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If you have sold or transferred all of your registered holding of Existing Ordinary Shares please forward this document, but not the personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your registered holding of Existing Ordinary Shares, you are advised to consult your stockbroker, bank or other party through whom the sale or transfer was effected.

THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ.

K3 Capital Group plc

(Incorporated in England and Wales with registered number 6102618)

**Proposed placing of 15,346,109 Company Placing Shares
Proposed subscription for 301,232 PrimaryBid Shares
and
Notice of General Meeting**

A notice convening a General Meeting of the Company to be held at the Company's offices KBS House, 5 Springfield Court, Summerfield Road, Bolton, BL3 2NT at 11.00 a.m. on 17 July 2020 is set out in Part II of this document. A Form of Proxy accompanies this document. To be valid, the Form of Proxy for use at the General Meeting must be completed and returned so as to be received at the offices of the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 11.00 a.m. on 15 July 2020.

The Existing Ordinary Shares are admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority (“FCA”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the FCA has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the FCA. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the FCA.

finnCap Ltd (“**finnCap**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the Fundraising. Persons receiving this document should note that finnCap will not be responsible to anyone other than the Company for providing the protections afforded to customers of finnCap or for advising any other person on the arrangements described in this document. No representation or warranty, expressed or implied, is made by finnCap as to any of the contents of this document and finnCap has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by finnCap for the accuracy of any information or opinions contained in this document or for the omission of any information. finnCap, as nominated adviser and broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors.

This document or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any New Ordinary Shares in the United States (including its territories and possessions, any state of the United States and the District of Columbia), Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction in which the same would be unlawful. No public offering of the New Ordinary Shares is being made in any such jurisdiction.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Fundraising or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the New Ordinary Shares and the New Ordinary Shares have not been, nor will they be, registered under or offering in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the New Ordinary Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction outside the United Kingdom.

THE NEW ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO PUBLIC OFFERING OF THE NEW ORDINARY SHARES IS BEING MADE IN THE UNITED STATES.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this document should seek appropriate advice before taking any action.

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays (in England) excepted) at the offices of K3 Capital Group Plc at KBS House 5 Springfield Court Summerfield Road Bolton BL3 2NT for a period of one month from the date of this document and available on the Company’s website www.k3capitalgroupplc.com.

FORWARD LOOKING STATEMENTS

This document contains (or may contain) certain “forward-looking statements” with respect to certain of the Company’s current expectations and projections about future events. These statements, which sometimes use words such as “target”, “aim”, “will”, “may”, “would”, “could”, “similar”, “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning, reflect the Directors’ current beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by any such forward-looking statement. Statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this document is subject to change without notice and neither finnCap nor, except as required by applicable law, the Company assumes any responsibility or obligation to update publicly or review any of the forward-looking statements (or any other information) contained herein. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

PROFIT FORECAST

No statement in this document is intended to be a profit forecast or estimate, and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

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DIRECTORS, SECRETARY AND ADVISERS

Directors

Tony Ford	Executive Vice Chairman
John Rigby	Chief Executive Officer
Andrew Melbourne	Chief Financial Officer
Stuart Lees	Executive Director
Ian Mattioli	Non-Executive Chairman
Martin Robinson	Non-Executive Director

Registered Office

KBS House
5 Springfield Court
Summerfield Road
Bolton
BL3 2NT

Company Secretary

Andrew Melbourne

Nominated Adviser and Broker

finnCap Ltd
One Bartholomew Close
London
EC1A 7BL

Solicitors to the Company

TLT LLP
3 Hardman Square
Manchester
M3 3EB

Solicitors to finnCap

BDB Pitmans LLP
One Bartholomew Close
London
EC1A 7BL

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

KEY STATISTICS

Number of Existing Ordinary Shares in issue on the date of this document	42,210,526
Number of new Ordinary Shares to be issued pursuant to the First Admission ⁽¹⁾	6,198,521
Number of Company Placing Shares	15,346,109
Number of PrimaryBid Shares	301,232
Aggregate number of New Ordinary Shares to be issued pursuant to the Company Placing and the PrimaryBid Offer	15,647,341
Issue Price	150p
Number of Ordinary Shares in issue immediately following Second Admission ^{(1) (2)}	64,056,388
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares immediately following Second Admission ^{(1) (2)}	24.43 per cent
Gross proceeds from the Company Placing and PrimaryBid Offer ⁽³⁾	£23.47 million
Gross proceeds from the Vendor Placing, Subscription, Company Placing and PrimaryBid Offer ^{(1) (3)}	£30.45 million

(1) Assuming 6,198,521 Ordinary Shares are admitted to trading or on about 1 July 2020 pursuant to the First Admission.

(2) Assuming 6,198,521 Ordinary Shares are allotted and issued pursuant to the First Admission and no further Ordinary Shares are issued between the date of this document and Second Admission.

(3) Assuming completion of the Company Placing and the PrimaryBid Offer at the Issue Price.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Fundraising	29 June 2020
Announcement of Result of Company Placing	29 June 2020
Publication and posting of this document and the Form of Proxy	30 June 2020
First Admission	8.00 a.m. on 1 July 2020
Latest time and date for receipt of Forms of Proxy	11a.m. on 15 July 2020
General Meeting	11a.m. on 17 July 2020
Second Admission	8:00 a.m. on 20 July 2020
New Ordinary Shares to be held in uncertificated form credited to relevant CREST accounts	on 20 July 2020
Despatch of definitive share certificates for New Ordinary Shares to be held in certificated form	no later than 3 August 2020

If any of the details contained in the timetable above should change (and such change is material), the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

All references are to London, UK time unless stated otherwise.

DEFINITIONS

“Acquisition”	the conditional acquisition of the entire issued and to be issued share capital of randd
“Act”	the Companies Act 2006, as amended
“First Admission”	the admission of the Vendor Placing Shares, Initial Consideration Shares not subject to the Vendor Placing and Subscription Shares on 1 July 2020 becoming effective in accordance with the AIM Rules
“AIM”	the market of that name, operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange, as amended
“Board” or “Directors”	the directors of the Company as at the date of this document, whose names appear on page 4 of this document
“Business Day”	a day (other than a Saturday or Sunday or public holidays in England) on which commercial banks are open for business in London, UK
“certificated form” or “in certificated form”	an Ordinary Share recorded on the Company’s share register as being held in certificated form (namely, not in CREST)
“Company” or “K3”	K3 Capital Group plc, a company incorporated in England and Wales with registered number 6102618
“Company Placing”	the placing of 15,346,109 New Ordinary Shares by finnCap pursuant to the Placing Agreement
“Company Placing Shares”	the 15,346,109 New Ordinary Shares to be allotted and issued pursuant to the Placing Agreement and which are expected to be admitted to trading on at AIM at Second Admission
“Computershare”	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Enlarged Share Capital”	the current issued share capital of the Company as enlarged by the issue of the First Admission Shares and the New Ordinary Shares
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 42,210,526 Ordinary Shares in issue on the date of this document
“FCA”	the Financial Conduct Authority of the UK
“finnCap”	finnCap Ltd, the Company’s nominated adviser and Broker

“Form of Proxy”	the form of proxy for use in connection with the General Meeting
“First Admission”	the admission of the Vendor Placing Shares, Initial Consideration Shares and Subscription Shares on 1 July 2020 becoming effective in accordance with the AIM Rules
“First Admission Shares”	the 6,198,521 new Ordinary Shares, in aggregate, to be issued pursuant to the Vendor Placing, the Initial Consideration Shares not subject to the Vendor Placing and the Subscription
“Initial Consideration Shares”	the 6,178,521 new Ordinary Shares to be issued pursuant to the Acquisition
“Fundraising”	the Vendor Placing, the Subscription, the Company Placing and the PrimaryBid Offer
“General Meeting”	the general meeting of the Company convened by the Notice of General Meeting
“Group”	the Company and its subsidiaries as at the date of this document
“Issue Price”	the issue price of the Vendor Placing Shares, Subscription Shares and New Ordinary Shares, being 150p per New Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“First Long Stop Date”	15 July 2020
“New Ordinary Shares”	the Company Placing Shares and the PrimaryBid Shares
“Notice of General Meeting”	the notice convening the General Meeting which is set out at Part II of this document
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placing Agreement”	the conditional agreement dated 29 June 2020 between the Company and finnCap in relation to the Vendor Placing and the Company Placing
“PrimaryBid”	PrimaryBid Limited
“PrimaryBid Offer”	the offer for subscription conducted by PrimaryBid of the PrimaryBid Shares at the Issue Price
“PrimaryBid Shares”	the 301,232 New Ordinary Shares to be allotted and issued pursuant to the PrimaryBid Offer and which are expected to be admitted to trading on at AIM at Second Admission
“R&D”	research and development
“randd”	randd uk limited, a company incorporated in England and Wales with registered number 06648783
“Registrar”	Computershare, the Company’s registrar
“Regulatory Information Service” or “RIS”	has the meaning given to it in the AIM Rules
“Resolutions”	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice of General Meeting

“Second Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Second Long Stop Date”	3 August 2020
“Securities Act”	US Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares
“Subscriber”	the subscriber for the Subscription Shares pursuant to the Subscription
“Subscription”	the subscription of 20,000 new Ordinary Shares by the Subscriber pursuant to the Subscription Letter
“Subscription Letter”	the conditional subscription letter dated 29 June 2020 between the Company and the Subscriber in connection with the Subscription
“Subscription Shares”	the 20,000 new Ordinary Shares allotted and to be issued pursuant to the Subscription Letter and which are expected to be admitted to trading on at AIM at First Admission
“uncertificated” or “uncertificated form”	recorded on the relevant register or other record of the Ordinary Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland
“United States”, “United States of America” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction
“Vendor Placing”	the conditional placing of the Vendor Placing Shares at the Issue Price by finnCap pursuant to the Placing Agreement
“Vendor Placing Shares”	the 4,633,891 new Ordinary Shares allotted and to be issued pursuant to the Placing Agreement which are expected to be admitted to trading on AIM at First Admission

PART I

LETTER FROM THE CHAIRMAN OF

K3 Capital Group plc

(Incorporated in England and Wales with registered number 6102618)

Directors

Tony Ford *Executive Vice Chairman*
John Rigby *Chief Executive Officer*
Andrew Melbourne *Chief Financial Officer*
Stuart Lees *Executive Director*
Ian Mattioli *Non-Executive Chairman*
Martin Robinson *Non-Executive Director*

Registered Office

KBS House
5 Springfield Court
Summerfield Road
Bolton
BL3 2NT

30 June 2020

To holders of Ordinary Shares and, for information purposes, to holders of options over Ordinary Shares

Dear Shareholder,

Proposed placing of 15,346,109 Placing Shares
Proposed subscription for 301,232 PrimaryBid Shares
and
Notice of General Meeting

1. INTRODUCTION

On 29 June 2020, the Company announced the Fundraising through the issue of up to 20,301,232 new Ordinary Shares at an issue price of 150 pence per Ordinary Share. The Fundraising is made up of two parts. The first, a Vendor Placing and Subscription to raise approximately £6.98 million (before expenses) through the issue of, in aggregate, 4,653,891 Ordinary Shares, which have been conditionally allotted using the Company's existing authorities, is expected to complete on or around 1 July 2020. The second part, the Company Placing and PrimaryBid Offer to raise a further £23.52 million (before expenses) through the issue of, in aggregate, a further 15,647,341 New Ordinary Shares, is conditional on, amongst other things, the passing of the Resolutions at the General Meeting.

The Company also announced that it has conditionally agreed to acquire the entire issued and to be issued share capital of randd, a UK based private company specialising in securing research and development ("R&D") tax credits for clients, for a cash free, debt free initial consideration of £9.27 million, in addition to a maximum earn out of £7.5 million. randd adds a highly complementary capability set to K3 which allows K3 to diversify into a synergistic market whilst providing both companies with cross selling opportunities and is expected to be immediately earnings enhancing. The initial consideration of £9.27 million plus surplus cash will be satisfied through the issue of 6,178,521 Initial Consideration Shares, of which 4,633,891 were placed with investors through the Vendor Placing. The remainder of the proceeds from the Fundraising will be used by the Company for further acquisitions and to satisfy fees payable in relation to the Fundraising and the Acquisition.

The Issue Price represents a discount of approximately 14.8 per cent to the closing mid price of the Ordinary Shares on 26 June 2020 (being the latest practicable date prior the announcement of the Fundraising), being 150 pence per Ordinary Share.

The purpose of this document is to provide you with information about the background to and the reasons for the Fundraising and to explain why the Board considers the Company Placing and the PrimaryBid Offer to be in the best interests of the Company and its Shareholders as a whole.

Brief details of the Fundraising can be found in the paragraphs below.

2. BACKGROUND ON THE COMPANY

K3 Capital Group plc is a leading business sales and brokerage firm headquartered in Bolton with operations throughout the UK. It acts for vendors of businesses across a wide range of enterprise values through its three trading subsidiaries Knightsbridge, KBS Corporate, and KBS Corporate Finance. K3, through its trading subsidiaries, has received a number of adviser awards, most recently achieving the number 1 position in the 2019 Refinitiv Mid-Market M&A Review.

K3 Capital operates a disruptive business model with a direct marketing approach to client acquisition, using incentivised and experienced salespeople rather than advisory teams, while its highly visible online presence and proprietary online business valuation portal generates further leads. This innovative model, combined with a continuing strategy towards targeting higher value clients, are key drivers for growth and profitability.

The Group also offers all clients fully contingent and/or inclusive legal fees through its partner relationships with local and national law firms.

3. BACKGROUND TO THE ACQUISITION AND FUNDRAISING

Pursuant to the Fundraising, the Company has conditionally raised £30.45 million (before expenses) in part to fund the acquisition of randd (further details of which are set out below) and to satisfy fees payable in relation to the Fundraising and the Acquisition. In addition, the Board has “market mapped” the corporate recovery and insolvency market, which it considers to be an attractive and complementary market, and are currently in discussion with a number of target acquisitions. The Company would expect to be able to secure one of these acquisitions at a c.6x forward EBITDA multiple. Based upon securing and completing their favoured acquisitions within the expected timeline and applying certain assumptions regarding the quantum of the various earn outs and associated share issuances, in line with the Company’s stated dividend policy it would expect to deliver a yield of 4.1% in the financial year ended 31 May 2020 (including the interim dividend already paid), 5.6% in the financial year ending 31 May 2021, 8.0% in the financial year ending 31 May 2022 and 10.2% in the financial year ending 31 May 2023. The dividend yield calculation assumes an Issue Price of 150 pence, calculated off the assumed weighted average number of shares in issue and does not include dilution from share schemes.

Acquisition of randd

On 29 June 2020, the Company conditionally agreed to acquire randd, a UK based private company specialising in securing R&D tax credits for clients, for a cash free, debt free initial consideration of £9.27 million, in addition to a maximum earn out of £7.5 million. The initial consideration of £9.27 million plus surplus cash will be satisfied through the issue of 6,178,521 Initial Consideration Shares, of which 4,633,891 are proposed to be placed with investors through the Vendor Placing.

randd adds a highly complementary capability set to K3 which, allows K3 to diversify into a synergistic market whilst providing both companies with cross selling opportunities.

The Initial Consideration Shares not sold in the Vendor Placing are subject to a 2 year lock-in, followed by a 12 month orderly market agreement.

The earn out is forecast to be £2.32 million payable over 3 years with mechanisms to increase or decrease subject to certain performance criteria. The earn out is capped at £7.5 million and is payable in cash and shares as follows:

- FY21: 60% cash, 40% shares
- FY22: 70% cash, 30% shares
- FY23: 80% cash, 20% shares

Earn out shares are subject to a 2 year lock-in for FY21 and a 1 year lock-in for FY22.

The Acquisition is expected to be immediately earnings enhancing and randd's existing growth profile can be accelerated under K3 ownership. The Acquisition allows K3 to diversify into a complementary market and provide both companies with cross selling opportunities.

An LTIP will be set up to incentivise key management of randd and align their goals with K3.

Completion of the Acquisition will occur immediately prior to First Admission, which is expected to take place on 1 July 2020.

R&D tax claims market

The performance of the R&D tax claims market is directly correlated to corporate R&D expenditure across the UK. R&D expenditure across UK companies has consistently grown for many years as the UK looks to fund cutting edge technologies and products.

Total R&D expenditure used to claim R&D tax credits has grown from c. £1 billion to over £30 billion in the period 2000-2001 to 2017-2018¹. In this period, over 300,000 tax claims have been made and £26.9 billion of relief claimed¹. However, despite these figures, around two thirds of eligible businesses are missing out on R&D tax relief having never made a claim².

In addition, during the spring Budget, the Government announced their plans to increase public R&D investment.³

¹ Source: HMRC- R&D Tax Credit Statistics October 2019)

² www.smallbusiness.co.uk- why small businesses are missing out on millions in R&D tax credit, May 2019

³ www.ft.com- Research and development investment to rise to record £22bn, March 2020

Growth Accelerators

Cross-selling opportunities exist from both perspectives. On one side, randd provides companies with an initial service, which is relatively easy to implement and may provide a doorway into K3's wider offering. For existing businesses on the K3 database, the attraction is an additional form of revenue for companies which may not have thought about R&D tax credits.

The opportunity for K3 revolves around implementing its direct marketing approach, which has the potential to provide significant upside from a proven, data-led marketing, sales and proprietary CRM system. K3's marketing engine and national sales force can accelerate randd's already strong growth plans, which include expansion into the accounting profession as a means of introductions.

Acquiring a stable and high quality revenue base

randd has a high level of recurring revenue, with 70% of its revenue being of a recurring nature, where contracts are typically signed for a duration of up to 5 tax years. randd will provide a complementary revenue base to the current Group's revenue model of (1) non-contingent fees paid upon commencement of contracts and (2) transaction fees payable on the completion of a transaction.

Financial information on randd

£'000	Financial Year End 31 July			
	2018	2019	2020E	2021E
Revenue	3,476	4,245	4,295	4,939
Normalised* EBITDA	1,478	2,110	2,179	2,505
Normalised* EBITDA Margin	43%	50%	51%	51%

* Normalised EBITDA is unaudited and is stated before the impact of certain non-recurring items.

randd had gross assets of £4.46 million and net assets of £3.50 million as at 31 July 2019, of which £2.28 million was cash (unaudited) and profit before tax of £2.50 million (unaudited).

4. CURRENT TRADING AND OUTLOOK

The year ended May 2020 closed in-line with full year expectations with revenue of £15.0 million and EBITDA of £6.8 million. Cash on the balance sheet as of 31 May 2020 was £8.3 million.

As announced on 25th March 2020, a cost reduction exercise ensured monthly overheads were reduced by c.70% from April 2020. This was achieved through the use of the furlough scheme and salary sacrifices.

New client mandates slowed during lockdown as sales staff were unable to visit client's premises, however, transition to Zoom consultations is underway and generating client mandates. The execution of existing pipeline deals has slowed during lockdown although buyer activity and deal completions are still taking place.

The Board remain confident in the medium and long-term outlook for the Company and as such still intend to recommend a final dividend for the year ended 31 May 2020.

The Board continue to actively look at acquisition targets of complementary professional services businesses as they consider ways to further diversify the Company's revenue streams.

5. USE OF PROCEEDS

The Vendor Placing to raise £6.95 million is being used to allow the Sellers to realise cash in respect of part of the Initial Consideration Shares due to them in connection with the Acquisition. Directors of the Company and their connected persons are subscribing within the Vendor Placing for collectively £0.12 million. The Company Placing and PrimaryBid Offer are expected to raise up to a further £23.52 million to provide the Company with cash reserves to make further acquisitions and cover adviser fees and other costs incurred by the Company in connection with the Acquisition and the Fundraising. Finally, John Rigby has taken part in the Fundraising via the Subscription raising a further £0.03 million.

6. DIRECTOR PARTICIPATION IN THE VENDOR PLACING AND SUBSCRIPTION

The following Directors/PDMRs and their connected persons have subscribed for an aggregate of 100,000 new Ordinary Shares pursuant to the Vendor Placing and Subscription as set out below.

<i>Director/PDMR together with their connected persons</i>	<i>Board Position</i>	<i>Current shareholding</i>	<i>% of current issued share capital</i>	<i>Number of New Ordinary Shares at the Issue Price</i>	<i>Interests in Ordinary Shares post- First Admission</i>	<i>% of enlarged issued share capital after First Admission</i>	<i>% of enlarged issued share capital after Second Admission</i>
Tony Ford	Executive Vice Chairman	6,247,895	14.8%	33,333*	6,281,228 *	13.0%*	9.8%*
John Rigby	Chief Executive Officer	7,597,895	18.0%	20,000	7,617,895	15.7%	11.9%
Stuart Lees	Executive Director	688,125	1.6%	20,000	708,125	1.5%	1.1%
Ian Mattioli	Non- Executive Chairman	683,794	1.6%	20,000	703,794	1.5%	1.1%
Martin Robinson	Non-Executive Director	36,900	0.1%	6,667	43,567	0.1%	0.1%
Total		15,254,609	36.1%	100,000	15,354,609	31.7%	24.0%

* of which 3,333 New Ordinary Shares are to be subscribed for by his wife Elizabeth Ford.

7. RELATED PARTY TRANSACTIONS

Each of the Directors participating in either the Subscription or Vendor Placing, as applicable, at the Issue Price, as set out above, are a related party of the Company pursuant to Rule 13 of the AIM Rules for Companies. The Company's independent director (being Andy Melbourne) considers, having consulted with the Company's nominated adviser finnCap, that the terms upon which each Director is participating in the Vendor Placing or Subscription, as applicable, is fair and reasonable insofar as the Company's shareholders are concerned.

Premier Miton, a substantial shareholder in the Company as defined in the AIM Rules for Companies (and therefore a related party of the Company for the purposes of the AIM Rules for Companies) has subscribed for 1,081,449 Vendor Placing Shares and 3,360,548 Company Placing Shares at the Issue Price. The Company's independent directors consider, having consulted with the Company's nominated adviser, finnCap, that the terms upon which Premier Miton is participating in the Vendor Placing and Company Placing are fair and reasonable insofar as the Company's shareholders are concerned.

8. CONCERT PARTY

Tony Ford, John Rigby, Andrew Melbourne, Simon Daniels, Matthew Clancy and Stuart Lees, together with their respective families and other connected persons are deemed to be acting in concert and regarded by the Takeover Panel to be members of the concert party detailed in the Company's admission document dated 6 April 2017 ("**Admission Document**") (the "**Concert Party**"). The Admission Document sets out a summary of the provisions of Rule 9 of the Code and its application to the Concert Party.

Following the First Admission, the Concert Party will remain the holders in aggregate of not less than 30 per cent., but not more than 50 per cent. of the Company's issued share capital and the percentage of shares carrying voting rights in the company in which the concert party is interested will decrease as a result of the enlargement of the issued share capital.

Following Second Admission, the Concert Party will be holders in aggregate of less than 30 per cent., of the Company's issued share capital. With the exception of the exercise of share options previously granted to Andrew Melbourne (as explained in the Admission Document), any further acquisitions of interests in shares by a member of the Concert Party such that the Concert Party would in aggregate come to hold shares representing 30 per cent. or more of the voting rights in the Company will be subject to the provisions of Rule 9 of the Code.

The respective resultant shareholdings holdings of each Concert Party member following Second Admission are outlined in the table below:

<i>Director/PDMM</i>	<i>Shareholding</i>	<i>% total voting rights following First Admission</i>	<i>% total voting rights following Second Admission</i>
Tony Ford and connected persons	6,281,228	13.0%	9.8%
John Rigby	7,617,895	15.7%	11.9%
Andrew Melbourne*	464,802	1.0%	0.7%
Simon Daniels	2,525,100	5.2%	4.0%
Matthew Clancy	1,267,550	2.6%	2.0%
Stuart Lees	708,125	1.5%	1.1%
Total	18,874,700	39.0%	29.5%

* Excluding options over a maximum entitlement of 217,020 Ordinary Shares of 1 penny each in the Company.

9. THE COMPANY PLACING AND THE PRIMARY BID OFFER AND THE PLACING AGREEMENT

In addition to the £6.98 million raised by the issue of the Vendor Placing Shares and the Subscription Shares, conditional on, amongst other things, First Admission, the Company has also raised a further £23.02 million (before expenses) through the Company Placing, conditional on, amongst other things:

- First Admission becoming effective by no later than 8.00 a.m. on 1 July 2020 (or such later time and/or date as the Company and finnCap may agree, not being later than 8.00 a.m. on the First Long Stop Date);
- the relevant conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Second Admission;
- the passing of the Resolutions; and

- Second Admission becoming effective by no later than 8.00 a.m. on 20 July 2020 (or such later time and/or date as the Company and finnCap may agree, not being later than 8.00 a.m. on the Second Long Stop Date).

The allotment and issue of the Vendor Placing Shares, Initial Consideration Shares not subject to the Vendor Placing and the Subscription Shares will not exceed the Company's existing authorities. Therefore, no shareholder approval is required.

In addition to the proceeds referred to above, the Company has also conditionally raised a further £0.45 million (before expenses) through the PrimaryBid Offer, which is conditional on, amongst other things, Second Admission becoming effective by no later than 8.00 a.m. on 20 July 2020 (or such later time and/or date as the Company and finnCap may agree, not being later than 8.00 a.m. on the Second Long Stop Date).

The Placing Agreement contains customary warranties from the Company in favour of the finnCap in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify finnCap in relation to certain liabilities that they may incur in respect of the Vendor Placing, Subscription and Company Placing.

finnCap has the right to terminate the Placing Agreement in certain circumstances prior to Second Admission, including (but not limited to): in the event that any of the warranties in the Placing Agreement were untrue or inaccurate in any material respect, or were misleading in any respect when given or in the event of a material adverse change affecting the business, financial trading position or prospects of the Company. finnCap shall also have a further right to terminate the Placing Agreement, following consultation with the Company to the extent practicable, if, at any time before Second Admission there has been a change in national or international financial, political, economic or stock market conditions (primary or secondary); an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law or any other calamity or crisis; a suspension or material limitation in trading of securities generally on any stock exchange; any change in currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption in commercial banking, in each case as would be likely in the opinion of finnCap (acting in good faith) to materially prejudice the success of the Company Placing.

