Corporate Governance

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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, several refinancing's, the IPO in June 2018, and all of its acquisitions.

Dave Wilson
Non-Executive Chairman

Dave has over 30 years international, board-level, and operational experience, having spent 12 years in senior roles, including as Deputy Chief Executive Officer at AIM-listed GB Group plc.

Other senior positions included roles as Chief Financial Officer at Codemasters and EXi Group, and Chief Operating Officer for a division of Fujitsu. Dave is currently non-executive Chair of AIM-listed media group, LBG Media plc. He also serves as a non-executive director of musicMagpie plc, having joined that business ahead of its IPO in 2021.

Gillian Davies
Senior Independent Non-Executive Director

Gillian is a Chartered Accountant and has extensive experience as an Executive and non-executive Director on listed Boards. She spent 11 years as Group Finance Director of 4imprint Group plc, during which time the group was extensively restructured and delivered significant growth. More recently, she was CFO of AIM listed Harwood Wealth Management Group plc until its sale to Private Equity as well as NED and Chair of Audit for 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 13 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.

Corporate governance statement

Chairman's Introduction

"Following my appointment as Chairman in November, I am pleased to have the opportunity to lead the board in its continued and steadfast commitment to operate with a robust corporate governance model, which is both tailored to the size and complexity of our business, and which adds value for the benefit of all of the business' stakeholders."

Dave Wilson
Non-Executive Chairman

The Board remains committed to implementing an effective corporate governance strategy as the basis for promoting the long-term growth and sustainability of the business and 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 and will be implementing the QCA Corporate Governance Code 2023 for future financial years.

Set out on the next page are the key principles adopted by the Board in order 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 regional legal and professional services business in the UK. As a result of our profitability and strong cash collection we can continue to invest in the business to deliver this objective through both organic and acquisitive growth.	See pages 16 – 17
2	Seek to understand and meet shareholder needs and expectations	✓	The Board regularly communicates with investors and analysts as a matter of course, and during the year the Chairman has independently met with investors to understand how the strategy, action and performance of the business is perceived by the investor community. Feedback received from these meetings has been delivered to the Board to ensure that consideration of these needs and expectations are at the heart of our strategy and decision making. The Board also believes that the results presentations and Annual General Meeting provide a platform for transparency and engagement with investors.	www.knightsplc.com/company/investors/corporate-governance/
3	Consider wider stakeholder and social responsibilities and their implications for long-term success	✓	In addition to our shareholders, our clients, employees, suppliers, and regulators are other important stakeholders. The Section 172 Statement (pages 43 – 45) provides detailed information on engagement with stakeholders. We also engage via regular communications in our day-to-day activities, and where appropriate via formal feedback requests. The Board considers, and where appropriate implements, any feedback received from all our stakeholders. We also understand the importance of giving back to our communities as discussed in our ESG report and in particular our 4 Our Community initiative.	See pages 43 – 45 and 26 – 35
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	✓	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 bi-annually of the risk profile to consider any emerging risks or notable changes in existing risks.	See pages 57 – 61
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, tenure and experience of the Board is reviewed regularly by the Board. Given the size and composition of the Board, the Board does not consider that a nominations committee is required as the Board are able to collectively work together to consider both succession issues and new appointments.	See pages 64 – 69
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, sustainability and risk management. See page 63 for details of the Board's principal skills. The Board obtains external advice and training as required and if instances where the Board considers that it does not possess the necessary expertise or experience it will engage the services of third-party advisers.	See page 63
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. The Chairman also met with each Director to discuss Board and individual effectiveness during the period to continuously foster development and growth at both Board level and within the senior management team.	See pages 68 – 69

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 service business, 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 their employment and always recognises the importance of honest and open feedback to facilitate the growth of individuals and teams within the business. The Group prides itself on its one team culture and maintaining this culture through consistent engagement with its staff is integral to the Group's success. The Group achieves this consistent messaging through the day-to-day management of teams by Client Services Directors and Business Services Directors, regular meetings with partners and regional conferences. This regular engagement ensures that all staff are fully informed about any key business developments and the business' value proposition. The collaborative management structure encourages engagement at all levels.	See pages 26 – 35 and page 45
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 an established set of reserved matters for approval by the board which is regularly reviewed and updated as necessary given the growth of the business.	See pages 68 – 69
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. The Chairman has independently met with several shareholders to obtain and consider their feedback. 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 updated with all key developments within the business and the business maintains transparent and collaborative engagement with its regulators. 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 Decision Making

