since 1996. After qualifying, Kate spent over 10 years as an Audit Manager at Baker Tilly and KPMG.

Kate joined Knights in 2012 as Finance Director, overseeing its corporatisation and subsequent refinancing with both Allied Irish Bank and Permira and the IPO in June 2018.

Balbinder (Bal) Johal
Non-Executive Chairman

Bal is CEO of MML Capital Partners, an international private equity firm based in London, New York, Paris and Dublin. Bal has led a number of investments for MML including investments into CSI Ltd, PIE/PSG Group, Banner Group, Arena Group (now plc), Clean Linen & Workwear, Instant Offices, Optionis Group, ParkingEye and The Regard Partnership. Bal is a Director on the Board of most of these companies.

Gillian Davies
Senior Independent Non-Executive Director

Gillian is a Chartered Accountant and spent 11 years as Group Finance Director of FTSE listed 4imprint Group plc, during which time the group was extensively restructured and delivered significant growth. Most recently, Gillian was CFO of AIM listed, Harwood Wealth Management Group until its sale to Private Equity. Gillian is also an NED and Chair of the Audit Committee at Ten Lifestyle Group plc.

Jane Pateman
Non-Executive Director

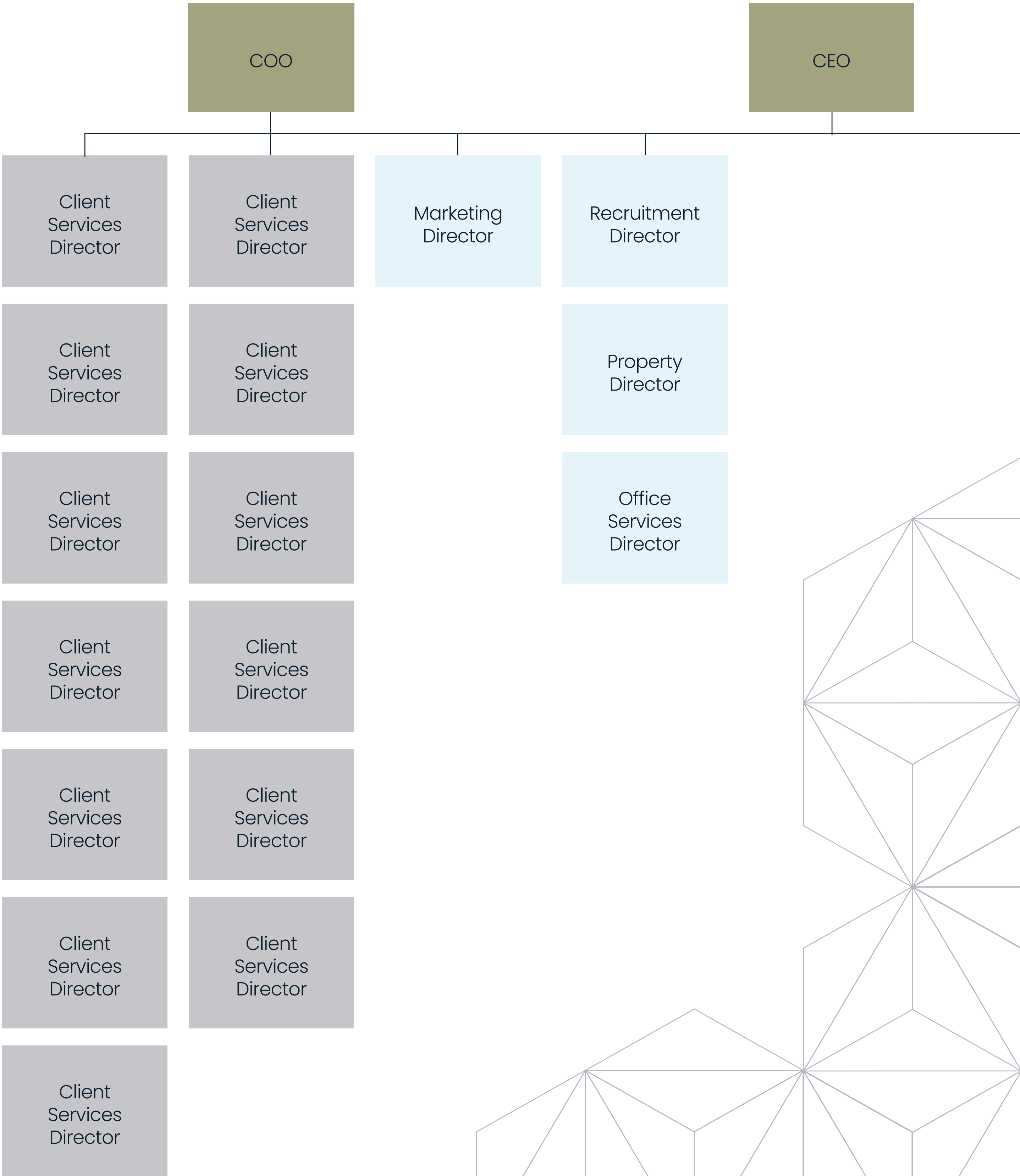
Jane is Group HR Director at Biffa plc. She has a strong track record in driving business benefits through the development and delivery of human capital strategies. During her 11 years at Biffa, she has provided significant support in delivering solutions during major growth periods, including during its IPO, as well as driving people and cultural integration for the multiple acquisitions Biffa has made in recent years.

