

24 July 2024

Alfa Financial Software Holdings PLC

H1 Trading update

Continued momentum in pipeline, full year expectations unchanged

Alfa Financial Software Holdings PLC ("Alfa" or the "Company"), a leading developer of mission-critical software for the asset finance industry provides a scheduled update on trading for the half year ended 30 June 2024. The half-year results are expected to be announced on Thursday 5 September 2024.

Strong operational performance

In the second quarter we have continued our excellent delivery track record for our customers with six customer deliveries, following on from the seven deliveries in the first quarter.

We have continued to invest in our product, focusing on completing the development of the ten new modules included in Alfa Systems 6. In the second quarter we released the fourth of six instalments of Alfa Systems 6 - "Scalability", which delivers leading-edge functionality designed for customers looking to scale their business with flexibility and speed. Alfa Systems 6 runs on new, more adaptable cloud technologies, makes it easier to expand into new markets, simplifies the migration of newly acquired portfolios onto Alfa and allows true 24-hour operations across multiple time zones.

Continued pipeline progression

Following the signing of full contract packs for two significant prospects in the first quarter, we have added two new prospects to the late-stage pipeline in the second quarter: a UK Alfa Start customer and an existing Asia Pacific v4 customer. There are now eleven prospects in our late-stage pipeline and we are providing services to eight of these under letters of engagement, up from six in the first quarter.

We remain very confident in the overall strength of the pipeline from early stage through to late stage. Whilst employee retention has remained high, we have also increased our recruitment targets in EMEA and the US this year to accommodate this strong pipeline.

After strong TCV growth in Q1 driven by the conversion of two new customers, TCV at the end of Q2 was in line with Q1. This is significantly above year end and up more than 35% compared with this time last year.

Trading as expected, expectations unchanged

Trading in Q2 was in line with our expectations and the Board continues to expect mid to high single digit revenue growth for the full year.

As previously highlighted, 2023 revenue weighting was unusual because we had a particularly strong H1. For 2024, we continue to expect a more typical revenue pattern for the year. Overall H1 revenues were in line with last year's strong first half on a constant currency basis, and we expect strong revenue growth in H2.

In the first half, subscription revenues continued to grow strongly with high teens growth versus last year. Subscription sequential growth also continued with Q2 revenues growing by high single digits versus Q1. Software revenues were significantly lower than last year due to the focus on investment in Alfa Systems 6 functionality, as highlighted at the time of the Q1 trading update. Services revenues were slightly down on last year but we anticipate a reversal in the second half of this year as new projects increase their allocated resources.

Andrew Denton, Chief Executive Officer of Alfa, said:

"We are pleased with our performance in the first half of the year and are looking forward to an exciting second half of the year with several significant projects ramping up and the release of the final two pillars of Alfa Systems 6. This combined with strong sequential growth in Subscription revenues and an encouraging late-stage pipeline means we are well placed to achieve our expectations for the year and remain confident in the longer-term outlook for the business."

Enquiries

Alfa Financial Software Holdings PLC +44 (0)20 7588 1800
Andrew Denton, Chief Executive Officer
Duncan Magrath, Chief Financial Officer
Andrew Page, Executive Chairman

Teneo +44 (0)20 7353 4200
James Macey White
Victoria Boxall

Barclays +44 (0)20 7623 2323
Robert Mayhew
Anusuya Gupta

Investec +44 (0)20 7597 4000
Patrick Robb
Virginia Bull

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 37 countries. Alfa has offices in Europe, Australasia and North America. For more information, visit www.alfasystems.com.

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