

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.



Richard King
Chief Operating Officer

Richard has extensive experience of transforming operating models, integrating acquisitions and exploiting technology to scale up and deliver operational efficiency in large enterprises such as Procter & Gamble, Shell and a B2B cloud services start-up.

He joined Knights as COO in January 2019, overseeing the scale-up of the operating backbone and increased use of technology to improve service quality and operating efficiency.



Kate Lewis
Chief Financial Officer

Kate qualified as a Chartered Accountant and has been a member of the ICAEW since 1996 having trained as an accountant at Dean Statham. Kate spent over 10 years as an Audit Manager at Baker Tilly and KPMG.

Kate joined Knights in 2012 as Finance Director, overseeing the Knights' 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 10 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.

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.

As Chairman, I am responsible for leading the Board to ensure that it has in place the strategy, people, structure and culture to deliver value to its stakeholders, and for ensuring that the governance arrangements that the Group has in place are proportionate and appropriate for size and the constitution of the Board and the complexity of the business. 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 embedded within the business and work hard to engage with employees and other key stakeholders to ensure that this healthy corporate culture continues to be delivered through open and honest dialogue and we are delighted to set out below how we 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	<input checked="" type="checkbox"/>	Our strategy is to be the leading legal and professional services business outside London and we aim to achieve this through: <ul style="list-style-type: none"> attracting new talent (be that individuals or teams) wishing to be part of a progressive legal and professional services business; roll-out of new offices into target regional locations; outsourcing from national and international firms; increasing productivity through better use of IT; enhanced cross-selling plus the addition of new service lines within the existing business; and acquisitive growth by continuing to acquire legal teams or firms offering geographic expansion into attractive new regional markets for Knights, and to further expand offerings in existing regional locations. 	See pages 14-15
2 Seek to understand and meet shareholder needs and expectations	<input checked="" type="checkbox"/>	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our half-year and full year results roadshows. The full Board is available at the Annual General Meeting (‘AGM’) to communicate with shareholders.	www.knightsplc.com/investors/corporate-governance
3 Take into account wider stakeholder and social responsibilities and their implications for long-term success	<input checked="" type="checkbox"/>	Aside from 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. We also understand the importance that we can play in giving back to our communities and our ESG report refers to the role that we play in this regard.	See pages 22-30
4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	<input checked="" type="checkbox"/>	The Board considers risk to the business at each Board meeting and via its standing committees; The Audit Committee, Remuneration Committee and Disclosure Committee. Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets, forecasts and new risks identified.	See pages 44-47

Governance principle	Compliant	Explanation	Further reading
5 Maintain the Board as a well-functioning, balanced team led by the Chair	<input checked="" type="checkbox"/>	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. During the year Stephen Dolton resigned as a Non-Executive Director, chair of the audit committee and senior independent Director and was replaced by Gillian Davies in each of those roles. External advice was obtained by the Board to ensure that Stephen’s replacement had the required level of skills and experience to ensure that the Board remains well balanced. Given the size and composition of the Board, the Board does not consider that a Nominations Committee is required.	See pages 52-53
6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	<input checked="" type="checkbox"/>	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of recruitment, people management, technology and funding requirements and risk management.	See page 49
7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	<input checked="" type="checkbox"/>	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 52-53
8 Promote a corporate culture that is based on ethical values and behaviours	<input checked="" type="checkbox"/>	Being 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 that culture through consistent engagement with its staff is integral to the Group’s success. Throughout the pandemic this has been more important than ever and regular meetings and webinars have been conducted at every level to ensure that this culture has been continually fostered despite remote working practices being in place throughout the year.	See pages 22-28 and 32-33
9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	<input checked="" type="checkbox"/>	The Board is responsible for the Group’s overall strategic direction and management and meets regularly to review, formulate and approve the Group’s strategy, budgets, corporate actions and oversee the Group’s progress towards its goals. The Group has a set of Reserved Matters for approval by the Board has been established and is regularly reviewed given the growth of the business.	See pages 52-53 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	<input checked="" type="checkbox"/>	The Group is committed to maintaining good communication and having constructive dialogue with its shareholders. Regular institutional shareholder meetings and PCFM days are held with the Chief Executive Officer and Chief Financial Officer to discuss Company performance, particularly following publication of the Group’s interim and full year results. 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.	https://www.knightsplc.com/investors

Corporate Governance Statement

Board Composition

The Board comprises six Directors, three 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 49. The Board believes that the composition of the Board 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.