Details of the Directors decision making throughout the year is included within the Section 172 Statement on pages 43 – 45 but some of the key decisions demonstrating the strategy and governance in action are as follows:

Strategy	• Reviewed the Group's strategy and vision, monitoring the performance of the business against that strategy and receiving feedback from members within the senior management team on the implementation of that strategy. • Regularly reviewed the Group's operations, making changes considered appropriate to the reporting lines and roles within the senior management team to continue to develop and challenge the business operations teams. • Reviewed, challenged, directed and monitored the acquisition strategy of the business and the integration of those acquisitions once completed. • Approved two acquisitions and an investment in a joint venture, all of which completed during the year. • Challenged and approved office refurbishments to promote the Group's organic growth ambitions and create an environment for our employees and clients that reflects our strong collaborative culture. • Approved a £70m refinancing to provide the Group with the ability to continue to make strategic acquisitions and to continue to invest in organically scaling and growing the operation. • Approved the design and implementation of a suite of employee benefits following feedback received from our employees which will continue to foster our organic growth strategy.
Finance	• Received regular financial performance updates from the CFO on the performance of the business, acquisitions, office and vertical reporting lines. • Approved the 2023 Annual Report and Accounts and Annual General Meeting ('AGM') business, including the declaration of a half year dividend. • Approved 2024 interim report and trading updates. • Reviewed and approved the annual budget for 2024.
Governance and Risk Management	• Executive Directors undertook a roadshow at the half year and full year to update institutional shareholders and analysts on the Groups' performance. • Undertook a review of feedback from investors and analysts, implementing appropriate changes to disclosures and results presentations based on feedback received. • 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 the results of the ISO27001 audits undertaken by the business to seek accreditation. • Reviewed the risk appetite for the business and its management and controls.

Corporate governance statement continued

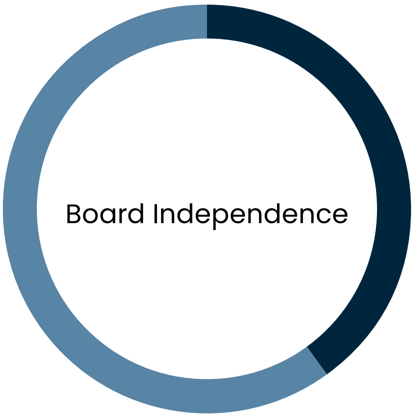
Board Composition

The Board comprises five Directors, two of whom are Executive Directors and three of whom are Non-Executive Directors.

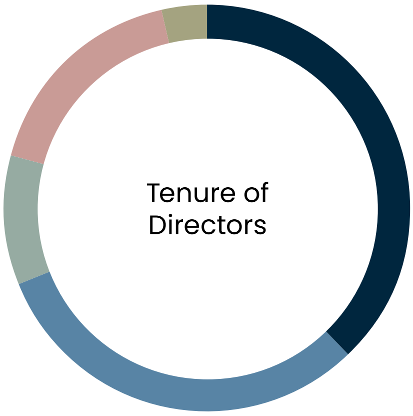
During the period, the Chairman, Balbinder Johal stepped down from the Board to pursue other opportunities. He was succeeded by Dave Wilson as Non-Executive Chairman on 14 November 2023. Dave brings extensive experience in scaling businesses organically and through acquisition together with significant public market and board level experience.

The Board believes that it has an effective blend of financial acumen, public market experience, and complimentary skillsets (details of which are included on page 63) to allow it to pursue its strategic growth opportunities whilst dealing with any challenges faced by the Group. The composition of the Board is such that no individual (or a small group of individuals) can dominate the Board's decision-making.

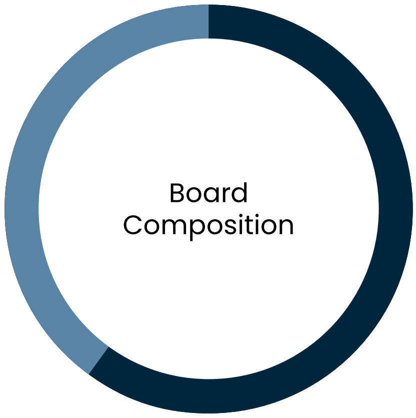
Details of the Board's tenure and independence are set out below:



Executive	2
Non-Executive	3



David Beech	11
Kate Lewis	9
Gillian Davies	3
Jane Pateman	5
Dave Wilson	1



Female	3
Male	2

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

A schedule of regular board meetings is convened throughout the year with additional meetings being held throughout the year to approve the terms of more significant decisions such as acquisitions or refinancings and otherwise as needed. This ensures that the Board are well-informed and are diligently able to oversee the implementation of the Group's strategy and to consider significant risks to the business. An annual agenda, coupled with periodic reports from the senior management team ensure that the Board can consider all aspects of the business and the Non-Executive Directors have an appropriate forum for update and challenge.

