

KEYSTONE LAW

INTERIM RESULTS

for the six months ended 31 July 2025



EXECUTIVE SUMMARY

1. THE MODEL

- Fully regulated law firm with plug and play platform
- Over 600 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 & SCALABILITY

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



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



STRONG FINANCIAL PERFORMANCE

- Revenue up 16.5%
- Adjusted PBIT up 11.2%
- Adjusted PBT up 20.4%
- Operating cash conversion 104.2%
- £6.5m cash and debt free
- Interim ordinary dividend of 7.5p per share



POSITIVE RECRUITMENT ACTIVITY

- Recruitment KPIs remain strong
- 30 high calibre Principals joined in the Period
- Other fee earners increased by 19 to 140
- Total fee earners up to 612

RECRUITMENT KPIS REMAIN STRONG

164

Applicants (Principals)
H1 2025: 153

52

Offers Made (Principals)
H1 2025: 56

37

Offers Accepted (Principals)
H1 2025: 31

30

New Principals joined
H1 2025: 30

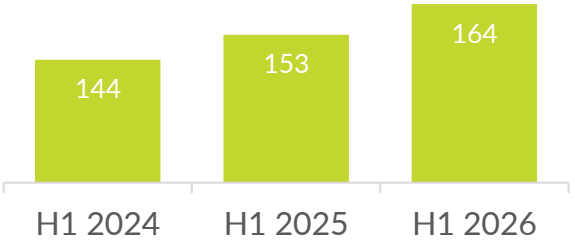
472

Principals increased from
455 to 472

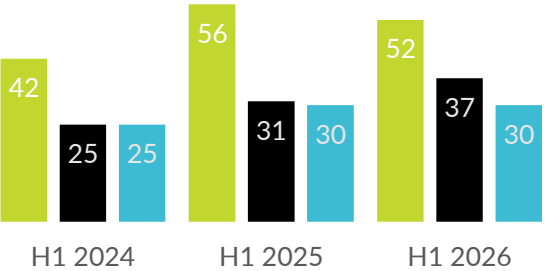
612

Total fee earners increased
from 576 to 612

Qualified New Applicants



Offers Made / Accepted & Starters



INVESTING IN SUSTAINABLE LONG-TERM GROWTH

- **AI strategy focused on delivering real value and real-life solutions**
 - Rolled out generative AI tools available as extensions to market leading products already available to our lawyers
 - Enabling file notes of Teams meetings to be completed in seconds
 - Delivering generative AI solutions for use across any documents held within our secure cloud-based document management system
 - Developed bespoke tool using generative and agentic AI so that lawyers can use simple English to query our detailed Operating Manual which now provides clear answers by return
 - Worked with external consultants to identify areas where deployment of bespoke agentic AI agents could deliver efficiency and enhance user experience. Now in review and assessment phase
 - Ongoing market research and testing of market leading products to assess what value they may bring to Keystone
- **Marketing brand refresh**
 - Initiated a review of our brand to ensure that continues to represent Keystone's market position today. Ongoing project implementation of which will span this and next year.
- **Continued excellence in service delivery across the Central Office team**

FINANCIAL HIGHLIGHTS

£54.2m

Revenue +16.5%
H1 2025: £46.5m

£6.2m

Adj. PBIT +11.2%
H1 2025: £5.6m

£7.3m

Adj. PBT +20.4%
H1 2025: £6.1m

13.6%

Adj. PBT Margin
H1 2025: 13.1%

104.2%

Operating cash conversion
H1 2025: 106%

£6.5m

Net cash
H1 2025: £8.3m

17.8p

Adjusted EPS
H1 2025: 14.6p

7.5p

Ordinary DPS
H1 2025: 6.2p

INCOME STATEMENT

Six months ended 31 July £'000	H1 2026	H1 2025	Change
Revenue	54,152	46,468	16.5%
Gross profit	13,794	12,085	14.1%
GM%	25.5%	26.0%	
Staff costs	(3,107)	(2,663)	16.7%
Other administrative expenses	(4,104)	(3,532)	16.2%
Amort & Interest - right of use assets	(233)	(223)	4.6%
Depreciation	(114)	(50)	128.4%
Net impairment of trade receivables	(85)	(77)	10.2%
Adjusted Administrative Expenses	(7,643)	(6,545)	16.8%
Other operating income	43	29	
Adjusted PBIT	6,194	5,568	11.2%
Net finance income	1,147	529	
Adjusted PBT	7,341	6,098	20.4%
Adjusted PBT%	13.6%	13.1%	
Adjusted PBIT%	11.4%	12.0%	
Adjusted basic EPS (p)	17.8	14.6	22.0%