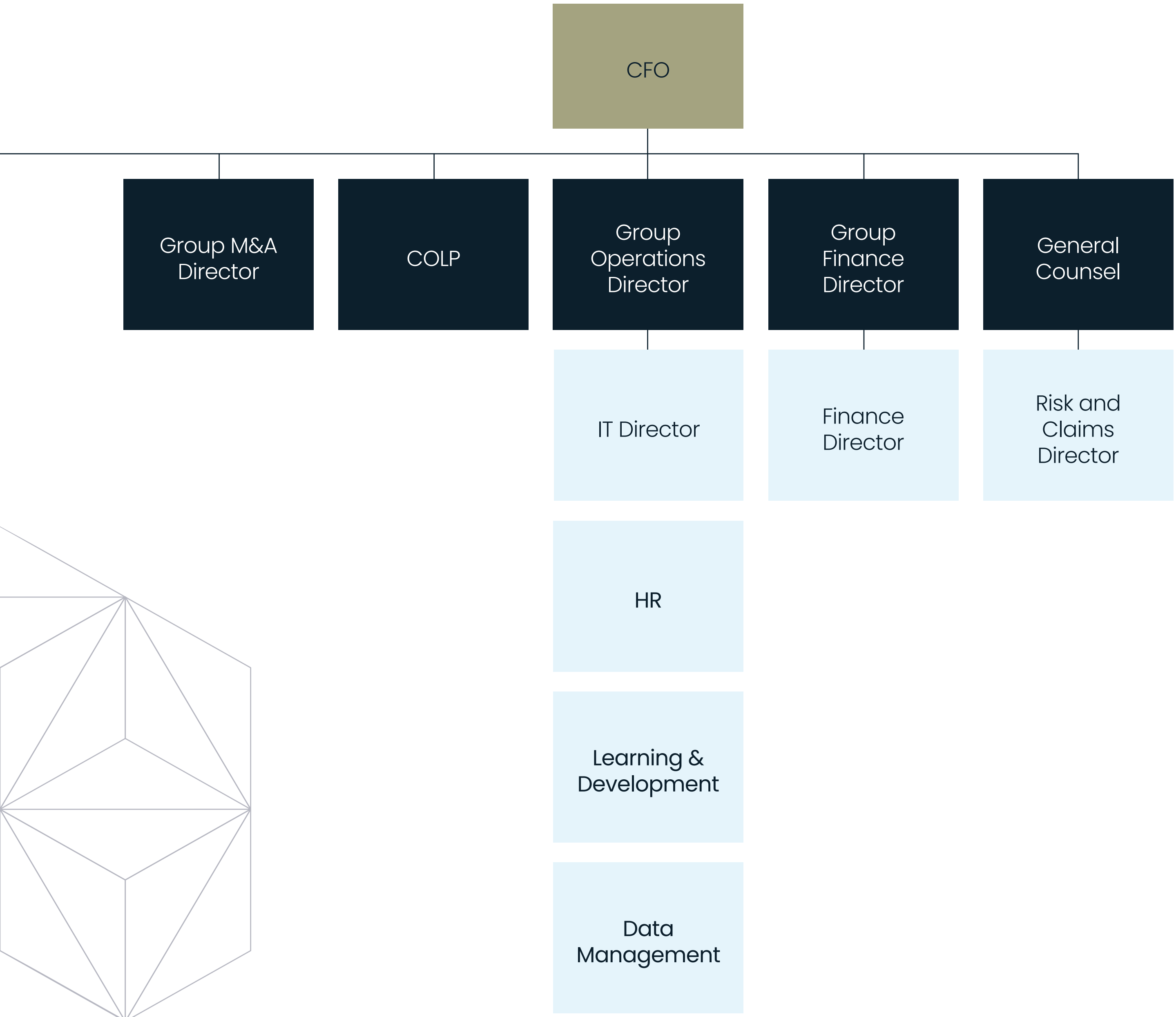
Key to Director skills

- Legal
- Finance and banking
- People
- Operational
- Governance Risk Management and Control
- Sustainability
- Strategy and M&A

Our leadership structure

Our Client Services Directors and Operations Directors work together as one team with the Executive Board to deliver against our strategy.




CFO
Group M&A Director
COLP
Group Operations Director
Group Finance Director
General Counsel
IT Director
Finance Director
Risk and Claims Director
HR
Learning & Development
Data Management

Corporate governance statement

Chairman's Introduction

The Board recognises the importance of high standards of corporate governance as the basis for promoting long-term growth for the benefit of all of the Group's stakeholders.

Bal Johal
Non-Executive Chairman

Accountability to our stakeholders, including employees, clients, shareholders, regulators and suppliers, is central to our governance approach. In accordance with the AIM rules the Group has elected to comply with the principles set out in the Corporate Governance Code for small and mid-sized companies published by the Quoted Companies Alliance in April 2018 (the QCA Code) as the basis of its governance framework.

The underlying principle of the QCA Code is to "ensure the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". As a Board, we are committed to providing the leadership required to ensure that the culture that is so integral to the success of the business is fully embedded across the Group. We work hard to foster an engaging, transparent and healthy corporate culture through open and honest dialogue and set out below how we continue to comply with the QCA Code.

	Governance Principle	Compliant	Explanation	Further reading
1	Establish a strategy and business model which promotes long-term value for shareholders	✓	Our strategy is to create the leading, premium, fully collaborative legal and professional services business in the UK. As a result of our strong cash collection we are able to continue to invest and seek to deliver this objective through both organic and acquisitive growth. In particular we continue to: – attract new talent (be that individuals or teams); – outsource from national and international firms; – increase productivity and efficiencies through better use of technology; – deliver enhanced cross-selling by offering additional service lines to existing clients; – win new business given the depth of experience of our team and relationships within the business; and – make strategic acquisitions.	See pages 16 - 17
2	Seek to understand and meet shareholder needs and expectations	✓	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our half-yearly and full year results roadshows. Feedback from investors is regularly delivered to the Board to ensure that it is at the heart of our strategy and decision making. The Board takes guidance from its advisers on what is important to shareholders in planning all communications. The Board believes the Annual Report and interim results and their associated presentations, provide the necessary information to allow investors to assess performance, business model and strategy and the full Board is available at each Annual General Meeting ('AGM') to communicate with shareholders.	www.knightsplc.com/company/investors/corporate-governance/

