

KEYSTONE LAW GROUP

Keystone Law Group Plc

('Keystone', the 'Group' or the 'Company')

Interim Results for the six months ended 31 July 2025

- Expecting FY 2026 revenue and adjusted PBIT to be ahead and adjusted PBT comfortably ahead of current market expectations⁽¹⁾
- Recruitment conditions remained positive, with Keystone adding 30 new Principals ongoing growth in Pods
- Interim dividend of 7.5p, reflecting balance sheet strength and confidence in the outlook

Keystone, the tech-enabled platform law firm, is pleased to announce its interim results for the six months ended 31 July 2025 ('H1 2026' or the 'Period').

Financial Highlights:

- Revenue growth of 16.5% to £54.2 million (H1 2025: £46.5 million)
- Revenue per Principal up 9.9% to £116.8k (H1 2025: £106.3k)
- Adjusted PBIT up 11.2% to £6.2million (H1 2025: £5.6million)
- Adjusted PBT up 20.4% to £7.3 million (H1 2025: £6.1 million) representing an adjusted PBT margin of 13.6% (H1 2025: 13.1%)
- Adjusted basic EPS of 17.8p (H1 2025: 14.6p)
- Cash generated from operations up 10.1% to £6.8 million (H1 2025: £6.2 million) with operating cash conversion of 104.2% (H1 2025: 106%); the Group retains a strong balance sheet with net cash of £6.5 million (H1 2025: £8.3 million) having paid out both final ordinary and special dividend for FY 2025 in the Period.
- Declared interim ordinary dividend of 7.5p per share (H1 2025: 6.2p)

Operational Highlights:

- Consistently strong operational performance continues to deliver high quality, sustainable growth
- Keystone continues to take advantage of positive recruitment market conditions:
 - 164 new applicants in the Period (H1 2025: 153)
 - 30 high-calibre new Principals added in the Period bringing total Principals to 472 (31 January 2025: 455), reinforcing Keystone's brand and market position
 - Principals continue to drive growth of Pods with other fee earners increasing 19 in the Period to 140
- Driving forward an AI strategy focused on delivering real value and real-life solutions
- Initiated marketing brand refresh to reflect Keystone's enhanced position within the legal market
- Continued excellence of service delivery across all the Central office team

Current Trading and Outlook:

- The Group has made a positive start to H2 2026
- The Board are confident in the ongoing success of Keystone and expect revenue and adjusted PBIT for the year ending 31 January 2026 ("FY 2026") to be ahead of current market expectations, whilst the newly renegotiated interest rates mean that adjusted PBT is expected to be comfortably ahead ⁽¹⁾.

⁽¹⁾ Management understands current market expectations for 2026 ahead of this announcement to be revenue £103.6million and adjusted PBIT and adjusted PBT of £12.0million and £12.9million respectively.

James Knight, Chief Executive Officer of Keystone, commented:

"I am delighted that the business continues to deliver such strong operational and financial performance, further reinforcing our ongoing investment in both people and our platform. As we maintain our reputation and leading position as the premier platform law firm, we remain confident that Keystone will continue to attract the high-quality talent needed to drive the business forward, delivering sustainable, long-term profits".

For further information please contact:

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

Notes to editors

Keystone (AIM: KEYS) is a highly scalable, premier tech-enabled platform law firm. Ranked within the UK Top 100 law firms, providing conventional legal services in a £12bn addressable market through its differentiated platform model which has three defining characteristics:

- Lawyers have freedom, flexibility and autonomy, and are paid up to 75% of what they bill.
- Lawyers determine how, when and where they work, in contrast to the conventional law firm model.
- Lawyers are provided full infrastructure and support via its central office team, bespoke user-friendly IT platform, and network of colleagues and events.

