

25 July 2024

Interim Results

for the period ended 30 June 2024



Agenda

Alex Curran
CEO



Mike Johns
CFO



- 01 **Executive Summary**
Alex Curran | CEO
- 02 **Financial Highlights**
Mike Johns | CFO
- 03 **Strategic Update**
Alex Curran | CEO
- 04 **Summary and Outlook**
Alex Curran | CEO

Executive summary



Long term opportunity

- £3bn total addressable market
- Fynapse leading the AI Autonomous Finance market



Organisation improvements

- Organisation transformation in support of the opportunity
- Changes implemented in H1 2024 supporting improved momentum



H1 results

- H1 results in line with expectations
- Market positioning, partner progress, new business success, growing pipeline and retention milestones achieved



Performance on track

- Board confident that Group will meet market expectations for FY 2024
- Consistent performance will drive improved revenue mix, improved margins, increased profitability and recurring revenues

Aptitude's journey

Compliance to AI Autonomous finance



Compliance



First to market



Shift to platform



£3bn market



Leading AI Autonomous Finance

Strategy on track and in line with expectations



Market Position



Partner Progress



Client Retention

H1 New Wins & Client Expansions

imperva

HubSpot

 TRISURA®

LGAD

 AXON

CHUBB®

 **ONEDIGITAL**

 **boathouse**

STARR
INSURANCE COMPANIES

 **GCI**

 **incomm®**

 **Tower Hill**
Insurance

 **MetLife**

Financial Highlights

Transition to AI Autonomous Finance conducted from a position of strength



High revenue visibility

Heritage ARR provides credibility in the office of the CFO and conversion opportunity with Fynapse.
Total ARR¹ of £50.8m at 30 June 2024 (30 June 2023: £49.7m)



Continued software revenue growth

Software revenue continuing to grow driven by strong new business performance in H1.
Headline ARR growth of 2% to 30 June 2024 (30 June 2023: 3%)²



Stronger profitability

Increased recurring revenues and cost efficiencies driving improved margins and maintaining profitability on lower revenues



Financially robust

Strong balance sheet including £24.4m cash and £13.8m net funds⁴ driven through strong cash conversion and annual billing in advance

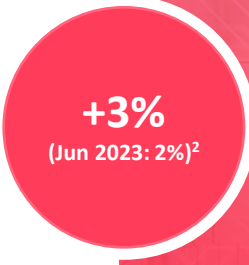


Enhanced shareholder returns

Regular dividend, with enhanced returns in the form of a share buy back programme of £20m over three years



Total Software ARR¹



Growth in Software ARR
(Constant Currency)



Total Revenue



Adjusted
Operating Profit



Net Funds

Financial Highlights

Higher returns driven through improved margin, Fynapse sales and carefully managed investment



Improving revenue quality

Increasingly recurring revenue driven by Fynapse adoption provides stronger margins and forward visibility – target to increase recurring revenues over 80%



Increasing software retention

Increasing software net revenue retention of 99% (H1 2023 96%)⁵ demonstrating robust platform for Fynapse opportunity – targeted retention rates of 100%+



Carefully managed investment

At peak investment in R&D as proportion of revenue with all expensed through P&L as incurred with none capitalised – absolute R&D spend flat year on year, with target to reduce spend as a proportion of revenue in line with revenue growth



Increasing margins

Delivery of targeted recurring revenue growth and carefully managed investment increasing operating margins – incremental margin progression year on year with mid term target of 20%

78%
(H1 2023: 72%)

Proportion of Recurring Revenue

98%⁵
(Jun 2023: 98%)

Net Retention Rate

24%
(H1 2023: 23%)

Proportion of Revenue invested in R&D

12%
(H1 2023: 11%)²

Adjusted Operating Margin

¹ Annual Recurring Revenue ('ARR') is the value of Aptitude's recurring revenue at the year end, normalised to a one year period. ARR includes recurring revenues contracted but yet to commence and excludes recurring revenues which, at that point in time, are being received but are under formal notice of termination. Included within ARR are recurring revenues for Assure, the group's solution management services.

² Comparatives for ARR and ARR growth are presented on a constant currency basis, using the prevailing exchange rates at 30 June 2024

³ Adjusted Operating Profit excludes non-underlying operating items, which principally comprise intangible asset amortisation

⁴ Net Funds represents cash and cash equivalents less finance obligations, which are currently limited to capital lease obligations and a bank loan

⁵ Net Retention Rate is measured by the total value of ongoing ARR at the period end from clients in place twelve months earlier as a percentage of the opening ARR from those clients on a constant currency basis. Software net retention rate is calculated on the same basis but excluding Assure ARR

Progress against strategy

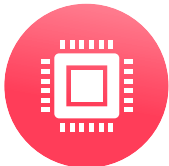
Organisational change to support strategic shift is driving momentum



AI Autonomous Finance execution plan in progress and creating momentum



Milestones achieved highlighting strategic progress



Strategic partners continue to invest behind Aptitude to support improved deal velocity



The AI Autonomous Finance Opportunity

4 strategic execution pillars



**Investment Behind
AI Autonomous
Finance**



**Partner first
organisation**



**Laser focused
go-to-market
strategy**



**Continuous
innovation and
efficiency**

2027



AAH clients to Fynapse



Partner sourced ARR

Snapshot of progress and milestones



Fynapse

- Growing pipeline

- 4 clients (vs 30 June 2023)



Partners

- Growing pipeline

- 38% ARR sourced by partners

- New white label offer

- Key wins:



Upsell cross sell

- 1/3 AAH by 2027

- 99% software net retention rate

- Key wins:





Key Benefits

- A single view of data
- Automation of manual process & calculations in an auditable and financially controlled platform
- Lower TCO and power future finance AI
- £0.2M per annum software ARR



Key Benefits

- Migration of global finance architecture to cloud
- Ability to process significantly increased data volumes
- Alternative to transformation for faster time to value
- £0.4M expansion per annum



Data

Single Source of
Trusted Data



Automation

Automation
for Efficiency



AI-Powered

AI Powered
Finance



Agility

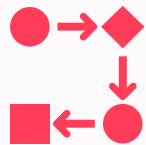
Accelerated Time
to Value

Aptitude strategic partnerships driving growth

Simpler market entry & faster time to value powering partnerships



Summary and outlook



**Substantial
progress first
half 2024**



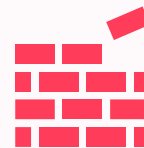
**Software
growth**



New wins



**Organizational
transformation**



**Momentum
building**

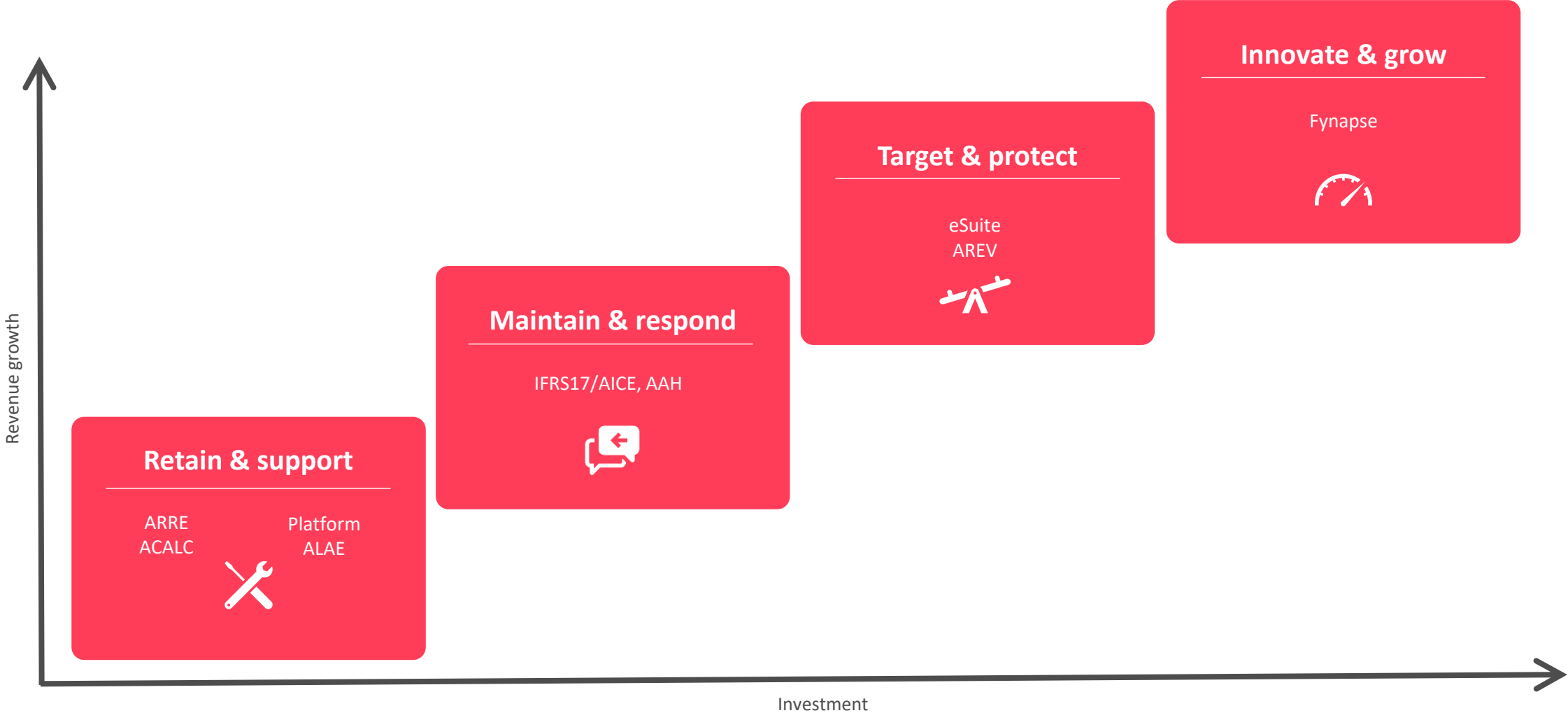


**Confidence in
future growth**

Appendix

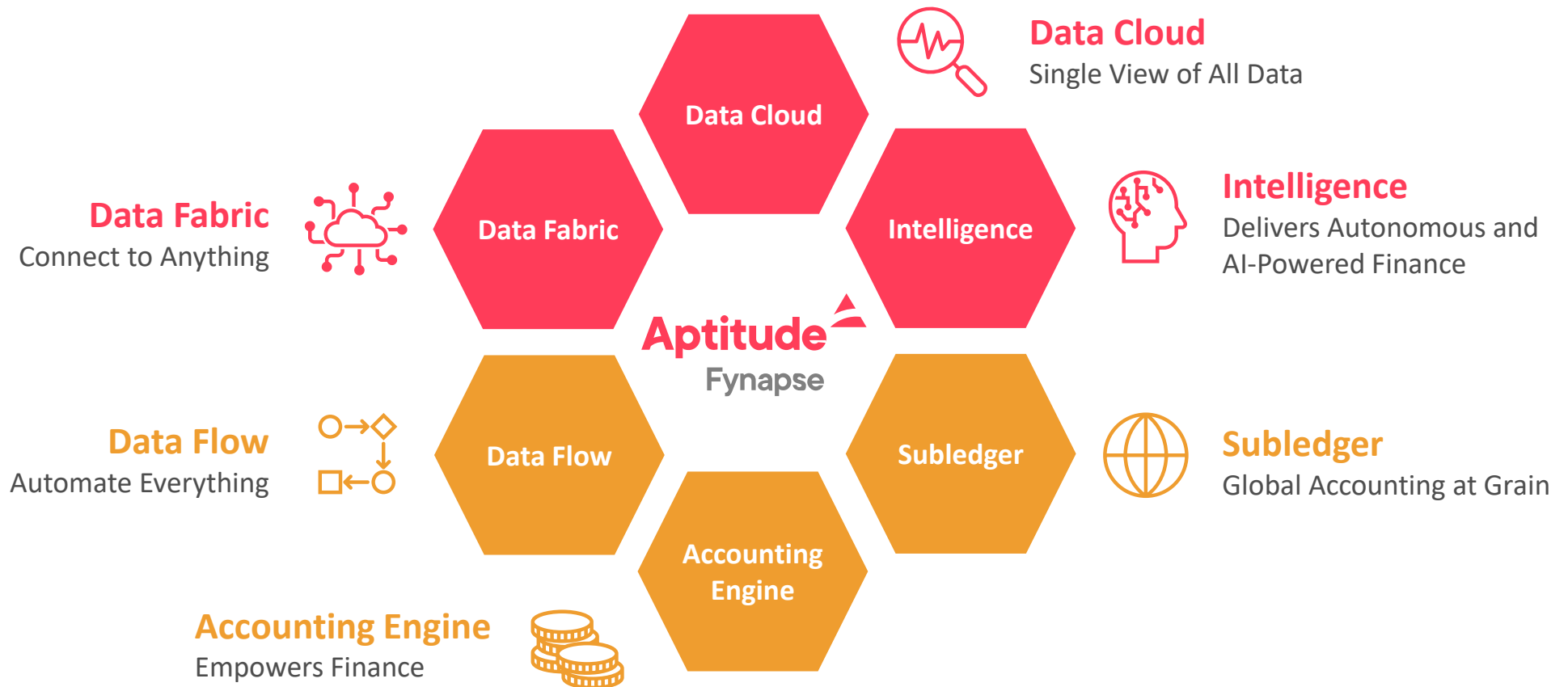
Organisational focus & product portfolio

