ANNUAL REPORT

& ACCOUNTS 2024

SOFTWARE CIRCLE plc

Contents

In Summary

Software Circle is a serial acquirer of vertical market software ("VMS") businesses. We help founders find the right exit strategy, without fuss. Continuing operations in an independent, decentralised way. Providing a permanent home for their teams, management talent and culture.

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.

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 on page 18

A growing portfolio

Software Circle is today home to seven vertical market software companies

Correct at 23rd July 2024

STRATEGIC REPORT

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 on page 18. 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
23 July 2024

> **"I'm convinced that the coming years will show an increasingly bright future. We have finally found an allocation opportunity we are very excited about.**

Our Journey

We view our journey in stages. Each 'gate' a milestone to be achieved in the winding path of an uphill climb.

STRATEGIC REPORT

Chief Executive's Statement

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 22.

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 thosefinancial 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.

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 & e-commerce revenue segment, meant an overall decline in like for like sales of 4% when we compare a full 12 months for FY23 and FY24.

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 current portfolio

Operating Unit	Segment	Acquired	Group Sales 2024	Group Sales 2023
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

- 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.

Challenges for Nettl

The short term challenges created by the WML administration for our Nettl business, have been largely overcome.

Like for like organic growth

Operating Unit	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	Health & Social Care	**£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%**

*Unaudited Management Accounts

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'.

Recent acquisition

Arc Technology enables higher education placement teams to centrally administer student work placements. They joined the group in February 24.

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.

Redeveloped Platform

Caredocs new platform is launching soon.

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
23 July 2024

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

Definitions

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

STRATEGIC REPORT

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 on page 18.

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.

Recent acquisition

Bethebrand provide marketing compliance and workflow management for financial services. They joined the group in May 24.

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.

Adjusted EBITDA 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.

Website upgrade

Topfloor's upgraded Blockman website will be launching soon.

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 ("ROCD")

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

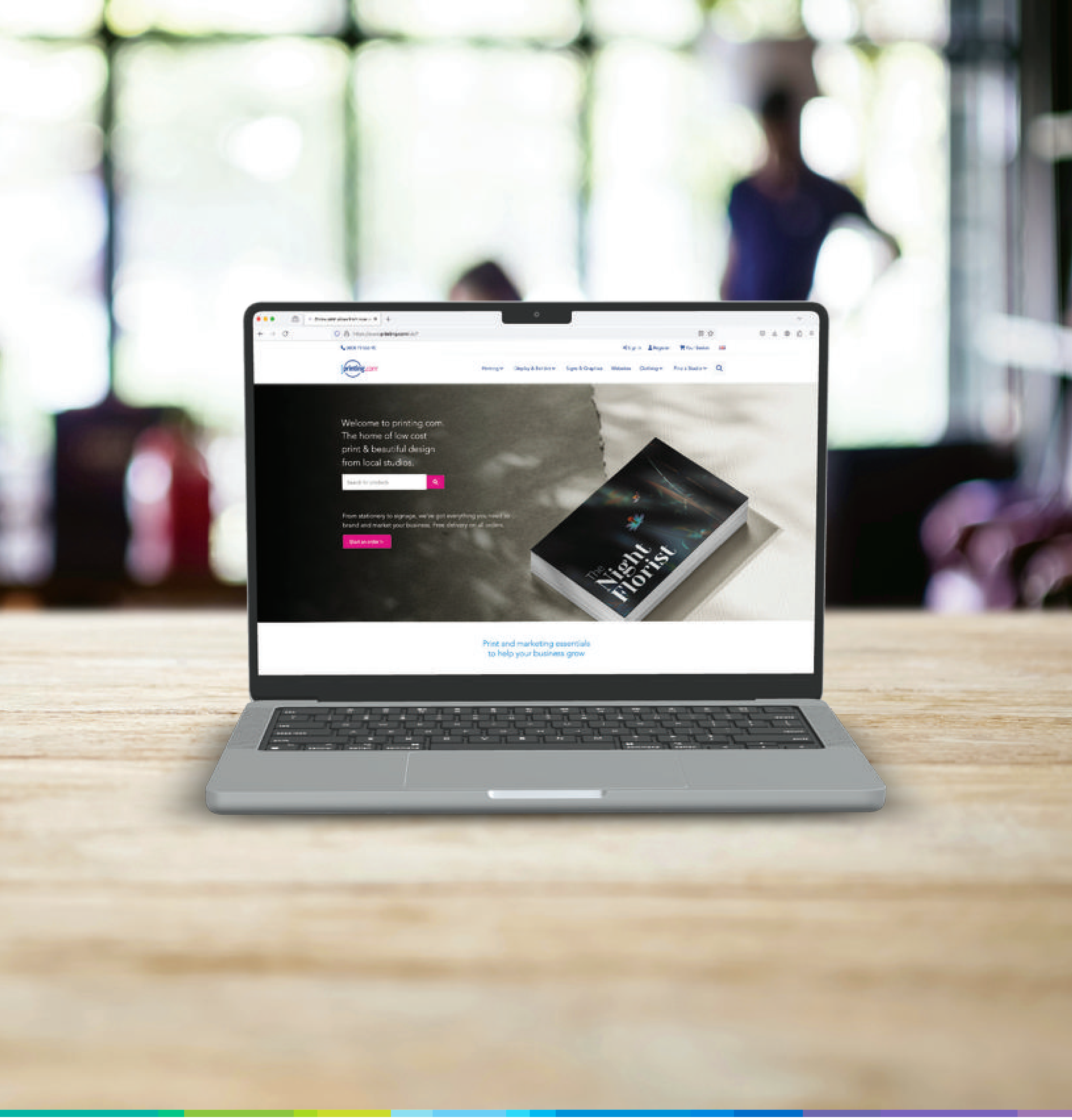
Cash flow from operating and other investing activities was £1.4m (2023: -£0.1m). We've chosen this non-standard measure as these other investing activities primarily reflect capitalised development costs and the purchase of physical assets, such as computer hardware.

We consider these to be essential and annual expenditure of a software group, not a discretionary spend. The improvement reflects the Adjusted EBITDA 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.



Goodbye old friend

The domain name printing.com was agreed to be sold to JAL Equity Corp in the USA, for $2.3m.

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 on pages 16-17.

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, see Note 21 for further details about the Group's objectives and policies on use of financial instruments and exposure to credit, interest rate, foreign currency and liquidity risks.

Iain Brown
Chief Financial Officer
23 July 2024

Principal Risks and Uncertainties

The following are the principal risks relating to the Group's operations:

Risk	Potential Impact	Mitigation
Economic and political factors beyond the Group's direct control	A downturn in the macroeconomy may reduce consumer demand generally. Costs may be increased by changes to government policy, including tax changes or other legislation. Supply chains may be subject to disruption, or inflationary pressure. Changes in interest rates could impact the ability to raise required capital to fund the acquisition strategy.	To mitigate supply chain disruption across borders the majority of product supply is now sourced from the jurisdictions the customer belongs to. Our platform has the capability to source product supply from multiple suppliers, across multiple regions should it be required.
Competitive environment	Some of the markets in which the Group operates are extremely competitive posing a threat to profitability.	We work closely with suppliers to monitor input costs and competitor pricing, ensuring we remain competitive.
Acquisition of a sub-optimal business	A poor performing acquisition would consume management time, focus and Group cash flows.	We operate a structured and rigorous due-diligence process when assessing potential acquisitions to ensure the target meets our acquisition criteria and establish the quality of its earnings. We also model alternative scenarios and build contingency plans for each.
Technological change	Advances in software and advances in artificial intelligence may impact on operational effectiveness and earnings potential.	We are constantly improving our platforms and adding new features to ensure we remain at the forefront of technological advancement.
Technological failure	The Group and its clients depend on the SaaS platform to operate their businesses.	All reasonable operational contingency is embedded for resilience in the event of a catastrophe.
Key management	The loss of key personnel could impact the Group's ability to implement strategy and the intended pace of growth.	The Remuneration Committee seeks to ensure rewards are commensurate with performance and aid retention.

S.172 Companies Act 2006 Statement

In accordance with section 172 of the Companies Act 2006, the Board regularly considers the likely consequences of our strategy and long-term decisions, taking into account the interests of colleagues, suppliers, customers, communities and the environment.

The Directors assess and take into account what is most likely to promote the success of the Company for its members in the long term as part of their decision-making process, and make this assessment fairly and in good faith. The strategic planning process involves gathering market and business information, scenario planning and the application of experience and knowledge of current affairs by members of the Board.

The table below outlines some of the considerations in relation to wider stakeholders and the environment which the Board took account of in making key decisions.

Key Board Decisions	Considerations
Acquisition of software businesses	All acquisition targets are assessed against a set of criteria to determine their suitability to join the Group. Those acquired during the year met the requirements of having stable customer bases with revenue of a recurring nature, are profitable and are cash generative.
Issue of additional equity	To continue the acquisition strategy additional funding was required. Raising equity through a combination of placement and open offer enabled new investment at an early stage in the journey, whilst giving existing investors the opportunity to maintain their pro-rata holding. The Group was able to raise the funds without adding to the annual interest payment burden, increasing the amount of cash flows available for re-investment.
Grant of share options to senior management	A long-term incentive scheme for senior management was established, linking financial reward to sustained growth in the share price over a 7 year period, thereby aligning management's interests with those of shareholders.
Sale of printing.com (PDC) domain	The domain name printing.com was agreed to be sold to JAL Equity Corp, an owner and operator of marketing, printing, signage, and promotion businesses in the USA, for USD 2.3m. Since the launch of 'Nettl' eight years ago, more and more printing.com partners have upgraded to Nettl. For the few remaining partners utilising the PDC domain, we expect the majority will upgrade and become Nettl partners. Those who don't, can continue using the software platform to run their business as a white label partner. The proceeds from the domain sale will be deployed on acquisitions that match our criteria.
Future repayment of bonds	To continue the long-term acquisition strategy, the Group will need to establish an expandable debt facility, where lenders would require other debts to be subordinated. As the terms of our bond facility do not allow for this, the Group intends to buy-back outstanding bonds.

The Directors continue to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

Approval of the strategic report on behalf of the board

Iain Brown
Chief Financial Officer
23 July 2024

Directors

Jan Mohr
Chairman

Jan is based in Hamburg, Germany and is Managing Director of the advisory firm JMX Capital GmbH and CEO of Chapters Group AG. He previously worked with Investmentaktiengesellschaft fuer langfristige Investoren TGV, Hauck & Aufhaeuser and McKinsey & Company. Jan graduated from Frankfurt School of Finance and Management and earned a Master's in Finance at Stockholm School of Economics as a German National Merit Scholar.

Jan was appointed to the Board in March 2016.

Gavin Cockerill
Chief Executive Officer

After graduating from Birmingham City University in 2000 and following a short stint in advertising, Gavin helped launch and grow printing.com studios in the UK. Since joining the Group he has been involved in progressing the Nettl and printing.com software licencing business models and its numerous master licences globally. In 2012 he launched and developed the Group's online platforms.