The Placing Agreement also provides for the Company to pay all agreed costs, charges and expenses of, or incidental to, the Company Placing, First Admission and Second Admission including all legal and other professional fees and expenses up to the specified amounts stipulated in the Placing Agreement.

The Vendor Placing is to be underwritten by finnCap Ltd. None of the Company Placing, the Subscription or PrimaryBid Offer are to be underwritten.

10. GENERAL MEETING

Set out in Part II of this document is a notice convening the General Meeting to be held at the Company's registered offices at KBS House, 5 Springfield Court, Summerfield Road, Bolton, BL3 2NT at 11.00 a.m. on 17 July 2020, at which the Resolutions will be proposed. The Company Placing and PrimaryBid Offer are conditional (amongst other things) upon the Resolutions being duly passed.

11. ADMISSION, DEALINGS AND SETTLEMENT ON AIM

The New Ordinary Shares will be allotted and issued fully paid and will, on issue, rank *pari passu* with the Ordinary Shares then in issue, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind.

Application has been made to the London Stock Exchange for the Vendor Placing Shares, Initial Consideration Shares and Subscription Shares to be admitted to trading on AIM and it is expected that First Admission will become effective and trading in the new Ordinary Shares will commence at 8.00 a.m. on 1 July 2020.

Application will shortly be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and it is expected that, subject to the passing of the Resolutions at the General Meeting,

Second Admission will become effective and trading in the New Ordinary Shares will commence at 8.00 a.m. on 20 July 2020.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. You are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed on it as soon as possible, but in any event so as to be received, by post at Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 11.00 a.m. on 15 July 2020 (or, in the case of an adjournment, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the directors, excluding any part of a day that is not a Business Day)).

The Directors also request that Shareholders vote in advance of the General Meeting either electronically, via CREST or by completing and returning the enclosed Form of Proxy as soon as possible and in any event not later than 11.00 a.m. on 15 July 2020. The Resolutions set out in the Notice of General Meeting will be voted on by way of a poll. All valid proxy votes (whether submitted electronically or in hard copy form) will be included in the poll to be taken at the meeting.

In light of the Coronavirus pandemic, Shareholders are urged to appoint the chairman of the meeting as his or her proxy as, given current Government advice on social gatherings in particular, attendance in person is not advised and members and their proxies will be refused entry to the General Meeting. The Directors propose that the AGM will be attended by two Directors (each of whom holds shares) in person only (adhering to social distancing measures). Shareholders who travel to the meeting will not be admitted and are therefore advised not to travel to the General Meeting. The Company is actively following developments and will issue further information through an RIS and/or on its website at <https://k3capitalgroup.com/investors/> if it becomes necessary or appropriate to make any alternative arrangements for the General Meeting.

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting). Proxies submitted via CREST must be received by the Company's agent ID (3RA50) by no later than 11.00 a.m. on 15 July 2020 (or, in the case of an adjournment, not less than 48 hours before the time fixed for the holding of the adjourned meeting (at the discretion of the directors, excluding any part of a day that is not a Business Day)).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting. In the light of the Government advice about social distancing, shareholder attendance at the meeting is not advised and members should submit a proxy vote if they wish their voting intentions to be recognised.

13. DIRECTORS' RECOMMENDATION AND VOTING INTENTIONS

The Directors believe that the Resolutions /are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings and the beneficial holdings of their connected persons amounting, in aggregate, to 15,819,411 Ordinary Shares and representing approximately 32.7 per cent of the Company's current issued share capital (following First Admission).

Ian Mattioli
Non-Executive Chairman

PART II

K3 Capital Group plc

(Incorporated in England and Wales with registered number 6102618)

NOTICE OF A GENERAL MEETING

Notice is hereby given that a General Meeting of K3 Capital Group plc (**Company**) will be held at the Company's registered office address at KBS House, 5 Springfield Court, Summerfield Road, Bolton BL3 2NT on Friday 17 July 2020 at 11.00 a.m. for the purposes of considering and if thought fit passing the following resolutions (in which capitalized terms shall have the meanings given in the circular to shareholders issued by the Company dated 30 June 2020, containing this Notice of General Meeting (**Circular**) save where otherwise specified.