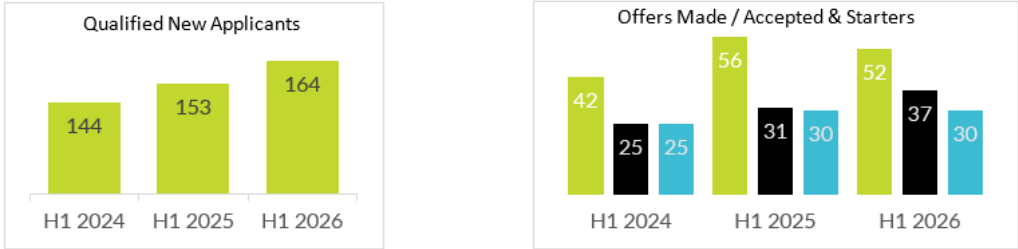
Keystone is a full-service law firm, with 20 service areas and more than 50 industry sectors delivered by over 450 high calibre self-employed Principal lawyers who work from their own offices.

More information about Keystone can be found at www.keystonelaw.co.uk.

CHIEF EXECUTIVE OFFICER’S STATEMENT

I am delighted to report another strong set of results for the first half of our financial year (“H1 2026” or the “Period”). These results reflect the continued strong performance of the business delivering revenue of £54.2m up 16.5% (H1 2025: £46.5m) and adjusted PBIT⁽¹⁾ of £6.2m up 11.2% (H1 2025: £5.6m). Successful renegotiation of bank interest rates has meant that net interest income has increased to £1.1m (H1 2025: £0.5m) such that reported PBT rose to £6.9m and adjusted PBT⁽¹⁾ increased to £7.3m (increases of 25.0% and 20.4% on H1 2025 results of £5.5m and £6.1m respectively). As always, the cash generative nature of the model has ensured that these profits have converted to cash, with cash generated from operations increasing by 10.1% to £6.8m (H1 2025: £6.2m).

Conditions in the legal recruitment market have continued to be positive for Keystone, as demonstrated by the recruitment KPIs shown in the graphs below:



H1 2026 saw 30 new Principals join us, bringing the total number of Principals to 472 (31 January 2025: 455), with the total number of fee earners increasing to 612 (31 January 2025: 576). Our continued drive for excellence across all aspects of our business remains at the heart of our recruitment strategy and the calibre of those lawyers who have joined us in the Period is further testament to this.

The central office team has continued to deliver the first-class infrastructure and support our lawyers need to excel. The efforts of our community and engagement team continue to be rewarded, whether that be through the successful onboarding and integration of new lawyers or through the positive feedback we receive from across the lawyer base regarding the thriving community and excellent events we run to bring our people together.

We have recently started a brand refresh project, working with external brand advisers to update our brand imagery so that it aligns more accurately with the law firm we are today and our position within the legal market. This project will continue to run through the second half of this year with implementation anticipated to span the end of this financial year.

For our IT team, the evolution of AI has created an exciting and rapidly evolving area of focus and opportunity. As reported in our last annual report and accounts, the development of this technology within the sector remains in its infancy, however, it is evolving extremely rapidly. Most legal IT tools now claim to include some elements of AI and there are also a substantial number of new entrants to the market, all promising an AI revolution. As in everything we do, our AI strategy is focused on delivering real value, providing real-life solutions to challenges experienced by our lawyers and / or central office team and bringing efficiencies and enhanced user experience across the business.

During the Period, we have rolled out a number of generative AI tools, which are available as extensions to the market leading products we already provide to our lawyers. These include the ability for our lawyers to produce file notes of Teams meetings in seconds and for our lawyers to use generative AI solutions across any documents held within NetDocuments (our secure cloud-based document management system). We have developed an internal tool using generative AI as well as an element of agentic AI. This enables our lawyers to interrogate our voluminous Operating Manual using basic English language queries providing them with logical answers as well as links to the relevant sections of the manual; taking only seconds. We have also worked with expert external consultants to identify areas where the deployment of bespoke agentic AI agents could deliver efficiency and enhance user experience across the business. We are now reviewing the output from this work in order to prioritise development and implementation which we anticipate will commence later this year. We continue to explore the market, testing other market leading products and considering what value these may bring to our lawyers.

I would like to take this opportunity to thank my colleagues across all teams of the central office for their dedication and passion, which continues to drive the business forwards and has made these results possible.

