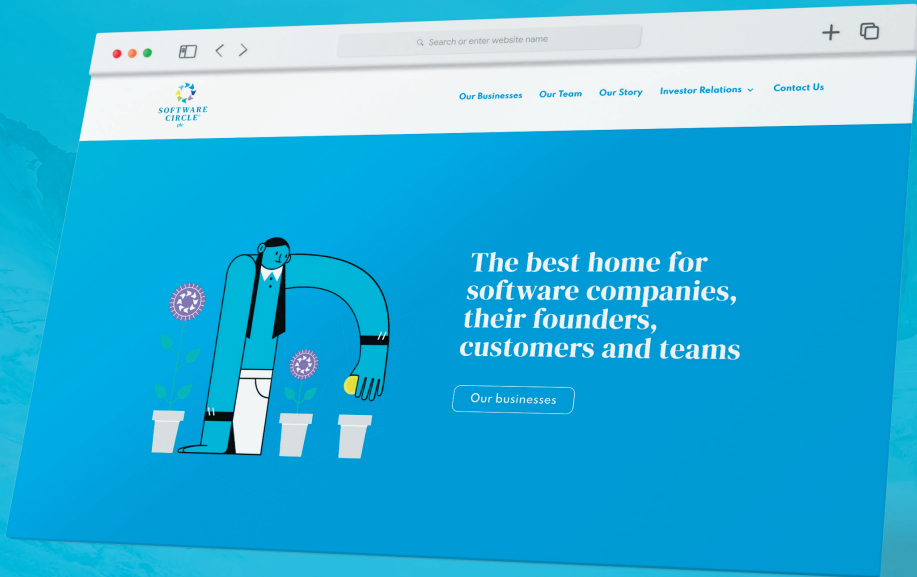


# Interim Report & Accounts

2023



**SOFTWARE  
CIRCLE**  
plc



**We've changed the name  
of the Group to better  
reflect who we are today  
and who we want to become**

New website [www.softwarecircle.com](http://www.softwarecircle.com) launched September 2023.

# Financial highlights

	Six months to 30 Sept 2023	Six months to 30 Sept 2022
<b>Continuing operations</b>		
Revenue	<b>£8.25m</b>	£4.97m
EBITDA <sup>1</sup>	<b>£1.61m</b>	£(0.05)m
Adj EBITDA <sup>2</sup>	<b>£1.01m</b>	£(0.23)m
Cash flow from operations	<b>£1.19m</b>	£(0.39)m
EPS	<b>(1.28)p</b>	(0.42)p
Development Expenditure	<b>£0.60m</b>	£0.18m
Cash and Cash Equivalents	<b>£18.71m</b>	£5.01m
Net Cash / (Debt)	<b>£6.66m</b>	£(3.28)m

<sup>1</sup> Earnings before interest, tax, depreciation and amortisation

<sup>2</sup> EBITDA before R&D capitalisation

# Operational highlights

- Fundraise of £23.4m completed to drive our acquisition strategy
- Revenue increased by £3.28m, a 66% increase
- Positive adj EBITDA of £1.01m, 12% of revenue
- Newly acquired businesses fully onboarded
- 12% organic growth achieved across our acquisitions

# Interim Statement

Our first Interim report as Software Circle plc shows that we have made further progress. As we announced on 17 October 2023, we've changed the name of the Group to better reflect who we are today and who we want to become. You can read more about that and see our new look on the website [www.softwarecircle.com](http://www.softwarecircle.com). We kept the logo similar, so it's easier to change our Grafenia tattoos.

Currently we are home to a stable of five software business units across multiple sectors (including Nettle Systems). Our portfolio of businesses operate within the following sectors: Graphics and Ecommerce, Finance, Property and Care Management. Four of these were acquired during the latter stages of the previous financial year. Having been successfully onboarded, we are now seeing the benefits as they contribute to profitability. We thank all of our teams for their continued efforts and hard work.

Our aspiration is to become serial acquirers of Vertical Market Software businesses. To that end, we still have much work to do. Though we have most definitely achieved 'Phase 1' success and we are looking forward to what's to come.

For the year so far, our focus has been on onboarding our newly acquired businesses and welcoming the talented people that run them. Helping to implement the business systems and processes that we think can drive organic growth in each of our operating units. Benchmarking key performance metrics, providing focus, structure and know-how around operational best practice. We're seeing some encouraging results from that activity.

In addition, we've been preparing the business to scale. As we look to bring further acquisitions into the group, it's vital that we can operate with the same efficiency and effectiveness as we do now. Our focus for 'Phase 2'.

## Trading Results and Cash from Continuing Operations

With our newly acquired businesses contributing in full for the interim period, revenue from continuing operations rose to **£8.25m** (2022: £4.97m) an increase of 66%.

Gross profit rose to **£5.07m** (2022: £2.02m) and our gross margin percentage increased to **61.4%** (2022: 40.7%). As the profile of our business changes, so do our profit margins. More of our revenue now comes from recurring revenues for licence fees and services. As this continues to grow, the lower margin product-led revenues become a smaller part of the overall group. We would therefore expect the trend towards increasing gross margin percentage to continue as we acquire more Vertical Market Software businesses.

As a result of the four acquisitions made, our total operating costs increased, with staff costs of **£2.46m** (2022: £1.18m) and total other operating charges increasing to **£0.94m** (2022: £0.85m). Those additional costs came with additional revenues. Therefore, our EBITDA increased to a profit of **£1.61m** (2022: loss £0.05m). Our operating loss from continuing operations of **£0.17m** (2022: loss of £0.49m) is impacted by **£1.65m** (2022: £0.33m) of non-cash amortisation charges on intangible assets, the increase being driven by our acquisitions. Profitability has been further impacted by an impairment of **£1.42m** against the amount receivable from Rymack Sign Solutions Limited following the sale of Works Manchester Limited in May 2022. Despite ongoing discussions, in the absence of a resolution to date, confidence in receiving payment in full has been further reduced. This has led to a pre-tax loss of £1.88m (2022: £0.54m).

At 30 September 2023, the Company had cash of **£18.71m** (2022: £5.01m) and debt of **£12.05m** (2022: £8.29m). The increase in cash and reduction in debt from 31 March balances of £1.99m cash and £18.72m debt follows the issue of additional share capital in September, raising £23.15m after issue costs. £6.61m was subsequently used to repurchase certain of the Company's bonds with a nominal value of £7.50m, including the accrued interest.

Our operating activities generated **£1.19m** of cash (2022: utilised £0.29m) as our newly acquired business units contributed for the full interim period.

Capital expenditure was **£0.60m** (2022: £0.18m). Almost all of this amount was invested in the ongoing development of our platforms which underpin operations and ongoing revenue streams across our business units.

### **Trading Review**

**£3.75m** of revenue was generated by our four acquisitions and collectively, they are growing organically and tracking ahead of valuation expectations. On current trajectory, overall EBITDA would be 15% ahead of our valuation expectations, increasing the return on capital employed from 16% to 19%, including deal costs.

Those improvements have been driven by increased topline performance and efficiencies through the addition of business processes and systems, leading to a reduced cost base. We've improved the sales performance of most of our business units versus like-for-like performance last year. Organic growth across our four acquisitions was 12% versus the same period in the previous year. The highest being 16% the lowest being 6%.

Non recurring revenues from our Graphics and Ecommerce division, have however been affected by a reduction in business confidence. **£4.50m** (2022: £4.97m) of total revenue was generated by our Nettl Systems business. A 9.5% decrease of £0.47m. The nature of the product revenue that the platform generates makes it more susceptible to the macroeconomic environment. The drop in revenue has been driven primarily by a downturn in products our partners buy at wholesale prices – like signage, printing and promo goods. Sales of outdoor event materials during June - August, were particularly hard hit.

However, the reduction in product revenue through the platform today, given the sale of Works Manchester, has a lesser impact on Nettl System's overall profitability, when compared to prior periods. Recurring licence fees and subscription revenue for the Nettl systems platform and services like SEO, Websites, Hosting and Social Media remain in line with expectations.

As a group we continue to drive an increase in revenues that are recurring in nature, now contributing 60% of the Group's total revenue. The vast majority of revenue streams in businesses we look to acquire are recurring and therefore, as we add more to the Group, that percentage is likely to increase further.

### **Outlook**

Although the dip in revenue from our Nettl Systems business slightly dents our revenue run-rate, overall, trading and profitability remains in line with management expectations.

Our search for vertical market software businesses continues as we look to quickly, but effectively, deploy the funds from our recent fundraise on acquisitions that meet our criteria. In that regard, our deal flow continues to look healthy. We currently are in exclusive discussions with acquisition targets with a collective turnover of approximately £3.6m and an adjusted EBITDA of £1.2m. These are progressing through the due diligence process. We will continue to update the market as our acquisition strategy progresses.



**Jan Mohr**

Chairman

27 November 2023



**Gavin Cockerill**

Chief Executive Officer

# Consolidated statement of comprehensive income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Unaudited Six months to 30 September 2023 Total £000	Unaudited Six months to 30 September 2022 Continuing operation £000	Unaudited Six months to 30 September 2022 Discontinued operation £000	Unaudited Six months to 30 September 2022 Total £000	Audited Year ended 31 March 2023 Continuing operation £000	Audited Year ended 31 March 2023 Discontinued operation £000	Audited Year ended 31 March 2023 Total £000
<b>Revenue</b>	3	<b>8,247</b>	4,969	870	5,839	11,677	870	12,547
Raw materials and consumables used		<b>(3,181)</b>	(2,946)	(235)	(3,181)	(5,927)	(235)	(6,162)
<b>Gross profit</b>		<b>5,066</b>	2,023	635	2,658	5,750	635	6,385
Staff costs		<b>(2,460)</b>	(1,179)	(417)	(1,596)	(3,471)	(417)	(3,888)
Doubtful debt expense		<b>(54)</b>	(49)	(10)	(59)	(68)	(10)	(78)
Other operating charges		<b>(941)</b>	(848)	(155)	(1,003)	(1,806)	(155)	(1,961)
<b>Earnings before interest, tax depreciation and amortisation</b>		<b>1,611</b>	(53)	53	-	405	53	458
Depreciation and amortisation	6	<b>(1,784)</b>	(440)	-	(440)	(1,556)	-	(1,556)
<b>Operating loss</b>		<b>(173)</b>	(493)	53	(440)	(1,151)	53	(1,098)
Impairment of assets	7	<b>(1,419)</b>	-	-	-	(805)	-	(805)
Financial income		<b>74</b>	54	-	54	135	-	135
Financial expenses	4	<b>(979)</b>	(96)	(21)	(117)	(830)	(21)	(851)
Value adjustment on bond settlement	10	<b>622</b>	-	-	-	-	-	-
<b>Net financing expense</b>		<b>(283)</b>	(42)	(21)	(63)	(695)	(21)	(716)
<b>Loss before tax</b>		<b>(1,875)</b>	(535)	32	(503)	(2,651)	32	(2,619)
Taxation		<b>292</b>	51	-	51	1,243	-	1,243
<b>Loss for the period</b>		<b>(1,583)</b>	(484)	32	(452)	(1,408)	32	(1,376)
<b>Re-measurement to fair value on discontinued operations</b>		<b>-</b>	-	(235)	(235)	-	(235)	(235)
<b>Total comprehensive loss for the period</b>		<b>(1,583)</b>	(484)	(203)	(687)	(1,408)	(203)	(1,611)
<b>Earnings per share</b>	5	<b>(1.28)p</b>	(0.42)p	(0.18)p	(0.60)p	(1.23)p	(0.18)p	(1.41)p



# Consolidated Statement of Financial Position

AT 30 SEPTEMBER 2023

		Unaudited 30 Sept 2023	Unaudited 30 Sept 2022	Audited 31 March 2023
	Note	£000	£000	£000
<b>Non-current assets</b>				
Property, plant and equipment		1,266	972	1,384
Intangible assets	6	15,217	1,233	16,266
Deferred consideration receivable	7	-	1,804	-
<b>Total non-current assets</b>		<b>16,483</b>	4,009	17,650
<b>Current assets</b>				
Inventories		28	26	31
Trade and other receivables	8	2,320	1,329	2,137
Deferred consideration receivable	7	350	618	1,698
Prepayments		153	106	110
Cash and cash equivalents		18,707	5,008	1,994
<b>Total current assets</b>		<b>21,558</b>	7,087	5,970
<b>Total assets</b>		<b>38,041</b>	11,096	23,620
<b>Current liabilities</b>				
Trade and other payables	9	1,605	1,012	1,817
Deferred income	9	223	-	186
Other interest-bearing loans and borrowings	10	4,247	386	3,879
<b>Total current liabilities</b>		<b>6,075</b>	1,398	5,882
<b>Non-current liabilities</b>				
Other interest-bearing loans and borrowings	10	7,798	7,900	14,837
Deferred tax liabilities		1,681	-	1,973
<b>Total non-current liabilities</b>		<b>9,479</b>	7,900	16,810
<b>Total liabilities</b>		<b>15,554</b>	9,298	22,692
<b>Net assets</b>		<b>22,487</b>	1,798	928
<b>Equity</b>				
Share capital	11	3,901	1,145	1,145
Share premium	11	28,255	7,866	7,866
Merger reserve		838	838	838
Retained earnings		(10,709)	(8,202)	(9,126)
Translation reserve		114	63	117
Share based payment reserve		88	88	88
<b>Total equity</b>		<b>22,487</b>	1,798	928

# Consolidated Statement of Changes in Shareholders' Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Share Capital £000	Share Premium £000	Merger Reserve £000	Retained earnings £000	Share Based Payment Reserve £000	Translation Reserve £000	Total £000
Opening shareholders' funds at 1 April 2022	1,145	7,866	838	(7,515)	88	66	2,488
Loss and total comprehensive income for the period from continuing operation	-	-	-	(484)	-	-	(484)
Loss and total comprehensive income for the period from discontinued operation	-	-	-	(203)	-	-	(203)
Share option reserve	-	-	-	-	-	(3)	(3)
<b>Closing shareholders' funds at 30 September 2022</b>	<b>1,145</b>	<b>7,866</b>	<b>838</b>	<b>(8,202)</b>	<b>88</b>	<b>63</b>	<b>1,798</b>
Loss and total comprehensive income for the period	-	-	-	(924)	-	-	(924)
Retranslation of net assets of overseas subsidiaries	-	-	-	-	-	54	54
<b>Closing shareholders' funds at 31 March 2023</b>	<b>1,145</b>	<b>7,866</b>	<b>838</b>	<b>(9,126)</b>	<b>88</b>	<b>117</b>	<b>928</b>
<b>Loss and total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,583)</b>	<b>-</b>	<b>-</b>	<b>(1,583)</b>
<b>Retranslation of net assets of overseas subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(3)</b>
<b>Shares issued in the period</b>	<b>2,756</b>	<b>20,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,425</b>
<b>Costs associated with shares issued</b>	<b>-</b>	<b>(280)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(280)</b>
<b>Closing shareholders' funds at 30 September 2023</b>	<b>3,901</b>	<b>28,255</b>	<b>838</b>	<b>(10,709)</b>	<b>88</b>	<b>114</b>	<b>22,487</b>

## Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2023

	Note	Unaudited Half year 2023 £000	Unaudited Half year 2022 £000	Audited Full year 2023 £000
<b>Cash flows from operating activities</b>				
Loss for the period		(1,583)	(484)	(1,408)
Adjustments for:				
Depreciation, amortisation and impairment	6	1,784	440	1,556
Loss on disposal of plant and equipment		(15)	-	4
Net finance expense		283	42	695
Bad debt expense		54	49	68
Foreign exchange loss		(12)	-	51
Tax income		(292)	(51)	(1,243)
Impairment of consideration receivables	7	1,419	-	805
<b>Operating cash flow before changes in working capital and provisions</b>		<b>1,638</b>	<b>(4)</b>	<b>528</b>
Change in trade and other receivables		(280)	149	19
Change in inventories		3	3	(2)
Change in trade and other payables		(175)	(519)	(413)
<b>Cash generated/ (utilised) by operations</b>		<b>1,186</b>	<b>(371)</b>	<b>132</b>
Interest paid		5	2	5
R&D tax (paid)/received		-	(21)	67
<b>Net cash inflow / (outflow) from operating activities from continuing operation</b>		<b>1,191</b>	<b>(390)</b>	<b>204</b>
<b>Net cash inflow from operating activities from discontinued operation</b>		<b>-</b>	<b>104</b>	<b>104</b>
<b>Net cash inflow / (outflow) from operating activities</b>		<b>1,191</b>	<b>(286)</b>	<b>308</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of subsidiary		-	100	100
Acquisition of plant and equipment		(22)	(2)	(60)
Disposal of plant and equipment		16	-	1
Capitalised development expenditure	6	(596)	(175)	(390)
Payment of deferred consideration		(182)	-	-
Acquisition of subsidiaries net of cash		-	-	(8,367)
<b>Net cash used in investing activities from continuing operation</b>		<b>(784)</b>	<b>(77)</b>	<b>(8,716)</b>
<b>Net cash used in investing activities from discontinued operation</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash used in investing activities</b>		<b>(784)</b>	<b>(77)</b>	<b>(8,716)</b>

