The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation. With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

24 July 2024

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

Preliminary Results for the year ended 31 March 2024

Software Circle plc (AIM: SFT) announces its full year audited results for the year ended 31 March 2024.

Financial highlights

	2024	**2023**
Revenue	£16.2m	£12.5m
Operating EBITDA*	£2.8m	£1.3m
aEBITDA*	£1.7m	£0.4m
Total comprehensive loss	£(2.4)m	£(1.6)m
EPS	(0.9)p	(1.4)p
Cash generated from operating activities	£2.6m	£0.3m
Cash and cash equivalents	£15.4m	£2.0m
Operating cash flow per share*	0.6p	(0.1)p
Net cash / (debt)	£6.9m	£(16.7)m

*Alternative performance measures defined in note 17

Strategic highlights

- Change of name to Software Circle plc
- Raised £23.1m net of issue costs through issuance of additional equity
- Acquisition of Arc Technology Limited
- Agreed to sale of the printing.com domain for £1.8m
- Combined organic revenue growth in acquired companies of 7%
- £5.1m of revenue growth added through acquisition
- Increased earnings in acquired companies of 20%
- Increased Recurring Revenues from 35% to 57% of Total Sales

For further information:

Software Circle plc	
Gavin Cockerill (CEO)	07968 510 662
Allenby Capital Limited (Nominated Adviser and broker)	0203 328 5656
David Hart / Piers Shimwell (Corporate Finance)	
Stefano Aquilino / Joscelin Pinnington (Sales and Corporate Broking)	

Chairman’s Statement

This will be my last Chairman’s statement as I will retire from the board at this year’s AGM.

A lot of time has passed since I became Chairman and the business has changed tremendously. I will try to self-assess the board’s work over the last few years later.

But let’s start with the scorecard of the 2023/24 financial year:

Operational Performance
In the last financial year, our revenue from continuing operations increased by 38% to **£16.2m** *(2023: £11.7m)* driven by a full year contribution from our acquisitions during the prior year.

This year we have introduced some Alternative Performance Measures (APMs) that we feel better reflect the performance of the Group. These are defined and explained in note 17. Operating EBITDA increased to **£2.8m** *(2023: £1.3m).* As a result of higher amortisation charges and one time impairments, our total comprehensive loss for the year increased to **£2.4m** versus £1.6m last year.

We finished the financial year with cash of **£15.4m** *(2023: £2.0m)* and net cash of **£6.9m** *(2023: net debt £16.7m)*. We raised **£23.1m** through the issuance of additional equity and invested **£4.1m**, net of cash, on the acquisition of software companies. This included one new acquisition during the year, Arc Technology Limited, and deferred consideration related to the prior year's acquisitions.

In the Chief Executive's Statement and Financial Review, we are going to provide some additional colour on the underlying revenues and profits of the Group.

People at Software Circle
A unique (and not obvious) part of the Software Circle transformation has been influenced by Matthias Riechert - first as an engaged shareholder, later as a non-executive board member. Matthias has brought us great insights from other serial acquirers about what works and what doesn’t. I’ve got to know him as a strong voice to always focus on first principles. That has been a healthy and important voice in this transformation.

The last eight years

When I first addressed you as Chairman in the 2017 annual report, I set out three areas where a non-executive board member can add value to a company.

It’s a good time to self-evaluate how the non-executive board performed during my tenure:

1. On “Finding the right governance structure”:

Any successful transformation in a public company setting needs an aligned board willing to make hard decisions. Over the last eight years our NED team did not fear making hard and drastic changes to the business. I think that has served us well. However, we clearly need to evolve our governance structure. Software Circle is a dramatically different business from eight years ago both in terms of scope (software versus print!) and size (market cap up from £5m to £70m!). In addition, our future board needs to be much more reflective of our operating businesses. We need more software knowledge, we need more serial acquisition knowledge, we need much more diverse backgrounds and experiences. In my NED leadership, I think I emphasised speed and effectiveness over the best long-term structures. Maybe that’s what a transformation needs. *However, as Chairman, I should have tackled the evolution of our NED composition much earlier and now leave quite a bit of work for whoever succeeds me.*

2. On “Setting incentives right”:

Right incentives need the right strategy. The first strategic iteration to acquire signage businesses proved to be a failure. While testing and trying are important virtues of entrepreneurialism, the non-executive board – under my leadership – was too slow to correct course. That caused us a significant delay in pivoting. We did eventually pivot and arrived at the current strategy. It was clear from the beginning that the new strategy also needed new incentives for the executive team. I strongly believe that we have built a sufficiently simple remuneration scheme that is fully aligned with shareholder value creation over long periods of time. Please take a look at the remuneration report for more detail. *On balance, we achieved what needed to be achieved*.

3. On “Driving capital allocation”:

Capital allocation needs to take place in the context of a strategy. With the new focus on acquiring software companies, we have unlocked an allocation opportunity that may be very substantial. Many software companies in the UK and Ireland are looking for a new home. Maybe to get a partner for the next phase of growth. Maybe to find a solution for succession of leadership. We believe that Software Circle can run a large group of these businesses in a responsible manner and thus create a stable and nicely growing public company. The math of this strategy suggests that we can deploy substantial amounts of equity and debt at attractive valuation, driving high earnings per share accretion. We can see early evidence of this value creation in this year’s financial performance. I’m convinced that the coming years will show an increasingly bright future. *While it took us a bit longer than I hoped for, we have finally found an allocation opportunity we are very excited about.*

Outlook and Future Board Composition

I’m really pleased that the Group’s strategy is set and the management team has perfect clarity on what needs to happen. Gavin does a great job in the CEO statement to walk you through which “gates” Software Circle had to move through and which gates are ahead. To me, it’s very clear that Software Circle will become one of the great success cases of publicly traded serial acquirers.

What makes me so sure about Software Circle is our executive team. The transformation of the recent years was only possible because of Gavin, Iain, Richard and Roman. I have no doubt that they will continue to deliver and I cannot be more proud of what they have achieved.

With the ending of my tenure the non-executive board composition will change. To that end, we have been running a structured process over recent months and will announce results soon. What I can share at this point is that I’m excited for Software Circle and the calibre of talent we will be able to attract as NEDs. More soon.

I’m really looking forward to our AGM which will take place in September 2024. I hope to see you there.

This will be my last AGM as chairman. Tough reality for a fish and chips connoisseur! To that end, I’m looking forward to attending many more AGMs representing Chapters Group as the anchor shareholder of Software Circle.

Thank you very much for your trust over the last eight years.

Jan-Hendrik Mohr
Chairman

Chief Executive's Statement

Dear Shareholders,

Last year I noted that our newly expanded portfolio of companies represented a change in our operational approach and fundamentally altered the way we understand our identity and report our performance. This year, that has become even more evident. Since then, we've brought new acquisitions into the Group and driven organic growth as we worked with some of our business units over a full year for the first time. You'll see new measures and metrics that better assess our progress as a business. We've said farewell to an 'old friend' with the sale of the printing.com domain and we've changed our name to better reflect who we are today. Suffice to say, our first year as Software Circle plc has been an eventful one.

It has been a year of further progress, despite having to navigate through some headwinds with our discontinued operations. More on that later. Whilst we are still in the very early stages of our aim to become a serial acquirer of vertical market software ("VMS") companies, we have moved through another gate in our journey and we are cautiously optimistic about the future.

We'd like to welcome our new teams and businesses that have joined the Group and sincerely thank all of our teams for their hard work and dedication. We would not have progressed as we have without them and the journey would no doubt be a lot less fun. As we scale our business, attracting the same kind of talented people and businesses with a culture that fits, is of utmost importance to us.

Our story so far

We view our journey in stages. Each 'gate' a milestone to be achieved in the winding path of an uphill climb. In FY22, we set about pivoting our business, separating and divesting of our production operation, to focus on and invest in building the structure required to become a serial acquirer of VMS businesses. Setting our guardrails and getting the right talent in the right seats. Moving us through Gate 1.

In FY23, the next step in the transformation was to ramp up our acquisition activity. Building a well developed deal process and acquisition 'flywheel' which resulted in a healthy pipeline of deal flow and four new acquisitions funded through the issue of £11.2m of bonds at nominal value with a cash value of £9.5m before expenses. Taking us through Gate 2.

In FY24, the focus was two fold. Firstly, to deliver organic growth in the operating units we've acquired that would be contributing in full for the year in order to achieve an adjusted EBITDA target of 10-15% of sales. Secondly, to raise equity that would allow us to repeat our progress and provide the Group capital to enable the acquisition of the next crop of VMS businesses with the right profile, at the appropriate multiples of adjusted EBITDA. Our current point, Gate 3.

Having added Arc Technology Limited ("Arc") in February 2024, the first within our Ed Tech segment, and our most recent acquisition Be The Brand Experience Limited ("Bethebrand") which completed in May 2024, we've now begun to deploy the capital we raised in September 2023.

Arc, an education technology platform operating in the UK and Ireland, was acquired for a consideration of £1.4m plus an earnout of up to £0.6m. Arc provide software services for academic institutions offering a powerful, fully-integrated administrative software suite, allowing students, tutors and departmental staff to become empowered users of academic and institutional information.

The core platform enables university placement teams to centrally administer student placements, providing information about practice environments in which students undertake practice-based learning.

