

Grafenia plc

Acquisition of Watermark Technologies Limited

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Grafenia plc
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7 December 2022

Grafenia plc
("Grafenia", the "Company" or the "Group")

Acquisition of Watermark Technologies Limited ("Watermark")

Grafenia plc (AIM: GRA) is pleased to announce that it has acquired the entire issued share capital of Watermark Technologies Limited, a provider of document management software and systems, based in Shipley, West Yorkshire on a debt free/cash free basis.

The total consideration of up to £2.5m will be satisfied in cash. The acquisition is expected to be cash flow generative and earnings enhancing in the first year after acquisition.

The initial consideration comprises cash of £1.5m to be paid on completion, together with deferred consideration of £1.0m to be paid on the first anniversary of completion.

About Watermark Technologies Limited

Watermark's range of document management software solutions include 'Papercloud' (a cloud hosted solution), 'Volume' (a client hosted solution) and 'VolumeRemote' (a remotely hosted solution). The products are licensed to hundreds of predominantly SME businesses in the financial, healthcare and insurance sectors. Approximately 90% of Watermark's revenues arise from annual recurring software fees.

The business was founded in 2003 by Tim Boggie and Stewart Spink, both of whom will remain on a part time consultancy basis for six months. Watermark currently has 11 employees. James Hughes, a Corporate Development Associate within our Software Circle team, has been appointed Managing Director of Watermark.

The unaudited financial statements for Watermark for the year ended 31 March 2022 reported revenue of £1.21m, EBIT of £0.44m and closing net assets of £0.46m.

Acquisition Rationale

Watermark meets Grafenia's acquisition criteria of providing vertical market software with revenues of a recurring nature. We believe it can be sold to SMEs operating in vertical markets beyond the financial, healthcare and insurance sectors.

Gavin Cockerill, Acting CEO of Grafenia said: "The acquisition of Watermark is yet another step toward growing our software nucleus. Maximising what Grafenia is good at, selling and supporting software systems that help businesses run better."

Tim Boggie / Stewart Spink, joint founders of Watermark, made the following joint statement: "We had been planning for retirement and actively seeking a new owner for the business we have built and cherished over 20 years. We believe Grafenia is the perfect home to provide continuity of support and maintain long term customer relationships developed over many years. We look forward to seeing Watermark thrive in a larger group."

For further information:

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