Gavin was appointed Chief Operating Officer in October 2015. He has been a member of the Board since January 2018, was appointed Acting CEO in May 2022 and CEO in May 2023.

Iain Brown
Chief Financial Officer

After graduating from Leeds University with a Bachelor of Arts degree in Accountancy and Finance in 2008, Iain joined audit practice with Baker Tilly UK LLP, qualified as a chartered accountant in 2012 and is a Fellow of the Institute of Chartered accountants in England and Wales. Prior to joining the Group he held a number of senior financial positions with Myriad Group AG, a publicly listed Swiss software business trading across the world from multiple locations, before ultimately being appointed as Group Financial Controller in 2016.

Iain joined the Group in October 2019 and was appointed to the Board in January 2020.

Richard Lightfoot
Director and Company Secretary

Richard graduated from Manchester Metropolitan University in 1998 with a First Class honours degree in Business Studies. He subsequently worked for a Corporate Finance advisory firm assisting on mergers & acquisitions and venture capital fund raisings. Since joining the Group in 2004 he has performed a number of roles supporting the Board in implementing strategic initiatives.

Richard was appointed Company Secretary in October 2015 and was appointed to the Board in January 2018.

Conrad Bona
Non-Executive Director

Conrad is a business consultant, investor and entrepreneur who started his career as a banking and finance lawyer and has worked in Toronto, London and Tokyo. He has a degree in economics from the University of Western Ontario, law degrees from the University of Edinburgh and the University of New Brunswick and qualified to practice as a lawyer in multiple jurisdictions. No longer practising law, Conrad now advises companies on a wide range of commercial, financial and business matters. He is currently a non-executive director of System1 Group plc. He has both Canadian and British citizenship.

Conrad was appointed to the Board in October 2015.

Simon Barrell
Non-Executive Director

Simon qualified as a chartered accountant in 1983 and is a Fellow of the Institute of Chartered accountants in England and Wales. He's held various posts as Finance Director and has experience across multiple industries working in both the public and private sectors. He has also held numerous non-executive positions for a number of public companies and continues to act as an adviser to listed and non-listed companies. He is currently a non-executive director of SRT Marine Systems plc and Westminster Group plc.

Simon joined the Group in June 2018 as Interim Finance Director and was appointed to the Board as a Non-Executive Director in January 2020.

Matthias Riechert
Non-Executive Director

Matthias is a founder and Director of P&R Investment Management Limited ("P&R"), an investment advisory firm. Previously, Matthias worked in sales and trading at Citigroup Global Markets for nine years. He has an MBA from London Business School and Columbia Business School where he specialised in value investing.

Matthias was appointed to the Board as a Non-Executive Director in October 2022.

Directors' Report

The Directors present their report and the financial statements of Software Circle plc and its subsidiary companies for the financial year ended 31 March 2024. The Directors have proposed that no final dividend will be paid (2023: nil).

PRINCIPAL ACTIVITIES

The principal activity of the Group is the delivery of Software as a Service (SaaS) that solves clients' problems. We buy and operate VMS businesses, licensing a suite of mission critical software to predominantly SME customers across a variety of sectors.

DIRECTORS

The following Directors have held office since 1 April 2023:

J-H Mohr	Non-executive Chairman
C C Bona	Non-executive Director
S G Barrell	Non-executive Director
M Riechert	Non-executive Director
G G Cockerill	Chief Executive Officer
R A Lightfoot	Director and Company Secretary
I S Brown	Chief Financial Officer

All the Directors are subject to re-election at intervals of no more than three years.

S G Barrell, G G Cockerill and R A Lightfoot who retire by rotation, all being eligible, offer themselves up for re-election in accordance with the Company's Articles of Association.

Details of Directors' interests in the share capital of the Company as shown in the register, together with details of share options granted and awards made to the Directors, are included in the Report on Directors' Remuneration on pages 46-47.

The Company maintains cover for its Directors under a directors' liability insurance policy, as permitted by the Companies Act 2006.

REVIEW OF THE BUSINESS

The Strategic report on pages 3 to 27 provides a review of the business, the Group's trading for the year and key performance indicators.

EMPLOYEES

The employment policies of the Group embody the principles of equal opportunity and the Group does not discriminate against anyone on any grounds. The Group ensures that every consideration is given to applications of employment from disabled persons. If an employee became disabled, every effort would be made to offer suitable alternative employment within the Group and assistance with retraining.

The Group keeps employees informed via on-line message boards, by circulation of KPIs and provision of access to relevant operational results. A regular schedule of staff meetings are held and relevant internal announcements made by email. The Company takes account of any comments and feedback provided by employees in the formulation of its policies and procedures.

We have previously run SAYE schemes with our employees and will be reviewing the future offering during the current year.

RESEARCH AND DEVELOPMENT

Developing the software platforms across our Group is an ongoing process. Each year we introduce new features and services with the aim of increasing annual recurring revenues and reducing logo churn. In our newly acquired subsidiaries, management teams have developed clear roadmaps for the necessary enhancements in the years ahead, which we continually review.

HEALTH AND SAFETY

Emphasis is placed upon providing a safe and healthy working environment for employees, customers and suppliers. The Group ensures that regular risk assessments are carried out and that equipment is properly maintained. Working practices are continually refined to embody safe systems of work and the Group ensures that employees receive ongoing instruction, training and supervision for working and health and safety issues.

SOCIAL, ENVIRONMENTAL AND ETHICAL ISSUES

The Board considers social, environmental and ethical matters in all aspects of the business of the Group. They and senior management review and assess the significant risks to the Group's short and long-term value as impacted upon by social, environmental and ethical issues. The Group complies with environmental laws and regulations and works with suppliers and customers to improve the effectiveness of environmental management. The Group has made no contribution to political parties during the year (2023: nil).

FINANCIAL RISK MANAGEMENT

The Group utilises financial instruments comprising borrowings, cash and cash equivalents and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments relate to interest rates, liquidity and credit. The Directors review and agree policies for managing each of these risks, which are described and evaluated in more detail in note 21.

SUBSTANTIAL SHAREHOLDERS

In addition to the Directors' interests noted in the Directors' Remuneration Report, the Directors are aware of the following which were interested in 3% or more of the Company's equity as at 31 March 2024:

Registered holding	Number of shares	% of issued share capital
Chapters Group AG*	116,634,908	29.90%
Value Focus Beteiligungs GmbH	97,910,910	25.10%
Axxion SA	56,811,389	14.56%
Sun Mountain Partners LLC	31,764,704	8.14%
Wui Yen Liow	23,809,094	6.1%

*The Chairman, Jan-Hendrik Mohr, is CEO of Chapters Group AG

POST BALANCE SHEET EVENTS

On 2 April 2024, the Company announced the sale of the printing.com domain to JAL Equity Corp for USD 2.3m. USD 0.2m was payable on completion with the remaining payable by 31 July 2024.

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 £3.5m 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 £2.8m was paid on completion and a further £0.7m of deferred consideration will be paid on the first anniversary of completion.

FUTURE DEVELOPMENTS

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. Looking ahead, continuing our acquisition strategy 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. 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.

GOING CONCERN

As part of the consideration of the appropriateness of adopting the going concern basis of accounting, the Directors have prepared a base case forecast and then applied reasonable sensitivities.

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.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held in September 2024 and shareholders will receive a notice in due course. In addition to the ordinary business, the Company will also propose a number of resolutions, which will be dealt with as special business. Details will be contained in the Notice of the Annual General Meeting.

In the opinion of the Directors, the passing of these resolutions is in the best interests of the shareholders.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution to reappoint it as Auditor will be proposed at the next Annual General Meeting.

On behalf of the Board

Iain Brown
Chief Financial Officer
23 July 2024

Statement of directors' responsibilities in respect of the annual report, strategic report, the directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted international accounting standards and have elected under company law to prepare the Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted international accounting standards to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Software Circle plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance statement

FOR THE YEAR ENDED 31 MARCH 2024

The Board has determined that the Quoted Companies Alliance's ("QCA") Corporate Governance Code for small and mid-size quoted companies (the "QCA Code") is the most appropriate for the Group to adhere to. The QCA published a revised Corporate Governance Code on 13 November 2023 (the "2023 QCA Code). Prior to that the QCA Code was last revised on 25 April 2018 (the "2018 QCA Code).

In line with the QCA's guidance, the Company will apply the 2023 QCA Code in respect of accounting periods commencing on or after 1 April 2024. The information on Corporate Governance set out below has been applied and presented in line with the preceding 2018 QCA code.

The 2018 QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it did not depart from any of the principles of the 2018 QCA Code during the period under review.

The following paragraphs set out the Group's compliance with the ten principles of the 2018 QCA Code.

1. ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG TERM VALUE FOR SHAREHOLDERS

In the summer and early autumn of 2022, the Board ran a strategy exercise to establish the right operating model and leadership structure for the Group going forward. Our aim was first shared with our shareholders at the 2022 AGM. It puts our acquisition strategy at the centre of our focus to drive long term shareholder value, and is as follows:

"To be a leading serial acquirer and operator of VMS businesses. A permanent home for software leaders, teams and customers."

Our strategy to achieve this is to build our acquisition 'flywheel', deploying capital to buy VMS businesses that meet our criteria.

We're continually evaluating multiple VMS business targets. We find potential acquisitions through a structured outreach program. Engaging with niche, business-to-business, and mission-critical platforms.

We look for 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.

We run our business units in a decentralised way and actively avoid centralisation and consolidation. We do this to encourage an entrepreneurial spirit and culture and accelerate growth in each business which is run by its own management team, supported by the Board.

Our strategy and business operations are set out more fully in the Strategic Report section on pages 3 to 27 of this report.

The Group's principal risks and uncertainties and the systems and internal controls developed to mitigate them are set out in the disclosure to principle 4 of the 2018 QCA Code further below.

2. SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Company believes strongly in transparency and an open door policy towards shareholder communications. It aims to provide fair and objective reporting and seeks to ensure its strategy, business model and performance are clearly communicated and understood through its half year and full year reports. Past and present versions are published on the Company's website - www.softwarecircle.com/reports-downloads.

Given the stage of the Company's development, its AGM provides the key opportunity for dialogue with shareholders. All members of the Board attend the AGM. A Notice of AGM is circulated to all shareholders on the register at least 21 days in advance of the AGM.

The Chairman and Company Secretary go to additional lengths to identify and communicate with major shareholders whose holding is via nominee accounts and encourage attendance at the AGM, voting and shareholder feedback and engagement. Both the Chairman and CEO also meet on an adhoc basis with significant and major shareholders and provide feedback to the Board.

The number of proxy votes received for each vote are announced at the AGM and the results of the AGM are announced and published on our website.

The Company does not presently have significant representation from traditional institutional investors. However, at an appropriate juncture, it will seek to develop this area with the support of its broker Allenby Capital.

3. TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Company actively seeks to engage with its wider stakeholder base in order to maximise decision making, ensure alignment of interests and balance the needs of all stakeholders, whilst meeting its primary responsibility to promote the success of the Company for the benefit of its members as a whole via the execution of its strategy and business model set out in the disclosures to principle 1 of the 2018 QCA Code above.

Employees

The Company regularly engages with its employees via a number of practices and procedures. Team members are able to give valued feedback on the working environment and other stakeholder insights through, for example:

- on-line message boards and forums as well as third party applications and business communication platforms. Use of such platforms came into sharp focus during the pandemic and now continue to support homeworking; and
- regular virtual meetings bringing together our customer facing operational senior management and team leaders.

Customers and Suppliers

The Group invests in customer service software and infrastructure to support feedback from these stakeholder groups and monitors and measures internal targets for response times and quality. The Group also regularly undertakes customer surveys to measure Net Promoter Scores.

The Group's business units operate in different sectors and are run in a decentralised way by their own senior management teams who are responsible for engaging with customers and suppliers through events such as exhibitions, roadshows, conferences, on site visits and remote sessions. Direct feedback and responses to initiatives such as on-line polls and votes have shaped key strategic and operational decisions around important aspects of our businesses, ranging from pricing to environmental policies and considerations.

Environment

The Company is conscious of the environmental impact of the industries that its business units operate in. We seek to mitigate and minimise the Company's impact on the environment through practices and procedures appropriate to each business unit. Nettl Systems for example offers biodegradable products and recycled options to its customers and previously invested in technologies to reduce its energy consumption such as voltage optimisation equipment.

4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

Principal risks and uncertainties faced by the Group are set out on page 26.

The Board is responsible for establishing and maintaining the Company's system of internal control, which is designed to meet the particular needs of the Company and mitigate the risks to which it is exposed. Such a system is designed to manage these risks, to provide reasonable, but not absolute, assurance against material misstatement or loss, and to maintain proper accounting records to ensure the integrity of the financial information used within the business and for external publication.

The Board reviews the effectiveness of the system of internal control and considers whether the Company's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that at the Company's current stage of development, this is not required. The Board will continue to review this matter each year.

The Board considers that the internal controls in place are appropriate for its size and resources, its activities and the risk profile. The key elements of the control system in operation are:

- The Board meets regularly to consider matters reserved to it and has put in place an organisational structure with clear lines of defined responsibility and with appropriate delegation of authority to manage risk. Board papers include a comprehensive CEO's report covering a wide range of KPIs consistently applied across all business units, Red Amber Green (RAG) reporting against valuations models and pre acquisition expectations and Return On Sales (ROS) benchmarking that dictates the operational focus for each business unit, that in turn forms the basis of the operational focus set out in a 'Playbook' for each business unit's senior management team to then execute.
- The Executive Directors meet prior to each full Board to discuss risks and opportunities facing the Group's various business units.
- The CEO meets regularly with the senior management team of each business unit providing an opportunity to consider operational risks faced and provide stakeholder feedback from across the Group's operations.
- An organisational structure exists with defined roles and accountability and a culture is fostered which encourages entrepreneurial decision making while minimising risks. A key component of this is a comprehensive onboarding programme undertaken with the senior management team of each business acquired which includes:
    - the development of a 100 day plan to address, amongst other things, due diligence findings.
    - preparation of a financial budget and the plumbing in of the business unit's accounting platform to the Group's central reporting platform.
    - building reporting processes, procedures and infrastructure for benchmarking KPI's and Monthly Recurring Revenue (MRR) metrics that the Group applies consistently across all business units to measure operational performance.
    - development of a 'Playbook' based on a RASCI model (setting out who is Responsible, Accountable, Supporting, Consulted and Informed for particular 'Milestones/Tasks') which sets Objectives and Key Results (OKRs) agreed with the Management teams to measure the success of a financial year, align future objectives, identify operational efficiencies, evaluate pricing and determine where organic investment should go.
- The Company has information systems for monitoring its financial performance against approved budgets and forecasts.
- Documented quality systems include relevant health and safety policies and procedures for each of the Group's business units. A risk register is maintained and the Executive Directors report to the Board on any health and safety matters.
- The Audit Committee receives reports from the external auditors on a regular basis and from Executive Directors of the Company. The Board receives periodic reports from all Committees.
- The Group retains an insurance broker and maintains appropriate insurance cover in respect of actions taken against Directors. The Group's individual business units maintain insurance in respect of materials loss or claims against them and the risks they face. The types of cover and insured values are reviewed annually.

5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The make-up of the Board is reviewed on an ongoing basis in light of the Company's development, requirements and resources. The Board currently comprises four Non-Executive Directors (including the Chairman) and three Executive Directors.

All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment and article 32 of the Company's articles of association require anyone who has been in office for three years without re appointment to seek re-election.

In the past, the Company raised bond funds of £4m (at face value) from Chapters Group AG of which the Company's Chairman, Jan-Hendrik Mohr, is also minority shareholder and CEO. Matthias Riechert is founder owner and Managing Director of P&R Investment Management Limited, which is a sub advisor to Axxion SA. Axxion is a significant shareholder in the Company with 14.56% / 56,811,389 shares. Given their respective positions with Chapters Group and P&R Investment Management, the Board does not consider Mr Mohr and Mr Riechert to be independent for the purposes of Principle 5 of the 2018 QCA Code.

To ensure transparency, disclosure, and independent oversight into matters relating to Chapters Group or Axxion's investments in the Company, a sub-committee of the Board, excluding Mr Mohr and Mr Riechert is formed to make decisions regarding the Company's bonds and any other relevant matters. All other Non-Executive Directors are considered independent on the basis that they receive a fixed fee for their services, do not participate in any performance-related remuneration schemes, do not have any interest in a company share option scheme and have no material financial relationships with the Company.

All Board members are required to review their affiliations, relationships, and business interests on an ongoing basis and report to the Board any matter which may compromise their objectivity or impartiality in decision-making or affect their independence.

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information. A rolling programme of Board meetings is maintained throughout the year together with adhoc meetings as the Company's requirements demand. The director's attendance records in the year under review (excluding directors who have ceased to be directors in the period), is as follows:

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Investment Committee meetings
Number held	**8**	**3**	**4**	**4**
Jan-Hendrik Mohr (Chairman)	8	3	3	4
Conrad Bona (Non-Executive Director)	8	3	4	4
Simon Barrell (Non-Executive Director)	8	3	4	4
Matthias Riechert (Non-Executive Director)	8	3	4	4
Gavin Cockerill (CEO)	8	-	-	4
Richard Lightfoot (Director & Company Secretary)	8	-	-	-
Iain Brown (CFO)	8	3	-	-

The Company Secretary reports directly to the Chairman on governance matters. The Board believes that Richard Lightfoot's appointment as Director and Company Secretary is appropriate at this stage of the Company's development and given its requirements and resources. This arrangement is assessed on an ongoing basis and separation of duties will be implemented as appropriate.

6. ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Board considers that all of its Directors are of sufficient competence and calibre and between them provide an appropriate and effective balance of skills and experience, including in the areas of retailing, wholesaling, marketing, print production, software development, ecommerce, finance and mergers and acquisitions. Directors' biographies are set out on the website and the names, qualifications and backgrounds of each of the directors are disclosed within the Directors section of this annual report.

The Directors all ensure that their skills are kept up to date by the attendance of courses, briefings from professional advisors and reading relevant industry and professional publications.

The Board is supported where necessary by its external professional advisers. The Board continually reviews the performance of third party advisers to ensure they are the most effective business partners for the Group. Our Auditors were last changed in July 2017. The Group's audit was put out for tender during the year, the result of which was to retain the existing auditors. Directors have access to advice and services of the Company Secretary and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group.

Whilst the Board presently consists of two German nationals, and one member with both Canadian and British citizenship, it is mindful of the absence of ethnic diversity and gender balance. The Board has retained external advisors to review board composition and succession and will announce results in due course.

The Company Secretary provides all new Directors with a comprehensive onboarding pack and on an ongoing basis Directors are provided with updates on key developments relating to the Company and legal and governance matters including advice from the Company's nomad, lawyers and other advisors.

7. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Chairman assesses the individual contributions of each of the members of the team to ensure that:

- they are performing their roles and carrying out their responsibilities to the highest standards;
- their contribution is relevant and effective; and
- where relevant, they have maintained their independence.

Appraisals are carried out each year for all Executive Directors and to assess overall Board composition. The appraisal process is an ongoing consideration of the Board as a whole.

The Chairman Jan-Hendrik Mohr conducts an annual review of the Board's effectiveness, in accordance with Principle 7 of our Corporate Governance Statement. The objective of this evaluation process is to bring to light possible changes which could make the Board's activities and administration more effective and efficient.

Board Evaluation covers the following areas:

- the manner in which the Board is run, and operates as a team;
- the skills, experience and independence of the Board;
- the strategy of the business;
- the risks of the business;
- the Company's ethical values and behaviours; and
- engagement with shareholders and other stakeholders.

The board has conducted an extensive self-evaluation process during the last fiscal year. External advisers were engaged to provide outside views to the process. The process resulted in a roadmap for short- to medium-term NED succession planning. A special emphasis will be put on increasing the diversity profile of the board.

BOARD REVIEW

Manner in which the Board is run	The level of engagement between NEDs and executives is high. The Board drastically increased the cadence of meetings during the pandemic to a weekly schedule which proved to be informative and allow for quick decision making. More recently Board cadence has reverted to fewer, but more in-depth sessions to allow for complex discussions.
Skills, independence and experience	The current makeup of the Board reflects a broad perspective of different skills. A core area of improvement in the Board is diversity. The current Board doesn't appropriately reflect the level of diversity we have in our organisation and future recruiting decisions should clearly take diversity into consideration. The board self-evaluation process resulted in a skill matrix for all NEDs and a normative matrix of the skills desired. Any future NED appointment shall be accretive to gaps identified in the skill matrix.
Strategy of the business	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. The Group has a renewed and clear focus "To be a leading serial acquirer and operator of VMS businesses. A permanent home for software leaders, teams and customers."
Risk of the business	Risk of the business is evaluated in-lieu of strategy as the Board perceives risk to be a core influence on strategy. When setting strategy, we reflect on the interdependencies for our risk appetite.
Ethical values and behaviours	Critical developments are monitored in the risk awareness section of every Board meeting.
Engagement with shareholders	The Board keeps an open and constructive dialogue with its shareholders. In particular, the largest 5-6 shareholders engage in fairly frequent discussions after RNS announcements. We have used our AGM as a platform to communicate strategy and invite shareholders to ask questions in a friendly, constructive and inclusive environment.

Presently no formal Nomination Cmmittee exists in view of the stage of growth of the Company. Appointments to the Board and succession planning are considered by the Board as a whole and are made on merit against objective criteria relating to the skills, knowledge and expertise required, and with due regard for the benefits of diversity on the Board and requirements of the Company.

8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board firmly believes that culture is driven from the top and through sound Corporate governance, it takes ultimate responsibility for the culture that is developed and evolves under its leadership and guidance. The Company has documented its Leadership Values which sit at the centre of its operating values and ethics and are disseminated to all team members.

The Group's individual business units have staff manuals which set out, amongst other things, policies and procedures for Equality & Diversity, Modern Slavery, Anti Bribery, Anti Tax Evasion and Whistleblowing.

9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION- MAKING BY THE BOARD

The Board

The Board is responsible to shareholders for the proper management of the Group. The Board is responsible for overall Group strategy, approval of major capital expenditure projects, consideration of significant financing matters and approval of Annual and Interim results and budgets.

The Executive Directors have responsibility for the day-to-day operational management of the Group's activities. The Non-Executive Directors are responsible for bringing independent objective judgement to Board decisions.

All Directors are supplied with the Company's Continuing Obligations memorandum which is reviewed and updated as required. The memorandum sets out and explains the Director's responsibilities and obligations under the AIM Rules, the Market Abuse Regulation and other wider applicable legislation.

A formal schedule of all matters reserved for Board decision is maintained and reviewed regularly (last update February 2017) covering:

- Setting and Review of Strategy and Performance;
- Structure and Capital;
- Maintenance of Financial Reporting and Controls;
- Maintenance of Internal Control and Risk Management systems;
- Material Contracts;
- Investor Relations and Regulatory communications;
- Constitution of Board Membership and other appointments;
- Setting of Directors and Senior Management Remuneration;
- Delegation of Authority amongst the Board and its Committees;
- Implementation of Corporate Governance; and
- Approval of Policies.

The Board maintains a rolling scheduled programme of Board meetings each year aligned with relevant events in the Company's financial and trading calendar. Additional meetings are held as and when required.

A formal agenda is prepared for each meeting noting any unresolved matters from prior meetings, Board papers including a CEO's report and KPIs, and FD's report are circulated in advance and minutes are circulated following each meeting recording actions arising.

Non Board members are also invited to attend on occasion to participate in relevant Board discussions.

Chairman and Chief Executive Officer

The differing roles of Chairman and Chief Executive are acknowledged and there is a clear division of responsibility at the head of the Company.

The key functions of the Chairman are, to oversee the adoption, delivery and communication of the Company's Corporate Governance model, the effective conduct of Board Meetings and meetings of shareholders, to ensure that all Directors are properly briefed in order to take a full and constructive part in Board discussions, and to ensure the Group has appropriate strategic focus and direction.

The Chief Executive has responsibility for leading the implementation of agreed strategy and managing the day-to-day operations of the Group.

Committees

The Board has established an Audit Committee, a Remuneration Committee and an Investment Committee. In view of the stage of growth of the Company there are no formal Nomination or Corporate Governance committees, however these arrangements will remain under review.

The Audit Committee, Remuneration Committee and Investment Committee presently comprise the Company's Chairman and all Non-executive Directors, it is the Company's present policy for any new Non-executive Directors to join all Committees. Simon Barrell is presently Chairman of the Audit Committee and Matthias Riechert Chairman of the Remuneration Committee.

The Audit Committee's principal tasks are to review the scope of external audit, to receive regular reports from the auditors, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on legal requirements and accounting standards as well as areas of management judgement and estimation.

The Audit Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Audit Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes.

The Audit Committee meets at least twice a year including immediately before the submission of the Annual and Interim Financial Statements to the Board.

The Audit Committee also undertakes a formal assessment of the auditor's independence each year which includes:

- a review of the non-audit services provided to the Company and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- A review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- Obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in this Annual Report.

9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION- MAKING BY THE BOARD (CONTINUED)

The Audit Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work.

Ultimate responsibility for reviewing and approving the Annual and Interim financial statements remains with the Board and a statement of directors' responsibilities in respect of the accounts is set out in the Group's Annual Report.

The Remuneration Committee meets at least once a year and is responsible for making recommendations to the Board on the Company's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes, pension rights and compensation payments. It also considers and oversees the implementation of any share incentive schemes.

The Board itself determines the remuneration of the Non-Executive Directors.

A Directors' Remuneration report is set out in this Annual Report.

The Investment Committee provides quality control, mentoring and leadership to the Executive Directors in relation to acquisition opportunities. It is responsible for reviewing deal summaries and valuation models prepared by the Executive Directors and ensuring that investments fall within pre-determined 'Guardrails' which include:

- Target is UK/IE based
- Target has a clearly defined niche market
- Majority of revenues are recurring in nature, a minimum of £500k per annum
- Valuation multiple ➞ up to 7x (adj EBITDA)
- Logo churn < 10%
- Customer concentration as % of recurring revenue is low
- Number of customers > 30

Where an investment falls outside of these 'Guardrails' The Investment Committee fully review the specific merits of the business case before progressing. The Investment Committee meets on an adhoc basis as the Company's dealflow requires.

10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Board places a high priority on clear, fair and objective reporting with its various stakeholder groups.

The Company is presently of a size that it attracts limited analyst attention and does not support having a dedicated investor relations department, to that end Company announcements are the main source of information. The CEO's mobile phone number is provided on all announcements and the Company Secretary's contact details are set out on the website for shareholder enquiries.

Both the Chairman and CEO also communicate directly on an adhoc basis with major shareholders and the CEO and CFO make regular presentations to prospective shareholders.

Internally the Company's governance and performance is disseminated to business units through regular meetings between the CEO and senior management of all business units.

The Group's website is regularly updated and, in addition to the Corporate Governance Statement, sets out past and present Annual and Interim Reports and Accounts, Shareholder Circulars and Notices and all Company announcements.

The result of voting in the 2023 AGM is presented as follows:

Resolutions	For*	Against	Withheld
1. To receive the Company's Annual Accounts	120,691,557	50,000	10,000
2. To re-elect Iain Stewart Brown as a Director	120,691,557	50,000	10,000
3. To re-elect Matthias Siegfried Riechert as a Director	116,636,496	4,105,061	10,000
4. To re-appoint RSM UK Audit LLP as auditors of the Company	120,691,557	-	10,000
5. To authorise the Company to replace the existing authority to allot shares and to grant rights to subscribe for orany security into such shares	120,691,557	50,000	10,000
6. To disapply statutory pre-emption rights	117,400,129	3,336,428	15,000
7. To authorise the Company to make market purchases of its own shares	120,691,557	-	10,000
8. To change the name of the Company to Software Circle plc	120,691,557	50,000	10,000

*** including any votes giving discretion to the Chair.**

Audit committee report

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises Simon Barrell as Chairman, Jan-Hendrik Mohr, Conrad Bona and Matthias Riechert. The Audit Committee formally met three times during the year.

The Board is satisfied that I, as Chair of the Committee, have recent and relevant financial experience. I am a Chartered Accountant, have held numerous non-executive positions for a number of public companies and continue to act as an adviser to both listed and non-listed companies.

DUTIES

The Audit Committee's principal tasks are to review the scope of external audit, to receive regular reports from the auditors, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on legal requirements and accounting standards as well as areas of management judgement and estimation.

The Audit Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. It acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes.

The Audit Committee also undertakes a formal assessment of the auditor's independence each year which includes:

- a review of the non-audit services provided to the Company and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner;
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

The Audit Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work.

During the year the main items of business considered by the Audit Committee included:

- working with the Group auditors, on the findings of the 2023 audit;
- review of the FY24 audit plan;
- consideration of key audit matters and how they are addressed;
- review of the full year and interim results on behalf of the Board;
- consideration of significant accounting policies, ensured compliance with accounting standards;
- consideration of the external audit report and management representation letter;
- going concern review;
- review of the need for an internal audit function;
- holding separate discussions with the auditor without management being present on the adequacy of controls and any judgemental areas, as well as feedback on the 2023 audit.

AUDITOR OBJECTIVITY, INDEPENDENCE, AND PERFORMANCE

Regularly reviewing and assessing the effectiveness of the audit process is essential to maintaining the integrity and quality of financial reporting. In line with best practices and regulatory requirements, the Audit Committee has determined that it was prudent to put the future audit engagement out to tender during the year. Following the evaluation process, the re-appointment of RSM was proposed and subsequently approved by Shareholders at the September 2023 AGM.

The Audit Committee monitors the relationship with the external auditor, RSM, to ensure that auditor independence and objectivity are maintained. As part of its review, the committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in Note 3 of the Group's financial statements. There were no non-audit services provided by RSM during the year. The external auditors are required to rotate audit partners responsible for the Group audit every five years, with Alastair Nuttall rotating off for the current year, being replaced by Andy Allchin.

Having reviewed the auditor's independence and performance, the Audit Committee recommends that RSM be re-appointed as the Group's auditor at the next AGM.

INTERNAL AUDIT

At present, the Group does not have an internal audit function and the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one. However, the Audit Committee continues to assess this.

RISK MANAGEMENT AND INTERNAL CONTROLS

As described in the Corporate Governance Statement on pages 34 to 43, the Group has established a framework of risk management and internal control systems and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The committee supports the Board in its overall responsibility for risk management activities and implementing policies to ensure that all risks are evaluated, measured and kept under review by way of appropriate KPIs.

Simon Barrell
Audit Committee Chairman
23 July 2024

Directors' remuneration report

As a company quoted on AIM, the Company is exempt from the S420 obligation of the Companies Act 2006 to prepare a Directors' Remuneration Report and the S439A obligation to put a written remuneration policy to a shareholder vote once every three years.

REMUNERATION COMMITTEE

The Company has an established Remuneration Committee which is constituted in accordance with the recommendations of the UK Corporate Governance Code. The members of the Committee are Jan-Hendrik Mohr, Matthias Riechert, Conrad Bona and Simon Barrell who are Non-executive Directors. Matthias Riechert chairs the Committee.

In determining the Directors' remuneration for the year, the Committee consulted the Chief Executive about its proposals. The Committee also sources reports from the Company's various advisers.

REMUNERATION POLICY

The policy of the Committee is to reward Executive Directors in line with the current remuneration of directors in comparable businesses taking into consideration the advice of independent bodies, in order to recruit, motivate and retain high quality executives within a competitive market place.

The main elements of the remuneration packages for Executive Directors and senior management are basic annual salary (including Directors' fees) and benefits.

BASIC ANNUAL SALARY

Basic pensionable salary is reviewed annually in March with increases, if awarded, taking effect from 1 April. In addition to basic salary, the Executive Directors also receive certain benefits in kind, principally private medical insurance.

ANNUAL CASH BONUS

During the year the remuneration committee of the Board implemented a cash bonus scheme for key personnel across the Group's operations team ("Operations Bonus") and Mergers and Acquisitions team ("M&A Bonus").

The bonus pool available to the Operations team is 20% of the aggregate organic growth of sustainable earnings (EBITDA) above a 5% hurdle. The organic growth will be determined by the Board by observing the change of actual aggregate EBITDA over one period, or, where the company has been recently acquired, by taking the difference between actual EBITDA and an internal target of sustainable EBITDA. The target and the Hurdle may be adjusted on a time-apportioned basis where a company is acquired part way through a Bonus Period. Operations Bonuses are payable following the end of the bonus period once financial results have been determined by the Board.

