Knights plc

Admission Document

26 June 2018

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an admission document prepared in accordance with the AIM Rules, has been issued in connection with the application for admission to trading of the entire issued ordinary share capital of the Company to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of section 102B of FSMA, the Companies Act 2006 or otherwise. It does not constitute a prospectus for the purposes of the Prospectus Rules and the FSMA and has not been, and will not be, approved by or filed with the FCA or any other competent authority.

Application has been made for the whole of the issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Ordinary Shares on 29 June 2018. The Ordinary Shares are not listed or traded on any other recognised investment exchange and no other such applications have been made.

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 United Kingdom Listing Authority. 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.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document nor will it.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk. The attention of prospective investors is drawn in particular to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Group's and/or TP's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

The Directors, whose names appear on page 9 of this document, and the Company accept responsibility, collectively and individually, in accordance with the AIM Rules, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Knights plc

Knights Group Holdings plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11290101)

Placing of 20,689,656 New Ordinary Shares and 13,793,104 Sale Shares each at 145 pence per share

Admission of the Enlarged Share Capital to trading on AIM

Numis

Financial Adviser, Nominated Adviser and Broker

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 29 June 2018 (or such later date as the Company and Numis Securities Limited ("**Numis**") may agree, being not later than 8.00 a.m. on 31 July 2018). The Placing Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

Numis, which is authorised and regulated in the United Kingdom by the FCA, has been appointed as nominated adviser and broker to the Company in connection with the Placing and Admission. Numis is acting exclusively for the Company and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any other person for providing the protections afforded to its clients or for advising any other person on the contents of this document or otherwise in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. The responsibilities of Numis, as nominated adviser under the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any Selling Shareholder or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness and verification (for which the Directors are solely responsible), or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares, the Placing Shares or the Placing and Admission. Numis accordingly disclaims all and any liability, whether arising in tort, contract or otherwise (save as referred to above), in respect of this document or any such statement.

A copy of this document is available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, at www.knights1759.co.uk and, from Admission, the Company's website www.knightsplc.com. Neither the content of these websites nor any website accessible by hyperlinks from these websites are incorporated in, or forms part of, this document.

This Admission Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of any offer to subscribe for or acquire, securities to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular this Admission Document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, New Zealand, the Republic of South Africa Japan or any other Restricted Jurisdiction or transmitted, distributed or sent to, or by, any national resident or citizen of any such country. Accordingly, the Placing Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, or from, the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the applicable securities legislation of any state of the United States of America, any province or territory of Canada, Australia, New Zealand, the Republic of South Africa or Japan nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, the Republic of South Africa or Japan or any other Restricted Jurisdiction to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, Japan or any other Restricted Jurisdiction or to any US person (within the definition of Regulation S made under the Securities Act).

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Numis will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

CONTENTS

IMPORTANT NOTICE

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Cautionary Note Regarding Forward-Looking Statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Enlarged Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Enlarged Group's markets.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Enlarged Group's operations, results of operations, growth strategy and liquidity. While the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

Notice to Overseas Persons

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been taken by the Company, the holders of the Existing Ordinary Shares or Numis that would permit a public offer of Ordinary Shares or the possession or distribution of this document where action for those purposes would first be required to be taken.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the US Securities Act) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in reliance on Regulation S under the US Securities Act. Subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States or any other Restricted Jurisdiction or to or for the account or benefit of any national, resident or citizen of the United States or any other Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document.

Other important information

No prospectus is required, in accordance with the Prospectus Directive, to be published in connection with the Placing or Admission. Prospectus Directive means Directive 2003/71/EU (as amended) and includes any relevant implementing measures in each member state of the European Economic Area. The contents of this document have not been examined or approved by the FCA or London Stock Exchange plc, nor is it intended that this Admission Document will be so examined or approved.

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

The delivery of this document or any purchases of shares in the Company pursuant to the Placing or at any time subsequent to the date of this document shall not, under any circumstances, assume or create an impression that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct.

Basis on which Financial Information is presented

Unless otherwise indicated, financial information in this document, including the historical financial information on the Knights 1759 Group and TP for the years ended 30 April 2016, 2017 and 2018 has been prepared in accordance with IFRS.

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

Market, Economic and Industry Data

This document contains information regarding the Company's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has obtained the third party data in this document from industry studies, forecasts, reports, surveys and other publications.

Time Zone

All times referred to in this document are, unless otherwise stated, references to London time.

Currencies

Unless otherwise indicated, all references in this document to "**GBP**", "**£**", "**pounds sterling**", "**pounds**", "**sterling**", "**pence**" or "**p**" are to the lawful currency of the United Kingdom.

No incorporation of website

The contents of the Company's website (or any other website) do not form part of this document.

References to Defined Terms

Certain terms used in this document are defined in the section of this document under the heading "Definitions".

Governing Law

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

PLACING STATISTICS

Placing Price	145 pence
Number of Existing Ordinary Shares	50,000,000
Number of Placing Shares	
(i) New Ordinary Shares to be issued by the Company	20,689,656
(ii) Sale Shares to be sold by the Selling Shareholders	13,793,104
Number of Consideration Shares to be issued by the Company pursuant to the Acquisition	689,655
Number of Ordinary Shares in issue at Admission following the Placing and completion of the Acquisition (Enlarged Share Capital)	71,379,311
New Ordinary Shares as a percentage of the Enlarged Share Capital	29.0%
Sale Shares as a percentage of the Enlarged Share Capital	19.3%
Consideration Shares as a percentage of the Enlarged Share Capital	1.0%
Market capitalisation of the Company at the Placing Price at Admission[1]	£103.5m
Gross proceeds of the Placing[2]	£50.0m
Estimated net proceeds of the Placing receivable by the Company[3]	£27.5m
ISIN number	GB00BFYF6298
SEDOL number	BFYF629

Notes

1 The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurances that the market price of an Ordinary Share will equal or exceed the Placing Price.

2 Being the aggregate gross proceeds of the issue of the New Ordinary Shares (being £30.0m) and the sale of the Sale Shares (being £20.0m).

3 Ignoring the proceeds of the Sale Shares which will be for the benefit of the Selling Shareholders and after deduction of estimated commissions, fees and expenses payable by the Company in respect of the Placing of approximately £2.5m.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	Date[1]
Publication of this document	26 June 2018
Completion of the Acquisition[2]	29 June 2018
Admission effective and dealings commence in the Enlarged Share Capital on AIM	8.00 a.m. on 29 June 2018
CREST accounts credited, where applicable	8.00 a.m. on 29 June 2018
Despatch of definitive share certificates for Placing Shares, where applicable, by	week commencing 9 July 2018

Notes

1 Each of the above dates, other than the completion date of the Acquisition, is subject to change at the absolute discretion of the Company and Numis. See note 2 below in respect of completion of the Acquisition.

2 On entering into the Acquisition Agreement, the Acquisition was conditional upon SRA approval of the Acquisition but this has since been received such that the Acquisition is now unconditional (as more particularly detailed in paragraph 7 of Part I of this document). Under the terms of the Acquisition Agreement, the parties are required to complete the Acquisition on the earlier of the same Business Day as Admission and 1 August 2018.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Balbinder Singh Johal *(Non-Executive Chairman)* David Andrew Beech *(Chief Executive Officer)* Kate Louise Lewis *(Chief Financial Officer)* Stephen Dolton *(Senior Independent Non-Executive Director)* Richard King *(Independent Non-Executive Director)* *All of whose business address is at the Company's registered office.*
Registered office	The Brampton Newcastle-Under-Lyme Staffordshire ST5 0QW
Company secretary	Lisa Bridgwood
Company website	www.knightsplc.com
Nominated adviser and broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Legal advisers to the Company	DLA Piper UK LLP Victoria Square House Victoria Square Birmingham B2 4DL
Legal advisers to the nominated adviser and broker	Walker Morris LLP Kings Court 12 King Street Leeds LS1 2HL
Reporting accountants	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Auditors	RSM UK Audit LLP Festival Way Stoke-on-Trent Staffordshire ST1 5BB
Registrars	Computershare Investor Services plc The Pavillions Bridgwater Road Bristol BS13 8AE
Financial PR advisers to the Company	MHP Communications 6 Agar Street London WC2N 4HN
Principal Bankers	AIB Group (UK) plc 8th Floor, Vantage Point Spinningfields Manchester M3 3PL

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"**ABS**"	an alternative business structure through which law firms can operate when determined to be a Licensed Body by the SRA;
"**Acquisition**"	the acquisition of the membership interests in TP pursuant to the terms of the Acquisition Agreement, as more particularly detailed in paragraph 7 of Part I and paragraph 15.8 of Part VII of this document;
"**Acquisition Agreement**"	the LLP acquisition agreement dated 18 May 2018 between the Company, KPSL, David Beech and the TP Sellers;
"**Act**"	the Companies Act 2006;
"**Admission**"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules;
"**Admission Document**"	this document, dated 26 June 2018, which comprises an admission document for the purposes of the AIM Rules;
"**AIM**"	AIM, a market operated by the London Stock Exchange;
"**AIM Rules**"	the AIM Rules for Companies governing admission to and the rules and responsibilities of companies whose shares are admitted to trading on AIM (including, without limitation, any guidance notes or statements of practice) as published by the London Stock Exchange from time to time;
"**AIM Rules for Nominated Advisers**"	the rules for nominated advisers to companies whose shares are admitted to trading on AIM (including, without limitation, any guidance notes or statements of practice) as published by the London Stock Exchange from time to time;
"**Articles**"	the articles of association of the Company as at the date of Admission, a summary of which is set out in paragraph 5 of Part VII of this document;
"**B2B**"	business-to-business, typically, in the legal sector, referring to corporate or commercial transactions in the legal sector;
"**B2C**"	business-to-consumer, typically, in the legal sector, referring to the retail legal market, such as matrimonial, family and criminal legal matters;
"**Board**"	the board of directors of the Company for the time being or a duly constituted committee thereof;
"**CAGR**"	compound annual growth rate;
"**certificated**" or "**certificated form**"	recorded on the relevant register of the share or security concerned as being held in certificated form (that is, not in CREST);
"**Company**"	Knights Group Holdings plc, registered in England and Wales with number 11290101, whose registered office is at The Brampton, Newcastle-Under-Lyme, Staffordshire ST5 0QW;
"**Consideration Shares**"	689,655 new Ordinary Shares to be issued to the TP Subscribers upon the application by the TP Subscribers of part of the cash consideration payable to them in connection with the Acquisition upon completion of the Acquisition;

"**CREST**"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of uncertificated shares operated by Euroclear UK & Ireland Limited;
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No 3755), as amended from time to time and any applicable rules made under those regulations;
"**David Beech Concert Party**"	David Beech, Mark Beech (David Beech's brother), Balbinder Johal and Karl Bamford and any other person who, in accordance with the Takeover Code, is considered to be acting in concert with David Beech from time to time (but which does not, for the avoidance of doubt, include any of the other Directors or the TP Subscribers);
"**Directors**"	the directors of the Company as at the date of this document whose names are set out on page 9 of this document and "Director" means any one of them;
"**Enlarged Group**"	the Group following completion of the Acquisition;
"**Enlarged Share Capital**"	the issued Ordinary Shares following the Placing and the Acquisition comprising the Existing Ordinary Shares, the New Ordinary Shares and the Consideration Shares;
"**EU**"	the European Union;
"**EU Member States**"	the member states of the EU;
"**European Economic Area**" or "**EEA**"	the EU Member States, together with Iceland, Norway and Liechtenstein;
"**Existing Ordinary Shares**"	50,000,000 Ordinary Shares in issue as at the date of this document;
"**Existing Shareholders**"	David Beech (CEO), Mark Beech (Commercial Operations Director and brother of David Beech), Karl Bamford (Leader of the Newcastle-under-Lyme office), Joanne Beech (Facilities Director and wife of David Beech) and Balbinder Johal (Non-Executive Chairman);
"**FCA**"	the Financial Conduct Authority;
"**FSMA**"	the Financial Services and Markets Act 2000, as amended;
"**FTE**"	full-time equivalent;
"**HMRC**"	HM Revenue and Customs;
"**IFRS**"	International Financial Reporting Standards as adopted by the EU;
"**Knights**" or "**Group**"	the Company and its subsidiaries;
"**Knights 1759**"	Knights 1759 Limited, registered in England and Wales with number 10279177, whose registered office is at The Brampton, Newcastle-Under-Lyme, Staffordshire ST5 0QW;
"**Knights 1759 Group**"	Knights 1759 and its subsidiaries (not including, for the avoidance of doubt, the Company);
"**KPSL**"	Knights Professional Services Limited, registered in England and Wales with number 08453370, whose registered office is at The Brampton, Newcastle-Under-Lyme, Staffordshire ST5 0QW;

“**Licensed Body**”	a body which holds a licence in force under part 5 of the Legal Services Act 2007;
“**London Stock Exchange**”	London Stock Exchange plc;
“**MAR**”	EU Market Abuse Regulation (596/2014);
“**MBO**”	management buy-out;
“**Net Promoter Score**”	an index ranging from -100 to 100 that measures the willingness of customers to recommend a company’s products or services to others;
“**New Facilities Agreement**”	an acquisition and revolving credit facility dated 25 June 2018 between certain members of the Group and AIB Group (UK) plc, further details of which are set out in paragraph 15.4 of Part VII of this document;
“**New Ordinary Shares**”	20,689,656 new Ordinary Shares to be issued by the Company pursuant to the Placing;
“**Numis**”	Numis Securities Limited, registered in England and Wales with number 02285918, whose registered office is at 10 Paternoster Square, London EC4M 7LT;
“**Official List**”	the official list of the United Kingdom Listing Authority;
“**Omnibus Plan**”	the Knights Group Holdings plc Omnibus Plan;
“**Ordinary Shares**”	ordinary shares of £0.002 each in the capital of the Company;
“**Placing**”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“**Placing Agreement**”	the conditional agreement dated 26 June 2018 between Numis, the Company, the Directors and the Selling Shareholders relating to the Placing, further details of which are set out in paragraph 14 of Part VII of this document;
“**Placing Price**”	145 pence per Placing Share;
“**Placing Shares**”	the New Ordinary Shares and the Sale Shares;
“**Prospectus Rules**”	the prospectus rules of the FCA made pursuant to section 73A of FSMA;
“**QCA Code**”	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 published by the Quoted Companies Alliance and as amended from time to time;
“**Registrars**”	the Company’s registrars, Computershare Investor Services plc;
“**Regulation S**”	Regulation S under the Securities Act;
“**Remuneration Committee**”	the remuneration committee established by the Board from time to time to consider and make recommendations to the Board as to the remuneration of the Company’s directors and senior executives, as further described in paragraph 13 of Part I of this document;
“**Restricted Jurisdictions**”	the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan and any other country outside of the United Kingdom where the distribution of this document may lead to a breach of any applicable legal or regulatory requirements;

"**Sale Shares**"	the 13,793,104 Existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing;
"**SAYE Scheme**"	the Knights Group Holdings plc Savings-Related Share Option Scheme;
"**Securities Act**"	United States Securities Act of 1933, as amended;
"**Selling Shareholders**"	Balbinder Johal (Non-Executive Chairman), Karl Bamford (Leader of the Newcastle-under-Lyme office), Mark Beech (Commercial Operations Director and brother of David Beech) and Joanne Beech (Facilities Director and wife of David Beech);
"**Shareholder**"	a holder of an Ordinary Share;
"**Share Schemes**"	means the Omnibus Plan, SAYE Scheme and SIP, details of which are set out in paragraph 6 of Part VII of this document;
"**SIP**"	the Knights Group Holdings plc Share Incentive Plan;
"**SRA**"	the Solicitors Regulation Authority, being the regulatory body for solicitors in England and Wales;
"**Takeover Code**"	the City Code on Takeovers and Mergers;
"**Takeover Panel**"	the Panel on Takeovers and Mergers;
"**TP**"	Turner Parkinson LLP, a limited liability partnership registered in England and Wales with number OC312799, whose registered office is at Hollins Chambers, 64a Bridge Street, Manchester M3 3BA;
"**TP Group**"	TP, Turner Parkinson Nominees Limited and T.P.D.D. Limited;
"**TP Sellers**"	Mark Openshaw-Blower, Richard Lund, Ian Fitzpatrick and James Sheridan, being the members of TP at the time of entering into the Acquisition Agreement;
"**TP Subscribers**"	James Sheridan and David Easdown;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**uncertificated**" or "**uncertificated form**"	recorded on the relevant register of the share or security as 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 Listing Authority**" or "**UKLA**"	the FCA acting in it capacity as the competent authority for the purposes of Part VI of FSMA;
"**US"** or "**United States**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"**WIP"**	work in progress;
"**Warrant Instrument**"	the deed poll executed by the Company dated 26 June 2018 constituting the Warrants, further details of which are set out in paragraph 15.6 of Part VII of this document; and
"**Warrants**"	the 706,897 warrants issued to Numis conditional upon Admission to subscribe for up to 706,897 Ordinary Shares (representing 1 per cent. of the Enlarged Share Capital ignoring the Consideration Shares) pursuant to the Warrant Instrument.

PART I

INFORMATION ON THE ENLARGED GROUP

1. INTRODUCTION

Knights is a fast-growing, regional legal and professional services business, ranked within the UK top 100 largest law firms by revenue. 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. The Company's main focus is on the UK's secondary regional markets, offering 'big city' quality expertise from a regional cost base. Currently, Knights operates from six offices: Newcastle-Under-Lyme, Wilmslow, Chester, Derby, Cheltenham and Oxford, with approximately 350 fee earners and 430 employees in total. A further 63 employees and a seventh office will be added to that number following completion of the acquisition of Turner Parkinson LLP ("TP") on Admission.

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 it is this clear separation between management/ownership and partners that the Directors believe has been the key contributor to the Group's profitable growth in recent years, and which makes the Group well positioned to compete with and disrupt the independent regional firms which are ranked beneath the top 50 largest UK law firms.

The business has, over the three years ended 30 April 2018, generated compound annual growth in revenue and adjusted operating profit of 31.4 per cent. and 25 per cent. respectively. For the year ended 30 April 2018, reported revenue of the Knights 1759 Group was £34.9 million, adjusted operating profit (excluding non-recurring costs) was £6.8 million (representing a margin of 19.6 per cent.) and adjusted operating cash flow (excluding discontinued and non-recurring costs) was £6.4 million representing over 93 per cent. operating cash conversion for the year (excluding TP, which itself generated revenue of £8.5 million and adjusted 'corporatised' operating profit of £1.9 million for the same period).

2. KEY STRENGTHS

The Directors believe that the Group has the following key strengths:

2.1 An entrepreneurial pioneer following the UK Legal Services Act

Knights was one of the first commercial law firms to corporatise and adopt the ABS model following the change in English law in 2007 and is still one of very few commercial legal services businesses with a clear and long-standing separation between management and the partners.

By having this separation, the Directors believe that Knights' management, unlike a traditional partnership, are able to run the business more effectively by resolving people issues efficiently (particularly poor performance or behaviour of partners) resulting in a high performance, functional business culture.

Separating management and fee generation has also removed the traditional partner politics focussed on personal client billings alone, freeing-up fee earners to concentrate on client service in a collegiate environment. Knights' meritocratic-based career path to partnership also offers transparency and motivation to aspiring non-partner fee earners. Knights' dedicated professional management team are, therefore, able to focus on delivering the overall business strategy, executing acquisitions and driving profitability across the Group.

2.2 Disruptive B2B legal services model in a highly attractive, fragmented market

The UK legal market remains highly fragmented with approximately 85 per cent. of the 12,000 legal practices classed as small, with four or fewer partners. The mid-market, which is typically recognised as being those law firms ranked between the 16th and 200th largest UK law firms by revenue, accounted for approximately 25 per cent. (approximately £8.7 billion in aggregate) of total private practice revenues in 2017 (source: The Lawyer UK 200 2017). This large spread of mostly traditional law firms, together with the increased pressure from clients to seek more cost-effective methods of work, has resulted in a clear opportunity for Knights' long-standing meritocratic corporate structure to act as a disrupter amongst its B2B peers in terms of both winning client work and identifying target firms, teams and individuals to join the expanding Group.

Another recent trend experienced by the legal industry has been the outsourcing of legal services which cannot profitably be delivered by more expensive global law firms (such as the 15 largest law firms in the UK by revenue) or by in-house teams with limited resource, to a more cost effective regional alternative. Knights has been engaged with this outsourcing trend for several years, having relationships with both larger law firms and in-house counsel and the Directors expect this trend to continue to develop as the market evolves, with additional opportunities being unlocked as a result.

2.3 **Full service operations from secondary markets predominantly outside of large cities**

Knights generates revenue across the full-spectrum of legal services but with a general geographic focus on high density secondary markets predominantly outside of large cities, where there is more limited local competition for clients and talent. Consequently the Group is able to offer 'big city' quality both to clients and fee earner recruits alike, from a lower cost base.

The Directors believe Knights' offices provide its employees with a more modern working lifestyle and better work-life balance; including a shorter commute and lower cost of living. When adding this to the Group's collegiate, transparent structure and typically higher remuneration levels, Knights has been and remains an attractive proposition for high quality recruits, tending to overcome any shortcomings that may be perceived by not having 'city-centre' locations. In addition, the Directors believe that a public listing will provide even greater flexibility, allowing the Group to offer employee share schemes to further increase attractiveness to new recruits and motivate and incentivise its existing employees.

2.4 **Resilient business with high quality of earnings and deep client relationships**

Knights was engaged by over 7,600 clients on approximately 14,000 matters in the financial year ended 30 April 2018. Approximately 70 per cent. of fees generated in 2018 were repeat business from existing clients with an average matter value of £2,500 and the largest client representing 5.6 per cent. of total revenue (the top 10 clients representing less than 18 per cent. of revenue in each of the last three financial years). Similarly, there is no material concentration of work within a select number of partners (as is often the case in other law firms) with the largest billing partner representing 2.6 per cent. of revenue in the financial year ended 30 April 2018.

Despite this large client base, the Group retains high levels of client satisfaction, as evidenced by its high Net Promoter Score of 79 per cent. (based on client responses in the week commencing 2 May 2018).

Equally, by having a good spread of longstanding clients who are typically serviced across more than one of the business service disciplines, as well as a large fee earner population actively engaged in their client relationships and each contributing relatively similar levels of fee-income (based on their level of qualification), management are able to mitigate from the risk of losing 'key client' accounts or partners.

Knights focuses heavily on cash collection. For the financial year ended 30 April 2018, the Group had a significantly lower average WIP plus 'debtor days' of 113 compared to the market average of 161. Taking out of this calculation clinical negligence work in progress which operates under conditional fee arrangements (i.e. being contingent on the outcome of the matter), average WIP plus 'debtor days' were 77 as at 30 April 2018.

2.5 **Highly scalable business model requires lower support costs**

Historically law firms have struggled to adapt to the evolution of the work place with fewer fee earners using advances in technology to maximise efficiencies in the delivery of legal services. This has resulted in law firms averaging, across the market, 1.5 fee earners to every non-fee earner (source: PwC Annual Law Firms Survey 2017), often, in the opinion of the Directors, with partners or senior fee earners feeling morally obliged or comforted by having a long-term personal assistant dedicated to them and their files.

By separating management from partners at an early stage, Knights has been able to follow a more efficient system of business process management, with a 4.5 fee earner to non-fee earner staff ratio at April 2018. This has driven higher profit margins and it has also resulted in fee earners taking greater ownership over their work and becoming better skilled to face the ongoing technological challenges that face the legal sector.

The Directors expect this ratio to further increase as the Group undertakes further acquisitions of other firms and rationalises their non-fee earning staff, as well as further investing in lateral hires of additional fee earners and technology.

2.6 Multiple organic growth levers driving value creation

Historically, the Group has demonstrated its ability to grow organically with the lateral hiring of both teams and individual partners. This ability to attract personnel from local and national peers underpins Knights' growth strategy, as such individuals typically bring with them an immediate revenue producing client following, with minimal or no cost of acquisition to the business.

In addition, the Directors are keeping under continued review the potential to roll-out new offices in attractive regional locations with limited competition and, in particular where opportunities cannot easily be unlocked by acquisition. One such region is the North East, where the Directors and senior management are reviewing the market and considering what options are available to the Group.

2.7 Value accretive M&A strategy underpinned by proven track record and pipeline of opportunities

Alongside Knights' organic growth strategy, the Group has a successful track record of acquiring small regional commercial law firms in attractive locations across the UK. The Company has a proven method to identify, execute and integrate earnings-accretive acquisitions, demonstrating an ability to unlock value from the more traditional partnership structures.

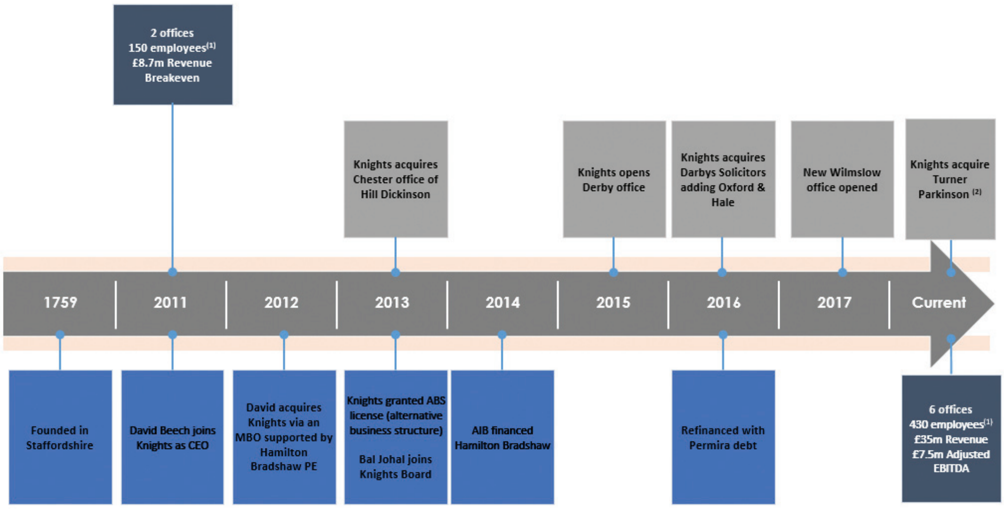
To date, the management team have completed three acquisitions: the original MBO of Knights Solicitors LLP (Newcastle-under-Lyme) in June 2012; the acquisition of the Chester office of Hill Dickinson LLP in October 2013; and the acquisition of Darbys Solicitors LLP (Oxford and Hale) in January 2016. All three businesses were facing mounting financial pressures at the time of acquisition and have since been turned around by Knights' management into profitable offices, serviced by one central support office in Newcastle-under-Lyme. Acquisitions are an important method of employing new fee earners for Knights, represented by the 135 fee earners who joined Knights from Darbys when it was acquired in January 2016.

The Group has recently exchanged contracts to acquire the membership interests of TP, with completion taking place on the earlier of Admission and 1 August 2018. Unlike previous acquisitions undertaken by Knights, TP is a financially stable and profitable business. However, the Directors still believe that annual costs savings of at least £200,000 per annum, once the TP business is fully integrated, are achievable. Further, the Directors are of the opinion that entering the Manchester market-place will also allow Knights to bolster its existing teams and drive further value and scalability for the Enlarged Group. Despite completion of the acquisition expecting to occur on Admission, under the contractual terms of the acquisition, the economic transfer of TP will have an effective commencement date of 1 May 2018, resulting in the Enlarged Group having the full year's benefit of the additional earnings from TP in the current financial year ending 30 April 2019. The Directors believe that this acquisition evidences the ability of the Group to conclude acquisitions of attractive, growing practices as well as turnaround situations.

3. HISTORY AND BACKGROUND

The origins of the Group can be traced back to the 18th century when the Staffordshire based law firm Knights was founded. However, it was not until 2012, when its new management (led by David Beech (CEO)) decided to adopt and take advantage of an Alternative Business Structure (freeing up management to focus on profitability, whilst the fee earners could concentrate on fee generation), that Knights started its growth story, resulting in it being ranked first against all UK law firms for its percentage increase in revenue per partner from 2016 to 2017 (source: The Lawyer UK 200 2017).

An overview of key milestones include:



Notes:

1. Employee numbers relates to absolute people employed (including equity partners in 2011).

2. Acquisition of Turner Parkinson will add 16 partners and 44 other employees.

4. BUSINESS OVERVIEW

The Directors believe that Knights operates in a highly attractive segment of the fragmented UK legal services market, which is demonstrated by its strong revenue growth, profitability and cash conversion performance. The Group provides corporate and commercial legal services at scale and across a broad sector basis, similar to the larger national law firms. However, what differentiates the Group is that it tends to deliver its services from a lower cost regional setting where national firms are not typically present (or have smaller offices with more limited services) and where Knights' local competition is predominantly smaller, one-office practices, offering a more limited range of legal services. As a result, the Directors believe that Knights is the natural choice for both (i) larger, national corporates seeking a law firm to act on smaller matters that cannot be addressed cost-effectively by national firms in major cities and (ii) local corporates seeking high quality work but for whom other local firms offer insufficient breadth and expertise.

4.1 Knights' business model

The business model of Knights, unlike traditional partnerships, has helped foster a culture of sharing clients and cross-selling, whilst also remaining committed to maximising profit growth. As a result, historically management have retained resolute focus on, and the Directors intend to continue to remain focussed on, the following core features of the business model:

- offering 'national law firm' expertise from a regional office network, mainly operating outside of large cities, which is attractive to all stakeholders given that:
  - clients receive a high quality service at a lower cost;
  - fee earning staff can work on interesting, challenging matters while enjoying a better work-life balance (including shorter commute and lower cost of living); and
  - Knights has less local competition and lower support costs;

- targeting 100 per cent. cash conversion – typically law firms struggle with the time it takes to convert WIP to actual collected debts, often resulting in cash-leakage and the need to rely on bank debt to support working capital. Knights focuses on 100 per cent. cash conversion and has significantly lower average 'lock-up days' of 113 (77 days when excluding clinical negligence WIP) compared to the market average of 161 (for the top 51-100 UK law firms by revenue) (source: PwC Annual Law Firms Survey 2017);
- recruiting high quality, skilled fee earners who are attracted by the distinctive characteristics of the Group and the freedom to concentrate on fee generation as opposed to the day-to-day pressures associated with management;
- remunerating partners as employees of the Group through above-market levels of annual salary, removing the challenges faced by incoming new partners under the traditional partnership model i.e. (i) an initial capital outlay (by virtue of the requirement to "buy in" to the partnership through an acquisition of a stake in the capital account) and (ii) on-going financial risk; and
- maximising the fee earner to support staff ratio to drive operating leverage and maximise profit margin (as at 30 April 2018, Knights had a 4.5 fee earner to support staff ratio against a market average of 1.5, with scope to leverage this further with additional fee earner growth).

As with other law firms, revenue is primarily driven by the number of fee earners employed by Knights. At present, the Group employs approximately 350 fee earners and 80 support staff whose roles are predominantly separated so that fee earners concentrate on client service. When new fee earners join the Group, management closely monitor their contribution to the business and cultural integration. Partners are also hired on the basis that they will be able to bring some or all of their existing client relationships into Knights, thereby generally ensuring that they are able to contribute to the business shortly after joining Knights.

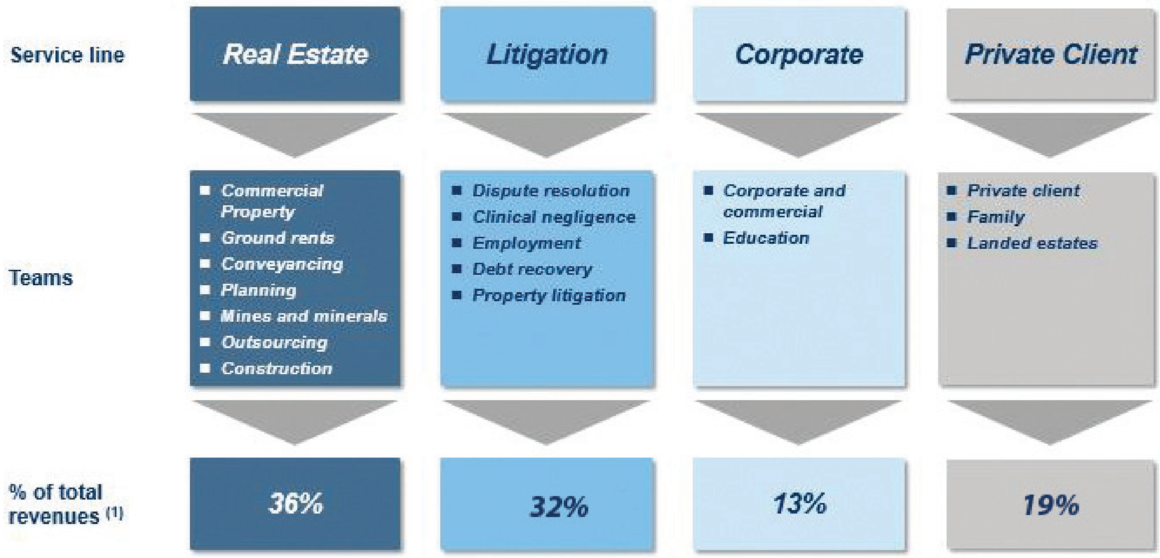
4.2 **Summary of operations**

Knights currently operates from the following locations with its head office being located in Newcastle-under-Lyme

Following completion of the Acquisition of TP, the Enlarged Group will also have an office in Manchester.

The Directors are also keen to expand organically into other attractive regional locations across the country by opening new offices, with the short-term focus currently on the North-East.

As a full service commercial law firm, Knights generates fee income across various individual departments, which includes niche areas to service the specific needs of its clients. These departments, however, are grouped into four broad service lines as follows:



Source: 1 May 2017 to 30 April 2018 management information.

4.3 **Fee earners and recruitment**

Fee earner is a generic term used by law firms for employees who generate fee income for the business. Fee earners are not necessarily legally qualified with practicing certificates, however, as the work becomes more complex then, typically, qualified solicitors will be involved in giving the legal advice and liaising with the client.

Fee earners as a collective are typically made up of:

- paralegal – ordinarily an unqualified individual with a legal background, be that completion of a law degree or some form of legal work experience, providing support to more senior fee earners. Knights has approximately 63 paralegals and the Directors intend to increase this number to leverage their cost efficiency;
- trainee – an individual who has completed a law degree (or equivalent) and is undertaking their training contract (formerly known as 'articles' and which ordinarily takes two years to complete) with their employer law firm in order to qualify as a solicitor with a practising certificate issued by the SRA. Knights has approximately 43 trainees;
- solicitor, associate or senior associate solicitor – a qualified solicitor who has a practising certificate issued by the SRA – Knights has approximately 46 solicitors, 44 associates and 43 senior associates; and
- partner – a qualified solicitor who heads up a team of fee earners and typically has a strong following of clients within their chosen practice area. In more traditional partnership models, the partnership group may be split between salary and equity partners (reflecting their employment status and ownership of the business, which includes a requirement to make a capital contribution on becoming a partner) and may be remunerated based on their seniority within the firm (lockstep) or on the basis of revenue generated ("eat what you kill"). As the Group is corporatised, all partners of Knights are employees of the business and are typically remunerated on an above market base salary. Knights has approximately 96 partners.

Another indicator of the attractive workplace established at Knights is its low staff turnover, currently less than 10 per cent. (based on qualified fee earners who have been with the Group for more than 12 months), compared to an average of 13.1 per cent. in the services sector generally in 2017 (source: XpertHR).

The fee earner recruitment strategy of Knights encompasses:

1. recommendations from existing lawyers at Knights;
2. recruitment consultants continually working to provide a steady flow of potential future recruits. This process is monitored and reviewed by the HR director and relevant office leaders and results in quality potential recruits being interviewed and employed; and
3. senior members of staff, including David Beech, accessing their network of contacts in the profession.

In the last three years, the Group has undertaken five lateral group hires (of more than two fee earners), indicating the strength of the Knights offering to fee earners of all levels.

To prepare for an increase in recruitment activity following Admission and the associated higher profile of the Group, Knights has organised a team of eight senior people within its business to conduct recruitment. The six office leaders generally conduct the first round interviews with candidates and, thereafter, further interviews are conducted by the CEO, HR director and the office leaders, as appropriate.

4.4 Support staff

Support staff do not generate income (directly by billing clients) but provide the full range of support required by fee earners in order to offer the seamless professional service clients expect from law firms such as Knights.

Currently, Knights has approximately 80 support staff (a large number of which sit within business critical teams such as the Group's IT and finance teams), giving a 4.5 fee earner to support staff ratio against a market average of 1.5. As the Group continues to grow both organically and through acquisitions, it will continue to monitor and, where necessary, reorganise employees in order to maximise profitability without prejudicing the operations of the business.

4.5 Clients

Knights is not reliant on any one client or type of transaction. In the financial year ended 30 April 2018, Knights was engaged by over 7,600 clients with average annual client revenue of approximately £4,500.

Knights' primary focus is on providing high quality expertise and service which represents value to clients, thereby encouraging the use of multiple service lines. The margins for each service line are monitored by management to ensure profitability, but generally the Group is service line agnostic as they often complement each other. An indication of the high-quality work Knights produces and the 'stickiness' of clients is represented through approximately 70 per cent. repeat business based on clients billed in the year ended 30 April 2017 and their equivalent billings in the year ended April 2018.

Indeed, despite this large client base, the Group retains high levels of client satisfaction, as evidenced by its high Net Promoter Score of 79 per cent. (based on client responses in the week commencing 2 May 2018).

An example of some of the key clients of Knights and the strong, long lasting relationships that Knights has with such clients is evidenced below:

Client	*Length of relationships*	*Service lines purchased in FY18*	*Service lines purchased in FY16*
Real estate manager	8 years	6	7
International basic materials company	32 years	7	7
Specialist care provider	3 years	3	1
Pension fund	17 years	5	4
Medical consolidator	3 years	4	1
Energy supplier	2 years	1	–
Blue chip pharmaceutical company	2 years	2	–
Property fund manager	9 years	2	3
Construction materials company	10 years	7	5
Engineering company	2 years	1	–
Landed estate client	55 years	4	4
International food retailer	4 years	3	2
Finance sector lender	1 year	5	–
Credit card company	5 years	2	2
University	25 years	7	6
Gas provider	1 year	3	–
District Council	over 20 years	3	4
City Council	over 10 years	4	2
House builder	over 10 years	3	3
University college	over 10 years	4	4
Total		76	55

4.6 **Acquisitions**

Under the current management team, Knights has a strong track record of successful acquisitions. This will remain a core part of the growth strategy and the Group remains in continuous dialogue with industry participants and consultants to identify and review potential law firm and team targets which offer complementary services in targeted geographies and sectors, which display the right cultural fit for the business and which would provide financial and operational synergies to Knights' existing business.

Once a target has been identified and non-binding terms agreed, Knights has an experienced internal M&A team who undertake a focussed diligence exercise, deal with any regulatory approvals that may be required to consummate the acquisition and report to the Board as to strategic issues that may be relevant to the business.

One of Knights' key areas of diligence on any acquisition is the cultural integration of the individuals employed or engaged by the target. As a result, Knights has developed an effective acquisition integration process, which includes, alongside the M&A team, management (non-fee earners) investing time in:

- transitioning those persons onto Knights' practice management and other operational systems;
- integrating the target's teams with the existing teams within Knights' business; and
- considering any cost savings that might be available.

5. MARKET OVERVIEW

5.1 **A robust UK legal services market**

The UK has a reputation as a leading centre for the provision of legal services and dispute resolution, partly as a result of the widespread use of English law as a framework for commercial contracts and a centre for fair and established dispute resolution. The UK has the largest legal market in Europe, with the legal services sector representing a significant part of the national economy. In 2018, the Office for National Statistics (ONS) reported that fee income in 2017 generated approximately £31.2 billion, which implies a 3.8 per cent. CAGR in legal activities from 2010 to 2017. Turnover is forecast to exceed £40 billion in 2021, implying a CAGR of approximately 5 per cent. in the period 2017 to 2021.

The legal market is highly fragmented with the top 15 law firms by revenue (including the 'magic circle' firms) accounting for approximately £14.7 billion of revenue in 2017 and the mid-market firms (typically represented by firms ranked between 16th and 200th (by revenue)) accounting for approximately £8.7 billion of revenue in 2017 (source: The Lawyer UK 200 2017).

In recent years, there has been an increasing trend of external investment into UK law firms. The changes introduced by the Legal Services Act 2007 have enabled new forms of legal practices to develop, such as the ABS, permitting external (that is, non-legally qualified) ownership of legal businesses. More than 700 ABS licences have since been granted by the SRA to a broad range of entities. The introduction of the ABS has acted as a market disrupter, creating a new environment for the provision of legal services in England and Wales. In particular, for those firms with a retail rather than a commercially focused business, it has produced an increase in competition. This has, in the opinion of the Directors, led to a greater focus on the needs of the end-user of legal services and this will ultimately re-shape the commercial mid-market as the demands of commercial clients create a need for an ever more relevant and value-based service offering.

As an example of the extent of external investment,

- at least 16 private equity firms are believed to have invested in the legal sector (source: The Legal Services Board);
- the large accountancy firms have established in-house ABS legal functions generating, for example, in the case of PricewaterhouseCoopers Legal LLP annual revenues of £60 million in 2016; and
- four English-based law firms have listed on AIM to date, with the first corporate firm successfully being admitted in May 2015.

5.2 A challenged partnership model

The Directors believe that a number of law firms have, and will continue to, experience succession crises as fewer of the newer generation of lawyers are prepared to commit to a partnership in smaller firms. This leaves existing equity partners on a "legal carousel", unable to stop and extract their capital without finding either external capital or a buyer. A focus on the lock-step model (where the right to share in profits of the business is directly linked to the length of tenure of a partner) and preservation of short-term partners' returns (that is, the ability to extract profits in the current financial year rather than leaving them for re-investment in the business) is, in the opinion of the Directors, leading to deterioration in the long-term outlook for many firms. These "risked partnerships" are increasingly seeking mergers and investment to provide a more secure foundation to their businesses. The Directors believe Knights is ideally placed to provide a solution to such partners and businesses by offering firms and teams the ability to join its growing practice without the requirement to make an initial capital contribution and thus off-setting the long-term concern as to how that equity will be repaid on leaving/retiring from the business (or, worse, how further capital may be required if the firm experiences financial distress).

5.3 Competitive environment

The UK legal sector can typically be split into four broad offerings:

- global law firms (which includes the established "magic circle" firms), ordinarily located across Europe, Asia and the Americas and often advising on high-value cross-border transactions;
- UK-centric mid-market firms (being those ranked within the top 50 law firms within the UK), ordinarily being rooted within a major city but who, over time, have expanded into multiple UK

cities where it is expected larger corporate and commercial clients will require legal services and also where universities are located to foster home-grown talent;

- UK regional independent smaller commercial firms (being those firms ranked 51-200 within the UK) often comprising a single office in a provincial town or city serving the local business community; and
- high street firms, typically small one office practices with only a handful of partners who specialise in a limited number of B2C disciplines, such as private client wills and probate and residential real estate.

The UK-centric mid-market is undergoing a period of consolidation and, as the firms within that group compete with each other, the Directors are of the opinion that those firms are unlikely to seek to move into the regions beyond the UK's major cities.

5.4 Knights' opportunity

The regional independent law firms typically face competitive pressure on prices, meaning revenue per lawyer is lower, leading to profit margins that are below those of their larger rivals. Many also have significant third party borrowings. Without scale, operating efficiency is hard to achieve as the necessary employee, back office and property costs comprise too great a proportion of total costs. This situation is aggravated by a lack of management capability; increasing IT, and regulatory costs across the sector; and the historic unaddressed problem of "overstaffing". It is this band of regional independent firms which the Board believes present a significant consolidation opportunity for Knights as they are receiving little attention from the larger top 50 UK firms or any of the new entrants to the legal sector such as the likes of the 'big four' accountants.

5.5 Outsourcing trends

Global law firms, and even those law firms operating in the UK's top-30 by annual revenue, often find themselves 'priced-out' of the smaller-end of the legal market, unable to competitively offer the lower fees and personnel commitments required to execute on smaller transactions. As a result, these law firms over the last five years have started outsourcing work to other businesses and law firms who are considered better equipped from lower cost locations to continue to meet their client expectations.

Known as the 'Mexican-Wave' concept, for many mid-market law firms being appointed the preferred outsourcing agent of global law firms has become a lucrative business, generating multiple instructions and forming a solid revenue stream.

Knights is on the panel of two global law firms for such outsourcing, Hogan Lovells ($2 billion global revenue in 2017) and DLA Piper ($2.6 billion global revenue in 2017).

6. STRATEGY

Knights' strategy is to continue to develop the business and deliver profitable growth through both organic and acquisitive expansion.

6.1 Organic growth

While the UK legal services market is forecast to provide robust underlying growth, management believe that clear opportunities exist for Knights to continue to grow organically much faster than the market, in particular from (i) attracting new talent (be that individuals or teams) wishing to be a part of a progressive legal services business; (ii) roll-out of new offices into target regional locations; (iii) outsourcing from national and international firms; and (iv) enhanced cross-selling, through the addition of new service lines. Whilst legal services will always remain at the heart of the business, management believe there is a compelling logic to adding complementary business services, such as corporate finance and surveying, alongside Knights' existing service offerings. The Group already has a successful town planning business that was developed organically from a team that joined the business in 2014 and which complements the real estate law practice.

6.2 Acquisitive growth

In addition to organic growth, Knights intends to be at the forefront of consolidation within the regional UK legal services sector, building on its successful acquisition strategy to date. Admission will provide enhanced profile, funding and consideration structures and is expected by the Board to make Knights more attractive to potential targets. Acquisitive growth will be achieved through the acquisition of: (i) legal teams or firms offering geographic expansion into attractive, new regional markets for Knights; or (ii) complementary business services. A broader set of services will increase the potential for cross-selling to existing clients and represent a stronger sales proposition for potential new clients.

Through delivery of this strategy, management have set out the following growth targets to achieve by the financial year to April 2020:

- The recruitment of more than 200 additional fee earners.
- Continue to maximise support staff efficiencies by further leveraging overheads
- 9+ offices (from 6 today, plus TP's Manchester office).
- The completion of at least three further acquisitions.

6.3 Operating leverage and efficiency

The Directors are focussed on achieving a 100 per cent. cash conversion on client matters by reducing WIP days (i.e. the period from commencing a matter to the time of billing) and debtor days (i.e. the time to collect on billed matters). It already ranks well-ahead of its market peers in the top-100 UK law firms (by revenue) but the Directors believe there is still room for improvement.

7. ACQUISITION OF TP

The Group announced on 22 May 2018 the proposed acquisition of TP.

TP is an independent law firm based in Manchester, first established in 1995. Over the last six years TP has grown rapidly, posting revenues of £8.5 million for the year ended 30 April 2018, representing 11 per cent. organic growth on the prior year. Further financial information on TP is contained in paragraph 8.2 of this Part I of this document.

TP has built a strong client following of entrepreneurs, corporates, private equity houses, small and mid-cap public companies and emerging high-growth companies. Over the past five years, TP has consistently been ranked among the top law firms for deal volume across the North-West.

The Directors believe that TP's focus on core business services complements and enhances the Group's current offering. Aside from Mark Openshaw-Blower, Managing Partner, who is to retire, TP's senior management team will stay with the business following the transaction. As a result, this acquisition will increase Knights' resource to approximately 500 people, servicing 8,600 clients across the full spectrum of legal and professional services.

The Acquisition is unconditional following the Group having received the necessary regulatory approvals from the SRA on 24 May 2018 to acquire the TP Sellers' respective membership interests in TP. Completion of the Acquisition will take effect on the earlier of the date of Admission and 1 August 2018. Notwithstanding the date of completion, economic benefit of TP transfers to the Enlarged Group with effect from 1 May 2018, such that the Enlarged Group will receive the benefit of a full accounting year of TP's profits in the financial year to 30 April 2019.

The consideration payable by the Group to the TP Sellers will be satisfied in cash (which is part payable on completion of the Acquisition and part deferred over three tranches ending in May 2020) and through the issuance of the Consideration Shares, as more particularly detailed in paragraph 15.9 of Part VII.

Further details on the Acquisition Agreement and related material documents are in paragraphs 15.8 to 15.10 of Part VII of this document.

8. HISTORICAL TRADING

8.1 The Group

The following financial information for the Knights 1759 Group for the years ended 30 April 2016 to 30 April 2018 has been derived from the financial information contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	Year ended 30 April 2018 £000	*Year ended 30 April 2017 £000*	*Year ended 30 April 2016 £000*
Revenue	34,869	32,073	20,185
Revenue growth	8.7%	58.9%	38.2%
Adjusted EBITDA	7,481	6,971	4,815
Adjusted EBITDA margin	21.5%	21.7%	23.9%
Adjusted operating profit	6,847	6,410	4,381
Adjusted operating profit margin	19.6%	20.0%	21.7%
Adjusted net cash flow from operating activities	6,371	2,293	442
Cash conversion	93.0%	35.8%	10.1%

Note: Adjusted figures exclude exceptional costs of £453,000 in FY18, £864,000 in FY17 and £578,000 in FY16. Cash conversion is defined as adjusted net cash from continuing operating activities/Adjusted operating profit. Non-recurring costs are detailed in note 7 to the financial information contained in Part III of this document.

The revenue growth in FY16 is the increase in revenue compared to the FY15 revenue in the previous legal entity, Knights Solicitors LLP. The whole of the business of Knights Solicitors LLP was transferred to the Group on 1 May 2015.

Revenue growth

The business has over the three years ended 30 April 2018, delivered revenue CAGR of 31.4 per cent. Revenue grew by 58.9 per cent. in the year ended 30 April 2017, underpinned by the increase in the number of fee earners, which was predominantly as a result of the acquisition of Darbys in January 2016. Revenue growth in the year ended 30 April 2018 was 8.7 per cent. The lower level of revenue growth was as a result of management's decision to reduce the pace of fee earner recruitment. The number of fee earners in the Knights 1759 Group had increased by over 100 per cent. in the prior 18 months and therefore management felt it necessary to undergo a period of consolidation and restructuring during the first half of FY18 to ensure that all new professionals were fully integrated within the Knights culture and to deliver on the cost synergies flowing from the Darbys acquisition.

During the second half of the financial year ended 30 April 2018 the Directors felt that the Knights 1759 Group restructuring was complete and solid foundations were in place to increase the pace of recruitment. Therefore, during this period the Knights 1759 Group invested resources in recruitment resulting in the recruitment of approximately 30 high calibre professionals in the last six months of the financial year (including 9 partners and 11 other qualified professionals) who are expected to deliver profitable fees for the business during the current financial year.

Set out in detail below are the Group's key organic revenue drivers.

Number of fee earners

The average number of fee earners increased by 57 per cent. in FY16 to 201. There was a significant increase in average fee earners to 369 in FY17, an 84 per cent. increase largely due to the full year effect of the acquisition of Darbys in January 2016, which added 136 fee earners. The average number of fee earners in FY18 fell to 349, a fall of 5 per cent., as a result of the consolidation and restructuring that took place to remove poor performing areas of the acquired business. The pace of hiring increased in the second half of FY18, with the momentum continuing into the current financial year with a focus on hiring high calibre professionals with an established quality client following.

Staff mix is taken into account in the Group's recruitment strategy, with a focus on profitable growth by targeting quality professionals within its regional locations. These professionals will generally provide further expertise in the areas of the business that the Group is looking to grow further; or will be in attractive market niches in which the Group is currently underrepresented or in new service areas complementary to the current core business.

All new recruits are closely monitored to ensure they integrate and contribute to the business and as quickly as possible. Most senior recruits are hired on the basis that they have an established following and will be able to generate a cash positive income stream as quickly as possible.

Average revenue per fee earner

Average revenue per FTE fee earner was approximately £108,000 in FY16, £100,000 in FY17 and £107,000 in FY18. This increases to approximately £160,000 per fee earner in FY18 from £148,000 in FY16 if the KPI is calculated based on only qualified fee earners. The average fee income per fee earner fell in FY17 as the Knights 1759 Group went through a period of restructuring, following the acquisition of Darby's, which aimed to replace fee-earners in non-performing areas of the business with fee earners in more profitable areas hence maximising the quality of fee earners in the business. As discussed elsewhere, new hires take time to reach full profitability and, as such, these changes negatively affected average income per fee earner in FY17 but contributed to the increase in FY18. During FY17, the Knights 1759 Group also employed an increasing percentage of staff at a more junior level (paralegals and trainees) to allow less complex work streams to be carried out by more junior staff which in turn improves profit margins.

FY18 shows an increase in fees per fee earner, despite a drop in the average number of fee earners employed over the period, reflecting the improvement in the quality of professionals now in the business. With the restructuring complete, during the second half of FY18 management has focused on improving the recovery of time charged across the Knights 1759 Group to further increase the fees per fee earner. These increasing rates of recovery achieved by the Knights 1759 Group are also discussed in paragraph 9 (Current Trading) below.

Average annual fee per client

Average revenue per client was approximately £2,800 in FY16, £4,400 in FY17 and £4,800 in FY18. The average annual fee received per client has increased over the last three years due to cross selling to existing clients, a focus on higher quality work and professionals resulting in increased fees per matter, increases in charge out rates and the impact of larger clinical negligence work (acquired as part of Darbys with typically larger fees).

Operating costs

Staff costs

Staff costs represent the majority of the Knights 1759 Group's operating costs excluding depreciation, amortisation and impairments (73.1 per cent. in FY18). Staff costs as a percentage of revenue have remained steady over the last three financial years, increasing marginally from 57.7 per cent. in FY 16 to 59.0 per cent. in FY18. Average costs per employee in FY18 increased by 5.6 per cent. to approximately £47,000 as a result of annual pay increases, internal promotions and an increase in the leverage of support staff meaning that a higher percentage of staff are professionals who generally earn a higher annual salary than support staff.

The Group aims to increase the number of fee earners to non-fee earners in its employee base. This ratio has increased to 4.5 at April 2018, compared to 3.8 at April 2016 (based on full time equivalent numbers of employees). This strategy has resulted in a reduction in non-fee earner costs as a percentage of revenue to 7.1 per cent in FY18 (from 8.4 per cent. in FY16), as the Knights 1759 Group's support functions have been leveraged more effectively as the business has grown.

Other operating costs

Other operating costs in FY18 were £7.6 million, which represented 21.7 per cent. of revenue (FY 17: 21.1 per cent.; FY 16 : 22.2 per cent.). The principal elements of other operating costs are property costs, IT, professional indemnity insurance, recruitment and general administrative costs.

Cash generation

The Knights 1759 Group was highly cash generative, delivering adjusted operating cash conversion of 93 per cent. in FY18. The 2016 operating cash flow was adversely affected by the acquisition of

Darbys in the last quarter of the financial year, due to the poorer lock-up and due to some overdue creditors requiring settlement post-acquisition. The 2017 cash flow conversion was adversely affected due to the payment of £4.3 million to previous investors and, excluding this, adjusted net cash flow from operating activities would be £6.6 million representing conversion of 102 per cent.

Strong cash conversion is delivered, in part, due to the Group's approach to trade receivables. Standard credit terms are 30 days and, based on a countback method, aged receivables were 35 days at April 2018 (FY17 : 38 ; FY16 : 36). The Group's robust approach to collecting on its invoices has resulted in bad debt as a percentage of revenue being below 1 per cent. in each year since 2014. Bad debt as a percentage of revenue in FY 18 was 0.8 per cent.

8.2 TP

The following financial information for TP for the years ended 30 April 2016 to 30 April 2018 has been derived from the financial information contained in Part IV of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

In order that the historic information is comparable to Knights, a pro forma corporatised profit and loss account has been prepared based on an assumed net salaries and corporation tax adjustment to the Statement of Comprehensive Income. The results below reflect this pro forma corporatised model.

	Year ended 30 April 2018 £000	*Year ended 30 April 2017 £000*	*Year ended 30 April 2016 £000*
Revenue	8,495	7,633	6,776
Revenue growth	11.3%	12.6%	2.9%
Adjusted EBITDA	1,997	1,404	1,444
Adjusted EBITDA margin	23.5%	18.4%	21.3%
Adjusted operating profit	1,872	1,245	1,265
Adjusted operating profit margin	22.0%	16.3%	18.7%
Net cash flow from operating activities	1,403	1,218	1,039
Cash conversion	75%	98%	82%

Note: Adjusted figures reflect corporatisation adjustments. Cash conversion is defined as adjusted Net cash flow from operating activities/Adjusted operating profit.

Corporatisation adjustments reflect the cost differentials from operating as a corporate entity compared to an LLP. The main difference being that, in a corporate model, members will be employees with their employment costs being adjusted within operating costs rather than as amounts due to members under an LLP structure.

Revenue growth

Revenue at TP has grown by a CAGR of 12 per cent. over the three years to 30 April 2018. Revenue growth in FY18 was driven by particularly strong performance in the Corporate and Litigation segments due to an overall increase in the number of engagements in the Corporate team and a couple of large litigation cases in the Litigation team.

The Directors believe that, going forward, the revenue drivers for TP will be consistent with those of the wider Group, while integration into the Group following completion will provide cross-selling opportunities.

Operating costs

TP has a fee earner to non-fee earner ratio of approximately 2.6, significantly below the levels achieved by the Group. A full operational review is to be carried out following completion, however the Directors believe that this fee earner to support staff ratio can be improved through the delivery of operational synergies made from sharing back office functions such as IT and Finance. It is expected that these operational synergies will also result in other administrative cost savings in the medium term.

Cash generation

TP is highly cash generative and delivered operating cash flow conversion of 94 per cent. in FY18 (based on the LLP accounts which, on a pro forma basis, would be 75 per cent. on a corporatised model).

9. CURRENT TRADING AND PROSPECTS

The Group started its new financial year on a positive note with the exchange of contracts to acquire the membership interests of TP during May 2018, with completion taking place on the earlier of Admission and 1 August 2018. Although not yet completed, under the contractual terms of the Acquisition, the economic transfer of TP will have an effective commencement date of 1 May 2018, resulting in the Enlarged Group having the full year's benefit of the additional earnings from TP in FY19.

The financial results for May 2018 show headline figures in line with forecasts for the Enlarged Group.

The key building blocks to the Group's planned organic growth are the continued recruitment of high calibre individuals together with an increase in the recovered rate earned by professionals. The positive KPIs for May 2018 support the Directors' assumptions that the work undertaken over the past two financial years to consolidate and restructure the Group has provided the platform from which the Group can now improve profitability based on improved fees per fee earner and recovery levels across the Group. For instance, the Group has seen significantly improved recovery rates in May 2018 compared to the prior year. Recruitment activity during the period has also been strong with a number of high calibre professionals joining the Group.

The Directors expect this strong start to the year to continue as the 19 new fee earners who joined the Group during the last quarter of FY18 become established within the Group. The recruitment activity during May 2018 has continued to be positive and in line with forecasts and the Board believes that the positive news gained from the acquisition of TP and Admission will drive this recruitment further both in the new Manchester office and in all offices across the Group.

In line with previous years when the Group has experienced organic growth from recruitment, the Directors expect results will be weighted slightly in favour of the second half of the financial year as the recruits from the latter half of FY 18 and the first half of FY 19 reach their expected run-rate performance.

The Board will also continue to actively pursue opportunities to expand the Group further by acquisition. The Group has an extensive and well-developed pipeline of potential acquisitions and the Directors believe that Admission will be instrumental in developing these discussions.

10. DIRECTORS AND SENIOR MANAGEMENT

10.1 Directors

Balbinder ("Bal") Singh Johal, aged 49, *(Non-Executive Chairman)*

Bal is the Managing Partner of international private equity firm MML Capital Partners LLP, operating in the UK, USA, France and Ireland. Bal is based in the UK and sits on the MML Investment Committee and Management Committee. Bal has a track record of successful investments across several sectors, including The Regard Partnership, Optionis, Vanguard, Instant, Arena, CSI Group amongst several others. He has been a director on the board of all these companies and previously Bal was also an Investment Director at 3i plc. He started his career as a Management Consultant at Accenture, later working as a Financial Analyst at HSBC.

David Andrew Beech, aged 52 *(Chief Executive Officer)*

David qualified as a solicitor in 1990 and was appointed Managing Partner of regional law firm Heatons in 1996, growing the firm organically from c.£500k turnover to c.£6.2m by 2004. He advised Icelandic retail investor Baugur on several large UK transactions including the acquisitions of Goldsmiths and Oasis for £110m and £152m respectively. David then jointly founded private equity firms Arev and Verve Capital, leading several investments and representing the funds on the board of five companies. He returned to the legal profession in 2009 to head up the London office of Irwin Mitchell's Business Services Group before joining Knights as CEO in 2011, with the vision to transform the business into a leading regional professional services business. David acquired and remodelled the business in 2012, terminating the partnership and fully corporatising the business, whilst securing external funding to transform it into a growth platform.

Kate Louise Lewis, aged 45 *(Finance Director)*

Kate qualified as a Chartered Accountant and has been a member of the ICAEW since 1996 having trained as an accountant at Dean Statham. Kate spent over 10 years as an Audit Manager at Baker Tilly and KPMG and joined Knights in 2012 as Finance Director, overseeing the Group's corporatisation and subsequent refinancings with both Allied Irish Bank and Permira.

Stephen ("Steve") Dolton, aged 56 *(Senior Independent Non-Executive Director)*

Steve qualified as a Chartered Accountant and has been a member of the ICAEW since 1989 having qualified with Grant Thornton. He has spent over 20 years in senior financial roles including CFO of NAHL plc, NSL Services Group, Azzurri Communications, Safety Kleen Europe, Walker Dickson Group and Peek plc (including a two year period in Asia as Regional Controller). He is also currently Chairman of the Go Inspire Group and sits on the board of The Oxford Football Partnership. He was previously a non-Executive Director of Oxford United Football Club until its sale in February 2018.

Richard King, aged 53 *(Independent Non-Executive Director)*

Richard is European Commercial IT Director at Procter & Gamble. He has extensive experience in transforming business operating models, ranging from digitising the customer journey and internal operations, to M&A and scale-up of new businesses. He was previously global retail services leader at Transora, a B2B cloud services dotcom start up. He started his career at Shell as a process engineer.

10.2 **Senior management**

The Directors will be supported on a day to day basis by the following individuals who are all members of the operational management team of Knights:

Mark Beech (Commercial Operations Director) is responsible for management operations and compliance. Previously a commercial lawyer before taking on management responsibilities.

Mark Whitehouse (HR Director) provides advice and guidance on a range of matters to ensure the smooth running of all personnel activities, as well as being an employment lawyer.

Yvonne Sidwell (Marketing Director) is responsible for marketing and communications as well as the promotion of Knights' brand, Yvonne ensures that all activity and communication is aligned to the strategy of the business and promotes the right message to maintain Knights' high quality brand image.

Nigel Johnson (IT Director) is responsible for Knights' ICT infrastructure across all sites ensuring that all implementations fit the needs of the organisation with maximum efficiency.

Lisa Bridgwood (Company Secretary/General Counsel) is a corporate lawyer who is responsible for maintaining high standards of corporate governance and legal compliance for the Group.

11. REASONS FOR ADMISSION AND PLACING AND USE OF PROCEEDS

The Directors believe that Admission represents an important step in the Group's development. A public listing naturally enhances Knights' profile and the Directors believe it will also assist in the growth of the Group's business, providing a long term framework to support future organic growth and investment (be that of acquisitions of firms, teams or lateral hires). In addition, broadening the Group's shareholder base by trading on AIM is hoped to provide an alternate financing option to the Group to further assist its ongoing acquisition strategy.

The issue of New Ordinary Shares under the Placing will raise net proceeds for the Company of approximately £27.5 million (after the deduction of commissions and amounts in respect of estimated fees and expenses). The net proceeds will principally be used to repay the majority of the Group's existing debt facilities and for general working capital and corporate purposes.

The Placing will also provide the Selling Shareholders with a full or partial realisation of their investment in the Company, which will provide additional liquidity, with a free float of approximately 48.2 per cent. of the issued share capital of the Company expected following Admission.

Further details of the Placing and the Placing Agreement are set out in paragraph 14 of Part VII of this document.

12. DIVIDEND POLICY

The Board intends to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group.

Based on the above expectations, the Directors intend that the Group will pay an interim dividend and a final dividend to be announced at the time of the interim and preliminary results in approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. It is expected that the first dividend payment will be announced with the interim results for the six months ending 31 October 2018.

It is the intention, subject to the availability of distributable reserves and where the cash flow requirements of the Company mean it is prudent to do so, to pay dividends of approximately 20 to 40 per cent. of adjusted profits after tax. The Board may however revise the Group's dividend policy from time to time in line with the actual results of the Group.

13. CORPORATE GOVERNANCE

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the principles set out in the Corporate Governance Code for small and mid-sized companies published by the Quoted Companies Alliance in April 2018 (the "**QCA Code**"). The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies.

Upon Admission, the Board will comprise five Directors, two of whom will be Executive Directors and three of whom will be Non-Executive Directors, reflecting a blend of different experiences and backgrounds. The Board believes that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission.

Notwithstanding Bal Johal's holding of Ordinary Shares and function with the Group to date, the Board regards him as a non-executive director who has sufficient separation from the day-to-day business to make independent decisions within the meaning of the QCA Code and free from any business or other relationship that could materially interfere with the exercise of his judgement as chairman. The Board have also agreed to appoint Steve Dolton to the role of Senior Independent Director in order to allow for the chairman and other directors to have a sounding board, whilst also offering an alternative route of access for shareholders, as recommended by the QCA Code.

The Board intends to meet regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. The Company has established an audit committee (the "**Audit Committee**") and a remuneration committee (the "**Remuneration Committee**") with formally delegated duties and responsibilities and with written terms of reference. Each of these committees will meet regularly and at least two-to-three times a year. On Admission, the Board has elected not to constitute a dedicated nomination committee, instead retaining such decision-making with the Board as a whole. This will be a technical non-compliance with the recommendations of the QCA Code to have a separate nomination committee and, as such, the Company will seek to explain this and the reasons for it on the Company's AIM Rule 26 website from 28 September 2018. The Board has also constituted a disclosure committee (the "**Disclosure Committee**") to enforce the Group's inside information policy and ensure compliance with MAR and the AIM Rules in respect of inside information.

From time to time, separate committees may also be set up by the Board to consider specific issues when the need arises.

Audit Committee

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit

Committee will meet not less than three times in each financial year and will have unrestricted access to the Group's external auditors. The terms of reference of the Audit Committee require that the members of the Audit Committee shall include only independent non-executive Directors and one member, preferably the chairman of the Audit Committee, shall have recent and relevant financial experience with competence in accounting and auditing. The Audit Committee comprises Steve Dolton and Richard King and is chaired by Steve Dolton.

Remuneration Committee

The Remuneration Committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The members of the Remuneration Committee shall include only independent non-executive Directors. The Remuneration Committee comprises Richard King and Steve Dolton and is chaired by Richard King.

Disclosure Committee

The Disclosure Committee will enforce the Group's inside information policy and, in particular, assess whether information is 'inside information' and resolve queries about its materiality. For example, the committee will determine whether an announcement is required in respect of any such inside information and procure that such announcement is made as soon as possible in accordance with the provisions of MAR and the AIM Rules. The Disclosure Committee will meet regularly throughout the financial year and, in particular, during periods of heightened market sensitivity. It is proposed that the members of the Disclosure Committee currently be Kate Lewis (CFO), Bal Johal (Chairman) and Lisa Bridgwood (General Counsel/Company Secretary); however, the constitution may change as appropriate to the relevant circumstances being considered by the committee.

14. SHARE DEALING POLICY

The Company has adopted a MAR compliant code relating to regulating trading and confidentiality of inside information for persons discharging managerial responsibility (PDMRs) and persons closely associated with them (PCAs) and which contains provisions appropriate to a company whose shares are admitted to and trade on AIM, in conformity with the requirements of Rule 21 of the AIM Rules ("**Share Dealing Code**"). The Company will take all reasonable steps to ensure compliance by PDMRs and the Group's applicable employees with the terms of the Share Dealing Code.

15. RELATIONSHIP AGREEMENT

David Beech is expected to hold, in aggregate, approximately 45.5 per cent. of the Enlarged Share Capital from Admission. Accordingly, David has agreed to regulate his (and his related party group's) ongoing relationship with the Company by entering into the Relationship Agreement with the Company. The agreement ensures that the Group is capable of carrying on its business independently of David (and his related parties which include all persons deemed to be acting in concert (within the meaning of the Takeover Code) with David Beech), and that any transactions and relationships between them and the Group are at arms' length and do not affect the Group's continuing appropriateness as a company admitted to, and trading on, AIM.

The Relationship Agreement applies for as long as David (together with his related party group) holds, in aggregate, an interest in 20 per cent. or more of the Ordinary Shares in issue. The agreement also permits, whilst the agreement applies, David to appoint a person as a director of the Company to be his representative on the Board, which will initially be David himself as CEO.

Further details on the Relationship Agreement are set out in paragraph 15.2 of Part VII of this document.

16. LOCK IN AND ORDERLY MARKET ARRANGEMENTS

The Company, David Beech and Numis have entered into a lock-in deed dated 26 June 2018, pursuant to which David has agreed not to dispose of any Ordinary Shares (or interest thereon) before the third anniversary of Admission without the prior written consent of Numis.

Bal Johal, Mark Beech, Karl Bamford and the TP Subscribers have each separately entered into lock-in deeds with the Company and Numis, each dated 26 June 2018. Each of them has agreed not to dispose of any Ordinary Shares (or interest thereon) before the first anniversary of Admission without the prior written consent of Numis and, for a further year following this period and unless otherwise agreed by Numis, to only dispose any of their respective holdings at Admission through Numis.

Further details on the lock-in deeds are set out in paragraph 15.3 of Part VII of this document.

17. ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 29 June 2018.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form. The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and written instruments of transfer.

The ISIN number of the Ordinary Shares is GBGB00BFYF6298. The LEI is 213800URB59EOGJKT919.

18. SHARE SCHEMES

The Board recognises the importance of effectively and appropriately incentivising the Group's employees. Whilst fee earners are considered to be remunerated on above-market rates in the regions in which they operate, the Board believes it is essential that it offers additional incentives at all levels of employment so as to maximise retention and alignment of interests. As a result, the Board has established three share incentive plans/schemes:

- a discretionary Omnibus Plan;
- an all-employee SAYE Scheme; and
- an all-employee SIP.

On, or shortly after, Admission, the Company intends to grant restricted stock awards under the Omnibus Plan to a number of senior executives of the Group. Further details of the awards proposed to be granted under the Omnibus Plan are set out in paragraph 7.3 of Part VII of this document.

The SIP is an "all employee" scheme under which every eligible employee within the Group must be invited to participate. The Company intends that invitations to participate in the SIP will be sent as soon as administratively possible after Admission, to eligible employees inviting them to apply for a one-off award of partnership shares and matching shares. Eligible employees may apply to invest up to £1,800 from pre-tax income in partnership shares; matching shares may be awarded on the basis of 2 free matching shares for each partnership share purchased.

The SAYE Scheme is an "all employee" scheme under which every eligible employee within the Group must be invited to participate. The Company intends that the first invitations to participate in the SAYE Scheme will be sent to eligible employees in autumn 2018, inviting them to apply for options under a three year savings contract.

Given the size of his continued shareholding, it is not intended that David Beech (or any member of the David Beech Concert Party) participates in any of the Share Schemes for the foreseeable future.

Further details of the Share Schemes are set out in paragraph 6 of Part VII of this document.

19. NEW FACILITIES AGREEMENT

On 25 June 2018, members of the Group, including the Company, entered into an acquisition and revolving credit facilities agreement with AIB Group (UK) plc in respect of an acquisition facility of £8,000,000 and a revolving credit facility of £10,000,000. The acquisition facility may be used to fund acquisitions, whilst the revolving credit facility may be used for general working capital purposes. The acquisition facility and revolving credit facility is conditional on, amongst other things, Admission and the repayment of the Group's existing funding arrangements with Permira and the release of the related security. The New Facilities Agreement refinances the Group's existing funding arrangements with Permira, with arrangements which the Directors consider to be more appropriate for a public company admitted to trading on AIM.

Further detail on the New Facilities Agreement is set out in paragraph 15.4 of Part VII of this document.

20. THE TAKEOVER CODE

The Company is a public company incorporated in England and Wales and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company and operates principally to ensure that the Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code also provides an orderly framework within which takeovers are conducted and the Takeover Panel has now been placed on a statutory footing.

Under the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered when, except with the consent of the Takeover Panel, any person (together with persons acting in concert with him) who is interested in shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other interest in shares which increases the percentage of shares carrying voting rights in which he is interested.

For the purposes of Rule 9 of the Takeover Code, David Beech, Mark Beech, Karl Bamford and Bal Johal are considered to be acting in concert with each other in relation to the Company for the purposes of the Takeover Code following Admission ("David Beech Concert Party"). Following Admission, the David Beech Concert Party is expected to hold, in aggregate, 36,206,896 Ordinary Shares (as further detailed below) representing approximately 50.7 per cent. of the Enlarged Share Capital.

The David Beech Concert Party currently comprises of:

- David Beech (CEO), whose biographical details are in paragraph 10.1 of this Part I and who is expected to hold 32,500,000 Ordinary Shares representing approximately 45.5 per cent. of the Enlarged Share Capital (as further detailed in paragraph 7.1 of Part VII of this document);
- Mark Beech (Commercial Operations Director) whose biographical details are in paragraph 10.2 of this Part I and who is expected to hold 1,241,379 Ordinary Shares representing approximately 1.7 per cent. of the Enlarged Share Capital (as further detailed in paragraph 7.5 of Part VII of this document);
- Karl Bamford leads the Newcastle-under-Lyme office and is a director of the Knights 1759 Group and is expected to hold 1,241,379 Ordinary Shares representing approximately 1.7 per cent. of the Enlarged Share Capital (as further detailed in paragraph 7.5 of Part VII of this document); and
- Bal Johal (Chairman) whose biographical details are in paragraph 10.1 of this Part I and who is expected to hold 1,224,138 Ordinary Shares representing approximately 1.7 per cent. of the Enlarged Share Capital (as further detailed in paragraph 7.1 of Part VII of this document).

As the David Beech Concert Party will hold more than 50 per cent. of the Company's voting share capital following Admission, members of the David Beech Concert Party will be able, subject to note 4 on Rule 9.1 of the Takeover Code, to acquire further interests in shares in the Company without incurring an obligation under Rule 9 of the Takeover Code to make a general offer.

For the purposes of Rule 9 of the Takeover Code, the TP Subscribers (being James Sheridan and David Easdown) are also considered to be acting in concert with each other in relation to the Company for the purposes of the Takeover Code. For the avoidance of doubt, the TP Subscribers are not considered to be acting in concert with the David Beech Concert Party. Following Admission, the TP Subscribers are expected to hold, in aggregate, 689,655 Ordinary Shares (as further detailed below) representing approximately 1.0 per cent. of the Enlarged Share Capital.

The TP Subscribers comprises of:

- James Sheridan who is expected to hold 620,690 Ordinary Shares representing approximately 0.9 per cent. of the Enlarged Share Capital; and
- David Easdown who is expected to hold 68,965 Ordinary Shares representing approximately 0.1 per cent. of the Enlarged Share Capital.

Further information on the provisions of the Takeover Code can be found in paragraph 17 of Part VII of this document.

21. REGULATORY AND COMPLIANCE

The Legal Services Act 2007 (the "**LSA**") places restrictions on the holding of "restricted interests" in Licensed Body law firms by persons who are not an SRA approved person. For the purpose of these restrictions, a "restricted interest" is an interest of at least 10 per cent. in the issued share capital of a Licenced Body or its parent company. KPSL is currently a Licensed Body and the SRA has consented to the Company becoming a corporate owner of KPSL following Admission so the restrictions in the LSA will apply to shareholdings in the Company. Upon Admission, David Beech is the only person who will then hold more than 10 per cent. of the Enlarged Share Capital and David Beech satisfies the LSA requirements with regard to his holding of shares in the Company.

Attention is drawn to the Risk Factor headed "*Restrictions on holdings of 10 per cent. or more*" in Part II of this document for a further summary of the effect of these restrictions. Prospective investors should consider these restrictions carefully as failure to notify and obtain approval from the SRA in the circumstances described in that risk factor may result in a criminal offence. The SRA is also able to force the divestment of any shareholding that breaches these restrictions through the courts and/or suspend or revoke the Licensed Body status of the Company.

22. RISK FACTORS

Prospective investors should consider carefully the risk factors described in Part II of this document in addition to the other information set out in this document and their own circumstances before deciding to invest in Ordinary Shares.

23. TAXATION

Information regarding taxation is set out in paragraph 10 of Part VII of this document. This information is intended only as a general guide to the current tax position under UK tax law.

If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.

24. FURTHER INFORMATION

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part VII of this document.

PART II

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Enlarged Group's business and the industry in which it participates.

The risk factors set out below, which are not set out in any order of priority, apply to the Company and the Enlarged Group as at the date of this document.

The Directors believe the following risks and uncertainties to be the most significant for prospective investors. However, the risks and uncertainties described below do not necessarily comprise all, or explain all, of the risks associated with the Enlarged Group and the industry in which it participates or an investment in the Ordinary Shares and should, therefore, be used as guidance only. Additional risks and uncertainties relating to the Enlarged Group and/or the Ordinary Shares that are not currently known to the Company, or which the Company currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects. In particular, the Enlarged Group's performance may be affected by changes in market or economic conditions in legal, regulatory and tax requirements. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors are recommended to obtain independent financial advice from an adviser authorised under FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments before making any investment in the Ordinary Shares.

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

Professional liability and uninsured risks

The Group provides (and the Enlarged Group will continue to provide), amongst other things, legal, tax, corporate finance and town planning services which gives rise to the risk of potential liability for negligence, breach of regulatory duties, breach of client contract or other similar client or third party claims. Any such claims have the potential to distract management's attention from the Enlarged Group's operations, cause financial damage to the Enlarged Group and negatively impact upon reputation of the Enlarged Group, any of which could adversely affect the Enlarged Group's business and overall financial condition. Negligence claims, and those involving breach of regulatory duties in particular, also carry with them the risk that the relevant regulated individual could be suspended or struck off by the relevant regulator (being the SRA for solicitors) which, if that individual is particularly key to the business of the Enlarged Group, could have a detrimental effect on the business and its operations both from a financial and reputational standpoint.

The Group maintains (and the Enlarged Group will continue to maintain) professional liability insurance to reduce or mitigate against any financial claims and the Group, in the opinion of the Directors, has a typical claims history for a business of this nature. The insurance is, however, capped at £30 million and is subject to certain market standard conditions. As a result, the insurance does not cover every risk of liability and may not be adequate to cover the whole of any loss which may be suffered. In mitigation of this, however, the Group's liability to a client under its standard terms of engagement is capped (to the extent permitted by law) at £30 million.

A high number of claims could create an adverse claims history which may increase the Enlarged Group's annual premiums and impact upon its profitability and any liabilities, excesses or expenses that are not covered by the Enlarged Group's insurance could adversely affect the Enlarged Group's business and overall financial condition.

Reliance on personnel

Knights is a knowledge-based professional services business. It is therefore critical to Knights' success that it attracts and retains suitably qualified and experienced personnel as they constitute the principal assets and contributors to Knights' revenue growth. There is strong competition in the marketplace for such personnel, particularly lawyers, and any difficulties in attracting and retaining such high quality personnel could damage Knights from both a financial and reputational perspective and adversely affect the Enlarged Group's business and overall financial condition.

Knights also relies on its existing key personnel to attract new clients, maintain existing client relationships and win business for Knights. A failure to retain, motivate and incentivise such key personnel carries the risk that they end their employment with the Group and take their client relationships to a rival business which could harm Knights' revenues, profitability and ability to operate generally. Although the Group's contracts of employment contain restrictive covenants on such personnel, restrictive covenants are typically difficult to enforce and, ultimately, Knights cannot stop key personnel from leaving Knights.

The Share Schemes described in paragraph 6 of Part VII will encourage key personnel who decide to hold Ordinary Shares to both participate and remain vested in the ownership of Knights. Further, the Group has historically had a low fee earner turnover of less than 10 per cent. per annum (based on qualified fee earners who have been with the Group for over one year). The Directors believe that both of these factors will help to mitigate this personnel risk.

Additionally, remuneration of personnel represents a significant cost for Knights and, if Knights was to increase its head count or the salary levels of its personnel without a corresponding increase in revenue, this could have an adverse impact upon Knights' profitability, margins and cash flow.

Ability to recruit suitable staff and complete acquisitions to support its growth

In order for the Enlarged Group to achieve its targeted increase in fee earner headcount, the Enlarged Group will need to undertake an aggressive recruitment drive of lateral and organic hires as well as acquisitions of competitor legal firms.

The Group currently utilises (and the Enlarged Group expects to continue to utilise) recruitment consultants (as well as using in-house experience) to assist in its recruitment of external hires which often results in significant upfront fees being charged by such consultants (calculated as a percentage of the relevant fee earner's starting salary) which will result in an initial financial outlay ahead of any derived revenue benefit from that recruit, which could negatively affect the Enlarged Group's margins and operating results. Further, the Enlarged Group's plans for growth may be restricted or slowed due to any future difficulties experienced in recruiting appropriate staff although, as a public company whose shares will be admitted to AIM and traded on the London Stock Exchange, the Directors believe that the Company will be an attractive proposition for skilled and talented potential employees.

There is no guarantee that the acquisition objectives of the Enlarged Group will be met. Each potential acquisition requires significant time and expense to properly due diligence which may impact the operating results of the Enlarged Group, particularly if those transactions abort in the later stages of the deal process. The Enlarged Group will therefore incur certain third party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable target businesses/assets.

Equally, whilst the Group undertakes (and the Enlarged Group will continue to undertake) a robust diligence approach to each potential target business and typically engages third party professional advisers to assist in the due diligence process on its more significant acquisitions, there are always inherent risks and liabilities which may not be fully protected against by the contractual terms of the acquisition. If there is a failure of due diligence, the businesses/assets acquired may not be consistent with the Enlarged Group's acquisition strategy or that they fail to perform in line with expectations which could adversely affect the Enlarged Group's business and overall financial condition. The Enlarged Group will also face competition from other potential acquirers who have greater financial resources or ability to source funds. However, the Directors believe that this risk may be mitigated by the transparency of the Company following its admission to AIM and the ability to offer equity consideration traded on AIM (albeit there can be no guarantee that sellers of any target businesses or assets will be prepared to accept such shares, which may require the Enlarged Group to use its existing cash resources).

If the Enlarged Group is unable to fulfil its objective of significantly increasing its headcount in the short to medium term, both organically and by way of acquisitions, this could harm Knights' revenues, profitability and ability to operate generally.

Dependence on key-man

David Beech, the CEO of the Company, has been pivotal to the rapid growth of the Group's business. His experience and reputation has helped win and retain clients, whilst his vision for the Group since his majority acquisition of it in 2012 is reflected in both its successful historic and on-going organic and M&A growth strategy. As a result of this significant influence on the Group, its development and potential financial condition, Knights has (for some time) taken out life cover key-man insurance in respect of David and the Directors intend to retain this going forward.

Despite the fact David undertakes no fee-earning, if he were to retire or leave the Enlarged Group for any other reason, this could adversely affect the Enlarged Group's strategic direction and morale of the Enlarged Group's employees which in turn could negatively impact the Enlarged Group's overall financial condition. The Directors believe, however, that the lock-in arrangements described in paragraph 15.3.1 of Part VII will encourage David to remain vested in the running and ownership of Knights. Further, unlike the typical law-firm partnership model, the Group has historically had (and the Enlarged Group will continue to have) a clear and long-standing separation between management and fee generation such that a suitable replacement CEO (with no legal qualification) could be quickly undertaken in the marketplace.

Restrictions on holdings of 10 per cent. or more

The Legal Services Act 2007 (the "**LSA**") places restrictions on the holding of "restricted interests" in Licensed Body law firms. For the purpose of these restrictions, a "restricted interest" is an interest of at least 10 per cent. of the issued share capital of a Licenced Body, or its parent company.

KPSL is currently a Licensed Body and the SRA has consented to the Company becoming the ultimate corporate controller of KPSL following Admission. David Beech will be the only holder of more than 10 per cent. of the Enlarged Share Capital on Admission.

As KPSL is a Licensed Body, the restrictions will apply to the Company and any non-lawyer shareholders holding more than 10 per cent. of the issued share capital in the Company from and after Admission. The effect of the restrictions is that the consent of the SRA is required where a person who is not an SRA approved person or a qualified lawyer wishes to acquire a shareholding of more than 10 per cent. in the Company. However, should any shareholder wish to consider building an interest in the Company in excess of this threshold, it is possible for the SRA to be approached and grant pre-approval in advance of any acquisition of further Ordinary Shares.

The SRA has the power to impose conditions on any such consent and failure to obtain the SRA consent before purchasing a restricted interest is a criminal offence. The SRA is able to force the divestment of any shareholding that breaches these restrictions through the courts and/or suspend or revoke the Licensed Body status of the Company. The Directors intend to work closely with the SRA if any such situation arises so as to minimise any adverse effect on the Enlarged Group.

Competition

Whilst the Group's current offices and the Enlarged Group's strategy for target offices are in locations with limited competition for clients, ultimately Knights does have to compete with a large number of other law firms and professional services providers that offer the same or similar services on the basis of their own respective quality of advice and services, responsiveness, innovation, value and reputation. If existing competitors or new entrants to the market open offices either in existing or target geographic locations of the Enlarged Group, Knights could lose clients and find its reputation diluted in that market resulting in a potential loss of revenue.

The legal and business services market is dynamic and heavily influenced by progresses being made in technology and artificial intelligence and, as such, it is possible that existing competitors or new entrants to the market could acquire a significant market share by creating an offering more effective at providing greater value for money for clients. Additionally, a failure to adapt to shifting market conditions or changing client needs could also result in the deterioration of Knights' competitive position. Any such loss of market share or lack of competitiveness could adversely affect the Enlarged Group's overall financial condition as it could cause the revenue of the Company to fall and negatively affect the Enlarged Group's margins and operating results. To mitigate against this, the Group has a solid foundation to rapidly evolve its operations and exploit technological changes by having a single operating platform of processes and information technology. Further, the Board believes that it has been proactive in this area by appointing a digital specialist Non-Executive Director, in Richard King.

Key clients may also be lost for reasons beyond Knights' control such as insolvency, changes in a client's management team, or dissatisfaction with services provided by Knights resulting in a potential loss of revenue.

Reputation and brand risk

Knights' brand and reputation are driving factors behind its success and together help it to preserve client relationships and stay competitive in the market. Anything that diminishes Knights' brand or reputation, such as a failure to meet client expectations or a breach of regulatory duties, could affect the Enlarged Group's revenue, profitability and growth.

The Enlarged Group's credibility and brand could also be weakened through Knights' involvement, as an advisor or a litigant, in high profile or unpopular legal proceedings or if Knights itself is involved in litigation that generates negative media coverage.

Concentration of ownership

David Beech's Concert Party is expected to hold approximately 50.7 per cent. of the Enlarged Share Capital. Whilst David Beech has entered into the Relationship Agreement referred to in paragraph 15.2 of Part VII, this concentration of share ownership may adversely affect the Company's ability to act independently and in Shareholders' best interests, particularly as David Beech's Concert Party has the ability to determine the outcome of ordinary resolutions (50 per cent. majority). Furthermore, investors may believe that there are disadvantages in investing in a company in which one group of shareholders has an interest at this level and this could affect the liquidity of the Company's shares. In addition, for so long as the David Beech Concert Party holds more than 50 per cent. of the Company's voting share capital, members of the David Beech Concert Party will be able (subject to note 4 on Rule 9.1 of the Takeover Code) to acquire further shares in the Company without incurring any obligation under Rule 9 of the Takeover Code to make a general offer to acquire all Ordinary Shares.

Information systems

Knights is heavily reliant on its information technology systems to store, process and transmit information and manage business processes and activities relating to, for example, file management systems, internal and external communication and financial management and reporting.

Knights' information technology systems could be damaged, disrupted and shutdown due to problems with upgrading or replacing software, power outages, hardware issues, viruses, cyber-attacks, telecommunication failures, human error or other unanticipated events. Such damage, disruption shutdown could, even on a temporary or short term basis, have a significant adverse effect on Knights' business operations as it may prevent personnel from meeting client deadlines, impair the wider efficiency of the firm and result in Knights breaching regulatory requirements.

Additionally, security breaches may result in the unauthorised disclosure of confidential client information which could adversely affect client relationships and Knights' brand and reputation and expose the Group to liabilities for regulatory breaches in respect of data protection and other regulations.

Although Knights has disaster recovery and backup systems in place, they may not adequately address every information technology risk and, in addition, Knights' insurance may not cover all loss and damage that Knights may suffer as a result of a system failure.

Exposure to real estate market and assets

A significant overhead for the Group is its rental obligations in respect of each of its properties, which will only increase as the Enlarged Group looks to expand into other regional locations in England. Save in respect of the Newcastle-under-Lyme office which, as explained in paragraph 9.2 of Part VII, is owned by a related party, all of the Group's premises are leased from third parties and therefore the Group is (and the Enlarged Group will be) subject to risks associated with negotiating or re-negotiating lease terms. The Enlarged Group's ability to maintain its existing rental rates or to renew any lease on favourable terms will depend on many factors which are outside of the Enlarged Group's control, including the local real estate market and relationships with current and prospective landlords. Any inability to renew existing leases may result in, among other things, significant alterations to rental terms or failure to secure suitable alternative locations. Any of these events affecting the Enlarged Group's business, revenue, financial condition, profitability, results, prospects and/or future operations. The leasing of commercial premises will also entail exposure to rent reviews and dilapidations costs. The Group's policy of seeking, where possible, to negotiate longer-term leases (typically in excess of 15 years) with break clauses helps mitigate its exposure to rent reviews. In relation to dilapidations costs, the Group seeks to mitigate this risk by ensuring schedules of condition are prepared at the start of each relevant lease and where appropriate taking advice from experienced commercial property advisers.

Intellectual property rights and brand name

Knights' brand name, trademarks, domain names and other intellectual property rights help Knights to be and remain a recognisable name in the legal and professional services sectors and are therefore important to its ongoing success.

If the Knights' brand is damaged or loses market appeal, this could have a detrimental effect on the Enlarged Group's business. In particular, although the Group takes (and the Enlarged Group will continue to take) appropriate steps to protect its intellectual property rights, third parties may infringe such rights through their unauthorised use which could be costly to defend and impact upon Knights' marketing, operations and, in turn, financial performance.

Employee misconduct and litigation

As a professional services provider, Knights is exposed to the risk that its personnel may engage in misconduct which could include, for example, the improper use or disclosure of confidential client information. Any such misconduct could result in the Company suffering reputational and financial damage if clients decide no longer to use Knights' services or if the SRA imposes regulatory sanctions on Knights.

Conversely, by having a large number of highly-skilled and legally informed employees also exposes the Enlarged Group to potential litigation (whether spurious or not). Whilst the Directors believe it has historically had a low number of employee claims, despite some significant restructuring of prior businesses like Darby's, and the Group closely follows employment regulations, should the Enlarged Group receive a substantial number of claims from its current or former employees this could negatively impact upon the reputation of the Enlarged Group, result in other employee exits and/or hinder the Enlarged Group's recruitment process, which in turn could affect the Group's financial performance.

Conflicts of interests

The SRA imposes a number of duties on Knights' lawyers both to the courts and their clients relating to, for example, client confidentiality, conflicts of interest and legal professional privilege.

As a result, Knights' lawyers may not always be able to act in the interests of Shareholders and the profitability of the Enlarged Group as they must ensure that they always act in accordance with such duties. For example, Knights' lawyers may be unable to accept a new client instruction because of a perceived or actual conflict of interest with an existing client.

WIP recoverability

Knights' revenue mostly results from hourly rates that fee-earning personnel record on client matters, known as work in progress or WIP. In some instances, WIP may not be fully recoverable or there may be a delay in the recovery of WIP, both of which could have an adverse effect on Knights' profitability and cash flows. Although Knights takes steps to assist and improve in the recoverability of its WIP and makes provisions for unrecoverable WIP, it is difficult to predict WIP recoverability with any certainty. In particular, the solvency of clients can impact the recoverability of WIP as can aborted transactions where the fee has been structured as wholly contingent on completion of the transaction.

Government actions and legal developments

The legal sector is heavily regulated and as a result, Knights must comply with an extensive framework of regulations. Changes in government guidelines and legislation have the potential to present opportunities and risks to the Company which can impact the financial standing of the firm, given that it is not always possible to influence or predict changes to the regulations. A change to the regulatory framework may require the firm to increase operating expenditure or reconsider certain growth initiatives which could negatively impact the business operations of the Company.

The EU General Data Protection Regulation

The EU General Data Protection Regulation ("**GDPR**") came into force and has applied directly to the legislation of all EU Member States from 25 May 2018 and replaced historic EU data privacy laws. The GDPR introduced a number of new more stringent obligations on data controllers and rights for data subjects as well as new and increased fines and penalties for breaches of its data privacy obligations.

Whilst the Directors believe that Knights' is in full compliance with the GDPR, the Company could face significant administrative and monetary sanctions, as well as reputational damage, if such measures are found to have been implemented incorrectly or if any personnel are not fully compliant with the new procedures which may have an adverse effect on the Company's operations, prospects and overall financial condition.

Operational risks

Despite its operational risk management practices, Knights' profitability will constantly be exposed to several operational risks such as:

- business decisions;
- reputation risk;
- technology risk;
- fraud;
- compliance with legal and regulatory obligations;
- client default risk;
- data protection risk;
- key person risk; and
- other external events.

An additional operational risk is that the firm's clients may terminate the services of Knights at any time, for any reason.

Economic downturn due to exit of the United Kingdom from the European Union

Following the national referendum on the United Kingdom's membership of the European Union ("**Brexit**"), the UK government triggered Article 50 of the Treaty on the European Union, resulting in the initiation of the withdrawal procedure to allow the UK to exit the European Union no later than April 2019. Brexit has resulted in widespread uncertainty as to whether the UK will negotiate a deal with the European Union relating to the terms on which trade and services will be conducted between the UK and EU Member States and the possible terms of such a deal. This has caused widespread uncertainty amongst businesses trading in the UK. Consequentially, this could cause an economic downturn and increased cautiousness of clients. This could have a material adverse effect on the Company's business, revenue, prospects and financial condition.

Stamp duty in connection with the Share Exchange Agreement

On 18 June 2018, as described in paragraph 4.4.3 of Part VII of this document, the Company and the then shareholders of Knights 1759 entered into a share exchange agreement pursuant to which, amongst other things, the then shareholders of Knights 1759 sold their entire shareholding of shares in the capital of Knights 1759 in consideration for the issue and allotment to them of shares in the Company. An application has been made to HMRC for relief from stamp duty on the stock transfer forms relating to the transfer of the entire issued share capital of Knights 1759 to the Company. Pursuant to the terms of the share exchange agreement, the then shareholders of Knights 1759 transferred the beneficial ownership of their shares in Knights 1759 to the Company and severally appointed it as their attorney to exercise all of their voting rights in relation to Knights 1759. The Company is the beneficial owner only of the shares in Knights 1759 until its application for stamp duty relief in connection with the share exchange has been approved by HMRC and its name entered in the register of members of Knights 1759, at which time it will also become the holder of the legal title to the entire issued share capital of Knights 1759. Until such time, the then shareholders of Knights 1759 hold the shares in Knights 1759 on trust for the Company.

Pending adjudication by HMRC of the application for relief, the transfer of shares in Knights 1759 cannot be registered in its register of members. Whilst the Directors consider that such stamp duty relief will be available, in the event that it is not for any reason, the Company will pay the relevant amount of the stamp duty so as to enable legal title to the entire issued share capital of Knights 1759 to be registered in the name of the Company (and seek redress from the relevant shareholders in the ordinary course). It is estimated that the cost of the stamp duty that would be payable in the event the stamp duty relief is not available would be in the region of £362,500.

New Facilities Agreement

Whilst the New Facilities Agreement was entered into on 25 June 2018, drawdown under the facilities is subject to conditions precedent which are broadly standard, and include, amongst other things. Admission, and satisfaction of the existing funding arrangements (including release of security held) with Permira. Whilst the majority of the conditions precedent are within the control of the Group, there are certain conditions which, if not satisfied or waived by AIB Group (UK) plc, could result in the Facilities Agreement never becoming unconditional and the funds under the New Facilities Agreement not being available for drawing down. Whilst the Directors believe such risk to be low, should the facilities under the Facilities Agreement not be available, the Group has in place alternate funding arrangements with Permira in order to be able to satisfy the consideration under the Acquisition Agreement. Any delay with or failure in being able to draw on the New Facilities Agreement could have a material adverse effect on the Company's operations, prospects and overall financial condition.

GENERAL RISK FACTORS

Investments in AIM companies may attract a higher risk

The Ordinary Shares will be admitted to AIM, a market suited to emerging companies and this carries a greater investment risk compared to larger, more established companies. In addition, the AIM Rules are less demanding than those listed on the Premium Segment of the Official List. The market for shares in smaller public companies tends to be less liquid than that for larger public companies.

Price volatility

The price of shares listed on AIM can be volatile, with the price of securities being dependent on several factors. The following factors can, without limitation, impact the market price of the shares:

- the financial performance of the Enlarged Group;
- changes in regulatory conditions;
- large purchases or sales of shares by investors;
- variations in operating results; and
- market conditions in the legal and business services sector.

As such, the value of shares admitted to AIM can go up as well as down and investors may not be able to recover even their original investment.

There is no guarantee that the value of the shares will increase and the share price may not reflect the value of the Company. Furthermore, the admission of the Company’s shares to trading on AIM does not mean that a liquid market for the shares will develop. If an active trading market is not developed or maintained, the price of the shares could be negatively impacted. Moreover, factors such as a lack of investor confidence unrelated to the Group’s activity could cause the trading price of the Company’s shares to fall. Each of the aforementioned factors (among others) may make it more difficult for investors to sell or realise their original investment in the Company.

Economic conditions

The uncertainty of events such as Brexit could cause an economic downturn, on a national or a global basis, leading to an decline in demand for services provided by Knights. If a downturn lasts for a prolonged period of time, it could affect the business operations and performance of the Enlarged Group which in turn, can hinder the ability of the Enlarged Group to make a profit, which could further impact the value of its shares.

There is no guarantee that future capital raisings will be successful

Any research or reports published about the Enlarged Group or its business activities by industry or securities experts will impact the trading market for the Company's shares to a certain degree. The extent to which the directors can ensure that such experts continue to cover the Company may also affect the share price and volume of shares traded. If there is negative coverage by industry or securities analysts, this is likely to have a detrimental effect on the trading price of the shares.

Dilution

If the Company needs to raise additional funds in the future by issuing new equity securities otherwise on a pre-emptive basis to current shareholders, the percentage ownership of those shareholders will decrease. If the Company issues share warrants or options to subscribe for new shares to certain directors or employees, the exercise of these options/warrants could causes further dilution of the shareholdings for other investors.