Whilst the Chairman has a considerable length of service and previous interest in the Group, it has been determined that in terms of interest, perspective and judgement he remains independent and is supported by the two additional independent Non-Executive Directors.

Operation of the Board

The Board is responsible for delivering the Group's strategy and for its overall management of the business and meets regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and to constructively challenge the Executive Directors who are responsible for the day-to-day running of the Group. The operation of the Board is documented in a formal schedule of matters reserved for its approval which is reviewed annually to ensure that it remains current in light of changes to legislation, the size and growth of the Group and changes within the sector that the Group operates within.

Name	Board*	Remuneration	Audit
Balbinder Johal	13/13	-	-
David Beech	12/13	-	-
Jane Pateman	13/13	5/5	3/3
Kate Lewis	13/13	-	-
Richard King	13/13	-	-
Stephen Dolton**	10/11	4/4	1/1
Gillian Davies	2/2	1/1	1/1

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

** Stephen Dolton resigned as a Director on 17 March 2021 and Gillian Davies was appointed on the same date.

In addition to the scheduled meetings the Board holds periodic strategy days to review the strategic priorities and growth opportunities for the business. The next strategy day is expected to be scheduled in September.

Directors are expected to attend all meetings of the Board and of the Committees on which they sit, and to devote sufficient time to enable them to fulfill their roles as Directors. In circumstances where Directors are unable to attend any meeting they are provided all papers to be considered at that meeting and can provide any comments in advance of any meeting for consideration by the rest of the Board. The table below details the Directors attendance at scheduled monthly Board and Committee meetings in the financial year 2020/2021.

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 meetings, 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 for the purposes of advising on the terms of the performance share awards granted to certain PDMR's within the business and benchmarking executive pay, and the Audit Committee meeting with RSM UK Audit LLP, 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 composition. The Board has used external advisors to introduce any other individuals with skills that the Board believe may be required in delivering its overall strategy and this was how Gillian Davies was identified to act as Non-Executive Director in March 2021.

Remuneration Committee

The Remuneration Committee is responsible for:

- ▶ reviewing the performance of the Executive Directors and making recommendations to the Board on matters relating to their employment and remuneration; and
- ▶ the granting of share options under the Group's Omnibus Plan or any other share scheme which it may adopt.

Audit Committee

The Audit Committee is responsible for:

- ▶ ensuring the financial performance of the Group is properly reported on; and

- ▶ monitoring the internal controls of the business.

Each of the Committees meets regularly and at least twice a year and the Chief Financial Officer also attends meetings of the Audit Committee by invitation to discuss any matters of relevance. Details of the reports of the Remuneration Committee and Audit Committee can be found on pages 54 and 58 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.

Board effectiveness and culture

The Board considers the evaluation of its performance to be an integral part of corporate governance to ensure it has the necessary skills, experience and abilities to fulfil its responsibilities. The internal evaluation process undertaken seeks to identify and address opportunities for improving the performance of the Board and to solicit honest, genuine and constructive feedback. The Board considers the evaluation process is best carried out

internally at this stage of the Company's development however this decision shall be kept under review.

In undertaking its internal review process in particular the following matters are reviewed at least annually or more frequently should the need arise:

- ▶ the Board's composition in terms of skills, experience and balance;
- ▶ the independence of the Non-Executive Directors;
- ▶ Board operational effectiveness and decision making;
- ▶ conduct of meetings and effective sharing of information and communication amongst the members of the Board;
- ▶ engagement with shareholders and other stakeholders;
- ▶ Director contribution; and
- ▶ the Board's strategy and its implementation.

The Chairman is responsible for ensuring the internal review process is appropriate for the business' needs, and deals with matters raised throughout the review process to ensure that constructive feedback is provided and if required external support can be made available in respect of any areas that may require improvement.

Following the review undertaken in 2020/2021 the following steps were taken in response to the feedback provided at the review:

- ▶ FIT Remuneration Consultants provided training to the Board to ensure all Board members have a clear understanding of market expectations in respect of the role, scope and authority of the Remuneration Committee; and
- ▶ more regular strategic meetings were held throughout the year in order to consider the opportunities and risks to the business in light of the changing economic climate resulting from the impact of COVID-19 in the legal sector.