PLEASE REFER TO THE NOTES BELOW THE RESOLUTIONS, IN PARTICULAR NOTE 1 IN RELATION TO THE EFFECT OF COVID-19 REGULATIONS ON THE GENERAL MEETING.

You will be asked to consider and vote on the Resolutions below. Resolution 1 will be proposed as an Ordinary Resolution and Resolution2 will be proposed as a Special Resolution.

Ordinary Resolution

Resolution 1 – That in accordance with section 551 of the Companies Act 2006 (**Act**) the directors of the Company from time to time (in addition and without prejudice to any subsisting like authority to allot shares in the Company) be generally and unconditionally authorised to exercise all powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £156,473.41 in connection with the Company Placing and the PrimaryBid Offer, provided that the authority conferred on the directors by this Resolution 1 shall expire on 31 December 2020.

Special Resolution

Resolution 2 – That subject to the passing of Resolution 1 above, the directors of the Company from time to time be authorised in accordance with section 571 of the Act (in addition and without prejudice to any subsisting like authority) to allot equity securities (as defined in section 560(1) of the Act) for cash, under the authority given by Resolution 1, as if section 561 of the Act did not apply to any such allotment, provided that such authority shall be limited to the allotment of equity securities for cash to any person or persons up to an aggregate nominal amount of £156,473.41 in connection with the Company Placing and the PrimaryBid Offer and shall expire on 31 December 2020.

By Order of the Board

Andrew Melbourne

Company Secretary

Dated: 30 June 2020

Registered Office:
K3 Capital Group plc,
KBS House,
5 Springfield Court,
Summerfield Road,
Bolton BL3 2NT

1 Entitlement to vote – no attendance

Further to UK Government instructions issued on Monday 23 March 2020 (<https://www.gov.uk/government/publications/full-guidance-on-staying-at-home-and-away-from-others>), the General Meeting will be convened with the minimum necessary quorum of two shareholders (which will be facilitated by the Company). Shareholders must not attend the General Meeting in person and anyone seeking to attend the General Meeting will be refused entry.

Voting at the General Meeting will be by poll vote, which will include proxy votes, by appointing the chairman of the meeting as your proxy in accordance with the guidance set out below.

Only those members entered on the register of members of the Company (the “**Register**”) at the close of business on 15 July 2020 or, in the event that this meeting is adjourned, on the Register as at close of business on the day two days before the date of any adjourned meeting, shall be entitled to vote on the Resolutions in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the Register after the close of business on 15 July 2020 or, in the event that this meeting is adjourned, on the Register after the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to vote on the Resolutions. This is the time specified by the Company for the purposes of regulation 41 of the Uncertificated Securities Regulations 2001.

Shareholders are requested to vote in advance of the General Meeting either electronically via CREST or by completing and returning the enclosed Form of Proxy not later than 11.00 a.m. on 15 July 2020. The results will be published on our website <http://www.k3capitalgroupplc.com/investors/> and will be released to the London Stock Exchange.

2 Appointment of proxies

A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to vote instead of him. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. A proxy form may be used to make such an appointment. Please find a Form of Proxy enclosed with this notice. The notes on the Form of Proxy give instructions on the appointment of a proxy.

3 CREST proxy voting

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (**CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by our Registrars, Computershare Investor Services plc (ID 3RA50) by 11.00 a.m. on 15 July 2020 (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instruction to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4 Return date for proxies

To be effective a Form of Proxy must be deposited with the Registrar to the Company not less than 48 hours before the time fixed for the meeting i.e. by 11.00 a.m. on 15 July 2020.

5 Voting by corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

6 Information Rights

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (**Nominated Person**) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7 Shareholders rights & proxies

The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

8 Copy of Notice available on website

A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at www.k3capitalgroupplc.com/investor-relations/documents-and-circulars

9 Electronic address restrictions

Any electronic address provided either in this Notice or any related documents (including the Chairman's letter and Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

10 Total voting rights

As at 29 June 2020 (being the last practicable date prior to the printing of this Notice) the Company's issued share capital consisted of 42,210,526 ordinary shares, carrying one vote each. No shares were held in treasury by the Company. Therefore the total voting right in the Company as at 29 June 2020 are 42,210,526.

11 Explanatory notes

The Explanatory Notes to the resolutions included in this Notice of General Meeting are for the information of shareholders only and do not form part of the resolutions to be proposed to the meeting.