Ned Bishay founded the business in 1990. Thankfully, a year of number 1 tracks like NKOTB's 'Hangin' Tough' and 'Vanilla Ice's 'Ice Ice Baby' did not prove too distracting for him. Ned remains with the business. Further information on the acquisition of Arc is available in note 14.

Bethebrand, a marketing compliance and digital asset management platform, was acquired for a consideration of £3.5m. The second within our Professional Services segment focussed on financial services. Bethebrand'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. Adam Hainsworth, Managing Director, will remain with the business for 12 months to oversee the transition. The other shareholders, Guy Hainsworth and Jes Ongley, will remain, continuing to lead the team of thirteen staff.

Today, Software Circle is home to a stable of seven software business units. Four of those businesses were acquired during the latter stages of the previous financial year and have fully contributed to FY24. The impact of Arc was minimal having only been acquired during February 2024. BetheBrand was acquired in May 2024 and will therefore contribute to FY25.

Our Current Portfolio:

Operating Unit	Segment	Acquired	Group Sales FY24	Group Sales FY23
Nettl Systems	Graphics & Ecommerce	n/a	£8.4m	£9.5m
Vertical Plus	Graphics & Ecommerce	01/10/22	£2.1m	£1.0m
Watermark	Professional Services	07/12/22	£1.4m	£0.4m
CareDocs	Health & Social Care	18/01/23	£2.6m	£0.6m
TopFloor	Property	17/02/23	£1.6m	£0.2m
Arc Technology	Education	21/02/24	£0.1m	-
Bethebrand	Professional Services	30/05/24	-	-
		Total	**£16.2m**	**£11.7m**

**Group Sales refers to the contribution to the Group from the point of acquisition*

With four of our acquisitions contributing in full, we've grown again this year, ending the full year with sales from continuing operations of **£16.2m** *(2023: £11.7m)*. An increase of **£4.5m.** We have achieved a collective topline organic growth of 7% across the four acquired business units, excluding Arc. However, the decline in the Nettl Systems business, part of our Graphics & Ecommerce revenue segment, meant an overall decline in like for like sales of 4% when we compare a full 12 months for FY23 and FY24.

Like for Like Organic Growth:

*Unaudited management accounts

OpCo	Segment	Sales FY24	Sales FY23	Growth	% Growth
Nettl Systems	Graphics & Ecommerce	£8.4m	£9.5m	-£1.1m	-12%
Vertical Plus	Graphics & Ecommerce	£2.1m	£1.9m*	£0.2m	11%
Watermark	Professional Services	£1.4m	£1.3m*	£0.1m	8%
CareDocs	Healthcare	£2.6m	£2.6m*	£0.0m	0%
TopFloor	Property	£1.6m	£1.4m*	£0.2m	14%
Acquisitions		**£7.7m**	**£7.2m**	**£0.5m**	**7%**
Group Total		**16.1m**	**16.7m**	**-£0.6m**	**-4%**

The decrease of £1.1m in our Nettl Systems business dented our topline run rate expectation for the year. The downturn was driven by the impact of Works Manchester Limited (“WML”) going into administration - our discontinued operation divested of in May 2022 to Rymack Sign Solutions Limited (“Rymack”), becoming Nettl’s largest supplier of printed products sold through the software platform. This along with the wider macro-economic environment remaining uncertain throughout, impacted revenues, in the main, associated with non recurring product sales. Some additional bad debt provisions, as prior year receivables remained unpaid, further impacted Nettl’s profitability for the financial year.

Although the mess from the WML administration created short term challenges for our Nettl business, those challenges have been largely overcome. Its performance this year does not reflect the underlying strength of the Nettl Systems business and our expectations for it in the upcoming year.

The impact is short term, but nonetheless, significant for the year. We reported in the Company's interim results on 27 November 2023 that, due to our reduced confidence of receiving payment of any deferred consideration from Rymack in relation to the sale of WML, the carrying value of the total receivable of £2.8m due under the sale and purchase agreement had been reduced by a further £1.4m to £0.4m.

As announced in our update of 2 April 2024, WML’s administration meant that the remaining deferred consideration was written down which, together with outstanding charges due from WML and net of trading balances due to Rymack’s group that the Company has set off, resulted in a further charge of £0.2m.

In addition to this, as a consequence of WML’s administrator vacating the hub in Trafford Park, the Company, as a guarantor of the lease, became liable for unpaid rent arrears, ongoing rent for the remainder of the lease term and dilapidations. The Company agreed a full and final settlement of this liability with the landlord for £0.6m. This was paid during April 2024 and is included as a liability in the FY24 financial statements.

The above, combined with some additional costs on liquidating our operating entity in France, means exceptional items for FY24 total **£2.4m**.

This has not shifted our focus away from driving forward with the strategy to become a serial acquirer of vertical market software businesses. Neither should it mask the underlying strength and improvements in our continuing operations.

The decision to complete the sale of the printing.com domain, also announced in April 2024, reflects the changed nature of the business and our approach to capital allocation. The £1.8m consideration will be recognised in the upcoming financial year ending 31 March

2025 and therefore is not included in the **£15.4m** of Cash and Cash Equivalents listed in the Consolidated and Company statement of financial position. Net cash for the year ended 31 March 2024 is **£6.9m** *(2023: Net Debt of £16.7m)*

Two key measures of progress for the Group are: Operating EBITDA, a measure of the cash generative profitability of our portfolio and Adjusted EBITDA ("aEBITDA"), a measure of how efficiently the Group manages that portfolio to generate free cash flow.

Operating EBITDA being the EBITDA of operating units before central costs, exceptional items, excluding impact of R&D capitalisation. By that measure, our operating businesses have collectively generated a positive Operating EBITDA of **£2.8m** *(2023: £1.3m)* a 17% EBITDA margin at operating level. Our four acquisitions contributing in full for FY24 collectively generated an Operating EBITDA margin of 33%, reflecting the changing profile of the business.

Group central costs are £1.1m *(2023: £0.9m)*, excluding the associated non-recurring deal costs and one-off bonuses involved in the acquisitions to date of £0.3m *(2023: £0.4m)*. Central costs are currently 7% of Sales, we expect this percentage to decline as we scale.

Adjusted EBITDA, being Operating EBITDA less central costs, of **£1.7m** is a 10% margin of sales before exceptional items and the improvement effect of R&D capitalisation. This is within the range of our stated Adjusted EBITDA aim at 'Gate 3'.

During the year, we've added £5.1m of revenue growth through acquisition. We intend to continue this trend utilising the funds raised through the equity issuance as announced on 15 September 2023. As we seek to deploy this capital, we remain focussed on quality, irrespective of pace. We're continually reaching out to and evaluating VMS business targets, as owners look to retire, succession plan or be part of something bigger. We find potential acquisitions through our outreach program, engaging with niche, business-to-business, and mission-critical platforms.

We look for VMS businesses where the majority of revenues are recurring in nature and logo churn is low. The sustainability of our strategy is underpinned by the recurring revenue model. This approach allows for a more reliable revenue stream, promoting long-term stability.

The Group's recurring revenues for the year increased to **£9.2m** *(2023: £4.1m).* 57% of total sales are now recurring compared with 35% in the prior year. 91% of sales are recurring for the five acquisitions that form part of the Group for the financial year ending 31 March 2024.

The increase in recurring revenues associated with Licences and Subscriptions in turn drives an increase in gross margin. The profile of newly acquired VMS businesses within our portfolio would typically have gross margins above 80%. Improving the Group's gross margin to 63% *(2023: 49%).* As we add more VMS businesses to the Group we expect that trend to continue.

Whilst we use several metrics to help improve and measure success within our portfolio, measuring year-on-year Revenue Growth % + EBITDA % is a useful barometer. By that measure, our portfolio of acquired business units contributing in full for the year are collectively at 40%. That's a good starting point. A quality score or key performance marker indicating a healthy portfolio.

In addition to the organic growth driven across the Group, by benchmarking key performance metrics, providing focus, structure and know-how around operational best practice, we have also increased the earning power of our operating units. When we compare the Operating EBITDA achieved versus the expectations at valuation, the best comparison for year 1, we've improved earnings by 20%. An increase of £0.4m.

This has improved our Return on Capital Deployed ("ROCD") from what we had originally expected. This is a measure of the total cash deployed to date, including related expenses versus the Operating EBITDA in the year. For the four acquisitions contributing in full for the year, ROCD at an operating level for FY24 is 24%. These improvements have also carried through to our Operating Cash Flow (from operations and other investing activities) Per Share, up by 0.7p to 0.6p. Maximising this measure in the long term is the number one financial priority for us.

The next gate

Having reached our aims at 'Gate 3', our focus for the upcoming year is to continue our search for businesses that match our criteria. Utilising the funds raised through equity to acquire VMS businesses. Deploying capital, driving organic growth, improving Earnings Per Share and long term value for our Shareholders.

We intend to deploy the remaining capital, without going below our set 'hard deck' of available cash requirements. By then, assuming a similar profile of businesses coming into the Group, we'd expect annualised sales to reach approximately £25m with an aEBITDA run rate goal of 15-20% of sales. We'll have reached 'Gate 4' at this point. We have the capital to deploy and our pipeline remains healthy enough to enable the achievement of this goal. 'Gate 4' is unlocked and in sight.

Looking beyond that, reaching the next gate will require the Group to establish appropriate debt facilities to invest alongside equity raised in a prudent mix, maximising Earnings Per Share and minimising the Cost of Capital. 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 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.