The Board carries a breadth of experience in sectors outside of the legal services market with strengths aligned with enhancing Knights' culture. Following the evaluation undertaken during the financial year 2020/2021, the Board is satisfied that it has a good balance of experience and skills allowing for both collaborative working and robust challenge.

Internal controls and risk management

Internal controls

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management activities. These activities are designed to identify, assess, respond to, report on and monitor the risks that might threaten our ability to achieve the Group's objectives within its risk appetite.

The Group has implemented policies on internal control and corporate governance. Some of these policies have been prepared in order to ensure that:

- ▶ proper business records are maintained and reported on, which might reasonably affect the conduct of the business;

- ▶ monitoring procedures for the performance of the Group and emerging risks to the business are presented to the Board at regular intervals;

- ▶ budget proposals are submitted to the Board no later than one month before the start of each financial year albeit this policy has been adapted during the COVID-19 pandemic given the evolving impact of the pandemic on the economy and in this financial year those budgets have had to be updated after the conclusion of the financial year to include the acquisition of Keebles LLP which completed on 11 June 2021;

- ▶ accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements; and

- ▶ the Group is provided with general accounting, administrative, secretarial services and external advice and audit as may reasonably be required.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. Details of the Group's principal risks and how these are addressed can be found on page 44 of this Report.

As might be expected in a business such as Knights, a key control in the business is the day to day supervision of the Executive Directors supported by the senior management team who maintain responsibility for key areas of the operations. The adequacy of the systems for internal control is also reviewed by the Audit Committee on an annual basis and compliance issues are discussed at each Board meeting in order to ensure that any risks arising in a changing and evolving environment can be mitigated and/or eliminated.

Knights has an established business-continuity plan which has regular input from Legal, Compliance, IT, HR, Finance, Facilities, Public Relations and Client Services. This has ensured that the business has been able to quickly implement steps to ensure that in light of the ongoing pandemic all of our stakeholders needs have been considered and the ability to continue to support our clients has been maintained without disruption.

Relations with stakeholders

The Board is aware that the long term success of the Group is reliant upon its employees, clients, shareholders, suppliers, communities and regulators. As such the Group is committed to building a sustainable business that enables all its stakeholders to thrive: minimising the Group's impact on the environment, looking after employees and communities and operating ethically with the highest levels of governance to ensure that the Group's continued growth in accordance with its strategy reflects its stakeholders needs and expectations as well as those of the Group.

In order to achieve these aims the Group's senior management teams maintain regular communications with colleagues and encourage them to share feedback and to allow the candid flexible culture to thrive. The level of communication with employees has only increased during the COVID-19 situation

with senior management hosting regular calls with team leaders, the CEO holding several 'all employees' webinars and encouragement of regular communication within teams within the business.

The Group also encourages regular feedback from its clients and tracks its net promoter score to indicate the willingness of clients to recommend the Group's services. Based on client responses in the week commencing 15 February 2021 the Group's net promoter score was +75 out of +100 which is considered above average amongst its peer group. The Group endeavors to ensure that clients are met with regularly to canvas their opinion on the service levels received and to allow them to provide any feedback as to how these relationships and/or services can be improved. The Group has a strong track record of retaining deep client relationships with some of these relationships remaining in place for in excess of 25 years across a number of service lines provided within the Group's business.

The Group's business places a strong reliance on technology and consequently the Group works closely with its practice management system provider to enhance the practice management platform for the benefit of the Group which in turn benefits our supplier's technology.

The Group continues to work hand in hand with its regulator, the Solicitors Regulation Authority (SRA) and its complaints handling body, the Legal Ombudsman, in ensuring that it abides by its professional and regulatory duties and obligations in an open and transparent manner.

The Board is proud of the progress it has made in enhancing the sustainability of its operations. Jane Pateman is the Director on the Board with overall responsibility for Environmental, Social and Governance strategy. Further details of the steps that Knights has taken to ensure it can uphold these principles are detailed on page 23 of this Report.

The Executive Directors meet with the institutional shareholders both on an adhoc basis and on a more structured basis around the publication of the Group's interim and end of year results. General information about the Group is available on the website at www.knightspc.com but both the Chair and Gillian Davies as Senior Independent Director are available to discuss any matter any shareholder may wish to raise if required.

Annual General Meeting (AGM)

The AGM of the Group will take place on the 21st September 2021 and the Notice of Annual General Meeting which includes the associated resolutions accompanying this Annual Report.

Remuneration Committee Report

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2021.

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. Steve Dolton was also a member of the Remuneration Committee during the year until he stepped down from the Board in March 2021.

Whilst COVID-19 has resulted in a significant amount of economic uncertainty, both nationally and internationally, our results demonstrate the fundamental resilience of our businesses and our disciplined and effective response. We are proud of the hard work and commitment of our colleagues during this unprecedented period, helping to ensure that we continue to provide our clients with outstanding service and support. Our initial response to the pandemic was one of prudence, suspending dividend payments and temporarily reducing all Board members' salaries by 30% and reductions for all staff whose salaries were £30,000 or more by 10% (or to £30,000 where the reduction would have taken them below £30,000) with effect from 1 April 2020. Salaries of all staff and all Board members were reinstated on 1 November 2020 and since then the Remuneration Committee has not deemed it appropriate to take any further measures. The business has completed a full pay review process for all staff ahead of the coming financial year.

Jane Pateman

Chair of the Remuneration Committee



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 share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. During the year this included the grant of restricted share awards and long term incentive plans to employees within the Group.

The Remuneration Committee meets on a planned basis and met 5 times during the year.

In exercising their 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 a report to benchmark remuneration packages and on all aspects of remuneration policy for the Executive Directors. The Remuneration Committee is satisfied that the advice received 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 continued to grow both organically and through targeted acquisitions over the year. The Group performed well with a strong financial performance in FY21 H2 as the Group's momentum recovered after the initial impact of COVID-19.

As disclosed last year an annual bonus arrangement is in place for Richard King with a maximum opportunity of 35% of salary and an annual bonus arrangement was also introduced for Kate Lewis for the 30 April 2021 financial year with a maximum opportunity of 35% of salary.

The intention was for the bonus arrangements to be based on achievement of financial and non-financial measures set at the beginning of the financial year aligned to the key annual goals supporting the Group's strategy.

However, due to the uncertainty around what the full impact of the pandemic on performance was going to be, it was agreed to assess final performance outcomes against a robust performance in the round framework for both the CFO and COO following the year end. The Group achieved analyst consensus for revenue and underlying PBT, executed and integrated three acquisitions whilst operating remotely during the COVID-19 pandemic. Efficiency improvements were also achieved within the business in respect of the operating systems utilised by the Group.

In light of the staff pay reduction during the year and the suspension of dividends, the Committee felt that although the achievements were strong in the circumstances, it would be appropriate to moderate the bonus outcome. Therefore, bonus awards of 20% of salary for Kate Lewis and 17.5% of salary for Richard King have been made.

Long-term incentives (Performance Share Awards) were granted to Executive Directors in July 2020 and are intended to be awarded annually to the Executive Directors. Awards are subject to a 3 year performance period with vesting dependent on underlying EPS performance. The vesting of the July 2020 award is dependent on underlying EPS performance in the financial year ending 30 April 2023, with 25% vesting for underlying EPS of 24.19p, 60% vesting for EPS of 25.46p and increasing to 100% vesting for EPS of 26.73p. A sliding scale operates between these points. In addition, Performance Share Awards were made to key members of the leadership team during the year.

Executive Director remuneration

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.

An independent benchmarking exercise was undertaken during the year for the roles of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer against a group of similar sized AIM companies. This review confirmed to the Remuneration Committee that:

- ▶ the salary levels are below the lower quartile position for all Executive Directors;
- ▶ the majority of companies offer an annual bonus arrangement for all Executive Directors;
- ▶ the median level of maximum bonus opportunity is 100% of salary;
- ▶ the majority of the Executive Directors in the comparator companies participate in long-term incentive arrangements;
- ▶ the median face value of LTIP awards is in the range of 70%-75% of salary, in line with the 75% of salary level Performance Share Awards awarded to the CFO and COO in July 2020; and
- ▶ the low salaries combined with the no or low incentive levels of the Executive Directors, results in all the positions being below the lower quartile position on an on-target total remuneration position.