Average Principals	464	437	6.1%
Average Revenue £ / Principal	116,832	106,334	9.9%

Revenue & GM%

Revenue up 16.5% to £54.2m, with continued strong recruitment driving average Principal numbers up 6.1%, with revenue per Principal rising 9.9% from £106.3k to £116.8k.

Revenue growth driven by Principals and their Pods, with revenue where enhanced margin⁽¹⁾ remaining flat such that share of total revenue fell by 0.5% year on year. As such GM% has fallen from 26% to 25.5% representing c£250k.

Staff Costs

Ongoing investment to support growth meant average headcount increased to 79 (H1 2025: 68). Pay reviews averaged c6% reflective of competitive market and promotions within the business. NICers increase impact c 2% of increase.

Other Admin

Increased by 16.2%. largest factors being additional IT spend of c£0.2m reflecting ongoing investment in additional software licences and impact of migration to public cloud and higher recruitment fees c£150k as number and value of rec agency fees higher.

Adj PBIT

Adj PBIT has increased 11.2% to £6.2m.

Decreased GM% flowed through to PBIT margin

Finance Income

Successful renegotiation of bank interest rates means that net finance income increased £0.6m in spite of the reduction in base rates.

Adj PBT & PBT %

Adj PBT has increased 20.4% to £7.3m.

This represents adj PBT margin of 13.6% driven by enhanced net finance income

KEYSTONE LAW

1) Enhanced GM% delivered by central office employed and Isle of Man lawyers

BALANCE SHEET

As at : £'000	31-Jul 2025	31-Jul 2024
Property, plant and equipment	690	80
Right of use assets	1,742	2,206
Intangible assets	4,807	4,881
Investments	129	129
Total non current assets	7,368	7,296
Trade and other receivables	30,043	27,301
Cash and cash equivalents	6,506	8,311
Total current assets	36,549	35,612
Total assets	43,917	42,908
Share capital	63	63
Share premium	9,921	9,921
Share based payments reserve	969	874
Retained earnings	5,828	6,563
Equity attributable to equity holders	16,780	17,421
Lease liabilities	1,321	1,763
Provisions	1,198	912
Deferred tax liabilities	0	15
Total non current liabilities	2,519	2,690
Trade and other payables	23,942	22,202
Lease liabilities	595	595
Corporation tax liability	81	0
Total current liabilities	24,618	22,797
Total liabilities	27,137	25,487
Total equity and liabilities	43,917	42,908

Cash

Cash positive and debt free; net cash £6.5m

Debtor Days

Trade debtor days are 33 (H1 2025: 33)

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-Jul 2025	31-Jul 2024
Trade and other receivables		
Trade receivables	13,563	12,601
Accrued income	13,533	11,761
Prepayments and other receivables	2,947	2,939

Fixed Assets

Following renewal of leases in Chancery Lane mid H1 2024 we 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. The amortisable element is now fully amortised.

CASH FLOW

Six months ended 31 July £'000	H1 2026	H1 2025
Profit before tax	6,932	5,544
Depreciation - right of use assets	232	222
Amortisation & other depreciation	114	226
Share based payments	409	379
Net finance (income) / costs	(1,147)	(529)
	6,540	5,841
Movement in working capital	275	348
Cash generated from operations	6,815	6,189
Interest portion of leases	(55)	(29)
Net Interest received	1,202	558
Corporation tax paid	(1,670)	(2,801)
CAPEX	(32)	(10)
Repayments of lease liabilities	(251)	(15)
Cash flow pre dividends	6,007	3,893
Dividends paid	(9,189)	(3,949)
Net Cash flow	(3,182)	(56)
Closing Cash	6,506	8,311
Operating cash conversion ⁽¹⁾	104.2%	106.0%

(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⁽¹⁾ as always, strong at 104.2% compared to 106%

Net interest

Renegotiated higher interest rates caused step up in net interest income in spite of reduction in base rates.

Corporation Tax

Last year Keystone became classified as “super-large” by HMRC, so that all tax due in a year is payable during that year.

H1 2025 was a transitional period so we paid the final two payments for YE Jan 24 and the first two payments for YE Jan 25.

Current year reverted to normal two payments in half year.

Lease payments

New leases signed effective April 24, with six months rent-free, so last year benefitted from this.

Dividends paid

Dividend paid represents both final ordinary dividend (£4.4m) and special dividend (£4.8m)

Prior year had included not included any special dividend

KEYSTONE LAW

SUMMARY & OUTLOOK

Summary

A strong first half of the year

30 new high calibre Principals joined and our lawyers have continued to build out their Pods

Strong financial performance delivering strong growth

Operationally the Central office team continues to deliver excellent service to our lawyers

Interim ordinary dividend of 7.5p

Outlook

A positive start to H2 2026

We are confident in the ongoing success of Keystone and expect both revenue and adjusted PBIT to be ahead of market expectations⁽¹⁾ for the coming year, whilst the newly renegotiated interest rates mean that we expect adjusted PBT to be comfortably ahead

(1) Management understands current market expectations ahead of this announcement to be revenue £103.6m and adjusted PBIT and PBT of £12.0m and £12.9m respectively



APPENDIX - BUSINESS OVERVIEW

KEYSTONE LAW

**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

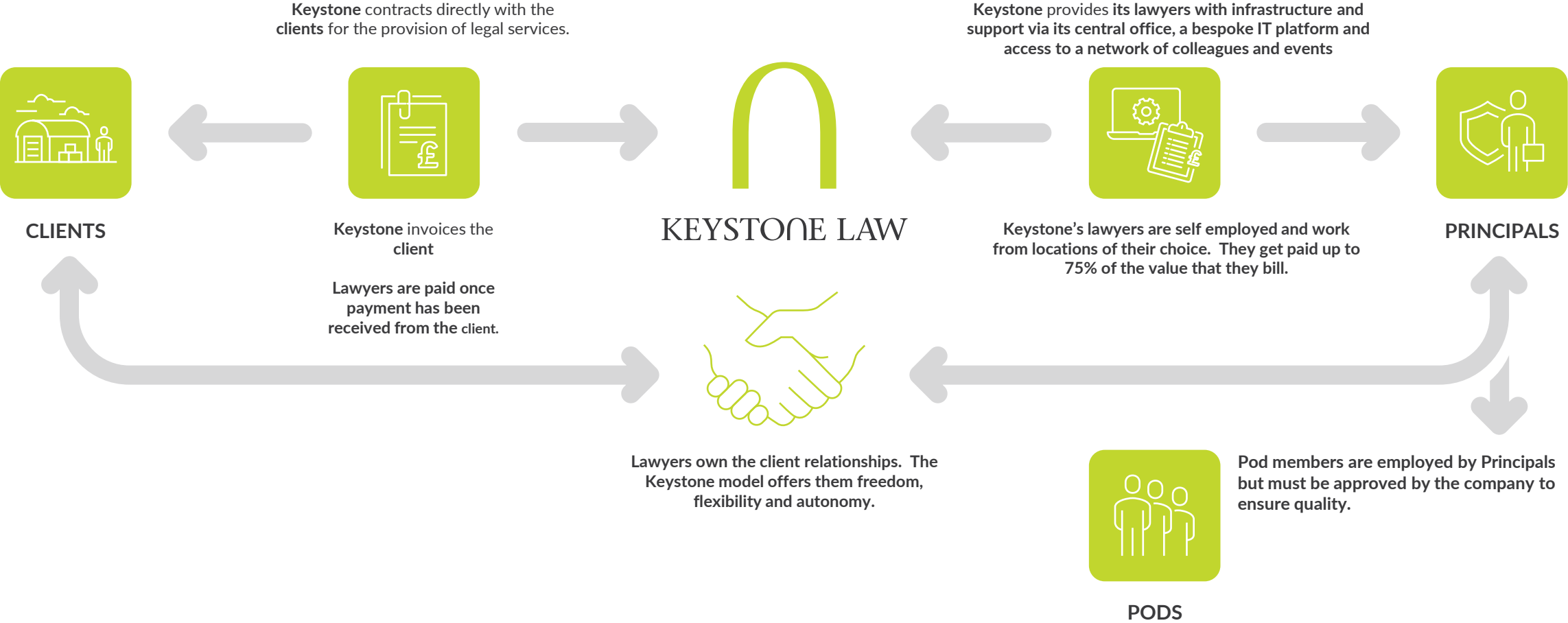
- Senior lawyers (Principals) are self employed and work from their own offices making us capital light
- Many principals recruit junior lawyers into their Pods to further leverage their opportunities increasing scalability and access to more complex transactions
- Lawyers paid 75% of billing on paid 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