Payment of dividends

Although the Company will intend to pay dividends following admission of its shares, payment of any dividends is not guaranteed. The payment of and the level of any future dividends will depend on a number of factors including the Company's financial performance, discretion of the directors and generally accepted accounting principles.

Force majeure

The activities of the Company could be affected adversely by events and risks that are completely outside of its control, including natural disasters, war, civil unrest and terrorism.

Taxation

The taxation principles, including the rules, levels of and reliefs from tax could change throughout the lifetime of the Company. Changes in taxation could also have an impact on the value of the shares issued by the Company and its ability to provide returns to its shareholders.

PART III

(A) HISTORICAL FINANCIAL INFORMATION OF THE KNIGHTS 1759 GROUP FOR THE THREE YEARS ENDED 30 APRIL 2018

KNIGHTS 1759 GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	*Year ended 30 April 2018 £'000*	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Revenue - Continuing operations	4	34,869	32,073	20,185
Other operating income	5	287	329	177
Staff costs	9	(20,568)	(19,528)	(11,652)
Depreciation, amortisation and impairment charges	7	(635)	(561)	(434)
Other operating charges	6	(7,559)	(6,767)	(4,473)
Operating profit		6,394	5,546	3,803
Finance costs	8	(2,873)	(1,472)	(374)
Profit before tax – continuing operations		3,521	4,074	3,429
Taxation	11	(947)	(579)	(767)
Profit for the year - continuing operations		2,574	3,495	2,662
Discontinued operations				
Loss from discontinued operations	26	–	(1,100)	(125)
Profit and total comprehensive income for the year attributable to owners of Knights 1759		2,574	2,395	2,537

KNIGHTS 1759 GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 April 2018 £'000	As at 30 April 2017 £'000	As at 30 April 2016 £'000
Assets				
Non-current assets				
Goodwill	12	12,244	12,244	12,244
Other intangible assets	13	7,620	7,718	7,825
Property, plant and equipment	14	2,448	1,604	1,123
Available for sale financial assets	15	–	–	20
		22,312	21,566	21,212
Current assets				
Inventories	17	1,612	1,070	749
Trade and other receivables	18	13,112	12,431	11,477
Cash and cash equivalents		2,118	1,326	967
		16,842	14,827	13,193
Total assets		39,154	36,393	34,405
Equity and liabilities				
Equity				
Share capital	19	100	100	100
Merger reserve		(3,536)	(3,536)	(3,536)
Retained earnings		5,589	3,015	1,610
Equity attributable to owners of Knights 1759		2,153	(421)	(1,826)
Non-current liabilities				
Borrowings	20	28,443	29,334	8,218
Deferred consideration	21	–	250	450
Deferred tax	22	1,384	1,384	1,629
		29,827	30,968	10,297
Current liabilities				
Trade and other payables	23	6,269	5,194	5,806
Borrowings	20	–	20	2,928
Deferred consideration	21	250	200	16,465
Corporation tax liability		494	280	560
Provisions	27	161	152	175
		7,174	5,846	25,934
Total liabilities		37,001	36,814	36,231
Total equity and liabilities		39,154	36,393	34,405

KNIGHTS 1759 GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of Knights 1759			
	Share capital £'000	*Merger reserve £'000*	*Retained earnings £'000*	*Total £'000*
Balance at 1 May 2015	–	–	–	–
Profit for the year and total comprehensive income	–	–	2,537	2,537
Transactions with owners in their capacity as owners;				
Issue of shares	100	–	–	100
Dividends	–	–	(927)	(927)
Other reserves	–	(3,536)	–	(3,536)
Total transactions with owners in their capacity as owners	100	(3,536)	(927)	(4,363)
Balance at 30 April 2016	**100**	**(3,536)**	**1,610**	**(1,826)**
Profit for the year and total comprehensive income	–	–	2,395	2,395
Transactions with owners in their capacity as owners;				
Dividends	–	–	(990)	(990)
Balance at 30 April 2017	**100**	**(3,536)**	**3,015**	**(421)**
Profit for the year and total comprehensive income	–	–	2,574	2,574
Balance at 30 April 2018	**100**	**(3,536)**	**5,589**	**2,153**

Merger reserve

On 6 October 2016, the whole of the share capital of KPSL was acquired by Knights 1759 via a share for share exchange agreement. The new holding company was introduced to facilitate the refinancing of the business to ensure sufficient financial resources were available for Knights 1759 Group to meet its strategic goals. The acquisition did not meet the definition of a business combination as Knights 1759 was not a business and therefore falls outside the scope of IFRS 3. As IFRS does not provide specific guidance in relation to group reorganisations it defers to the next appropriate GAAP. Accordingly, the consolidated historical financial information for the Knights 1759 Group has been presented as if KPSL has been owned by Knights 1759 throughout the entire period. The historical financial information includes the results and cash flows of the merged entity, its assets and liabilities and the shares issued by Knights 1759 Limited as consideration as if they had always been in issue. The difference between the share capital of KPSL and the nominal value of shares issued by Knights 1759 to acquire KPSL is recorded as a merger reserve.

The shares in KPSL were acquired from D Beech, K Bamford, B Johal, M Beech and J Beech and the merger reserve generated was £3,536,000.

KNIGHTS 1759 GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	*Year ended 30 April 2018 £'000*	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Operating activities				
Cash generated/(used) by operations	29	6,650	2,532	(136)
Cash flows attributable to discontinued operations		(240)	(728)	(125)
Tax paid		(732)	(1,103)	–
Net cash generated/(used) by operating activities		5,678	701	(261)
Investing activities				
Net cash flow from business combinations		–	(4,988)	(1,254)
Purchase of plant, property and equipment		(1,589)	(594)	(332)
Income from available for sale assets		–	20	60
Purchase of assets available for sale		–	–	(80)
Sale of assets		2	2	–
Net cash used in investing activities		(1,587)	(5,560)	(1,606)
Financing activities				
Proceeds from issuance of ordinary shares		–	–	1
Proceeds of new borrowings		–	29,800	6,500
Repayment of borrowings		(1,250)	(10,734)	(1,833)
Repayment of obligations under finance leases		(20)	(191)	(553)
Interest paid		(1,941)	(1,291)	(354)
Interest received		112	77	–
Dividends paid		–	(990)	(927)
Payments to shareholders/previous shareholders		(200)	(11,453)	–
Net cash (used)/ generated from financing activities		(3,299)	5,218	2,834
Net increase in cash and cash equivalents		792	359	967
Cash and cash equivalents at the beginning of the year		1,326	967	–
Cash and cash equivalents at end of year		2,118	1,326	967

Payments to shareholders/previous shareholders were as a result of the group restructure and refinancing exercise completed in October 2016.

KNIGHTS 1759 GROUP

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General Information

Knights 1759 Limited ("Knights 1759") is private company limited by shares and is registered, domiciled and incorporated in England

The address of Knights' registered office and principal place of business is:

The Brampton
Newcastle-under-Lyme
Staffordshire
ST5 0QW

The Knights 1759 Group consists of Knights 1759 and all its subsidiaries.

The historical financial information is presented in sterling, being the functional currency of the Knights 1759 Group, rounded to the nearest thousand.

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

The Knights 1759 Group's historical financial information has been prepared in accordance with International Financial Reporting Standards and its interpretations issued by the IFRS Interpretations Committee ("IFRIC") adopted by the EU ("IFRS").

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Knights 1759 Group's accounting policies.

Basis of consolidation

The consolidated historical financial information incorporate the financial information of Knights 1759 and all of its subsidiaries. The historical financial information is made up to 30 April 2018 and 30 April 2017 and 30 April 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the historical financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Knights 1759 Group.

On 6 October 2016, the whole of the share capital of KPSL was acquired by Knights 1759 via a share for share exchange agreement. The new holding company was introduced to facilitate the refinancing of the business to ensure sufficient financial resources were available for Knights 1759 Group to meet its strategic goals. The acquisition did not meet the definition of a business combination as Knights 1759 was not a business and therefore falls outside the scope of IFRS 3. As IFRS does not provide specific guidance in relation to group reorganisations it defers to the next appropriate GAAP. Accordingly, the consolidated historical financial information for the Knights 1759 Group has been presented as if KPSL has been owned by Knights 1759 throughout the entire period. The historical financial information includes the results and cash flows of the merged entity, its assets and liabilities and the shares issued by Knights 1759 as consideration as if they had always been in issue. The difference between the share capital of KPSL and the nominal value of shares issued by Knights 1759 to acquire KPSL is recorded as a merger reserve.

The shares in KPSL were acquired from D Beech, K Bamford, B Johal, M Beech and J Beech and the merger reserve generated was £3,536,000.

Business combinations

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

This historical financial information has been prepared on a going concern basis, which assumes that Knights 1759 and the Knights 1759 Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. In adopting the going concern basis the Directors have considered the receipt of the net proceeds from the placing of shares by Knights and available borrowing facilities upon admission to AIM.

Revenue and revenue recognition

Revenue represents amounts chargeable to clients for professional services provided during the year, inclusive of direct expenses incurred on client assignments but excluding value added tax. Revenue is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Revenue is not recognised where the right to receive payment is contingent on events outside the control of the business.

Unbilled revenue is included in receivables as 'Amounts due on contracts not yet billed'. Amounts billed on account in excess of the amounts recognised as revenue are included in payables as income billed in advance.

Inventories

Contracts at the year-end where recoverability is only confirmed on the outcome of a future contingent event are recognised at the lower of cost and net realisable value taking into account historic success levels on these matters.

The cost is calculated by reference to the time spent on the matters to the year-end date, valued at salary cost plus an uplift for relevant overheads. These costs are deferred in the statement of comprehensive income for the year and will be recognised as revenue in the periods in which the matters meet the relevant criteria to properly recognise a profit element and be recognised as amounts recoverable on contracts.

Taxation

The tax expense represents the sum of the current tax expense and the deferred tax expense. Current tax assets are recognised when the tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the historical financial information. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Knights 1759 Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited to profit or loss when the tax follows the underlying transaction or event it relates to and is also charged or credited to other comprehensive income.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Intangible assets – Goodwill

Goodwill comprises the following;

- Goodwill arising on the acquisition of the trade and assets of the Chester office on 1 October 2013.
- Goodwill arising on the acquisition of the whole of the trade and assets from Knights Solicitors LLP, on 1 May 2015. Goodwill arising on the transfer of the trade and assets from Darbys Legal Services LLP on 1 February 2016 and Darbys Solicitors LLP on 1 March 2016.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Knights 1759 Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost is subsequently measured at cost less accumulated impairment losses.

Intangible assets (other than goodwill)

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised, except where the asset does not arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Purchased computer software	–	4 years
Brand	–	100 years
Customer relationships	–	25 years

Purchased computer software is amortised over a period of 4 years, being the minimum period expected to benefit from the asset.

Customer relationships are amortised over a period of 25 years being the average length of key client relationships based on level of revenue.

Brand value is amortised over a period of 100 years based on the directors' assessment of the future life of the brand. This is supported by a trading history dating back to 1759.

Property, plant and equipment

Property, plant and equipment is stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on property, plant and equipment at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Expenditure on short leasehold property	–	10% on cost
Office equipment	–	25% on cost
Furniture and fittings	–	10% on cost
Motor vehicles	–	25% on cost

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Impairment of non-current assets

An assessment is made at each reporting date of whether there are indications that non-current assets may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Knights 1759 Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of non-current assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Available for sale assets

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

Provisions

In common with comparable practices, the Knights 1759 Group is involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision is made in the Historical Financial Information within other payables, for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Knights 1759 Group carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Knights 1759 Group.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the statement of comprehensive income in proportion to the remaining balance outstanding.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for long-term employee benefits is recognised immediately as an expense when the Knights 1759 Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The Knights 1759 Group operates a defined contribution scheme. The amount charged to profit or loss in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Financial instruments

The Knights 1759 Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on the date when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value. Financial instruments are derecognised when the Knights 1759 Group is no longer party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables or cash and cash equivalents.

Financial assets

Trade and other receivables

Trade and other receivables which are receivable within one year are initially measured at fair value. Trade and other receivables are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade receivables is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the trade receivable over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

Available for sale assets

Available for sale financial assets are non derivative financial instruments and comprise the investment held in Portlife Consultancy Limited. This investment is included in non-current assets, although the company was dissolved in January 2018.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Knights 1759 Group after deducting all of its liabilities.

Trade and other payables

Trade and other payables due within one year are initially measured at fair value and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at fair value including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Reserves

Retained earnings

Retained earnings shows the net reserves available from profits and total comprehensive income for the year less dividends payable to shareholders.

Merger reserve

The merger reserve arose on the share for share exchange by Knights 1759 and KPSL. The reserve is the difference between the nominal value of Knights 1759 Limited share capital and amounts paid to the shareholders as part of the group reorganisation in October 2016 and the share capital, share premium account and capital redemption reserve associated with the shares acquired in KPSL.

IFRS not yet applied

The following IFRS's have been issued and endorsed by the EU but have not been applied by the Knights 1759 Group in this historical financial information. Their adoption is not expected to have a material effect on the historical financial information.

IFRS 9 – 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Knights 1759 Group is still in the process of assessing its impact, but does not expect it to be material.

IFRS 15 – Revenue (effective for annual periods beginning on or after 1 January 2018)

IFRS16 – Leases (effective for annual periods beginning on or after 1 January 2019)

There are other standards in issue which are not considered applicable and are not expected to have an impact on the Knights 1759 Group and have therefore not been included in the list above. IFRS 16 is expected to require amendments to operating profits and finance charges. Management estimates that this will be equal to the annual rent charge of approximately £1.5 million. However, this is a reclassification adjustment only and will have no impact on profit or loss.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Knights 1759 Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Amounts recoverable on contracts

Amounts recoverable on contracts, representing unbilled costs incurred on uncompleted contracts are valued at their net realisable value. Estimates are required, based on information from relevant employees and historic experience to determine the net realisable value which is based on the expected overall recovery on the matter.

Work in progress

In assessing whether unbilled time is recognised as work in progress at cost or as accrued income, management is required to make judgements in determining the point at which the contingency is resolved and when the fair value can be measured reliably. Work in progress is valued at direct costs plus an estimate of recoverable overheads.

Intangible assets

Intangible fixed assets, such as brand, customer lists and tangible fixed assets, are amortised over their useful lives. The actual, useful lives of assets are assessed annually and will vary depending on a number of factors. In assessing the lives of all assets factors such technological advancements and current trading levels are taken into account.

Intangible assets are assessed for impairment by reviewing the net present value of expected future cash flows from the intangible assets. This involves a number of estimates relating to expected future cash flows and appropriate discount rates.

Significant areas of judgement

Determination of the valuation of goodwill and analysis between its various elements in the year of acquisition and consideration of any impairment. Factors taken into account are based on the Directors' view of the key underlying factors that affect the valuation of the business including future performance levels, cost of capital and costs of replacing such assets.

Determination of the recoverability of trade receivable debtors. A specific provision is made against certain debts where the directors are of the opinion that the debt is not fully recoverable.

Determination of whether any provisions should be included in the Historical Financial Information in respect of any ongoing insurance claims against the Knights 1759 Group.

Determination of the useful lives of intangible assets such as brand and customer relationships. Brand value is amortised over a period of 100 years based on the Directors' assessment of the future life of the brand. This is supported by a trading history dating back to 1759.

Determination of the accounting treatment when the whole of the share capital of KPSL was acquired by Knights 1759 on 6 October 2016 via a share for share exchange agreement. The new holding company was introduced to facilitate the refinancing of the business to ensure sufficient financial resources are available for Knights 1759 Group to meet its strategic goals. The acquisition did not meet the definition of a business combination as Knights 1759 was not a business and therefore falls outside the scope of IFRS 3. As IFRS does not provide specific guidance in relation to group reorganisations it defers to the next appropriate GAAP. Accordingly, the consolidated historical financial information for the Knights 1759 Group has been presented as if KPSL has been owned by Knights 1759 throughout the entire period. The historical financial information includes the results and cash flows of the merged entity, its assets and liabilities and the shares issued by Knights 1759 as consideration as if they had always been in issue. The difference between the share capital of KPSL and the nominal value of shares issued by Knights 1759 to acquire KPSL is recorded as a merger reserve.

4. Operating segments

The Board of Directors, as the chief operating decision-making body, review financial information and makes decisions about the Knights 1759 Group's overall legal and professional services business and has identified a single operating segment, that of legal and professional services.

The legal and professional services business, despite operating through a number of different service lines and in different locations, management effort is consistently directed to the firm operating as a single segment. No segment reporting disclosure is therefore provided as all revenue is derived from this single segment.

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Continuing operations			
United Kingdom	34,620	31,696	20,005
Other	249	377	180
	34,869	32,073	20,185
Discontinued operations			
United Kingdom	–	444	139
	34,869	32,517	20,324

The Knights 1759 Group has no individual customer that represents more than 10 per cent. of revenue in either the 2018, 2017 or 2016 financial years.

5. Other operating income

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Other income	166	112	45
Bank interest	121	197	72
Consultancy income	–	20	60
	287	329	177

6. Other operating charges

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Establishment costs	2,007	1,753	1,345
Transaction costs	334	393	204
Other overheads expenses	5,218	4,621	2,924
	7,559	6,767	4,473

Transaction costs in the year ended 30 April 2016 are legal and professional fees associated with the acquisition of Darbys Solicitors LLP. In accordance with IFRS these costs have been charged to the statement of comprehensive income in the period.

Transaction costs in the year ended 30 April 2017 are legal and professional fees incurred during the year in relation to the refinancing of the Knights 1759 Group and the acquisition of KPSL by Knights 1759.

Transaction costs in the year ended 30 April 2018 are legal and professional fees incurred in relation to the Placing and Admission.

7. Operating profit

Operating profit is arrived at after charging:

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000	Year ended 30 April 2016 £'000
Operating profit is stated after charging:			
Amortisation – other intangible assets	199	183	151
Depreciation and amounts written off property, plant and equipment			
Owned assets	406	340	205
Leased assets	–	18	18
Impairment of available for sale assets	–	20	60
Loss on disposal	30	–	–
Total depreciation, amortisation and impairment charges	635	561	434
Operating lease rentals			
Land and buildings	1,172	1,012	886
Plant and machinery	366	473	450
Non recurring costs:			
Redundancy costs	119	471	374
Transaction costs	334	393	204
Auditors remuneration			
Statutory audit	19	27	30
Other assurance services	7	7	–
Other advisory services	2	–	–

The impairment of available for sale assets relates to the impairment of the investment made in Portlife Consultancy Limited on completion of the only contract held by Knights 1759 Group.

Transaction costs in the year ended 30 April 2016 are legal and professional fees associated with the acquisition of Darbys Solicitors LLP. In accordance with IFRS these costs have been charged to the statement of comprehensive income in the period.

Transaction costs in the year ended 30 April 2017 are legal and professional fees incurred in relation to the refinancing of the Knights 1759 Group and the acquisition of KPSL by Knights 1759. In accordance with IFRS these costs have been charged to the statement of comprehensive income.

Transaction costs in the year ended 30 April 2018 are legal and professional fees incurred in relation to the Placing and Admission.

8. Finance costs

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000	Year ended 30 April 2016 £'000
Interest on bank overdrafts and borrowings	2,228	1,448	339
Finance exit fee	645	–	–
Interest on finance leases	–	9	15
Other interest payable	–	15	20
Total finance costs	2,873	1,472	374

9. Staff costs

The average monthly number of persons (including directors) employed during the year was:

	Number		
	Year ended 30 April 2018	*Year ended 30 April 2017*	*Year ended 30 April 2016*
Fee earners	349	369	201
Other staff	86	93	64
	435	462	265

The aggregate payroll costs for these persons were:

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Wages and salaries	17,901	18,127	10,861
Social security costs	1,960	1,958	1,147
Other pension costs	802	669	338
Other employment costs	273	134	23
Movement in inventories relating to staff costs	(368)	(215)	(510)
Less: Staff costs relating to discontinued operations	–	(1,145)	(207)
	20,568	19,528	11,652

Included above are costs of £119,000 (2017: £471,000, 2016: £374,000) relating to the costs of terminating employee contracts.

Included above are costs of £nil (2017: £1,145,000, 2016: £207,000) relating to staff costs for the discontinued operation as separately classified in the statement of comprehensive income and detailed in note 26.

Directors' Remuneration

The directors' remuneration for the year was as follows:

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Emoluments	217	228	193
Company contribution to money purchase pension scheme	21	19	2
	238	247	195

The number of directors to whom relevant benefits were accruing under:

	Number		
	Year ended 30 April 2018	*Year ended 30 April 2017*	*Year ended 30 April 2016*
Money purchase pension schemes	3	3	2

In respect of the highest paid director:

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Emoluments	103	99	120
Company contribution to money purchase pension scheme	13	12	1
	116	111	121

10. Dividends

During the year ended 30 April 2018 £nil dividends were declared.

During the year ended 30 April 2017 the following dividends were declared and paid:

	Year ended 30 April 2017	
	£'000	*£'000*
Paid by KPSL pre reorganisation		
3 May 2016		
Ordinary C (£66.49 per share)		62
1 August 2016		
Ordinary C (£66.49 per share)		62
30 September 2016		
Ordinary D (£1.60 per share)		115
6 October 2016		
Ordinary D (£6.95 per share)	71	
Ordinary D (£6.95 per share)	597	
Ordinary E (£6.95 per share)	38	
		706
Paid by Knights 1759 pre reorganisation		
6 October 2016		
Ordinary shares		45
Total dividends for the year		990

During the year ended 30 April 2016 the following dividends were declared and paid:

	Year ended 30 April 2016	
	£'000	*£'000*
1 June 2015		
Ordinary A (£4,175 per share) – declared	376	
Waived – 90 shares at a rate of £4,175 per share	(334)	
		42
3 August 2015		
Ordinary A (£6,250 per share)	625	
Waived – 90 shares at a rate of £4,954 per share	(446)	
		179
2 November 2015		
Ordinary A (£6,250 per share)	625	
Waived – 90 shares at a rate of £4,954 per share	(446)	
		179
6 February 2016		
Ordinary A (£192 per share)	132	
Ordinary C (£665 per share)	62	
		194
6 April 2016		
Ordinary A (£485 per share)		333
Total dividends for the year		927

11. Tax expense

Tax charged/(credited) in the income statement

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Current taxation			
UK corporation tax	955	840	710
UK corporation tax adjustment to prior periods	(8)	(167)	–
Total current tax	947	673	710
Deferred taxation			
Origination and reversal of timing differences	–	(94)	57
Total deferred tax	–	(94)	57
Total tax expense	947	579	767

Factors affecting tax charge for year:

The tax assessed for the year ended 30 April 2018 is higher than the standard rate of corporation tax of 19 per cent. (2017: 20 per cent., 2016: 20 per cent.) as explained below:

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Profit on ordinary activities before tax	3,521	4,074	3,429
Profit on ordinary activities multiplied by the average standard rate of corporation tax 19% (2017: 20%, 2016: 20%)	669	815	686
Effects of:			
Expenses not deductible in determining taxable profit	294	111	116
Loss on discontinued operations	–	(220)	(25)
Income not taxable	–	(4)	(19)
Rounding	8	2	3
Rate difference in deferred tax	(16)	(108)	6
Adjustment in respect of prior years	(8)	(17)	–
Total tax expense	947	579	767

12. Intangible assets – Goodwill

Intangible assets relates to the goodwill that arose on the acquisitions of KPSL, Darbys LLP and the trade and certain assets of the Hill Dickinson Chester office.

	Positive goodwill £'000
Cost or valuation	
As at 1 May 2015	–
Additions	12,244
As at 30 April 2016, 2017 and 2018	12,244

The carrying value of goodwill relates entirely to one cash generating unit, and reflects the difference between the fair value of consideration transferred and the fair value of assets and liabilities purchased.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate potential impairment

An impairment review has been undertaken at each year end and recoverable amounts have been determined based on value in use calculations. These calculations have assessed the projected future pre-tax cash flows over the next five years based on financial budgets approved by management for the year ended 31 April 2019. A discounted cash flow model was prepared taking into account managements assumptions for growth in EBITDA largely based on increased head count and recoveries and the historical growth rates experienced by the Knights 1759 Group, using a pre-tax discount rate of 20 per cent.

Management does not foresee any realistic adverse movement in the assumptions used in the impairment review which would trigger the requirement for an impairment.

13. Other Intangible assets

	Purchased computer software £'000	*Brand £'000*	*Customer relationships £'000*	*Total £'000*
Cost				
At 1 May 2015	–	–	–	–
Additions	79	5,401	2,496	7,976
As at 30 April 2016	79	5,401	2,496	7,976
Additions	76	–	–	76
As at 30 April 2017	155	5,401	2,496	8,052
Additions	101	–	–	101
As at 30 April 2018	256	5,401	2,496	8,153
Amortisation				
At 1 May 2015	–	–	–	–
Charge for the year	(29)	(54)	(68)	(151)
As at 30 April 2016	(29)	(54)	(68)	(151)
Charge for year	(29)	(54)	(100)	(183)
As at 30 April 2017	(58)	(108)	(168)	(334)
Charge for the year	(45)	(54)	(100)	(199)
As at 30 April 2018	(103)	(162)	(268)	(533)
Carrying amount				
At 30 April 2018	153	5,239	2,228	7,620
At 30 April 2017	97	5,293	2,328	7,718
At 30 April 2016	50	5,347	2,428	7,825

14. Property, plant and equipment

	Expenditure on short leasehold property £'000	Office equipment £'000	Furniture and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 May 2015	–	–	–	–	–
Additions on acquisition of trade and assets	304	376	327	7	1,014
Additions	30	230	72	–	332
As at 30 April 2016	334	606	399	7	1,346
Additions	456	340	45	–	841
Disposals	–	–	–	(2)	(2)
As at 30 April 2017	790	946	444	5	2,185
Additions	770	227	284	–	1,281
Transfers	(148)	19	129	–	–
Disposals	(11)	–	(32)	–	(43)
As at 30 April 2018	1,401	1,192	825	5	3,423
Depreciation					
At 1 May 2015	–	–	–	–	–
Charge for the year	(32)	(154)	(34)	(3)	(223)
As at 30 April 2016	(32)	(154)	(34)	(3)	(223)
Charge for year	(53)	(246)	(57)	(2)	(358)
As at 30 April 2017	(85)	(400)	(91)	(5)	(581)
Charge for the year	(87)	(243)	(76)	–	(406)
Eliminated on disposal	3	–	9		12
As at 30 April 2018	(169)	(643)	(158)	(5)	(975)
Carrying amount					
At 30 April 2018	1,232	549	667	–	2,448
At 30 April 2017	705	546	353	–	1,604
At 30 April 2016	302	452	365	4	1,123

The net book value of property, plant and equipment includes the following amounts in respect of assets on finance leases and hire purchase contracts.

	Net book value			*Deprecation charge*		
	2018 £'000	*2017 £'000*	*2016 £'000*	*2018 £'000*	*2017 £'000*	*2016 £'000*
Furniture and fittings	–	123	140	–	18	18

15. Available for sale financial assets

	£'000
Cost	
As at 30 April 2016, 30 April 2017 and 30 April 2018	80
Impairment	
Balance at 1 May 2015	–
Impairment in the year	60
Balance at 30 April 2016	60
Impairment in the year	20
Balance at 30 April 2017 and 30 April 2018	80
Net book value	
As at 30 April 2018	–
As at 30 April 2017	–
As at 30 April 2016	20

Subsidiary undertaking	*Registered address*	*Proportion held*	*Nature of business*
Portlife Consultancy Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	100%	Professional services

On 5 October 2015, KPSL acquired the whole of the share capital of Portlife Consultancy Limited. The business acquired operates in the UK and its principal activity is the provision of professional services. The cost of the acquisition comprised cash consideration of £80,000. The net assets at the time of acquisition were £nil.

The results have not been consolidated into the Knights 1759 Group as the Directors consider that the results of Portlife Consultancy Limited are not material to the overall results of the Knights 1759 Group. The net assets at the time of acquisition were £nil.

Portlife Consultancy Limited was dissolved in January 2018. The available for sale financial asset has been impaired as a result of a review of the future economic benefits expected to arise from the asset.

Company

Knights 1759 holds more than 20 per cent. of the equity of the following undertakings:

Subsidiary undertaking	*Registered address*	*Proportion held directly*	*Proportion held indirectly*	*Nature of business*
KPSL	The Brampton, Newcastle- under-Lyme, Staffordshire, ST5 0QW	100%	–	Professional services
Darbys Solicitors LLP	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant
Darbys Legal Services LLP	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant
Portlife Consultancy Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Professional services
K&S Secretaries Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant
Knights Trustee Company No 1 Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant
Knights Trustee Company No 2 Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant
K&S Directors Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant
K&S (Nominees) Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant
Darbys Director Services Limited	The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW	–	100%	Dormant

16. Business combinations and acquisitions

The details set out below provides the information required under IFRS 3 'Business Combinations' for the acquisitions that occurred during the years ended 30 April 2016, 2017 and 2018.

Year ended 30 April 2016

On 1 May 2015, KPSL acquired the whole of the trade and assets from Knights Solicitors LLP. The business acquired operates in the UK and its principal activity is the provision of professional services. The cost of the acquisition comprised 100 £1 A Ordinary shares and 2 £1 B ordinary shares together with cash consideration of £4,795,000.

The acquisition has been accounted for using acquisition method of accounting.

The goodwill arising on the acquisition was £10,369,000 and is subject to an annual impairment review.

On 31 January 2016, KPSL acquired the whole of the trade and assets from Darbys Legal Services LLP. The business acquired operates in the UK and its principal activity is the provision of professional services. The cost of the acquisition comprised 600 £0.10 B ordinary shares, the assumption of certain liabilities of the business and deferred consideration of up to £1,000,000. After the finalisation of the completion accounts only £116,000 of this balance was paid out.

The acquisition has been accounted for using the acquisition method of accounting.

The goodwill arising on the acquisition of £1,782,000 and is subject to an annual impairment review.

At 1 May 2015 (the 'acquisition date'), the assets acquired and liabilities assumed in relation to Knights Solicitors LLP were recognised at their fair values to KPSL as set out below:

		Fair value at the date of acquisition
	£'000	*£'000*
Intangible assets – purchased software		79
Intangible fixed assets – goodwill		90
Brand value		5,401
Customer contracts		1,441
Property, plant and equipment		595
Receivables		4,918
Cash at bank		44
Total assets		12,568
Bank loans		(6,691)
Trade payables		(242)
Other payables		(1,429)
Accruals		(932)
Deferred tax liability		(1,232)
Provisions		
– Dilapidations		(150)
Total liabilities		(10,676)
Total identifiable net assets at fair value		1,892
Consideration payable		
Satisfied by:		
Cash	4,795	
Shares	–	
Share premium	7,466	
		12,261
Goodwill arising on acquisition		10,369

From the date of acquisition to 30 April 2016, Knights Solicitors LLP contributed £17.2 million to revenue and £2.5 million profit for the year of the Knights 1759 Group. As the acquisition took place on the first trading day of the year this is also the full year impact of the acquisition.

As at 31 January 2016 (the acquisition date'), the assets acquired and liabilities assumed from Darbys Legal Services LLP were recognised at their fair values to KPSL as set out below:

	Net book value £'000	*Fair value adjustment £'000*	*Fair value at the date of acquisition £'000*
Intangible assets	69	986	1,055
Property, Plant and equipment	484	181	665
Receivables	3,204	(25)	3,179
Cash at bank	66	–	66
Total assets	3,823	1,142	4,965
Trade payables	(262)	–	(262)
Other payables	(2,761)	–	(2,761)
Accruals	(901)	(275)	(1,176)
Deferred tax liability	(190)		(190)
Provisions			
– dilapidations	(25)		(25)
Total liabilities	(4,139)	(275)	(4,414)
Total identifiable net assets at fair value			551
Consideration payable			
Satisfied by:			
– Deferred consideration		460	
– Cash		–	
– Loans satisfied		874	
– Share premium		999	
			2,333
Goodwill arising on acquisition			1,782

From the date of acquisition the Darby's entities contributed £3.0 million to revenue for the year ended 30 April 2016. If the acquisition had taken place at the beginning of the year, the Darby's entities would have contributed revenue of £12.6 million. The profit impact of the acquisition is unavailable, the acquisition was fully integrated into the Knights 1759 Group from the date of acquisition

17. Inventories

	As at 30 April 2018 £'000	*As at 30 April 2017 £'000*	*As at 30 April 2016 £'000*
Work in progress	1,612	1,070	749

18. Trade and other receivables

	As at 30 April 2018 £'000	*As at 30 April 2017 £'000*	*As at 30 April 2016 £'000*
Trade receivables	5,733	5,843	4,924
Unbilled revenue	5,834	4,838	5,164
Prepayments and other receivables	1,545	1,750	1,389
	13,112	12,431	11,477

All trade receivables are due within one year.

The Knights 1759 Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial instruments note.

Included within trade receivables at 30 April 2018 are unbilled disbursements of £195,000 (30 April 2017 – £253,000, 30 April 2016 – £363,000 net of a £44,000 provision).

Trade receivables stated above include amounts due at the end of the reporting period for which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has been no significant change in credit quality.