## Consolidated Statement of Cash Flows (continued)

### Cash flows from financing activities

Proceed from share issue	11	23,425	-	-
Costs associated with share issued		(280)	-	-
Proceeds from loans		-	4,250	9,520
Repayment of loans	10	(6,655)	(150)	(305)
Interest payment of loan		(84)	-	-
Capital payment of lease liabilities		(66)	(56)	(117)
Interest payment of lease liabilities		(33)	(31)	(63)
<b>Net cash inflow from financing activities from continuing operation</b>		<b>16,307</b>	4,013	9,035
<b>Net cash outflow from financing activities from discontinued operation</b>		-	(95)	(95)
<b>Net cash inflow from financing activities</b>		<b>16,307</b>	3,918	8,940
Net increase in cash and cash equivalents from continuing operations		<b>16,714</b>	3,546	523
Exchange difference on cash and cash equivalents		(1)	(9)	-
Net increase in cash and cash equivalents from discontinued operations		-	9	9
Cash and cash equivalents at start of period		<b>1,994</b>	1,462	1,462
<b>Cash and cash equivalents at end of period</b>		<b>18,707</b>	5,008	1,994

## Notes (forming part of the interim financial statements)

### 1. Basis of preparation

Software Circle plc (Previously known as Grafenia plc) (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements do not include all information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 March 2023. Those accounts have been reported on by the Company’s auditors and delivered to the Registrar of Companies. The report of the auditors was: (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These interim financial statements are prepared on the same basis as the financial statements for the year ended 31 March 2023, in which our full set of accounting policies, including critical judgements and key sources of estimation uncertainty, can be found.

The Directors review a two-year forecast when approving the interim financial statements to ensure that adequate cash resources are in operational existence to support trading for the foreseeable future.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 November 2023.

### 2. Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 March 2023.

### 3. Segmental information

As discussed in the latest consolidated financial statements for the year ended 31 March 2023, following the change in strategy of the Group the format of the segmental reporting has been updated.

This disclosure correlates with the information which is presented to the Board, which reviews revenue and 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.

## Notes (forming part of the interim financial statements – continued)

### Analysis by location of sales

	UK & Ireland £000	Europe £000	Other £000	Total £000
<b>Six months ended 30 September 2023</b>	<b>7,981</b>	<b>64</b>	<b>202</b>	<b>8,247</b>
Six months ended 30 September 2022	5,653	103	83	5,839
Year ended 31 March 2023	11,845	284	418	12,547

Revenue generated outside the UK is attributable to partners in Belgium, France, Ireland, New Zealand, the Netherlands and the USA. No single customer provided the Group with over 2% of its revenue.

### DISAGGREGATION OF REVENUE AND EBITDA

The disaggregation of revenue from contracts with customers is as follows:

Year ended	Graphics & Ecommerce £000	Professional Services £000	Healthcare £000	Property £000	Discontinued Operations £000	Total £000
<b>30 September 2023</b>						
Licence and subscription revenue	1,753	634	1,295	756	-	4,438
Product and service revenue	3,705	82	20	2	-	3,809
<b>Total Revenue</b>	<b>5,458</b>	<b>716</b>	<b>1,315</b>	<b>758</b>	<b>-</b>	<b>8,247</b>
Divisional contribution	787	426	400	499	-	2,112
Central Overhead						(501)
<b>EBITDA</b>						<b>1,611</b>

