

# KEYSTONE LAW

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## ANNUAL RESULTS

for the year ended 31 January 2025



# EXECUTIVE SUMMARY

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## 1. THE MODEL

- Fully regulated law firm with plug and play platform
- Over 500 high quality, closely vetted, lawyers working from their own offices
- Simple pay when paid, performance-based, remuneration structure
- Lawyers themselves introduce 98% of clients
- Tech acts as a hub, driving efficiencies and limiting costs



## 2. GROWTH & SCALABLE

- Growth predominantly driven through recruitment of high calibre lawyers
- Excellent ability to scale due to pay when paid, own office working and fully scalable technology platform
- Pod concept further promotes growth and scale



## 3. THE OPPORTUNITY

- Profitable, cash generative, low risk, resilient business with excellent track record
- Seen by many as operating law firm model of the future, particularly in post COVID world
- Over £12bn largely addressable market



# RESULTS HIGHLIGHTS

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## STRONG PERFORMANCE ACROSS ALL KPI'S

- Revenue grew 11.1%
- Adjusted PBT up 12.8%
- Operating cash conversion 94.5%
- £9.7m cash and debt free
- Paid interim ordinary dividend of 6.2p per share
- Proposed final ordinary dividend of 14.0p per share and special dividend of 15.0p per share



## RECRUITMENT ACTIVITY REMAINED POSITIVE

- Recruitment market remained positive
- All recruitment KPIs remain strong
- 50 high calibre Principals joined in the Period
- Net pod members increased 6% to 108
- Total fee earners up to 576

# RECRUITMENT KPIS REMAIN STRONG

283

Applicants (Principals)  
2024: 270

95

Offers Made (Principals)  
2024: 103

52

Offers Accepted (Principals)  
2024: 68

50

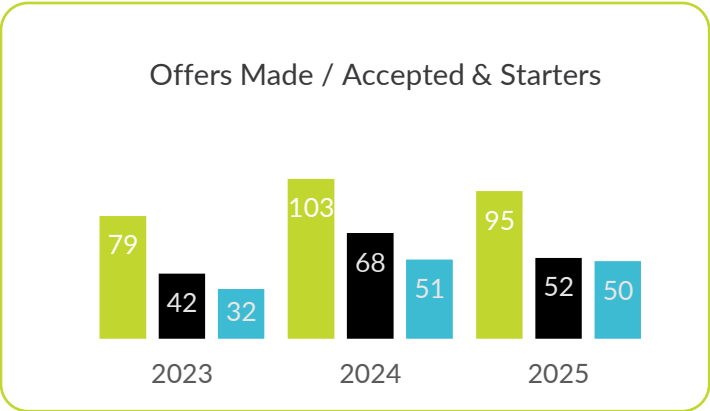
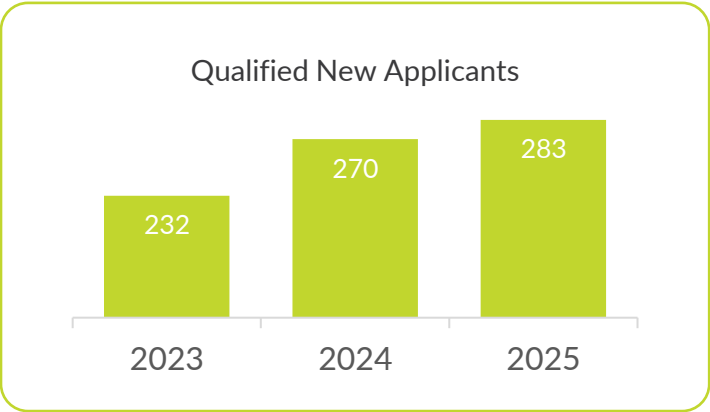
New Principals joined  
2024: 51

455

Principals increased from  
432 to 455

576

Total fee earners increased  
from 549 to 576



Recruitment market remained positive throughout the period in spite of mid-year uncertainty caused by change in government