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 £12bn revenue p.a.
- Delivered by over 40,000 qualified solicitors in 185 law firms

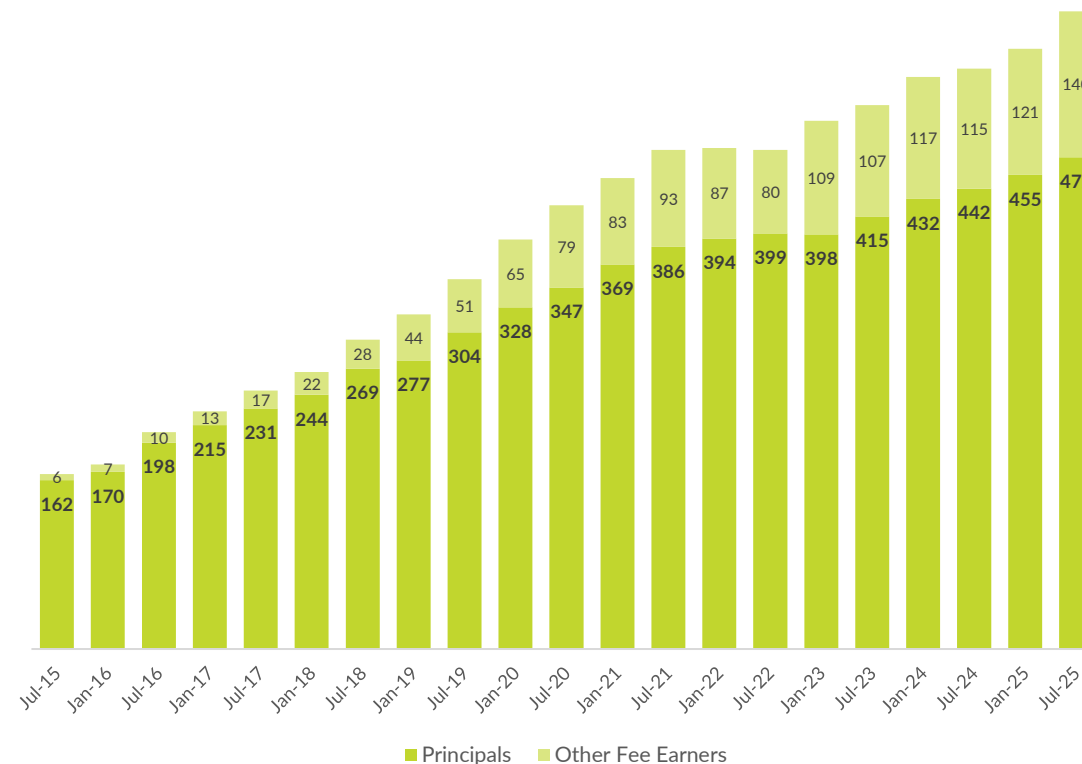


