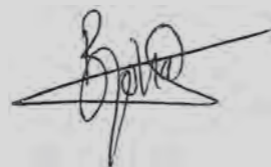


Chairman's Statement

The Group's strong performance has demonstrated the resilience of both our business model and our people, continuing our vision to build the leading legal and professional services business outside London, as we emerge from the pandemic in a stronger position than ever.



Bal Johal
Non-Executive Chairman
14 July 2021



Revenue

£103.2m

(2020 £74.3m)

Underlying profit before tax*

+35.3%

H2 organic revenue growth

10%

Note

* See Glossary on pages 116-117.

The Group has delivered 39% revenue growth to £103.2m (2020: £74.3m), including a £2.1m contribution from the acquisitions made during the year and £28.4m from the full year impact of acquisitions made in the prior year, which were in line with our ongoing commitment to broadening Knights' geographical reach and scale. Following the initial impact of the pandemic in the first half, the Group returned to organic growth in the second half of the year. This reflected the strength and agility of our business, which is highly diversified by client, sector and service, as well as our continued focus on recruiting high calibre senior fee earners.

Our early and prudent actions to manage costs demonstrated the benefit of the Group's corporate structure and ability to trade through an uncertain economic environment, with our underlying PBT¹ margin improving to 21.8% in the second half, leading to underlying profit before tax² of £18.4m (2020: £13.6m) and a 27.7% increase in underlying EPS³ to 18.30p (2020: 14.33p).

These results were achieved without the Group benefitting from the Government's COVID-19 related support schemes, such as the Job Retention Scheme, and despite the initial disruption from COVID-19 during the first half, which saw the Group's ability to transact on behalf of its clients impacted due to a slower transition to working from home amongst counterpart law firms. Importantly, Knights' position as a modernised and well-invested legal services business operating on a single technology platform meant that the team was able to transition seamlessly to working from home with strong levels of productivity. Our resilience also allowed us to execute carefully selected acquisitions and continue to make operational improvements across the business. On behalf of our Board, I would like to thank our people for their tireless commitment throughout a year in which we have worked together more closely than ever before, despite the majority of the time being spent apart.

Confidence in our strategy reinforced

Unlike many businesses which struggled at the onset of the pandemic, Knights has continued to execute on its vision to become the leading legal and professional services business outside London. Our confidence in the Group's strategy and its strong financial position enabled us to continue to build the business both organically, with the Group continuing to attract high quality senior candidates across the country, and through acquisition.

Our momentum in recruitment has demonstrated that, with its increased scale and breadth, Knights has reached the critical mass to be a highly attractive prospect to top talent in the regions, with the majority of new candidates coming from other top 50 law firms. We also believe that the pandemic has only served to make Knights more attractive as an employer, as it has prompted people to seek to work closer to home. As a result of hiring high calibre people, we have onboarded larger and higher quality client followings, which smaller regional independent law firms would not be able to adequately support due to their limited scale and range of services.

Integration of the three acquisitions completed at the end of the previous financial year was completed successfully and ahead of schedule in the first half, bringing further scale to the Group and increasing our confidence in our ability to rapidly integrate simultaneous acquisitions during a period of working remotely. The Group's four acquisitions in the second half provided entry in to the South West and an expanded presence in Yorkshire and the South East, and an extension of its housing services offering, with COVID-19 only accentuating the pipeline of quality acquisition opportunities available.

Board and ESG

Despite a full year of working remotely, our executive team has shown great commitment to ensuring the Group's highly collegiate culture remains as strong as ever and to ensuring the wellbeing of our people. There has been a heavy focus on engaging with, motivating, nurturing, and developing our existing talent, and our 'one team' approach has ensured new joiners feel welcomed and connected to the broader Knights community.

Volunteering in local communities has played a key role during the pandemic, and I am particularly proud of our colleagues that have supported local organisations in offering their assistance for four hours of work time per month through our flagship 4 Our Community programme. We were also pleased to announce our new partnership with mental health charity Mind during the year and look forward to bringing our teams together to raise our target of £20,000 over the next two years.

We also look forward to welcoming colleagues back to our offices as part of the Group's return in September which, whilst allowing our people to retain the flexibility to work from home productively some of the time, will enable greater collaboration and ensure less experienced colleagues feel supported and are learning from other team members in an office environment.

Gillian Davies was appointed as Senior Independent Non-Executive Director and Chair of the Audit Committee with effect from 17 March 2021. She brings significant experience working in senior roles at high growth businesses, which will be of great

value to the Group as we continue to execute on our strategy, Gillian's appointment also means the Group's Board has greater gender diversity with an equal weighting of men and women. The appointment follows Steve Dolton's decision to step down from the Board as Senior Independent Non-Executive Director, to pursue other opportunities.

In addition, we continue to operate and govern the Group in line with the key principles of the QCA Code, as set out in the governance section.

A more detailed overview of the Board's approach to ESG is provided on pages 22-29.

Dividend

Given the cost saving measures taken by the Group during the year, the Board has decided that no final dividend is declared for the year ended 30 April 2021. It is the Board's intention to resume paying dividends in respect of the year ending 30 April 2022 in accordance with the previous dividend policy of paying out 20% of profit after tax.

Summary and medium-term outlook

Despite a year of macroeconomic uncertainty, our resilient, well-invested, diversified and cash generative business, and highly committed management team, have allowed us to make significant progress in executing our vision to become the leading legal and professional services business outside London. While we are emerging stronger, the impact of COVID-19 has accentuated the near-term challenges for many firms across the traditional legal services industry, making Knights' unique proposition ever more relevant to talented lawyers, acquisition candidates and clients alike.

Note

¹ See Financial Review on pages 34-43.

² See Financial Review on pages 34-43.

³ See Financial Review on pages 34-43.