	Governance Principle	Compliant	Explanation	Further reading
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	✓	In addition to our shareholders, our clients, employees, suppliers, and regulators are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback requests. The s172 Statement provides detailed information as to our engagement with key stakeholders and can be found on pages 48 to 49. We also understand the importance of giving back to our communities and our ESG report on pages 30 - 39 refers to the role that we play in this regard.	See pages 48 - 49 and 30 - 39
4	Embed effective risk management, considering both opportunities and threats, throughout the organization	✓	The Board sets our overarching risk culture and the impact of any changes to the risk profile, driven by both macro and micro environmental conditions, ensuring that we manage risk appropriately across the Group. The Executive Board, supported by the Group's general counsel has management responsibility for risk and internal control with the Board completing a full review at least annually of the risk profile to consider any emerging risks or notable changes.	See pages 61 - 69
5	Maintain the Board as a well-functioning, balanced team led by the Chair	✓	The Board has three established Committees for Audit, Remuneration and Disclosure. The composition and experience of the Board is reviewed regularly by the Board, with external advice being obtained where required. Given the size and composition of the Board, the Board does not consider that a Nominations Committee is required.	See pages 74 - 79
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	✓	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of recruitment, people management, funding requirements and risk management. See page 71 for details of the board's principal skills. Where the Board considers that it does not possess the necessary expertise or experience it will engage the services of third party consultants as required.	See page 71
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓	The Board regularly considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the Senior Management Team but at this stage has considered that internal review is sufficient given the size of the Board. This will be kept under continuous review.	See pages 78 - 79

Corporate governance statement continued

	Governance Principle	Compliant	Explanation	Further reading
8	Promote a corporate culture that is based on ethical values and behaviours	✓	As a regulated law firm, the Group is focused on promoting a strong ethical corporate culture. The Board implements a policy of equal opportunities in the recruitment and engagement of employees during the course of their employment and recognises the importance of honest and open feedback at all times to facilitate the growth of individuals and teams within the business. The Group prides itself on its culture, and maintaining this culture through consistent engagement with its staff is integral to the Group's success. The Group achieves this consistent messaging in a number of ways, including day-to-day management of teams by Client Service Directors and the operational directors, regular meetings with partners, all staff meetings and calls as appropriate. This regular engagement ensures that all staff are fully informed about any key developments. The collaborative management structure encourages engagement at all levels.	See pages 30 - 39 and page 50
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	✓	The Board is responsible for the Group's overall strategic direction and management and meet regularly to review, formulate and approve the Group's strategy, budgets and corporate actions, and to oversee the Group's progress towards its goals. The Group has a set of Reserved Matters for approval by the board which has been established and is regularly reviewed given the growth of the business.	See pages 78 - 79 and www.knightsplc.com/investors/corporate-governance
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓	The Group is committed to maintaining good communication and having constructive dialogue with its shareholders. Regular shareholder meetings are held with the CEO and CFO to discuss Group performance, particularly following publication of the Group's interim and full year results and any trading updates. Employees are also updated with all key developments within the business. In addition, a range of corporate information (including copies of presentations and announcements, and an overview of activities of the Group) are available on the Group's website.	www.knightsplc.com/investors

Board Activity

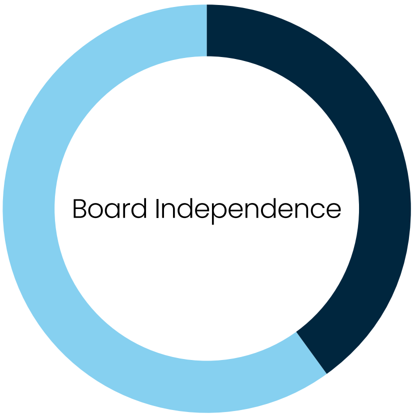
<table>
<tr><td>Strategy</td><td>
– Reviewed the Group's strategy and vision and monitored performance of the business against that strategy.
– Regularly reviewed the Group's operations, ensuring competent and prudent management in light of opportunities and challenges to the business.
– Received regular presentations from Operations and Client Services Directors in order to understand trading and performance, the control of overheads, monitoring of risk, ensuring regulatory compliance and to understand trends and efficiencies that may be available to growth.
– Reviewed, challenged and directed the acquisition strategy of the business.
– Approved two acquisitions which completed during the year and monitored the execution and integration of those acquisitions.
– Challenged and approved office refurbishments in order to promote the group's organic growth ambitions and create an environment for our employees and clients that reflects our strong collaborative culture.
– Reviewed and approved revised reporting lines in the business following the departure of Richard King as Chief Operating Officer and encouraged the development of the maturing leadership team.
</td></tr>
<tr><td>Finance</td><td>
– Received regular financial performance updates from the CFO on the performance of the business, acquisitions and vertical reporting lines.
– Approved the 2022 Annual Report and Accounts and Annual General Meeting (AGM) business, including the declaration of a half year dividend.
– Approved 2023 interim report and trading updates.
– Reviewed and approved the annual budget for 2023 and updates to factor in the two acquisitions completed within the year.
</td></tr>
<tr><td>Governance and Risk Management</td><td>
– Executive Directors undertook a roadshow at the half year and full year to update institutional shareholders and analysts on the business' performance.
– Regularly reviewed feedback from investors and analysts and taken advice on communications with shareholders.
– Approved the modern slavery statement and gender pay gap report for the year.
– Undertook monthly reviews of compliance matters including any communications with regulators such as the ICO, SRA or FCA and healthy and safety matters.
– Reviewed the risk appetite for the business and its management and controls.
</td></tr>
</table>

Corporate governance statement continued

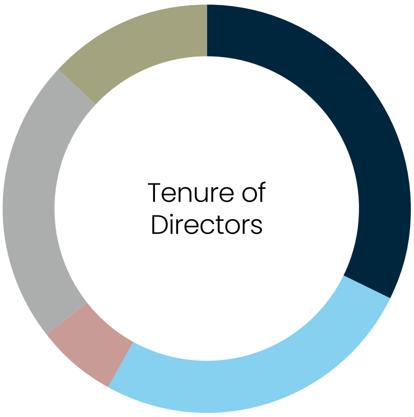
The Board comprises five Directors, two of whom are Executive Directors and three of whom are Non-Executive Directors, reflecting a blend of different experiences and backgrounds further details of which are set out on page 71.

Board Composition

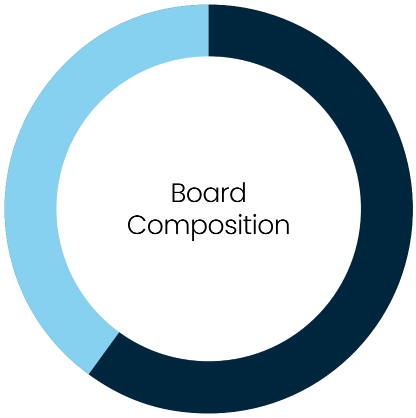
The Board believes that its composition brings a desirable range of skills and experience in light of the Group's challenges and opportunities as a public company, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision-making.



Men	**2**
Women	**3**



David Beech	**10**
Kate Lewis	**8**
Gillian Davies	**2**
Balbinder Johal	**7**
Jane Pateman	**4**



Independent	**3**
Non-independent	**2**

The Group has established a clear division between the responsibilities of the Chairman of the Board and the CEO. The Chairman is responsible for the effective leadership and governance of the Board leading the Board's discussions and its decision-making and promoting a culture of openness and debate between Executive and Non-Executive Directors.

The CEO is delegated authority by the Board to lead the day-to-day management of the Group. This separation of responsibilities between the Chairman and the CEO, coupled with the schedule of matters reserved for the Board ensures that no individual has unfettered powers of decision-making.

Gillian Davies is the Board's Senior Independent Director, acting as a sounding board for the Chairman in seeking to achieve the strategy and the board objectives and is an intermediary for Non-Executive Directors and shareholders alike.

Meeting Attendance

Name	Board	Remuneration	Audit
Balbinder Johal	11/11	–	–
David Beech	11/11	1/3	–
Jane Pateman	10/11	3/3	4/4
Kate Lewis	11/11	1/3	4/4
Gillian Davies	11/11	3/3	4/4

* During the year additional meetings were held principally to approve the terms of the acquisitions undertaken and trading updates within the period.

There is regular communication between the Executive and Non-Executive Directors, including, where appropriate, updates on matters requiring attention prior to the next scheduled Board meeting. The Board's current practices also encourage the Non-Executive Directors to meet periodically without the Executive Directors.

The Company Secretary supports the Board with compliance and governance matters and ensures that all Directors are aware of their right to have any concerns minuted, to ask questions regarding ongoing governance requirements and to seek independent advice at the Group's expense where appropriate.

Committees

The Group has established an audit committee (the **Audit Committee**) and a remuneration committee (the **Remuneration Committee**) with formally delegated duties, authority, and responsibilities, and written terms of reference. These terms of reference are kept under review to ensure that they remain appropriate and compliant with changes to legislation.

Each Committee is comprised of the Non-Executive Directors (excluding the Chair) with Gillian Davies chairing the Audit Committee and Jane Pateman chairing the Remuneration Committee.

Each Committee has unrestricted access to employees of the business or external advisors, to the extent that they consider it necessary in relation to any specific matter under consideration. Both Committees have sought to utilise external advice with the Remuneration Committee liaising with FIT Remuneration Consultants LLP who have provided the Remuneration Committee with external remuneration advice, including providing advice on all aspects of remuneration policy for the Executive Directors. The Audit Committee has met with RSM, the Group's auditors, both with and without the presence of Executive Directors and members of the finance team.

The Group has elected not to constitute a dedicated nomination committee, instead retaining such decision-making with the Board as a whole given the size and nature of the Board's composition. The Board has used external advisors to introduce any other individuals with skills that the Board believes may be required in delivering its overall strategy.

Details of the reports of the Remuneration Committee and Audit Committee and their respective responsibilities can be found on pages 84 - 86 and 80 - 83 respectively of this Report.

The Board has also constituted a disclosure committee (the **Disclosure Committee**) to enforce the Knights Group's inside information policy and ensure compliance with the Market Abuse Regulation (**MAR**) and the AIM Rules for Companies in respect of inside information.

Annual General Meeting (AGM)

The AGM of the Group will take place on the 26th September 2023 and the Notice of Annual General Meeting which includes the associated resolutions accompany this Annual Report.

Audit committee report

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed.

Gillian Davies
Chair of the Audit Committee

Its role includes:

- monitoring the integrity of the financial statements (including annual and interim accounts and results announcements);
- reviewing the risk management and internal control systems, reviewing any changes to accounting policies;
- considering the impact of any new accounting standards;
- reviewing and monitoring the extent of any non-audit services undertaken by RSM UK Audit LLP ('RSM'); and
- oversight of the relationship with the external auditors and the quality of the audit completed.

Membership and attendance

Current members	Date appointed	Attendance at meetings during the year
Gillian Davies (Chair)	17 March 2021	4 of 4
Jane Pateman	14 January 2019	4 of 4

The external auditors, RSM UK LLP, are also in attendance at each meeting along with the Chief Financial officer. Senior members of the finance team also attend as appropriate. The Company secretary acts as Secretary to the Audit Committee and is in attendance at all meetings.

Dear Shareholders

As Chair of the Audit Committee (the 'Committee') I am pleased to present the Audit Committee Report for the year ended 30 April 2023. The report summarises the remit of the Committee, its key areas of focus for this financial year and the Group's relationship with its external auditors, RSM UK LLP.

The Committee met four times during the year, with meetings timed to coincide with the full year and half year auditing and reporting timeframes. The Committee has also held discussions with RSM, without Executive Directors being present, to discuss any issues arising from their audit work.

Duties

The main duties of the Audit Committee during the year included:

1

Monitoring the integrity of financial statements

The Committee reviewed both the interim and the annual financial statements as well as related results announcements made as part of their disclosure. This process included a review of any judgements made in preparing the results, ensuring sufficient attention was given to matters where significant estimation was involved. This includes revenue recognition, accounting for acquisitions, review of the carrying value of Goodwill and intangible assets and the use of alternative performance measures which are used to enhance shareholder's understanding of the Group's financial performance.