Current trading and outlook

Our new financial year began in April, and I'm pleased to report that trading continues to align with our internal forecasts. The performance of our newly acquired business units has been particularly encouraging, meeting our expectations and reinforcing the strength of our strategic direction. With the organic growth we've driven and acquisitions we've added to the Group, including Arc and the most recent Bethebrand, on a run-rate basis, annualised sales would be approximately **£18m**. We're therefore cautiously optimistic about the upcoming year. With a full year's trade from our newly acquired businesses, excluding the one-time transaction of £1.8m for the sale of the printing.com domain announced in April 2024, our goal of achieving an aEBITDA at 12-15% of sales, remains a realistic target.

As we look ahead, our strategy remains focused on identifying and acquiring businesses that align with our criteria. The remaining capital from our latest fundraise will be strategically deployed to further strengthen our portfolio and drive sustainable growth. We are committed to maintaining our disciplined approach to acquisitions, ensuring that each addition enhances our overall value proposition and supports our long-term objectives.

In closing, I would like to extend my sincere gratitude for your continued support. Your confidence in our vision and strategy has been instrumental in our progress. I look forward to providing further updates and meeting you in person at our Annual General Meeting in September. Thank you once again for your commitment to our journey.

Gavin Cockerill
Chief Executive Officer

Multi-year review of financial performance

SUMMARY INCOME STATEMENT £000	**2024**	**2023**	**2022**
Recurring revenue	9,210	4,104	2,135
Non-recurring revenue	6,955	7,573	6,781
Total Revenue	**16,165**	**11,677**	**8,916**
Operating EBITDA	**2,784**	**1,315**	**217**
Central costs	(1,133)	(947)	(576)
aEBITDA	**1,651**	**368**	**(359)**
Acquisition costs	(347)	(353)	-
Development costs capitalised	1,133	390	525
Depreciation and amortisation	(3,551)	(1,556)	(944)
Impairments and exceptionals	(2,111)	(805)	-
Operating loss	**(3,225)**	**(1,956)**	**(778)**
Net finance costs	(256)	(695)	(340)
Tax	1,111	1,243	559
Net loss from continuing operations	**(2,370)**	**(1,408)**	**(559)**
Net loss from discontinued operations	-	(203)	(1,277)
Net loss	**(2,370)**	**(1,611)**	**(1,836)**

SUMMARY STATEMENT OF FINANCIAL POSITION £000	**2024**	**2023**	**2022**
Property, plant and equipment	1,242	1,384	1,077
Intangible fixed assets	15,302	16,266	1,391
Other assets	2,451	3,976	4,297
Cash and cash equivalents	15,391	1,994	1,462
Total assets	**34,386**	**23,620**	**8,227**
Equity	21,681	928	2,488
Interest-bearing liabilities	8,495	18,716	4,150
Non-interest-bearing liabilities	4,210	3,976	1,589
Equity and liabilities	**34,386**	**23,620**	**8,227**

SUMMARY STATEMENT OF CASH FLOWS £000	**2024**	**2023**	**2022**
Loss for the year from continuing operations	(2,370)	(1,408)	(559)
Adjustments for non-cash items	4,386	1,936	732
Operating cash flow before changes in working capital	**2,016**	**528**	**173**
Cash flow from changes in working capital	283	(396)	100
Cash flow from interest and taxes	328	72	-
Cash flow from operating activities	**2,627**	**204**	**273**
Cash flows from other investing activities	(1,178)	(349)	(572)
Cash flow from operating and other investing activities	**1,449**	**(145)**	**(299)**
Capital deployed acquiring subsidiaries	(4,100)	(8,367)	-
Cash flows from financing activities	16,050	9,035	(378)
Cash flow for the year from continuing operations	**13,399**	**523**	**(677)**
FX on cash	(2)	-	-
Cash flow on discontinued operations	-	9	(472)
Cash movement for the year	**13,397**	**532**	**(1,149)**

REVENUE ANALYSIS £000	**2024**	**2023**	**2022**
Opening	11,677	8,916	6,944
Acquisition growth	5,144	2,145	-
Organic growth	(661)	616	1,972
Closing	**16,165**	**11,677**	**8,916**

CAPITAL DEPLOYED £000	**2024**	**2023**	**2022**
Opening	11,046	2,326	2,326
Capital deployed on new acquisitions	4,100	8,367	-
Acquisition related costs	347	353	-
Closing	**15,493**	**11,046**	**2,326**

KEY FINANCIAL PERFORMANCE INDICATORS (CONTINUING OPERATIONS)	**2024**	**2023**	**2022**
Change in revenue, %	38.4	31.0	28.4
Change in recurring revenue, %	124.4	92.2	2.8
Organic revenue growth rate, %	(4.5)	5.6	28.4
Run-rate ARR, £000	10,116	9,132	2,364
Operating EBITDA margin, %	17.2	10.8	2.4
Operating return on capital deployed, %	21.0	18.9	9.3
aEBITDA margin, %	10.2	2.7	(4.0)
Return on capital deployed, %	12.4	4.7	(15.4)
Net debt / equity ratio, times	(0.3)	18.0	1.1
Interest cover ratio, times	6.4	0.5	(1.1)
Earnings per share, pence	(0.9)	(1.2)	(0.5)
Operating cash flow per share, pence	0.6	(0.1)	(0.3)
Closing share price, pence	15.3	9.3	5.4

Financial Review

Alternative performance measures (APMs)
The Group has adopted alternative performance measures ("APMs") in order to provide readers of the accounts with a clearer picture of the Group's actual trading performance and future prospects. These are defined in note 17.

Year in overview
In the previous year's annual report, we stated that on a run-rate basis annualised revenue would be approximately £17m and our stated goal of reaching 10%-15% EBITDA was a realistic target for the upcoming year.

The acquired business in FY 2023 have delivered as expected, however the Group did not reach the stated £17m with the Nettl business suffering a difficult year. Its main supplier of products, Works Manchester Limited ("WML"), sold by Software Circle in May 2022 to the PFI Group at the inception of our strategy pivot, struggled for cash flow and profitability as prices of inputs continued to rise. These issues ultimately resulted in the wider PFI Group going into administration, impacting sales within Nettl whilst we integrated replacement suppliers.

Profitability levels have been impacted by related impairments and exceptional costs. Despite this, the Group achieved an aEBITDA of **£1.7m**, within our stated range.

Revenue
Group revenue for the year was **£16.2m**, *(2023 from continuing operations: £11.7m)*, an increase of 38%. The impact of acquisitions has resulted in growth of £5.1m *(2023: £2.2m)*. Excluding our Nettl division, the Group has experienced organic growth of 7%. Nettl has been impacted by the administration of its major product supplier and wider macro-economic uncertainty, resulting in a revenue decline of £1.1m. As a result, like for like revenue as a whole fell by 4%.

The proportion of recurring revenue increased to **57%** *(2023: 35%)* reflecting the recurring nature of the businesses brought into the Group through acquisition.

Profitability
The operating loss for the year was **£3.2m** *(2023: £2.0m)*. This is due to two main factors. One is the impact of non-recurring impairments and exceptional items. The other is the increased amortisation of intangible assets created on the acquisition of software businesses. To provide a true reflection on the Group's profitability, we review the following APMs.

Operating EBITDA rose to **£2.8m** *(2023: £1.3m)*, a margin of **17%** *(2023: 11%)* due to a full year of contribution by businesses acquired in the previous year which operate at a higher level of profitability.

aEBITDA has risen to **£1.7m** *(2023: £0.4m)*, a margin of **10%** *(2023: 3%)*. Whilst operating EBITDA has increased by 112% year on year, the central Software Circle overhead has increased by only 20%.

Development costs have increased to **£1.1m** *(2023: £0.4m)* due to the increased number of operating units. We continue to invest in each of our operating platforms, whether that has been modernising the user experience, modularising features or the continued development of web-first platforms.

Depreciation and amortisation charges have increased to **£3.6m** *(2023: £1.6m)* with a full year of charge against customer and technology related assets acquired in FY 2023.

Impairments and exceptional costs have increased to **£2.1m** *(2023: £0.8m),* £1.4m *(2023: £0.8m)* of which is a further impairment charge recognised against consideration due in respect of the May 2022 sale of WML to Rymack Sign Solutions following the administration of both of those businesses. In addition, exceptional charges have arisen totalling £1.0m in relation to lease guarantees in connection with the WML disposal and other costs incurred due to the liquidation of our operating entity in France. A fair value credit of £0.3m (2023: nil) has been recognised in respect of contingent consideration following a reduction in the likelihood of post-acquisition performance targets being met.

Finance costs

Net finance costs have reduced to **£0.3m** *(2023: £0.7m)*. Of the opening £14.2m nominal value of bonds, £7.5m were settled during the year. Net of value adjustments on settlement, cost in relation to bonds fell to £0.3m *(2023: £0.6m)*. Interest on deferred consideration rose to £0.2m *(2023: £0.1m)*. Following the equity raise in September 2023, surplus funds have been held in a 30-day notice account, resulting in an increase in interest income to £0.4m *(2023: £0.1m)*. With improved profitability and reducing interest costs, the interest cover ratio has improved to 6.4 *(2023: 0.5)*.

Taxation

The Tax credit is £1.1m *(2023: £1.4m)* as the Group recognises further tax losses and releases deferred tax liabilities in line with the amortisation of intangible assets.

