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ACQUISITION OF TOTAL DRIVE SOFTWARE LIMITED

[SOFTWARE CIRCLE PLC](#)

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

Acquisition of Total Drive Software Limited ("Total Drive")

Software Circle plc (AIM: SFT) is pleased to announce that it has acquired the entire issued share capital of Total Drive Software Limited. Total Drive provides an end-to-end software solution for Driving Instructors.

The total consideration of up to £7.5m 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.

The initial consideration paid at completion was £3.5m, with deferred consideration of £1.0m to be paid on the first anniversary of completion. Up to a further £3.0m is payable contingent upon the achievement of certain targets relating to the future financial performance of Total Drive (the "Earn-out"). Further information on the terms of the acquisition is set out below.

About Total Drive

Since its incorporation in 2020, the business has exhibited strong growth due to the breadth of functionality offered by its award-winning software solution and mobile app. Today Total Drive is the UK's #1 Driving Instructor app used by circa 6,000 individual driving instructors weekly and enjoys strong customer reviews (Trustpilot 4.5/5, Capterra 5/5). Circa 80% of revenues arise from annual recurring subscription fees with the remainder from payment processing and training aids and materials.

Founder Ross Kernick (CEO) will provide consultancy for two years post completion with Tom Wotton (CTO) leading the business on a day-to-day basis.

The unaudited financial statements for Total Drive for the year ended 30 September 2024 reported revenue of £0.8m, EBIT of £0.4m and closing net assets of £0.02m. With current run-rate revenues of approximately £1.1m, after adjustments our valuation is based upon expected EBIT of approximately £0.7m.

Terms of the Acquisition

The initial consideration of £3.5m was funded from existing Software Circle cash reserves.

The deferred consideration of £1.0m and Earn-out, if payable, of up to £3.0m, will be satisfied in cash.

The Earn-out is dependent on Total Drive achieving certain annual recurring revenue and payment processing revenue targets for the calendar year 2026 adjusted for any shortfall in earnings targets for calendar years 2025 and 2026.

Gavin Cockerill, CEO said: "We are thrilled to welcome Total Drive to Software Circle. Another great addition to our portfolio of vertical market software businesses. Total Drive has built a market-leading product with a strong customer base, and we see significant potential to further accelerate its growth by leveraging our expertise in operational scalability, technology, and customer engagement. We look forward to working with Ross, Tom and the team to enhance Total Drive's market position."

Ross Kernick commented: "Tom and I were highly impressed with Software Circle's operating model. We believe the quality of their systems and processes will play a crucial role in supporting our rapid growth, enhancing our award-winning software, and elevating our customer service. This partnership will further solidify Total Drive's position as the UK's #1 Driving Instructor software."

Outlook

Having established appropriate debt facilities in November last year to invest alongside equity raised in September 2023, the Group has the resources it needs to finance the pipeline of opportunities it has going into the next Financial Year.

Our strategy remains focused on identifying and acquiring businesses that align with our criteria. Further strengthening our portfolio and driving sustainable growth. We are committed to maintaining our disciplined approach to acquisitions, ensuring that each addition is aligned with our culture, enhances our overall value proposition, supports our long-term objectives and maximises Operating Cash Flow Per Share.

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

For further information:

Software Circle plc

Gavin Cockerill (CEO)

via investors@softwarecircle.com

Allenby Capital Limited (Nominated Adviser and broker)

0203 328 5656

David Hart / Piers Shimwell (Corporate Finance)

Stefano Aquilino / Joscelin Pinnington (Sales and Corporate Broking)

Notes to editors:

Software Circle plc is a UK based acquirer of vertical market software businesses. Our aim is to help founders find the right exit strategy, without fuss or drama. Continuing operations in an independent, decentralised way. Keeping the entrepreneurial spirit and culture that exists in the businesses we acquire. Providing a permanent home for their teams, management talent and culture. For more information visit www.softwarecircle.com.

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