# ASPIRING TO EXCELLENCE DELIVERS STAKEHOLDER VALUE

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- **Quality focused recruitment strategy making Keystone the premier platform law firm**
  - 207 Keystone lawyers ranked in Legal 500 UK Solicitors 2025
  - Over 25% of joiners from UK office of large US law firm or top 25 UK law firm
- **Excellence in building the Keystone community**
  - Successful onboarding and integration of 50 new Principals
  - Understanding each lawyer's needs and connecting them with suitable colleagues to help achieve their mutual goals
  - Nurturing a supportive, inclusive and collaborative culture which supports lawyers through the highs and lows of their professional lives
- **Excellence at the heart of Central office**
  - High quality office fit out, delivering a modern working environment meeting the varied needs of our people aiding in recruitment and retention of talent
  - Successful migration to the public cloud (Microsoft Azure) providing enhanced resilience, security and scalability to our IT infrastructure
  - Implementation of SIEM solution further enhancing oversight of IT security risks
  - Continue to assess how and where AI solutions can be best applied to deliver operational efficiencies across the business



# COMMUNITY AT THE HEART OF KEYSTONE LAW

## CAUSE

- Dedicated community and engagement team led by Keystone director, Fiona Severs
- Extensive and diverse range of social and training events, run on a weekly basis, provides opportunities to build networks geographically, within business sectors or practice areas and by other interests
- Further events organised by the lawyers themselves, but supported by Keystone, include ski trip, cycling and horse-riding holidays as well as lunches
- New office fit-out designed to enhance collaborative working completed in H2

## EFFECT

- New joiners quickly and successfully integrated, getting them up to speed and contributing for themselves and their colleagues
- Lawyers feel a strong sense of belonging negating pre- conceived ideas of isolation
- Morale and contentedness are extremely high (see extract of annual survey on slide 20)
- Over 30% of fee earning work is cross referred within the firm
- Lawyers eagerly recommend their associates and ex-colleagues. Lawyer referrals is a strong recruitment channel



# FINANCIAL HIGHLIGHTS

£97.7m

Revenue +11.1%  
2024: £87.9m

£11.6m

Adj. PBIT +11.8%  
2024: £10.4m

£12.7m

Adj. PBT +12.8%  
2024: £11.3m

13.0%

Adj. PBT Margin  
2024: 12.8%

94.5%

Operating cash conversion  
2024: 96.1%

£9.7m

Net cash  
2024: £8.4m

30.4p

Adjusted EPS  
2024: 27.4p

20.2p & 15p

Ordinary & Special DPS  
2024: 18.3p & 12.5p



# INCOME STATEMENT

Year ended 31 January

£'000	2025	2024	Change
Revenue	97,703	87,931	11.1%
Gross Profit	25,474	22,829	11.6%
GM%	26.1%	26.0%	
Staff costs	(5,428)	(4,715)	15.1%
Other administrative expenses	(7,513)	(6,858)	9.5%
Amort - right of use assets	(454)	(411)	10.6%
Depreciation	(121)	(136)	-11.2%
Net impairment of trade receivables	(406)	(383)	6.0%
Adjusted Administrative Expenses	(13,921)	(12,503)	11.3%
Other operating income	50	52	
<b>Adjusted PBIT</b>	<b>11,603</b>	<b>10,379</b>	<b>11.8%</b>
Net Finance Income	1,111	889	
<b>Adjusted PBT</b>	<b>12,714</b>	<b>11,268</b>	<b>12.8%</b>
Adjusted PBT%	13.0%	12.8%	
Adjusted PBIT%	12.0%	11.9%	
Adjusted Basic EPS (p)	30.4	27.4	10.9%

Average Principals	443.5	415	6.9%
Average Revenue £'000 / Principal	220.3	211.9	4.0%

## Revenue

Revenue up 11.1% to £97.7m driven by good growth in Principal numbers which increased by 6.9%, with revenue per Principal rising 4.0% from £211.9k to £220.3k.

## Adj PBIT

Adj PBIT has increased 11.8% to £11.3m.

Adj PBIT margin of 12.0%, up 0.1% driven by the increase at GM level

## Staff Costs

Wages continue to rise across the economy and in order to attract and retain talent we need to reward our staff appropriately. Continued investment in headcount was also needed to support the growth of the business with average headcount up 9.5% from 63 to 69.

## Finance Income

Net finance income increased £0.2m as interest rates remained high for most of the Period, only starting to fall late in the year.

## Adj PBT & PBT %

Adj PBT has increased 12.8% to £12.7m.