In consideration of the significant accounting judgements used, the Committee reviewed the recommendations of the Chief Financial Officer and received reports from RSM on their findings.

These judgements are as follows:

- **Revenue recognition policy**

The Group recognises revenue on legal and professional services provided based on the methodology set out in IFRS 15 Revenue from Contracts with Customers. There is estimation involved in establishing the value that will eventually be recovered on contracts.

Management use the expected outcomes as at the period end to establish the estimated value of ongoing contracts and compare to historic outcomes to ensure reasonableness.

Estimates are updated as work progresses and any changes in revenue recognition as a result of a change in circumstances is recognised in the Consolidated Statement of Comprehensive Income for that year.

In relation to any contingent matters, where the likelihood of success is less than highly probable, the value recognised in contract assets is further reduced to reflect this uncertainty.

The Committee considers that the approach adopted by management is prudent and minimises the risk of overstatement of income resulting in future revenue write-offs.

- **Accounting for acquisitions**

During the year the Group made two acquisitions. Accounting for these acquisitions involves an assessment of the allocation of purchase price, treatment of any deferred and contingent consideration, assessment of the requirement for any fair value adjustments, identification and valuation of the intangible assets arising, together with an estimation of the useful lives of each of these assets.

The fair value attributable to intangible assets arising on acquisition are recognised in accordance with IAS 38 Intangible Assets and is based on a number of estimates, including the long-term revenue growth rate and the related business and discount rate.

Having reviewed management's approach and the resulting accounting treatment of the goodwill and intangible assets, the Committee is satisfied that the approach adopted in the financial statements is reasonable and fairly represents the underlying transactions.

- **Goodwill and intangible assets impairment**

At the year end there is £88m recognised in the financial statements relating to goodwill and intangible assets from both current and prior year acquisitions. On an annual basis, management need to satisfy themselves that the carrying value of the goodwill is supportable by future expected returns from the Group. Management have completed a detailed impairment review considering future cash flows based on the Board approved three year plan and then applying prudent long term growth rates in order to calculate terminal values.

These cash flows are then discounted to give a value in use value which is then compared to the carrying value.

A sensitivity analysis has been prepared to determine the potential impacts of reasonably possible changes in the assumptions used for the value in use calculations.

Having reviewed management's impairment reviews, sensitivity analysis and conclusions in the carrying values of the goodwill and intangible assets in the financial statements, the Committee is satisfied that the carrying value of £88m is supportable and the assets do not need to be impaired with value in use calculations demonstrating considerable headroom.

- **Use of alternative performance measures**

The Board uses a number of alternative performance measures to assess business performance. A key focus of the Board is the underlying profitability of the business and therefore the Board uses measures based on underlying profitability of the Group, excluding one-off and non-underlying items to monitor the growth in underlying profitability. Net debt is also a key focus for the Board and the management of this within the Group's overall facilities.

The Audit Committee is satisfied that this is a reasonable measure to use to review profitability of the underlying business and all non-underlying costs are appropriately classified as non-underlying in the accounts with sufficient disclosures included to enable the alternative measures to be easily reconciled back to the Financial Statements.

Audit committee report continued

2 Risk management and internal controls

As described on pages 61 - 69 of the Strategic Report and pages 71 - 79 of the Corporate Governance Statement, the Board has established a framework of risk management and internal control systems, policies and procedures. The Committee is responsible for reviewing the risk management and internal control framework and for ensuring that it operates effectively. The Committee is satisfied that the internal controls currently in place are sufficient and operating effectively for a business of this size.

At present the Group does not have an internal audit function and the Committee believes that in view of the current size and nature of the Group's business, management is able to derive sufficient assurance as to the adequacy and effectiveness of the internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

3 Changes to accounting policies

The Committee is satisfied that there are no changes in accounting policies impacting the reported results for the year.

4 Going concern, business model and strategy

The Board reviews the Group's business model to ensure it aligns with the overall Group strategy and ensures that the forecast cash flows, liquidity and covenant compliance calculations demonstrate that the Group will continue as a going concern for the foreseeable future. The Group prepares a detailed budget for the next financial year which is presented to and approved by the Board. This budget is based on the Group's strategic assumptions for organic growth. The Group does not budget in advance for acquisitions. However, additional forecasts are prepared for all potential acquisitions and the impact of this on Group results, liquidity and covenant compliance is considered as part of the strategic decision making process on whether to proceed with an acquisition.

As part of the process of confirming the validity of the Going Concern assumption, the Committee has reviewed the detailed budgets for the next 12 months and the Group's three year forecasts. The forecasting model includes an integrated Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows along with forecast covenant calculations. In order to further satisfy the Going Concern assumption, given the uncertain macro-economic environment, the Group has modelled a number of different trading scenarios, some of which forecast a significantly more negative trading performance than is expected. In all of these scenarios the Group continued to maintain a sufficient level of liquidity to enable it to meet all of its liabilities as they fell due. Having reviewed the forecasts, the Committee is satisfied that these support the business model and strategy of the business and demonstrate sufficient liquidity for the foreseeable future, and will recommend that the Board approves the Going Concern assumption.

5 Reviewing the extent of non-audit services provided by RSM

The Committee monitors the provision of non-audit services by RSM to ensure this has no impact on their independence.

During the year RSM has not provided any non-audit services to the Group other than audit related services.

6

Overseeing the relationship with the external auditors

The Committee considers a number of areas when reviewing the external auditor relationship, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity and their remuneration.

The auditor prepares a detailed audit plan which is presented to the Committee before the commencement of the audit.

The plan sets out the scope of the audit, areas of perceived significant risk where work will be focused, the audit timetable and any proposed remuneration for the year. This plan is reviewed and agreed by the Committee in advance of the detailed audit work taking place.