Year ended	Graphics & Ecommerce £000	Professional Services £000	Healthcare £000	Property £000	Discontinued Operations £000	Total £000
<b>30 September 2022</b>						
Licence and subscription revenue	1,074	-	-	-	-	1,074
Product and service revenue	3,895	-	-	-	870	4,765
<b>Total Revenue</b>	<b>4,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>870</b>	<b>5,839</b>
Divisional contribution	456	-	-	-	53	509
Central Overhead						(509)
<b>EBITDA</b>						<b>-</b>

## Notes (forming part of the interim financial statements – continued)

### 4. Finance expense

	Unaudited Half year 2023 £000	Unaudited Half year 2022 £000	Audited Full year 2023 £000
Lease interest	33	55	83
Bearer bond interest	744	85	644
Loan interest	19	30	6
Foreign exchange gains / (losses)	10	(53)	13
Unwinding of discount on deferred consideration	173	-	105
<b>Total finance expense</b>	<b>979</b>	<b>117</b>	<b>851</b>
Total finance expense attributable to continuing operation	979	96	830
Total finance expense attributable to discontinued operation	-	21	21

### 5. Earnings per share

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

	Unaudited Six months to 30 September 2023 £000	Unaudited Six months to 30 September 2022 £000	Audited Year ended 31 March 2023 £000
Loss for the period from continuing operations	(1,583)	(484)	(1,408)
Loss for the period from discontinued operations	-	(203)	(203)
<b>Total loss after taxation for the financial year</b>	<b>(1,583)</b>	<b>(687)</b>	<b>(1,611)</b>
Weighted average number of shares in issue	<b>123,605,283</b>	114,490,828	114,490,828
<b>Basic earnings per share</b>	<b>(1.28)p</b>	(0.60)p	(1.41)p
<b>Basic earnings per share from continuing operation</b>	<b>(1.28)p</b>	(0.42)p	(1.23)p
<b>Basic earnings per share from discontinued operation</b>	<b>-</b>	(0.18)p	(0.18)p

Share options had no dilutive effect on the weighted average number of shares and therefore no diluted earnings per share have been stated.

## Notes (forming part of the interim financial statements – continued)

### 6. Intangible assets

	Domains & brand £000	Software £000	Development costs £000	Customer Lists £000	Technology £000	Goodwill £000	Other £000	Total £000
<b>Cost</b>								
Balance at 30 Sept 2022	363	4,544	5,178	675	-	138	162	11,060
Additions – internally developed	-	-	215	-	-	-	-	215
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	-	-	596	-	-	-	-	596
<b>Balance at 30 September 2023</b>	<b>363</b>	<b>4,544</b>	<b>5,989</b>	<b>5,192</b>	<b>10,792</b>	<b>635</b>	<b>162</b>	<b>27,677</b>
<b>Amortisation and impairment</b>								
Balance at 30 Sept 2022	348	4,418	4,294	623	-	12	132	9,827
Amortisation	1	65	219	120	583	-	-	988
Balance at 31 March 2023	349	4,483	4,513	743	583	12	132	10,815
Amortisation	1	36	223	243	1,140	-	2	1,645
Balance at 30 Sept 2023	350	4,519	4,736	986	1,723	12	134	12,460
<b>Net book value</b>								
At 30 September 2022	15	126	884	52	-	126	30	1,233
At 31 March 2023	14	61	880	4,449	10,209	623	30	16,266
<b>At 30 September 2023</b>	<b>13</b>	<b>25</b>	<b>1,253</b>	<b>4,206</b>	<b>9,069</b>	<b>623</b>	<b>28</b>	<b>15,217</b>

### 7. Deferred consideration receivable

	Unaudited Half year 2023 £000	Unaudited Half year 2022 £000	Audited Full year 2023 £000
Receivable within one year	350	618	1,698
Receivable after one year	-	1,804	-
<b>Total deferred consideration receivable</b>	<b>350</b>	<b>2,422</b>	<b>1,698</b>

Consideration is receivable from Rymack Sign Solutions Limited following the sale of Works Manchester Limited on 31 May 2022. The total outstanding consideration is £2,809,973. The carrying value of £350,000 is net of a further impairment of £1,419,000. An initial impairment of £805,000 was initially recognised in the financial statements for the year ended 31 March 2023 as a result of a missed instalment on 31 May 2023. Despite ongoing discussions, in the absence of a resolution to date, confidence in receiving payment in full has been further reduced.



