

14 November 2024

Alfa Financial Software Holdings PLC

Q3 Trading update

Strong revenue growth in Q3, increased profit expectation for FY24

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 quarter ended 30 September 2024.

Strong trading

As expected, revenue grew strongly to £28m for the quarter, up 14% on last year and up 16% at constant currency. Key financial highlights for Q3 are:

- Continued strong sequential growth in Subscription revenues, up 19% versus Q3 last year.
- Software revenues rose substantially from the lower level of the past 12 months with a shift back towards client-led development after a period of strong investment.
- Services revenues in Q3 were in line with Q3 last year and are expected to grow in Q4.

We expect further strong growth in Q4 and the Board continues to expect mid to high single digit revenue growth for the full year despite currency headwinds of 1-2 percentage points for the year. We now expect full year costs to come in £1m lower than expected, with some expected costs deferred into next year. As a consequence, we expect operating profit for FY24 will be £1m ahead of our previous expectations.

Operational performance

The third quarter saw continued focus on investing in our product. All six pillars of Alfa Systems 6 have now been launched to the market. The final two instalments deliver "Intelligent Automation" and "Collaborative Ecosystem", making customers more efficient and competitive through AI enabled automated decision-making and effortless integrations to other systems.

This new major version exemplifies the cutting-edge technology and architectural choices that set us apart from our competitors and delivers functionality and capabilities that will differentiate us further and continue to drive sales momentum long into the future.

We will continue to invest in our product to ensure it retains its functional and technical lead over the market.

We had six customer deliveries in the quarter, following on from the thirteen deliveries in the first half and with further important deliveries scheduled for Q4. Our ability to successfully deliver implementations and upgrades is a key competitive advantage.

Successful conversion of the pipeline

As announced at the time of our half year results, in August we contracted with a very large and globally recognisable new customer in the US Auto market. Overall TCV at 30 September 2024 was £205m which has increased 56% from this time last year and is the highest it has ever been, showing the exceptionally strong performance over the last 12 months in converting the pipeline.

This strong pipeline conversion has continued into Q4 and since the quarter end we have signed contracts with a pre-eminent European auto manufacturer and with the UK and US equipment finance subsidiaries of a leading Japanese banking group further increasing TCV. We have also started work under a letter of engagement with a new North American auto finance prospect. There are currently nine prospects in our late-stage pipeline. We are providing services to seven of these under letters of engagement. We expect to close more of these prospects in the coming months.

We remain very confident in the overall strength of the pipeline from early stage through to late stage.

Andrew Denton, Chief Executive Officer

"The launch of Alfa Systems 6 is a major milestone for the Company and I am delighted with the reaction that we have already received from customers and prospective customers in day to day conversations and at industry conferences. This has set the foundations for strong future growth in the business as evidenced by the conversion of a number of key prospects along with the continuing strength of the pipeline. We are well placed to achieve our increased expectations for the year and we remain confident in 2025's performance and in the longer-term outlook for the business."

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

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