For the year ended 30 April 2023 the significant audit risks identified were: revenue recognition and contract assets; acquisition accounting; impairment of goodwill and intangible assets and management override of controls.

As part of the audit planning process, the auditor also provided confirmation that in their opinion RSM UK Audit LLP was independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and team remained unimpaired.

An assessment of the effectiveness of the audit process in addressing the significant issues identified is made by the Committee based on the auditors full and half year Audit Findings Reports which the auditor presents to the Committee. These reports cover the conclusions from the work completed on the areas of significant audit risk and any other issues identified as part of the audit process. No major areas of concern were identified by RSM during the year.

Following detailed reviews of the Audit Findings Reports, discussions with auditors at Committee meetings and discussions with management on the effectiveness of the audit process, the Committee has confirmed that it is satisfied with the independence, objectivity, and effectiveness of RSM UK Audit LLP as external auditors and has recommended to the Board that the auditors be reappointed. There will be a resolution to reappoint the auditors at the forthcoming AGM.

7

Application of IFRSs, and new and forthcoming standards

There are no significant IFRSs yet to be adopted that the Committee expects to be relevant or have a significant impact on the financial statements.

8

ESG and TCFD reporting

The Group considers its responsibilities in respect of ESG and climate change to be an important focus and ensures strategic decisions are made in a way that considers the ESG strategy. The Committee has reviewed the ESG and TCFD strategy and reports to ensure that the current strategy and reporting is appropriate and in line with current reporting requirements.

Gillian Davies

Chair of the Audit Committee
Senior Independent Non-Executive Director
7 July 2023

Remuneration committee report

I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2023. The Remuneration Committee comprises me as Chair of the Committee and Gillian Davies who is the other current member of the Committee. We are both independent Non-Executive Directors.

Jane Pateman
Chair of the Remuneration Committee

The Chief Executive office and Chief Finance Officer were invited to attend meetings from time to time and the Committee has also been advised by FIT Remuneration Consultants during the year.

This report details;

- how the Committee operates;
- the activities of the Committee during the year; and
- details of payments and awards made to the Directors for 2022/2023 and how the policy will operate in 2023/2024.

Membership and attendance

Current members	Date appointed	Attendance at meetings during the year
Jane Pateman (Chair)	**14 January 2019**	3 of 3
Gillian Davies	**17 March 2021**	3 of 3

Following the end of our financial year, the Remuneration Committee reviewed the performance in the year and approved the business' determination that an average 6% increase in base salary will generally apply for our staff for the coming financial year. An increase of circa 5% has also been applied to the salary of the CFO and CEO. No increases were applied in the prior year to the CEO's salary.

The Remuneration Committee determined that no bonus will be paid to the Executive Directors for the financial year ended 30 April 2023 as the Executive Directors proposed to forgo their bonus as whilst PBT targets were met, other targets were missed.

As a Committee, we are aware of the sensitivity relating to the award of SAYE share options in March 2022 and those that recently vested in March 2023 due to share price impact. Management and the Committee are proposing the launch of an all-employee HMRC tax-advantaged SIP scheme, to enable our employees to participate in a new share incentive scheme, as soon as it is appropriate to do so.

Responsibilities

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of equity incentives pursuant to any equity incentive plans in operation from time to time.

Key activities carried out in the year

During the year the Remuneration Committee formally met three times. For the purposes of the year the Remuneration Committee discussed:

- the setting of targets applicable to the LTIP award granted to the CFO in July 2022 (explained further below);
- plans for the establishment of an EBT to purchase shares to satisfy share awards granted to the workforce;
- annual bonus outcomes for the Executive Directors for the financial year ended 2022/2023;
- any base salary changes for the Executive Directors for the financial year ended 30 April 2024, in the context of the wider workforce increases;
- the design and creation of a new management incentive plan for the senior management team (explained further below); and
- plans for the launch of an appropriate all-employee share scheme in the 2023/2024 financial year.

In exercising its role, the Remuneration Committee has regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance.

During the year FIT Remuneration Consultants LLP (FIT) provided the Committee with external remuneration advice, including providing advice on all aspects of remuneration policy for the Executive Directors and the senior management team of the Group. The Remuneration Committee is satisfied that the advice received from FIT was objective and independent.

FIT is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure that objective and independent advice is given to remuneration committees.

Our performance and link to remuneration

As summarised in the Chairman's Statement on page 6, the Group has continued to grow over the year with full year revenue of c.£142m, up by 13% compared to the prior year (2022: £125.6m), and underlying PBT[1] anticipated to be c. £21.5m, a 19% increase on the prior year (2022: £18.1m).

An annual bonus arrangement was in place for the CEO and CFO, with a maximum opportunity of 100% of salary for the financial year ended 30 April 2023.

The intention was for the bonus arrangements to be based on achievement of a combination of financial and non-financial measures set at the beginning of the financial year and aligned to the key annual goals supporting the Group's strategy. However, although the PBT target was met, other targets were missed. The CEO and CFO opted to forgo their bonus in these circumstances. Therefore, no bonus awards have been made to the CEO or CFO in respect of the financial year ended 30 April 2023.

A Performance Share Award was granted in July 2020 to the CFO and other members of the management team, subject to a 3 year performance period with vesting dependent on EPS performance. The vesting of this award was dependent on adjusted EPS performance in the financial year ended 30 April 2023 with 25% vesting for EPS of 24.19p and 60% vesting for EPS of 25.46p increasing to 100% vesting for EPS of 26.73p (with a sliding scale operating between these points). These awards have lapsed in full as EPS for the financial year ended 30 April 2023 is 20.20p.

A Performance Share Award was granted to the CFO in July 2022, subject to a 3 year performance period with vesting dependent on EPS performance. The vesting of the July 2022 award is dependent on adjusted EPS performance in the financial year ending 30 April 2025, with 25% vesting for EPS of 25.27p, 60% vesting for EPS of 26.60p, and increasing to 100% vesting for EPS of 27.93p or better. A sliding scale operates between these points.