The Committee considers that alignment between Group strategy and the remuneration of its Executive Directors is critical and as such there is a need to provide market competitive remuneration, incentivise Executive Directors to achieve the annual business plan and the longer-term strategic objectives of the Group and to ensure that Executive Directors' interests are aligned with those of shareholders. The Committee has therefore made a number of changes to the remuneration packages of the Executive Directors as detailed further below.

The key remuneration components of executive 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 are shown below. As noted above the salaries of the Executive Directors were temporarily reduced by 30% with effect from 1 April 2020 and were reinstated on 1 November 2020.

David Beech: Whilst David's salary for the financial year ended 30 April 2021 was £250,000, it is recognised that a market-standard salary for an equivalent CEO of an AIM listed company with a similar market capital of the Group is £325,000 ('CEO Reference Salary') and it has been agreed that this salary would become payable when the Remuneration Committee agrees that it had become appropriate for the Group to do so.

David's salary was increased to £300,000 with effect from 1 May 2021 in order to bring his salary closer to the CEO Reference Salary, with a view to increasing David's salary so that it is in line with the CEO Reference Salary by 1 May 2022 if the Remuneration Committee agrees that it is appropriate for the Group to do so. Whilst the Committee recognised that this was a significant increase in percentage terms this was largely an historic issue that required addressing and was determined to be appropriate considering the individual's strong performance and leadership of the business. The Committee also acknowledges that the CEO does not receive awards under the Company's share plans due to his shareholding.

Kate Lewis: Whilst Kate's salary for the financial year ended 30 April 2021 was £175,000, it is recognised that a market-standard salary for an equivalent CFO of an AIM listed company with a similar market capital of the Group is £240,000 ('CFO Reference Salary') and that this salary would become payable when the Remuneration Committee agreed that it had become appropriate for the Group to do so.

Kate's salary was increased to £220,000 with effect from 1 May 2021 in order to bring her salary closer to the CFO Reference Salary and with a view to increasing Kate's salary so that it is in line with the CFO Reference Salary by 1 May 2022 if the Remuneration Committee agrees that it is appropriate for the Group to do so. Whilst the Committee recognised that this was a significant increase in percentage terms this was determined to be appropriate considering continuing strong performance and contribution.

Richard King: Whilst Richard's salary for the financial year ended 30 April 2021 was £200,000 it is recognised that a market-standard salary for an equivalent COO of an AIM listed company with a similar market capital of the Group is £240,000 ('COO Reference Salary') and that this salary would become payable when the Remuneration Committee agreed that it had become appropriate for the Group to do so.

Richard's salary was increased to £220,000 with effect from 1 May 2021 in order to bring his salary closer to the COO Reference Salary with a view to increasing Richard's salary so that it is in line with the CFO Reference Salary by 1 May 2022 if the Remuneration Committee agrees that it is appropriate for the Group to do so. Whilst the Committee recognised that this was a significant increase in percentage terms this was determined to be appropriate considering both strong performance and contribution.

Remuneration Committee Report continued

Pension and benefits

Ancillary benefits include the reimbursement of all reasonable and authorised out of pocket expenses, access to healthcare benefits, a wellbeing support platform and 2 x salary life cover. The Group also contributes to pension plans or as an additional cash supplement

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.

Annual bonus

A plan was operated for Richard King and Kate Lewis for the 30 April 2021 financial year with a maximum opportunity of 35% of salary with performance criteria based on profit-based and strategic targets as set by the Remuneration Committee. The Remuneration Committee intends to agree a plan for each of the Executive Directors for the

30 April 2022 financial year with a maximum opportunity of 75% of salary with performance criteria based on financial and strategic targets aligned to the business strategy as set by the Remuneration Committee. The bonus structure will consist of a mix of financial and strategic targets, with a 70% weighting for financial performance and 30% for strategic targets.

A discretionary share plan, the Omnibus Plan:

Share-based awards may be granted in 3 forms as considered appropriate by the Remuneration Committee:

- **Restricted Stock Awards:** Awards granted in the form of nil or nominal cost share options, subject to time-based vesting requirements and continued employment within the Group. No performance conditions will apply to Restricted Stock Awards.
- **Performance Share Awards:** Awards granted in the form of nil or nominal cost share options, whereby vesting is subject to satisfaction of performance conditions and continued employment within the Group.

- **Share Options:** Awards granted in the form of a share option with an exercise price equal to the market value of an Ordinary Share at the time of grant, subject to continued employment within the Group. Share options may or may not be subject to performance conditions.