Age of trade receivables that are not impaired

	As at 30 April 2018 £'000	*As at 30 April 2017 £'000*	*As at 30 April 2016 £'000*
Not past due	3,299	4,163	3,257
Past due 0-30 days	1,291	507	530
Past due 31-60 days	446	301	261
Past due 61 -90 days	206	230	191
Past due greater than 91 days	296	389	322
	5,538	5,590	4,561

The Directors consider that the carrying value of trade and other receivables approximates to fair value.

19. Called up share capital

	As at 30 April 2018 £'000	*As at 30 April 2017 £'000*	*As at 30 April 2016 £'000*
Allotted, issued and fully paid:			
71,700 Ordinary A shares of £1	72	72	72
28,300 Ordinary B shares of £1	28	28	28
	100	100	100

Knights 1759 was incorporated on 14 July 2016 and on incorporation issued and allotted 1 ordinary share, at par value of £1.

On 6 October 2016 99,999 ordinary shares of £1 each were allotted and issued making the total number of shares in issue 100,000 ordinary shares. On the same date Knights 1759 converted the 100,000 ordinary shares into 71,700 A ordinary shares and 28,300 Ordinary B shares.

Ordinary A & B Shares

Each share is entitled to one vote and shares rank equally for each shareholder. Ordinary A shareholders are entitled *pari passu* to dividend payment or any other distribution.

Each share is entitled *pari passu* to participate in a distribution arising from a winding up of Knights 1759. The shares are not redeemable.

20. Borrowings

	As at 30 April 2018 £'000	*As at 30 April 2017 £'000*	*As at 30 April 2016 £'000*
Non-current borrowings			
Secured bank loan	5,750	7,000	8,204
Secured other loan	22,693	22,334	–
Finance lease obligation	–	–	14
	28,443	29,334	8,218
Current borrowings			
Secured bank loan	–	–	2,400
Unsecured other loan	–	–	331
Finance lease obligation	–	20	197
	–	20	2,928
	28,443	29,354	11,146

In 2016 the bank loans were secured by fixed and floating charges over all the property or undertakings of KPSL and by a legal charge over the property held by KPV Propco Limited, a company under common control. The bank loans were also secured by a personal guarantee of £500,000 provided by DA Beech.

The charges held over the bank loans in 2016 were satisfied during 2017 on repayment of the loan.

The bank loans bear interest at a margin above LIBOR. At 30 April 2018 year end interest rates range from 2.75 per cent. to 4 per cent..

Other loans of £22,693,000 at 30 April 2018 (2017 – £22,334,000) are repayable in full on 6 October 2023.

Cash pay interest is payable on the other loan in quarterly instalments at a rate of 5 per cent. above LIBOR. Payment in kind interest accrues at a rate of 1.9 per cent. annually. If not paid quarterly the payment in kind interest is capitalised and becomes repayable on 6 October 2023.

The Other loans are secured by a fixed and floating charge over the assets of Knights 1759 Group companies.

Finance lease obligations

	2018 £'000	*2017 £'000*	*2016 £'000*
Net obligations under finance leases and hire purchase contracts	–	20	211
Minimum lease payments under finance lease and hire purchase contracts fall due as follows:			
Within one year	–	20	197
Between one and five years	–	–	14
	–	20	211

21. Deferred consideration

	As at 30 April 2018 £'000	As at 30 April 2017 £'000	As at 30 April 2016 £'000
Non-current liabilities			
Deferred consideration	–	250	450
Current liabilities			
Deferred consideration	250	200	16,465
Total	250	450	16,915

Current deferred consideration as at 30 April 2016 relates to £4,897,000 due to previous investors that was paid in October 2016, £116,000 relating to the Darby's entities that was settled in the year ended 30 April 2017 and £11,452,000 due to the KPSL shareholders following the refinancing with Permira Credit Solutions, that was paid in the year ended 30 April 2017.

The non-current deferred consideration relates to the group restructure and refinancing exercise completed in October 2016. All amounts were settled during the year ended 30 April 2017 with the exception of the remaining £450,000 of which £200,000 was paid in October 2017 and the remaining balance is payable in October 2018.

22. Deferred tax

	Deferred tax provision		
	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
At the beginning of the year	1,384	1,629	1,422
Charge in the year	–	–	207
Released in the year	–	(245)	–
At end of the year	1,384	1,384	1,629

23. Trade and other payables

	As at 30 April 2018 £'000	*As at 30 April 2017 £'000*	*As at 30 April 2016 £'000*
Trade payables	985	655	557
Other taxation and social security	1,531	1,905	1,873
Other payables	1,153	343	513
Accruals and deferred income	2,600	2,291	2,549
Directors loan account	–	–	314
	6,269	5,194	5,806

The Directors consider that the carrying value of trade and other payables approximates their fair value.

24. Financial instruments

In common with other businesses, the Knights 1759 Group is exposed to financial risks that arise through its use of financial instruments in its operations. The Knights 1759 Groups principal financial instruments comprise interest bearing borrowings, cash and short term deposits. The Knights 1759 Group has various other financial instruments such as trade and other receivables and trade and other payables that arise directly from its operations. In the Directors opinion the carrying value of the financial instruments approximates their fair value.

These main risks arising from the Knights 1759 Group's financial instruments are considered to be the exposure to credit, interest rate and liquidity risk. These risks are managed by the management team in order to minimise any adverse effects on the trading results of the Knights 1759 Group.

Credit risk

The risk of bad debts is mitigated by the Knights 1759 Group having a policy of performing credit checks or receiving payments on account for new clients when practical and ensuring that the Knights 1759 Group's exposure to any individual client is tightly controlled, through credit control policies and procedures.

The maximum exposure to credit risk is the carrying value of its trade and other receivables and cash and cash equivalents as disclosed in the notes. The receivables age analysis is evaluated on a regular basis for potential bad debts. It is the Directors opinion that no further provision for doubtful debts is required.

Interest rate risk

The Knights 1759 Group operates with loan facilities to finance operations and acquisitions. The interest rate on these loans is linked to the LIBOR interest rate and as such the Knights 1759 Group faces the risk of increases in interest payments through fluctuations in the LIBOR rate.

A 0.5 per cent. change in interest rates at the balance sheet date would increase/decrease profit or loss in the following year by £145,950.

Liquidity risk

Liquidity risk arises from the Knights 1759 Groups management of working capital and the financial charges on its debt instruments and repayments of principal. There is a risk that the Knights 1759 Group will encounter difficulty in meetings its financial obligations as they fall due or not meet its required covenants. The Knights 1759 Group manages this risk and its cashflow requirements through detailed annual and monthly cashflow forecasts. These forecasts are reviewed regularly to ensure that the Knights 1759 Group has sufficient working capital to enable it to meet all of its short term and long-term cash flow needs.

The group has met its covenant tests during the Historical Financial Information period

Capital management

The Knights 1759 Group considers its capital to comprise its ordinary share capital and retained profits as its equity capital. In managing its capital, the Knights 1759 Groups primary object is to provide a return for its equity shareholders through capital growth and future dividend income. The Knights 1759 Group seeks to maintain a gearing ratio that balances risk and returns at an acceptable level and also to maintains a sufficient funding base to enable the Knights 1759 Group to meet its working capital and strategic investment needs and objectives.

Details of the Knights 1759 Group's capital are disclosed in the Statement of Changes in Equity.

Fair value of financial instruments

The fair value of financial assets and liabilities is considered the same as the carrying value.

Financial assets

Available for sale financial assets

	As at 30 April 2018 £'000	As at 30 April 2017 £'000	As at 30 April 2016 £'000
Available for sale financial assets	–	–	20
Loans and receivables			
Cash and cash equivalents	2,118	1,326	967
Trade receivables	11,584	11,266	10,589
	13,702	12,592	11,556
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	4,636	3,179	3,778
Short term borrowings	–	20	2,928
Current financial liabilities	4,636	3,199	6,706
Long term borrowings	28,443	29,334	8,218
Total financial liabilities	33,079	32,533	14,924

25. Capital commitments

As at 30 April 2018 the Knights 1759 Group had a capital commitment of £278,058 in relation to an ongoing office refurbishment.

26. Discontinued operations

On 16 May 2017 the Knights 1759 Group closed its Colchester office, the results of these discontinued activities are detailed below and have been excluded from the continuing activities in the statement of comprehensive income.

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000	Year ended 30 April 2016 £'000
Revenue	–	444	138
Staff costs	–	(1,145)	(207)
Operating charges	–	(399)	(56)
Loss before taxation from discontinued operations	–	(1,100)	(125)

27. Provisions

	Dilapidations provision		
	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000	Year ended 30 April 2016 £'000
At the beginning of the year	152	175	–
Acquired in a business combination	–	–	175
Utilised in the year	9	(23)	–
At end of the year	161	152	175

The dilapidations provision relates to the potential rectification of leasehold sites upon expiration of the leases. This has been based on a surveyor's valuation of the schedule of works included in the lease, or in the absence of a surveyor's estimate, is based on the Directors' estimate of potential liabilities.

The amount or timings of amounts payable in these cases are uncertain as the resolution of the cases are unknown at the year end.

28. Pension and other schemes

The Knights 1759 Group makes contributions to a group personal plan for employees. The pension charge for the year ended 30 April 2018 is £803,000, (2017: £669,000, 2016: £338,000) Contributions totalling £96,000 (2017: £61,000, 2016: £52,000) were payable at the year end and are included in payables.

29. Reconciliation of profit after tax to net cash generated from operations

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Profit after tax	2,574	3,495	2,662
Adjustments for:			
Impairment of fixed asset investment	–	20	60
Amortisation of other intangible assets	199	183	151
Depreciation of Property, Plant and equipment	406	358	223
Loss on sale of property, plant and equipment	30	–	–
Interest payable	2,873	1,472	374
Taxation	946	580	767
Income from available for sale assets	–	(20)	(60)
Interest receivable	(121)	(197)	–
	6,907	5,891	4,177
Increase in trade and other receivables	(746)	(1,022)	(652)
Decrease/(increase) in trade and other payables	1,023	(1,992)	(2,912)
Increase in inventories	(543)	(321)	(749)
Decrease/(increase) in provisions and deferred tax	9	(24)	–
	6,650	2,532	(136)

30. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 April Land and buildings		
	2018 £'000	*2017 £'000*	*2016 £'000*
Amounts due:			
Within one year	93	1,076	1,138
Between one and five years	491	3,893	3,369
After more than five years	19,804	10,616	7,750
	20,388	15,585	12,257

The Knights 1759 Group leases various office properties and car parking spaces under non-cancellable operating lease agreements. The lease terms range between 6 and 25 years. Some of the leases have a rent review period at specific intervals and break clauses at set dates.

	As at 30 April		
		Other	
	2018	2017	2016
	£'000	£'000	£'000
Amounts due:			
Within one year	179	257	451
Between one and five years	596	488	678
After more than five years	–	–	–
	775	745	1,129

Knights 1759 Group has also entered into various leases for small office equipment, vehicles and library subscriptions under cancellable operating lease agreements. The lease terms range from 1 year to 6 years. Expenditure charged to the statement of comprehensive income during the period of the historical financial information is disclosed in note 7.

31. Related party disclosures

KPV Propco Limited is a company controlled by David Beech and Karl Bamford, two of the directors of Knights 1759.

The Knights 1759 Group lease property from KPV Propco Limited. During the year ended 30 April 2018 rents of £342,800 (2017: £342,800, 2016: £342,800) were charged by KPV Propco Limited to the Knights 1759 Group.

The Knights 1759 Group received a contribution for repair work in the year ended 30 April 2018 from KPV Propco Limited of £85,700 (2017: £171,400, 2016: £nil).

The Knights 1759 Group received cash of £616,000 in the year ended 30 April 2018 from KPV Propco Limited to repay an outstanding loan.

As at 30 April 2018, there is an amount of £128,000 (2017: £334,000, 2016: £401,000) owing to the Knights 1759 Group to KPV Propco Limited. This balance is included within other receivables debtors.

Transactions with Directors

As at 30 April 2018, there is an amount of £nil (2017: £nil, 2016: £313,000) owing to a director of the Knights 1759 Group. Interest of £nil (2017: £14,000, 2016: £20,000) was paid on this loan during the year ended 30 April 2018.

During the year ended 30 April 2018 dividends of £nil (2017: £885,000, 2016: £927,000) were declared to Directors by virtue of their original shareholding in KPSL.

Transactions with shareholders

During the year ended 30 April 2017, the Knights 1759 Group made payments to certain shareholders who are directors and persons connected to the directors of the Knights 1759 Group as part of the share for share restructuring of £9,250,000.

In 2018 the shareholders cancelled a creditor of £6,500,000 relating to the share for share restructuring actioned in the year ended 30 April 2017.

32. Remuneration of key management personnel

The total remuneration of the directors and managers who are considered to be the key management personnel of the Knights 1759 Group was £266,000, 2017: £274,000, 2016: £219,000).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Knights 1759 Group, being the directors of Knights 1759.

	Year ended 30 April 2018 £'000	*Year ended 30 April 2017 £'000*	*Year ended 30 April 2016 £'000*
Emoluments	218	228	192
Company contribution to money purchase pension scheme	21	19	2
Employers National Insurance	27	27	25
	266	274	219

33. Post balance sheet events

On 25 June 2018 the Company, Knights 1759 and KPSL entered into an acquisition and revolving credit facilities agreement with AIB Group (UK) plc ("AIB") in respect of an acquisition facility of £8,000,000 and a revolving credit facility of £10,000,000 both to be made available to Knights 1759.

The Company, KPSL and David Beech entered into an acquisition agreement with the TP Sellers on 18 May 2018 and the Company and KPSL also entered into separate agreements with David Easdown, Lisa Shacklock and William Jones (being fixed share members of TP) on 18 May 2018, in each case to acquire the membership interests in TP. Completion of the acquisition is unconditional following the Group having received the necessary regulatory approvals on 24 May 2018. Completion will take effect on the earlier of the date of Admission and 1 August 2018. Notwithstanding the date of completion, economic benefit of TP under the contract transfers to KPSL with effect from 1 May 2018, such that the Enlarged Group will receive the benefit of a full accounting year of TP's profits (to 30 April 2019). Total consideration for the TP acquisition is £13 million, of which £8 million is to be settled in cash on the date of acquisition, £4 million of cash consideration is to be deferred (split between current and non current) and £1 million of consideration is in the form of the Consideration Shares.

On 18 June 2018, the Company acquired 100 per cent. of the issued share capital of Knights 1759, pursuant to a share exchange agreement as described in paragraph 15.7 of Part VII of this document.

34. Ultimate Controlling Party

The ultimate controlling party is Mr David Beech by virtue of his majority shareholding.

PART III

(B) ACCOUNTANTS' REPORT ON THE KNIGHTS 1759 GROUP'S HISTORICAL FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 30 APRIL 2018

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The Directors
Knights Group Holdings plc
The Brampton
Newcastle-under-Lyme
Staffordshire
ST5 0QW

26 June 2018

Dear Sirs,

Knights 1759 Limited ("Knights 1759") and its subsidiary undertakings (the "Knights 1759 Group")

We report on the historical financial information of the Knights 1759 Group set out in Part III, Section A of the Admission Document dated 26 June 2018 ("**Admission Document**") of Knights Group Holdings plc (the "**Company**"). This historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the historical financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

Responsibilities

The directors of the Company ("Directors") are responsible for preparing the historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the historical financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the historical financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Knights 1759 Group as at 30 April 2016, 30 April 2017 and 30 April 2018 and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

PART IV

(A) HISTORICAL FINANCIAL INFORMATION OF TP FOR THE THREE YEARS ENDED 30 APRIL 2018

Turner Parkinson LLP

STATEMENT OF COMPREHENSIVE INCOME

	Note	*The year ended 30 April* *2018* *£'000*	*2017* *£'000*	*2016* *£'000*
Revenue	4	8,495	7,633	6,776
Depreciation	5	(125)	(159)	(179)
Administrative expenses	5	(4,648)	(4,574)	(3,852)
Operating profit	6	3,722	2,900	2,745
Finance income	7	22	15	11
Finance costs	7	(7)	(5)	(11)
Profit for the financial year before members' remuneration and profit shares available for discretionary division among members		3,737	2,910	2,745
Profit and Total Comprehensive income for the financial year available for discretionary distribution among members		3,737	2,910	2,745

The above results were derived from the partnerships continuing operations.

Turner Parkinson LLP

STATEMENT OF FINANCIAL POSITION

	Note	*As at 30 April* 2018 £'000	2017 £'000	2016 £'000
Assets				
Non-current assets				
Property, plant and equipment	9	562	663	626
		562	663	626
Current assets				
Inventories	10	492	527	524
Trade and other receivables	11	1,725	1,574	1,485
Cash and cash equivalents		1,059	616	426
		3,276	2,717	2,435
Total assets		3,838	3,380	3,061
Equity and liabilities				
Members' interests classified as equity				
Members' capital	13	3,064	2,333	2,119
		3,064	2,333	2,119
Non-current liabilities				
Borrowings	12	–	32	74
		–	32	74
Current liabilities				
Trade and other payables	15	673	911	765
Borrowings	12	101	104	103
		774	1,015	868
Total liabilities		774	1,047	942
Total equity and liabilities		3,838	3,380	3,061

Turner Parkinson LLP

RECONCILIATION OF MEMBERS' INTERESTS

	Members' interests		
	Members' capital (classified as equity) £'000	*Other reserves £'000*	*Total £'000*
Members' interests at 1 May 2015	1,471	–	1,471
Profit and Total Comprehensive Income for the financial year available for discretionary division among members	–	2,745	2,745
Members' interests after profit for the year	1,471	2,745	4,216
Allocation of profit for the financial year	2,745	(2,745)	–
Introduced by members	58	–	58
Repayments of capital	(60)	–	(60)
Drawings and taxation	(2,095)	–	(2,095)
Members' interests at 30 April 2016	2,119	–	2,119
Profit and Total Comprehensive Income for the financial year available for discretionary division among members	–	2,910	2,910
Members' interests after profit for the year	2,119	2,910	5,029
Allocation of profit for the financial year	2,910	(2,910)	–
Introduced by members	40	–	40
Repayments of capital	(227)	–	(227)
Drawings and taxation	(2,509)	–	(2,509)
Members' interests at 30 April 2017	2,333	–	2,333
Profit and Total Comprehensive Income for the financial year available for discretionary division among members	–	3,737	3,737
Members' interests after profit for the year	2,333	3,737	6,070
Allocation of profit for the financial year	3,737	(3,737)	–
Introduced by members	126	–	126
Drawings and taxation	(3,132)	–	(3,132)
Members' interests at 30 April 2018	3,064	–	3,064

Turner Parkinson LLP

STATEMENT OF CASH FLOWS

	The year ended 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Cash flows from operating activities			
Profit for the financial year before members' remuneration and profit shares available for discretionary division among members	3,737	2,910	2,745
Adjustments for:			
Depreciation	125	159	179
Finance income	(22)	(15)	(11)
Finance costs	7	5	11
	3,847	3,059	2,924
Working capital adjustments:			
Decrease/(increase) in inventories	35	(3)	136
(Increase) in trade and other receivables	(151)	(89)	(274)
(Decrease)/increase in trade and other payables	(238)	146	(32)
Net cash flow from operating activities	3,493	3,113	2,754
Cash flows from investing activities:			
Interest received	22	15	11
Acquisitions of property, plant and equipment	(24)	(196)	(58)
Net cash flows from investing activities	(2)	(181)	(47)
Cash flows from financing activities:			
Payments to and on behalf of Members	(3,132)	(2,509)	(2,095)
Contributions by Members	126	40	58
Capital repayments to members	–	(227)	(60)
Interest paid	(7)	(5)	(11)
Repayment of other borrowings	(35)	(41)	(437)
Net cash flows from financing activities	(3,048)	(2,742)	(2,545)
Net cash increase in cash and cash equivalents	443	190	162
Cash and cash equivalents at 1 May	616	426	264
Cash and cash equivalents at 30 April	1,059	616	426

Turner Parkinson LLP

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General Information

Turner Parkinson LLP ("TP") is a limited liability partnership incorporated in England and Wales. The registered office is Hollins Chambers, 64a Bridge Street, Manchester, M3 3BA.

The principal activity of TP is the provision of legal services.

The Historical Financial Information is presented in Pounds Sterling, being the functional currency of TP, rounded to the nearest thousand.

2. Accounting policies

a. Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations by the International Financial Reporting Standards Interpretations Committee ("IFRIC") as adopted by the European Union ("IFRS"), and bearing in mind those parts of the Companies Act 2006 applicable to limited liability partnerships reporting under IFRS. The financial information does not constitute statutory accounts within the meaning of the Companies Act 2006.

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying TP's accounting policies.

The principal accounting policies applied in the preparation of the historical financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. Going concern

The historical financial information has been prepared on a going concern basis which assumes that the Enlarged Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. In adopting the going concern basis the Directors have considered the receipt of the net proceeds from the placing of shares by Knights and available borrowing facilities up on admission to AIM.

c. Changes in accounting policy

None of the standards, interpretations and amendments which are effective for periods beginning after 1 May 2015 and which have not been adopted early, are expected to have a material effect on the historical financial information.

The following standards and interpretations, relevant to TP's operations that have not been applied in the historical financial information, were in issue but not yet effective:

– *IFRS 9 'Financial Instruments: Classification and measurement'*

  This replaces IAS 39 "Financial instruments: Recognition and Measurement" and deals with the classification, measurement and recognition of financial assets and liabilities. IFRS 9 will be effective for annual reporting periods beginning on or after 1 January 2018. The new standard is therefore expected to be applied to the financial statements for the year ending 30 April 2019 and is not expected to have a material impact.

– *IFRS 15 'Revenue'*

  This establishes a single framework for revenue recognition.

  IFRS 15 will be effective for annual reporting periods beginning on or after 1 January 2018. The new standard is therefore expected to be applied in the financial statements for the year ending 30 April 2019. The Directors do not expect that the financial impact will be material.

– *IFRS 16 ‘Leases’*

This replaces IAS 17 “Leases” and related Interpretations and deals with the recognition, measurement, presentation and disclosure of leases.

IFRS 16 will be effective for annual reporting periods beginning on or after 1 January 2019. The new standard is therefore expected to be applied in to the financial statements for the year ending 30 April 2020. Under the new standard, most operating leases which are referred to in Note 14 will be included in the Statement of Financial Position as a right-of-use asset and a lease liability based on discounted future lease payments. The Statement of Comprehensive Income will include a charge for depreciation of the right-of-use asset and a finance charge, rather than lease payments. The financial impact on the Statement of Financial Position is currently in the process of being quantified by management. However, this is a reclassification adjustment only and will have no impact on profit.

d. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors that make strategic decisions. The Directors are of the opinion that TP has only one reportable operating segment.

e. Revenue

Revenue represents the amounts receivable for professional services provided and excludes disbursements and VAT.

Services provided during the year to clients, which at the balance sheet date have not yet been billed, are recognised as revenue in the Statement of Comprehensive Income and as accrued income in the Statement of Financial Position, in accordance with IFRS.

Revenue is recognised by reference to an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement or is based on employee costs together with an appropriate proportion of overheads, which incorporates a provision against the unbilled amounts on those client engagements where the right to receive consideration is contingent on factors outside the control of TP.

If, at the balance sheet date, completion of contractual obligations is dependent on external factors (and thus outside the control of TP), then revenue is recognised only when the event occurs. In such cases, costs incurred up to the balance sheet date are carried forward as work in progress.

f. Disbursements

Disbursements are not included in income or expenses.

g. Taxation

The taxation payable on TP’s profits is a personal liability of the individual members. Consequently, neither income tax nor the related deferred taxation is accounted for in the historical financial information. A retention from profits is made which is subsequently released to members to assist in funding payments of taxation. The balance retained at the reporting date is reflected in loans and other debts due to members.

h. Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	10%	straight line
Computer equipment	33%	straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Statement of Comprehensive Income.

i. Impairment of property, plant and equipment

At each reporting period end date, TP reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, TP estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

j. Financial instruments

Financial instruments are recognised in TP's Statement of Financial Position when TP becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the historical financial information when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Receivables

Receivables are initially measured at fair value and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Other financial assets

Other financial assets, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised.

The impairment reversal is recognised in the Statement of Comprehensive Income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the TP transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of TP after deducting all of its liabilities.

Overdrafts, bank loans and loans from related parties, are initially recognised at fair value unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when TP's obligations expire or are discharged or cancelled.

k. Components of equity

Members' interests – other reserves classified as equity represents profits and losses not yet allocated and divided to Members.

l. Inventories

Inventories relate to work in progress.

For contracts at the year end where completion of contractual obligations is dependent on external factors (and thus outside the control of TP), the costs incurred up to the balance sheet date are carried forward in the Statement of Financial Position and are valued at the lower of cost and net realisable value.

The cost is calculated by reference to the time spent on the matters to the year end date, valued at salary cost plus an uplift for relevant overheads. These costs are deferred in the Statement of Comprehensive Income for the year and will be recognised as revenue in the periods in which the matters meet the relevant criteria to properly recognise a profit element.

m. Members' participation rights

Members' participation rights (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits) are set out in the Members' Agreement.

Members' participation rights in the earnings or assets of TP are analysed between those that are, from TP's perspective, either a financial liability or equity, in accordance with IFRS. A member's participation right results in a liability unless the right to any payment is discretionary on the part of TP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classified as equity if TP has an unconditional right to refuse payment to members; otherwise they are classified as liabilities.

Where profits are divided only after a decision by TP or its representative, such profits are classified as an appropriation of equity rather than as an expense. They are therefore shown in the Statement of Comprehensive Income as a residual amount available for discretionary division among the members and are equity appropriations in the Statement of Financial Position.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether TP has an unconditional right to refuse payment.

n. Provisions

Provisions are recognised when TP has a present obligation (legal or constructive) as a result of a past event, it is probable that TP will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

o. Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

p. Employee benefits

The costs of short-term employee benefits are recognised as an expense in the Statement of Comprehensive Income in the period in which the related employee services are received.

Termination benefits are recognised immediately as an expense when TP is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

q. Retirement benefits and post retirement payments to members

TP does not operate a pension scheme for members. TP operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the year they are payable.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of TP's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the historical financial information are described below:

Revenue recognition

Certain estimates and judgements relating to the degree of completion of contracts with clients are necessary to determine the amount of revenue to be recognised on incomplete contracts. These estimates are made on a contract by contract basis.

Recoverability of trade receivables

There is a risk that certain trade receivables balances may be irrecoverable. A provision is made against trade receivables that TP may be unable to collect all the amounts invoiced based on a general provision as well as a specific provision on known amounts unlikely to be recovered.

Recoverability of inventories

There is a risk that certain inventories balances may be irrecoverable. A provision is made against inventories where a judgement is made that TP may be unable to recover the costs incurred on specific contracts.

Provision in respect of client claims

TP has the benefit of insurance policies to protect itself against professional negligence claims which include policy excesses. Provision is made on a case by case basis in respect of costs not covered by insurance for defending, and where appropriate, settling claims.

4. Revenue

TP's revenue for the year from continuing operations is as follows:

	The year ended 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Rendering of services	8,495	7,633	6,776
	8,495	7,633	6,776

All revenue is derived from a single segment in the United Kingdom.

No single customer represented more than 10 per cent. of revenue for any of the years ended 30 April 2016, 2017 or 2018.

5. Expenses by nature

Expenses are comprised of:

	The year ended 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Depreciation	125	159	179
Staff costs	2,394	2,281	2,056
Operating lease expenses - property	67	94	94
Operating lease expenses – motor vehicles	24	37	35
Other administrative expenses	2,163	2,162	1,667
	4,773	4,733	4,031

6. Operating profit

Operating profit is arrived at after charging:

	The year ended 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Audit fee	12	9	9
Depreciation	125	159	179
Operating lease expenses – property	67	94	94
Operating lease expenses – motor vehicles	24	37	35

7. Finance income and costs

	The year ended 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Finance income			
Interest income on bank deposits	22	15	11
Finance costs			
Interest on bank overdrafts and borrowings	(3)	(4)	(9)
Interest expense on other financing liabilities	(4)	(1)	(2)
Total finance costs	(7)	(5)	(11)
Net finance income	15	10	–

8. Staff costs

The aggregate payroll costs (excluding members) were as follows:

	The year ended 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Wages and salaries	2,089	1,991	1,797
Social security costs	215	203	183
Pension costs, defined contribution scheme	90	87	76
	2,394	2,281	2,056
Average staff numbers:			
Fee earning staff	39	39	35
Other	15	15	15
	54	54	50

The average number of members in the year ended 30 April 2018 was 11 (2017: 11, 2016: 12). The full time equivalent number of members serving on the executive board during the year to 30 April 2018 was 4 (2017: 4, 2016: 5).

Defined contribution pension scheme

TP operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of TP in an independently administered fund.

The charge to the Statement of Comprehensive Income in respect of defined contribution schemes for the year ended 30 April 2018 was £89,709 (2017: £86,861, 2016: £76,044). At 30 April 2018, £11,972 was payable to the scheme (2017: £8,408, 2016: £8,641) and is included in other payables.

9. Property, plant and equipment

	Fixtures, fittings and equipment	*Computer equipment*	*Total*
	£'000	*£'000*	*£'000*
Cost			
At 1 May 2015	962	864	1,826
Additions	25	33	58
Disposals	(155)	(523)	(678)
At 30 April 2016	832	374	1,206
Additions	168	28	196
At 30 April 2017	1,000	402	1,402
Additions	17	7	24
At 30 April 2018	1,017	409	1,426
Depreciation			
At 1 May 2015	364	715	1,079
Charge for the year	81	98	179
Eliminated on disposal	(155)	(523)	(678)
At 30 April 2016	290	290	580
Charge for the year	87	72	159
At 30 April 2017	377	362	739
Charge for the year	108	17	125
At 30 April 2018	485	379	864
Net book value			
At 30 April 2018	532	30	562
At 30 April 2017	623	40	663
At 30 April 2016	542	84	626

10. Inventories

		As at 30 April	
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Inventories	492	527	524

Inventories relate to work in progress.

11. Trade and other receivables

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Trade receivables	1,413	1,459	1,480
Less: Provision for impairment of trade receivables	(122)	(198)	(371)
Net trade receivables	1,291	1,261	1,109
Amounts due from related parties	–	–	28
Prepayments and other receivables	434	313	348
	1,725	1,574	1,485

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

TP's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial instruments note 17.

Included within other receivables are unbilled disbursements of £8,000 at 30 April 2018 (2017: (£33,000), 2016: (£28,000).

Trade receivables stated above include amounts due at the end of the reporting period for which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has been no significant change in credit quality.

Ageing of trade receivables past due but not impaired:

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
31 to 60 days	418	331	277
61 to 90 days	105	176	99
91 to 120 days	3	75	11
> 120 days	24	30	(22)
	550	612	365

The provision for impairment of trade receivables (analysed below) is the difference between the carrying value and the present value of the expected proceeds.

The provision for impairment relates to trade receivables with the following ageing:

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
0 to 30 days	–	–	–
31 to 60 days	–	2	–
61 to 90 days	–	–	–
91 to 120 days	15	48	53
> 120 days	107	148	318
	122	198	371

The Directors consider that the carrying value of trade and other receivables approximates to fair value.

12. Borrowings

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Non-current loans and borrowings			
Other borrowings	–	32	74

The long term borrowings carry an interest rate of 2.50 per cent. with a term of 60 months and are repayable by January 2019 in monthly instalments.

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Current loans and borrowings			
Other borrowings	101	104	103

Borrowings are secured by a debenture dated 19 January 2010.

13. Members' interests classified as equity

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Analysis of loans			
Amounts falling due within one year	3,064	2,333	2,119

TP's profits are divided between the members on the basis of the policy set out in the Members Agreement.

Members' other interests rank after unsecured creditors, and loans and other debts due to members rank *pari passu* with unsecured creditors in the event of a winding up. The amount of capital each member is required to subscribe is determined by the members in accordance with the Members' Agreement. Capital may only be drawn in accordance with the Members' Agreement.

Other reserves noted in the Reconciliation of Members' Interests relate to profits generated by TP prior to distribution to the members.

14. Operating lease commitments

At the reporting dates TP had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Within one year	218	223	229
In two to five years	566	113	240
Over five years	63	–	–
	847	336	469

The majority of the lease commitments relates to premises and motor vehicles.

The amount of non-cancellable operating lease payments recognised as an expense during the year ended 30 April 2018 was £104,000 (2017: £150,000, 2016: £148,000).

15. Trade and other payables

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Trade payables	28	39	64
Amounts due to related parties	–	125	–
Other taxation and social security	464	414	459
Other payables	13	119	4
Accruals and deferred income	168	214	238
	673	911	765

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

TP's exposure to market and liquidity risks related to trade and other payables is disclosed in the financial instruments note. The Group pays its trade payables on terms and as such trade payables are not yet due at the balance sheet dates.

16. Related party disclosures

TP and TP People Limited (in liquidation) were under common control.

During the year to 30 April 2018, a trading balance of £125,000 owed to TP People Limited (in liquidation) was settled. Also during the year to 30 April 2018, TP acquired certain trade and assets from TP People Limited for a consideration of £1,000.

At 30 April 2018, included within trade and other receivables (note 11) is £Nil (2017: £Nil, 2016: £28,000) due from TP People Limited and included within trade and other payables (note 15) is £Nil due to TP People Limited (2017: £125,000, 2016: £ Nil).

