

“

I am delighted to introduce Knights' first annual report as an AIM-listed entity.”



Balbinder ('Bal') Johal
Non-Executive Chairman

8 July 2019

Chairman's Statement

After a successful track record under private ownership, becoming a public company was the next logical step for Knights to achieve its vision of creating the leading legal and professional services business outside London.

As well as the reputational benefits of the transparency and recognition that come from being listed, a key advantage was that the people who had helped us build the business were able to participate in the listing; our people are delighted to be stakeholders in a public company.

We are already seeing the benefits of the listing as we attract a wider pool of potential talent and acquisition targets.

Our first year as a listed business has seen us deliver strongly on our strategy – both organically and by acquisition, with revenue and underlying profit before tax* up 51% and 104% respectively. This performance reflects organic revenue growth of 15%, complemented by our successful acquisitions during the year of Turner Parkinson, Spearing Waite, Cummins and BrookStreet des Roches which have all been integrated and are performing well.

Pioneering Business Model

Knights was the first organisation of its type in the UK legal sector to attract private equity investment, enabling us to move from the traditional partnership model to a corporate structure creating a clear separation between management/ownership and fee earners. We are a legal and professional services business, not a law firm. A clear indicator of this is that only one member of our Board - our CEO, David - has a legal background, and he hasn't practised as a lawyer for 15 years. It also gives Knights a significant point of difference in that our profits are reinvested for growth, rather than having to distribute them to partners.

Knights is testament to the fact that quality legal advice doesn't have to sit in central London. Knights is a City-quality business, but the professionals and clients don't need to leave their home city to be part of it. If you walk into any of our offices, you will feel you've entered a central London firm in terms of the quality of our people and the

service we provide. As well as fantastic professionals, the places in which we operate have great clients we can service. For instance, our client list includes McDonald's, Bupa, Prudential, and MBNA. As we have achieved critical mass, the size of our clients and the volume of work has grown. The benefit of our model is that we are able to work with local corporate clients as well as large national organisations that want to work with advisory firms of scale.

The Top 50 legal firms in the UK are not really looking to build a presence beyond cities such as Birmingham, Manchester or Leeds. In contrast, we are targeting towns and cities where we can be the leading legal and professional services business outside London. We work in a different way. Having a successful career in law doesn't have to mean working long hours with a long commute. We offer a genuine work-life balance for our colleagues.

Unique Culture

Knights' culture and values are vitally important differentiators, and underpin our considerable success in attracting and retaining both colleagues and clients. When we ask new starters about their first impression of Knights, the first word used is 'friendly'. Operating as a single team is a core part of our ethos, and we rotate Board meetings around our eight offices so that our senior team is as close to the activities of the business as possible.

A key measure of our culture is colleague retention, which is at market leading levels and ultimately leads to quality service for our clients. This also helps us achieve high levels of client retention, as our clients value the consistency of our service. Our relentless focus on doing these important things well, supports a highly profitable and growing business.

Strong Governance

Public companies benefit from formalised and transparent governance structures with the highest standards of compliance and ethics, and our structured approach is designed for the benefit of all stakeholders. We have a strong Board, including three Non-Executive Directors who bring a wealth of experience, and rigorous processes

and standards. Complementing my role as Non-Executive Chairman, Steve Dolton is the Senior Independent Non-Executive Director. Steve has spent more than 20 years in senior financial roles, including CFO of NAHL plc, NSL Services Group and Azzurri Communications, to name a few. Steve chairs our Audit Committee and is also a member of the Remuneration Committee.

During the year, Richard King moved from Non-Executive Director to Chief Operating Officer. To replace Richard, we were delighted to welcome Jane Pateman as a Non-Executive Director. Jane brings over 17 years' experience in senior HR roles to our Board. She chairs our Remuneration Committee and is also a member of the Audit Committee. Jane is HR Director at Biffa PLC and her experience of leading people, project management and cultural integration adds a significant asset to our Board.

Maiden Full Year Dividend

The Group's progressive dividend policy enables us to both retain profits to fund our long-term growth strategy and provide shareholders with a return as that growth strategy delivers strong results. In line with that policy, the Board is proposing a final dividend of 1.27p per share. Together with the interim dividend of 0.6p per share, this gives a total dividend for the year of 1.87p per share. The dividend will be payable on 30/09/19 to shareholders in the register at 30/08/19, subject to shareholder approval.

Positive Outlook

The Group has delivered a strong performance and has a strengthened platform, with more diversified expertise, a broader geographical base and an expanded client base. Having also strengthened our leadership team and extended our funding during the year, we are well placed to deliver further cash generative, profitable growth as we execute our strategy in the current financial year and beyond.

Note

* See Glossary on pages 131-133