RNS Number : 3299Q
Grafenia plc
17 February 2023

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation. With the publication of this announcement, this information is now considered to be in the public domain.

17 February 2023

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

Acquisition of Topfloor Systems Limited ("Topfloor")

Grafenia plc (AIM: GRA) is pleased to announce that it has acquired the entire issued share capital of Topfloor Systems Limited, a provider of property management software services, based in Dublin, Ireland, on a debt free/cash free basis.

The total consideration of up to €6.20m 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 paid at completion was €3.84m, with deferred consideration of €0.96m to be paid on the first anniversary of completion. Up to a further €1.40m is payable contingent upon the achievement of certain targets relating to the future financial performance of Topfloor (the "Earn-out"). Further information on the terms of the acquisition is set out below.

About Topfloor Systems Limited

Topfloor is an established supplier of software services for the property sector with a strong reputation for its cloud based SaaS solutions Blockman and Letman used by property agents, property owners, landlords and tenants.

Blockman is a service charge, ground rent, client accounting and administration tool providing advanced report and document generation for apartment block and estate managing agents.

Letman is a tenancy administration and client rent accounting tool for property management agents involved in the letting and management of residential properties.

Topfloor has high client retention rates and in excess of 95% of revenues arise from annual recurring fees from its circa 300 clients across Ireland and the United Kingdom.

Niall Wrafter (CEO) and Cathal Browne (CTO), both shareholders of Topfloor, will remain with the business, entering into new employment contracts and will continue to lead the team of eight staff located in Ireland. Founding shareholder George Murphy is leaving.

The unaudited financial statements for Topfloor for the year ended 31 August 2022 reported revenue of €1.59m, EBIT of €0.37m and closing net assets of €0.98m. The reduction in operating costs associated with the departure of George Murphy and the new, normalised, contractual arrangements for Niall Wrafter and Cathal Browne will lead to an immediate increase to the profitability of Topfloor.

Acquisition Rationale

The addition of Topfloor further extends Grafenia's range of vertical market niche SaaS software companies that generate revenues of a recurring nature.

Terms of the Acquisition

The €3.84m initial consideration was funded from existing Grafenia cash reserves and the proceeds of the bonds issued by the Company announced on 20 January 2023.

The €0.96m deferred consideration and Earn-out, if payable, of up to €1.40m, will be satisfied in cash.

The Earn-out is dependent on Topfloor achieving certain annual recurring revenue targets and may be achieved in full or in part by exceeding those targets in any of the three financial years commencing 1 September 2023 ("Earn-out Period").

Gavin Cockerill, Acting CEO of Grafenia said: "We're delighted to announce our fourth acquisition of the financial year, adding Topfloor to the growing stable of Vertical Market Software businesses in Grafenia's portfolio. Meeting our acquisition criteria extremely well, Topfloor is a great example of the kind of business our Software Circle team are actively searching for. We have been very impressed with Niall and Cathal from the outset and are excited to work with them and the Topfloor team in the years ahead."

Niall Wrafter commented: "Having been a shareholder of Topfloor for many years, George was ready to exit whilst Cathal and I have ambitious plans for the business. Grafenia can help us achieve those aims and is the ideal home for Topfloor moving forward. We are enthused and energised at the prospect of growing the business and taking it to the next level under Grafenia's ownership."

For further information:

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