Dividend

I am pleased to announce that the Board has declared an interim ordinary dividend of 7.5p per share. This dividend will be payable on 24 October 2025 to shareholders on the register on 3 October 2025, and the shares will go ex-dividend on 2 October 2025.

Summary and outlook

We are delighted with the overall success of H1 2026 results. Keystone has produced another strong performance delivering high quality, sustainable growth, driving the business forwards and reasserting our position as market leader.

Although there remains global economic uncertainty, from which the UK is not exempt, we remain positive in the ongoing success of Keystone. In light of the success of our H1 2026 performance, together with the positive start we have had to H2 2026, the Board now expects that Keystone will deliver both revenue and adjusted PBIT, for FY 2026, ahead of current market expectations⁽²⁾, whilst the ongoing benefit of the renegotiated bank interest rates means that adjusted PBT will be comfortably ahead of current market expectations.

James Knight

Chief Executive Officer

22 September 2025

(1) Adjusted PBIT and adjusted PBT are calculated using profit before tax and adding back amortisation in the prior period and share-based payments for all periods.

(2) Management understands current market expectations for FY 2026 to be revenue of £103.6m and adjusted PBIT and adjusted PBT of £12.0m and £12.9m respectively.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 July 2025

		6 months to July 2025 (Unaudited) £	6 months to July 2024 (Unaudited) £
	Note		
Revenue		54,151,537	46,468,026
Cost of sales		(40,358,020)	(34,383,352)
Gross profit		13,793,517	12,084,674
Trade receivables impairment		(265,266)	(255,217)
Corresponding reduction in trade payables		180,059	177,885
		(85,207)	(77,332)
Depreciation and amortisation		(346,456)	(447,286)
Share-based payments	2	(408,852)	(378,934)
Administrative expenses	2	(7,211,696)	(6,194,844)
Other operating income		43,461	28,710
Operating profit		5,784,767	5,014,988
Finance income		1,578,727	929,379
Finance costs		(431,834)	(400,167)
Profit before tax		6,931,660	5,544,200
Corporation tax expense		(1,724,898)	(1,492,880)
Profit and total comprehensive income for the period attributable to equity holders of the Parent		5,206,762	4,051,320
Basic EPS (p)	1	16.5	12.9
Diluted EPS (p)	1	16.2	12.6

The above results were derived from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2025

	Note	31 July 2025 (Unaudited) £	31 July 2024 (Unaudited) £	31 January 2025 (Audited) £
Assets				
Non-current assets				
Property, plant and equipment				
– Owned assets		690,053	80,028	772,027
– Right-of-use assets		1,741,680	2,206,259	1,973,730
Total property, plant and equipment		2,431,733	2,286,287	2,745,757
Intangible assets		4,807,411	4,880,512	4,807,411
Investments		129,350	129,350	129,350
		7,368,494	7,296,419	7,682,518
Current assets				
Trade and other receivables	3	30,043,484	27,270,682	28,325,545
Corporation tax		–	29,899	–
Cash and cash equivalents		6,505,516	8,311,102	9,687,172
		36,549,000	35,611,683	38,012,717
Total assets		43,917,494	42,907,832	45,695,235
Equity and liabilities				
Equity				
Share capital		63,434	63,186	63,186
Share premium		9,920,760	9,920,760	9,920,760
Share-based payments reserve		968,590	874,353	1,276,080
Retained earnings		5,827,556	6,562,760	9,102,454
Equity attributable to equity holders of the Parent		16,780,340	17,421,058	20,362,480
Non-current liabilities				
Lease liabilities		1,320,595	1,762,833	1,563,376
Deferred tax liabilities		–	14,610	–
Provisions		1,198,130	912,071	1,162,235
		2,518,725	2,689,514	2,725,611
Current liabilities				
Trade and other payables		23,942,119	22,202,412	21,985,238
Lease liabilities		594,848	594,848	594,848
Corporation tax liability		81,462	–	27,058
		24,618,429	22,797,260	22,607,144
Total liabilities		27,137,154	25,486,773	25,332,755
Total equity and liabilities		43,917,494	42,907,832	45,695,235

