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30 May 2024

Software Circle plc
("Software Circle", the "Company" or the "Group")

Acquisition of Be The Brand Experience Limited ("Be The Brand")

Software Circle plc (AIM: SFT) is pleased to announce that it has acquired the entire issued share capital of Be The Brand Experience Limited, based in Hackney, London. Be The Brand is a provider of marketing compliance and digital asset management workflow solutions for businesses providing financial services.

The total consideration of £3.5m will be satisfied in cash and is structured on a debt free/cash free basis. The acquisition is expected to be cash flow generative and earnings enhancing in the first year after acquisition.

Initial consideration of £2.8m was paid on completion and a further £0.7m of deferred consideration will be paid on the first anniversary of completion.

About Be The Brand Experience Limited

Be The Brand's integrated and configurable SaaS solution offers clients providing regulated UK financial services a workflow and digital asset management system that helps maintain compliance and audit trails for the marketing of those financial services.

The business has been in operation for over two decades and has high client satisfaction rates and low churn. Over 90% of revenues arise from annual recurring fees from its clients.

Adam Hainsworth, Managing Director and a shareholder, will remain with the business for 12 months to oversee the transition. The other two shareholders, Guy Hainsworth and Jes Ongley, have entered into new employment contracts and will continue to lead the team of thirteen staff.

The unaudited financial statements for Be The Brand for the year ended 31 March 2023 reported revenue of £1.6m, EBIT of £0.68m and closing net assets of £0.43m.

Gavin Cockerill, CEO said: "The acquisition of Be The Brand is the second in our Professional Services vertical, focussed within the finance sector. It meets our acquisition criteria very well and we're delighted to welcome the team to the group. We're very much looking forward to working with them and driving the business forward."

Adam Hainsworth commented: "Having developed and grown the business over 20 years alongside Guy and Jes, it was crucial to find the right owners once I had decided to step back. We spoke with Software Circle over an extended period, getting to know their culture and modus operandi. We're confident we've found the right home for Guy, Jes and the rest of the team to thrive in and continue to develop our best in class solution for our clients."

Outlook

As part of our strategy to become a serial acquirer of vertical market software businesses, we continually reach out to and start conversations with potential acquisition targets that match our criteria. That pipeline remains healthy. The Group is undertaking due diligence on acquisition targets and is in ongoing discussions with a number of additional targets that could see the capital we raised via the equity issue in September 2023 fully deployed. By that point, we'd expect annualised sales to reach approximately £25m with an EBITDA run rate goal of 15-20% of sales, after central costs.

Looking ahead, the next phase will require the Group to establish appropriate debt facilities to invest alongside equity raised in a prudent mix. The existing bond facilities played a vital role in the early stages of our development, but the terms of them restrict the Group's ability to access wider bank lending facilities.

Therefore, later this year, the Group intends to undertake a further equity issue to restructure its balance sheet and finance the redemption of the remaining £6.7m of bonds at par. This will enhance the Group's ability to access ongoing institutional debt funding, reducing the cost of capital for M&A opportunities in the future.

For further information:

Software Circle plc
Gavin Cockerill (CEO)

07968 510 662

Allenby Capital Limited (Nominated Adviser and broker)
David Hart / Piers Shimmwell (Corporate Finance)
Stefano Aquilino / Joscelin Pinnington (Sales and Corporate Broking)

0203 328 5656

Notes to editors:

Software Circle plc is a UK based acquirer of vertical market software businesses. Our aim is to help founders find the right exit strategy, without fuss or drama. Continuing operations in an independent, decentralised way. Keeping the entrepreneurial spirit and culture that exists in the businesses we acquire. Providing a permanent home for their teams, management talent and culture. For more information visit www.softwarecircle.com.

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