This represents adj PBT margin of 13.0%, up 0.2% 2024, with the interest further enhancing the growth at adj PBIT level

## Other Admin

Increased by 9.5%. largest factors being investment in IT: migration to public cloud and implementation of SIEM solution for enhanced security oversight (£0.2m) and professional indemnity insurance (£0.2m) which is priced on revenue and where we increased cover from £50m to £60m

KEYSTONE LAW



# BALANCE SHEET

As at : £'000	31-Jan 2025	31-Jan 2024
Property, plant and equipment	772	121
Right of use assets	1,974	2,428
Intangible assets	4,807	5,056
Investments	129	129
<b>Total non current assets</b>	<b>7,683</b>	<b>7,734</b>
Trade and other receivables	28,326	25,194
Cash and cash equivalents	9,687	8,367
<b>Total current assets</b>	<b>38,013</b>	<b>33,561</b>
<b>Total assets</b>	<b>45,695</b>	<b>41,295</b>
Share capital	63	63
Share premium	9,921	9,921
Share based payments reserve	1,276	1,060
Retained earnings	9,102	5,896
<b>Equity attributable to equity holders</b>	<b>20,362</b>	<b>16,940</b>
Lease liabilities	1,563	2,028
Provisions	1,162	908
Deferred tax liabilities	0	50
<b>Total non current liabilities</b>	<b>2,726</b>	<b>2,986</b>
Trade and other payables	21,985	19,783
Lease liabilities	595	345
Corporation tax liability	27	1,243
<b>Total current liabilities</b>	<b>22,607</b>	<b>21,370</b>
<b>Total liabilities</b>	<b>25,333</b>	<b>24,356</b>
<b>Total equity and liabilities</b>	<b>45,985</b>	<b>41,295</b>

## Cash

Cash positive and debt free; net cash £9.7m

## Debtor Days

Trade debtor days are 34 (2024: 34)

## Payables

Trade debtors and accrued income have corresponding 75% liability to lawyers as paid when paid. Included in trade and other payables

As at : £'000	31-Jan 2025	31-Jan 2024
<b>Trade and other receivables</b>		
Trade receivables	11,786	10,495
Accrued income	12,856	11,572
Prepayments and other receivables	3,684	3,127

## Fixed Assets

Following renewal of leases in Chancery Lane we have carried out a refit to deliver a high quality modern working environment meeting the various needs of our people.

## Intangible Assets

Intangible assets are a function of the structuring of the private equity investment in October 2014

# CASH FLOW

Year ended 31 January £'000	2024	2023
Profit before tax	11,685	10,306
Depreciation - right of use assets	454	411
Amortisation & other depreciation	369	487
Revaluation of other assets	0	(71)
Share based payments	781	611
Net finance (income) / costs	(1,111)	(889)
	12,178	10,855
Movement in working capital	(674)	(429)
<b>Cash generated from operations</b>	<b>11,504</b>	<b>10,426</b>
Interest portion of leases	(88)	(71)
Net Interest received	1,199	960
Corporation tax paid	(4,405)	(2,206)
CAPEX	(772)	(69)
Repayments of lease liabilities	(210)	(600)
<b>Cash flow pre dividends</b>	<b>7,228</b>	<b>8,440</b>
Dividends paid	(5,908)	(9,180)
<b>Net Cash flow</b>	<b>1,320</b>	<b>(785)</b>
<b>Closing Cash</b>	<b>9,687</b>	<b>8,367</b>
<b>Operating cash conversion <sup>(1)</sup></b>	<b>94.5%</b>	<b>96.1%</b>

(1) Operating cash conversion calculated utilising cash generated from operations and dividing it by the PBT before non cash movements and net interest

## Cash Generative

Model inherently cash generative and capital light with lawyers only paid when Keystone is paid

Operating cash conversion<sup>(1)</sup> as always, strong at 94.5% compared to 96.1%

## Corporation Tax

Keystone now classified as “super-large” by HMRC, so timing of quarterly payments accelerated and all tax due to be paid during the year.

2025 is a transitional period so we have paid the final two payments for YE Jan 24 and the first two payments for YE Jan 25.

## Capex

Office fit out caused one off step up in Capex to £0.8m.

Normal capex level is c £0.1m

## Lease payments

New leases signed effective April 24, with six months rent-free, so reduced outflow this period.

## Net interest

Interest rates remained high for most of the Period.

## Dividends paid

Dividend paid represents Final ordinary dividend from Y/E January 2024 and interim ordinary for 2025.

Prior year had included ordinary dividends of £5.3m and a special dividend of £3.9m

KEYSTONE LAW

# SUMMARY & OUTLOOK

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## Summary

Another excellent year for Keystone

Broad based client demand has remained strong

We have recruited 50 new high calibre Principals

Strong financial performance across all matrices;  
revenue, revenue per principal, profit and cash  
generation

Paid / declared ordinary dividends of 20.2p and a  
special dividend of 15.0p

## Outlook

A positive start to the new financial year.

