

Knights Group Holdings plc
("Knights", the "Company" or the "Group")

Trading update for the six months ended 31 October 2024

Strong margin improvement, revolving credit facility extended

Confident in delivering a FY performance in line with market expectations

Knights, the national legal and professional services business, today provides a trading update for the six months ended 31 October 2024.

The Group has delivered a strong performance in the period with underlying PBT¹ expected to increase by 25.9% to c. £14.6m (H1 24: £11.6m), on anticipated revenue growth of 5.4% to c.£79.4m (H1 24: £75.3m). This reflects a 3.0% pts increase in PBT margin to 18.4% (H1 24: 15.4%) and continued strong progression from 12.6% in H1 23. This strong first half performance underscores the Group's confidence in delivering a full year performance in line with market expectations.

In September 2024, the Group acquired Thursfields Legal Limited, a full legal services business with a national client base, significantly strengthening Knights' presence in the West Midlands. The business is integrating well, and is performing in line with expectations.

Momentum in recruitment continues, with 23 senior professionals joining Knights in the first half (H1 24: 20) and a good pipeline of further hires for the second half, driven by increased brand awareness and a growing reputation across the UK legal services market.

Balance sheet and Extended Revolving Credit Facility

The Group's continued strong focus on working capital discipline is reflected in debtor days² at 31 October 2024 of 33 (H1 24: 31 days). Net debt³ was £50.1m at 31 October 2024, (at 30 April 2024 : £35.2m) after paying £8.9m initial and deferred consideration in respect of acquisitions.

The Group has agreed with HSBC UK, AIB (GB) and NatWest to extend its revolving credit facility to provide total committed funding of £100m (an increase from the existing £70m) until November 2027 (extended by a year). The extended facility provides the Group with significant headroom to execute its value-accretive acquisition strategy as suitable opportunities arise.

UK national insurance

The changes announced in the UK Government's Autumn Budget on 30 October, and primarily the changes to national insurance contributions, are expected to have an annualised cost impact of £2m in FY 26, with just one month of the changes impacting FY 25. The Group is well-positioned in relation to these changes through its ongoing focus on growth, efficiency and pricing.

David Beech, CEO of Knights, commented:

"It has been a strong first half and I am particularly pleased with our focus on profitable revenue growth. The continued improvement in margin reflects the increasing quality of our revenue, team and our continued focus on the cost base.

"We are encouraged by our strong momentum in recruitment which continues to build as Knights' national scale and strong reputation are increasingly recognised. These factors, together with our ongoing focus on operational excellence, and early signs of a recovery in corporate and residential housing work, position us well for a strong performance in the second half in line with market expectations."

Knights will provide a further update on trading with its half year results announcement on 14 January 2025.

Ends

Notes

¹ Underlying PBT is before amortisation of acquired intangibles, non-underlying operating expenses, and non-underlying finance costs. Non-underlying operating expenses include transaction and onerous lease expenses in relation to acquisitions, contingent acquisition payments, disposal of acquired assets, along with one-off restructuring staff and professional expenses, mainly incurred on acquisitions, through streamlining support functions or strategic reorganisations.

² Debtor days are calculated on a count back basis using the gross debtors at the period end and compared with total fees raised over prior months.

³ Net debt includes cash and cash equivalents, borrowings and acquired debt but excludes lease liabilities.

Enquiries

Knights

David Beech, CEO

Via MHP

Kate Lewis

Deutsche Numis (Nomad and Broker)

Stuart Skinner, Kevin Cruickshank

020 7260 1000

MHP (Media enquiries)

Katie Hunt, Eleni Menikou, Rob Collett-Creedy

020 3128 8100
+44 (0)7884 494112
knights@mhpgroup.com

Notes to Editors

Knights is a fast-growing legal and professional services business, ranked within the UK's top 50 largest law firms by revenue. Knights was one of the first law firms in the UK to move from the traditional partnership model to a corporate structure in 2012 and has since grown rapidly. Knights has specialists in all key areas of Corporate and Commercial law and Private Wealth services. It is focussed on key UK markets outside London and currently operates from 26 offices located in Birmingham, Brighton, Bristol, Carlisle, Cheltenham, Chester, Exeter, Kidderminster, Kings Hill, Leeds, Leicester, Lincoln, Manchester, Newbury, Newcastle, Nottingham, Oxford, Portsmouth, Sheffield, Solihull, Stoke, Teesside, Weybridge, Wilmslow, Worcester and York.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTFFMFAUELSEEF