

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.

29 May 2025

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

Trading Update

Software Circle plc (AIM: SFT), the Group focused on acquiring and developing vertical market software companies in the UK and Ireland, announces the following pre-close statement and trading update for the year ended 31 March 2025 ("FY25"), including financial information which remains subject to audit.

We began FY25 as a group of six vertical market software ("VMS") businesses, having reached our prior year aim of achieving a 10% Adjusted EBITDA² margin. Throughout FY25, continuing our growth through disciplined acquisition remained our focus, searching for VMS businesses that match our criteria and align with our culture. At the same time, driving organic growth through operational excellence to achieve improvements in Adjusted EBITDA margin and cash generation.

Building our acquisition flywheel and implementing our business systems are our twin growth engines that will help to maximise Operating Cash Flow Per Share³ ("OCFPS") - a measure of how effectively we convert earnings into deployable cash, on a per-share basis.

Revenue

Revenue for FY25, including that from businesses acquired during the year, was approximately £18.3m (2024: £16.2m) representing an increase of 13% on the prior year.

Like-for-like organic revenue growth across our acquired business units was 5%, excluding Netl Systems. When including Netl Systems, the overall organic revenue declined by 7%, primarily due to a reduction in non-recurring revenue from that business.

Profitability

Group Operating EBITDA¹ is a measure of the profitability of our collective operating units. Whilst the Group experienced a decline in organic group revenue as highlighted above, we expect to deliver 22% organic growth in Operating EBITDA¹. Improving our Operating EBITDA margin to 26% (2024: 17%).

In addition, we expect to have added £1.1m of that Operating EBITDA through our acquisition activity. Therefore, we anticipate that our total Operating EBITDA will have increased by 71% to £4.8m (2024: £2.8m).

Adjusted EBITDA is expected to have increased by approximately 88% to £3.2m (2024: £1.7m) after central administration costs of £1.6m, resulting in an improved Adjusted EBITDA margin of 17% (2024: 10%) meeting our aim to exceed 15%.

Outlook

Given the three acquisitions made during the Financial Year, Bethebrand, LinkMaker and most recently, Total Drive, today we are a group of nine software businesses, employing 160 talented people across five revenue segments, with annualised run-rate revenues of just over £20m and a run-rate Adjusted EBITDA margin expected at approximately 20%.

We've said that maximising OCFPS in the long term is the number one financial priority for us. We expect this measure for FY25 to be 0.5p (2024: 0.6p), an inevitable reduction following the equity capital raise in September 2023. The Group has a current cash balance of approximately £8.2m and an available debt facility of £10m. Our M&A pipeline remains healthy.

As we continue to reinvest this capital into further cash generative acquisitions, while improving operating performance, OCFPS should continue to compound in the years to come. We believe it's the clearest long-term indicator of shareholder value creation.

The Company intends to release its detailed full year results for the period ended 31 March 2025 during July.

1. Operating EBITDA = Earnings before interest, tax, depreciation and amortisation (EBITDA) before impairments, share option charges, exceptional costs, acquisition related costs, central administration costs and the capitalisation of qualifying development costs
2. Adjusted EBITDA = Operating EBITDA less central administration costs
3. Operating Cash Flow Per Share = Cash flow from operating and other investing activities divided by the weighted average number of shares in issue

For further information:

Software Circle plc
Gavin Cockerill (CEO)

via investors@softwarecircle.com

Allenby Capital Limited (Nominated Adviser and broker) 0203 328 5656
David Hart / Piers Shimmwell (Corporate Finance)
Stefano Aquilino / Joscelin Pinnington (Sales and Corporate Broking)

Notes to editors:

Software Circle plc is a UK based acquirer of vertical market software ("VMS") businesses. Our aim is to help founders in the UK and Ireland 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.

At the heart of our business lies a disciplined and long-term strategy: to acquire VMS businesses at appropriate valuations, support their organic growth over time, and reinvest the free cash flow they generate into further value-accretive opportunities.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTSEFEFAEISED