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18 January 2023

Grafenia plc
("Grafenia", the "Company" or the "Group")

Acquisition of Care Management Systems Limited ("CMS")

Grafenia plc (AIM: GRA) is pleased to announce that it has acquired the entire issued share capital of Care Management Systems Limited, a provider of care home management software and systems, based in Bristol, on a debt free/cash free basis.

The total consideration of £3.5m will be satisfied in cash. The acquisition is expected to be cash flow generative and earnings enhancing in the first year after acquisition.

The initial consideration comprises cash of £2.975m to be paid on completion, together with deferred consideration of £0.525m to be paid on the first anniversary of completion.

About Care Management Systems Limited

CMS's care home management software, CareDocs, was initially developed by brothers Jonathan and Kristopher Ann in 2004 as an in-house solution for use in a care home owned by family members.

Having realised the commercial potential for the CareDocs solution, CMS was founded in 2008 and now licenses its products and services to over 800 hundred care homes around the UK. Approximately 95% of CMS's revenues arise from annual recurring fees.

CMS has an established management team and currently employs 27 staff. Jonathan and Kristopher Ann resigned on completion of the transaction, with Jonathan remaining on a part-time consultancy basis for three months to oversee the handover and completion of certain projects.

The unaudited financial statements for CMS for the year ended 28 February 2022 reported revenue of £2.45m, EBIT of £0.12m and closing net assets of £1.3m.

Acquisition Rationale

CMS meets Grafenia's acquisition criteria by being a software business and having a prominent position in its vertical market. Delivering solutions that generate revenues of a recurring nature.

Gavin Cockerill, Acting CEO of Grafenia said: "The acquisition of CMS is our third this financial year. It marks another step forwards in our transformation plan. Becoming a serial acquirer of Vertical Market Software businesses. We're thrilled to add CMS and welcome its team to Grafenia's growing portfolio."

Jonathan Ann commented: "When Kristopher and I set about developing the CareDocs solution we didn't envisage growing a company that would establish itself as a leading supplier to care homes in the UK. We're delighted to hand over the reins to the CMS management team and look forward to seeing the business develop under Grafenia's ownership."

For further information:

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