The intention is to grant Performance Share Awards to Richard King and Kate Lewis in July 2021 over shares with a value equal to 100% of salary. The awards will have a 3-year performance period with vesting dependent on underlying EPS performance.

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.

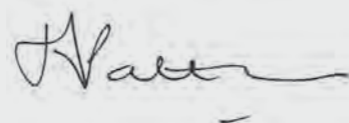
The other Non-Executive Directors were appointed subject to re-election at the Annual General Meeting and are terminable on one months' notice by either party.

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. Gillian Davies was appointed as senior independent Non-Executive Director on 17 March 2021.

As noted above these fees were temporarily reduced by 30% with effect from 1 April 2020 and reinstated on 1 November 2020.

As it is listed on AIM, the Group is not required to provide all of the information included in this Report. However, in the interests of transparency this has been included as a voluntary disclosure. The 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
14 July 2021

Directors' emoluments

	Fees/ basic salary £'000	Benefits £'000	Bonus £'000	Pension £'000	2021 Total £'000	2020 Total £'000
Executive Directors						
David Beech	212	-	-	-	212	231
Kate Lewis	149	-	35	5	189	145
Richard King ¹	170	-	35	5	210	197
Non-Executive Directors						
Balbinder Johal	51	-	-	-	51	51
Steve Dolton ²	37	-	-	-	37	45
Jane Pateman ³	34	-	-	-	34	39
Gillian Davies ⁴	6	-	-	-	6	-
Aggregate	659	-	70	10	739	708

Note

¹ Richard King was appointed a Non-Executive Director of the Group on 1 June 2018 and subsequently appointed Chief Operating Officer on 15 January 2019.

² Steve Dolton was appointed a Non-Executive Director of the Group on 1 June 2018 and resigned on 17 March 2021.

³ Jane Pateman was appointed a Non-Executive Director of the Group on 15 January 2019.

⁴ Gillian Davies was appointed a Non-Executive Director of the Group on 17 March 2021.

Long-term incentives

	Type of award	Date of grant	Number of shares	Exercise price per share	Fair value at grant	Performance conditions	Vesting date
Kate Lewis	Restricted Stock Award	29 June 2018	241,379	£0.002	£350,000 ¹	N/A	June 2021
Kate Lewis	Performance Share Award	24 July 2020	30,667	£0.002	£131,000 ⁴	EPS5	July 2023
Richard King	Performance Share Award	29 March 2019	63,352	£0.002	£183,750 ²	EPS3	July 2022
Richard King	Performance Share Award	24 July 2020	35,115	£0.002	£150,000 ⁴	EPS5	July 2023

Note

¹ Based on IPO price of £1.45.

² Based on 3-day average share price of £2.900482.

³ 3-year performance period with vesting dependent on underlying EPS performance in financial year 30 April 2022 EPS. 25% vesting for EPS of 20p and increasing on a straight-line basis to 100% vesting for EPS of 25p.

⁴ Based on 3-day average share price of £4.2717.

⁵ 3-year performance period with vesting dependent on underlying EPS performance in financial year 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.

Audit Committee report

Dear Shareholder,

I am pleased to present the Audit Committee report for the year ended 30 April 2021.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing risk management and internal control systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by RSM UK Audit LLP (RSM) and overseeing the relationship with them. In addition the Committee has considered the impact of COVID-19 particularly around Going Concern.

Gillian Davies
Chair of the Audit Committee



Members of the Audit Committee and attendance

The Committee consists of two independent Non-Executive Directors: myself (as Chair) and Jane Pateman. Kate Lewis, the Chief Financial Officer and other Executive Directors may attend the Committee meetings by invitation.

During the year the previous Chair of the Audit Committee, Steve Dolton, resigned as a Non-Executive and Audit Committee Chair on 17 March 2021 to pursue other interests. I was appointed as a Non-Executive Director and Audit Committee chair on 17 March 2021. The Committee met three times during the period and attendance of the members is

shown on page 52 of the Corporate Governance Report. The Committee has also held discussions with RSM, without Executive Directors being present to discuss any issues arising from their audit work. Neither the Group nor its Directors have any relationships that impair the external auditor's independence.