3. MARKET DYNAMICS

- 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

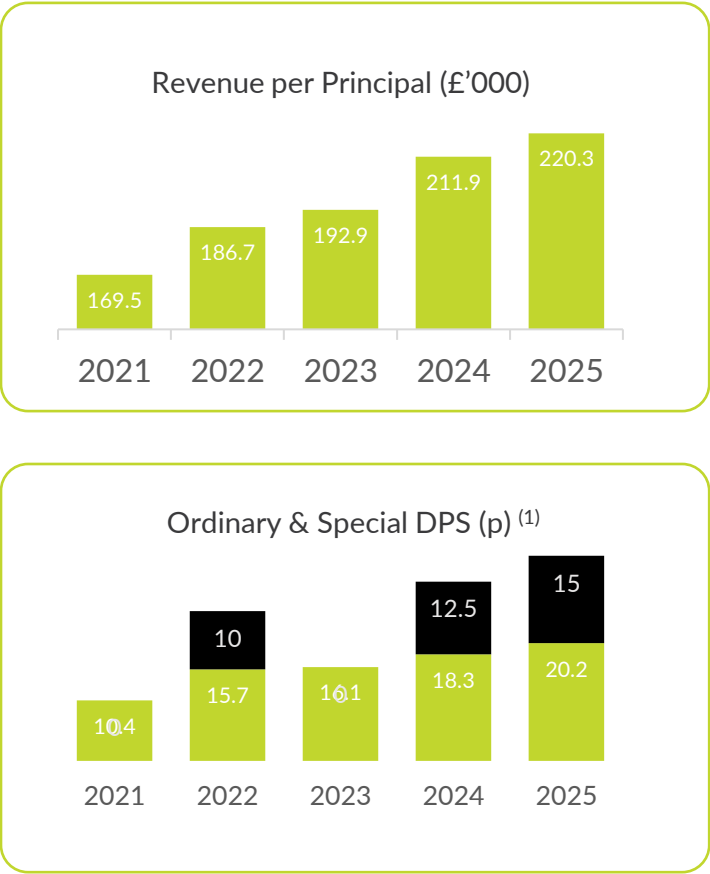
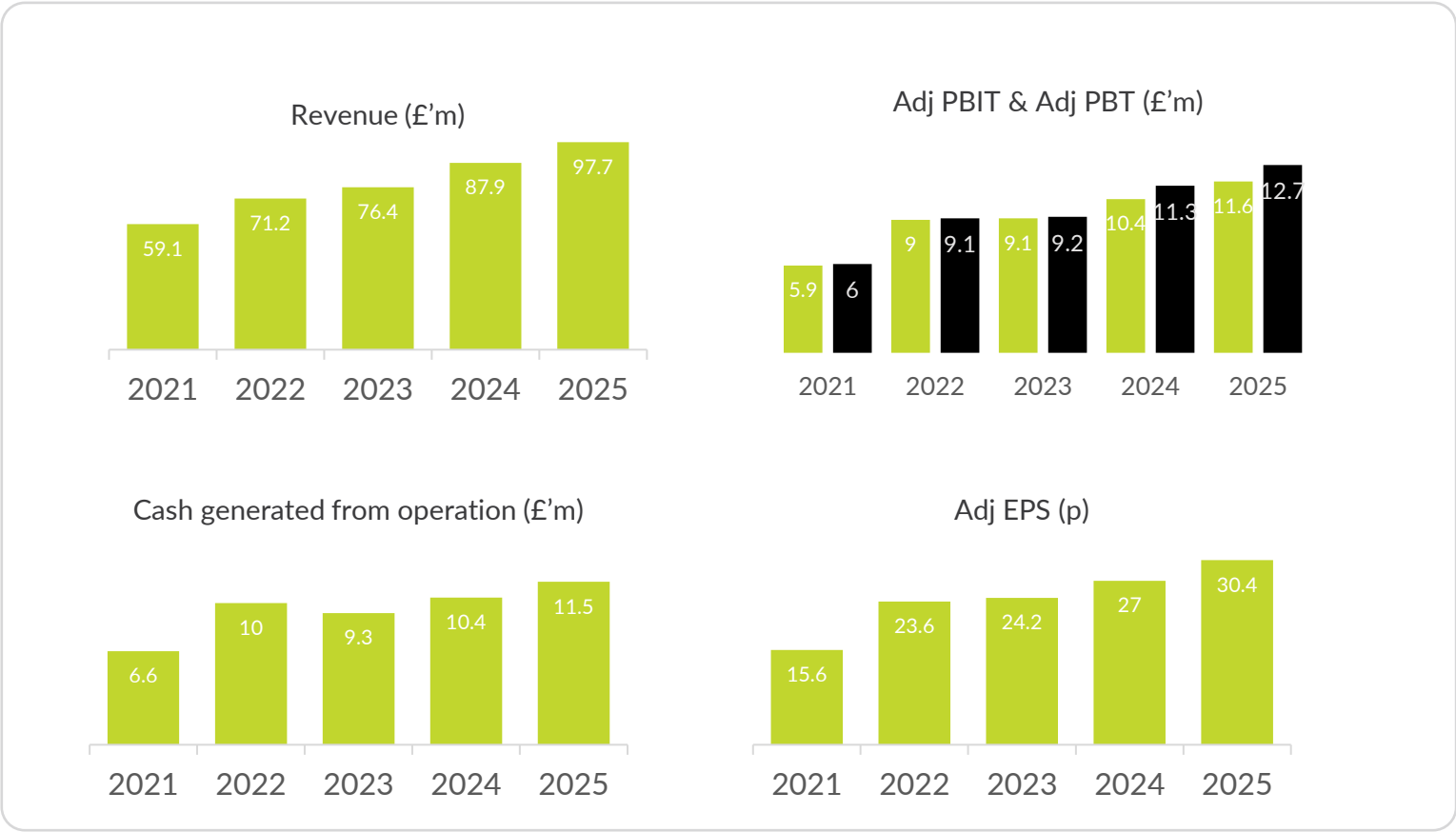
TRACK RECORD OF GROWTH