Client demand and recruitment activity have both  
remained positive during Q1 2026.

We are confident that we will continue to deliver strong,  
sustainable growth and expect results to be in line with  
market expectations for the coming year



## APPENDIX - BUSINESS OVERVIEW

# KEYSTONE LAW

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**FAST GROWING,  
PROFITABLE LAW FIRM  
WITH OPERATIONAL  
GEARING**



**A FULLY REGULATED TECH ENABLED PLATFORM LAW FIRM**

- We deliver high quality conventional legal services to our clients
- Our clients are predominantly SME's and high net worth individuals
- Have greater control over how they develop their practice
- Tech acts as a hub driving efficiencies and reduces costs



**WELL DIVERSIFIED WITH  
NO CLIENT, LAWYER,  
SECTOR OR PRACTICE  
AREA DEPENDENCY**



**STRONG CASH  
GENERATION SUPPORTS  
PROGRESSIVE DIVIDEND  
POLICY**



**ALTERNATIVE STRUCTURE AND SCALABLE MODEL**

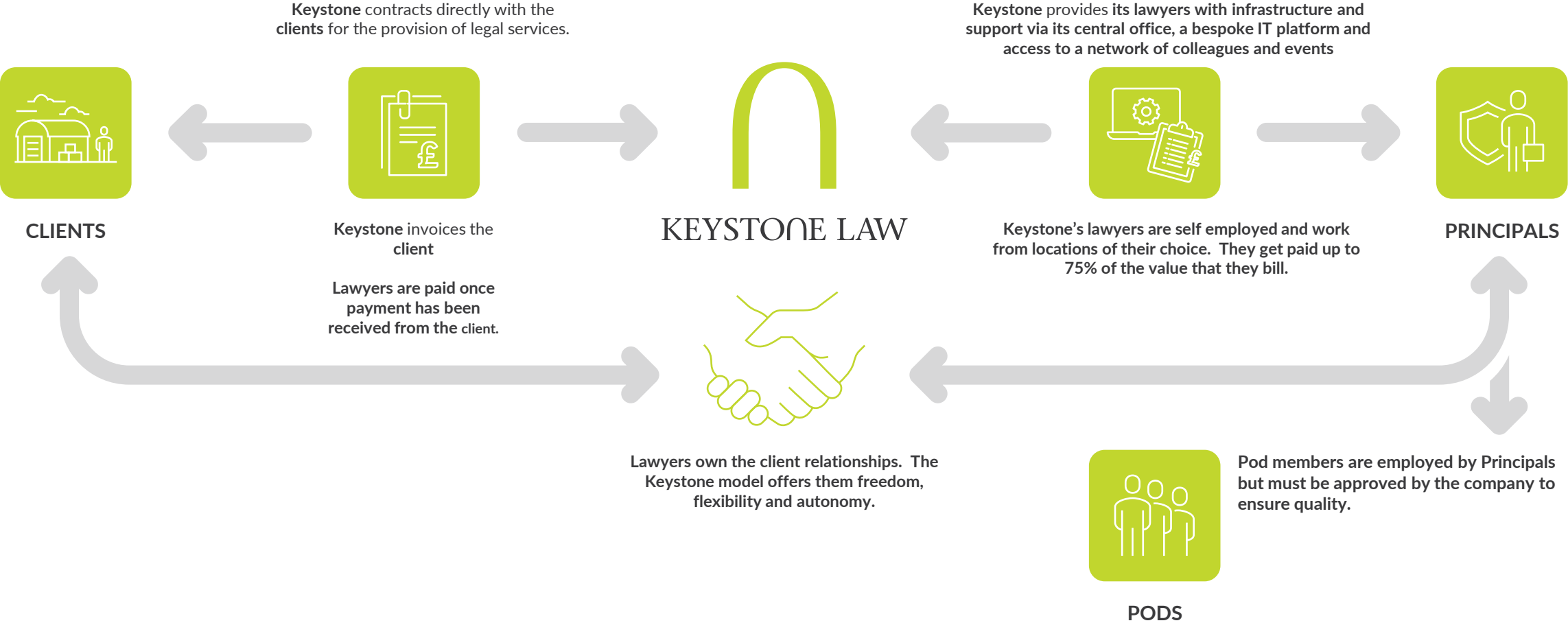
- Senior lawyers (Principals) are self employed and work from their own offices making us capital light
- Many principals recruit junior lawyers into their Pods to further leverage their opportunities increasing scalability and access to more complex transactions
- Lawyers paid 75% of billing on paid when paid basis : minimal working capital requirement
- Organic growth by recruiting successful lawyers who bring their own client following

