

6 January 2020

## **Knights Group Holdings plc**

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

### **Acquisition of ERT Law Limited ("ERT")**

#### ***Knights boosts presence in Birmingham***

Knights Group Holdings plc, one of the UK's fastest growing legal and professional services businesses, today announces that it has agreed to acquire the entire issued share capital of ERT Law Limited ("ERT"), a commercial litigation law firm in Birmingham.

#### **Acquisition rationale and background**

The acquisition of ERT builds on the Company's recently established presence in Birmingham, in line with the Group's strategy to accelerate its organic growth through carefully targeted acquisitions which are a strong cultural fit and strengthen existing offices, add new geographies or complementary business services.

ERT is a specialist in commercial litigation, servicing a number of blue-chip and FTSE listed companies. Its 24 fee earners will join the 32 fee earners in Birmingham following the acquisition of Emms Gilmore Liberson in November 2019, further strengthening the Company's high quality platform in the important and attractive West Midlands region. Following completion, the total number of fee earners across the Company will be 633.

In its unaudited accounts for the year ending 30 April 2019, ERT reported revenue of circa £2m with a corporatised PBT margin of circa 15%. Following integration, including the delivery of cost synergies, the Board expects ERT to deliver a PBT margin in excess of 20%. The acquisition will be earnings enhancing in the first financial year post acquisition.

#### **Terms of the acquisition**

Under the terms of the acquisition, Knights will acquire ERT from its three existing shareholders ("the Sellers") on a debt free, cash free basis for a total consideration of £1.8m. The consideration comprises of £0.9m in cash which is payable on completion and the issue of £0.9m in 262,899 new ordinary shares in Knights (the "Consideration Shares") to the Sellers on completion which is expected to take place on 17 January 2020. The cash consideration will be satisfied from Knights' existing facilities. The cash consideration is subject to clawback dependant on certain conditions being met for two years post completion.

Application will be made to the London Stock Exchange for the admission of 262,899 new ordinary shares to trading on AIM. Admission of the new shares is expected to take place at 8.00am on 20 January 2020. The Company's total issued share capital following admission will consist of 74,128,517 ordinary shares of 0.2 pence each with one voting right per share. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules following completion.

**Commenting on the acquisition, David Beech, CEO of Knights, said:**

“This is an exciting addition to our recently acquired operations in Birmingham, which is in line with our strategy to grow our share of key geographic markets outside London. Following the acquisition of EGL in November, today’s update is testament to the momentum that Knights has built since its IPO in 2018 and its ability to attract high calibre businesses to the Group.”

**Neil Eaton, partner of ERT, added:**

“We are proud of the reputation we have built in Birmingham and look forward to building upon this as part of Knights, which is well suited to supporting our ambitious plans as part of a growing full-service firm in Birmingham.”

*\*PBT has been referenced as it provides a truer reflection of profitability than other profit metrics post introduction of IFRS16.*

**Ends**

*Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.*

**Enquiries**

<b>Knights</b>	
David Beech, CEO	via MHP Communications
<b>Numis (Nominated Adviser and Broker)</b>	
Stuart Skinner, Kevin Cruickshank, Michael Burke	+44 20 7260 1000
<b>MHP Communications (Media enquiries)</b>	
Andrew Jaques, Katie Hunt, Rachel Mann	+44 20 3128 8794
	<a href="mailto:knights@mhpc.com">knights@mhpc.com</a>

**Notes to Editors**

Knights is a fast-growing, legal and professional services business, ranked within the UK top 100 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 of the key areas of corporate and commercial law so that it can offer end-to-end support to businesses of all sizes and in all sectors. It is focussed on key UK markets outside London and currently operates from nine offices located in Birmingham, Cheltenham, Chester, Derby, Leicester, Manchester, Oxford, Stoke and Wilmslow.