



Baltimore House
50 Kansas Avenue
Manchester, M50 2GL
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4 May 2020

K3 BUSINESS TECHNOLOGY GROUP PLC – Notice of 2020 Annual General Meeting

Dear Shareholder

Please accept this letter as notification that the K3 Business Technology Group plc (the “**Company**”) Notice of the 2020 Annual General Meeting (**AGM**) has now been published on the Company’s website at <https://www.k3btg.com/investor-centre/financial-information/> and is enclosed for shareholders who elected for a hard copy of the Notice.

AGM attendance

The Company’s Annual General Meeting will be held at 10:30 am on Friday 29 May 2020 at Baltimore House, 50 Kansas Avenue, Manchester M50 2GL.

This letter does not contain the full details of the resolutions to be tabled at the meeting, and these are contained in the Notice of the meeting and should be read before you complete your vote. The Directors consider that the proposed resolutions contained in the Notice of AGM are in the best interests of the Company and shareholders as a whole and unanimously recommend that you vote in favour of them, as they intend to do in respect of their own shareholdings.

COVID-19

As a result of the current extraordinary circumstances, the Company is preparing for the AGM on the basis that members will not be able to attend in person, and as such all members are urged to register their votes in advance by appointing the chairman of the meeting as their proxy. Details as to voting by proxy are provided below and in the attached notice.

P.T.O.

It is anticipated that only a minimum number of people from the Company will be present in order to satisfy legal requirements and, based on current guidance, other members will not be admitted.

In the event that circumstances change, and the Company is able to admit members to the AGM in person, an update will be provided on the Company's web-site prior to the meeting.

Proxy voting

You will not receive a hard copy form of proxy for the 2020 AGM in the post. Instead, you will be able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code, which is detailed on your share certificate or available from our Registrar, Link Asset Services (previously called Capita).

Proxy votes must be received no later than **10:30 am on 27 May 2020**.

You may request a hard copy form of proxy directly from the Registrars, Link Asset Services, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Alternatively, you can request a hard copy proxy card by emailing shareholderenquiries@linkgroup.co.uk

Thank you for your continued support as a shareholder of K3 Business Technology Group Plc.

Yours sincerely

K Curry, Company Secretary

K3 BUSINESS TECHNOLOGY GROUP PLC

This letter has been sent to registered shareholders who have elected to receive communications electronically and to certain beneficial owners of shares who have been nominated by their registered holders of shares to enjoy information rights in accordance with section 146 of the Companies Act 2016 ("nominated persons"). **Such nominated persons are advised that, in order to vote at the forthcoming AGM, they must issue an instruction to the registered holder of their shares.** The Company may only accept instructions from registered holders of its shares and it would therefore be unable to act upon any instructions received by nominated persons.



NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in K3 Business Technology Group plc (the "Company"), please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the Company will be held at the Company's offices at Baltimore House, 50 Kansas Avenue, Manchester M50 2GL on Friday 29 May 2020 at 10:30 am at which the following business will be transacted.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 4 will be proposed as ordinary resolutions and resolutions 5 and 6 will be proposed as special resolutions.

Ordinary resolutions

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To re-elect Mr P J Claesson as a director of the Company in accordance with Articles 22.5 and 22.6 of the articles of association.
2. To re-elect Mr A Valdimarsson as a director of the Company in accordance with Articles 22.5 and 22.6 of the articles of association.
3. To elect Mr O Scott as a director of the Company (in accordance with Articles 22.5 and 22.6 of the articles of association) who was appointed by the Board since the last annual general meeting.
4. That the directors of the Company be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £3,578,889 (being approximately one-third of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed) provided that this authority shall unless previously revoked, renewed or varied by the Company in general meeting expire five years from the date of this resolution or if earlier, the date of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous unexercised authorities conferred upon the directors pursuant to section 551 of the Act, but without prejudice to the allotment of any shares or the grant of any Rights already made or to be made pursuant to such authorities.

Special resolutions

To consider and, if thought fit, pass the following resolutions, which will be proposed as special resolutions:

Disapplication of pre-emption rights

5. That subject to and conditional on the passing of resolution 4 above, the directors of the Company be and they are empowered pursuant to section 570 and 573 of the Act to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority conferred by resolution 4 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:
- 5.1 in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares and to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
- 5.2 otherwise than pursuant to sub-paragraph 5.1 above, up to an aggregate nominal amount of £536,833 (being approximately one-twentieth of the issued share capital of the Company (excluding treasury shares) at the date of the notice convening the meeting at which this resolution is proposed);

and, unless previously renewed, revoked or varied by the Company in general meeting, the authority granted by this resolution shall expire five years from the date of this resolution, or if earlier the date of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors of the Company may allot equity securities and/or sell equity securities held as treasury shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Authority to Repurchase Ordinary Shares

6. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares"), provided that:
- (a) the maximum aggregate number of Shares authorised to be purchased is 4,294,667 (representing approximately 10% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed);
 - (b) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade and the highest then current independent bid for any number of the Shares on the Alternative Investment Market of the London Stock Exchange;
 - (d) the authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company to be held in 2021 or, if earlier, on the expiry of 15 months from the date of passing of this resolution unless such authority is renewed prior to such time; and
 - (e) the Company may make one or more contracts to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

Registered Office

4 May 2020

K3 Business Technology Group plc
Baltimore House
50 Kansas Avenue
Manchester M50 2GL

By order of the Board

K Curry
Company Secretary

Explanatory Notes to the Resolutions proposed in the Notice of Annual General Meeting

Please refer to notes 6 to 21 relating to entitlement to attend and vote at the meeting and the appointment of proxies.

1. Resolutions 1 and 2 – In compliance with Article 22.5 of the Company's current articles of association any non-executive director who has held office for nine years or more shall retire at each annual general meeting. Accordingly, Mr P J Claesson will retire at the 2020 annual general meeting. In addition, in compliance with Article 22.5, any director who has not been appointed or re-appointed at either of the two previous annual general meetings shall retire at the 2020 annual general meeting. Accordingly, Mr A Valdimarsson will also retire at the 2020 annual general meeting. Mr P J Claesson and Mr A Valdimarsson will each offer themselves for re-election as a director at the 2020 annual general meeting and they are recommended by the Board for re-election. Mr P J Claesson was originally appointed as a non-executive director of the Company in March 2001. Mr A Valdimarsson was originally appointed as a director of the Company in July 2016. Biographical details of Mr P J Claesson and Mr A Valdimarsson are available on the Company's web-site at <https://www.k3btg.com/investor-centre/the-executive-board/>.

Mr P G Morland and Mr S Darling have both resigned from the board with effect from the date of the Annual General Meeting and (to the extent that they would otherwise have been retiring by rotation) are not available for re-election.
2. Resolution 3 – In compliance with Article 22.5 of the Company's current articles of association any director appointed by the board since the previous annual general meeting shall retire at the annual general meeting of the Company next following his appointment. Mr O Scott was appointed by the Board as a director of the Company in February 2020. Accordingly, Mr O Scott will retire and offer himself for re-election as a director at the 2020 annual general meeting and he is recommended by the Board for re-election. Biographical details of Mr O Scott are available on the Company's web-site at <https://www.k3btg.com/investor-centre/the-executive-board/>.
3. Resolution 4 would empower the directors to allot shares for any reason in accordance with Section 551 of the Act up to an aggregate nominal amount of £3,578,889 representing approximately one-third of the issued share capital of the Company at the date of the notice of annual general meeting. This resolution complies with the Investment Association Share Capital Management Guidelines issued in July 2016. As at close of business on the date of the notice of annual general meeting the Company did not hold any treasury shares. The authority granted by this resolution will expire five years from the date of the resolution or if earlier, on the conclusion of next year's annual general meeting.
4. Resolution 5 would empower the directors pursuant to the authority to allot granted by resolution 4 to allot equity securities (as defined by section 560 of the Act) for cash other than to existing shareholders pro rata to their existing holdings. Such power would be limited to the situations referred to in sub-paragraphs 5.1 and 5.2 of that resolution. Sub-paragraph 5.1 refers to rights issues and similar issues, where difficulties arise in offering relevant securities to certain overseas shareholders or where fractional entitlements arise. Sub-paragraph 5.2 permits allotments for cash (other than rights issues or similar) of ordinary shares up to an aggregate nominal amount of £536,833 representing approximately one-twentieth of the issued ordinary share capital of the Company at the date of the notice of annual general meeting. The resolution is proposed so as to give the directors greater flexibility to take advantage of business opportunities as they arise. The directors have no present intention of exercising the authority. The power granted by this resolution will expire five years from the date of the resolution, or if earlier on the conclusion of next year's annual general meeting.

This resolution is in line with guidance issued by the Investment Association and the Pre-Emption Group Statement of Principles (as updated in March 2015).