- Fast growing – revenue of £ 97.7m⁽¹⁾, increase of c14% p.a. (Jan 20– Jan 25)
- UK's 57th largest law firm by revenue ⁽²⁾
- Profitable with enhancing margins
- Adjusted PBT ⁽³⁾ of £ 12.7m ⁽¹⁾, increase of 17% p.a. (Jan 2020 – Jan 25)
- Adjusted PBT margin 12.8%⁽¹⁾ 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
- 472 Principals, 140 Junior lawyers, 79 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

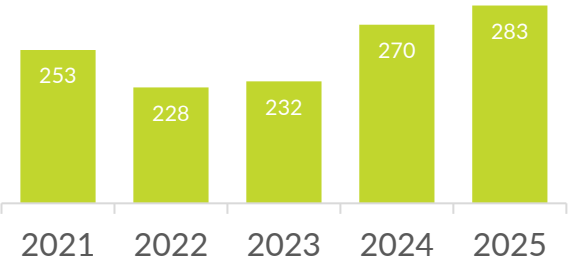
CONSISTENTLY STRONG FINANCIAL PERFORMANCE



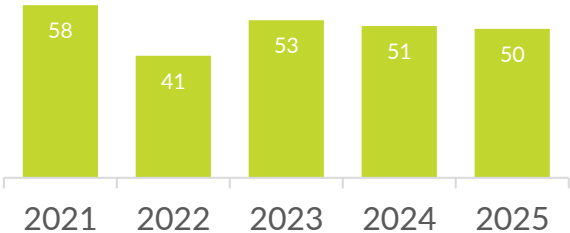
(1) DPS for year ended 31 January 2021 has been adjusted to exclude the 6.8p "catch up" dividend paid declared in the period which was really in respect of 2020 but which was not paid out due to the uncertainty caused by the outbreak of Covid

RECRUITMENT KPI'S

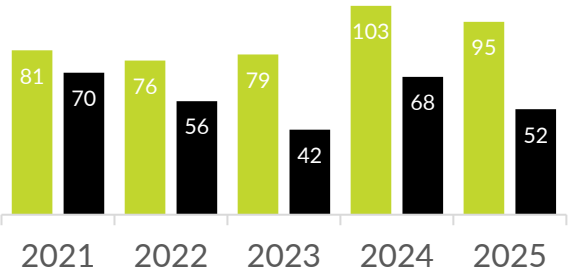
Qualified new applicants



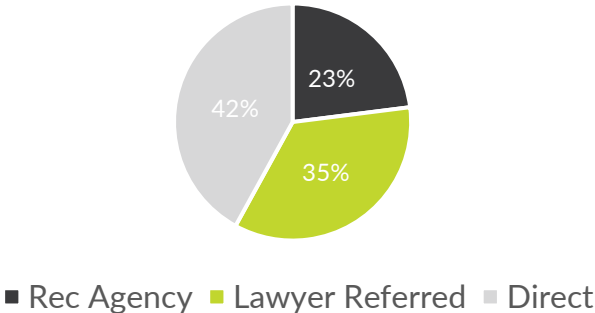
Starters (Principals)