The bonus pool available to the M&A team is 2.75% of the deemed "value creation" achieved in respect of companies acquired, determined by reference to any difference between our internal estimate of post-acquisition value of those companies and the price paid for them, with each recipient receiving a proportion of that amount to be determined at the discretion of the Remuneration Committee. M&A Cash Bonuses are payable in two instalments, with 50% of each individual's M&A Cash Bonus being payable following the end of the Bonus Period and the remaining 50% payable following the end of the next Bonus Period, in each case once financial results have been determined by the Board.

PENSION ARRANGEMENTS

The Company contributes the legally required pension contributions.

SHARE OPTIONS

During the year the remuneration committee implemented two new share option schemes, A tax advantaged discretionary share option plan (CSOP) and a non-tax advantaged, discretionary share option plan (Share Option Plan). Under the CSOP, options were issued at £0.09 (being market value at the time of issue) and vest after 5 years. Under the Share Option Plan, options were issued at £0.166 (being based on the market value at inception plus 10% annual compound growth over the option period) options vest at 25% per annum from September 2026, but do not become exercisable until September 2030.

DIRECTORS' CONTRACTS

It is the Company's policy that Executive Directors should have contracts with an indefinite term. There are no specific provisions for compensation in the event of loss of office. The Remuneration Committee would consider the circumstances of any early termination and determine compensation payments accordingly.

NON-EXECUTIVE DIRECTORS

The fees of each Non-executive Director are determined by the Board as a whole, excluding the Non-executive being reviewed, having regard to the commitment of time required and the level of fees in similar companies. Non-executive Directors' contracts are subject to three months written notice.

ELEMENTS OF REMUNERATION

Year ended 31 March 2024:	Basic salary £	Fees £	Benefits £	Bonuses £	Pension £	2024 Total £
J-H Mohr	-	20,833	-	-	-	20,833
C C Bona	-	20,833	-	-	625	21,458
S G Barrell	-	20,833	-	-	-	20,833
M Riechert	-	20,833	-	-	625	21,458
I S Brown	109,583	-	669	29,530	4,173	143,955
G G Cockerill	129,167	-	975	44,352	5,206	179,700
R A Lightfoot	106,250	-	1,656	29,530	4,073	141,509
	345,000	83,332	3,300	103,412	14,702	549,746

Year ended 31 March 2023:	Basic salary £	Fees £	Benefits £	Bonuses £	Pension £	2023 Total £
J-H Mohr	-	15,000	-	-	-	15,000
C C Bona	-	15,000	-	-	450	15,450
S G Barrell	-	15,000	-	-	-	15,000
M Riechert	-	6,250	-	-	113	6,363
P R Gunning	23,200	-	179	50	2,588	26,017
I S Brown	87,500	-	638	10,050	2,927	101,115
G G Cockerill	92,500	-	714	10,050	3,077	106,341
R A Lightfoot	79,500	-	1,556	10,050	2,687	93,793
	282,700	51,250	3,087	30,200	11,842	379,079

DIRECTORS' INTERESTS

At 31 March 2024, the Directors had the following beneficial interests in the Company's shares:

	Ordinary shares of 1p each		Share Options	
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
J-H Mohr*	**116,634,908**	-	**-**	-
C C Bona	**2,462,959**	1,168,841	**-**	-
S G Barrell	**128,034**	85,356	**-**	-
M Riechert	**2,612,940**	-	**-**	-
G G Cockerill	**138,777**	92,518	**4,704,499**	-
I S Brown	**124,954**	84,208	**4,704,499**	-
R A Lightfoot	**619,802**	152,156	**4,704,499**	-

* Indirect interest, shares held by Chapters Group AG, a company in which Jan-Hendrik Mohr, Chairman of Software Circle plc, acts as CEO.

Options over ordinary shares in the Company

			Number of share options		
Date of issue	Exercise price (p)	Vesting date	G G Cockerill	I S Brown	R A Lightfoot
21/09/2023	9.0	21/09/2028	666,666	666,666	666,666
21/12/2023	16.6	29/09/2030	4,037,833	4,037,833	4,037,833
Total			4,704,499	4,704,499	4,704,499

There were no changes in the interest of Directors between 31 March 2024 and the date of this report.

The market price of shares as at 31 March 2024 was 18.00 pence (2023: 9.25 pence). The range during the period under review was 8.25 pence to 19.50 pence.

Matthias Riechert
Remuneration Committee Chairman
23 July 2024

Independent auditor's report to the members of Software Circle plc

OPINION

We have audited the financial statements of Software Circle plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in Shareholders' equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	**Group** · Revenue recognition · Business combinations **Parent Company** · Impairment of intercompany receivables
Materiality	**Group** · Overall materiality: £355k (2023: £273k) · Performance materiality: £266k (2023: £204k) **Parent Company** · Overall materiality: £589k (2023: £556k) · Performance materiality: £442k (2023: £417k)
Scope	Our audit procedures covered 90% of revenue, 96% of total assets and 88% of EBITDA.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION

Key audit matter description	(Refer to pages 60 regarding the accounting policy in respect of revenue recognition and note 2 in respect of revenue and operating segments). Appropriate and accurate income recognition is required to be applied by the Directors to ensure that revenue is fairly stated in the financial statements. There is a risk that revenue is recognised inappropriately due to fraud or error and that the revenue recognised is not in line with the underlying trading arrangements. There are numerous revenue streams within the business. There is a risk that revenue is not accurately captured within the financial statements or that the established revenue recognition policy is not appropriately applied given the various types of revenue earned and the changes in the group structure in the year. There is a fraud risk in respect of the occurrence and cut-off of revenue.
How the matter was addressed in the audit	The Group's revenue recognition accounting policies were scrutinised against the requirements of IFRS 15. Substantive tests of detail were performed on a sample of revenue items recognised in the period to determine the occurrence and appropriate cut-off of the items selected. These were undertaken across the different revenue streams. The occurrence and accuracy of revenue recognised was assessed via detailed testing by reference to contracts with customers or other similar arrangements and invoices issued. Data analytics procedures were also used to review revenue transactions which fell outside the expected revenue cycle. The recognition of revenue around the period end was tested on a sample basis to determine that it had been reported in the correct period.

BUSINESS COMBINATIONS

Key audit matter description	(Refer to pages 59 regarding the accounting policy in respect of business combinations and note 22 in respect of acquisitions disclosure). There has been one acquisition within the period being audited and four acquisitions in the comparative period. The fair value assigned to the net assets at the acquisition date, particularly the fair value assigned to separately identifiable intangibles, requires a significant degree of management estimation and judgement. Furthermore, the acquisitions had elements of deferred consideration and contingent consideration. The recognition and valuation of these items requires significant estimation and judgement from management.
How the matter was addressed in the audit	The opening balance sheet for the acquired entity has been agreed to completion accounts, with the reliability of the completion accounts tested. Consideration paid and payable, including deferred and contingent consideration, has been corroborated to supporting agreements. Assumptions in relation to deferred consideration and contingent consideration, including consideration of whether any elements should be recognised as remuneration, have been assessed to confirm they have been reflected in the workings at an appropriate value and that the accounting thereof was in accordance with the requirements of the underlying financial reporting framework. The fair value assigned to net assets as at the acquisition date and the assumptions used within the valuation of these assets have been scrutinised to confirm they are reasonable. Valuation techniques used by management have been reviewed to confirm in line with IFRS 3. The disclosures in relation to the acquisition have been reviewed to ensure appropriately reflected within the financial statements.

IMPAIRMENT OF INTERCOMPANY RECEIVABLES

Key audit matter description	(Refer to pages 60 regarding the accounting policy in respect of trade and loan receivables and note 13 in respect of trade and other receivables disclosure). The parent company holds gross intercompany receivables of £11,009k. In assessing the recoverability of the intercompany receivables management has considered a range of credit loss outcomes in their model in which forecasted data is used to generate the outcomes. Due to the significance of the balances on the parent company balance sheet and the judgement involved in the impairment assessment, we consider the valuation of these balances a key audit matter.
How the matter was addressed in the audit	The methodology utilised by management to determine the recoverability of intercompany balances was reviewed, with reference to the requirements of IFRS 9 Financial Instruments. The audit team considered the appropriateness of managements expected credit loss provision. This included assessing the reasonableness of the recovery scenarios applied, the underlying cash flow forecasts and the probabilities management applied to each scenario. The mechanical accuracy of the model has also been reviewed. We reviewed the appropriateness of disclosures made, including in respect of the key source of estimation uncertainty.

OUR APPLICATION OF MATERIALITY

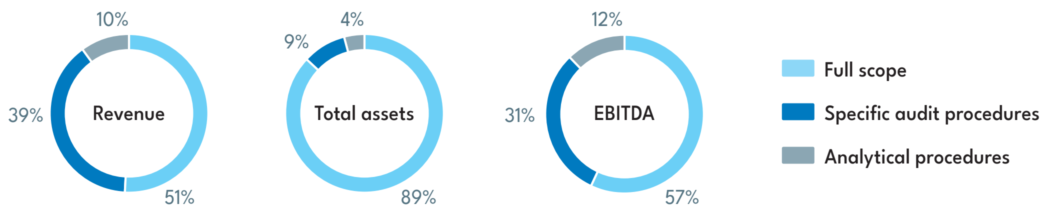
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£355k (2023: £273k)	£589k (2023: £556k)
Basis for determining overall materiality	2.2% of revenue	2% of total assets
Rationale for benchmark applied	We have chosen revenue as the benchmark for the group as we consider this to be the most relevant benchmark of activity and trading performance of the group as it continues to grow through acquisition.	As this is a non-trading holding company, total assets is considered the key benchmark as it is reflective of the parent company's investments in its subsidiaries.
Performance materiality	£266k (2023: £204k)	£442k (2023: £417k)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £17,700 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £8,900 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consists of 10 components, 7 which are based in the UK, 1 in the Republic of Ireland, 1 in the USA and 1 in France.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 2 components, specific audit procedures for 3 components and analytical procedures at group level for the remaining 5 components.