The interim statements were approved and authorised for issue by the Board of Directors on 22 September 2025 and were signed on its behalf by:

A Miller

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 July 2025

	Attributable to equity holders of the Parent				
	Share capital	Share premium	Share-based payment reserve	Retained earnings	Total
	£	£	£	£	£
At 31 January 2024 (audited)	62,963	9,920,760	1,059,531	5,896,437	16,939,691
Profit for the period and total comprehensive income	—	—	—	4,051,320	4,051,320
Transactions with owners					
Share-based payments vesting	223	—	(564,113)	564,113	223
Share-based payments awards	—	—	378,964	—	348,964
Dividends paid	—	—	—	(3,949,109)	(3,949,109)
At 31 July 2024 (unaudited)	63,186	9,920,760	874,353	6,562,760	17,421,058
Profit for the period and total comprehensive income	—	—	—	4,498,453	4,498,453
Transactions with owners					
Share-based payments vesting	—	—	—	—	—
Share-based payments awards	—	—	401,698	—	401,698
Dividends paid	—	—	—	(1,958,760)	(1,958,760)
At 31 January 2025 (audited)	63,186	9,920,760	1,276,080	9,102,454	20,362,480
Profit for the period and total comprehensive income	—	—	—	5,206,762	5,206,762
Transactions with owners					
Share-based payments vesting	248	—	(716,342)	716,343	248
Share-based payments awards	—	—	408,852	—	408,852
Dividends paid	—	—	—	(9,198,002)	(9,198,002)
At 31 July 2025 (unaudited)	63,434	9,920,760	968,590	5,827,556	16,780,340

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 July 2025

	Note	6 months to July 2025 (Unaudited) £	6 months to July 2024 (Unaudited) £	Year ended 31 January 2025 (Audited) £
Cash flows from operating activities				
Profit before tax		6,931,660	5,544,200	11,684,999
Adjustments to cash flows from non-cash items				
Depreciation and amortisation	2	346,056	447,286	823,681
Share-based payments		408,852	378,934	780,662
Finance income		(1,578,727)	(929,379)	(1,966,246)
Finance costs		431,834	400,167	855,043
		6,539,675	5,841,208	12,178,139
Working capital adjustments				
(Increase) in trade and other receivables		(1,717,939)	(2,076,333)	(3,131,196)
Increase in trade and other payables		1,956,881	2,419,825	2,202,651
Increase in provisions		35,895	4,126	254,290
Cash generated from operations		6,814,512	6,188,826	11,503,884
Interest paid on client balances		(377,191)	(370,980)	(767,002)
Interest portion of lease liability		(54,643)	(29,187)	(88,041)
Corporation taxes paid		(1,670,492)	(2,800,524)	(4,404,523)
Cash generated from operating activities		4,712,186	2,988,135	6,244,318
Cash flows from/(used in) investing activities				
Interest received		1,578,727	929,379	1,966,246
Purchases of property, plant and equipment		(32,432)	(9,609)	(772,373)
Net cash generated from/(used in) investing activities		1,546,295	919,770	1,193,873
Cash flows from financing activities				
Proceeds from issue of ordinary shares		248	223	223
Lease repayments		(251,383)	(14,989)	(210,445)
Dividends paid		(9,189,002)	(3,949,109)	(5,907,869)
Net cash (used in) financing activities		(9,440,137)	(3,963,875)	(6,118,091)
Net (decrease)/increase in cash and cash equivalents		(3,181,656)	(55,970)	1,320,100
Cash at 1 February		9,687,172	8,367,072	8,367,072
Cash at 31 July		6,505,516	8,311,102	9,687,172

NOTES TO THE INTERIM REPORT

1. GENERAL INFORMATION

The Company was incorporated as Keystone Law Group Limited on 13 May 2014 under the Companies Act 2006 (registration no. 09039092) and subsequently used as the vehicle to acquire Keystone Law Limited (the main trading company in the Group) and its subsidiaries on 17 October 2014. The Company was re-registered as a Public Limited Company on 10 November 2017. The Company was incorporated and is domiciled in England and Wales. The principal activity of the Group is the provision of legal services. The address of its registered office is: 48 Chancery Lane London WC2A 1JF.

