31 January 2024

Alfa Financial Software Holdings PLC

Q4 Trading update

Increased profit expectation for FY23

Alfa Financial Software Holdings PLC ("Alfa" or the "Company"), a leading developer of mission-critical software for the asset finance industry, provides this scheduled pre-close trading update on trading for the twelve months ended 31 December 2023.

Highlights

- Increase in expected profits for the year of £1m.
- 11 deliveries, taking the total to a record 35 for the year.
- Two wins resulting in strong growth in TCV compared with a year ago, driven by strong growth in subscription TCV.

Strong trading

Alfa has continued to perform strongly with the performance in the fourth quarter consistent with the third quarter.

Q4 financial highlights are:

- Subscription - double digit growth in revenues reflecting our progress to a fully subscription-based model and continuing the strong sequential growth we have seen since we started to migrate away from perpetual licences.
- Software - as previously guided we changed focus in H2 to internal product investment. As a result, software revenue is down versus last year, when we benefitted from strong chargeability in Q4 following significant product investment in H1.
- Services - constant currency revenue was in line with the same period last year.

Overall revenue growth for the year was in line with expectations, up 9% on FY22. We now expect costs to be £1m lower than expected and as a consequence we expect operating profit for FY23 will be c.£1m ahead of our original expectations.

Record delivery performance

One of Alfa's key strengths is its excellent delivery performance which has continued through a very busy Q4. Total deliveries, i.e. go-lives plus upgrades, in Q4 were 11. This brings the total for the year to 35. This is a record number of deliveries in a year and beats the previous best of 28 delivered in 2022.

In total for the year, we have had seven new customer go-lives. Significantly three of these were for major new customers. These were:

- The UK subsidiary of a global automotive OEM
- The automotive subsidiary of a major US bank
- The Australian subsidiary of a global automotive OEM.

The other four go-lives were two Alfa Starts and two implementations of v5 for existing v4 customers.

Progressing a strong pipeline

We have maintained a strong late-stage pipeline through the year and we made significant progress at the end of the year in converting two of these into wins, i.e. where we have a full set of signed contracts. We expect Total Contract Value ("TCV") to finish the year significantly ahead of 2022 driven by strong growth in subscription TCV.

One of the Q4 wins was for the UK subsidiary of a global automotive OEM as mentioned above, which went live in Q4. This had been in the late-stage pipeline for over a year and billed under letters of engagement while implementation was underway. Full contract packs were signed with them prior to go-live. The second win was for a large bank owned US automotive finance customer that signed full contract packs with implementation services contracted through till 2025.

We continue to perform paid work under letters of engagement with three new customers in the late-stage pipeline while we work towards full contract packs. We also have two v4 to v5 upgrade prospects in the late-stage pipeline.

Andrew Denton, Chief Executive Officer of Alfa, said:

"I am delighted that in 2023 we have continued to drive the business forwards with strong revenue growth, a record number of deliveries and an exciting product roadmap. Our pipeline remains strong and we have seen strong growth in subscription TCV driving overall TCV growth. The Board remains confident in the future prospects for the business."

Notice of results

The Company will report its full year results, for the twelve months ended 31 December 2023, on Thursday 14 March 2024. Further details regarding the Company's presentation to analysts and investors will be provided nearer the time.

Enquiries

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Notes to Editors

Alfa has been delivering software systems and services to the global asset and automotive finance industry since 1990. Our agile methodologies and specialised knowledge of asset and automotive finance enables the delivery of large software implementations and highly complex business change projects. With an excellent delivery track record now into its fourth decade, Alfa's experience and performance is unrivalled in the industry.

Alfa Systems, our class-leading technology platform, is at the heart of some of the world's largest asset and automotive finance companies. Alfa Systems supports both retail and corporate business for auto, equipment, wholesale and dealer finance on a multijurisdictional basis, including leases/loans, originations and servicing. A cloud-native, end-to-end solution with integrated workflow and automated processing using business rules, Alfa Systems provides compelling solutions to asset finance companies.

Alfa Systems is currently live in 38 countries. Alfa has offices in Europe, Australasia and North America. For more information, visit www.alfasystems.com.

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