Offers Accepted



Accepted offers by channel 2025



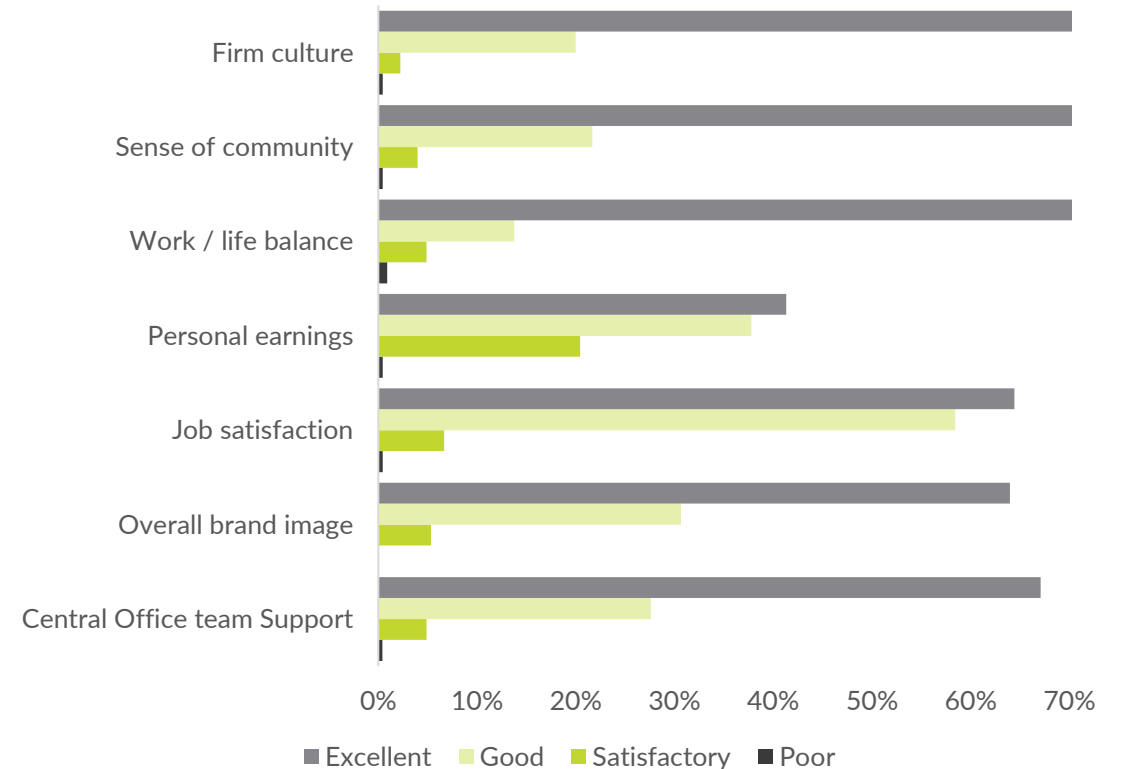
- Recruitment driven through three principal channels
- Key determinant in success of candidates is their quality and their ability to build and maintain client relationships.
- The calibre of our lawyers underpins Keystone's long-term sustainable growth
- c. 20% of qualified applicants are successful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