5. Resolution 6 seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 4,294,667 of its ordinary shares, representing approximately 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the notice of annual general meeting. The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire on the earlier of the Company's 2021 annual general meeting and the date 15 months after the resolution.

The directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally and will result in an increase in earnings per ordinary share.

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them).

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

6. On a show of hands every shareholder present in person has one vote and on a poll every shareholder has one vote for each share held by him. The necessary quorum at this meeting is two members present in person or by proxy and entitled to vote upon the business to be transacted.
7. The Company specifies that only those members registered on the Company's register of members at:
 - close of business on 27 May 2020; or,
 - if this Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Issued shares and total voting rights

8. As at close of business on the date of the notice of annual general meeting, the Company's issued share capital comprised 42,946,665 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on the date of the notice of annual general meeting is 42,946,665.

Documents on display

9. The following documents will be available for inspection at Baltimore House, 50 Kansas Avenue, Manchester M50 2GL from the date of the notice of the annual general meeting until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:
 - Copies of the service contracts of executive directors of the Company.
 - Copies of the letters of appointment of the non-executive directors of the Company.

Appointment of proxies

10. If you are a member of the Company at the time set out in note 7 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
11. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chair of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chair) and give your instructions directly to them.
12. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please complete new proxy forms for each proxy appointed and list the details of each proxy on a separate form. Please indicate in the box next to the proxy's name the number of shares in relation to which he/she is authorised to act as your proxy. Failure to specify the number of shares to which a proxy appointment relates or specifying a number in excess of those held by the Member will result in the proxy appointment being invalid. Please also indicate by selecting the box provided if the proxy instruction is one of multiple instructions being given.

13. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Members can

- Register their proxy appointment electronically (see note 14).
- If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 15).
- Request a hard copy form of proxy directly from the registrars, Link Asset Services on Tel: 0371 664 0300 (see note 16).

Proxy voting using the Registrar's share portal

14. You may also submit your proxy vote electronically using the Share Portal service at www.signalshares.com. If not already registered for the Share Portal, you will need your Investor Code as shown on a recent dividend tax voucher or recent share certificate. For an electronic proxy vote to be valid, your appointment must be received by no later than 10.30 am on 27 May 2020.

CREST proxy voting (uncertificated shareholders)

15. (a) 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.
- (b) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 the issuers' agent (ID RA10) by the latest time for receipt of proxy appointments specified in this notice or, in the event of an adjourned meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions 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 provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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(s), 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 service 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.

Appointment of proxy using hard copy proxy form

16. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or delivered to Link Asset Services at The Registry, 34 Beckenham Road, Beckenham Road, Kent BR3 4TU (multiple forms should be returned in the same envelope); and
- received by Link Asset Services no later than 10.30 am on 27 May 2020.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Calls to Link Asset Services are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Appointment of proxy by joint members

17. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

18. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services on 0371 664 0300. Calls to Link Asset Services are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which of more than one valid proxy appointment was deposited or delivered last in time, none of them shall be treated as valid in respect of the share(s) to which they relate.

Termination of proxy appointments

19. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.30 am on 27 May 2020.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

20. A corporation which is a shareholder can appoint one or more representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises power over the same share.
21. Notwithstanding the information contained in notes 1 to 20 above and the rights of shareholders set out in the Act and the Company's articles of association, the Directors' strong recommendation is that shareholders do not attend the annual general meeting in person this year and, instead, submit proxy votes appointing the Chair of the annual general meeting as your proxy as set out in this notice of annual general meeting. Moreover, the Directors would like to reiterate that, if any shareholder (or other proxy appointed by a shareholder other than the Chair of annual general meeting) does, nonetheless, travel to attend the meeting in person, it is highly likely that they will be denied access to it based on the prevailing circumstances and, as a result, will not be able to participate in the business to be transacted at the annual general meeting.

Enquiring about your shareholding

If you want to ask, or need information, about your shareholding, please contact our registrar, Link Asset Services, on 0371 664 0300. Calls to Link Asset Services are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Alternatively, if you have internet access, you can access the shareholder portal at www.signalshares.com where you can, amongst other things, view details of your shareholding, set up or amend a dividend mandate and update your address details.

Electronic communications

You can elect to receive shareholder communications electronically by writing to our registrar, Link Asset Services, FREEPOST SAS, 34 BECKENHAM ROAD, BR3 9ZA. Alternatively, if you have internet access, you can access the shareholder portal at www.signalshares.com where you can elect to receive shareholder communications electronically. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

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