## Notes (forming part of the interim financial statements – continued)

### 8. Trade and other receivables

	Unaudited Half year 2023 £000	Unaudited Half year 2022 £000	Audited Full year 2023 £000
Trade receivables	2,970	2,181	2,799
Less provision for trade receivables	(1,103)	(1,031)	(1,153)
Trade receivables net	1,867	1,150	1,646
Total financial assets other than cash and cash equivalents classified at amortised cost	1,867	1,150	1,646
Corporation tax	193	72	155
Other receivables	260	107	336
Total Other receivables	453	179	491
<b>Total trade and other receivables</b>	<b>2,320</b>	<b>1,329</b>	<b>2,137</b>

### 9. Trade and other payables

	Unaudited Half year 2023 £000	Unaudited Half year 2022 £000	Audited Full year 2023 £000
Trade payables	443	686	700
Accruals	320	183	428
Other liabilities	842	143	689
<b>Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost</b>	<b>1,605</b>	<b>1,012</b>	<b>1,817</b>
Deferred Income	223	-	186
<b>Total trade and other payables</b>	<b>1,828</b>	<b>1,012</b>	<b>2,003</b>

## Notes (forming part of the interim financial statements – continued)

### 10. Borrowings

	Unaudited Half year 2023 £000	Unaudited Half year 2022 £000	Audited Full year 2023 £000
<b>Current liabilities</b>			
Lease liabilities	138	116	120
Loans	315	270	279
Deferred and contingent consideration	3,794	-	3,480
	<b>4,247</b>	386	3,879
<b>Non-current liabilities</b>			
Lease liabilities	867	830	951
Loans	177	465	324
Bearer bonds	5,894	6,605	12,381
Deferred and contingent consideration	860	-	1,181
	<b>7,798</b>	7,900	14,837

On 26 September 2023 the Company repurchased Bearer Bonds with a nominal value of £7.50m for £6.53m plus accrued interest of £0.08m. The carrying value at the date of repurchase was £7.23m, resulting in a value adjustment on bond settlement of £0.62m.

### 11. Share capital and share premium

	Number of shares	Share Capital £000	Share premium £000
Opening balance 1 October 2022	114,490,828	1,145	7,866
Share issue in the period	-	-	-
Balance on 31 March 2023	114,490,828	1,145	7,866
Share issue in the period	275,592,478	2,756	20,669
Transaction costs arising on share issue	-	-	(280)
<b>Balance on 30 September 2023</b>	<b>390,083,306</b>	<b>3,901</b>	<b>28,255</b>

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.

## 12. Dividend

The Directors are not declaring an Interim Dividend (2022: Nil).

## 13. Related Party Transactions

On 29 August 2023 the Company announced a fundraising to raise a total of up to approximately £27.9 million (before expenses), comprising a conditional placing and subscription, supported by new and existing investors, and a conditional open offer to qualifying shareholders at 8.5p per share.

As announced on 29 August 2023 Investmentaktiengesellschaft für Langfristige Investoren TGV and Value Focus Beteiligungs GmbH, substantial shareholders in the Company, subscribed for 79,411,764 ordinary shares and 76,470,588 ordinary shares respectively, which constitute related party transactions under the AIM Rules. Matthias Riechert, a director of the Company, subscribed for 2,352,940 ordinary shares. Chapters Group AG, a company in which Jan-Hendrik Mohr, Chairman of Software Circle plc, acts as CEO, subscribed for 23,529,410 ordinary shares.

On 29 September 2023, the following directors purchased shares in the Company at a price of 8.5p each as part of the open offer to existing shareholders:

	Number of shares
Gavin Cockerill	46,259
Richard Lightfoot	467,646
Simon Barrell	42,678
Conrad Bona	1,294,118

On 26 September 2023 the Company repurchased Bearer Bonds with nominal value of £2,300,000 from Chapters Group AG for £2,001,000 plus accrued interest of £25,639. The terms for repurchase offered were equal to those offered to all other bond holders.



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