The offices from which TP operates are owned by a Trust in which two (2017: two, 2016: two) of the members have an interest. The lease arrangements are on a commercial arm's length basis and any negotiations are undertaken by members who do not have an interest in the Trust and with Trustees who are not members. Professional advice is taken as appropriate and all decisions made regarding the property are approved by the executive board on a unanimous basis.

During the year to 30 April 2018, rent of £126,000 (2017: £126,000, 2016: £126,000) was paid by TP. The lease charges disclosed in notes 5 and 6 are arrived at after the amortisation of lease incentives relating to the same lease. At 30 April 2018, no outstanding rent was payable to the Trust (2017: £Nil, 2016: £Nil).

The staff costs disclosed in note 8 excludes any drawings remuneration taken by the members of the LLP. Drawings taken by the members and taxation paid on their behalf during the year ended 30 April 2018 were £3,132,000 (2017: £2,509,000, 2016: £2,095,000). Equity partners drawings and amounts outstanding at the year end were:

	The year ended 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Equity partner drawings	2,252	2,648	1,404
Balance outstanding at year end	2,185	2,338	2,394

17. Financial instruments – Risk Management

This note describes TP's objectives, policies and processes for managing its financial risks that arise through the use of financial instruments and the methods used to measure them.

General objectives, policies and processes

The Directors has overall responsibility for the determination of TP's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The executive board receives regular reports from the Financial Controller through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the executive board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk and impairment

Credit risk is the risk of financial loss to TP if a client or counter party to a financial instrument fails to meet its contractual obligations. TP is mainly exposed to credit risk through trade receivables from clients (note 11). It is TP policy to assess the credit risk of new clients before entering contracts. Credit risk is determined by on-going monitoring of the creditworthiness of existing clients and through on-going review of the trade receivables' ageing analysis and continued monitoring of individual balances.

Liquidity risk

Liquidity risk is the risk that TP will encounter difficulty in meeting its financial obligations as they fall due.

TP's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The executive board receives cash flow projections on a regular basis which are monitored regularly.

Loan maturity analysis

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Within one year	101	104	103
Between one and two years	–	32	42
Between two and five years	–	–	32
	101	136	177

Interest rate risk and fair value risk

There is no significant interest rate risk in respect of temporary surplus funds invested in deposits and other interest-bearing accounts with financial institutions as the operations of TP are not dependent on the finance income received.

Currency risk

TP is not exposed to any significant currency risk. TP manages its currency exposure by retaining its cash balances in Sterling.

The principal financial instruments used by TP, from which financial instrument risk arises, are as follows:

	As at 30 April		
	2018	*2017*	*2016*
	£'000	*£'000*	*£'000*
Carrying amount of financial assets at amortised cost			
Cash and cash equivalents	1,059	616	426
Trade receivables	1,291	1,261	1,109
Other receivables	264	184	221
Carrying amount of financial liabilities at amortised cost			
Bank loans and overdrafts	101	136	177
Trade payables	28	39	64
Other payables and accruals	181	333	242

18. Capital management

TP's capital management objectives are:

– To ensure TP's ability to be able to invest in future growth;

– To maintain sufficient financial resources to respond to changing economic conditions; and

– To provide an adequate return to TP members.

TP monitors capital based on the total members' interest, comprising equity due to members, as in the statement of changes in members' equity and members' interests.

The Directors assess TP's capital requirements to maintain an efficient overall financing structure while minimising the use of leverage.

Adjustments are made in the light of changes in economic conditions and management's risk assessment. In order to maintain or adjust the capital structure, TP may adjust the amount of returns to members or increase capital from the members.

19. Post balance sheet events

The Company, KPSL and David Beech entered into an acquisition agreement with the TP Sellers on 18 May 2018 and the Company and KPSL also entered into separate agreements with David Easdown, Lisa Shacklock and William Jones (being fixed share members of TP) on 18 May 2018, in each case to acquire the membership interests in TP. Completion of the acquisition is unconditional following the Group having received the necessary regulatory approvals on 24 May 2018. Completion will take effect on the earlier of the date of Admission and 1 August 2018. Notwithstanding the date of completion, economic benefit of TP under the contract transfers to KPSL with effect from 1 May 2018, such that the Enlarged Group will receive the benefit of a full accounting year of TP's profits (to 30 April 2019). Total consideration for the TP acquisition is £13 million, of which £8 million is to be settled in cash on the date of acquisition, £4 million of cash consideration is to be deferred (split between current and non current) and £1 million of consideration is in the form of the Consideration Shares.

20. Controlling party

During the three years ended 30 April 2018, TP was under the control of the members.

PART IV

(B) ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TP FOR THE THREE YEARS ENDED 30 APRIL 2018

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The Directors
Knights Group Holdings plc
The Brampton
Newcastle-under-Lyme
Staffordshire
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26 June 2018

Dear Sirs,

Turner Parkinson LLP ("TP")

We report on the historical financial information of TP set out in Part IV, Section A of the Admission Document dated 26 June 2018 ("**Admission Document**") of Knights Group Holdings plc (the "**Company**"). This historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the historical financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

Responsibilities

The directors of the Company ("Directors") are responsible for preparing the historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the historical financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the historical financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of TP as at 30 April 2016, 30 April 2017 and 30 April 2018 and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following unaudited pro forma statement of net assets of the Enlarged Group (the "pro forma financial information") has been prepared by the Directors on the basis of the notes set out below, to show the effect of the Placing, Acquisition and refinancing (including the New Facilities Agreement) on the net assets of the Knights 1759 Group as at 30 April 2018.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position either prior to or following the Placing, Acquisition and refinancing.

	Net assets of the Knights 1759 Group as at 30 April 2018 Note 1 £000's	*Net assets of TP as at 30 April 2018 Note 2 £000's*	*Adj Note 3 £000's*	*Adj Note 4 £000's*	*Adj Note 5 £000's*	*Proforma Net assets of the Enlarged Group £000's*
Assets						
Non current assets						
Goodwill	12,244	–	–	–	–	12,244
Other intangible assets	7,620	–	–	–	–	7,620
Property, plant and equipment	2,448	562	–	–	–	3,010
	22,312	562	–	–	–	22,874
Current assets						
Inventories	1,612	492	–	–	–	2,104
Trade and other receivables	13,112	1,725	–	–	–	14,837
Cash and cash equivalents	2,118	1,059	27,506	(8,000)	(17,544)	5,139
	16,842	3,276	27,506	(8,000)	(17,544)	22,080
Total assets	39,154	3,838	27,506	(8,000)	(17,544)	44,954
Non current liabilities						
Borrowings – existing	28,443	–	–	–	(28,443)	–
Borrowings – new	–	–	–	–	11,000	11,000
Deferred consideration	–	–	–	3,155	–	3,155
Deferred tax	1,384	–	–	–	–	1,384
	29,827	–	–	3,155	(17,443)	15,539
Current						
Trade and other payables	6,269	673	–	–	–	6,942
Deferred consideration	250	–	–	845	–	1,095
Corporation tax liability	494	–	–	–	–	494
Borrowings – existing	–	101	–	–	(101)	–
Provisions	161	–	–	–	–	161
	7,174	774	–	845	(101)	8,692
Total liabilities	37,001	774	–	4,000	(17,544)	24,231
Net assets	2,153	3,064	27,506	(12,000)	–	20,723

Notes:

1. The net assets of the Knights 1759 Group have been extracted without adjustment from the audited historical financial information as at 30 April 2018 as set out in Section A of Part III of the document.

2. The net assets of TP have been extracted without adjustment from the audited historical financial information as at 30 April 2018 as set out in Section A of Part IV of the Document.

3. Gross proceeds of the New Ordinary Shares under the Placing are £30 million. Issue costs are £2.5 million giving net placing proceeds of £27.5 million.

4. As described in paragraph 15.8 of Part VII of the document, the Company, KPSL and David Beech entered into the Acquisition Agreement with the TP Sellers on 18 May 2018 and as described in paragraph 15.10 of Part VII of the document, the Company and KPSL also entered into separate agreements with David Easdown, Lisa Shacklock and William Jones (being fixed share members of TP) on 18 May 2018, in each case to acquire their respective membership interests in TP. Total consideration for the TP acquisition is £13 million, of which £8 million is to be settled in cash on the date of acquisition, £4 million of cash consideration is to be deferred (split between current and non current) and £1 million of consideration is in the form of the Consideration Shares.

5. As described in paragraph 15.4 of Part VII of this document, on 25 June 2018, the Group entered into an acquisition and revolving credit facilities agreement with AIB Group (UK) plc in respect of an acquisition facility of £8 million and a revolving credit facility of £10 million. The Group intends to draw down approximately £11 million of these facilities shortly after Admission and will use these funds as well as the Placing proceeds to repay total borrowings of £28.5 million (£28.4 million non current and £0.1 million current). Accordingly the net impact of the refinancing is a cash outflow of £17.5 million, being £28.5 million repaid less £11 million of new borrowings.

6. No adjustments have been made in relation to the fair value of assets and liabilities upon acquisition of TP.

7. No adjustments have been made to reflect the trading results of the Knights 1759 Group or TP since 30 April 2018.

PART VI

TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (EACH A MEMBER STATE) WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, ("**QUALIFIED INVESTORS**") BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) ("**THE PROSPECTUS DIRECTIVE**"); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 ("**THE ORDER**"); (II) FALL WITHIN ARTICLE 49(2) (A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS WITHIN (A) OR (B) TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

These terms and conditions apply to investors agreeing (whether orally or in writing) to subscribe for and/or purchase Placing Shares (in this Part VI, "**Investors**"). Each Investor agrees with each of the Company, the Selling Shareholders and Numis to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued or sold in connection with the Placing and will be deemed to have accepted them.

1. Agreement to subscribe for and/or acquire Placing Shares

Conditional on: (i) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; (ii) Admission occurring on or prior to 29 June 2018 (or such later date as Numis and the Company may agree but, in any event, no later than 8.00 a.m. on 31 July 2018); and (iii) the Investor being allocated Placing Shares, each Investor agrees to become a member of the Company and agrees to subscribe for and/or to acquire Placing Shares allocated to the Investor at the Placing Price.

To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Placing Shares in the Placing, or otherwise to withdraw from, such commitment.

2. Payment for Placing Shares

Each Investor undertakes to pay the Placing Price for the Placing Shares subscribed for and/or acquired by such Investor in such manner as shall be directed by Numis. In the event of any failure by any Investor to pay as so directed by Numis, the relevant Investor will be deemed to have appointed Numis, or any nominee of Numis, as its agent to sell (in one or more transactions) any or all of the Placing Shares allocated to the Investor in respect of which payment will not have been made as directed by Numis and indemnifies on demand Numis and/or any relevant nominee of Numis in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales (a summary of UK stamp duty and stamp duty reserve tax liability is contained in paragraph 10.3 of Part VII of this document). Any proceeds received in respect of the sale of such Placing Shares shall be retained by Numis and for Numis' account and benefit as agent for the Company and/or the Selling Shareholder(s), as the case may be.

3. Representations and Warranties

Each Investor and any person confirming an agreement to subscribe for and/or purchase Placing Shares on behalf of an Investor or authorising Numis to notify the Investor's name to the Registrars, undertakes, represents, warrants and acknowledges to each of the Company, the Selling Shareholders and Numis that:

(a) the content of this document is exclusively the responsibility of the Company and the Directors and that neither the Selling Shareholders, Numis nor any person acting on their behalf is responsible for or will have any liability for any information, representation or statement contained in this document or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an Investor to participate in the Placing based on any information, representation or statement contained in this document or otherwise;

(b) in agreeing to subscribe for and/or purchase Placing Shares, the Investor has read and understands this document in its entirety and acknowledges it is relying solely on this document (including these terms and conditions) and any supplementary document that may be issued by the Company, and not on any draft thereof, other information given or representation or statement made at any time, by any person, concerning the Group, the Selling Shareholders, the Placing Shares or the Placing. Such Investor agrees that none of the Company, the Selling Shareholders, Numis nor any of their respective officers, partners, agents, employees or directors will have any liability for any such other document, information, representation or statement, and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph 3(b) of this Part VI will not exclude any liability for fraudulent misrepresentation;

(c) none of the Company, its directors, Numis nor any of their respective advisers or agents is making any recommendations to Investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Placing. Each Investor acknowledges that participation in the Placing is on the basis that it is not and will not be a client of Numis and that Numis is acting for the Company and no one else, and they will not be responsible to anyone else for the protections afforded to their clients, and that Numis will not be responsible to anyone other than the Company for providing advice in relation to the Placing, the contents of this document or any transaction, arrangements or other matters referred to herein and Numis will not be responsible to anyone other than the relevant party to the Placing Agreement in respect of any obligations contained in the Placing Agreement or for the exercise or performance of Numis' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

(d) the Investor has the funds available to pay the Placing Price in respect of the Placing Shares for which it has given a commitment under the Placing and that it will pay the total Placing Price in respect of its participation in the Placing;

(e) the subscription and/or purchase by the Investor for Placing Shares and the Investor's payment in respect thereof will comply with, and not violate, its constitutional documents or any agreement to which it is bound or which relates to any of its assets, is duly authorised and constitutes its valid and legally binding agreement;

(f) as far as the Investor is aware, it is not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the AIM Rules for Companies;

(g) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to the Investor's agreement to subscribe for and/or purchase Placing Shares, such Investor warrants that it has complied with all such laws and none of the Company, the Selling Shareholders or Numis will infringe any laws outside the United Kingdom as a result of such Investor's agreement to subscribe for and/or purchase Placing Shares or any actions arising from such Investor's rights and obligations under the Investor's agreement to subscribe for and/or purchase Placing Shares and under the Company's articles of association (and, in making this representation and warranty, the Investor confirms that it is aware of the selling and transfer restrictions set out in paragraph 3(k) of this Part VI);

(h) the Investor has not done, and will not do, anything in relation to the Placing that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any

Placing Shares in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;

(i) the Investor understands that no action has been or will be taken in any jurisdiction other than the United Kingdom by the Company or any other person that would permit a public offering of the Ordinary Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required, and (where relevant) represents and warrants that it is a person to whom the Placing Shares may be lawfully offered under such other jurisdiction's laws and regulations;

(j) if the Investor is in any EEA State which has implemented the Prospectus Directive it is:

   (i) a legal entity which is a Qualified Investor; or

   (ii) otherwise permitted by law to be offered and sold the Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws;

(k) the Investor is not a national, resident or citizen of a Restricted Jurisdiction or a corporation, partnership or other entity organised under the laws of a Restricted Jurisdiction , the Investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in a Restricted Jurisdiction or to any national, resident or citizen of a Restricted Jurisdiction and the Investor acknowledges that the Ordinary Shares (including the Placing Sharers) have not been and will not be registered under the applicable securities laws of a Restricted Jurisdiction and that the same are not being offered for subscription and/or purchase, and may not, directly or indirectly, be offered, sold, transferred or delivered, in the Prohibited Territories;

(l) the Investor is participating in the Placing in compliance with the selling and transfer restrictions set out in paragraph 3(g) of this Part VI, including the representations and acknowledgements contained therein. The Investor acknowledges that the Placing Shares have not been and will not be registered under the Securities Act, or qualified for sale under the laws of any state or other jurisdiction of the United States, and may not be offered, sold, resold or transferred in, into or within the United States. The Investor represents and warrants that it is, and at the time the Placing Shares are subscribed for and/or acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S;

(m) the Investor has not applied to subscribe for and/or acquire Placing Shares on behalf of a national, resident or citizen of a Restricted Jurisdiction or a corporation, partnership or other entity organised under the laws of a Restricted Jurisdiction;

(n) the Investor is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable inside or outside the United Kingdom by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;

(o) in the case of a person who confirms to Numis, on behalf of an Investor, an agreement to subscribe for and/or purchase Placing Shares and/or who authorises Numis to notify the Investor's name to the Registrars, that person represents and warrants that he, she or it has authority to do so on behalf of the Investor;

(p) the Investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (the "**Regulations**") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;

(q) that due to anti-money laundering and the countering of terrorist financing requirements, Numis, the Company and/or the Selling Shareholders may require proof of identity of the Investor and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Numis, the Company and/or the Selling Shareholders may refuse to accept the placing commitment and the subscription moneys relating thereto. The Investor shall hold harmless and will indemnify Numis, the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the Placing commitment, if such information as has been required and has not been provided by it or has not been provided in a timely manner;

(r) the Investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depositary receipts and clearance services);

(s) if the Investor is in the United Kingdom, it is: (a) a person having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Order; or (b) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) (a) to (d) of the Order, or (iii) is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;

(t) if the Investor is subscribing and/or acquiring Placing Shares as a fiduciary or agent for one or more Investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and confirms that any of its clients, whether or not identified to Numis or any of its affiliates or agents, will remain the Investor's clients and will not become clients of Numis or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

(u) the Investor has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (including any relevant implementing measure in any member state);

(v) the Investor and each person or body (including without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Placing Shares or to whom it allocates such Placing Shares have the capacity and authority to enter into and to perform their obligations as an Investor and will honour those obligations;

(w) each Investor in a relevant member state of the European Economic Area who acquires any Placing Shares under the Placing contemplated hereby will be deemed to have represented, warranted and agreed with each of Numis and the Company that: (i) it is a Qualified Investor; and (ii) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive;

(x) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than Qualified Investors, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of Numis has not been given to the offer or resale;

(y) where Placing Shares have been acquired by it on behalf of persons in any relevant member state other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons. For the purposes of this provision, the expression an "offer" in relation to any of the Placing Shares in any relevant member states means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an Investor to decide to subscribe for and/or purchase the Placing Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state; and

(z) in the case of a person who confirms to Numis, on behalf of an Investor which is an entity other than a natural person, an agreement to subscribe for and/or purchase Placing Shares and/or who authorises the notification of such Investor's name to the Registrars, that person warrants that he, she or it has authority to do so on behalf of the Investor.

The Company, the Selling Shareholders and Numis will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings. If an Investor believes that any of the representations, undertakings or warranties made in connection with or deemed to have been made by its application for Placing Shares are not or cease to be accurate, it shall promptly notify Numis and the Company.

4. Supply and Disclosure of Information

If the Company, the Selling Shareholders or Numis or any of their respective agents request any information about an Investor's agreement to subscribe for and/or purchase Placing Shares, such Investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

Each Investor and any person confirming an agreement to subscribe for and/or purchase Placing Shares on behalf of an Investor or authorising Numis to notify the Investor's name to the Registrars, undertakes, represents, warrants and acknowledges to each of the Company, the Selling Shareholders and Numis that:

(a) it acknowledges and agrees that information provided by it to the Company or the Registrars will be stored on their computer systems and in hard copy. It acknowledges and agrees that for the purposes of the Data Protection Act 2018 and other applicable data protection legislation (**Data Protection Law**), the Company and the Registrar are required to specify the purposes for which they will hold personal data. The Company and the Registrar will only use such information for the purposes set out below (collectively, the **Purposes**), being to:

   (i) process the personal data (including special categories of personal data) of the Investor and any of its officers, directors, employees, representatives or clients (each, a **Data Subject**) as required by or in connection with the holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks;

   (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;

   (iii) provide personal data to such third parties as the Company or the Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as Data Protection Law may require, including to third parties outside the United Kingdom or the EEA; and

   (iv) process its personal data for the Company's internal administration;

(b) it acknowledges and agrees that the Company and the Registrar have one or more of the following lawful bases for processing the personal data of any Data Subject:

   (i) the processing is necessary for the performance of a contract to which it is party or in order to take steps at its request prior to entering into a contract;

   (ii) the processing is necessary for compliance with a legal obligation to which the Company or the Registrar (as appropriate) is subject;

   (iii) the processing is necessary for the purposes of the legitimate interests pursued by the Company, the Registrar or a third party (those interests being to enable the Investor to participate in the Placing);

(c) it acknowledges and agrees that:

   (i) before transferring the personal data of a Data Subject outside the EEA, the Company and the Registrar will take all steps reasonably necessary to ensure that any such transfer is made securely and that there is adequate protection in place in order to protect such personal data, in accordance with Data Protection Law;

   (ii) the Company and the Registrar will retain the personal data of the Investor and any Data Subject for a minimum of six years and for as long as is reasonably necessary for the purpose for which it was obtained and in accordance with their legal obligations and will follow their respective data destruction policy and processes thereafter;

   (iii) subject to certain exceptions, a Data Subject has a right of access to the personal data that the Company and the Registrar hold about them;

(iv) a Data Subject has a right to the rectification of inaccurate or incomplete information about them held by the Company and the Registrar;

(v) in certain circumstances, a Data Subject has a right to request the deletion of information about them held by the Company and the Registrar;

(vi) a Data Subject has a right to lodge a complaint with the Information Commissioner by writing to the Information Commissioner's Office, Water Lane, Wilmslow, SK9 5AF telephone 0303 123 1113;

(d) in providing the Company and the Registrar with information, it hereby represents and warrants to the Company and the Registrar that it has notified each affected Data Subject of the matters set out in paragraphs 4(a) to 4(c) above and has obtained any necessary explicit consent of any Data Subject to the Company and the Registrar and their respective associates holding and using any special categories of personal data for the Purposes. For the purposes of this document, **personal data** and **special categories of personal data** shall have the meanings attributed to them in the Data Protection Law;

5. Further Authority

In applying to be issued and/or transferred Placing Shares pursuant to the Placing, the Investor irrevocably appoints any Director and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition and registration of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so.

6. Miscellaneous

6.1. The rights and remedies of the Company, the Selling Shareholders and Numis under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.

6.2. On application, each Investor may be asked to disclose, in writing or orally, to Numis:

6.2.1. if he or she is an individual, his or her nationality; or

6.2.2. if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

6.3. All documents provided in connection with the Placing will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Numis.

6.4. Each Investor agrees to be bound by the Company's articles of association (as amended from time to time) once the Placing Shares which such Investor has agreed to subscribe for and/or purchase have been issued or transferred to such Investor.

6.5. The Company, the Selling Shareholders and Numis expressly reserve the right to modify the Placing (including without limitation, its timetable and settlement) at any time before the Placing Price and allocation are determined.

6.6. The contract to subscribe for and/or purchase Placing Shares under the Placing and the appointments and authorities mentioned herein and all disputes and claims arising out of or in connection with its subject matter or formation (including any non-contractual disputes or claims) will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders and Numis, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against an Investor in any other jurisdiction.

6.7. In the case of a joint agreement to subscribe for and/or purchase Placing Shares, references to a purchaser in these terms and conditions are to each of such Investors and any Investor's liability is joint and several.

7. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: (a) the price of the Placing Shares may decline and investors could lose all or part of their investment; (b) the Placing Shares offer no guaranteed income and no capital protection; and (c) an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Numis will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Placing Shares and determining appropriate distribution channels.

PART VII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 The Directors, whose names appear on page 9 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors accept individual and collective responsibility for compliance with the AIM Rules.

2. THE COMPANY

2.1 The Company was incorporated and registered in England and Wales with registered number 011290101 on 4 April 2018 as a private company limited by shares under the name K & S (617) Limited. On 9 May 2018, the Company changed its name to Knights Group Holdings Limited and on 20 June 2018 it re-registered as a public limited company. The Group trades (and the Enlarged Group will continue to trade following completion of the Acquisition) under the name Knights, save that TP will, for the foreseeable future, operate as TP.

2.2 The principal legislation under which the Company operates is the Act and regulations made under the Act. The liability of the Company's members is limited.

2.3 The Company is domiciled in the United Kingdom. The registered office and principal place of business of the Company is at The Brampton, Newcastle-Under-Lyme, Staffordshire, ST5 0QW (telephone number 01782 619225).

2.4 The Company's website address, which contains the information requested to be disclosed pursuant to AIM Rule 26, is www.knightsplc.com.

2.5 The Company's accounting reference date is 30 April. The Company's auditors are RSM UK Audit LLP who are registered to carry out audit work by the Institute of Chartered Accountants of Scotland.

2.6 The following are the important events in the development of the Company's business:

1759 The business was originally founded in Staffordshire.

2011 David Beech joined Knights Solicitors LLP as CEO.

2012 Knights Solicitors LLP was acquired by David Beech via a management buyout supported by Hamilton Bradshaw.

2013 Knights Solicitors LLP acquired the Chester office of Hill Dickinson LLP.

2013 Knights Solicitors LLP was granted an alternative business structure ("**ABS**") licence by the SRA, one of the first to be granted such status.

2014 The Group financed the exit of Hamilton Bradshaw from the business by entering into a facility agreement with AIB Group (UK) plc.

2015 Business and assets of Knights Solicitors LLP was acquired by KPSL (and the Group is corporatised).

The Derby office was opened to provide a geographical presence in the East Midlands region.

2016 Acquisition of Darbys Solicitors LLP completed, adding offices in Oxford and Hale to the business.

2016 The whole of the share capital of the then main group trading company, KPSL, was acquired by Knights 1759 via a share for share exchange agreement as part of a Group restructure and refinancing with Permira Credit Solutions II Senior S.A.

2017 The Wilmslow office was opened incorporating existing fee earners from the closure of the Hale office.

2018 Acquisition Agreement exchanged to acquire the partnership interests of TP (as more particularly detailed in paragraph 15.8 of Part VII).

2018 The whole of the share capital of Knights 1759, was acquired by the Company via a share for share exchange agreement in anticipation of publication of this document and Admission.

2018 Conditional on Admission, the Group will repay debt owing to Permira Credit Solutions II Senior S.A and enter into the New Facilities Agreement (as more particularly detailed in paragraph 15.4 of this Part VII).

3. SUBSIDIARIES AND OTHER HOLDINGS

3.1 The Company is the holding company of the Group. The following table contains details of the Company's principal subsidiaries and joint venture vehicles:

Company name	*Principal activity*	*Country of incorporation*	*Percentage ownership*
Knights 1759	Principal Trading Company	England & Wales	100% by the Company
KPSL	Professional services	England & Wales	100% by Knights 1759
K & S Secretaries Limited	Dormant company	England & Wales	100% by KPSL
Knights Trustee Company No.1 Limited	Dormant company	England & Wales	100% by KPSL
Knights Trustee Company No.2 Limited	Dormant company	England & Wales	100% by KPSL
K & S Directors Limited	Dormant company	England & Wales	100% by KPSL
K&S (Nominees) Limited	Dormant company	England & Wales	100% by K & S Directors Limited
Darbys Director Services Limited	Dormant company	England & Wales	100% by K & S Directors Limited
Ridgeway (East Hendred) Management Company Limited	Dormant Company	England & Wales	100% by K & S Directors Limited*
William Buckland Management Company Limited	Dormant Company	England & Wales	100% by K & S Directors Limited*
K & S (560) Limited	Dormant company	England & Wales	100% by K&S (Nominees) Limited*
Charden Enterprises Limited	Dormant company	England & Wales	100% by K&S (Nominees) Limited*
Four Below Zero Limited	Dormant company	England & Wales	100% by K&S (Nominees) Limited*
Endzin Limited	Dormant company	England & Wales	100% by K&S (Nominees) Limited*
DDB Consulting Limited	Dormant Company	England & Wales	100% by K&S (Nominees) Limited*
Wingelock Limited	Dormant Company	England & Wales	100% by K&S (Nominees) Limited*

Company name	*Principal activity*	*Country of incorporation*	*Percentage ownership*
Alpha Investments (North West) Limited	Dormant Company	England & Wales	100% by K&S (Nominees) Limited*
Beeches Farm Management Limited	Dormant Company	England & Wales	100% by Darbys Director Services Limited*
Moor Green Lane Management Company Limited	Dormant Company	England & Wales	100% by Darbys Director Services Limited
Willow Farm Management Limited	Dormant Company	England & Wales	100% by Darbys Director Services Limited
Knights Solicitors LLP	Dormant partnership	England & Wales	KPSL and David Beech are the two designated members.
Darbys Solicitors LLP	Dormant partnership	England & Wales	KPSL and David Beech are the two designated members.
Turner Parkinson LLP	Professional services	England and Wales	100% by KPSL**
Turner Parkinson Nominees Limited	Dormant company	England and Wales	100% by TP**
T.P.D.D Limited	Dormant company	England and Wales	100% by TP**

Notes: * Whilst a Group entity is the registered holder of the shares in each of these companies, the beneficial ownership in each case is a client of the Group's.

** These entities will join the Group on completion of the Acquisition of TP immediately after Admission.

3.2 Save as disclosed in paragraph 3.1, there are no undertakings in which the Company has a capital interest likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

4. SHARE CAPITAL

4.1 Set out below are details of the issued share capital of the Company (i) as at the date of this document; (ii) as it will be immediately following the Placing, Acquisition and Admission (Enlarged Share Capital):

	Present		*Immediately following Admission*	
	Number	*Nominal value (£)*	*Number*	*Nominal value (£)*
Ordinary Shares	50,000,000	100,000	71,379,311	142,758.622

4.2 The Company has no maximum authorised share capital under its memorandum of association or articles of association and as such the authorised share capital is unlimited.

4.3 On incorporation on 4 April 2018, the issued share capital was £1.00 comprising 1 ordinary share with a nominal value of £1.00.

4.4 The following changes to the issued share capital of the Company have taken place since incorporation:

4.4.1 on 18 June 2018, the Company adopted new articles of association creating an A ordinary share class of £1.00 each and a B ordinary share class of £1.00 each;

4.4.2 on 18 June 2018, the Company redesignated the one ordinary subscriber share as an A ordinary share of £1.00 each;

4.4.3 on 18 June 2018 the Company issued a further 64,999 A ordinary shares of £1.00 each and 35,000 B ordinary shares of £1.00 each, each credited as fully paid, in consideration for the acquisition of 100 per cent. of the issued share capital of Knights 1759, pursuant to a share exchange agreement, as more particularly detailed in paragraph 15.7 of this Part VII;

4.4.4 on 20 June 2018, the Company redesignated all of its A ordinary shares of £1.00 each and B ordinary shares of £1.00 each as Ordinary Shares, such that there were 100,000 ordinary shares of £1.00 each; and

4.4.5 on 20 June 2018, the Company sub-divided each of its ordinary shares of £1.00 each into 500 Ordinary Shares, such that there are 50,000,000 Ordinary Shares in issue at the date of this document.

4.5 As the allotments of shares described in paragraph 4.4.3 of this Part VII were made for non cash consideration, more than 10 per cent. of the issued share capital of the Company as at the date of this document has been paid for in assets other than cash.

4.6 The New Ordinary Shares and the Consideration Shares will be issued in accordance with the following resolutions of the Company passed on 25 June 2018 and, for the purposes of the New Ordinary Shares, conditional on (but effective immediately prior to) Admission taking place not later than 31 July 2018 and, for the purposes of the Consideration Shares, conditional on the Acquisition becoming unconditional, which:

4.6.1 generally and unconditionally authorise the Directors in accordance with section 551 of the Act to allot shares in the Company up to an aggregate nominal amount of:

4.6.1.1 £41,380 in connection with the Placing;

4.6.1.2 £1,380 in connection with the Acquisition;

4.6.1.3 £759 in connection with the Restricted Stock Awards, as further detailed in paragraph 4.10 below; and

4.6.1.4 £1,414 in connection with the Warrant Instrument,

such authorities to expire on 30 September 2019 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2019; and

4.6.2 empower the Directors pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority referred to in paragraph 4.6.1 above in respect of (i) the allotment of Ordinary Shares with an aggregate nominal value of £41,380 in connection with the Placing; (ii) the allotment of Ordinary Shares with an aggregate nominal value of £1,380 in connection with the Acquisition; (iii) the allotment of Ordinary Shares with an aggregate nominal value of £759 in connection with the Restricted Stock Awards, as further detailed in paragraph 4.10 below; and (iv) the allotment of Ordinary Shares with an aggregate nominal value of £1,414 in connection with the Warrant Instrument, in each case in the period ending on 30 September 2019 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2019.

4.7 The provisions of section 561 of the Act confer on shareholders rights of pre-emption in respect of the allotment of securities which are, or are to be, paid up in cash (other than by way of allotments to employees under any employee share scheme as defined in section 1166 of the Act). Subject to certain limited exceptions, unless the approval of shareholders is obtained in a general meeting of the Company, the Company must normally offer Ordinary Shares to be issued for cash to existing shareholders on a pro rata basis.

