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18 September 2024

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

Board Changes and Trading Update

Jan Mohr, the Chairman of Software Circle plc (AIM: SFT), will advise shareholders at the Annual General Meeting (AGM) to be held at 10.00am in Manchester today that, immediately following the meeting, the following changes will be made to the Group's Board:

- As previously announced, Jan Mohr will resign as Chairman.
- Conrad Bona will step down as Non-Executive Director given his length of service on the board.
- Matthias Riechert, presently Non-Executive Director, will become the Company's Chairman.
- Simon Barrell, presently Non-Executive Director, will become the Company's Senior Independent Director.
- Brad Ormsby will join the Board as an independent Non-Executive Director.
- Marc Maurer will join the Board as a Non-Executive Director and the designated representative of the Company's largest shareholder, CHAPTERS Group AG.

Brad Ormsby is CFO of Judges Scientific plc, an AIM listed buy and build manufacturing group which has grown from a market cap of £80m to £700m during the nine years Brad has been with the company. Brad has extensive M&A experience including multiple acquisitions at Judges Scientific plc and several international transactions at Eurovestech, a technology venture capital fund. He also led the IPO onto AIM of Kalibrate Technologies, an international software business. He is also a Non-Executive Director of Octopus AIM VCT 2 plc, a FTSE quoted investment fund.

Marc Maurer is COO of CHAPTERS Group, the Company's largest shareholder. Marc previously worked at Constellation Software and Hg Capital & TA Associates backed Revalize. Marc oversees all operational leadership of VMS companies within CHAPTERS.

Gavin Cockerill, CEO said: "We are immensely grateful to Jan and Conrad for their invaluable contributions and leadership over the years. They have both been instrumental in guiding the Company through significant change and strategic milestones.

We will miss Jan's vision, notorious German directness and surprising penchant for a fish and chip supper. Maybe there'll be more menu options at future board get-togethers as Matthias takes on the Chairman's role.

Conrad's fair minded, well rounded approach and sartorial flair added a certain style to Board meetings that we will find difficult to replace. Of course, we look forward to seeing both Jan and Conrad regularly at future shareholder meetings.

As we welcome Brad and Marc to the Board, we are excited about the wealth of talent, experience and fresh perspectives they bring to our newly configured NED squad. Brad's extensive expertise in finance, M&A and the AIM market, combined with Marc's operational leadership at CHAPTERS, will undoubtedly strengthen our strategic direction as we continue our aim to become a growing serial acquirer of VMS businesses.

We're delighted also that Matthias, who has been an integral part in helping to reshape the Group to date, will take the Chairman's 'arm-band'."

Jan Mohr, Chairman commented: "I could not be prouder of what the Software Circle team has achieved over the last few years. It was a true honour serving as Chairman throughout this transformation. Throughout this time, I could not ask for better NED colleagues. With Conrad leaving at the end of his tenure, I would like to express my gratitude for his calm, wise and considerate role in the boardroom. For the next chapter of growth, Software Circle will rely on Matthias, Simon, Brad and Marc as NEDs. I could not think of a better team combining capital allocation, VMS operations and public company expertise."

Matthias Riechert, said: "I'm delighted to become the new Chairman of Software Circle. I've enjoyed working with the team and am very happy about what we've achieved so far. I'm excited to help continue our goal of creating shareholder value with a focus on growing Operating Cash Flow Per Share."

Conrad Bona, Non-Executive Director commented: "I've very much enjoyed my time with the Group and the team. We've seen it through some key transitions over the years and although I'm stepping away from the board, I'll be watching the Company's growth with keen interest and excitement as a shareholder."

Brad Ormsby, said: "After contributing to the growth of a leading serial acquirer, I'm looking forward to bringing that experience to Software Circle. I'm excited about joining the Group at this stage of its journey, and I'm eager to see what we can accomplish together in the years ahead."

Marc Maurer, commented: "Looking across the various VMS platforms CHAPTERS is invested in and based on my previous experience with other serial acquirers of VMS companies, I'm fascinated about the Software Circle team's level of discipline in regard to M&A and operations. It's a great honour for me to contribute to the next stage of Software Circle's growth."

Trading Update and Outlook

Our new financial year began in April, since then we've added two further acquisitions to the Group. Be The Brand Experience Limited ("Bethebrand") at the end of May and Link Maker Systems Limited ("Link Maker") in July.

I'm pleased to report that trading continues to align with our internal forecasts. The performance of our newly acquired business units remains encouraging, meeting our expectations and reinforcing the strength of our strategic direction.

Although we expect revenue for our Netl Systems business to be less compared to last year. Its new revenue mix and focus on profitability means we expect significant improvements on that front.

The new acquisitions we've added to the Group, Arc Technology Limited ("Arc") in February which will contribute for a full year, plus Bethebrand and Link Maker, collectively bring an expected additional annualised £4.2m of sales and £1.5m of Operating EBITDA¹. With these additions and the organic growth we've driven so far, on a run-rate basis, our annualised sales would be approximately £20m. A 20% increase on last year. An Adjusted EBITDA² above 15% of sales, is a realistic target. We therefore remain cautiously optimistic about the upcoming year.

Having added three acquisitions since February 2024, we're well on the way to deploying the capital we raised in September 2023.

Assuming a similar profile of businesses coming into the Group, the deployment of the currently available capital would take us to annualised sales of approximately £25m at an Adjusted EBITDA closer to 20%.

We intend to deploy this capital. Focussing on quality, irrespective of pace. Our strategy remains focused on identifying and acquiring businesses that align with our criteria. Further strengthening our portfolio and driving sustainable growth. We are committed to maintaining our disciplined approach to acquisitions and operational excellence, ensuring that each addition is aligned with our culture, enhances our overall value proposition, supports our long-term objectives and maximises operating cash flow per share.

As announced in our final results for the year ended 31 March 2024 on 24 July, the Group intends 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 additional and ongoing institutional debt funding to provide capital for M&A opportunities in the future. We are evaluating a number of options and will provide an update in due course.

¹ Operating EBITDA = Adjusted EBITDA before central group administration costs

² Adjusted EBITDA = EBITDA before impairments, exceptional costs, acquisition related costs and the capitalisation of qualifying development costs

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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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