Survey of Keystone Lawyers November 2024



WHAT KEYSTONE DELIVERS TO ITS LAWYERS



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

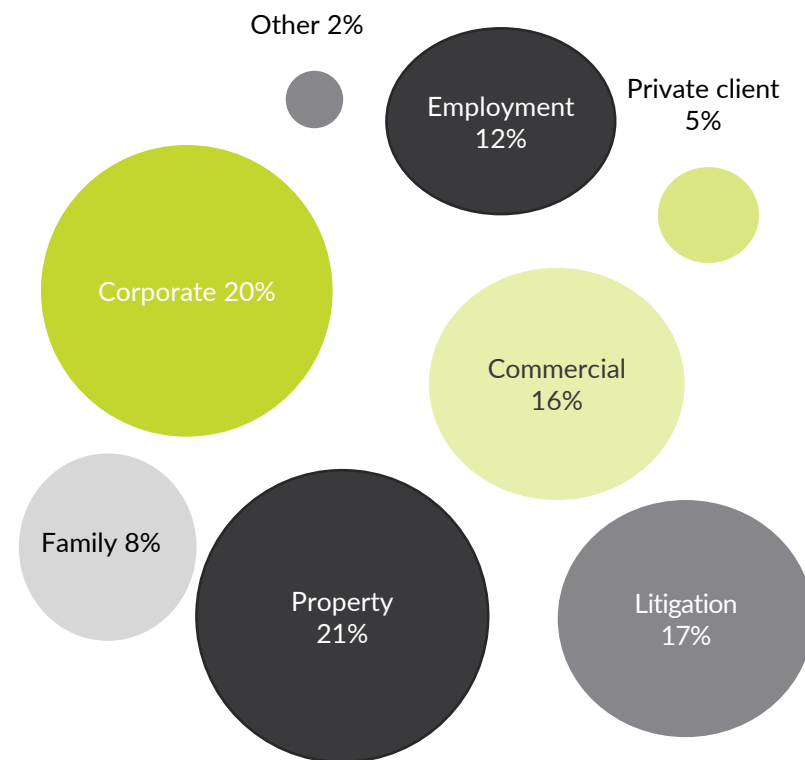


High quality client
meeting rooms

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)

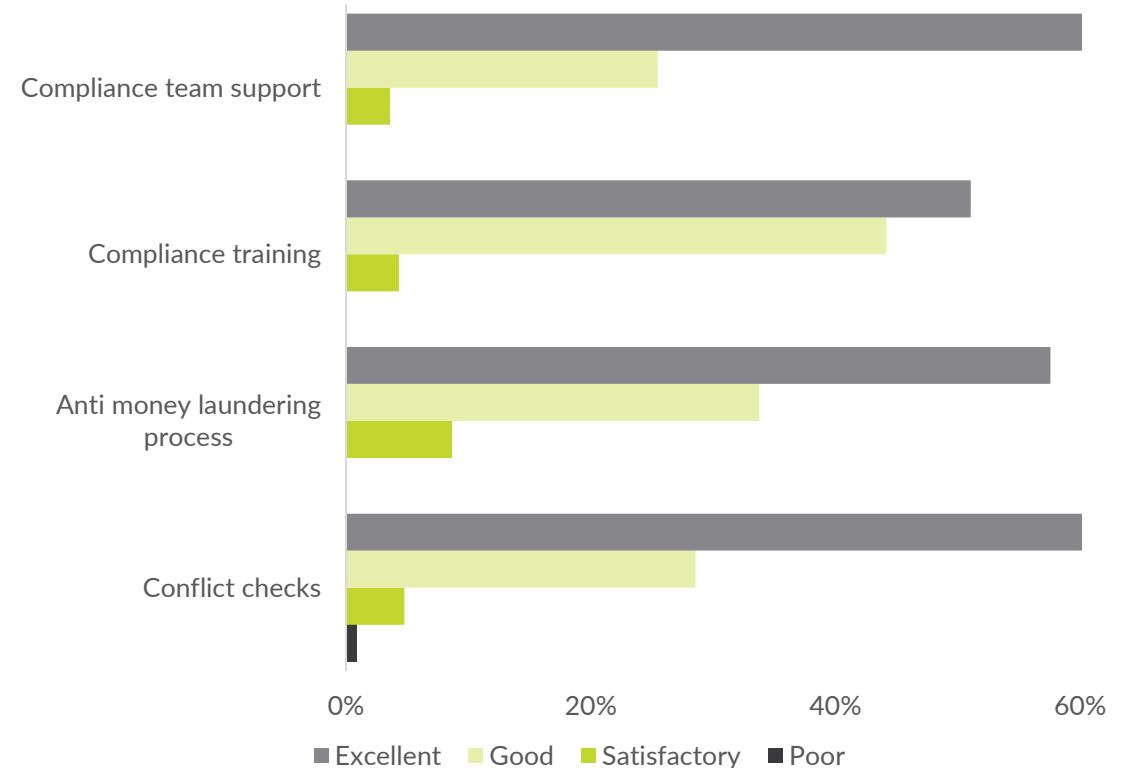
Billing by Case Type FY 2025



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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