Assets

Total assets have risen to **£34.4m** *(2023: £23.6m)* with the Group holding significant cash reserves following the equity raise in September 2023. We expect to deploy these reserves on acquisitions that meet our criteria in the near future.

Equity

In September 2023, we raised £23.1m of additional equity after costs to recapitalise our statement of financial position and provide the funding for future acquisitions. The heavy burden of amortisation of intangibles arising as part of the acquisition process, plus the impairments and exceptionals items in the year, have led to a net loss of **£2.4m** *(2023: £1.6m)* and a resulting earnings per share for the year of **-0.9p** *(2023: -1.4p)*.

Interest-bearing liabilities

Following the issuance of equity, the Group repurchased and subsequently cancelled £7.2m of bonds at 87% of their nominal value. The impact has been a reduction in interest bearing liabilities to **£8.5m** *(2023: £18.7m)*. Combined with the current cash balance, the net debt / equity ratio has fallen to **-0.3** *(2023: 18.0)*. The prior year was particularly high, and only made sense given the early stage of the strategy and the intention to raise equity following the successful completion of our initial round of acquisitions. As capital is deployed in the coming year, this will return to being positive. Moving forward we intend to finance the continued acquisition growth whilst maintaining a healthy balance between debt and equity.

Return on capital deployed

The Group closely monitors the return it achieves on capital it has deployed on acquired software businesses. After central costs, this has risen to **12%** *(2023: 5%)*. In future years, we expect to see continued improvement in this measure by acquiring at sensible multiples, encouraging organic growth in those businesses acquired and minimising the incremental increase in central overheads.

Cash flow

Cash flow from operating and other investing activities was **£1.4m** *(2023: -£0.1m)*. We've chosen this non-standard measure as these *other investing activities* primarily reflect capitalised development costs and the purchase of physical assets, such as computer hardware. We consider these to be essential and annual expenditure of a software group, not a discretionary spend. The improvement reflects the aEBITDA for the year, along with a working capital inflow, mainly due to improved supplier terms in the Nettl business, and interest received on deposits.

The company raised **£23.1m** net of issue costs through equity in September 2023 and immediately utilised **£6.5m** to repurchase bonds with a nominal value of £7.5m. Other loan repayment and interest costs in the year utilised cash of **£0.5m** *(2023: £0.5m)*. The total net cash inflow through financing activities was **£16.1m** *(2023: £9.0m)*.

Of these funds, **£4.1m** *(2023: £8.4m)* has been deployed in relation to the acquisition of VMS companies. £0.4m has been paid, net of cash acquired, for new companies joining the Group during the year, with a further £3.7m of deferred consideration paid in respect of prior year acquisitions.

Closing cash rose to **£15.4m** *(2023: £2.0m)*. We continue to look for additional VMS business acquisition opportunities, and have already deployed an additional £2.8m for the initial consideration of Be The Brand Experience Limited since the year end.

Other KPIs
Management monitors a number of KPIs, which underpin the performance of the Group and its operating businesses. The financial KPIs are shown within the multi-year review of financial performance.

There are also a number of non-financial KPIs which management monitors, that ultimately help drive the financial performance and organic growth of our operating businesses. We use these KPIs when assessing the suitability of acquisition targets as well as benchmarking post-acquisition performance. We track changes in monthly recurring revenues (MRR) in order to measure Logo Churn percentage - the rate at which a SaaS or subscription company is losing customers, on an ongoing basis. Although acquiring new customers is a core goal of any SaaS company, ensuring the retention of subscribing customers is just as important. We also measure a number of cost base categories as a percentage of Annual Recurring Revenues (ARR) where various ratios are derived to benchmark operational efficiencies.

Outlook
With the legacy issues of the past now behind us and additional businesses joining the Group, we expect further growth in revenue, profitability and cash generation from operating activities.

We see organic growth opportunities throughout the Group and with a strong pipeline of acquisition targets, expect to deploy the remaining available capital in the near future.

We've stated our intention to repurchase the remaining bonds in issue as we feel the time is now right for us to explore additional debt capacity. As we look to establish sensible and scalable financing for our future growth, prospective lenders, quite rightly, want the maximum level of security and seek to subordinate other debts. We are extremely grateful to our bondholders, who provided the financing that has enabled the Group's transformation over the past years. Even if the terms of the bonds allowed, seeking to subordinate them is simply not an option we would explore.

Treasury policies
Surplus funds are intended to support the Group's short-term working capital requirements and fund future acquisitions. These funds are invested through the use of short-term deposits and the policy is to maximise returns as well as provide the flexibility required to fund ongoing operations. The Board has developed a model to establish a fair value for the Company's shares and will only purchase shares when the offer price is materially below that value and funds are available. It is not the Group's policy to enter into financial derivatives for speculative or trading purposes.

Iain Brown
Chief Financial Officer

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2024	*Note*	**2024 £000**	2023 £000 Continuing operations	2023 £000 Discontinued operations	2023 £000 Total
Revenue	2	**16,165**	11,677	870	12,547
Direct costs		**(5,971)**	(5,927)	(235)	(6,162)
Gross profit		**10,194**	5,750	635	6,385
Staff costs		**(5,332)**	(3,471)	(417)	(3,888)
Doubtful debt expense		**(527)**	(68)	(10)	(78)
Other operating charges		**(2,870)**	(1,806)	(155)	(1,961)
Earnings before interest, tax, depreciation and amortisation		**1,465**	405	53	458
Depreciation and amortisation	6&7	**(3,551)**	(1,556)	-	(1,556)
Impairment of assets	15	**(1,440)**	(805)	-	(805)
Value adjustment of consideration payable	10	**301**	-	-	-
Operating loss		**(3,225)**	(1,956)	53	(1,903)
Financial income		**400**	135	-	135
Financial expenses		**(1,278)**	(830)	(21)	(851)
Value adjustment on bond settlement	10	**622**	-	-	-
Net financing expense		**(256)**	(695)	(21)	(716)
Loss before tax		**(3,481)**	(2,651)	32	(2,619)
Tax credit	3	**1,111**	1,243	-	1,243
Loss for the year		**(2,370)**	**(1,408)**	**32**	**(1,376)**
Other Comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Re-measurement to fair value on discontinued operations		-	-	(235)	(235)
Exchange differences on translation of foreign subsidiaries		(59)	51	-	51
Loss and total comprehensive income for the year		**(2,429)**	**(1,357)**	**(203)**	**(1,560)**
Loss per share attributable to the ordinary equity shareholders of Software Circle plc Basic and diluted[1], pence per share	4	**(0.92)p**	(1.23)p	(0.18)p	(1.41)p

(1) Earnings per share suffers no dilution as the Group has reported a net loss after tax

Consolidated statement of financial position

AT 31 MARCH 2024	Note	**Group 2024 £000**	Group 2023 £000
Non-current assets			
Property, plant and equipment	6	**1,242**	1,384
Intangible assets	7	**15,302**	16,266
Total non-current assets		**16,544**	17,650
Current assets			
Inventories		**33**	31
Trade and other receivables	8	**2,418**	2,247
Consideration receivable	15	**-**	1,698
Cash and cash equivalents		**15,391**	1,994
Total current assets		**17,842**	5,970
Total assets		**34,386**	23,620
Current liabilities			
Other interest-bearing loans and borrowings	10	**1,511**	3,879
Trade and other payables	9	**3,144**	2,003
Total current liabilities		**4,655**	5,882
Non-current liabilities			
Other interest-bearing loans and borrowings	10	**6,984**	14,837
Deferred tax liabilities	5	**1,066**	1,973
Total non-current liabilities		**8,050**	16,810
Total liabilities		**12,705**	22,692
Net assets		**21,681**	928
Equity attributable to equity holders of the parent			
Share capital	13	**3,901**	1,145
Merger reserve		**838**	838
Share premium		**28,255**	7,866
Share based payment reserve		**37**	88
Translation reserve		**58**	117
Retained earnings		**(11,408)**	(9,126)
Total equity		**21,681**	928

Consolidated statement changes in shareholders' equity

YEAR ENDED 31 MARCH 2024

	Share capital	Merger reserve	Share premium	Share based payment reserve	Translation reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022	1,145	838	7,866	88	66	(7,515)	2,488
Loss and total comprehensive income for the year from continuing operation	-	-	-	-	51	(1,408)	(1,357)
Loss and total comprehensive income for the year from discontinued operation	-	-	-	-	-	(203)	(203)
Total movement in equity	-	-	-	-	51	(1,611)	(1,560)
Balance at 31 March 2023	1,145	838	7,866	88	117	(9,126)	928
Loss and total comprehensive income for the year	-	-	-	-	(59)	(2,370)	(2,429)
Transfer of lapsed option reserve	-	-	-	(88)	-	88	-
Issue of Ordinary Shares	2,756	-	20,669	-	-	-	23,425
Costs associated with shares issued	-	-	(280)	-	-	-	(280)
Share option charge	-	-	-	37	-	-	37
Total movement in equity	2,756	-	20,389	(51)	(59)	(2,282)	20,753
Balance at 31 March 2024	3,901	838	28,255	37	58	(11,408)	21,681

