

16 April 2024

Eleco Plc
("Eleco", the "Group" or the "Company")

Acquisition of Vertical Digital

The Board of Eleco plc (AIM: ELCO), the specialist software provider for the built environment, is pleased to announce that its wholly owned subsidiary Elecosoft Ltd has acquired 100% of the share capital of Vertical Digital group of companies, consisting of Vertical Digital SRL and Sons of Coding SRL (the Acquisition or Vertical Digital) for an initial consideration of €1.3m (c.£1.1m), exclusively financed by the Company's internal cash resources.

Vertical Digital has a proven track record, in providing agile and innovative software development, technical consulting and upskilling solutions across many European and multinational end-customers including Lufthansa Technik, PwC, VW Financial Services, Deloitte and Zoopla.

The Acquisition will add critical capabilities to Eleco, including the ability to service and scale its customers by connecting systems and providing technical consulting which will support their digital transformation journeys, thus increasing the Group's product breadth and focus on customer centricity.

The Acquisition will also provide for elastic augmentation of our internal research and development capacity which will further improve product time to value.

Vertical Digital meets Eleco's acquisition criteria, having an established track record with the ability to deliver on common customer needs, enhance product digitalisation and advance Eleco's roadmap. In the year to 31 December 2023, Vertical Digital delivered revenue of €1.2m (c.£1.0m) and a net profit before taxation of €0.3m (c.£0.2m) based on unaudited figures and Vertical Digital's accounting policies.

The transaction terms provide for a cumulative potential deferred and contingent outflow (Earn Out) of a maximum total of €250,000 payable in 2026, based on the Vertical Digital business attaining specific revenue and profitability performance targets set by Eleco plc during the financial years ending 31 December 2024 and 31 December 2025.

Jonathan Hunter, Chief Executive Officer of Eleco plc, said:

"We are pleased to welcome Vertical Digital to the Group, which will accelerate our ability to support our customers in solving the challenges they are face in delivering their digital transformation strategies. Eleco is now better positioned to provide a broader range of solutions and engage with more of its customers and partners on their strategic technological direction.

We are impressed with the calibre of customers that Vertical Digital have serviced and the experience and talent of our new colleagues. In addition, we are delighted that the two founders of Vertical Digital are committed to supporting the growth ambitions of the Group. Dan Pop will be responsible for expansion in Eastern Europe as Regional Managing Director, Eastern Europe and Alex Gheboianu will ensure the Group continues to innovate and retain world-class technical talent as Chief Technology Officer.

Vertical Digital expands Eleco's capabilities and increases the opportunities available to the Group and we look forward to the future with confidence."

For the purposes of Article 7 of EU Regulation 596/2014, this announcement is deemed to contain inside information.

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About Eleco plc

Eleco plc is an AIM-listed (AIM: ELCO) specialist international provider of software and related services to the built environment through its operating brands ElecoSoft, BestOutcome and Veeuze from centres of excellence in the UK, Sweden, Germany, the Netherlands, Romania and the US.

The Company's software solutions are trusted by international customers and used throughout the building lifecycle from early planning and design stages to construction, interior fit out, asset management and facilities management to support project management, estimation, visualisation, Building Information Modelling (BIM) and property management.

For further information please visit www.eleco.com.

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