



RNS

Acquisition



ACQUISITION OF ARTIFICIAL INTELLIGENCE FINANCE

[SOFTWARE CIRCLE PLC](#)

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

Acquisition of Artificial Intelligence Finance Limited ("AIF")

Software Circle plc (AIM: SFT) is pleased to announce that it has acquired approximately 95% of the issued share capital of Artificial Intelligence Finance Limited. AIF provides software to mortgage and insurance brokers and lenders in Ireland.

The total consideration of up to €9.0m 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 €4.33m, with deferred consideration of €0.67m to be paid on the first anniversary of completion. Up to a further €4.0m is payable to acquire the remaining approximately 5% of AIF's share capital, contingent upon the achievement of certain targets relating to the future financial performance of AIF (the "Earn-out"). Further information on the terms of the acquisition is set out below.

About AIF

AIF's Online Application platform was first developed in 2006 by Karl Deeter (a mortgage broker) after he saw the need for a cloud-based mortgage platform for his own brokerage company and others in Ireland.

Since AIF's incorporation in 2020 and the acquisition of Money Advice in 2024, the company has become the leading software supplier to brokers and lenders in Ireland.

AIF and its subsidiary, Lunar Technologies Limited, provide services to insurance and mortgage brokers as well as to lenders and insurers via a suite of products, OA Mortgage, OA Life + CRM, OA Lender and OA Insurer.

Due to the breadth of functionality provided by Online Application, the business continues to experience strong growth and enjoys very strong customer reviews (G2 4.7/5). The platform integrates with leading financial institutions and life insurance providers.

The vendors are majority shareholder and founder Karl Deeter (CEO), Enterprise Ireland and other minority shareholders (the "Vendors"). Karl Deeter will remain with the company post completion leading the business on a day-to-day basis.

The unaudited combined proforma financial statements for AIF and its subsidiaries for the year ended 30 December 2023 together reported revenue of €2.2m, EBIT of (€0.01m) and closing net liabilities of €0.57m. After adjustments our valuation is based upon an expected EBIT of approximately €0.7m.

Terms of the Acquisition

The initial consideration of €4.33m was funded from existing Software Circle cash reserves.

The deferred consideration of €0.67m and Earn-out, if payable, of up to €4.0m, will be satisfied in cash.

The Earn-out, payable to acquire the remaining approximately 5% of AIF's share capital, is dependent on AIF achieving certain earnings targets for calendar years 2026 and 2027. The Earn-out is subject to a put and call option agreement between the Company and the Vendors which will be exercised following the end of calendar year 2027 once the calculation of the Earn-out has taken place.

Gavin Cockerill, CEO said: "Karl and his team have built a remarkable business and we're proud he chose Software Circle as the new permanent home for AIF. Together we plan to build on their momentum and solidify Online Application as the number one platform in its field. AIF fits squarely within our acquisition strategy - high recurring revenue, sticky vertical software, and a leadership team that shares our values and drive for success. This is a further example of our capital being invested into a business capable of delivering sustainable returns and, with Karl, one where we see a clear opportunity to expand its market presence."

Karl Deeter commented: "We are really pleased to find a forever home with Software Circle whose strategy of acquiring and building software companies like ours is well established. We believe they will help bring the company to an even higher level of achievement, which in our case is about enabling brokers to be the number one delivery channel for digital financial services, and to be the number one firm in that space. The support from our initial investors and Enterprise Ireland has been great and this deal rewards that trust and investment. Our full team will remain in place, and for our customers it will be business as usual but with the added advantage of having a PLC owner who will help us deliver even more to our clients while moving us out of the 'start-up' space so we can tackle bigger opportunities."

Outlook

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 Group has a current cash balance of approximately £4.0m and an available debt facility of £10m. Our M&A pipeline remains healthy. Following this acquisition on a run-rate basis, annualised revenue for the Group would be approximately £22m.

For further information:

Software Circle plc

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Notes to editors:

Software Circle plc (AIM: SFT) has a mission: to be a leading serial acquirer and operator of Vertical Market Software businesses in the UK and Ireland - a permanent home for software leaders, teams, and customers. These are mission-critical systems, deeply embedded in the day-to-day workflows of users.

We help founders find the right exit strategy, acquiring businesses at appropriate valuations, supporting their organic growth over time, and reinvesting the free cash flow they generate into further value-accretive opportunities. We are building a group that gives shareholders diversified exposure to these software businesses, with discipline, alignment, and operational know-how.

Software Circle continues operations in an independent, decentralised way, and maintains the entrepreneurial spirit and culture that exists in the businesses acquired, enabling organic growth to be driven. Our goal is to create an environment where motivated teams can do their best work for the benefit of the most important stakeholder: the end customer.

For more information visit www.softwarecircle.com.

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