Consolidated statement of cash flows

FOR YEAR ENDED 31 MARCH 2024	Note	**Group 2024 £000**	Group 2023 £000
Cash flows from operating activities			
Loss for the year		**(2,370)**	(1,408)
Adjustments for:			
Depreciation, amortisation and impairment		**3,551**	1,556
(Profit) / loss on disposal of plant and equipment		**(13)**	4
Share based payments		**37**	-
Financial income		**(400)**	(135)
Financial expense		**1,278**	830
Value adjustment on bond settlement		**(622)**	-
Bad debt expense		**527**	68
Foreign exchange loss		**-**	51
Tax income		**(1,111)**	(1,243)
Impairment of consideration receivable	15	**1,440**	805
Value adjustment on consideration payable		**(301)**	-
Operating cash flow before changes in working capital and provisions		**2,016**	528
Change in trade and other receivables		**(274)**	19
Change in inventories		**(2)**	(2)
Change in trade and other payables		**559**	(413)
Cash generated from operations		**2,299**	132
Interest received		**334**	5
Corporation tax paid		**(6)**	-
R&D tax income received		**-**	67
Net cash inflow from operating activities from continuing operations		**2,627**	204
Net cash inflow from operating activities from discontinued operations		**-**	104
Net cash inflow from operating activities		**2,627**	308
Cash flows from investing activities			
Acquisition of plant and equipment		**(70)**	(60)
Disposal of plant and equipment		**25**	1
Capitalised development expenditure	7	**(1,133)**	(390)
Proceeds from disposal of subsidiary		**-**	100
Acquisition of subsidiaries net of cash	14	**(444)**	(8,367)
Payment of deferred consideration		**(3,656)**	-
Net cash used in investing activities from continuing operations		**(5,278)**	(8,716)
Net cash used in investing activities from discontinued operations		**-**	-
Net cash used in investing activities		**(5,278)**	(8,716)
Cash flows from financing activities			
Proceeds from share issue		**23,425**	-
Costs associated with share issue		**(280)**	-
Proceeds from loans		**-**	9,520
Repayment of loans		**(6,894)**	(305)
Capital payment of lease liabilities		**(136)**	(117)
Interest payment of lease liabilities		**(65)**	(63)
Net cash generated from financing activities from continuing operations		**16,050**	9,035
Net cash used in financing activities from discontinued operations		**-**	(95)
Net cash generated from financing activities		**16,050**	8,940
Net increase in cash and cash equivalents from continuing operations		**13,399**	523

Net increase in cash and cash equivalent from discontinued operations	**-**	9
Foreign exchange movements	**(2)**	-
Cash and cash equivalents at start of year	**1,994**	1,462
Cash and cash equivalents at 31 March 2024	**15,391**	1,994

Notes to the financial statements

1. BASIS OF PREPARATION

GENERAL INFORMATION

Software Circle plc (the "Company") is a public limited company incorporated and domiciled in England and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The Company's registered office is C/O Gateley Legal, Ship Canal House, 98 King Street, Manchester, England, M2 4WU.

The financial information set out herein does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the year ended 31 March 2024 has been extracted from the Company's audited financial statements which were approved by the Board of Directors on 23 July 2024 and which, if adopted, will be delivered to the Registrar of Companies for England and Wales. Statutory accounts for the years ended 31 March 2024 and 31 March 2023 have been reported on by the auditor. Their report for the year ended 31 March 2024 (i) was unqualified; (ii) did not include a reference to any matters which the auditor drew attention by way of emphasis without qualifying their audit report and (iii) did not contain a statement under section 498(2) or 498 (3) of the Companies Act 2006. The information in this preliminary statement has been extracted from the audited financial statements for the year ended 31 March 2024 and as such does not contain all the information required to be disclosed in the financial statements prepared in accordance with UK adopted International Accounting Standards ('IAS').

The report of the audit for the year ended 31 March 2023 (i) was unqualified; (ii) included reference to the basis of preparation as a going concern to which the auditor drew attention by way of emphasis without qualifying their audit report and (iii) did not contain a statement under section 498(2) or 498 (3) of the Companies Act 2006.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis. This assessment considers the Company's cash reserves and the associated risks related to its ongoing operations and strategic initiatives.

As of the balance sheet date, the Company maintains a substantial cash balance, providing a strong liquidity position to support its business operations and strategic growth plans. The cash reserves are considered sufficient to meet the current operational requirements and short-term obligations of the Company.

The Company's primary strategic objective includes expansion through acquisitions, which involves inherent risks, particularly concerning deferred consideration payments. While the Company has a significant cash balance, the Directors recognise the following risks:

- Acquisition Volume and Payment Obligations: The risk of acquiring multiple companies in a short time frame could potentially strain the Company's liquidity if not managed prudently.
- Deferred Consideration Payments: The Company must ensure that it can meet deferred consideration payments as they fall due, without compromising its operational liquidity.

To mitigate these risks, the Directors have implemented the following measures:

- Due Diligence and Acquisition Strategy: Rigorous due diligence processes are in place to evaluate potential acquisition targets, ensuring that each acquisition aligns with the Company's strategic objectives and financial capacity.
- Cash Flow Forecasting and Management: Detailed cash flow forecasting is conducted regularly to project the timing and amounts of deferred consideration payments, ensuring that adequate cash reserves are maintained.
- Contingency Planning: Contingency plans are established to address any potential shortfalls in liquidity, including securing additional financing if necessary.

After considering the Company's strong cash position, the comprehensive risk management strategies in place, and the ability to adjust the pace of acquisitions if required, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

CAPITALISATION OF DEVELOPMENT COSTS

The Board considers that the Group's key differentiators stem from its proprietary software. It is essential to continue investing in these assets. Separate projects are defined for new initiatives as they are identified. Development costs are capitalised where a project has been defined, tested and expected to realise future economic benefits. Programming is carried out to a detailed specification and schedule. The Board exercises judgement in determining the costs to be capitalised and determine the useful economic life to be applied typically 3 years or whilst the asset in question remains in use.

FAIR VALUE ASSESSMENT OF A BUSINESS COMBINATION

Following an acquisition the Group makes an assessment of all assets and liabilities, inclusive of making judgements on the identification of specific intangible assets which are recognised separately from goodwill. Where future consideration is contingent on a performance obligation, judgement is required in assessing the likelihood of the obligation being achieved when determining its fair value at the time of acquisition. Acquired intangible assets include items such as the customer base and technology, to which a value is first attributed at the time of acquisition. The valuation is based upon future discounted cash flows and expectations for the business and requires a number of judgements to be made regarding future performance of an acquisition. For VMS businesses acquired in line with the Group's stated strategy, the expected useful lives of the customer base has been determined by reviewing the existing Logo churn at the time of acquisition whilst the Technology's expected useful life is estimated based on the expected requirement for ongoing development. See note 14.

IMPAIRMENT OF INTANGIBLE ASSETS AND INVESTMENT IN SUBSIDIARIES.

In assessing impairment, Management estimates the recoverable amount of cash generating units based on expected future cash flows and uses the weighted average cost of capital to discount them. At the end of each reporting period the Management reviews a five year forward looking financial projection including a terminal value for the Group. The Management has further evaluated the terminal growth expectations and the applied discount rate applicable to derive a Net Present Valuation (NPV) of the Group. If the NPV of the Group shows a lower valuation than the net assets or the Company cost of investment in subsidiaries plus intercompany balances due, an impairment will be made. Based on this evaluation, including management estimates and assumptions, no impairment was made during the reporting period. Estimation uncertainty relates to assumptions about future operating results in particular sales volumes and the determination of a suitable discount rate.

ESTIMATION OF THE EXPECTED CREDIT LOSSES ON TRADE AND INTERCOMPANY RECEIVABLES

In assessing the expected credit losses, in respect of the trade and intercompany receivables under IFRS 9, the Group considers the past performance of the receivable book along with future factors that may affect the credit worthiness of the receivables. Estimations have therefore been made within these assumptions which could affect the carrying value of the trade and intercompany receivables.

BEARER BONDS

The bearer bonds issued by the Company have no fixed maturity. In order to establish an effective interest rate, management is required to determine the expected life of the bonds and does this for each tranche of bond issued. The expected life of bond tranches issued to date ranges from 9 months to 20 years. In assessing the fair value of the embedded derivative relating to the exclusive one way call option, judgement is required in order to assess the likelihood of the business exercising this option.

2. REVENUE AND SEGMENTAL INFORMATION

Segmental reporting is prepared for the Group's operating segments based on the information which is presented to the Board, which reviews revenue and adjusted EBITDA by segment. The Group's costs, finance income, tax charges, non-current liabilities, net assets and capital expenditure are only reviewed by the Board at a consolidated level and therefore have not been allocated between segments in the analysis below.

ANALYSIS BY LOCATION OF SALES	UK & Ireland £000	Europe £000	Other £000	Total £000
Year ended 31 March 2024	**15,568**	**169**	**428**	**16,165**
Year ended 31 March 2023	11,845	284	418	12,547

Revenue generated outside the UK & Ireland is in Belgium, The Netherlands, France, New Zealand, South Africa and the USA.

No single customer provided the Group with over 2% of its revenue.

