K3 DEAL ADVISORY

The power of Private Equity

K3dealadvisory.com

Delivering Ambition

How investment can support growth, succession and shareholder value

For many business owners, the future of the company is not a simple choice between continuing as you are or selling outright.

You may want to release some value now, while staying involved in the next stage of growth.

You may want to strengthen the management team, accelerate expansion, make acquisitions, enter new markets or bring in strategic support. You may also want to reduce personal risk without stepping away from the business completely.

Private equity can provide a powerful route for shareholders who want flexibility, funding and future upside.

At **K3 Deal Advisory**, we help business owners understand whether private equity is the right option, identify the most suitable investment partners and structure a transaction around their commercial and personal objectives.

The right investment partner can do more than provide capital. They can help unlock the next phase of ambition.

What is private equity?

Private equity firms invest in established businesses with the aim of helping them grow and increase in value over time.

This growth may come from organic expansion, operational improvement, strategic acquisitions, new markets, stronger financial reporting, additional leadership capability or a clearer commercial plan.

The investor typically works with the management team to build value before a future sale or refinancing event. For shareholders, this can create a different type of transaction from a full sale.

Rather than exiting completely on day one, you may be able to sell part of your shareholding, retain an interest in the business and benefit again if the company grows under the new structure.

This is one of the key attractions of private equity: it can allow shareholders to take value off the table today while still participating in future value creation.

When private equity may be the right route

Private equity is not right for every business, but it can be highly effective where there is a strong company, a clear growth opportunity and a management team capable of delivering the next stage.

It may be worth exploring if you want to:

- De-risk by realising part of your shareholding
- Remain involved in the business after investment
- Access capital for growth, acquisitions or expansion
- Support a management buyout or succession plan
- Professionalise the business ahead of the next phase
- Strengthen systems, reporting or leadership capability
- Retain the potential for a second value event in the future
- Find a partner with sector knowledge, strategic insight and funding capacity

For owners whose wealth is largely tied up in the business, private equity can offer a practical way to release value while keeping a meaningful connection to the company's future.

Why investors want owners and management to stay involved

Private equity investors are backing the business, but they are also backing the people behind it.

In many cases, they want the existing shareholders, founders or senior management team to remain involved because they hold valuable knowledge, relationships and experience.

Their continued participation helps maintain continuity and keeps the leadership team aligned with the growth plan.

This does not mean the owner has to carry the entire burden of future growth.
A private equity partner may bring additional support, financial expertise, sector insight, operational resource or acquisition experience. In some cases, they may help strengthen the finance function, introduce improved reporting, support recruitment or help professionalise parts of the business.

The best partnerships are built around alignment. Everyone should be clear on the plan, the level of involvement required, the expected timeline and the route to future value creation.

What private equity investors look for

Private equity investors are typically looking for businesses with a strong platform and credible future potential.

Financial performance matters, but it is only part of the picture. Investors will also assess the quality of the management team, the resilience of earnings, the market opportunity and the extent to which the business can scale.

They often look for:

- A strong management team
- Clear growth opportunities
- Sustainable margins
- Good cash generation
- A defensible market position
- A scalable operating model
- Reliable financial information
- Visible demand in the market
- Potential for acquisitions or geographic expansion
- Products or services with long-term relevance

A business does not need to be perfect, but it does need to have a credible story around where it can go next and how value can be created.

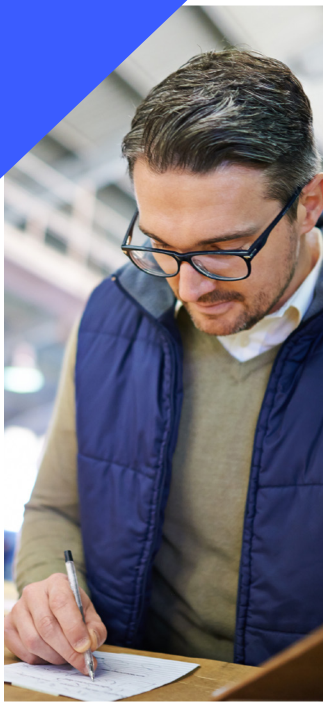
Growth capital: Funding the next stage

Private equity can provide capital to help a business accelerate.

That funding may be used to expand into new regions, invest in people, improve systems, develop new products or services, make acquisitions or strengthen infrastructure. For ambitious companies, this can help move the business beyond what may be achievable through organic growth alone.

A strong investment partner can also bring experience from other portfolio companies, helping the management team see what has worked elsewhere and avoid common pitfalls.

This can be particularly valuable where the company has reached a point where growth is possible, but additional capital, structure or strategic support is needed to unlock it.



Supporting succession and management buyouts

Private equity can also play an important role in succession planning.

Where shareholders want to step back, but the management team is ready to lead, an investment-backed management buyout can provide a route for transition.

The investor supplies the funding and strategic support, while the management team takes a more active ownership role.

This can be attractive where the business has a capable leadership team but does not have the resources to fund the transaction independently.

For shareholders, it can provide a route to realise value while preserving continuity.

For management, it can create the opportunity to share in ownership and future growth. For the business, it can provide stability, funding and a clear plan for the next chapter.

Partial exit and future upside

One of the most compelling features of private equity is the ability to structure a partial exit.

This can allow shareholders to sell a proportion of their equity and retain a stake in the business. If the company grows successfully under the new ownership structure, that retained equity may become more valuable in a future transaction.

This is often referred to as a “second bite” opportunity.

It can be particularly attractive for owners who want to:

- Secure personal financial value now
- Reduce concentration of wealth in the business
- Stay involved in a meaningful way
- Benefit from future growth
- Work with a partner to scale the company
- Transition gradually rather than exit immediately

The right structure depends on the shareholder’s objectives, the investor’s requirements and the growth plan for the business.

Longer-term investment partners

Not all investment partners operate in the same way. Some investors follow a traditional private equity model, typically aiming to support growth and exit within a defined period. Others take a longer-term approach, holding businesses for extended periods and reinvesting cash generated by the group into future acquisitions.

Longer-term investors can be a good fit for owners who want stability, cultural alignment and continuity. They may allow the company to retain more autonomy while providing strategic oversight, reporting discipline and access to a wider platform.

This type of partner may suit businesses with:

- Steady growth
- Strong margins
- Good cash generation
- A defendable niche
- A culture the shareholder wants to protect
- A management team capable of continuing the journey

For some owners, the appeal lies in finding a safe pair of hands — a partner who can support the business without changing what made it successful.

Why fit matters as much as funding

The highest headline offer is not always the best investment partner.

Private equity is a relationship as well as a transaction. The investor's approach, expectations, culture, decision-making style and growth plan all matter. A good fit can help create momentum. A poor fit can create tension and distraction.

When assessing potential investors, shareholders should consider:

- Do they understand the business and its market?
- Have they invested in similar companies before?
- What support can they provide beyond capital?
- How involved do they expect to be?
- What is their view of the management team?
- What growth plan do they believe in?
- How long do they typically hold investments?
- What does a successful outcome look like for them?
- Are their objectives aligned with yours?

At K3 Deal Advisory, we help shareholders assess not only the financial terms of an offer, but also the strategic and cultural fit behind it.

Creating a competitive investment process

A well-managed private equity process should create choice.

That means identifying the investors most likely to understand the opportunity, presenting the business clearly, managing discussions professionally and creating competitive tension between credible parties.

K3 Deal Advisory has access to a wide network of UK and international private equity and alternative investment firms. Our role is to identify which investors are most relevant to your business, your sector and your objectives, then manage the process to protect value, confidentiality and momentum.

We focus on quality of fit, not simply quantity of interest. The right investor should understand your market, share your ambition and bring the capital, experience and strategic support needed to help the business move forward.

Preparing your business for private equity

Preparation is critical. A well-prepared business can present a clearer growth story, respond to diligence more efficiently and reduce the risk of value being challenged later in the process.

Before approaching investors, it is worth considering:

- Is the financial information robust and easy to explain?
- Are forecasts realistic and well supported?
- Is the management team clear on the growth plan?
- Can the business demonstrate sustainable earnings?
- Are customer relationships and contracts well documented?
- Are key risks understood and addressable?
- Is there a clear rationale for investment?
- Can the business show how capital would accelerate growth?

The stronger the preparation, the stronger the investment case.

How K3 Deal Advisory supports shareholders

Private equity transactions can be complex. They involve valuation, structure, retained equity, management incentives, funding, due diligence, legal documentation and future governance.

K3 Deal Advisory helps business owners navigate the process with clarity and confidence.

Our support can include:

- Assessing whether private equity is the right option
- Preparing the business for investor scrutiny
- Shaping the investment story
- Identifying suitable private equity and alternative investment partners
- Managing investor approaches and confidentiality
- Creating competitive tension
- Assessing offers and deal structures
- Negotiating terms
- Coordinating with legal, tax and due diligence specialists
- Supporting the transaction through to completion

We work with shareholders to ensure the structure reflects their ambitions, their desired level of involvement and their future plans.

The wider K3 Advisory Group advantage

A private equity transaction often requires more than corporate finance advice. Tax, legal support, financial due diligence, reporting, data clarity, debt advisory and wealth planning can all play an important role in protecting value and supporting a successful outcome.

Through the wider **K3 Advisory Group** ecosystem, **K3 Deal Advisory** can connect business owners with specialist support at the right stage of the process. This joined-up approach helps ensure that the investment is considered from every relevant angle, not just the headline valuation.

That can include support around:

- Transaction tax and deal structuring
- Legal documentation and negotiation
- Financial due diligence preparation
- Management information and reporting
- Funding and debt options
- Personal wealth planning after completion

The aim is to give shareholders a more complete view of the opportunity, the risks and the choices available.

Is private equity right for you?

Private equity can be powerful, but it is not a universal answer.

It works best where there is alignment between the shareholder, the management team and the investor. It requires a clear growth story, good preparation and a realistic understanding of what life after investment may look like.

It may be suitable if you want to:

- Unlock value now while retaining future upside
- Bring in growth capital
- Support succession
- Accelerate expansion
- Reduce personal financial exposure
- Strengthen the business for its next chapter
- Work with a strategic investment partner

It may be less suitable if you want a complete exit immediately, do not want ongoing investor involvement, or prefer not to work towards a structured growth and future value event.

The key is to understand your options before deciding your route.

Realising ambition through investment

You built your business with ambition. Private equity can help carry that ambition forward.

With the right partner, it can provide the capital, experience and strategic support to help a business grow beyond its current limits. For shareholders, it can also provide liquidity, succession options and the potential to share in future value creation.

At **K3 Deal Advisory**, we help business owners assess the opportunity carefully, find the right investment partner and structure a deal that supports both the business and the people behind it.

Because the right deal is not just about investment. It is about alignment, confidence and what becomes possible next.

Speak to K3 Deal Advisory

Whether you are considering a partial exit, exploring investment, planning succession or simply want to understand whether private equity could work for your business, we can help.

Start your private equity conversation with K3 Deal Advisory.

K3 DEAL ADVISORY

K3 House
5 Springfield Court
Bolton
BL3 2NT

K3dealadvisory.com