Meeting Attendance

Name	Board	Remuneration	Audit
Balbinder Johal**	4/6	–	–
Dave Wilson	5/5	1/1	-
David Beech	11/11	2/3	–
Jane Pateman	10/11	3/3	3/4
Kate Lewis	11/11	2/3	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.

** Balbinder Johal resigned during the year on 14 November 2023 and Dave Wilson was appointed on 14 November 2023. The table above reflects the meetings that those individuals attended during the year whilst they were appointed.

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 noted, to ask questions regarding ongoing governance requirements and to seek independent advice at the Group's expense where appropriate. The Non-Executive Directors are also encouraged to meet independently to discuss matters if they consider it to be necessary.

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 with Gillian Davies chairing the Audit Committee and Jane Pateman chairing the Remuneration Committee.

The Committees have 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.

During the period the Remuneration Committee has engaged with FIT Remuneration Consultants LLP who have provided external remuneration advice, including providing advice on all aspects of remuneration policy for the Executive Directors. They also advised on the structure and implementation of the all-employee share scheme operated by the Group.

The Audit Committee has met with RSM UK Audit LLP, the Group's auditors, both with and without the presence of Executive Directors and members of the finance team.

Details of the reports of the Remuneration Committee and Audit Committee and their respective responsibilities can be found on pages 74 – 77 and 70 – 73 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.

The Group has elected not to constitute a dedicated nomination committee, instead retaining such decision-making with the Board given the size and nature of the Board's composition. The Board has used external advisors to advise on the appointment of the new Chairman to ensure that the skill set and cultural alignment was aligned with the business' needs.

Annual General Meeting ('AGM')

The AGM of the Group will take place on the 24 September 2024 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.

Dear Shareholders

As Chair of the Audit Committee ('Committee') I am pleased to present the Audit Committee Report for the year ended 30 April 2024. 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 Audit LLP.

The Committee consists of me as Chair and Jane Pateman, with the Chairman, CFO and Group FD routinely attending by invitation. All members of the committee have recent relevant financial experience. We 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 UK Audit LLP, 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 UK Audit LLP 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 and invested in a joint venture. Accounting for these acquisitions involves an assessment of the allocation of purchase price, treatment of any deferred and contingent acquisition payments, 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 £87m 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 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 £87m 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 57 – 61 of the Strategic Report and pages 63 – 69 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 Consolidated 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, 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.

In the year there was a change of audit partner in line with the normal five year rotation for listed companies.

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 2024 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

As at the date of these financial statements, there are two new standards and amendment to IFRSs in issue but not yet effective and have therefore not been applied as set out below:

- IFRS 18 Presentation and Disclosure in Financial Statement (effective 1 January 2027)
- Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-current and Classification of Liabilities as Current or Non-current (effective 1 January 2024)

The directors do not expect that the amendments to IAS 1 will have a material impact on the financial statements of the Group in future periods.

The full impact of IFRS 18 on the financial statements is in the process of being reviewed, however the directors do not expect that the adoption of the standard will have a material impact on the financial statements of the Group in future periods.

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

5 July 2024

Remuneration Committee report

"We are continuing to develop our remuneration structures to align them with our growth strategy and our 'one-team culture'."

Jane Pateman
Chair of the Remuneration Committee

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2024.

The Remuneration Committee comprises me as Chair of the Committee, Gillian Davies and Dave Wilson. We are all independent Non-Executive Directors.

The Chief Executive Officer and Chief Finance Officer were invited to attend meetings from time to time to provide relevant input and analysis. The Committee has also been advised by FIT Remuneration Consultants as required during the year.

This report will explain:

- the responsibilities of the Committee;
- the key activities of the Committee during the year and;
- details of Directors remuneration payments made in respect of the year ended 30 April 2024 together with our proposals for the next financial year.

Responsibilities

The key responsibilities of the Remuneration Committee are as follows;

- review of the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service;
- making recommendations to the Board on proposals for the granting of equity incentives pursuant to any equity incentive plans in operation from time to time; and
- reviewing and approving any significant changes in employment terms and conditions and the overall salary increases for the Group as proposed by the Executive Directors.

Key activities carried out in the year

During the year the Remuneration Committee formally met three times. Key areas discussed and approved during the period are set out below:

- the launch and implementation of an all-employee HMRC tax-advantaged SIP scheme whereby for every two shares purchased by an employee, the business purchases one matching share for the benefit of the employee;
- the remuneration of the newly appointed Chair;
- the issue of restricted stock awards to be used as a retention and incentivisation tool to a number of individuals within the business;
- the dilutive impact of awards and plans for the establishment of an employee benefit trust to purchase and hold shares to be used to satisfy share awards granted to employees;
- approval of an increased benefits package across the business including approval of a minimum employer's pension contribution of 5% of salary for all employees. The Committee considers that this positions the Group competitively in the market in which the Group operates;
- approval of base salary changes for the Executive Directors for the financial year ended 30 April 2025 (as set out below);
- consideration of awards under a management incentive plan ('MIP') for the Executive Directors and wider senior management team for the financial year ended 30 April 2024.

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 pages 6 and 7, the Group has continued to grow over the year with full year revenue of £150m, up by 5.5% compared to the prior year (2023: £142.1m), and underlying PBT of £25.3m, a 17.3% increase on the prior year (2023: £21.6m).

Following the end of our financial year, the Remuneration Committee reviewed performance in the year and determined that although the Group had performed well achieving profitability levels expected in the market, the general macro-economic headwind meant that results did not exceed expectations which was a requirement of the management incentive plan (referred to below). Therefore, no payment will be made to the participants of the management incentive plan, including the CEO and CFO, in respect of the financial year ended 30 April 2024.

The business has determined that an average 4% increase in base salary will generally apply for our staff for the coming financial year. In recent years we have aligned increases for the CEO and CFO with firm wide reviews. However there is a need to ensure that their salaries are appropriate and in line with the market. Having taken a cautious approach on base salaries in the past, we regard moving to what we consider to be a more appropriate salary level for each of the Executive Directors to be the correct step to take and in the shareholders' best interests. Details of the new salaries for the CEO and CFO are set out below.

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.

Remuneration Committee report continued

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 are shown below, and increases for the upcoming financial year are;

David Beech: The CEO's salary was increased from £315,000 to £360,000 for the upcoming financial year.

Kate Lewis: The CFO's salary was increased from £240,000 to £280,000 for the upcoming financial year.

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). The Executive Directors are also entitled to 4x salary life cover (previously 2 x cover) in line with the increased benefit offered across the Group. The Group also contributes to pension plans or an additional cash supplement in lieu of pension contribution in respect of the Executive Directors. The pension contribution has been increased to 5% (FY24: 3%) with effect from 1 May 2024, mirroring the increase in employer contribution available to all employees.

Management Incentive Plan

A new Management Incentive Plan (**'MIP'**) which provides annual cash bonus and deferred shares was introduced during the year to replace the existing bonus arrangements and the LTIP for the Executive Directors.

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

- The CFO had a maximum opportunity of 100% of base salary, payable in cash, under the MIP (consistent with the bonus opportunity for the 30 April 2023 financial year);
- MIP awards are 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 following the finalisation of the results for the year ending 30 April 2024 and 50% will be deferred by way of the issue of restricted stock awards which will vest on the second anniversary of grant, subject to continued service; and
- Members of the senior management team were also invited to participate in the MIP on a similar basis to the Executive Directors.

The CEO was not party to the MIP, but instead had a maximum opportunity for a bonus equal to 100% of base salary during the year, consistent with the bonus opportunity for the 30 April 2023 financial year subject to achievement of annual PBT targets, aligned to the business strategy as set by the Remuneration Committee.

Although the Group achieved satisfactory results for the year ended 30 April 2024 with profits in line with consensus, the underlying PBT targets for the FY24 MIP plan were not achieved. Therefore, no cash bonuses or restricted stock awards were issued to the CEO, CFO or any other members of the senior management team.

The MIP has been reviewed by the Committee and it is intended that this will operate on the following basis for the 30 April 2025 financial year;

- the FY25 MIP will be split into two separate parts being:
  - a cash bonus in respect of performance against underlying PBT targets for FY25 to be paid in early FY26; and
  - long term incentive share awards in the form of: (i) options granted under a tax-advantaged Company Share Option Plan ('CSOP'); and (ii) restricted stock awards combined with a performance-linked share awards;
- for the FY25 annual bonus, the CEO and CFO will have a maximum bonus payable of 100% of base salary subject to achievement of underlying PBT targets for FY25, aligned to the business strategy as set by the Committee;
- the Committee also intends to grant the following long term incentive share awards to the CFO in FY25:
  - a CSOP option which will vest on the third anniversary of grant, subject to continued service;
  - a restricted stock award which will vest in three years subject to continued service only and an additional share award that will vest subject to continued service and achievement of stretching performance targets;
- members of the senior management will also be invited to participate in the revised MIP scheme on a similar basis to the CFO; and
- the CEO will not receive long term incentive share awards in FY25.

Non-Executive Directors

Bal Johal, resigned as Non-Executive Chairman on 14 November 2023. The annual fee payable to the Chairman prior to his resignation was unchanged at £60,000.

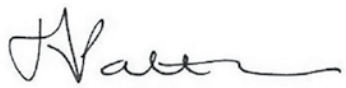
Dave Wilson was appointed Non-Executive Chairman of the Group by letter of appointment dated 14 November 2023. His appointment is terminable on three months' notice by either party. The annual fee payable to the Chairman is £150,000.

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.

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. The Non-Executive Directors fees have been increased for the upcoming financial year to £50,000 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

5 July 2024

Directors' emoluments

	Fees/basic salary £'000	Benefits £'000	Bonus £'000	LTIP £'000	Pension £'000	2024 Total £'000	2023 Total £'000
Executive Directors							
David Beech	315	–	–	–	–	315	300
Kate Lewis	240	–	–	–	7	247	237
Richard King[1]	–	–	–	–	–	–	158
Non-Executive Directors							
Balbinder Johal[2]	35	–	–	–	–	35	60
Jane Pateman	40	–	–	–	–	40	40
Gillian Davies	50	–	–	–	–	50	50
Dave Wilson[3]	69	–	–	–	–	69	–
Aggregate	**749**	**–**	**–**	**–**	**7**	**756**	**845**

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).

2 Balbinder Johal resigned on 14 November 2023.

3 Dave Wilson was appointed on 14 November 2023.

Long-term incentives

	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	19 July 2021	50,114	£0.002	£220,000[1]	EPS[2]	July 2024 – lapsed in full
Kate Lewis	Performance Share Award	13 July 2022	167,476	£0.002	£172,500[3]	EPS[4]	July 2025

Notes

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

2 3-year performance period with vesting dependent on underlying EPS performance in financial year ended 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. As EPS for the year to April 2024 is 21.81p this Performance Share Award has lapsed.

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

4 3-year performance period with vesting dependent on underlying EPS performance in financial year ended 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 (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 89 – 135. 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 2.79p per ordinary share to be paid on 27 September 2024 to the ordinary shareholders on the register on 30 August 2024. This, together with the interim dividend of 1.61p per share paid on 15 March 2024, makes a total of 4.40p 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 of fee earning colleagues and culturally aligned 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

There are no significant post balance sheet 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 2023:

Name	Number of shares	%
DA Beech	18,922,309	22.02
KL Lewis	105,250	0.12
G Davies	30,000	0.03
J Pateman	10,000	0.01
Dave Wilson (appointed 14 November 2023)	–	–
Bal Johal (resigned 14 November 2023)	–	–

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 2024 were as detailed below:

Name	Number of shares	%
DA Beech	18,922,309	22.02
Octopus Investments	11,387,991	13.26
Columbia Threadneedle Investments	10,589,381	12.33
Wasatch Advisors Inc and its associated funds	5,144,834	5.99
Stitching value Partners	3,504,140	4.08
BGF	3,325,120	3.87
Rathbones	2,837,748	3.30

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 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 pages 41 – 42. This is included as part of the Group's Strategic Report as they are of strategic importance.

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 Services Directors managing the fee generating side of the business and Business Services Directors managing the support side of the business. Local supervision is provided in each office by the involvement of Client Services 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 several ways, including day-to-day management of teams by Client Services Directors and the Business Services 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 31 – 33.

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 43 – 45. 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.

Directors' report continued

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 £35m 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 5 July 2024 and signed on its behalf by:

Kate Lewis
Chief Financial Officer

5 July 2024

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- 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
- 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.