DISAGGREGATION OF REVENUE AND EBITDA

Year ended 31 March 2024	Graphics & Ecommerce £000	Professional & financial services £000	Health & social care £000	Property £000	Education £000	**Operating Total £000**	Central overhead £'000	**Total £000**
Licence and subscription revenue	3,687	1,266	2,584	1,545	128	**9,210**	-	**9,210**
Product and service revenue	6,763	146	42	4	-	**6,955**	-	**6,955**
Revenue	10,450	1,412	2,626	1,549	128	**16,165**	-	**16,165**
adjusted EBITDA	609	550	814	755	56	**2,784**	(1,133)	**1,651**
Development costs	688	287	82	76	-	**1,133**	-	**1,133**
Acquisition costs	-	-	-	-	-	**-**	(347)	**(347)**
Exceptional items	-	-	-	-	-	**-**	(972)	**(972)**
EBITDA	1,297	837	896	831	56	**3,917**	(2,452)	**1,465**

Exceptional items

In addition to the deferred consideration impairment resulting from the administration of Works Manchester Limited (WML) and Rymack Sign Solutions Limited (see note 15), outstanding charges due from WML, net of trading balances due to Rymack's group that the Company has set off, resulted in a further charge of £220,000. As a further consequence of WML's administrator vacating the hub in Trafford Park, the Company, as a guarantor of the lease, became liable for unpaid rent arrears, ongoing rent for the remainder of the lease term and dilapidations. The Company agreed a full and final settlement of this liability with the landlord and other lease providers for £632,000. This has been paid during April and May 2024 and is included as a liability in these financial statements. This, combined with some additional costs on liquidating our operating entity in France, has resulted in exceptional items for FY24 totalling £972,000.

Year ended 31 March 2023	Graphics & Ecommerce	Professional & financial services	Health & social care	Property	**Operating total**	Central overhead	Discontinued Operations	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£'000**	**£000**
Licence and subscription revenue	3,000	387	544	173	**4,104**	-	-	**4,104**
Product and service revenue	7,538	35	-	-	**7,573**	-	870	**8,443**
Revenue	10,538	422	544	173	**11,677**	-	870	**12,547**
Adjusted EBITDA	802	178	241	94	**1,315**	(947)	53	**421**
Development costs	390	-	-	-	**390**	-	-	**390**
Acquisition costs	-	-	-	-	**-**	(353)	-	**(353)**
EBITDA	1,192	178	241	94	**1,705**	(1,300)	53	**458**

Of the Group's non-current assets (excluding deferred tax) of £16,544,000 *(2023: £17,650,000)*, £12,279,000 *(2023: £12,907,000)* are located in the UK. Non-current assets located outside the UK are in Ireland £4,831,000 *(2023: £5,802,000)*.

3. TAXATION

Recognised in the income statement	**2024**	2023
	£000	£000
Current tax expense		
Current year	**-**	(93)
Adjustments for prior years	**(5)**	(18)
Overseas corporation tax charge	**70**	2
	65	(109)
Deferred tax expense		
Origination and reversal of temporary differences (see note 5)	**(519)**	(170)
Previously unrecognised deferred tax asset currently recognised (see note 5)	**(657)**	(972)
Effect of change in UK corporation tax rate	**-**	3
Adjustments in respect of prior periods	**-**	5
Total tax in income statement	**(1,111)**	(1,243)

RECONCILIATION OF EFFECTIVE TAX RATE

Factors affecting the tax charge for the current period:

The current tax charge for the period is lower *(2023: lower)* than the standard rate of corporation tax in the UK of 25% *(2023: 19%)*.

The differences are explained below:

	2024	2023
	£000	£000
Loss before tax	**(3,481)**	(2,619)
Tax using the UK corporation tax rate of 25% *(2023: 19%)*	**(870)**	(498)
Effects of:		
Other tax adjustments, reliefs and transfers	**(167)**	124
Adjustments in respect of prior periods – current tax	**(5)**	(90)
Adjustments in respect of prior periods – deferred tax	**-**	6
Deferred tax not recognised	**(52)**	216
Impact of tax in a foreign jurisdiction	**(17)**	-
Research and Development super deduction	**-**	(29)
Previously unrecognised deferred tax asset (see note 5)	**-**	(972)
Total tax credit	**(1,111)**	(1,243)

The Group tax debtor amounts to £232,000 *(2023 debtor: £155,000)*. The deferred tax liabilities as at 31 March 2024 have been calculated using the tax rate of 25% which was substantively enacted at the balance sheet date.

4. EARNINGS PER SHARE

The calculations of earnings per share are based on the following profits and numbers of shares:

	2024	2023
	£000	£000
Loss after taxation for the financial year from continuing operations	**(2,370)**	(1,408)
Loss after taxation for the financial year from discontinued operations	**-**	(203)
Total loss after taxation for the financial year	**(2,370)**	(1,611)
	Weighted average number of Shares	Weighted average number of Shares
For basic earnings per ordinary share	**256,844,295**	114,490,828
For diluted earnings per ordinary share	**256,844,295**	114,490,828
Basic and diluted loss per share	**(0.92)p**	(1.41)p
Basic and diluted loss per share from continuing operations	**(0.92)p**	(1.23)p
Basic and diluted loss per share from discontinued operations	**-**	(0.18)p

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The holders of deferred shares shall not be entitled to any participation in the profits or the assets of the Company and the deferred shares do not carry any voting rights.

As of 31 March 2024, the dilutive effect of share options would be 750,488 *(2023: nil)*. The calculation is based on the treasury method prescribed in IAS 33. This calculates the theoretical number of shares that could be purchased at the average market price in the period from the proceeds of exercised options. The difference between the number of shares under option and the theoretical number of shares that could be purchased from the proceeds of their exercise is deemed liable to be issued at nil value and represents the dilution.

As the Group has reported a net loss after tax, including the options would be anti-dilutive, therefore all outstanding options have no dilutive effect.

5. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities	**Assets 2024 £000**	Assets 2023 £000	**Liabilities 2024 £000**	Liabilities 2023 £000	**Total 2024 £000**	Total 2023 £000
Intangible assets	**-**	-	**(2,707)**	(2,957)	**(2,707)**	(2,957)
Trading losses	**1,641**	984	**-**	-	**1,641**	984
Tax asset/(liabilities)	**1,641**	984	**(2,707)**	(2,957)	**(1,066)**	(1,973)

Movement in deferred tax during the year.	**1 April 2023 £000**	**Recognised on acquisition of subsidiary £000**	**Recognised in income £000**	**Acquisition adjustment (note 10) £000**	**31 March 2024 £000**
Intangible assets	**(2,957)**	**(335)**	**582**	**66**	**(2,644)**
Property, plant and equipment timing differences	**-**	**-**	**(63)**	**-**	**(63)**
Trading losses	**984**	**-**	**657**	**-**	**1,641**
	(1,973)	**(335)**	**1,176**	**66**	**(1,066)**

Movement in deferred tax during the year.	1 April 2022 £000	Recognised on acquisition of subsidiary £000	Recognised in income £000	Removal of discontinued operation £000	31 March 2023 £000
Intangible assets	(318)	(3,107)	170	298	(2,957)
Trading losses	318	-	666	-	984
	-	(3,107)	836	298	(1,973)

The Group has recognised a deferred tax asset in respect of carried forward trading losses up to the value of the deferred tax liability, to the extent that there are available tax losses within the same UK tax group. The Group has unrecognised deferred tax assets in respect of carried forward losses of £nil (*2023: £nil*).

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £000	Plant and Equipment £000	Motor Vehicles £000	Fixtures and Fittings £000	Total £000
Cost					
Balance at 31 March 2022	1,840	355	91	824	3,110
Additions	-	60	-	-	60
Addition through subsidiary acquisition	186	254	40	7	487
Disposals	-	(18)	-	(5)	(23)
Balance at 31 March 2023	2,026	651	131	826	3,634
Additions	-	58	-	12	70
Addition through subsidiary acquisition	-	-	76	57	133
Disposals	(542)	(31)	(77)	(332)	(982)
Balance at 31 March 2024	**1,484**	**678**	**130**	**563**	**2,855**
Depreciation and impairment					
Balance at 31 March 2022	927	305	85	716	2,033
Depreciation charge for the year	127	36	5	67	235
Disposals	-	(14)	-	(4)	(18)
Balance at 31 March 2023	1,054	327	90	779	2,250
Depreciation charge for the year	141	89	13	90	333
Disposals	(541)	(28)	(71)	(330)	(970)
Balance at 31 March 2024	**654**	**388**	**32**	**539**	**1,613**
Net book value					
At 31 March 2022	913	50	6	108	1,077
At 31 March 2023	972	324	41	47	1,384
At 31 March 2024	**830**	**290**	**98**	**24**	**1,242**

Right-of-use assets are included within the same asset categories as they would have been if they were owned. As of 31 March 2024 the Group has right-of-use assets with a carrying value of £902,000 *(2023: £982,000)*. A table showing the net book value of right-of-use assets within property, plant and equipment at 31 March 2024 and 31 March 2023, split by category, is disclosed in note 11.