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 and the use of alternative performance measures which are used to enhance shareholders 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 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 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 four acquisitions. Accounting for these acquisitions involves significant judgement to determine the allocation of purchase price, the treatment of deferred consideration, assessment of the requirement for any fair value adjustments, identification and valuation of the intangible assets arising, and estimation of the useful lives of these assets. Having reviewed management's approach and the resulting accounting treatment, the Committee is satisfied that the approach adopted is reasonable and fairly represents the underlying transactions.

Goodwill and intangible assets impairment

At the year end there is £80m 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 via a detailed impairment review at the period end and that there are no indications that the carrying value of the intangible assets has been impaired. Having reviewed management's impairment reviews and conclusions, the Committee is satisfied that the carrying value is supportable and the assets do not need to be impaired.

Use of alternative performance measures

The Board uses a number of alternative performance measures to assess business performance. A key driver for the Board is the underlying profitability of the business 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.

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.

2 Risk management and internal controls

As described on page 30 of the Strategic Report and page 53 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, 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 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 provided prohibited services under the FRC's Ethical Standards guidance relating to the provision of an API link for making tax digital for one month. Once identified provision of

this service ceased immediately. Fees in relation to this service were £175. The Committee is satisfied that the provision of this service has no impact on the independence of the audit team.

5 Overseeing the relationship with RSM

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 remuneration.

The external auditor prepares a plan for its audit of the full year financial statements 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. This plan is reviewed and agreed by the Committee in advance of the detailed audit work taking place.

Following its external audit process, RSM presented its findings to the Committee for discussion. No major areas of concern were identified by RSM during the year.

The Committee has confirmed that it is satisfied with the independence, objectivity and effectiveness of RSM UK Audit LLP and has recommended to the Board that the auditors be reappointed. There will be a resolution to reappoint the auditors at the forthcoming AGM.

6 Application of IFRSs, and new and forthcoming standards

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

Gillian Davies
Chair of the Audit Committee
14 July 2021

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 that of 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 66-113. A review of the performance of the business during the year and potential future developments is included in the Chairman's report, CEO's report and the financial review.

Dividends

The Board has decided that it will not be proposing a final dividend in respect of the year ended 30 April 2021. No interim dividend was paid during the year. The Board intends to resume paying dividends in respect of the year ended 30 April 2022 in accordance with the previous dividend policy.

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 legal and professional services business outside London. Further details of the Group's future strategy can be found in the Strategic Report on pages 16-17.

Post balance sheet events

As at the date of signing the accounts, there are no 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 2020.

Name	Number of shares	%
DA Beech	16,800,000	20.34
KL Lewis	2,820	-
RA King	105,460	0.13
BS Johal	210,000	0.25
S Dolton (resigned 17 March 2021)	-	-
J Pateman	10,000	0.01
G Davies (appointed 17 March 2021)	-	-

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 2021 were as detailed below:

Name	Number of shares	%
David Beech	16,800,000	20.34
Octopus Investments	11,067,812	13.4
Jupiter Asset Management	8,098,366	9.80
Canaccord Genuity Wealth Management (inst)	4,475,000	5.42
Columbia Threadneedle Investments	3,970,155	4.81
Aegon Asset Management UK	3,475,535	4.21
Invesco	2,581,175	3.12

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 are discussed in more detail in note 32 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.

SECR

Under S414C(11) the Group has included the SECR report in the Strategic report on page 29 as it is considered to be 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. Local supervision is provided in each office by the involvement of office and team leaders who assist in ensuring a common culture and working practice across the Group as a whole.

The management team regularly liaise with all employees to ensure they are fully aware of any key matters that impact the Group. During FY21 the well being of employees was forefront in the Board's decision to work from home during the COVID-19 pandemic. Whilst working from home the Board have recognised the importance of regular communication with employees as described in the Section 172(1) statement on pages 30-31. Due to the pandemic, the Group did not hold its normal annual conference. However the strategy of the Group was discussed via regular online webinars with all staff.

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 ESG report on page 26.

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 report on pages 30-31.

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 almost £19m 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

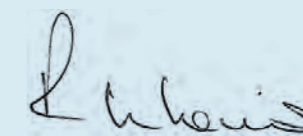
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- 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 14 July 2021 and signed on its behalf by:



Kate Lewis
Chief Financial Officer
14 July 2021



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 to prepare group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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) and the AIM Rules of the London Stock Exchange.

The group financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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;
- 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.



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