4.8 On 25 June 2018, by resolutions of the Company:

4.8.1 the Directors were generally and unconditionally authorised pursuant to section 551 of the Act, to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares: (i) up to an aggregate nominal value of £47,586; and (ii) up to a further aggregate nominal value of £47,586 in connection with an offer by way of a rights issue (a) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and (b) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange and provided that these authorities are additional to all other existing authorities granted under section 551 of the Act and they expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 30 September 2019 (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired;

4.8.2 the directors were empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution referred to in paragraph 4.8.1 above and to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities or sale of treasury shares: (i) in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise, but, in the case of an allotment pursuant to the authority referred to in paragraph 4.8.1(ii) above, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and (ii) otherwise than pursuant to paragraph 4.8.2(i), up to an aggregate nominal amount of £7,138 and this power is in addition to all other existing powers granted under section 570 or 573 of the Act and expires at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 30 September 2019 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted or treasury shares to be sold for cash after this power expires and the directors may allot equity securities or sell treasury shares for cash pursuant to any such offer or agreement as if this power had not expired;

4.8.3 the directors were empowered, in addition to the to the authority granted under the resolution summarised in paragraph 4.8.2 and all other existing authorities referred to at paragraph 4.6 above to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution referred to in paragraph 4.8.1 above and to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities or sale of treasury shares: (i) up to an aggregate nominal amount of £7,138; and (ii) used only for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre Emption Rights most recently published by the Pre Emption Group prior to the passing of the resolution and this power expires at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 30 September 2019 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted or treasury shares to be sold for cash after this power expires and the directors may allot equity securities or sell treasury shares for cash pursuant to any such offer or agreement as if this power had not expired; and

4.8.4 pursuant to section 701 of the Act, the Company was unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.002 each in the capital of the Company, provided that: (i) the maximum aggregate number of Ordinary Shares which may be purchased is the lower of 7,137,931 (being approximately 10 per cent. of the expected Enlarged Share Capital); (ii) the minimum price (excluding expenses) which may be paid for an Ordinary Share is £0.002; (iii) the maximum price (excluding expenses) which may be paid for a Share is the higher of an amount equal to 105 per cent of the average of the middle market quotations for the ordinary shares and the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 30 September 2019 (whichever is the earlier), save that the Company may enter into a contract to purchase Ordinary Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Ordinary Shares pursuant to any such contract as if this authority had not expired.

4.9 By a resolution of the Board passed on 25 June 2018 it was resolved conditionally upon:

4.9.1 (but effective immediately prior to) Admission taking place prior to 31 July, to allot New Ordinary Shares for cash at the Placing Price; and

4.9.2 the Acquisition becoming unconditional, to allot the Consideration Shares at the Placing Price to the TP Subscribers in satisfaction of the TP Subscribers' subscription agreements (as further detailed in paragraph 15.9 of this Part VII).

4.10 On, or shortly after, Admission, the Company intends to grant Restricted Stock Awards under the Omnibus Plan to one Director and four senior employees of the Group over Ordinary Shares with an aggregate market value (by reference to the Placing Price) of approximately £550,000, on the terms described in paragraph 6 of this Part VII. Details of the award proposed to be granted to Kate Lewis and certain other employees of the business is set out in paragraph 7.3 of this Part VII.

4.11 The Ordinary Shares in issue on Admission will be in registered form and, following Admission, will be capable of being held in uncertificated form. In the case of Ordinary Shares held in uncertificated form, the Articles permit the holding and transfer of Ordinary Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST. The records in respect of Ordinary Shares held in uncertificated form will be maintained by Euroclear UK & Ireland Limited and the Company's registrar, Computershare Investor Services plc (details of whom are set out on page 9).

4.12 It is anticipated that, where appropriate, share certificates will be despatched by first class post by 13 July 2018. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.

4.13 The International Security Identification Number ("**ISIN**") of the Ordinary Shares is GB00BFYF6298 and the Stock Exchange Daily Official List ("**SEDOL**") number is BFYF629.

4.14 The legislation under which the New Ordinary Shares and Consideration Shares will be issued is the Act and regulations made under the Act.

4.15 The currency in which the Ordinary Shares are denominated is pounds sterling.

4.16 Following the Placing, completion of the Acquisition and thus allotment of the Consideration Shares and Admission, the Existing Ordinary Shares will represent 70 per cent. of the Enlarged Share Capital on Admission.

4.17 The Company has entered into the Warrant Instrument, as further detailed in paragraph 15.6 of this Part VII and pursuant to which the Warrants will be issued on Admission.

4.18 Save as disclosed in this paragraph 4, as at the date of this document:

4.18.1 the Company did not hold any treasury shares and no Ordinary Shares were held by, or on behalf of, any member of the Group;

4.18.2 no shares have been issued otherwise than as fully paid;

4.18.3 the Company had no outstanding convertible securities, exchangeable securities or securities with warrants;

4.18.4 the Company has given no undertaking to increase its share capital; and

4.18.5 no capital of any member of the Group is under option or is agreed, conditionally or unconditionally, to be put under option.

5. ARTICLES OF ASSOCIATION

Articles of association

The Articles include provisions to the following effect:

5.1 ***Objects***

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in the articles. There are no such restrictions in the Articles and the objects of the Company are therefore unrestricted.

5.2 ***Voting rights***

5.2.1 Subject to any rights or restrictions attached to any shares, on a show of hands:

5.2.1.1 every shareholder who is present in person has one vote;

5.2.1.2 every proxy present who has be duly appointed by one or more shareholders entitled to vote on the resolution(s) has one vote; and

5.2.1.3 a proxy has one vote for and one vote against the resolution(s) if he has been duly appointed by more than one shareholder and either (i) is instructed by one or more of those shareholders to vote for the resolution and by one or more others to vote against it; or (ii) is instructed by one or more of those shareholders to vote in one way and is given a discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way).

5.2.2 Subject to any rights or restrictions attached to any shares, on a poll every shareholder present in person or by proxy shall have one vote for every share of which he is the holder.

5.2.3 Where there are joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders. Seniority is determined by the order in which the names of the holders stand in the register.

5.2.4 Unless the Board otherwise determines, a shareholder shall not be entitled to vote unless all calls or other sums due from him in respect of shares in the Company have been paid.

5.3 ***Dividends***

5.3.1 Subject to the Act and the Articles, the Company may by ordinary resolution declare dividends, but no such dividends shall exceed the amount recommended by the Board. Subject to the Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company available for distribution.

5.3.2 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up or credited as paid up (other than amounts paid in advance of calls) on the shares in respect of which the dividend is paid and shall be apportioned and paid proportionately to the amounts paid up on such shares during any portion or portions of the period in respect of which the dividend is paid.

5.3.3 Dividends may be declared or paid in whatever currency the Board decide. Unless otherwise provided by the rights attached to the shares, dividends shall not carry a right to receive interest.

5.3.4 All dividends unclaimed for a period of 12 years after having been declared or becoming due for payment shall be forfeited and cease to remain owing by the Company.

5.3.5 The Board may, with the authority of an ordinary resolution of the Company:

5.3.5.1 offer holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid, instead of cash in respect of all or part of any dividend or dividends specified by the ordinary resolution;

5.3.5.2 direct that payment of all or part of any dividend declared may be satisfied by the distribution of specific assets.

5.3.6 There are no fixed or specified dates on which entitlements to dividends payable by the Company arise.

5.4 ***Pre emption rights***

In certain circumstances, shareholders may have statutory pre emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre emption rights would be set out in the documentation by which such shares would be offered to shareholders.

5.5 ***Distribution of assets on a winding-up***

On a winding-up, the liquidator may, with the authority of a special resolution of the Company and any other sanction required by law, divide among the shareholders in kind the whole or any part of the assets of the Company and may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, transfer any part of the assets of the Company to trustees on such trusts for the benefit of shareholders as he may determine. The liquidator shall not, however (except with the consent of the shareholder concerned) distribute to a shareholder any asset to which there is attached a liability or potential liability for the owner.

5.6 ***Transfer of shares***

5.6.1 Every transfer of shares which are in certificated form must be in writing in any usual form or in any form approved by the Board and shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee.

5.6.2 Every transfer of shares which are in uncertificated form must be made by means of a relevant system (such as CREST).

5.6.3 The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of certificated shares if: (a) it is in respect of a share which is not fully paid up (provided that the refusal does not prevent dealings in the Company's shares from taking place on an open and proper basis); (b) it is in respect of more than one class of share; (c) it is not duly stamped (if so required); or (d) it is not delivered for registration to the registered office of the Company or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person (as defined in the Articles) where a certificate has not been issued) by the relevant share certificate and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

5.6.4 The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of shares which is in favour of: (a) a child, bankrupt or person of unsound mind; or (b) more than four joint transferees.

5.7 ***Suspension of rights***

If a shareholder or any person appearing to be interested in shares held by such a shareholder has been duly served with a notice under section 793 of the Act and has failed in relation to any shares ("**default shares**") to give the Company the information thereby required within 14 days from the date of the notice, then, unless the Board otherwise determines, the shareholder shall not be entitled to vote or exercise any right conferred by membership in relation to meetings of the Company in respect of such default shares. Where the holding represents more than 0.25 per cent. of the issued shares of that class (excluding any shares of that class held as treasury shares), the payment of dividends may be withheld and such shareholder shall not be entitled to transfer such shares other than by arm's length sale or unless the shareholder himself is not in default and the shareholder proves to the satisfaction of the Board that no person in default is interested in the shares the subject of the transfer.

5.8 ***Untraced shareholders***

The Company is entitled to sell any share of a shareholder who is untraceable, provided that:

5.8.1 for a period of not less than 12 years (during which at least three cash dividends have been payable on the share), no cheque, warrant or money order sent to the shareholder has been cashed or all funds sent electronically have been returned;

5.8.2 at the end of such 12 year period, the Company has advertised in a national and local (ie the area in which the shareholder's registered address is situated) newspaper its intention to sell such share; and

5.8.3 the Company has not, during such 12 year period or in the three month period following the last of such advertisements, received any communication in respect of such share from the shareholder.

The Company shall be indebted to the former shareholder for an amount equal to the net proceeds of any such sale.

5.9 ***Variation of class rights***

5.9.1 Subject to the Act, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights, or, in the absence of any such provision, either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of such holders of shares of that class, but not otherwise. The quorum at any such meeting (other than an adjourned meeting) is two persons holding or representing by proxy at least one third in nominal amount of the issued shares of the class in question.

5.9.2 The rights attached to any class of shares shall not, unless otherwise expressly provided in the rights attaching to such shares, be deemed to be varied or abrogated by the creation or issue of shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Company of any of its own shares.

5.10 ***Share capital, changes in capital and purchase of own shares***

5.10.1 Subject to the Act and to the Articles, the power of the Company to allot and issue shares or convert any security into shares shall be exercised by the Board at such times and on such terms and conditions as the Board may determine.

5.10.2 Subject to the Articles and to any rights attached to any existing shares any share may be issued with such rights or restrictions as the Company may from time to time determine by ordinary resolution.

5.10.3 The Company may issue redeemable shares and the Board may determine the terms, conditions and manner of redemption of such shares, provided it does so before the shares are allotted.

5.11 ***General meetings***

5.11.1 The Board may convene a general meeting whenever it thinks fit. shareholders have a statutory right to requisition a general meeting in certain circumstances.

5.11.2 Pursuant to the Act, an annual general meeting shall be called on not less than 21 clear days' notice. All other general meetings shall be called by not less than 14 clear days' notice.

5.11.3 The quorum for a general meeting is two shareholders present in person or by proxy and entitled to vote.

5.11.4 The Board and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction which it or he considers appropriate to ensure the security or orderly conduct of the meeting. This may include requirements for evidence of identity to be produced by those attending, the searching of their personal property and the restriction of items which may be taken into the meeting place.

5.12 ***Appointment of directors***

5.12.1 Unless otherwise determined by ordinary resolution, there shall be no maximum number of directors, but the number of directors shall not be less than two.

5.12.2 Subject to the Act and the Articles, the Company may by ordinary resolution appoint any person who is willing to act as a director either as an additional director or to fill a vacancy. The Board may also appoint any person who is willing to act as a director, subject to the Act and the Articles. Any person appointed by the Board as a director will hold office only until conclusion of the next annual general meeting of the Company, unless he is re-elected during such meeting.

5.12.3 The Board may appoint any director to hold any employment or executive office in the Company and may also revoke or terminate any such appointment (without prejudice to any claim for damages for breach of any service contract between the director and the Company).

5.13 ***Remuneration of directors***

5.13.1 The salary or remuneration of executive directors shall be determined by the Board and may be either a fixed sum of money or may altogether or in part by governed by business done or profits made or otherwise determined by the Board.

5.13.2 The Board may decide to pay additional remuneration to a non-executive director for services which the Board determines are outside the scope of the ordinary duties of a director, whether by way of additional fees, salary, percentage of profits or otherwise.

5.13.3 Each director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as director.

5.14 ***Retirement and removal of directors***

5.14.1 At each annual general meeting of the Company, one-third of the directors (or the number nearest to but not exceeding one-third if the number of directors is not a multiple of three) shall retire from office. In addition, any director who has been a director at each of the preceding two annual general meetings shall also retire. Each such director may, if eligible, offer himself for re-election. If the Company, at the meeting at which a director retires, does not fill the vacancy the retiring director shall, if willing, be deemed to have been reappointed unless it is expressly resolved not to fill the vacancy or a resolution for the reappointment of the director is put to the meeting and lost.

5.14.2 Without prejudice to the provisions of the Act, the Company may by ordinary resolution remove any director before the expiration of his period of office and may appoint by ordinary resolution appoint another director in his place.

5.15 ***Directors' interests***

5.15.1 Subject to the Act and provided that he has disclosed to the directors the nature and extent of any interest, a director is able to enter into contracts or other arrangements with the Company, hold any other office (except auditor) with the Company or be a director, employee or otherwise interested in any company in which the Company is interested. Such a director shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement or proposal.

5.15.2 Save as otherwise provided by the Articles, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he (together with any person connected with him) is to his knowledge materially interested, directly or indirectly. Interests of which the director is not aware, interests which cannot reasonably be regarded as likely to give rise to a conflict of interest and interests arising purely as a result of an interest in the Company's shares, debentures or other securities are disregarded. However, a director can vote and be counted in the quorum where the resolution relates to any of the following:

5.15.2.1 the giving of any guarantee, security or indemnity in respect of (i) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings or (ii) a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

5.15.2.2 the participation of the director, in an offer of securities of the Company or any of its subsidiary undertakings, including participation in the underwriting or sub-underwriting of the offer;

5.15.2.3 a proposal involving another company in which he and any persons connected with him has a direct or indirect interest of any kind, unless he and any persons connected with him hold an interest in shares representing one per cent. or more of either any class of equity share capital, or the voting rights, in such company;

5.15.2.4 any arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award the director any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

5.15.2.5 any proposal concerning the purchase or maintenance of any insurance policy under which he may benefit; and

5.15.2.6 any proposal concerning indemnities in favour of directors or the funding of expenditure by one or more directors on defending proceedings against such director(s).

5.15.3 A director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

5.15.4 The Board may authorise any matter that would otherwise involve a Director breaching his duty under the Act to avoid conflicts of interest, provided that the interested director(s) do not vote or count in the quorum in relation to any resolution authorising the matter. The Board may authorise the relevant matter on such terms as it may determine including:

5.15.4.1 whether the interested director(s) may vote or be counted in the quorum in relation to any resolution relating to the relevant matter;

5.15.4.2 the exclusion of the interested director(s) from all information and discussion by the Company of the relevant matter; and

5.15.4.3 the imposition of confidentiality obligations on the interested director(s).

An interested director must act in accordance with any terms determined by the Board. An authorisation of a relevant matter may also provide that where the interested director obtains information that is confidential to a third party (other than through his position as director) he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs, if to do so would amount to a breach of that confidence.

5.16 ***Powers of the directors***

5.16.1 The business of the Company shall be managed by the Board, which may exercise all the powers of the Company whether relating to the management of the business or not.

5.16.2 Subject to the provisions of the Act, the Board may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, to issue debentures and other securities and to give security, either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.16.3 The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities, by insurance or otherwise, for any person who is, or has at any time been, a director of or employed by or in the service of the Company or of any company which is a subsidiary company of the Company, or is allied to or associated with the Company or any such subsidiary, or any predecessor in business of the Company or any such subsidiary, and for any member of his family (including a spouse or former spouse) or any person who is, or was, dependent on him.

5.17 ***Directors' indemnity and insurance***

5.17.1 Subject to the Act, each director of the Company and of any associated company may be indemnified against any liability.

5.17.2 Subject to the Act, the Board may purchase and maintain insurance against any liability for any director of the Company or of any associated company.

6. SHARE SCHEMES

6.1 ***Provisions common to more than one of the Share Schemes***

6.1.1 *Timing of grant of awards*

Options and awards under the Omnibus Plan, SAYE Scheme and SIP may, save in exceptional circumstances, only be granted and, in relation to the SAYE Scheme, invitations for options made, within a period of 42 days following the date of announcement by the Company of its interim or final results (or in the case of the Omnibus Plan as soon as practicable thereafter if the Company is restricted from being able to grant awards during such period).

SAYE Scheme invitations may also be made following the publication of a new prospectus in relation to certified SAYE Scheme savings arrangements.

Options and awards may not be granted more than ten years after the date of adoption of each Share Scheme.

6.1.2 *Non-transferable and non-pensionable*

Options and awards granted under the Share Schemes are non-transferable, save to personal representatives following death, and do not form part of pensionable earnings.

6.1.3 *Plan limit*

Shares may be newly issued, transferred from treasury or market purchased for the purposes of the Employee Share Plans.

An option or award may not be granted if, as a result, the aggregate number of Ordinary Shares allocated pursuant to awards granted under any employees' share scheme adopted by the Company would in any period of ten years exceed 10 per cent. of the issued ordinary share capital of the Company from time to time. Options or awards granted on or within seven days of the date of Admission shall not be included for the purpose of this limit.

Treasury shares will count as new issue Ordinary Shares for the purposes of this limit, but they will also cease to count towards this limit if institutional investor bodies decide that they need not count.

6.2 ***The Knights Group Holdings plc Omnibus Plan***

6.2.1 *Outline*

The Omnibus Plan is a discretionary share plan adopted by the Board on 8 June 2018.

The Omnibus Plan is administered, and the grant of awards is supervised by, the Remuneration Committee.

Three forms of award are available under the Omnibus Plan, as considered appropriate by the Remuneration Committee, as follows:

(a) "**Restricted Stock Awards**": Awards granted in the form of nil or nominal cost share options, subject to time-based vesting requirements and continued employment within the Group. No performance conditions will apply to Restricted Stock Awards.

(b) "**Performance Share Awards**": Awards granted in the form of nil or nominal cost share options, whereby vesting is subject to satisfaction of performance conditions and continued employment within the Group.

(c) "**Share Options**": Awards granted in form of a share option with an exercise price equal to the market value of an Ordinary share at the time of grant, subject to continued employment within the Group. Share Options may or may not be subject to performance conditions.

It is intended that initial awards will be made under the Omnibus Plan, in the form of Restricted Stock Awards, on or shortly after the date of Admission. Further details of these Restricted Stock Awards are provided in paragraphs 4.9 and 7.3 of this Part VII.

6.2.2 *Eligibility*

Awards may be made under the Omnibus Plan to executive Directors and employees of the Company and its subsidiaries, at the discretion of the Remuneration Committee.

6.2.3 *Grant of awards*

No consideration is payable on the grant of an award.

No awards will be granted under the Omnibus Plan after the tenth anniversary of the date of adoption of the Omnibus Plan.

6.2.4 *Vesting of awards*

Awards will vest at the end of the specified vesting period (normally following the third anniversary of the date of grant, or such later date as the Remuneration Committee may determine). Performance Share Awards, will only vest once the Remuneration Committee has determined the extent to which the applicable performance conditions have been satisfied.

Once vested, an award granted under the Omnibus Plan will normally remain exercisable until the tenth anniversary of the date of grant.

The Remuneration Committee can decide to satisfy an award by payment of a cash sum if considered appropriate.

6.2.5 *Leaving employment*

Awards will generally lapse upon a participant leaving employment within the Group.

However, if before the vesting of an award a participant ceases to be a director or employee within the Group by reason of death, injury, disability, ill-health (evidenced to the satisfaction of the Remuneration Committee), redundancy, retirement (with the consent of his employing company), sale or transfer of his employing company or business out of the Group, or in other circumstances at the discretion of the Remuneration Committee, then the award will vest on the normal vesting date (and in the case of Performance Share Awards to the extent determined by the performance conditions measured over the full performance period).

The Remuneration Committee may, at its discretion, permit or require awards to vest in such circumstances at the date of cessation of employment (and Performance Share Awards would normally be subject to the performance conditions as measured over the shorter period to the date of cessation of employment).

In either case, there will also be a pro-rata reduction in the size of the award for the time that has elapsed up to the date of cessation compared to the original vesting period, unless the Remuneration Committee determines that it would be inappropriate to apply a pro-rata reduction (or more appropriate to apply a varied approach to pro-rating).

Awards which become capable of exercise following the cessation of employment of the participant must be exercised within twelve months of the date the award becomes capable of exercise and to the extent not exercised by the end of this period will lapse.

If a participant whose award has already vested ceases to be employed within the Group, the option will not lapse unless the reason for such cessation is the participant's misconduct.

6.2.6 *Takeovers and other corporate events*

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all awards will generally vest early, subject to time pro-rating (and in the case of Performance Share Awards subject to achievement of any performance conditions). However, the Remuneration Committee retains discretion to determine the level of vesting in these circumstances (including, in the case of Performance Share Awards, the extent to which the performance conditions should be considered satisfied) and whether the number of vested shares should be reduced on an appropriate time pro-rated basis.

Awards may also vest on this basis if a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of the Ordinary Shares to a material extent.

In the event of an internal corporate reorganisation, awards may be replaced by equivalent new awards over shares in a new holding company, unless the Remuneration Committee decides that awards should vest on the same basis as described above.

6.2.7 *Payment on account of dividends*

The Remuneration Committee may determine, prior to grant of an award, that a participant will receive a payment (in Ordinary Shares or cash), on or shortly following exercise of his award, of an amount equivalent to the dividends that would have been paid on the Ordinary Shares vested under the award between the time when the award was granted and the time when it vested (and assuming reinvestment in Ordinary Shares on the relevant ex-dividend dates).

Awards in the form of Share Options shall not be eligible to receive payment on account of dividends, as set out above.

6.2.8 *Rights attaching to Ordinary Shares*

Awards will not confer any shareholder rights on participants until the awards have vested and the participants have received their Ordinary Shares.

Any Ordinary Shares allotted when an award is exercised will rank equally with all other Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

6.2.9 *Malus and clawback*

The Remuneration Committee retains a power to reduce the potential vesting of unvested awards (including to zero) (often referred to as 'malus') or to recoup the value of previously vested awards from an individual within 3 years of the date of vesting if it considers it appropriate to do so (often referred to as 'clawback').

The Remuneration Committee may choose to exercise this power in circumstances of:

- misconduct of the participant (equivalent to summary dismissal);
- a material mis-statement of financial results for any Group company;
- material reputational damage to a Group company; or
- an error is detected in the assessment or calculation of a performance condition.

6.2.10 *Variation of capital*

In the event of any variation of the Company's share capital, or in the event of a demerger, payment of a special dividend or other similar event which materially affects the market price of the Ordinary Shares, the Remuneration Committee may make such adjustments as it considers appropriate to the number of Ordinary Shares subject to an award, the exercise price payable (if any), and any performance conditions.

6.2.11 *Alterations*

The Remuneration Committee may alter the Omnibus Plan or any terms of an award at any time in any respect. No alterations may be made to the material disadvantage of any participant or in respect of any rights already acquired by him (other than a change in any performance condition) without the consent of a majority of participants responding to any relevant request.

6.3 ***The Knights Group Holdings plc Savings-Related Share Option Scheme ("SAYE Scheme")***

6.3.1 *Outline*

The SAYE Scheme is an all-employee tax-advantaged plan adopted by the Board on 8 June 2018.

Under the SAYE Scheme, the Board may invite all eligible employees to apply for options to acquire Ordinary Shares. The number of Ordinary Shares over which the option is granted is determined by the amount which the employee commits to save under a savings contract. This amount cannot exceed £500 per month or such other level as specified by HMRC from time to time.

6.3.2 *Eligibility*

All employees of the Company and any designated participating subsidiary of the Company who are UK-resident taxpayers must be invited to participate in the SAYE Scheme. Other employees may be permitted to participate at the Board's discretion. Employees may be required to complete a qualifying period of employment with the Group of up to five years before they are eligible to be granted options.

Options must be granted on the same terms to all eligible employees.

6.3.3 *Grant of options*

The number of Ordinary Shares over which an option is granted will be determined by the Board at the date of grant to reflect the amount that each employee has agreed to save under his savings contract.

The option price must not be less than 80 per cent. of the market value of an Ordinary Share calculated as:

- the closing middle-market price on the business day before the date of invitation; or
- the average of the closing middle-market prices over any period of up to five consecutive dealing days immediately preceding the date of invitation.

The savings contract may run over a period of three or five years and must not permit savings (currently) of more than £500 per month.

6.3.4 *Exercise of options*

Each employee uses the proceeds of their savings contract (including any bonus payable) to pay the exercise price upon exercise of their option.

Options are normally exercisable during the six months after the end of the savings contract.

6.3.5 *Leaving employment*

Options will normally lapse when the participant ceases to be employed. However, if employment ends because of injury, disability, redundancy, retirement, because of a transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006, the transfer of the employing company or business out of the Group, or death, options immediately become exercisable to the extent of the related savings are sufficient to fund exercise.

Options will remain exercisable for six months (or twelve months in the case of death) and then lapse.

6.3.6 *Takeover, reconstruction and winding-up*

Options may generally be exercised early on a takeover, scheme of arrangement or winding-up, to the extent that the related savings are sufficient to fund the exercise, in which case the option will normally be exercisable for a period of up to six months. Alternatively, option holders may be allowed to exchange their existing options for new options over shares in the acquiring company.

6.3.7 *Variation of capital*

In the event of a variation of the Company's share capital (including an issue of Ordinary Shares or capitalisation, consolidation, sub-division or reduction of share capital), the number of Ordinary Shares subject to an option and the exercise price may be adjusted by the Board.

6.3.8 *Alterations*

The Board may alter the terms of the SAYE Scheme or the terms of any options granted under it. If any material alterations are made, the Board will give written notice to any affected option holders.

6.4 ***The Knights Group Holdings plc Share Incentive Plan ("SIP")***

6.4.1 *Outline*

The SIP is an all-employee tax-advantaged plan adopted by the Board on 8 June 2018.

The SIP allows employees based in the UK to be offered free, partnership and matching shares as determined by the Board. The SIP operates in conjunction with a trust, which will hold Ordinary Shares on behalf of employees.

6.4.2 *Eligibility*

The SIP will be open to all employees of the Company (including executive Directors), and any of its subsidiaries which the Board selects for participation, who meet the eligibility criteria. All eligible employees who are chargeable to income tax as a UK resident must be invited to participate. Other employees may be invited to participate at the discretion of the Board.

The Board may specify a qualifying period of service in order for employees to be eligible to participate in the SIP. The maximum qualifying period will vary depending upon the nature of the SIP award, but in no circumstances will it be longer than 18 months.

6.4.3 *Free Shares*

The SIP allows eligible employees to be offered free Ordinary Shares ("**Free Shares**") worth up to £3,600 in any tax year or such other level as may be specified by HMRC from time to time. Free Shares must be offered to all eligible employees on similar terms.

The number of Free Shares awarded can vary by reference to the eligible employee's remuneration, length of service, or number of hours worked. An award of Free Shares can (at the discretion of the Board) be made subject to the prior satisfaction of performance conditions. If the Board determines to use performance conditions, it must follow one of the two methods of applying performance conditions set out in the with the legislation relating to tax-advantaged share incentive plans.

Free Shares must be held in the SIP trust for a period of between three and five years at the discretion of the Company and will be free of income tax and National Insurance contributions if held in the SIP trust for five years.

6.4.4 *Partnership Shares*

The SIP allows eligible employees to be offered the opportunity to purchase Ordinary Shares using money deducted from their pre-tax salary ("**Partnership Shares**"). The amount deducted must not exceed £1,800 (or 10 percent. of salary, if less) or such other level as may be specified by HMRC from time to time, in any tax year.

If the Board so chooses, deductions in relation to Partnership Shares may be accumulated over a period not exceeding 12 months before being used to purchase Partnership Shares.

Partnership Shares can be withdrawn from the SIP trust at any time, but income tax and National Insurance contributions will apply if they are withdrawn within five years of the purchase date.

6.4.5 *Matching Shares*

The SIP provides that where employees buy Partnership Shares, they may be awarded additional free Ordinary Shares ("**Matching Shares**") by the Company of up to a current maximum of two Matching Shares for each Partnership Share. Employees may not generally withdraw the Matching Shares from the SIP trust for three years and will suffer income tax and National Insurance contributions if they withdraw them within five years of the award date.

6.4.6 *Dividends*

In relation to any dividends paid on Ordinary Shares held within the SIP, the Board may direct that:

- they are all paid out in cash;
- some or all are re-invested in additional Ordinary Shares to be held in the SIP ("Dividend Shares"); or
- the participants are given an individual choice to take either cash or Dividend Shares or a combination of Dividend Shares and cash.

Dividend Shares are limited to the amount of dividends paid on the other types of share awards held within the SIP.

6.4.7 *Holding period*

Free Shares and Matching Shares awarded under the SIP must be held in the SIP trust for a holding period specified by the Board of between three and five years. Dividend Shares must remain in the SIP trust for a holding period of three years.

Whilst participants remain employed by the Company, or one of its subsidiaries, they must generally leave their shares with the SIP trustee throughout the specified holding period. Once set, the holding period cannot be increased.

The holding period will end if the participant ceases to be employed by the Company or an associated company.

6.4.8 *Leaving employment*

Shares allocated to a participant must be withdrawn from the SIP trust immediately following cessation of employment.

Shares awarded as Free Shares or Matching Shares may, if the Board so determines prior to the grant of an award, be forfeited where employment ceases before the third anniversary of the award date unless the participant leaves by reason of death, injury, disability, redundancy, retirement, the transfer of the participant's employment in connection with a business sale, or the company with which the participant holds office or employment ceasing to be a member of the Group.

A participant may be subject to income tax and National Insurance contributions unless the participant leaves employment with the Group for a reason set out above, or the shares have been held in the SIP trust for at least five years.

6.4.9 *Takeovers and reconstructions*

Participants in the SIP will have the same rights as other shareholders in the event of a corporate event such as a takeover offer or a scheme of arrangement of the Company. To the extent that shares in the acquiring company are received, subject to certain statutory requirements, such shares may continue to be held in the SIP trust and receive tax benefits. In other circumstances, shares will cease to be subject to the SIP although restrictions, including forfeiture provisions, may continue to apply.

6.4.10 *Amendment*

The Board may (with the prior consent of the SIP trustee) amend the SIP at any time in any respect. However, no amendment to a key feature of the SIP will be effective if it would cause the SIP to no longer meet the requirements of the legislation relating to tax-advantaged share incentive plans.

In addition, no amendments may be made that would adversely affect to a material extent the rights attaching to Ordinary Shares held by a participant without the prior consent of the participant.

7. DIRECTORS' AND OTHER INTERESTS

7.1 As at the date of this document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated), whether direct or indirect, of the Directors and their families (within the meaning set out in the AIM Rules) in the issued share capital of the Company and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, are as follows:

	Before Admission		*Following Admission*	
Director	*Number of Ordinary Shares*	*Percentage of Existing Shares*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital***
David Beech*	32,500,000	65.0%	32,500,000	45.5%
Bal Johal	3,500,000	7.0%	1,224,138	1.7%
Kate Lewis	–	–	–	–
Steve Dolton***	–	–	51,724	0.1%
Richard King***	–	–	34,432	0.0%

* David Beech's personal shareholdings in his sole name are included in this table. In addition, certain members of David Beech's family hold shares in the Company and details of such additional interests are included in paragraph 7.2 of this Part VII below.

** Including the Consideration Shares

*** Steve Dolton and Richard King have agreed to acquire 51,724 and 34,482 Placing Shares, respectively, pursuant to the Placing.

7.2 As at the date of this Document, Joanne Beech, who is David Beech's wife, holds 4,000,000 Ordinary Shares (8 per cent. of the Existing Shares) and Mark Beech, who is David Beech's brother, holds 5,000,000 Ordinary Shares (10 per cent. of the Existing Shares). Joanne is expected to sell all of her Ordinary Shares through the Placing and Mark is expected to sell 3,758,621 Ordinary Shares through the Placing and retain 1,241,379 Ordinary Shares (1.7 per cent. of the Enlarged Share Capital). Further details on the Selling Shareholders is set out in paragraph 14.6 of this Part VII.

7.3 The Company proposes to grant Restricted Stock Awards over Ordinary Shares pursuant to the Omnibus Plan to the following Directors and employees of the Group on or shortly after Admission, for nil consideration:

Director	*Number of Ordinary Shares to be placed under option*	*Exercise price*	*Exercise period*
Kate Lewis	241,379	£0.002	Between the third and tenth anniversaries of date of grant
Lisa Bridgwood	68,965	£0.002	Between the third and tenth anniversaries of date of grant
Nigel Johnson	34,482	£0.002	Between the third and tenth anniversaries of date of grant
Yvonne Sidwell	17,241	£0.002	Between the third and tenth anniversaries of date of grant
Mark Whitehouse	17,241	£0.002	Between the third and tenth anniversaries of date of grant

7.4 Save as disclosed in paragraphs 7.1 and 7.2 of this Part VII and David Beech's interest in Darbys Solicitors LLP and Knights Solicitors LLP as a designated member as set out in paragraph 3 of this Part VII, none of the Directors has any interest in the share capital of the Company or of any of its subsidiaries nor does any member of his or her family (within the meaning set out in the AIM Rules) have any such interest, whether beneficial or non-beneficial.