	Number of components	Revenue	Total assets	EBITDA
Full scope audit	2	51%	87%	57%
Specific audit procedures	3	39%	9%	31%
Total	**5**	**90%**	**96%**	**88%**

Of the above, no audits were undertaken by component auditors.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing management's going concern assessment and forecast model, performing checks to confirm its internal consistency and mathematical accuracy, consideration of reasonable sensitivities and challenging the key assumptions and estimates within. The appropriateness of disclosures concerning the going concern basis was also considered.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
IFRS/UK-adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Additional audit procedures performed by the audit engagement team:
Revenue recognition	The Group's revenue recognition accounting policies were scrutinised against the requirements of IFRS 15. Substantive tests of detail over a sample of sales recognised in the year including agreement of the sales value to underlying sales documentation and the occurrence to evidence of delivery. Data analytics procedures were also used to review revenue transactions which fell outside the expected revenue cycle. Reviewing the cut-off treatment of a sample of sales recorded around the year end. We have tested licence income to ensure this has been correctly recognised in line with policy.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **http://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ANDREW ALLCHIN FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Ninth Floor, Landmark
St Peter's Square
1 Oxford Road
Manchester
M1 4PB
Date: 23 July 2024

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	4	**(5,332)**	(3,471)	(417)	(3,888)
Doubtful debt expense		**(527)**	(68)	(10)	(78)
Other operating charges	3	**(2,870)**	(1,806)	(155)	(1,961)
Earnings before interest, tax, depreciation and amortisation		**1,465**	405	53	458
Depreciation and amortisation	9 & 10	**(3,551)**	(1,556)	-	(1,556)
Impairment of assets	24	**(1,440)**	(805)	-	(805)
Value adjustment of consideration payable	16	**301**	-	-	-
Operating loss	3	**(3,225)**	(1,956)	53	(1,903)
Financial income		**400**	135	-	135
Financial expenses	5	**(1,278)**	(830)	(21)	(851)
Value adjustment on bond settlement	16	**622**	-	-	-
Net financing expense		**(256)**	(695)	(21)	(716)
Loss before tax		**(3,481)**	(2,651)	32	(2,619)
Tax credit	6	**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	7	**(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

The notes on pages 58-84 form part of these financial statements.

Consolidated and company statement of financial position

AT 31 MARCH 2024	Note	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Non-current assets					
Property, plant and equipment	9	**1,242**	1,384	**-**	-
Intangible assets	10	**15,302**	16,266	-	-
Investments in subsidiaries	11	**-**	-	**16,249**	15,665
Other receivables	13	**-**	-	**4,967**	8,268
Total non-current assets		**16,544**	17,650	**21,216**	23,933
Current assets					
Inventories	12	**33**	31	**-**	-
Trade and other receivables	13	**2,418**	2,247	**92**	567
Consideration receivable	24	**-**	1,698	**-**	1,698
Cash and cash equivalents	14	**15,391**	1,994	**13,329**	210
Total current assets		**17,842**	5,970	**13,421**	2,475
Total assets		**34,386**	23,620	**34,637**	26,408
Current liabilities					
Other interest-bearing loans and borrowings	16	**1,511**	3,879	**1,351**	3,759
Trade and other payables	15	**3,144**	2,003	**2,448**	1,248
Total current liabilities		**4,655**	5,882	**3,799**	5,007
Non-current liabilities					
Other interest-bearing loans and borrowings	16	**6,984**	14,837	**6,137**	13,886
Deferred tax liabilities	8	**1,066**	1,973	**-**	-
Total non-current liabilities		**8,050**	16,810	**6,137**	13,886
Total liabilities		**12,705**	22,692	**9,936**	18,893
Net assets		**21,681**	928	**24,701**	7,515
Equity attributable to equity holders of the parent					
Share capital	19	**3,901**	1,145	**3,901**	1,145
Merger reserve		**838**	838	**627**	627
Share premium	20	**28,255**	7,866	**28,255**	7,866
Share based payment reserve		**37**	88	**37**	88
Translation reserve		**58**	117	**-**	-
Retained earnings		**(11,408)**	(9,126)	**(8,119)**	(2,211)
Total equity		**21,681**	928	**24,701**	7,515

The Parent Company result for the year was a loss of £5,996,000 (2023: loss £2,206,000).

The notes on pages 58-84 form part of these financial statements.

The financial statements of Software Circle plc, registered number 03983312, were approved by the Board of directors on 23 July 2024 and were signed on its behalf by:

I S BROWN
Director

Consolidated and Company statement changes in shareholders' equity

GROUP – YEAR ENDED 31 MARCH 2024

	Share capital £000	Merger reserve £000	Share premium £000	Share based payment reserve £000	Translation reserve £000	Retained earnings £000	Total £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 operations	-	-	-	-	51	(1,408)	(1,357)
Loss and total comprehensive income for the year from discontinued operations	-	-	-	-	-	(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**

COMPANY – YEAR ENDED 31 MARCH 2024

	Share capital £000	Merger reserve £000	Share premium £000	Share based payment reserve £000	Translation reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2022	1,145	627	7,866	88	-	(5)	9,721
Loss and total comprehensive income for the year	-	-	-	-	-	(2,206)	(2,206)
Total movement in equity	-	-	-	-	-	(2,206)	(2,206)
Balance at 31 March 2023	1,145	627	7,866	88	-	(2,211)	7,515
Loss and total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(5,996)**	**(5,996)**
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)**	**-**	**(5,908)**	**17,186**
Balance at 31 March 2024	**3,901**	**627**	**28,255**	**37**	**-**	**(8,119)**	**24,701**

The notes on pages 58-84 form part of these financial statements.

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	24	**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	10	**(1,133)**	(390)
Proceeds from disposal of subsidiary		**-**	100
Acquisition of subsidiaries net of cash	22	**(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	23	**(6,894)**	(305)
Capital payment of lease liabilities	23	**(136)**	(117)
Interest payment of lease liabilities	23	**(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	14	**15,391**	1,994

The notes on pages 58-84 form part of these financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Software Circle plc (the "Company") is a public limited company incorporated and domiciled in the UK. The Company's registered office is c/o Gateley Legal, Ship Canal House, 98 King Street, Manchester, England, M2 4WU.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and are presented in sterling. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New standards, amendments and interpretations, that became effective in the year and have been adopted in the annual financial statements are set out below. None of these changes had a material impact upon the financial statements:

- Amendments to IAS 8 - Amended definition of an accounting estimate;
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.

New standards, amendments and interpretations which are not yet effective at the reporting date but will be adopted in future reporting are set out below:

- Amendments to IAS 1 Presentation of Financial Statements in respect of Non-current Liabilities with Covenants;
- IFRS 16 Leases in respect of Sale and Leaseback Transactions.

These amendments are not expected to have a significant impact on the Group.

BASIS OF PREPARATION

The Group financial statements comprise the financial statements of the Company and all of its subsidiaries made up to the financial year end. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements are prepared under the historic cost convention except for certain financial instruments which are carried at fair value.

The Group has provided parent guarantees to the following subsidiaries and thereby taken advantage of the audit exemption by virtue of s479A of the Companies Act 2006:

Nettl Systems Limited	02728004
Software Circle Management Limited	14943647
Vertical Plus Limited	04187838
Care Management Systems Limited	06495506
Watermark Technologies Limited	04644290
Arc Technology Limited	02523564

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the periods presented.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form a part of these approved financial statements.

Intercompany balances and transactions have been eliminated. Profits from intercompany sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

GOING CONCERN

Information regarding the Group's business activities together with the factors likely to affect its future development, performance and position is set out in the Chairman's and Chief Executive's Statement on pages 3-15. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 19-25. In addition, note 21 to the financial statements includes details of the Group's financial instruments and its exposures to credit risk and liquidity risk.

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.

BUSINESS COMBINATIONS

In accordance with IFRS 3 "Business Combinations", when accounting for acquisitions the Group measures goodwill at the acquisition date as the:

- fair value of the consideration transferred; plus
- recognised amount of any non-controlling interests in the acquiree; plus
- fair value of the existing equity interest in the acquiree; less
- net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed;

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

To the extent that deferred consideration is payable as part of the acquisition cost, the deferred consideration is discounted at an appropriate interest rate and, accordingly, carried at net present value in the consolidated statement of financial position. The discount component is then unwound as an interest charge in the consolidated statement of comprehensive income over the life of the obligation.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs are expenses to the statement of comprehensive income as incurred.

1. ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value. Where in the opinion of the Directors an impairment of the investment has arisen, the value of the investment will be written down to the recoverable amount in accordance with IAS 36 'Impairment of Assets'. Where surplus cash at the date of acquisition is subsequently withdrawn post-acquisition this is treated as a return of investment, reducing the carrying value of the investment in the subsidiary.

REVENUE

IFRS 15, in respect of the recognition of Revenue from Contracts with customers, requires the Group to separately recognise revenue with respect to the various components of the contractual arrangements. Where contracts have separately identifiable components with distinct patterns of delivery and customer acceptance, revenue is accounted for separately once the performance obligation is satisfied.

The Group contracts with its customers on the following bases:

- Supply of product. The Group considers the performance obligation to have been met when the product is delivered and, where required, installed.
- Licence fees, including franchise fees, for SaaS products are for a set period of time as specified with the customer. There is considered to be a single performance obligation for delivering a managed software service which is satisfied over the length of the contract. Revenue is therefore recognised over the life of the contract.
- Commissions on third-party sales. The Group considers the performance obligation to have been met when the third-party sale has taken place.
- Provision of professional services. The Group considers the performance obligation to have been met when the service has been provided.
- Rental of equipment. There is considered to be a single performance obligation for the provision of the IT equipment and the related software installed. 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. Revenue is recognised over the life of the contract.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the board of directors.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and is valued at purchased cost. Net realisable value is based on estimated selling price less additional costs to completion and necessary costs to make the sale.

FINANCIAL ASSETS AND LIABILTIES

FINANCIAL ASSETS

The Group and Company classify all its financial assets into the amortised cost category. The accounting policies for each category is as follows:

- Trade and loan receivables: Trade receivables are initially recognised and carried at original invoice amount less an allowance for any uncollectible or impaired amounts. An impairment provision is calculated by considering the trade receivables and expected credit losses. 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.
- An estimate for doubtful debts is also made when collection of the full amount is no longer probable. Debts are written off when they are identified as being uncollectible.
- Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- They arise principally through the intercompany loans; Impairment of loan receivables is calculated utilising the lifetime expected credit losses of these loans and the changes in the credit risk of the counterparty.
- Cash and cash equivalents in the statement of financial position comprise cash at bank and cash in hand.

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

FINANCIAL LIABILITIES

The Group and Company treat financial liabilities in accordance with the following accounting policies:

- Trade payables and other short-term monetary liabilities are recognised at fair value and subsequently at amortised cost.
- Loans are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. "Interest expense" in this context includes initial transaction costs and premiums payable on redemption, as well as any interest payable while the liability is outstanding.
- Bearer Bonds are initially recognised at fair value net of any discount or transaction costs directly attributable to the issue of the instrument. They are subsequently measured at amortised cost using the effective interest rate method. "Interest expense" in this context includes initial transaction costs and the initial discount to the nominal value on inception, as well as any interest payable while the liability is outstanding.
- Deferred consideration is initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Where future payments are contingent on future events or performance conditions are initially recognised at fair value. They are subsequently measured at fair value through profit and loss with changes in fair value being recognised in the Group Statement of comprehensive income.

SHARE CAPITAL

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds within share premium.

BORROWING COSTS

Borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

CURRENT TAXATION

The current tax is based upon the taxable profit for the period together with adjustments, where necessary, in respect of prior periods. The Group's asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the financial period end date.

