

30 January 2025

Alfa Financial Software Holdings PLC

Q4 Trading update

Exceptional growth in TCV, increased profit 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 31 December 2024 in advance of the announcement of full year audited results, for the twelve months ended 31 December 2024, on Thursday 13 March 2025.

FY 2024 Highlights

- Operating profit growth for FY24 of 13% to £34m, some 5% ahead of market expectations, with costs c£1m lower than expected.
- Exceptional year for pipeline conversion, with eight contract wins driving very strong growth in TCV versus last year, up 34% to £221m.
- Revenue of £110m in line with market expectations, up 8% on the prior year (9% on a constant currency basis).

Strong Q4 trading

As expected, revenue grew strongly to £29m for the quarter, up 21% on last year and up 23% at constant currency.

Key financial highlights for Q4:

- Continued strong sequential growth in Subscription revenues, up 17% versus Q4 last year.
- Q4 Software revenues were up 84% versus Q4 last year.
- Services revenues in Q4 grew 7% versus Q4 last year.

Operational performance

Alfa Systems 6 has now been fully launched across all regions. We have received very positive feedback from customers and prospects. Alfa Systems 6 has continued to generate strong sales. We continue to invest in our product with our focus now shifting towards client-led functional enhancements in 2025, which will allow us to maintain our lead over the market.

We had seven customer deliveries in the quarter, including two go-lives for new customers, bringing the total for the year to 26 customer deliveries. Our ability to successfully deliver implementations and upgrades remains a key competitive advantage and the swift go-live of a US OEM client in December using Alfa Start as an accelerator was a further demonstration of our strong delivery capability.

Successful conversion of the pipeline

Q4 was an exceptional quarter for converting prospects into wins, with a total of five wins. In addition to the two wins announced in November, we have also converted the following three prospects:

- An internationally recognisable OEM in the US
- An Alfa Systems 6 upgrade for a leading UK bank
- A specialist UK banking group using Alfa Start

This brings the total to eight wins for the year, significantly increasing our TCV to record levels at £221m, up 34% from last year, or 37% at constant currency.

We have also added two new US Auto finance prospects to the late-stage pipeline. As a result, there are now eight prospects in our late-stage pipeline. We are the preferred supplier and working under letters of engagement with five of these.

We remain very confident in the overall strength of the pipeline from early stage through to late stage. The diversity of end-markets represented in the pipeline and in 2024's wins demonstrate the breadth of Alfa's continued opportunity.

Renaming revenue streams

Over the last few years, the company has transitioned away from selling perpetual licences to a SaaS licence model, in line with wider market trends and shifting customer demand. We have therefore decided to align the terminology of our revenue streams more accurately with the underlying revenues.

Licence income is now largely recognised within the Subscription revenue stream and the Software revenue stream mainly represents revenue generated from our Software Engineering team. Services revenue arises from work delivered by our delivery teams in the form of new implementations, upgrades or delivery of other projects.

The methodology for which revenues are recognised and disclosed within each revenue stream remains unchanged, this is simply a change of name.

- Software revenue stream will now be named Software Engineering
- Services revenue stream will now be named Delivery; and
- No change of name for Subscription revenue stream.

Andrew Denton, Chief Executive Officer

"We are very pleased to see the momentum from Q3 continuing through Q4, resulting in H2 revenues up 17% on last year and with operating profit ending the year ahead of expectations. As well as being a good year financially, 2024 was also a hugely successful year for sales and the development of our product. The record eight wins drove TCV up 34% to £221m and we have laid the foundations for our future with the launch of Alfa Systems 6. We remain well positioned to drive growth in 2025 and well beyond."

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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