

Keystone Law Group plc

(‘Keystone’ or the ‘Group’)

Current trading and COVID-19 update

Keystone Law (AIM:KEYS), the fast growing, UK Top 100, challenger law firm, today provides an update on its current trading and liquidity in light of the COVID-19 pandemic.

Current trading and business resilience

Trading across the Group in the first six weeks of the current financial year ending 31 January 2021 started strongly and was in line with expectations. Whilst the outbreak of the COVID-19 virus and the resultant impact on the broader UK economy has, over the last two weeks, changed the economic landscape, Keystone is in a strong position to deal with the financial and operational impacts.

Keystone is highly liquid, being debt free and with a net cash position of £4.4 million as at 31 January 2020. Furthermore, the Group has been cash generative in the period since year end. The Keystone model itself is highly resilient to economic volatility due to the ‘capital light’ nature of the business and the high proportion of its cost base which is fully variable; most notably the lawyer fees which represent approximately 75% of revenue. These are not only fully variable but also on a paid when paid basis, thus underpinning the cash generative nature of the Keystone model.

Operationally, Keystone’s service delivery model, whereby lawyers operate on a remote basis accessing central services through its bespoke technology platform, has been substantially unaffected by the restrictions on movement implemented by the UK Government. In the interests of staff wellbeing the Board acted quickly to move all office based support staff to remote working with effect from 13 March. This change was achieved with no impact to the business and Keystone’s service delivery capability is as robust as it was before the COVID-19 outbreak. We are well diversified, delivering legal services across a wide range of sectors and specialisms such that we have no dependency on any single area of the economy or client.

The current situation is unprecedented and the wider economic impact on our clients, together with the timing of this within our financial year and unknown duration for which it may apply, mean that the impact on the Group for the year ending 31 January 2021 cannot yet be assessed. We will provide further updates as the position develops and we have more clarity.

The Board believes that in these uncertain times it is only prudent to protect the liquidity of the business and as such it has decided that it will not be recommending a final dividend payment to shareholders when it announces the full year results for the period ended 31 January 2020. We will resume dividend distributions when circumstances make it appropriate to do so.

As a Board we are monitoring the situation closely and will take all necessary actions to ensure the good health of the business through these challenging times. We remain confident of the Group’s ability to continue to deliver on its strategy for growth, taking advantage of the sizeable market opportunity which exists, once the current situation has passed.

James Knight, CEO of Keystone, commented:

“Keystone is both financially and operationally very robust and I am confident that the fundamental strengths of our model will prove themselves through this situation. Once it has passed we will again be able to move forwards and take advantage of the sizeable market opportunity that exists and will continue to exist in the future.”

- Ends -

For further information:

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Notes to editors

Keystone Law is a UK Top 100, fast growing, profitable and cash generative challenger law firm. Established in 2002, Keystone is one of the first platform models disrupting the traditional law firms operating within the legal services mid-market. Keystone’s model permits rapid scalability, enabling the Group to increase the number of revenue generating lawyers more quickly than the traditional model.

As a full service law firm, Keystone delivers conventional legal services across more than 20 service areas and over 50 industry sectors to a client base comprising predominantly of SMEs and private individuals. These services are delivered by over 300 experienced self-employed lawyers who work from their own offices; with no fixed remuneration their fees are calculated with direct reference to the income they generate for the Group. The lawyers are fully supported by the Group’s central office team of approximately 40 employees, and are therefore able to focus entirely on business development and the delivery of legal work.

With the head office located in the heart of London’s legal district on Chancery Lane, the Group uses its bespoke proprietary software platform to enable Keystone’s lawyers to interact with the central office team and each other in an easy and efficient manner, whilst extensive networking and social events engender a strong sense of belonging to the Keystone family. The platform also drives interaction, co-operation and a strong corporate culture across the business.

Keystone joined the AIM market of the London Stock Exchange in November 2017, raising £15 million, under the ticker KEYS. More information can be found at: www.keystonelaw.co.uk/

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now

considered to be in the public domain. The person responsible for arranging the release of this announcement on behalf of the Group is Ashley Miller, Finance Director.