Current tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

DEFERRED TAXATION

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of Financial Position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and impairments. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Fixtures and fittings	- 20% to 33% straight line
Plant and equipment	- 7% to 30% straight line
Motor Vehicles	- 20% straight line
Leasehold improvements	- over the life of the lease, straight line
Right of use assets	- over the life of the lease, straight line

Where assets have been depreciated down to their estimated residual value they are no longer depreciated, a number of assets were subject to this in the year.

1. ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

RESEARCH AND DEVELOPMENT COSTS

Research costs are expenses as incurred. Development costs are charged to the profit or loss account in the year of expenditure, except when individual projects satisfy the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs will be exceeded by future sales; and adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over three years. Impairment risk is reviewed by the Board.

Amortisation is charged to profit or loss on a straight-line basis over the useful economic life of the asset as follows:

Domains & brand	- 20 years
Software	- 3 years
Capitalised development costs	- 3 years
Acquired Technology	- 3 to 6 years
Customer Lists	- 3 to 10 years

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

SOFTWARE

External expenditure on computer systems and software is stated at cost less accumulated amortisation and impairment losses. Amortisation is on a straight-line basis over the useful economic life of the asset set at three years.

CUSTOMER LISTS

Customer lists arise on the acquisition of subsidiary companies. Customer lists are being amortised over three to ten years and are individually tested bi-annually for indications of impairment.

TECHNOLOGY

Technology assets arise on the acquisition of subsidiary companies by assessing the value-in-use of the software acquired. The technology assets are being amortised over three to six years and are tested bi-annually for indication of impairment.

GOODWILL

Goodwill may arise on acquisitions. Where this occurs the valuation will be supported by a fair value assessment of the expected future cash flows from the related cash generating unit.

IMPAIRMENT OF NON FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

EXCEPTIONAL COSTS / (ITEMS)

Exceptional costs represent those costs / (items) that are considered by the directors to be either material in nature or non-recurring and that require separate identification to give a true and fair view of the group's profit / (loss) for the year.

LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within Property, Plant and Equipment and disclosed separately in note 17.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

For leases of assets granted by the Group, those leases are assessed in line with IFRS 16 to determine whether the lease should be classified as a finance lease or an operating lease. Following that assessment, the Group classifies any such leases as operating leases. The associated assets are capitalised as fixed assets and depreciated over their expected useful economic life. Revenue generated from those assets is recognised in line with IFRS 15.

FINANCING COSTS

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the entities within the Group's right to receive payments is established.

SHARE BASED PAYMENTS

The Group operates equity-settled share-based compensation plans, under which the Company receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the instruments granted, calculated using the Black Scholes model. At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

FOREIGN CURRENCIES

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. At each Balance Sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the Balance Sheet date. Translation differences on monetary items are taken to profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction.

The financial statements of overseas subsidiaries are translated into sterling at the exchange rate ruling at the Balance Sheet date; income and expenses are translated at an average exchange rate. The resulting surpluses and deficits are taken directly to profit or loss.

On disposal of a foreign subsidiary any cumulative exchange differences held in shareholders' equity are transferred to the Consolidated Statement of Comprehensive Income.

1. ACCOUNTING POLICIES (CONTINUED)

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 22.

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 & e-commerce £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 24), 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 & e-commerce £000	Professional & financial services £000	Health & social care £000	Property £000	**Operating Total £000**	Central overhead £000	Discontinued operations £000	**Total £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. OPERATING LOSS

Included in operating loss are the following:

	2024 £000	2023 £000
Amortisation of intangible assets	**3,218**	1,321
Depreciation	**333**	235
(Profit) / loss on sale of plant and equipment	**(13)**	82
Profit on sale and leaseback recognised in the year	**-**	(33)
Acquisition related costs	**347**	353
Research and development costs	**160**	404

Auditor's remuneration:

	2024 £000	2023 £000
Audit of these financial statements	**120**	140
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**-**	69
	120	209

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year analysed by category, were as follows:

Number of employees	**Group 2024**	Group 2023	**Company 2024**	Company 2023
Administration	**27**	20	**9**	9
Sales and marketing	**11**	8	**-**	-
R&D	**27**	14	**-**	-
Operations and support	**66**	50	**-**	-
	131	92	**9**	9

DEFINED CONTRIBUTION PLAN

The Group operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the Group. The amounts charged to the Consolidated Statement of Comprehensive Income represent the contributions payable to the scheme in respect of the accounting period. In the year ended 31 March 2024 £125,000 of contributions were charged to the Consolidated Statement of Comprehensive Income (2023: £90,000). Charges relating to the discontinued operation were £nil (2023: £3,800). As at 31 March 2024 £21,000 (2023: £7,100) of contributions were outstanding on the balance sheet.

The aggregate payroll costs of all employees, including Directors, were as follows:

	Group 2024 £000	Group 2023 £000	**Company 2024 £000**	Company 2023 £000
Wages and salaries	**4,627**	3,481	**718**	528
Social security costs	**543**	317	**86**	63
Other pension costs	**125**	90	**20**	14
Share based payment charges	**37**	-	**37**	-
	5,332	3,888	**861**	605
Cost attributable to continued operation	**5,332**	3,471	**861**	605
Cost attributable to discontinued operation	**-**	417	**-**	-

KEY MANAGEMENT COMPENSATION:

	2024 £000	2023 £000
Executive directors		
Emoluments	**452**	316
Company contributions to money purchase pension plans	**13**	11
	465	327
Non-executive directors		
Emoluments	**84**	51
Company contributions to money purchase pension plans	**1**	1
	85	52
Total directors remuneration	**550**	379
Employers national insurance contributions	**14**	42
Total	**564**	421

The Group considers the key management to be the Directors of the Group. Information covering Directors' remuneration is set out in full in the 'Elements of remuneration' section of the Directors Remuneration Report on pages 46-47 where details of fees and benefits can be found.

The aggregate of emoluments for the highest paid Director was £174,000 (2023: £103,000), and Company pension contributions of £5,000 (2023: £3,000) were made to a money purchase scheme on their behalf. Directors for whom retirement benefits are accruing under money purchase schemes 5 (2023: 5).

5. FINANCE EXPENSE

	2024 £000	2023 £000
Lease interest	**64**	83
Bearer bond interest	**948**	644
Loan interest	**34**	6
Foreign exchange losses	**(17)**	13
Unwinding of discount on deferred consideration	**249**	105
Total finance expense	**1,278**	851
Total finance expense attributable to continuing operation	**1,278**	830
Total finance expense attributable to discontinued operation	**-**	21

6. TAXATION

Recognised in the income statement	2024 £000	2023 £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 8)	**(519)**	(170)
Previously unrecognised deferred tax asset currently recognised (see note 8)	**(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)

6. TAXATION (CONTINUED)

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 £000	2023 £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 8)	**-**	(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.

7. EARNINGS PER SHARE

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

	2024 £000	2023 £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.

8. DEFERRED TAX ASSETS AND LIABILITIES – GROUP

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 acquisition of subsidiary £000**	**Recognised in income £000**	**Removal of discontinued operation £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 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).

Company

The Company had no recognised deferred tax assets as at 31 March 2024 (2023: nil)

9. PROPERTY, PLANT AND EQUIPMENT – GROUP

	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 17.

The parent company has no recognised property, plant and equipment (2023: nil).

10. INTANGIBLE ASSETS

Group	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 (note 22)	-	-	-	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 22)	-	-	-	547	785	319	-	1,651
Acquisition adjustment (note 16)	-	-	-	(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 & e-commerce
Vertical Plus	Graphics & e-commerce
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%.

10. INTANGIBLE ASSETS (CONTINUED)

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.

The parent company has no recognised intangible assets (2023: nil).

11. INVESTMENTS - COMPANY

	Shares in Subsidiary undertakings £000	Total £000
Cost		
Balance at 31 March 2022	986	986
Additions	15,681	15,681
Return of investment	(1,002)	(1,002)
Balance at 31 March 2023	15,665	15,665
Additions	2,059	2,059
Acquisition adjustment (note 16)	(463)	(463)
Return of investment	(1,012)	(1,012)
Balance at 31 March 2024	**16,249**	**16,249**

The Company owns the whole of the issued ordinary share capital of the following undertakings:

Subsidiary undertakings – wholly owned	Country of incorporation	Nature of business/status
Nettl Systems Limited*	UK	Software and other business support – trading
Software Circle Management Limited*	UK	Central support - trading
Printing.com (UK Franchise) Limited*	UK	Partner contracts – dormant
Nettl UK Limited*	UK	Partner contracts – dormant
Grafenia Systems Limited*	UK	Licence agreements – dormant
Grafenia Technology Limited*	UK	Licence agreements – dormant
Creative Enterprise Support Limited*	UK	Enterprise Support – dormant
TemplateCloud Limited*	UK	Template Provision – dormant
W3P Limited*	UK	Software – dormant
Vertical Plus Limited*	UK	Software and solutions - trading
Care Management Systems Limited*	UK	Software and solutions - trading
Watermark Technologies Limited*	UK	Software and solutions - trading
Arc Technology Limited*	UK	Software and solutions - trading
Be The Brand Experience Limited*	UK	Software and solutions - trading
Topfloor Systems Limited*	Republic of Ireland	Software and solutions - trading
Nettl of America LLC^	US	Franchising - trading

*** - Owned directly by Software Circle PLC**

^ - Owned indirectly through ownership of the Company's 100% subsidiary Nettl Systems Limited

The registered address for all UK businesses is C/O Gateley Legal, Ship Canal House, 98 King Street, Manchester, England, M2 4WU. The registered address for Topfloor Systems Limited is Office 102, First Floor, 13 Merrion Square North, Dublin, D02 HW89, Ireland. The registered address for Nettl of America LLC is 6685 Beta Drive, Cleveland, Ohio, 44143-2320, USA.

12. INVENTORIES

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Raw Materials	33	31	-	-
Total inventories	33	31	-	-

13. TRADE AND OTHER RECEIVABLES

Other receivables due from subsidiary companies do not have fixed repayment terms.

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.

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Trade receivables	2,505	2,799	-	-
Less provision for trade receivables	(660)	(1,153)	-	-
Trade receivables net	1,845	1,646	-	-
Other receivables due from subsidiary companies within one year	-	-	49	541
Total financial assets other than cash and cash equivalents classified at amortised cost	1,845	1,646	49	541
Corporation tax	232	155	-	-
Prepayments	130	110	26	26
Other receivables	211	336	17	-
Total other receivables	573	601	43	26
Total trade and other receivables	2,418	2,247	92	567
Non-current other receivables				
Other receivables due from subsidiary companies after one year	-	-	11,009	10,512
Less provision for subsidiary companies after one year	-	-	(6,042)	(2,244)
Total other receivables	-	-	4,967	8,268

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.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Impairment

Group	As at 31 March 2024	As at 31 March 2023
	£000	£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.

Company

The Company did not have trade receivables at the year end. The intercompany receivables have been considered for impairment on an expected credit loss model and this has resulted in an impairment of £3,798,000 (2023: impairment reversal of £1,000,000).