The Interim Report is presented in Pounds Sterling, being the functional currency of the companies within the Group.

ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Interim Report has been prepared in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards.

BASIS OF PREPARATION

The Interim Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 January 2025 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies House 2006. The Interim Report information has been prepared in accordance with the recognition and measurement principles of UK adopted International Accounting Standards, and on the same basis, and using the same accounting policies, as used in the financial statements for the year ended 31 January 2025.

The Interim Report has not been audited or reviewed, in accordance with the International Standard on Review Engagement 2410 (UK) issued by the Financial Reporting Council ("FRC").

GOING CONCERN

The Interim Report has been prepared on a going concern basis as the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has no debt, is strongly cash generative and has a strong trading performance. The Group's forecasts and projections show that the Group has sufficient resources for both current and anticipated cash requirements.

ACCOUNTING DEVELOPMENTS

There have been no new standards or interpretations relevant to the Group's operations applied in the Interim Report for the first time.

ADJUSTED PBT

Adjusted PBT is utilised as a key performance indication for the Group and is calculated as follows:

	6 months to July 2025 (Unaudited) £'000	6 months to July 2024 (Unaudited) £'000
Profit before tax	6,932	5,544
Amortisation	—	175
Share-based payments	409	379
Adjusted PBT	7,341	6,098

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. The weighted average number of shares in the period was 31,625,863 (H1 2025: 31,515,028) and the basic earnings per share was 16.5p (H1 2025: 12.9p). Diluted earnings per share is calculated by dividing the same profit by the weighted average number of ordinary shares, taking into account the dilution effect from grants made under the Long Term Incentive Plan (32,210,899; H1 2025: 32,041,554). Diluted earnings per share was 16.2p (H1 2025: 12.6p).

The adjusted earnings per share was 17.8p (H1 2025: 14.6p), whilst the diluted adjusted earnings per share was 17.4p (H1 2025: 14.4p). Adjusted earnings are stated by making the same adjustments to earnings as those made in calculating adjusted PBT.

2. EXPENSES BY NATURE

	6 months to July 2025 (Unaudited) £	6 months to July 2024 (Unaudited) £
Expenses are comprised of:		
Depreciation – right-of-use assets	232,050	221,746
Depreciation – other	114,406	50,098
Amortisation	—	175,442
Staff costs	3,907,870	3,291,181
Share-based payments	408,852	378,934
Other administrative expenses	4,104,844	3,531,933
	8,768,022	7,649,334

Included within staff costs above are the costs of employed fee earners who are included within cost of sale (H1 2026: £801,018; H1 2025: £628,270).

3. TRADE AND OTHER RECEIVABLES

	31 July 2025 (Unaudited) £	31 July 2024 (Unaudited) £	31 January 2025 (Audited) £
Trade receivables	19,060,337	17,250,578	17,283,997
Provision for impairment of trade receivables	(5,497,587)	(4,649,750)	(5,497,587)
Net trade receivables	13,562,750	12,600,828	11,786,410
Accrued income	13,533,029	11,760,727	12,856,306
Prepayments	1,305,226	1,504,815	1,919,904
Unbilled disbursements	1,022,206	1,021,297	842,334
Reimbursement asset	478,311	280,000	442,541
Other receivables	141,963	103,015	478,050
Total current trade and other receivables	30,043,484	27,270,682	28,325,545
Net trade receivables average age (days) (unaudited)	33	33	34

4. DIVIDENDS

The Directors have declared an interim ordinary dividend of 7.5p per share (H1 2025: ordinary dividend of 6.2p per share). The dividend will be paid on 24 October 2025 to shareholders on the register on 3 October 2025, with the shares going ex-dividend on 2 October 2025. In accordance with IAS10 "events after the balance sheet date", these dividends have not been reflected in the Interim Report.

Keystone Law

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