7.5 As at 22 June 2018 (being the last practicable date prior to the publication of this document) and so far as the Directors are aware, the only persons (other than any Director as is detailed in paragraph 7.1 of this Part VII) who are or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company prior to and immediately following Admission are as follows:

	Before Admission		*Following Admission**	
Shareholder	*Number of Ordinary Shares*	*Percentage of Existing Shares*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Mark Beech	5,000,000	10%	1,241,379	1.7%
Karl Bamford	5,000,000	10%	1,241,379	1.7%
Joanne Beech	4,000,000	8%	–	–
Old Mutual Global Investors (UK) Limited	–	–	5,142,750	7.2%
FMR Investment Management (UK) Limited	–	–	3,825,000	5.1%
LivingBridge VC LLP	–	–	3,362,088	4.7%
Legal and General Investment Management Limited	–	–	2,427,586	3.4%
Invesco Asset Management Limited	–	–	2,427,586	3.4%
Royal London Asset Management Limited	–	–	2,241,379	3.1%

* Including the Consideration Shares

7.6 Save as disclosed in paragraphs 7.1 and 7.5 of this Part VII and save for the David Beech Concert Party, the Company and the Directors are not aware of (i) any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor (ii) any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

7.7 The voting rights of the persons listed in paragraphs 7.1 and 7.5 do not differ from the voting rights of any other holder of Ordinary Shares.

7.8 There are no outstanding loans granted by any member of the Group to any Director nor are there any guarantees provided by any member of the Group for the benefit of any Director.

7.9 The Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the date of this document:

Director	*Current*	*Previous*
David Beech	Darbys Director Services Limited Darbys Solicitors LLP K & S (Nominees) Limited K & S Directors Limited Knights 1759 Knights Group Holdings plc Knights Solicitors LLP Knights Trustee Company No.1 Limited Knights Trustee Company No.2 Limited KPV Propco Ltd KPSL M.P.A. Services Limited	Beeches Farm Management Limited Blue Legal Limited Brashbourne Limited Charden Enterprises Limited Cross Keys Management Company Darbys Secretarial Services Limited (*dissolved*) Darbys Trustees Limited (*dissolved*) DDB Consulting Limited E-Lawyer Limited (*pending voluntary strike-off*) Endzin Limited Endet Limited Four Below Zero Limited Green Legal Limited Hightown House Management Company Limited Home Farm Close (Bladon) Management Company Limited IMCO Director Limited IMCO Secretary Limited K & S (560) Limited K & S (614) Limited

Director	*Current*	*Previous*
David Beech (cont)		Moor Green Lane Management Knight & Sons Limited (*pending voluntary strike-off*) Marlborough Place (Woodstock) Phase 2 Management Milton Road (Sutton Courtenay) Management Company Limited Company Limited Northampton Road (Litchborough) Management Company Limited Portlife Consultancy Limited Portway Farm Management Company Limited Purple Legal Limited Purple Support Limited Real Estate Outsourcing Limited Reams Retail Limited (*pending voluntary strike-off*) Ridgeway (East Hendred) Management Company Limited Ridgway View Management Company Limited Trentham Golf Club Limited Verve Capital LLP (*dissolved*) Verve Law Ltd (*dissolved*) Walkers Barn Management Company Limited Wildmoor Copse Management Company Limited William Buckland Management Company Limited Willows Farm Management Company Limited Wingelock Limited
Kate Lewis	Darbys Director Services Limited K & S (Nominees) Limited K & S Directors Limited K & S Secretaries Limited Knights 1759 Knights Group Holdings plc KPSL	Beeches Farm Management Limited Blue Legal Limited (*dissolved*) Charden Enterprises Limited Cross Keys Management Company Limited Darbys Secretarial Services Limited (*dissolved*) Darbys Trustees Limited (*dissolved*) DDB Consulting Limited E-Lawyer Limited (*pending voluntary strike-off*) Endzin Limited Four Below Zero Limited Green Legal Limited (*dissolved*) Hightown House Management Company Limited Home Farm Close (Bladon) Management Company Limited K & S (560) Limited K & S (6112) Limited K & S (614) Limited (*dissolved*) Knight & Sons Limited (*dissolved*) Northampton Road (Litchborough)

Director	*Current*	*Previous*
Kate Lewis (cont)		Marlborough Place (Woodstock) Phase 2 Management Company Limited Milton Road (Sutton Courtenay) Management Company Limited Moor Green Lane Management Company Limited Management Company Limited Portway Farm Management Company Limited Purple Legal Limited (*dissolved*) Purple Support Limited (*dissolved*) Ridgeway (East Hendred) Management Company Limited Walkers Barn Management Company Limited Wildmoor Copse Management Company Limited William Buckland Management Company Limited Willows Farm Management Company Limited Wingelock Limited
Bal Johal	Clean Viking Bidco Limited Clean Viking Holdings Limited CSI Topco Limited H.A. Birch & Company Limited Hallmark Industries Limited Knights 1759 Knights Group Holdings plc KPSL MML Growth Capital LLP MML UK Partners LLP R-Squared Bidco Limited R-Squared Holdco Limited	Knights Solicitors LLP Optionis Bidco Limited Optionis Midco Limited Roman Bidco Limited Roman Group Topco Limited Smart Cells Holdings Limited
Steve Dolton	Dolton Consultancy Limited Go Inspire Group Limited Hinksey Hill Woodland Company Limited Knights Group Holdings plc Oxford Football Partnership Limited	Accident Helpline Limited Bush & Company Rehabilitation Limited Consumer Champion Group Limited Fitzalan Partners Ltd Inside Eye Ltd Lawyers Agency Services Limited NAH Group Limited NAH Holdings Limited NAH Legal Services Limited NAH Support Services Limited NAHL Group plc National Accident Helpline Limited PPI Claimline Limited Project Jupiter Limited Safety-Kleen Europe Limited Safety-Kleen UK Limited Searches UK Limited Seebeck 62 Limited Tiger Claims Limited Your Law 1 Limited
Richard King	Knights Group Holdings plc	

7.10 The following companies have entered into a solvent members' voluntary winding-up whilst David Beech was a director of such companies or within 12 months after he ceased to be a director of such companies; Knight & Sons Limited, Darbys Secretarial Services Limited, Darbys Trustees Limited, E-Lawyer Limited, Reams Retail Limited and K & S (614) Limited. All liabilities of these companies have been satisfied in full.

7.11 The following companies have been dissolved pursuant to a compulsory striking-off by the Registrar of Companies whilst David Beech was a director of such companies or within 12 months after he ceased to be a director of such companies; Verve Law Ltd, Verve Capital LLP and Inhoco 612 Limited. All liabilities of these companies have been satisfied in full.

7.12 The following entities have entered into a solvent members' voluntary winding-up whilst Kate Lewis was a director of such companies; Darbys Secretarial Services Limited, Darbys Trustees Limited, Knight & Sons Limited, Purple Legal Limited, Purple Support Limited, Green Legal Limited, Blue Legal Limited and E-Lawyer Limited. All liabilities of these companies have been satisfied in full.

7.13 The following entities have entered into a solvent members' voluntary winding-up whilst Stephen Dolton was a director of such companies or within 12 months after he ceased to be a director of such companies; NCP Services Limited, NCP Services Topco Limited and NSL Oldham Limited. All liabilities of these companies have been satisfied in full.

7.14 The following entities have entered into a voluntary striking of whilst Stephen Dolton was a director of such companies or within 12 months after he ceased to be a director of such companies; Patient Logistics Limited, Patient First (Herefordshire) Limited and Patient First (Shropshire) Limited. All liabilities of these companies have been satisfied in full.

7.15 Save as disclosed in paragraphs 7.10 to 7.14 of this Part VII, as at the date of this document no Director:

7.15.1 has any unspent convictions in relation to any indictable offences; or

7.15.2 has been bankrupt or entered into an individual voluntary arrangement; or

7.15.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or

7.15.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

7.15.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

7.15.6 has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

8. DIRECTORS' SERVICE AGREEMENTS

8.1 Each of the executive Directors has a service agreement with the Company. Details of these service agreements are set out below:

Director	*Date of agreement*	*Current salary (per annum)*
David Beech	1 June 2018	£150,000*
Kate Lewis	1 June 2018	£115,000

* Whilst David's current salary is £150,000 the Directors recognise that a market-standard salary for an equivalent CEO of an AIM listed company with a similar market capital of that expected of the Company is £250,000 ("reference salary").

The Company and David have agreed within his service agreement that this reference salary will become payable to David when the Remuneration Committee agrees that it has become appropriate for the Company to do so (including by way of gradual increases in salary over time towards the reference salary, as warranted by Company performance).

8.2 The salary of an executive Director will be reviewed annually by the Remuneration Committee without any obligation to increase such salary. Ancillary benefits include the reimbursement of all reasonable and authorised out of pocket expenses, provision of a private healthcare cover up to £2,000.00 and 2x salary life cover.

8.3 The Company also contributes to pension plans or as an additional cash supplement in respect of the executive Directors at a rate of 2 per cent. in line with the automatic enrolment guidelines and which mirrors the contribution across all employees.

8.4 Each service contract may be terminated by either party serving six months' written notice. At its discretion, the Company may make a payment in lieu of such notice or place the executive Director on garden leave. The service contracts also contain provisions for early termination in the event, *inter alia*, of: (i) non-compliance with directions from the Board; (ii) serious or repeated breaches of the service contract; (iii) an act of gross or serious misconduct or wilful neglect in the discharge of his/her duties; (iv) being found guilty of any bribery, corruption, fraud, dishonesty or conduct tending to bring himself or the Group into disrepute; (v) committing a breach of any legislation which may affect or relate to the business of the Group; (vi) bankruptcy; (vii) becoming prohibited by law from being a director of a company; (viii) ceasing to be considered to be an approved person by the SRA (in the case of David Beech only); (ix) ceasing to hold membership of the Institute of Chartered Accountants (in the case of Kate Lewis only); (x) ceasing registration with any regulatory body of which membership is reasonably required to carry out his/her duties; (xi) refusal or failure to agree to accept employment under the service contracts; (xii) voluntary resignation as a Director of the Company; (xiii) any breach of the rules or regulations of the UK Listing Authority, the London Stock Exchange, the AIM Rules, the QCA Code, MAR or any code of practice issued by the Company; or (xiv) refusing or failing to transfer the service contract following a reorganisation or amalgamation of the Company.

Each service contract also contains typical restrictive covenants for a period of 12 months following termination of employment.

8.5 Bal Johal was originally appointed as an executive director and chairman of KPSL on 1 September 2016 pursuant to a service agreement which, conditional on Admission, has been terminated pursuant to the terms of his new letter of appointment with the Company detailed below. Bal Johal, was appointed non-executive chairman of the Company by letter of appointment dated 1 June 2018. The appointment is subject to re-election at the next annual general meeting and thereafter is terminable on three months' notice by either the Company or Bal. The fee payable for Bal's services as a non-executive Director is £50,000 per annum and is subject to annual review.

8.6 Steve Dolton was appointed as senior independent non-executive director of the Company and chairman of the audit committee, by letter of appointment dated 1 June 2018. The appointment is subject to re-election at the next annual general meeting and is terminable on one months' notice by either the Company or Steve. The fee payable for Steve's services as the senior independent non-executive director is £45,000 per annum and is subject to annual review.

8.7 Richard King was appointed a non-executive director of the Company and chairman of the remuneration committee, by letter of appointment dated 1 June 2018. The appointment is subject to re-election at the next annual general meeting and is terminable on one months' notice by either the Company or Richard. The fee payable for Richard's services as a non-executive director is £40,000 per annum and is subject to annual review.

8.8 Save as disclosed in paragraphs 8.4 to 8.7 above there are no existing or proposed service agreements or consultancy agreements between any of the Directors and the Company which cannot be terminated by the Company without payment of compensation within 12 months.

8.9 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the financial year immediately preceding the date of this document.

9. RELATED PARTY TRANSACTIONS

9.1 Save as disclosed in this paragraph 9 or as referred to in note 31 of the audited historical financial information of the Knights 1759 Group as at 30 April 2018 as set out in Section A of Part III and note 16 of the audited historical financial information of TP as at 30 April 2018 as set out in Section A of Part IV of the Document: (i) there are no related party transactions that were entered into by the Knights 1759 Group or TP during the period covered by the financial information set out in Section A of Part III and Section A of Part IV of this document and up to the date of this document and (ii) no Director has any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, any member of the Group or which are proposed to be acquired by, disposed of by, or leased to, any member of the Group.

9.2 ***KPV Propco Limited***

The landlord and freehold owner of the Company's registered office is KPV Propco Limited ("**KPV**"). KPV is jointly owned by David Beech (70 per cent.) and Karl Bamford (30 per cent.). Notwithstanding the interests both David and Karl have in each of KPV and the Group, the Directors believe the terms of the lease arrangements between KPSL and KPV are on arm-length terms. Purchase of the freehold title was financed by a loan from KPSL which has since been repaid in full.

9.3 ***Share Exchange Agreement***

As part of the reorganisation of the Group prior to publication of this document, the Existing Shareholders and the Company entered into a share exchange agreement whereby the Company issued shares in consideration for the acquisition by the Company of the entire issued share capital of Knights 1759. Further details on this share exchange agreement are set out in paragraph 4.4.3 of this Part VII.

10. TAXATION

The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this Document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in the UK who will hold Ordinary Shares as an investment (other than under any individual savings account) and will be the absolute beneficial owners of them.

The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme.

Any shareholder who is in doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

10.1 ***Taxation of chargeable gains***

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Ordinary Shares allotted to them, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on the circumstances of the relevant Shareholder give rise to a liability to UK taxation on chargeable gains.

UK resident individuals

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption and after taking account of any other available reliefs, such as capital losses.

For such individuals, capital gains tax will be charged at 10 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gain, when aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

UK resident corporate shareholders

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (currently 19 per cent., but due to fall to 17 per cent. from 1 April 2020).

10.2 ***Taxation of Dividends***

Company

Under current legislation, no tax is required to be withheld from dividend payments by the Company.

UK resident individuals

Individual Shareholders have the benefit of an annual dividend allowance of £2,000 from 6 April 2018. Dividends falling within this allowance will effectively be taxed at the rate of 0 per cent.

If an individual receives dividends in excess of this allowance, the excess will be taxed at the dividend ordinary rate of 7.5 per cent. for basic rate taxpayers, at the dividend higher rate of 32.5 per cent. for higher rate taxpayers, and at the dividend additional rate of 38.1 per cent. for additional rate taxpayers.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

UK resident corporate shareholders

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009 (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not met, or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (or 17 per cent. from 1 April 2020).

10.3 ***Stamp duty and Stamp Duty Reserve Tax ("SDRT")***

An exemption from stamp duty and SDRT came into effect on 28 April 2014 in respect of securities admitted to trading on a Recognised Growth Market (including AIM) and which are not listed on a Recognised Stock Exchange ("**Exemption**"). The Company anticipates that the Exemption will apply to dealings in the Ordinary Shares such that from Admission, no liability to stamp duty or SDRT should arise in respect of any transfers on sale of the Ordinary Shares.

Absent an exemption from stamp duty and SDRT, any dealings in Ordinary Shares will normally be subject to stamp duty or SDRT. In such circumstances, stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5, if necessary) of the amount or value of the consideration given by the purchaser is generally payable on an instrument transferring UK shares. However, an exemption from stamp duty is available on an instrument transferring UK shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction, or series of transactions, in respect of which the aggregate amount or value of the consideration exceeds £1,000.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

11. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, taking into account available bank and other facilities and the net proceeds of the Placing receivable by the Company that the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

12. SIGNIFICANT CHANGE

Save as disclosed in paragraph 15 of Part VII of this document, there has been no significant change in the financial or trading position of the Knights 1759 Group since 30 April 2018, being the date to which the Knights 1759 Group's audited historical financial information as set out in Part III was prepared.

There has been no significant change in the financial or trading position of TP since 30 April 2018, being the date to which TP's audited historical financial information as set out in Part IV was prepared.

Save as disclosed in paragraph 15.7 of Part VII of this document, there has been no significant change in the financial or trading position of the Company since its incorporation.

13. LITIGATION

13.1 Save as disclosed in this paragraph 13, no member of the Group nor any member of the TP Group is involved in any legal or arbitration proceedings which are having or may have a significant effect on the Enlarged Group's financial position nor, so far as the Company is aware, are any such proceedings pending or threatened by or against any member of the Enlarged Group.

13.2 **Darby Solicitors LLP ("DSL")**: Legal proceedings were served on DSL (a limited liability partnership within the Group) in March 2015 by purported former clients of the firm relating to an alleged failure to lodge claims for VAT refunds with HMRC in the correct format and within the requisite time period. The Directors have taken legal advice and the Group's insurers have been notified. Proceedings are on-going at the date of this Document and the Group intends to continue to robustly defend the claim. The claimants have valued the claim in excess of £19,000,000. However, having taken legal advice and engaged an independent expert to report on the VAT issues arising in the context of this claim, the Directors are confident that should the claim succeed, any provable losses payable to the claimants will be significantly less than this and, in any event, within Darbys Solicitors LLP's historic insurance cover.

13.3 **The Group:** The Group received a letter of claim in December 2015 from a former client in respect of a failed planning application and associated matters. KPSL is one of three defendants to the claim which is currently still at a pre-action stage. The allegations relate to matters undertaken by a current employee of KPSL during the period of his former employment with two unrelated parties between 2005 and 2013 (and whom make up the other defendants to the claim) and, subsequently, as an employee of KPSL. If negligence is established in relation to advice given by KPSL and the other defendants then, at this stage of the process – and also in light of the fact that planning permission has recently been granted to the claimant – it is difficult to make an assessment of the extent of loss suffered by the claimant and, more particularly, the proportion of that loss for which KPSL may be held responsible. KPSL's insurers have been notified of this claim. The Group intends to continue to robustly defend the claim and the Directors are confident that, should the claim succeed, any provable losses payable to the claimants by KPSL will be within the Group's historic insurance cover.

14. PLACING AGREEMENT

In connection with the Placing, the Company, the Directors, the Selling Shareholders and Numis entered into the Placing Agreement on 26 June 2018. The Placing Agreement is conditional on, *inter alia*, Admission occurring on 29 June 2018 or such later date (not being later than 8.00 am on 31 July 2018) as the Company and Numis may agree. The principal terms of the Placing Agreement are as follows:

14.1 Numis has agreed, as agent of the Company and, as agent for each of the Selling Shareholders, to use its reasonable endeavours to procure placees for the Placing Shares, in each case at the Placing Price;

14.2 the Company has agreed to pay Numis, conditional on the Placing Agreement becoming unconditional, a corporate finance fee of £250,000, commission of 2.75 per cent. of the aggregate value at the Placing Price of the New Ordinary Shares and a discretionary advisory fee of £375,000 (in each case, plus any applicable VAT). In addition, the Company has agreed to grant Numis a warrant to subscribe for Ordinary Shares representing one per cent. of the Enlarged Share Capital (ignoring the Consideration Shares) in accordance with the terms of the Warrant Instrument. The Selling Shareholders have agreed to pay Numis a commission of 2.75 per cent. of the value of the Sale Shares at the Placing Price (plus any applicable VAT);

14.3 the Company has agreed to pay all of the costs and expenses of and incidental to the Placing and related arrangements (other than stamp duty or stamp duty reserve tax payable on the transfer of the Sale Shares which is payable by the Selling Shareholders) and Admission together with any applicable VAT;

14.4 the Company, the Directors and the Selling Shareholders have given certain warranties to Numis as to the accuracy of the information in this document and as to other matters relating to the Group (and, in the case of the Selling Shareholders, the Sale Shares). The liability of the Directors and Selling Shareholders under these warranties is limited in time and amount. The Company has given an indemnity to Numis against any losses or liabilities arising out of the proper performance by Numis of its duties under the Placing Agreement;

14.5 Numis may terminate the Placing Agreement before Admission in certain circumstances, including for material breach of the warranties referred to above.

14.6 The following table contains details of the Selling Shareholders and the Sale Shares to be sold by them pursuant to the Placing:

Name	*Number of Sale Shares*	*Position, office or material relationship with the Group during the past three years*	*Business address*
Joanne Beech	4,000,000	Facilities Director	Company's Registered Office
Mark Beech	3,758,621	Commercial Operations Director	Company's Registered Office
Karl Bamford	3,758,621	Leader of the Newcastle-under-Lyme office	Company's Registered Office
Balbinder Johal	2,275,862	Chairman	Company's Registered Office

15. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document by any member of the Group or TP Group and are, or may be, material to the Enlarged Group or have been entered into by any member of the Group or TP Group and contain any provision under which any member of the Group or TP Group has any obligation or entitlement which is material to the Enlarged Group at the date of this document.

15.1 ***Placing Agreement*** (see paragraph 14 of this Part VII, above)

15.2 ***Relationship Agreement***

Pursuant to a relationship agreement dated 26 June 2018 between the Company and David Beech, David has agreed to regulate his (and his associates) from time to time ("**Related Party Group**") ongoing relationship with the Company, to ensure that the Group is capable of carrying on its business independently of the Related Party Group, and that any transactions and relationships between the Group and the Related Party Group are at arms' length and do not affect the Group's continuing appropriateness as a company admitted to, and trading on, AIM. Under the terms of the Relationship Agreement, David has agreed to (and shall procure that each member of the Related Party Group shall) exercise his voting rights and powers as a shareholder for the benefit of the Shareholders as a whole and not solely for the benefit of him or any persons connected to the Related Party Group. The Relationship Agreement applies for as long as David (together with the Related Party Group) holds, in aggregate, an interest in 20 per cent. or more of the Ordinary Shares in issue. Under the Relationship Agreement, any transaction, arrangement or agreement between any part of the Group and the Related Party Group must have the prior approval of a majority of the independent non-executive directors. In addition, under the Relationship Agreement, David shall have the power to appoint one director to the Company's Board, and to remove and replace that director as he sees fit (conditional on the approval of the Company's nominated adviser at that time) and for so long as he (together with certain members of his Related Party Group) hold 20 per cent. or more of the Ordinary Shares in issue.

15.3 ***Lock-in Deeds***

15.3.1 The Company, David Beech and Numis have entered into a lock-in deed dated 26 June 2018, pursuant to which David Beech has agreed, save in respect of certain customary permitted transfers, not to dispose of any Ordinary Shares (or interest thereon) before the third anniversary of Admission without the prior written consent of Numis.

15.3.2 The Company, Numis and each of Balbinder Johal, Karl Bamford and Mark Beech and the TP Subscribers have also entered into separate lock-in deeds dated 26 June 2018, pursuant to which Bal, Karl and Mark and the TP Subscribers have each agreed, save in respect of certain customary permitted transfers, not to dispose of any Ordinary Shares (or interest thereon) before the first anniversary of Admission without the prior written consent of Numis and that, for a further year following this period, unless otherwise agreed by Numis, not to dispose of any of their holding at Admission through anyone other than Numis.

15.4 ***Acquisition and Revolving Credit Facility Agreement with AIB Group (UK) plc***

On 25 June 2018 the Company, Knights 1759 and KPSL (together, the "**Borrowers**") entered into an acquisition and revolving credit facilities agreement with AIB Group (UK) plc ("AIB") in respect of an acquisition facility of £8,000,000 and a revolving credit facility of £10,000,000 both to be made available to Knights 1759. Pursuant to the agreement, the facilities are conditional upon, among other things, Admission and repayment of existing funding arrangements with Permira and release of related security. The acquisition facility may be used to fund acquisitions and the revolving credit facility may be used for general working capital purposes. Interest is payable on amounts drawn (either under the acquisition or revolving credit facilities) at a rate of 2.75 per cent. above the London interbank offered rate. The term of the revolving facility is 5 years and the term of the acquisition facility is 3 years from the date on which the Acquisition completes (but with acquisition loans repayable up to the fifth anniversary of completion of the Acqusition). All amounts become immediately repayable and undrawn amounts cease to be available for drawdown in the event of a sale of the Group or a third party gaining control of the Company. The agreement contains representations, warranties and covenants which are usual for an agreement of this nature together with certain financial covenants, in particular the ratio of the total outstanding debts of the Group to the consolidated operating profit of the Group. The agreement restricts the Group from incurring any further financial indebtedness above a permitted aggregate threshold of £250,000. The agreement also permits the Group to make dividend payments provided they are not in default under the agreement and no default will result from the dividend payment. The agreement prevents David Beech from selling any shares in the Company within a period of one year from the date of the initial public offering. An arrangement fee of £100,000 is payable in respect of the acquisition and revolving credit facilities on drawdown of these facilities. An ongoing commitment fee is payable of 1 per cent. per annum of any undrawn commitment under the acquisition and revolving credit facilities. The Borrowers have granted debenture security over all of their assets (which includes security over the shares of each Group member (other than the Company) in respect of their obligations under the facilities. The Borrowers have also entered into an inter-company guarantee in respect of their obligations under the facilities.

15.5 ***Nomad and Broker Agreement;***

The Company and each of the Directors entered into a nominated adviser and broker agreement dated 26 June 2018 with Numis, pursuant to which Numis has agreed to act as the Company's nominated adviser and broker for an initial period of 12 months, terminable by either party on one months' notice served after the expiry of the initial term. Numis has undertaken to provide the services of nominated adviser as required under the AIM Rules and the Company and the Directors agree to comply with their obligations under the AIM Rules. The Company will pay Numis a fee of £70,000 per annum (plus applicable VAT) pursuant to the terms of the agreement. Such fee will increase to £100,000 upon the market capitalisation of the Company reaching £150 million.

15.6 ***Warrant Instrument***

By deed poll dated 26 June 2018, the Company has created the Warrants which will be issued to Numis on Admission. The Warrants are exercisable as to: (i) 235,633 Warrants at a price per Ordinary Share equal to the Placing Price; (ii) as to 235,632 Warrants at a price per Ordinary Share equal to 174p (representing 120 per cent. of the Placing Price); and (iii) as to 235,632 Warrants at a price per Ordinary Share equal to 203p (representing 140 per cent. of the Placing Price), and shall be exercisable for a period of five years.

15.7 ***Share Exchange Agreement***

The Company and the members of Knights 1759, the Group's main trading company, entered into a share exchange agreement on 18 June 2018 as part of the Group re-organisation prior to publication of this document (as further detailed in paragraph 4.4.3 of this Part VII). Under the terms of this agreement, the members agreed to exchange their shares in Knights 1759 for the allotment of equivalent fully-paid shares in the Company, with the effect that the Company became the ultimate parent of the Group.

15.8 ***TP LLP Acquisition Agreement***

The Company, KPSL and David Beech entered into the Acquisition Agreement with the TP Sellers on 18 May 2018 to acquire their respective membership interests in TP. Completion of the acquisition is unconditional following the Group having received the necessary regulatory approvals on 24 May

2018. Completion will take effect on the earlier of the date of Admission and 1 August 2018. Notwithstanding the date of completion, the economic benefit of TP under the contract transfers to KPSL with effect from 1 May 2018, such that the Enlarged Group will receive the benefit of a full accounting year of TP's profits (to 30 April 2019). The agreement contains a market standard leakage provision in respect of the period between 1 May 2018 and the completion date.

In order to retain the limited liability status of TP upon completion of the Acquisition, it needs to retain two members. Consequently, David Beech is named as a buyer within this agreement and on completion of the Acquisition, TP will enter into an agreed form revised LLP agreement which provides KPSL with an entitlement to 99.99 per cent. of the capital and profits of TP, and David Beech a 0.01 per cent. entitlement and requires David Beech to transfer that membership interest to a party nominated by KPSL should he cease to be an employee of the Group.

Under the terms of the agreement, the Company and Knights 1759 have each agreed to act as guarantor for the payment obligations of KPSL. The consideration payable by KPSL to the TP Sellers is £12 million and (noting a further £1 million, in aggregate, is payable to the fixed share members of TP under the agreements detailed in paragraph 15.10 below) will be satisfied solely in cash and is part paid on completion of the Acquisition and part deferred (being approximately 60 per cent. on completion and 40 per cent. deferred). The deferred consideration is payable in three separate tranches on 31 December 2018, 1 May 2019 and 1 May 2020 (in each case not being subject to any financial hurdles or other conditions). Two of the TP Sellers (the TP Subscribers) have agreed to invest a proportion of their cash consideration on completion of the Acquisition through the subscription for new Ordinary Shares as more particularly detailed in paragraph 15.9 below.

The agreement contains market standard restrictive covenants, indemnities and warranties given by the TP Sellers on a several basis.

Further details of the Acquisition are set out at paragraph 7 of Part I of this document.

15.9 ***TP Subscribers' Subscription Agreements***

The TP Subscribers have agreed to subscribe for 689,655 new Ordinary Shares in the Company at the same price per share as the Placing Price, and at the same time as completion of the Placing by applying part of the cash consideration payable to them under the Acquisition Agreement and Fixed Seller Agreement (below), as applicable, in the subscription of such shares.

15.10 ***Fixed Seller Agreements***

The Company and KPSL entered into separate agreements with each of David Easdown, Lisa Shacklock and William Jones (all being fixed share members of TP) dated 18 May 2018, whereby KPSL has agreed to acquire each of their respective membership interests in TP on completion of the Acquisition Agreement for an aggregate consideration of £1 million. Under the terms of this agreement, the Company has agreed to act as guarantor for the payment obligations of KPSL.

15.11 ***Knights 1759 Reorganisation***

Knights 1759 entered into a share purchase and settlement agreement on 16 July 2016, pursuant to which Knights 1759 acquired all of the shares in KPSL held by Simon McCrum which had been issued to him as part of the acquisition of Darbys Solicitors LLP and the consideration for which was settled in cash.

Knights 1759 entered into a share exchange agreement on 6 October 2016 to acquire the remaining shares in KPSL from the Existing Shareholders. The consideration for the sale of the shares in KPSL to the Company was a combination of cash and the issue of shares in Knights 1759 to the Existing Shareholders in the same proportions in which they held shares in KPSL. On the same date, Knights 1759 entered into a share purchase and settlement agreement, pursuant to which Knights 1759 acquired all of the shares in KPSL held by Helen Niebuhr in KPSL which had been issued to her as part of the acquisition of Darbys Solicitors LLP and the consideration for which was settled in cash.

Total consideration, in aggregate, for the acquisition of KPSL by Knights 1759 under these agreements was £42.67 million, which, as mentioned above, was settled through a combination of cash and the issuance of shares.

16. CONSENTS

16.1 RSM Corporate Finance LLP has given and not withdrawn its consent to the issue of this document with the inclusion herein of its Accountant's reports in Section B of Part III and Section B of Part IV of this document and the references to such reports and to its name in the form and context in which they appear.

16.2 Numis has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

17. MANDATORY BIDS, SQUEEZE OUT AND SELL OUT RULES RELATING TO THE ORDINARY SHARES

17.1 ***Mandatory bid***

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares was to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Takeover Panel, to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition was to increase that person's percentage of the voting rights.

17.2 ***Squeeze out***

Under the Act, if an offeror was to acquire 90 per cent. of the Ordinary Shares to which the offer relates within four months of making the offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

17.3 ***Sell out***

The Act also gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

18. GENERAL

18.1 The total costs and expenses of, or incidental to, the Placing and Admission, which are payable by the Company, are estimated to be approximately £2.5 million. This amount includes the fees and commissions payable by the Company referred to in paragraph 14 of this Part VII. The expected net proceeds of the New Ordinary Shares under the Placing, after deduction of such costs and expenses, is £27.5 million. No expenses of the Placing are being specifically charged to subscribers or purchasers under the Placing.

18.2 Save as disclosed in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from any member of the Enlarged Group or entered into any contractual arrangements to receive, directly or indirectly, from any member of the Enlarged Group on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

18.3 The Placing Price of 145 pence represents a premium of 144.8 pence above the nominal value of £0.002 per Ordinary Share. The Placing Price is payable in full on application.

18.4 The auditors of the Company are RSM UK Audit LLP, chartered accountants and registered auditors, who have audited the Company's accounts for each of the three financial years ended 30 April 2018. The audit reports were unqualified and did not contain a statement under sections 498(2) or (3) of the Act.

18.5 Information contained in paragraphs 2.2, 2.5 and 5 of Part I relating to the UK legal market have been sourced from the relevant sources listed alongside each of the respective statements within those paragraphs. This information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those respective sources, no facts have been omitted which would render such information inaccurate or misleading.

18.6 Save in respect of the Acquisition (as more particularly detailed in paragraph 7 of Part I of this document), the Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.

18.7 Save as set out in this document, the Directors are not aware of any patents or other intellectual property rights, licences, particular contracts or manufacturing processes on which the Enlarged Group is dependent.

18.8 Save in connection with the application for Admission, none of the Ordinary Shares has been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of DLA Piper UK LLP at 3 Noble Street, London EC2V 7EE for a period of 14 days from the date of this document:

19.1 the memorandum and articles of association of the Company;

19.2 the report relating to the Knights 1759 Group prepared by RSM Corporate Finance LLP in Section B of Part III of this document;

19.3 the audited consolidated financial statements of the Knights 1759 Group for the three years ended 30 April 2018;

19.4 the report relating to TP prepared by RSM Corporate Finance LLP in Section B of Part IV of this document; and

19.5 the audited financial statements of TP for the three years ended 30 April 2018.

26 June 2018

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Knights plc