7. INTANGIBLE ASSETS

	Domains & brand £000	Software £000	Development costs £000	Customer Lists £000	Technology £000	Goodwill £000	Other £000	Total £000
Cost								
Balance at 31 March 2022	363	4,544	5,003	675	-	138	162	10,885
Additions – internally developed	-	-	390	-	-	-	-	390
Addition through subsidiary acquisition	-	-	-	4,517	10,792	497	-	15,806
Balance at 31 March 2023	363	4,544	5,393	5,192	10,792	635	162	27,081
Additions – internally developed	-	-	1,133	-	-	-	-	1,133
Addition through subsidiary acquisition (note 14)	-	-	-	547	785	319	-	1,651
Acquisition adjustment (note 10)	-	-	-	(265)	(265)	-	-	(530)
Disposals	-	-	-	-	-	-	(23)	(23)
Balance at 31 March 2024	**363**	**4,544**	**6,526**	**5,474**	**11,312**	**954**	**139**	**29,312**
Amortisation and impairment								
Balance at 31 March 2022	347	4,334	4,074	596	-	12	131	9,494
Amortisation for the year	1	149	439	149	583	-	-	1,321
Balance at 31 March 2023	348	4,483	4,513	745	583	12	131	10,815
Amortisation for the year	1	53	445	462	2,253	-	4	3,218
Disposals	-	-	-	-	-	-	(23)	(23)
Balance at 31 March 2024	**349**	**4,536**	**4,958**	**1,207**	**2,836**	**12**	**112**	**14,010**
Net book value								
At 31 March 2022	16	210	929	79	-	126	31	1,391
At 31 March 2023	15	61	880	4,447	10,209	623	31	16,266
At 31 March 2024	**14**	**8**	**1,568**	**4,267**	**8,476**	**942**	**27**	**15,302**

IMPAIRMENT TESTING

The Group's recognised goodwill amounts to £942,000 *(2023: £623,000)*. Goodwill and other intangible assets are assigned to Cash Generating Units ("CGUs"). Our primary consideration in defining CGUs is the distinctiveness of business operations and segmentation. Each CGU represents a major line of business or geographical area that generates cash inflows largely independent of other units. The Group has the following identified CGUs:

CGU	**Operating Segment**
Nettl Systems	Graphics & Ecommerce
Vertical Plus	Graphics & Ecommerce
Watermark	Professional & financial services
CareDocs	Health and Social care
Topfloor	Property
Arc Technology	Education

The recoverable amount of goodwill and intangible assets is determined from value in use calculations.

The Group prepares cash flow forecasts derived from budgets and five-year business plans. The sales growth relates to all key revenue streams of the business and have been determined based on the experience to date of operating these sales channels and ranges from 0% to 6%. Costs have been assumed to increase in line with an inflationary rate of 3%.

For the purposes of impairment testing inflationary growth of 0.5% is assumed beyond this period. A pre-tax discount factor of 12.18% *(2023: 8.59%)* was applied.

The Directors have considered the sensitivity of the key assumptions. Increasing the pre-tax discount factor to 15.0% would not result in an impairment charge against intangible assets. Should revenue growth be reduced to nil across all business units, and product revenue decline in the first year by 2.5%, no impairment would be recognised. As a result, the intangible assets are not considered to be impaired.

Amortisation and impairment charge
The amortisation charge of £3,218,000 *(2023: £1,321,000)* is recognised in profit or loss within depreciation and amortisation expenses. An impairment charge of nil *(2023: £nil)* was recognised during the year.

8. TRADE AND OTHER RECEIVABLES

At 31 March 2024 trade receivables are shown net of an impairment allowance of £660,000 *(2023: £1,153,000)*.

Trade and other receivables denominated in currencies other than sterling comprise £188,000 *(2023: £262,000)* of trade receivables.

	2024 £000	2023 £000
Trade receivables	**2,505**	2,799
Less provision for trade receivables	**(660)**	(1,153)
Trade receivables net	**1,845**	1,646
Total financial assets other than cash and cash equivalents classified at amortised cost	**1,845**	1,646
Corporation tax	**232**	155
Prepayments	**130**	110
Other receivables	**211**	336
Total Other receivables	**573**	601
Total trade and other receivables	**2,418**	2,247

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

	Under 6 months old £000	Over 6 months old £000	Total £000
Gross carrying amount	1,594	911	2,505
Loss provision	(76)	(584)	(660)
Net carrying amount	1,518	327	1,845

Trade and other receivables represent financial assets and are considered for impairment on an expected credit loss model. The Group continues to trade with the same customers and in the same marketplace and therefore the future expected credit losses have been considered in line with the past performance of the customers in the recovery of their receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting the Group's customers including the area of operations of those debtors and the market for the Group's products. The assessment of the expected credit risk for the year has not increased, when looking at the factors affecting the risk noted above. There are no trade receivables outside of credit terms without an impairment provision.

Movements in the impairment allowance for trade receivables are as follows:

Impairment

	As at 31 March 2024 £000	As at 31 March 2023 £000
Balance at 1 April	**1,153**	1,089
Receivable written off during the year as uncollectible	**(1,020)**	(83)
Provision arising on acquisition of subsidiaries	**-**	60
Increase in impairment allowance	**527**	87
Balance at 31 March	**660**	1,153

There is no material difference between the net book value and the fair values of trade and other receivables due to their short-term nature.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

9. TRADE AND OTHER PAYABLES

	2024 £000	2023 £000
Trade payables	**737**	700
Accruals	**383**	428
Other liabilities	**658**	689
Lease settlements	**632**	-
Total financial liabilities, excluding borrowings classified as financial liabilities measured at amortised cost	**2,410**	1,817
Deferred income	**734**	186
Total trade and other payables	**3,144**	2,003

Trade payables denominated in currencies other than Sterling comprise £168,000 *(2023: £87,000)* denominated in Euro.

As a consequence of former Group Subsidiary Works Manchester Limited's administrator vacating the hub in Trafford Park, the Company, as a guarantor of the lease, became liable for unpaid rent arrears, ongoing rent for the remainder of the lease term and dilapidations. The Company agreed a full and final settlement of this liability with the landlord and other lease providers for £632,000. This was paid during April and May 2024.

There is no material difference between the net book value and the fair values of current trade and other payables due to their short-term nature.

10. BORROWINGS

Current Liabilities	**2024**	2023
	£000	£000
Lease liabilities	**160**	120
Bearer bonds	**402**	-
Loans	**324**	279
Deferred consideration	**625**	3,480
	1,511	3,879

Non-Current Liabilities		
Lease liabilities	**847**	951
Loans	**26**	324
Bearer bonds	**5,697**	12,381
Deferred consideration	**414**	1,181
	6,984	14,837

In July 2020 the Company created a bond facility which could issue up to a maximum of £50,000,000 nominal value. Any bonds issued are interest-free within the first three years of the facilities existence and thereafter pay 6% of the nominal value, annually in arrears, until the Company exercises its call option. The bonds are initially measured at fair value, which is considered to be the transaction price. Subsequently the liability is measured at amortised cost based on the expected cash flows over the expected life of the instrument. On 26 September 2023 the Company repurchased Bearer Bonds with a nominal value of £7,500,000 for £6,525,000 plus accrued interest of £84,000. The carrying value at the date of repurchase was £7,231,000, resulting in a value adjustment on bond settlement of £622,000.

On 30 May 2024 the Company announced its intention to restructure its balance sheet and finance the redemption of the remaining bonds at their nominal value of £6,700,000. 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.

In August 2020 an additional term loan for £1,000,000, repayable over six years, was secured through the Coronavirus Business Interruption Loan Scheme at an effective annual interest rate of 8.6%. At 31 March 2024 the liability was £350,000 *(2023: £603,000)*.

Deferred consideration includes contingent consideration in respect of the acquisition of Vertical Plus Limited at nil value *(2023: £282,000)* due to the reduced likelihood of post acquisition performance targets being met. A Fair value credit of £301,000 *(2023: nil)* has been recognised in the Statement of comprehensive income.

Deferred consideration in respect of the acquisition of Topfloor Systems Limited recognised on acquisition included £463,000 with performance conditions tied to future employment. Having reviewed the requirements of IFRS 3 Business Combinations, this future consideration should be recognised within the statement of comprehensive income as it is incurred. The value of deferred consideration has been reduced accordingly, with corresponding adjustments made to the value of intangible assets and deferred tax in the Group financial statements, and investments in the Parent Company.

11. LEASES

Lessee Accounting

All leases where the Group is a lessee are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets
- Leases with a term of 12 months or less.

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RIGHT OF USE ASSETS	Land and buildings £000	Plant and equipment £000	Motor Vehicles £000	Total £000
Balance at 31 March 2022	913	-	-	913
Depreciation	(117)	-	-	(117)
Addition through subsidiary acquisition	186	-	-	186
Balance at 31 March 2023	982	-	-	982
Addition through subsidiary acquisition	-	-	76	76
Depreciation	(152)	-	(4)	(156)
Balance at 31 March 2024	**830**	**-**	**72**	**902**

LEASE LIABILITIES	Land and buildings £000	Plant and equipment £000	Motor Vehicles £000	Total £000
Balance at 31 March 2022	1,002	23	-	1,025
Interest expense	62	-	-	62
Lease payments	(179)	-	-	(179)
Disposal of subsidiary	-	(23)	-	(23)
Addition through subsidiary acquisition	186	-	-	186
Balance at 31 March 2023	1,071	-	-	1,071
Addition through subsidiary acquisition	-	-	73	73
Interest expense	64	-	1	65
Lease payments	(198)	-	(4)	(202)
Balance at 31 March 2024	**937**	**-**	**70**	**1,007**

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2024				2023			
	Land and buildings	**Plant and equipment**	**Motor Vehicles**	**Total**	Land and buildings	Plant and equipment	Motor Vehicles	Total
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Continuing Operation								
Depreciation charge on right of use assets	**152**	**-**	**4**	**156**	117	-	-	117
Interest on lease liabilities	**64**	**-**	**1**	**65**	62	-	-	62
Expenses related to low value and short-term leases	**114**	**-**	**-**	**114**	35	-	-	35
	330	**-**	**5**	**335**	214	-	-	214
Discontinued Operation								
Depreciation charge on right of use assets	**-**	**-**	**-**	**-**	-	-	-	-
Interest on lease liabilities	**-**	**-**	**-**	**-**	-	21	-	21
Expenses related to low value and short-term leases	**-**	**-**	**-**	**-**	-	-	-	-
	-	**-**	**-**	**-**	-	21	-	21

LEASE LIABILITIES - MATURITY ANALYSIS OF CONTRACTUAL UNDISCOUNTED CASH FLOWS

	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
31 March 2024	**1,007**	**1,230**	**110**	**110**	**220**	**506**	**284**
31 March 2023	1,071	1,348	99	99	198	531	421

Lessor Accounting

The Group leases certain assets to customers with preloaded software. It is not practical to split the revenue from the lease of the physical asset and that of the preloaded software. The revenue associated with leased assets during the year was £2,584,000 *(2023: £217,000)*.