**MARKET LEADING  
PLATFORM LAW FIRM.**

**A MODEL NOW WHOLLY  
ACCEPTED BY THE  
MAINSTREAM**



# THE MODEL



# GROWTH STRATEGY AND MARKET DYNAMICS

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## 1. ORGANIC GROWTH STRATEGY

- Primary driver of growth is recruitment of high calibre lawyers (“Principals”)
- Principals bring new client relationships and work for themselves and their colleagues (>30% work cross referred)
- Principals can employ other lawyers in their Pods supporting larger practices and facilitating delivery of more complex transactions and increasing scalability

## 2. LARGE ADDRESSABLE MARKET

- UK legal mid-market worth over £12b revenue p.a.
- Delivered by over 40,000 qualified solicitors in 185 law firms



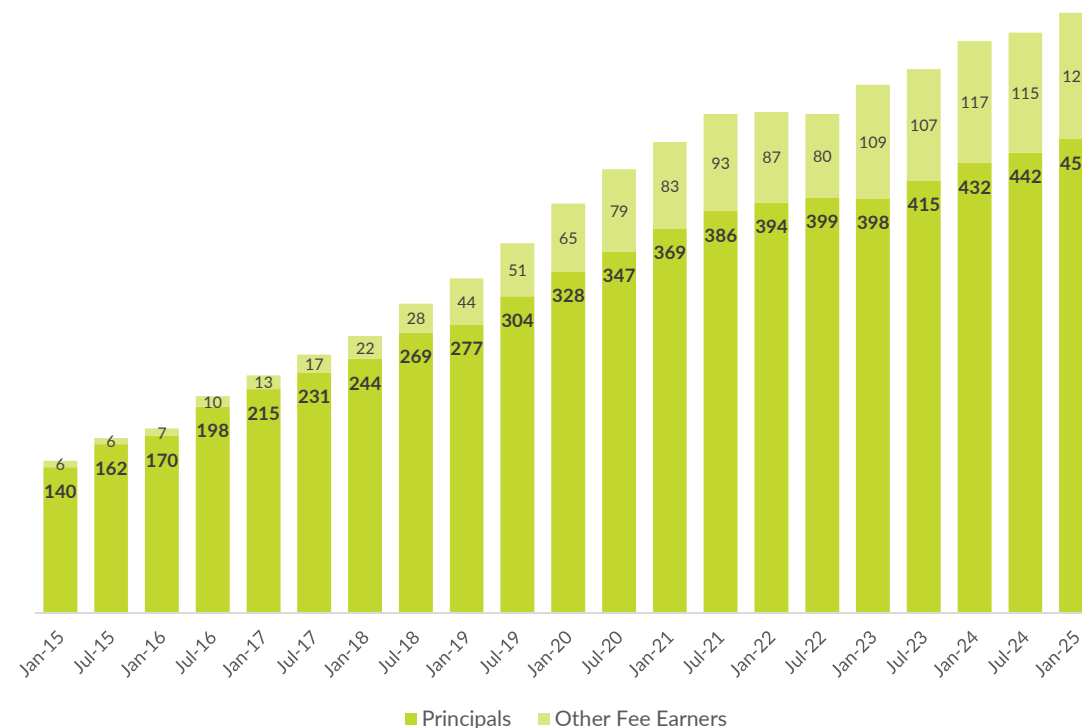
## 3. MARKET DYNAMICS

- Multiple factors make many conventional law firms unhappy places
- Senior lawyers across the market under increasing pressures not matched by increased rewards
- Keystone’s model now accepted by the mainstream
- Keystone’s market leading position makes it the stand-out choice for top quality lawyers seeking the benefits it offers



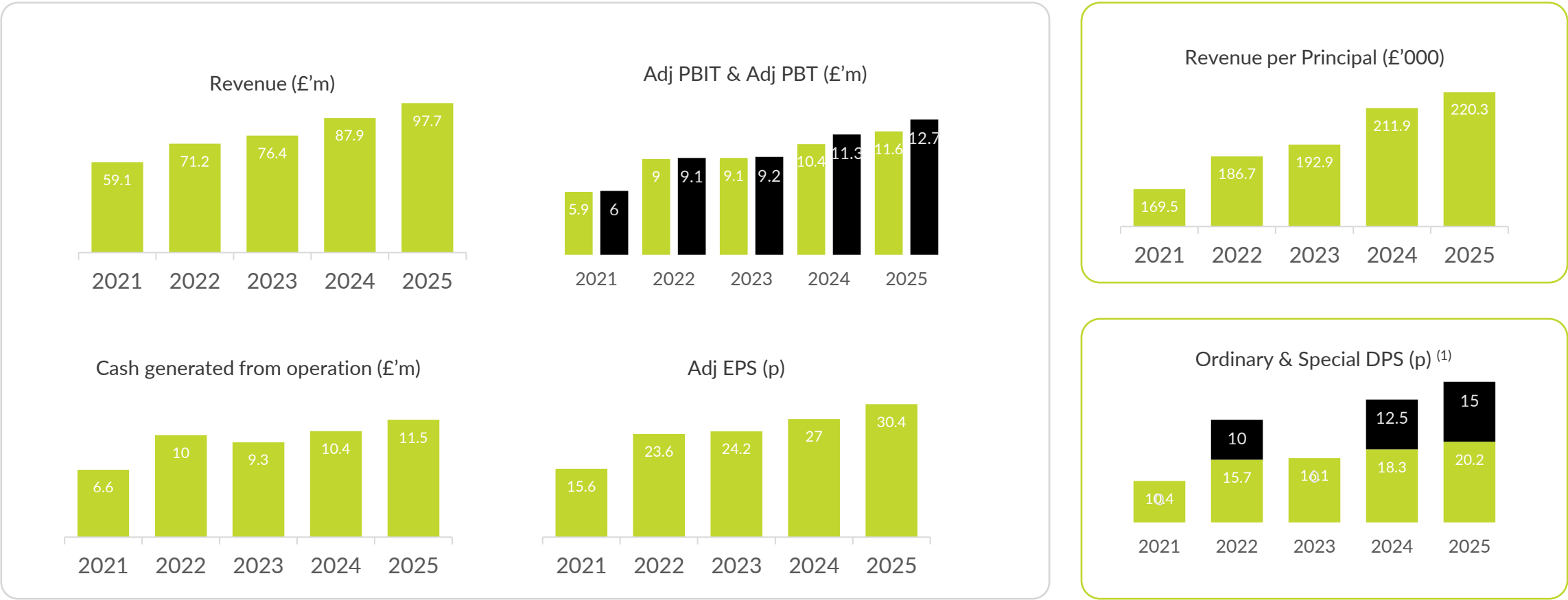
# TRACK RECORD OF GROWTH

- Fast growing – revenue of £ 97.7m<sup>(1)</sup>, increase of c14% p.a. (Jan 20– Jan 25)
- UK's 57th largest law firm by revenue <sup>(2)</sup>
- Profitable with enhancing margins
- Adjusted PBT <sup>(3)</sup> of £ 12.7m <sup>(1)</sup>, increase of 17% p.a. (Jan 2020 – Jan 25)
- Adjusted PBT margin 12.8%<sup>(1)</sup> up from 2017 8.9%
- Highly cash generative model with an operating cash conversion 94.5% (2024 96.1%)
- Progressive dividend policy –paid out 2/3rds adjusted PAT since IPO in Ordinary dividends plus 4 Special dividends. Total DPS paid / declared equals 97% of EPS generated post IPO – Jan 25
- 455 Principals, 121 Junior lawyers, 69 management and support staff



(1) Year ended 31 January 2025 (2) Source The lawyer top 100 report 2024 (3) Adjusted PBT – PBT plus amortisation of intangibles and share based payment costs

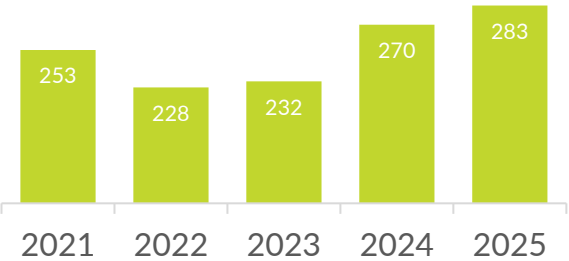
# CONSISTENTLY STRONG FINANCIAL PERFORMANCE



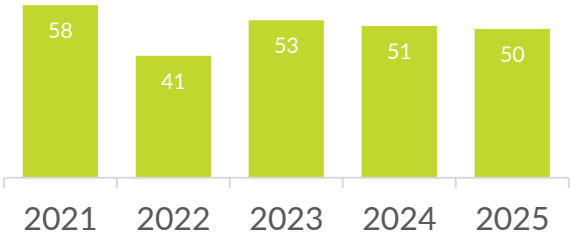
(1) DPS for year ended 31 January 2021 has been adjusted to exclude the 6.8p "catch up" dividend paid declared in the period which was really in respect of 2020 but which was not paid out due to the uncertainty caused by the outbreak of Covid

# RECRUITMENT KPI'S

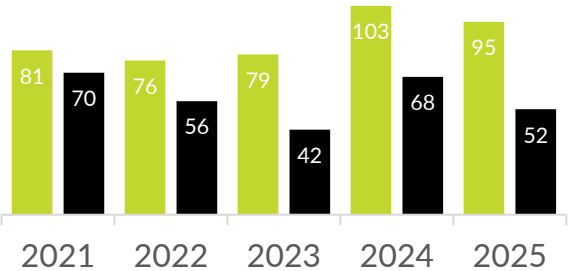
Qualified new applicants



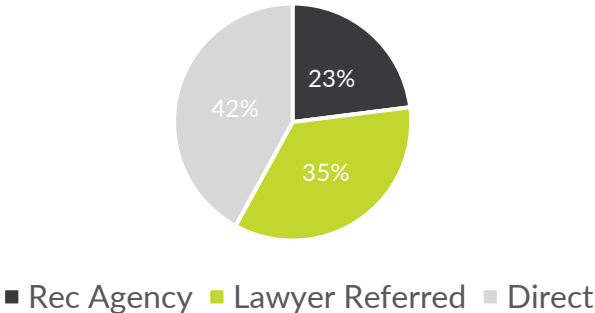
Starters (Principals)



Offers Accepted



Accepted offers by channel 2025



- Recruitment driven through three principal channels
- Key determinant in success of candidates is their quality and their ability to build and maintain client relationships.
- The calibre of our lawyers underpins Keystone's long-term sustainable growth
- c. 20% of qualified applicants are successful and join

- 90% of new Principals generate a sustainable practice
- 5% churn of Principals mainly due to retirement
- c. 15% to 20% of each cohort recruit junior resource into their Pod to leverage their opportunities
- Average age of Principals is 52 with those having joined in the last year being 50

# WHY LAWYERS JOIN KEYSTONE

- Ability to focus on legal work and clients
- Avoid management obligations, commuting and politics
- Remuneration structure
- Excellent brand, support and infrastructure
- Freedom, flexibility and autonomy



# WHAT KEYSTONE DELIVERS TO ITS LAWYERS

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Leading brand  
and reputation



High calibre colleagues  
providing breadth and  
depth of support and  
referring work