Executive Director Service Agreements

Each of the Executive Directors has a service agreement with the Group. Each service contract may be terminated by either party serving six months' written notice. At its discretion, the Group may make a payment in lieu of such notice or place the Executive Director on garden leave. The service contracts also contain provisions for early termination in the event of various scenarios and contain typical restrictive covenants.

The key remuneration components of Executive Director packages are summarised as follows:

Base salary: The salary of an Executive Director will be reviewed annually by the Remuneration Committee without any obligation to increase such salary. The current base salaries and increases applied for the financial year ending 30 April 2024 are shown below; these increases are below the average salary increase which has been applied to the workforce.

- **David Beech:** The CEO's salary was increased to £315,000 for the upcoming financial year (from £300,000).
- **Kate Lewis:** The CFO's salary was increased to £240,000 for the upcoming financial year (from £230,000).

Pension and benefits: Ancillary benefits include the reimbursement of all reasonable and authorised out of pocket expenses, eligibility for provision of a private healthcare cover up to a maximum premium of £2,000 (although none of the directors have utilised such cover) and 2 x salary life cover. The Group also contributes to pension plans or an additional cash supplement in lieu of pension contribution in respect of the Executive Directors at a rate of 3% in line with the automatic enrolment guidelines and which mirrors the contribution across all employees, positioned competitively to the market in which the Group operates.

Management Incentive Plan:
Following a review the Remuneration Committee intends to introduce a new Management Incentive Plan ('MIP') in the form of a deferred bonus scheme that will replace the existing bonus arrangements.

The MIP will operate on the following basis for the 30 April 2024 financial year:

- The CFO will have a maximum opportunity of 100% of base salary under the MIP (consistent with the bonus opportunity for the 30 April 2023 financial year).
- MIP awards will be subject to annual PBT targets, aligned to the business strategy as set by the Remuneration Committee.
- Subject to achievement of the PBT targets, participants will receive 50% of their award in cash in the year ending 30 April 2024 and 50% will be deferred by way of restricted stock awards which will vest on the second anniversary of grant, subject to continued service.
- Members of the senior management team will also be invited to participate in the MIP on a similar basis to the Executive Directors.
- The CEO will also participate in the MIP (maximum annual bonus plan potential unchanged at 100% of base salary). However due to the CEO's continuing large shareholding (c.22% of issued share capital) the Remuneration Committee considers it appropriate for 100% of his bonus on MIP outcomes to be paid in cash and not deferred in shares as his shareholding already provides full alignment with the experience of other shareholders and potentially growing his shareholding further via employee share plans could have unintended consequences which would be detrimental to our shareholders' best interests (such as impacts on ownership limits that could trigger regulatory obligations and related compliance costs).

The Remuneration Committee does not intend to grant any Performance Share Awards to the Executive Directors during the 30 April 2024 financial year.

Non-Executive Directors

Bal Johal, was appointed Non-Executive Chairman of the Group by letter of appointment dated 1 June 2018. The appointment is subject to re-election at the Annual General Meeting and thereafter is terminable on 3 months' notice by either the Group or Bal. The annual fee payable to the Chairman was unchanged throughout the year at £60,000.

The other Non-Executive Directors were appointed subject to re-election at the Annual General Meeting and are terminable on one months' notice by either party.

Remuneration committee report continued

The current fee payable for services as a Non-Executive Director was unchanged throughout the year at £40,000 with an additional £10,000 payable to the senior independent Non-Executive Director.

As it is listed on AIM, the Group is not required to provide all of the information included in this Remuneration Committee Report. However, in the interests of transparency this has been included as a voluntary disclosure. The Remuneration Committee Report is unaudited.

I do hope that this Report clearly explains our approach to remuneration and enables you to appreciate how it underpins our business growth strategy.

Jane Pateman
Chair of the Remuneration Committee
7 July 2023

	Fees/ basic salary £'000	Benefits £'000	Bonus £'000	LTIP £'000	Pension £'000	2023 Total £'000	2022 Total £'000
Executive Directors							
David Beech	300	–	–	–	–	**300**	300
Kate Lewis	230	–	–	–	7	**237**	1,140
Richard King[1]	158	–	–	–	–	**158**	229
Non-Executive Directors							
Balbinder Johal	60	–	–	–	–	**60**	60
Jane Pateman	40	–	–	–	–	**40**	40
Gillian Davies	50	–	–	–	–	**50**	50
Aggregate	838	–	–	–	7	**845**	1,819

Notes

1 Richard King resigned on 18 May 2022 but continued to receive salary for his six month notice period and also pension contributions of £550 (rounded to nil in the table above).

	Type of award	Date of grant	Number of shares	Exercise price per share	Value at grant	Performance conditions	Vesting date
Kate Lewis	SIP	5 September 2018	2,831	N/A	£5,518	N/A	Matching Shares and Partnership Shares Vested
Kate Lewis	Performance Share Award	24 July 2020	30,667	£0.002	£131,000[1]	EPS[2]	July 2023 – lapsed in full
Kate Lewis	Performance Share Award	19 July 2021	50,114	£0.002	£220,000[3]	EPS[4]	July 2024
Kate Lewis	Performance Share Award	13 July 2022	167,476	£0.002	£172,500[5]	EPS[6]	July 2025

Notes

1 Based on 3-day average share price of £4.2717.

2 3-year performance period with vesting dependent on adjusted EPS performance in financial year ended 30 April 2023 with 25% vesting for EPS of 24.19p and 60% vesting for EPS of 25.46p increasing to 100% vesting for EPS of 26.73p. A sliding scale operates between these points. As EPS is 20.20p this Performance Share Award has lapsed.

3 Based on 3-day average share price of £4.39.

4 3-year performance period with vesting dependent on adjusted EPS performance in financial year 30 April 2024 with 25% vesting for EPS of 26.20p and 60% vesting for EPS of 27.58p increasing to 100% vesting for EPS of 28.96p. A sliding scale operates between these points.

5 Based on 3-day average share price of £1.03.

6 3-year performance period with vesting dependent on adjusted EPS performance in financial year 30 April 2025 with 25% vesting for EPS of 25.27p and 60% vesting for EPS of 26.60p increasing to 100% vesting for EPS of 27.93p or better (and a sliding scale operates between these points).

Directors' report

The Directors have pleasure in submitting their report and the financial statements of Knights Group Holdings plc.

Principal activities and business review

The principal activity of the Group is the provision of legal and professional services. The principal activity of the Company is that of a holding company. The results for the year and the financial position of the Group are disclosed in the detailed financial statements included on pages 90 - 150. A review of the performance of the business during the year and potential future developments is included in the Chairman's Statement, Chief Executive's Review and the Financial Review.

Dividends

The Directors recommend a final dividend of 2.50p per ordinary share to be paid on 29 September 2023 to the ordinary shareholders on the register on 1 September 2023. This, together with the interim dividend of 1.53p per share paid on 17 March 2023, makes a total of 4.03p per share for the year. The final dividend has not been included within creditors as it was not approved before the end of the financial year.

Future developments

The Board plans to continue to invest in technology, recruitment and acquisitions within both the legal and non-legal sectors to support the Group's strategy of becoming the leading regional legal and professional services business. Further details of the Group's future strategy can be found in the Strategic Report on pages 16 - 17.

Post balance sheet events

On 1 May 2023 the Group exchanged contracts to acquire Baines Wilson LLP. The Group will acquire the LLP for total consideration of £3.37 million. The transaction completed on 2 June 2023 and all assets and liabilities of Baines Wilson were hived into the Group on that date.

On 1 May 2023 the Group also exchanged contracts to acquire St James' Law Limited (trading as St James' Square). The Group will acquire the company for total consideration of £1.75 million. The transaction completed on 16 June 2023 and all assets and liabilities of St James Square were hived into the Group on that date.

There are no other significant Post Balance Sheets Events that require any further disclosure.

Directors and their Interest in the shares of the parent company

The following Directors have held office since 1 May 2022:

Name	Number of shares	%
DA Beech	18,922,309	22.05
BS Johal	220,000	0.26
KL Lewis	105,131	0.12
G Davies	30,000	0.03
J Pateman	10,000	0.01

Substantial shareholdings

As far as the Directors are aware the only notifiable holdings equal to or in excess of 3% of the total issued share capital as at 30 April 2023 were as detailed below:

Name	Number of shares	%
DA Beech	18,922,309	22.05
Octopus Investments	12,390,154	14.44
Columbia Threadneedle Investments	10,435,520	12.16
Wasatch Global Investments	5,326,958	6.21
BGF	3,325,120	3.87

Directors' indemnity provisions

During the period, and up to the date of approval of the financial statements, the Group purchased and maintained Directors' and Officers' Liability Insurance for all of the Directors and Officers to indemnify them from any losses that may arise in connection with the execution of their duties and responsibilities to the extent permitted by the Companies Act 2006.

Risk management

The Board manages financial risk on an ongoing basis. The key financial risks relating to the Group and its financial risk management objectives and policies are discussed in more detail in note 34 to the financial statements.

The Group's other principal risks and uncertainties are outlined in the Strategic Report.

Political donations

The Group has not made any political donations.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with S414C (11) of the Companies Act, the Group has included the SECR report on page 46. This is included as part of the Group's Strategic Report as they are considered to be of strategic importance.

Directors' report continued

Disabled persons

The Group operates an equal opportunities employment policy.

The Group will employ disabled persons where they appear to be suitable for a particular vacancy and every effort is made to ensure that all candidates are given full consideration when any vacancies arise within the business. Should any employee become disabled during their employment full training will be provided and relevant adaptations to their working environment made, where possible, to ensure that they can continue their employment within the Group. The Group works with all employees to ensure that their working environment is appropriate and to ensure that all employees are provided with sufficient training, development and support to enable them to develop to their full potential.

Employee engagement

The Group places considerable value on the involvement of its employees in the future success of the Group. Although the overall strategic direction of the Group is managed by the Board, the Group manages its day-to-day operations with the assistance of its central management team consisting of Client Service Directors managing the fee generating side of the business and Operational Directors managing the support side of the business. Local supervision is provided in each office by the involvement of Client Service Directors who assist in ensuring a common culture and working practice across the Group as a whole.

The Group prides itself on its culture, and maintaining that culture through consistent engagement with its staff is integral to the Group's success.

The Group achieves this consistent messaging in a number of ways, including day-to-day management of teams by Client Service Directors and the Operational Directors, regular meetings with teams, partners, all staff meetings and webinars as appropriate. This regular engagement ensures that all staff are fully informed about any key developments and the strategic direction of the Group. This collaborative management structure encourages engagement at all levels.

Further information on how the Group liaises with employees and includes them in decision-making where relevant, and encourages participation in share schemes to enable them to share in the success of the Group is included in the Corporate Sustainability Report on pages 36 - 37.

Engaging with stakeholders

The Directors have considered who the key stakeholders in the business are and documented how they engage with each of these groups, noting any key decisions made during the year. Details of this are included within the S172(1) report on pages 48 - 49. The Directors have chosen, in accordance with Section 414C(11) of the Companies Act 2006, to include information in respect of employee communication and consultation, engagement with suppliers, customers and other stakeholders in the Strategic Report.

Going concern

The Group and Company financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group is strongly cash generative at the operating level and as at the end of the financial year had headroom of circa £30m within its current debt facilities.

The Group's forecasts show that the Group has sufficient resources for both current and anticipated cash requirements. The Group remains profitable and operates within its current available banking facilities with no forecast breach of covenants for the foreseeable future.

Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

RSM UK Audit LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The Directors' Report was approved by the Board of Directors on 7 July 2023 and signed on its behalf by:

Kate Lewis
Chief Financial Officer
7 July 2023

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and

e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Knights Group Holdings PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.