	Year 1	Year 2	Year 3	Year 4	Year 5
	£000	£000	£000	£000	£000
Future contracted lease income	805	391	176	92	40

12. EMPLOYEE BENEFITS

Equity share options

The Company operates share option plans for its employees, under which options to subscribe for the Company's shares have been granted. The plan is intended to incentivise employees, align their interests with those of shareholders, and encourage the retention of key employees.

Movement in employee equity options during the year:

	At 1 April 2023 Number	Granted Number	Lapsed Number	Exercised Number	**At 31 March 2024 Number**	Of which exercisable Number
2023 CSOP Scheme	**-**	3,333,330	-	-	**3,333,330**	-
2023 unapproved option scheme	**-**	16,151,332	-	-	**16,151,332**	-
	-	19,484,662	-	-	**19,484,662**	-
Weighted average exercise price (p)	**-**	15.3	-	-	**15.3**	-

Options outstanding at the year end:

				2024	2023
	Grant date	Expiry date	Exercise price (p)	**Number of share options**	Number of share options
2023 CSOP Scheme	21/09/2023	21/09/2033	9.0	**3,333,330**	-
2023 unapproved option scheme	21/12/2023	21/12/2033	16.6	**16,151,332**	-
				19,484,662	-

The fair value of share options granted were calculated using the Black Scholes model. The inputs used for fair valuing awards granted during the year were as follows:

	Grant date	
	21/09/2023	**21/12/2023**
Share price at grant date (p)	9.0	13.3
Exercise price (p)	9.0	16.6
Expected volatility	36.76%	36.39%
Option life	5	6.78
Risk-free interest rate	4.34%	3.53%

The expected volatility is based on the historical volatility of the Company's shares over a period equivalent to the option life.

The total expense recognised in profit or loss for the period arising from share-based payment transactions amounted to £37,000.

Share-based Save as You Earn (SAYE) Scheme

The Company also operates an SAYE Scheme. There are currently no options in issue *(2023: nil)*. No options have been issued, exercised or lapsed during the year.

13. SHARE CAPITAL

In thousands of shares	**Ordinary shares 2024**	Ordinary shares 2023
In issue at 1 April	**114,491**	114,491
Issued by the Company	**275,592**	-
Shares on the market at 31 March – fully paid	**390,083**	114,491

Allotted, called up and fully paid	**£000**	£000
390,083,306 *(2023: 114,490,828)* ordinary shares of £0.01 each	**3,901**	1,145
63 deferred shares of £0.10 each	**-**	-
	3,901	1,145

The company issued 154,705,874 shares on 20 September 2023 and 120,886,604 on 29 September 2023 with a nominal value of £0.01 each at an issue price of £0.085, raising a total of £23.15m after issue costs of £0.28m.

Dividends

During the year and prior year no dividends were proposed or paid. After the balance sheet date, the Board proposed no final dividend would be made *(2023: £nil)*.

14. ACQUISITIONS

Acquisition of Arc Technology Limited (Arc)

The entire issued share capital of Arc, a provider of software solutions for the management of practice-based learning to higher education institutions, was acquired on 20 February 2024 for a maximum total consideration of £2,000,000. The initial consideration paid at completion was £1,100,000, with deferred consideration of £300,000 to be paid on the first anniversary of completion. Up to a further £600,000 is payable contingent upon the achievement of certain targets relating to the future financial performance of Arc (the "Earn-out") and may be achieved in full or in part by exceeding those targets in any of the two years commencing 21 February 2024. Where the Earn-out is tied to the future employment of an individual, contingent consideration in respect of that individual has not been recognised at acquisition and will instead be recognised as remuneration. In addition, the consideration was increased by a further £578,000 in respect of surplus cash within the business at the acquisition, £411,000 of which was paid on completion with the remainder deferred until the agreement of the completion accounts. The present value of expected consideration payments at acquisition totalled £2,059,000.

Arc met Software Circle's acquisition criteria by being a software business and having a prominent position in its vertical market. Delivering solutions that generate revenues of a recurring nature.

In the period during the current financial year that Arc was owned by the Group, it contributed revenue of £128,000 and a profit before tax of £52,000. Had it been owned by the group for the full year, it would have contributed revenue of £1,300,000 and a profit before tax of £350,000.

Net assets of Arc on acquisition:

	Book Value £000	Adjustments £000	**Fair value £000**
Customer base	-	547	**547**
Technology	-	785	**785**
Property, plant and equipment	133	-	**133**
Cash and cash equivalents	1,067	-	**1,067**
Trade and other receivables	139	-	**139**
Trade and other payables	(523)	-	**(523)**
Lease liabilities	(73)	-	**(73)**
Deferred tax	(2)	(333)	**(335)**
Net assets acquired	741	999	**1,740**
Consideration			**2,059**
Goodwill			**319**

Consideration satisfied by:

Cash on completion	**1,511**
Deferred consideration	**435**
Contingent consideration	**113**
	2,059

An income approach was used to value contractual customer lists and relationships, using a discount factor of 12.0%. The useful life has been estimated at 10 years. The technology was valued by using a relief from royalty approach, based on a royalty rate of 50% and using a discount factor of 12.0%. The useful life has been estimated at 3 years.

Trade and other receivables include gross contractual amounts due of £139,000 of which £nil was expected to be uncollectible at the date of acquisition.

The goodwill arising from the acquisition of Arc is attributable to a number of factors, including the specialised knowledge and expertise of the assembled workforce and the market position.

15. CONSIDERATION RECEIVABLE

	2024	2023
	£000	£000
Receivable within one year	**-**	1,698
Receivable after one year	**-**	-
Total consideration receivable	**-**	1,698

Consideration receivable was due from Rymack Sign Solutions Limited following the sale of Works Manchester Limited on 31st May 2022. Following the appointment of liquidators to both WML and Rymack, the receivable was written down to nil, resulting in an impairment charge of £1,440,000 *(2023: £805,000)*.

16. POST BALANCE SHEET EVENTS

On 2 April 2024, the Company announced the sale of the printing.com domain to JAL Equity Corp for USD 2,270,000. USD 230,000 was payable on completion with the remaining USD 2,040,000 payable by 31 July 2024. The carrying value in the financial statements is nil.

On 30 May 2024, the Company announced the acquisition of the entire issued share capital of Be The Brand Experience Limited, a provider of marketing compliance and digital asset management workflow solutions for businesses providing financial services. The total consideration of £3,500,000 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 £2,800,000 was paid on completion and a further £700,000 of deferred consideration will be paid on the first anniversary of completion. At the time of issuing these financial statements, the completion accounts and intangible asset valuations are ongoing. As a result, values relating to the valuation of assets, intangible assets and goodwill arising on consolidation cannot yet be disclosed.

17. ALTERNATIVE PERFORMANCE MEASURES

The Group has adopted alternative performance measures (“APMs”) in order to provide readers of the accounts with a clearer picture of the Group’s actual trading performance and future prospects.

Defined term	**Definition**	**Usage**
EBITDA	Earnings before interest, tax, depreciation, amortisation	Measures our operating efficiency
aEBITDA	EBITDA before impairments, exceptional costs, acquisition related costs and the capitalisation of qualifying development costs	Adjustments to EBITDA to better measure how efficiently the Group manages our portfolio to generate free cash flow
Operating EBITDA	aEBITDA before central group administration costs	Used to measures the performance of decentralised business units without the application of central Software Circle management and overheads
Capital deployed	Opening value plus closing value of cash paid, including acquisition related expenditure, in respect of investments in subsidiary companies, divided by 2	Provides the average amount of capital deployed on the acquisition of subsidiaries during the year
Return on capital deployed	aEBITDA as a percentage of capital deployed	A KPI for the performance of acquired operating businesses
Earnings per share	Net profit / loss for the year divided by the weighted average number of shares	IFRS performance indicator

Operating cash flow per share	Cash flow from operating and other investing activities divided by the weighted average number of shares	A measure to demonstrate the Group's cash generating ability on a per share basis
Interest cover ratio	aEBITDA divided by net finance costs	Demonstrates the ability to cover interest costs through operating activities
Net debt	Interest bearing liabilities less cash and cash equivalents	Used to assess the ability to meet long-term obligations
Net debt / equity ratio	Net debt divided by equity	Used to assess the financial leverage
Recurring revenue	Subscription and contract-based revenue expected to continue into the future	Estimating future revenue
Run-rate ARR	The annualised value of recurring revenue streams at the end of the year	Estimating future revenue

18. ANNUAL REPORT

The Annual Report and Notice of AGM will be sent to shareholders on 23 August 2024 and will be available on the Company's website www/softwarecircle.com from that date.