14. CASH AND CASH EQUIVALENTS

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Cash and cash equivalents	15,391	1,994	13,329	210

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash in transit and other short term highly liquid investments. All cash is held in Sterling other than Euro of £449,000 (2023: £137,000) and USD of £36,000 (2023: £27,000).

15. TRADE AND OTHER PAYABLES

Current Liabilities	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Trade payables	737	700	60	71
Accruals	383	428	130	187
Other liabilities	658	689	-	-
Amounts owed to subsidiary companies	-	-	1,626	990
Lease settlements	632	-	632	-
Total financial liabilities, excluding borrowings classified as financial liabilities measured at amortised cost	2,410	1,817	2,448	1,248
Deferred income	734	186	-	-
Total trade and other payables	**3,144**	2,003	**2,448**	1,248

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.

16. BORROWINGS

For more information on the Group and Company's exposure to interest rate, foreign currency risk and lease liabilities, see note 21.

Current Liabilities	**Group 2024 £000**	Group 2023 £000	**Company 2024 £000**	Company 2023 £000
Lease liabilities	**160**	120	**-**	-
Bearer bonds	**402**	-	**402**	-
Loans	**324**	279	**324**	279
Deferred consideration	**625**	3,480	**625**	3,480
	1,511	3,879	**1,351**	3,759

Non-Current Liabilities				
Lease liabilities	**847**	951	**-**	-
Loans	**26**	324	**26**	324
Bearer bonds	**5,697**	12,381	**5,697**	12,381
Deferred consideration	**414**	1,181	**414**	1,181
	6,984	14,837	**6,137**	13,886

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.

17. 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 £000	**Plant and equipment £000**	**Motor vehicles £000**	**Total £000**	Land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £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 £000	Year 2 £000	Year 3 £000	Year 4 £000	Year 5 £000
Future contracted lease income	805	391	176	92	40

18. 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:

	Grant date	Expiry date	Exercise price (p)	**2024** Number of share options	2023 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**	Grant date 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 (years)	**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.

19. SHARE CAPITAL

SHARE CAPITAL – GROUP AND COMPANY

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).

20. SHARE PREMIUM AND OTHER RESERVES

The share premium represents the amounts subscribed for share capital in excess of the nominal value of shares.

	Group and company	
	2024 £000	2023 £000
At 1 April	**7,866**	7,866
Premium on shares issued by the Company in the year	**20,669**	-
Share issue costs	**(280)**	-
At 31 March	**28,255**	7,866

The Merger reserve arose when the Company previously undertook share for share exchanges when making acquisitions.

The share based payment reserve represents the recognised cost of share option schemes that have not been converted into share capital.

The translation reserve represents cumulative foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

21. FINANCIAL INSTRUMENTS

Categories of financial instrument

Financial assets

	2024 Amortised cost £000	2024 Fair value through profit and loss £000	2024 Total £000	2023 Amortised cost £000	2023 Fair value through profit and loss £000	2023 Total £000
Trade and other receivables excluding non-financial assets	1,845	-	1,845	1,646	-	1,646
Consideration receivable	-	-	-	-	1,698	1,698
Cash and cash equivalents	15,391	-	15,391	1,994	-	1,994
	17,236	-	17,236	3,640	1,698	5,338

Financial liabilities

	2024 Amortised cost £000	2024 Fair value through profit and loss £000	2024 Total £000	2023 Amortised cost £000	2023 Fair value through profit and loss £000	2023 Total £000
Trade and other payables	2,410	-	2,410	1,817	-	1,817
Lease liabilities	1,007	-	1,007	1,071	-	1,071
Bearer Bonds	6,009	-	6,009	12,382	-	12,382
Loans	350	-	350	602	-	602
Deferred and contingent consideration	440	599	1,039	3,463	1,198	4,661
	10,216	599	10,815	19,335	1,198	20,533

It is not the Group's policy to enter into financial derivatives for speculative or trading purposes. The financial instruments employed by the Group other than short term debtors and creditors are used to fund its operations and comprise cash, short term deposits and lease liabilities.

The Group's policy during the financial year ended 31 March 2024 and 31 March 2023 was to place the majority of its cash on short term deposit with its bankers.

Lease liabilities / bank loans

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The market rate of interest for lease liabilities is determined by reference to similar lease agreements.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables both current and non-current. Trade receivables are included in the balance sheet net of doubtful receivables, estimated by the Group's management. The maximum credit risk in respect of the Group's and Company's financial assets at the year-end is represented by the balance outstanding on trade receivables and other receivables due from Partners.

Interest rate risk

The Group and the Company do not have a material exposure to interest rates as most borrowings are at fixed interest rates.

Capital risk management

The Group's capital management objective is to ensure the Group's ability to continue as a going concern so that it can in future provide returns for shareholders and benefits for other stakeholders.

To meet this objective, the Group reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Group. The capital structure of the Group consists of shareholders' equity as set out in the Consolidated Statement of Changes in Equity. All working capital requirements are financed from existing cash resources and borrowings.

21. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements:

31 March 2024	**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**
Trade and other payables	**2,410**	**2,410**	**2,410**	**-**	**-**	**-**	**-**
Lease liabilities	**1,007**	**1,230**	**110**	**110**	**220**	**506**	**284**
Bearer Bonds*	**6,099**	**13,132**	**402**	**-**	**402**	**1,206**	**11,122**
Loans	**350**	**363**	**181**	**155**	**27**	**-**	**-**
Deferred and contingent consideration payable	**1,039**	**1,145**	**347**	**350**	**266**	**182**	**-**
	10,905	**18,280**	**3,450**	**615**	**915**	**1,894**	**11,406**

31 March 2023	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
Trade and other payables	1,817	1,817	1,817	-	-	-	-
Lease liabilities	1,071	1,348	99	99	198	531	421
Bearer Bonds*	12,382	22,360	-	-	510	1,530	20,320
Loans	602	648	155	155	311	27	-
Deferred and contingent consideration payable	4,661	5,084	182	3,584	472	846	-
	20,533	31,257	2,253	3,838	1,491	2,934	20,741

*Based on the expected cash flows used to calculate the effective interest rate for amortised cost. Whilst not a contractual commitment, should the company be successful in refinancing in the current financial year, it expects to use some of the funds to buy back the remaining issued bearer bonds at their nominal value of £6,700,000.

All trade receivables are contractually due within 6 months.

Foreign currency risk

The Group transacts with some business in foreign currency, principally Euro, and therefore incurs some transaction risk. The risk does not warrant hedging activity by the Group to defend against the impact of exchange rate movements.

The Group's exposure to foreign currency risk denominated in GBP was as follows:

	31 March 2024 Euro £000	**31 March 2024 GBP £000**	31 March 2023 Euro £000	31 March 2023 GBP £000
Trade and other receivables	**188**	**2,100**	262	1,875
Cash and cash equivalents	**449**	**14,942**	137	1,857
Trade and other payables	**(168)**	**(2,251)**	(145)	(1,672)
	469	**14,791**	254	2,060

The Group's exposure to USD denominated in GBP is not material.

SENSITIVITY ANALYSIS

Where the Group operates in Europe both revenues and costs are in the local currency therefore the level of exchange risk is low. In the Eurozone the Group has a presence in Ireland and The Netherlands. In managing currency risks the Company and Group aims to reduce the impact of short-term fluctuations on the Company and Group's earnings. At 31 March 2024, it is estimated that a general increase of 25% in the value of the Euro would decrease the Group's profit before tax by approximately £29,000 (2023: £17,000) with an equal adjustment to equity. A general increase of 25% in the value of the US Dollar would have a negligible effect on the Group's profit before tax.

22. 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.

23. CHANGES IN LIABILITY ARISING FROM FINANCING ACTIVITIES

	Invoice finance £000	Lease liabilities £000	Loans £000
Balance at 1 April 2022	512	3,200	3,125
Cash flows			
Repayment of borrowings	-	-	(305)
Proceeds of new loans	-	-	9,520
Lease payments	-	(180)	-
Non cash changes			
Interest	-	63	644
Disposal of subsidiary	(512)	(2,198)	-
New finance lease	-	186	-
Balance at 31 March 2023	-	1,071	12,984
Cash flows			
Repayment of borrowings	**-**	**-**	**(6,894)**
Proceeds of new loans	**-**	**-**	**-**
Lease payments	**-**	**(201)**	**-**
Non cash changes			
Interest	**-**	**64**	**981**
Value adjustments	**-**	**-**	**(622)**
Arising on acquisition of subsidiary	**-**	**73**	**-**
Balance at 31 March 2024	**-**	**1,007**	**6,449**

24. CONSIDERATION RECEIVABLE

	2024 £000	2023 £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).

25. CAPITAL COMMITMENTS

The Group and Company have no commitments to incur capital expenditure at the year end (2023: £nil).

26. RELATED PARTIES

In the year ended 31 March 2024, no dividends were paid (2023: nil).

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 Beteilgungs 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 pursuant to Rule 13 of the AIM Rules for Companies. 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	Subsequent holding
Gavin Cockerill	46,259	138,777
Richard Lightfoot	467,646	619,802
Simon Barrell	42,678	128,034
Conrad Bona	1,294,118	2,462,959

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.

On 8 September 2023, Iain Brown transferred 84,075 ordinary shares from his personal holding to his self-invested personal pension. This transaction resulted in a disposal of 133 shares.

On 16 October 2023, Conrad Bona transferred 83,580 ordinary shares from his personal holding to his self-invested personal pension.

On 21 December 2023, Iain Brown purchased 40,879 ordinary shares, increasing his holding to 124,954.

On 20 December 2023, Matthias Riechert purchased 110,000 ordinary shares and on 27 December 2023 a further 150,000 ordinary shares, increasing his holding to 2,612,940.

On 18 March 2024, the Company announced Chapters Group AG had increased its holding to 36,933,954 shares and then on 20 March 2024 further increased its holding to a total of 116,634,908. This represents 29.90% of the issued share capital.

On 19 May 2022, the Company entered into an consulting agreement (the "Agreement") with Peter Gunning (former CEO), via his consulting company Perpetual Cielo Azul SL, to provide services to Nettl Systems, with focus on developing and assisting the operation of Nettl's proprietary platforms, as well as advising on the technology integration of any acquisitions made by the Company. Pursuant to the terms of the Agreement, Peter's company has been paid a fee of £15,565 (excluding VAT, as applicable) per month for the first 12 months of the Agreement. Thereafter, additional work will be charged at £750 per day, with a minimum commitment of three days per month. After the initial period, the agreement may be terminated by either party by giving not less than 6 months' notice.

As announced on 19 May 2022, the Agreement with Peter Gunning's company is a related party transaction pursuant to rule 13 of the AIM Rules for Companies. The independent directors, being all of the Company's directors other than Peter Gunning, considered, having consulted with the Company's Nominated Adviser, that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

At the year end the Directors of the Company controlled 1.56 per cent of the voting shares of the Group.

The compensation of the Directors, who are the key management personnel, is disclosed in note 4 and within the Directors Remuneration Report on pages 46-47.

27. 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.

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