A supportive, inclusive  
and collaborative  
community



Marketing and business  
development



Compliance and  
risk management



Finance and  
administration



IT infrastructure  
developed to support  
agile working



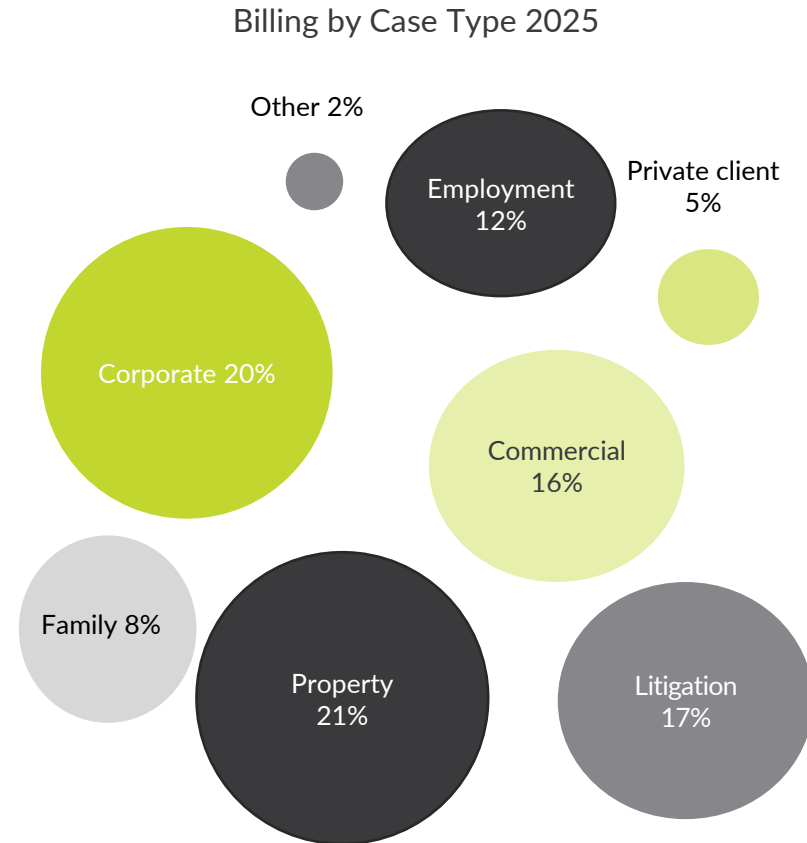
Professional  
indemnity insurance



High quality client  
meeting rooms

# A FULL-SERVICE LAW FIRM : WELL DIVERSIFIED

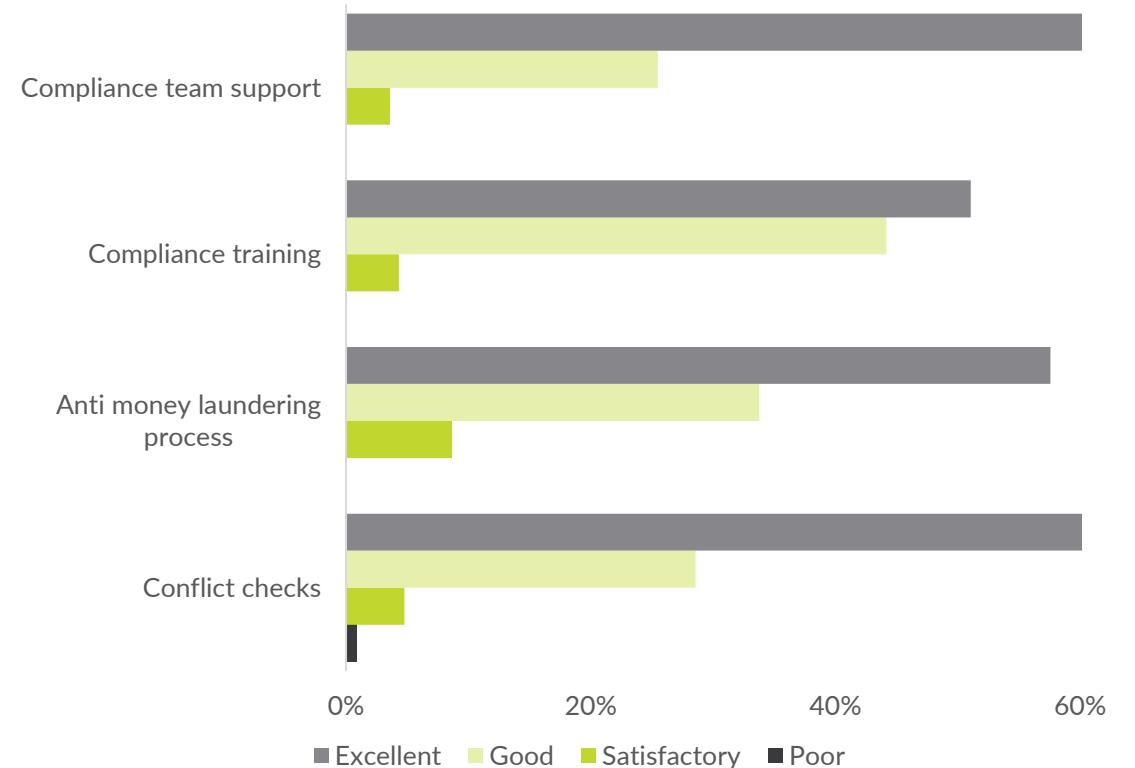
- We deliver the full range of services our clients need across the legal spectrum
- Our growth strategy ensures this mix continues to grow and deepen
- A well-balanced mix of service lines ensures no dependency on either areas of law or sectors
- No client or lawyer dependency – none > 5% recurring revenue
- Minimal exposure to high-risk legal areas (e.g.: no volume personal injury or volume conveyancing)



# ROBUST RISK MANAGEMENT

- Strategic planning
- Selective recruitment
- Regular training and professional development
- Experienced compliance and risk management team
- Use of technology and exception reporting
- Cap on contractual liability
- Professional Indemnity insurance: £60m cover

Survey of Keystone Lawyers November 2024





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