Organisation set up to support products and opportunities



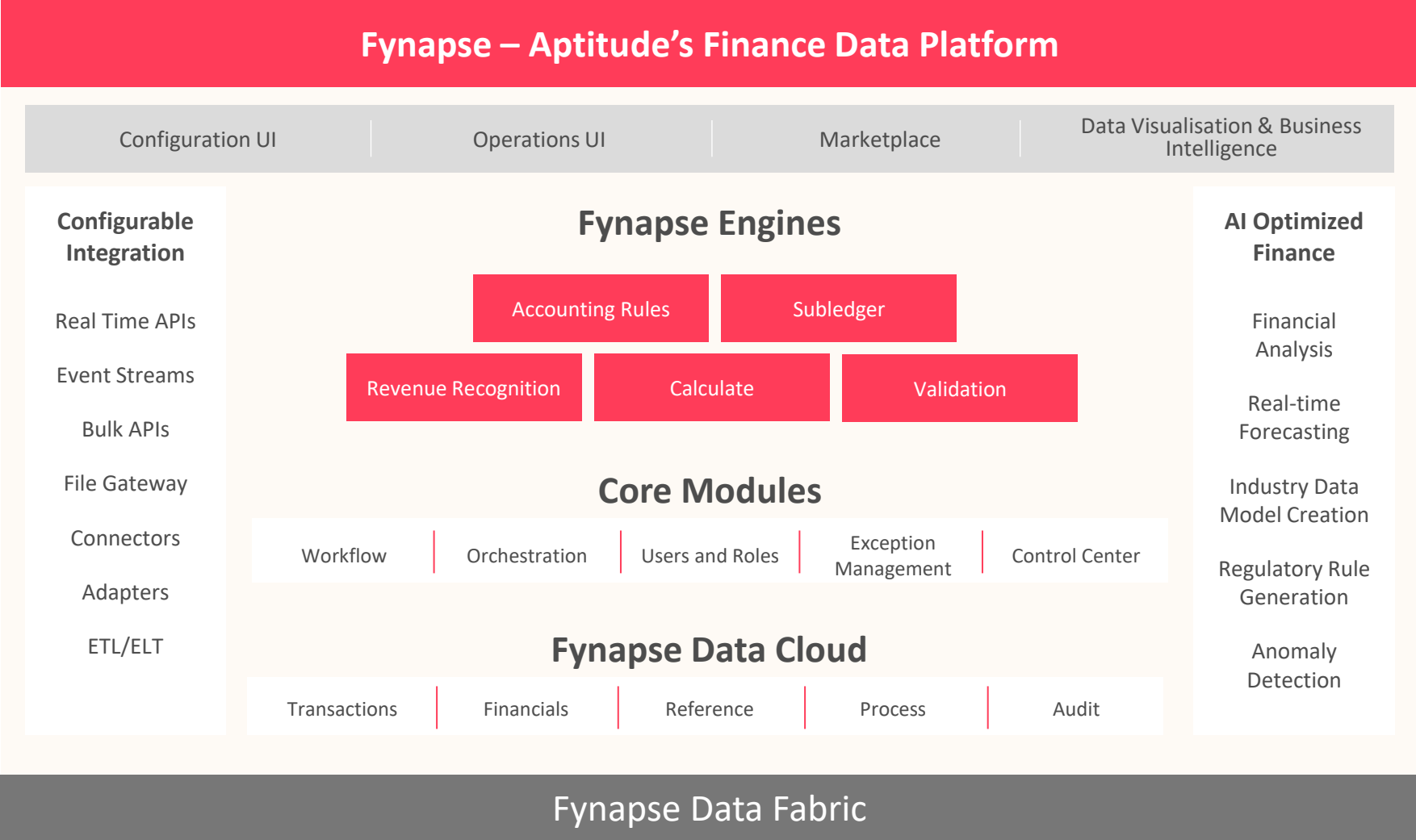
Aptitude Fynapse

Unlocking Autonomous Finance through modular capabilities



Aptitude Fynapse

Powering AI Autonomous Finance



Market leading support of AI



AI Real Time Forecasting

AI Anomaly Detection

AI Opportunity Guidance

‘Data is AI currency’



Income statement

Increasing recurring revenue and cost efficiencies driving higher margins

	HY 2024 (£'000)	HY 2023 (£'000)	FY 2023 (£'000)
Recurring Revenue	27,481	26,998	53,370
Implementation Revenue	7,779	10,538	21,315
Total Revenue	35,260	37,536	74,685
Operating Costs	(31,060)	(33,300)	(64,959)
Adjusted Operating Profit	4,200	4,236	9,726
Non-Underlying Items	(1,702)	(2,488)	(4,441)
Statutory Operating Profit	2,498	1,748	5,285
Net Interest	77	(82)	(245)
Profit Before Tax	2,575	1,666	5,040
Taxation	(545)	(369)	(915)
Profit After Tax	2,030	1,297	4,125

Cash flow

Invoice timing delays reduced cash from operations – expected return to normalised levels by end of 2024

	HY 2024 (£'000)	HY 2023 (£'000)	FY 2023 (£'000)
Cash generated from operations	(3,714)	(25)	11,945
Interest and tax (paid)/received	(1,780)	(725)	(951)
Cash flows generated from operating activities	(5,494)	(750)	10,994
Purchase of property, plant and equipment	(72)	(495)	(601)
Interest received	249	81	282
Dividends paid	(2,057)	(2,064)	(3,096)
Purchase of own shares	(1,311)	(186)	(186)
Payment of capital lease obligations	(178)	(199)	(534)
Repayment of loan	(625)	(625)	(1,290)
Net cash used in investing/financing activities	(3,994)	(3,488)	(5,425)
Decrease in cash and cash equivalents	(9,488)	(4,238)	5,569
Exchange rate gains/(losses) on cash and cash equivalents	(237)	(501)	(729)
Cash and cash equivalents at end of period	24,360	24,506	34,085

Balance sheet

Strong balance sheet with robust cash position

	30 June 2024 (£'000)	30 June 2023 (£'000)	31 Dec 2023 (£'000)
Goodwill and intangible assets	62,055	65,436	63,745
Property, plant and equipment including right-of-use assets	4,030	4,911	4,484
Trade and other assets	21,649	18,255	17,099
Cash and cash equivalents	24,360	24,506	34,085
Total Assets	112,094	113,108	119,413
Bank loan and capital lease obligations	(10,596)	(12,328)	(11,403)
Deferred income	(27,060)	(26,733)	(31,475)
Trade and other liabilities	(10,893)	(8,479)	(9,666)
Taxation	-	(74)	(1,588)
Deferred taxation	(4,824)	(5,909)	(4,967)
Total Liabilities	(53,373)	(53,523)	(59,099)
NET ASSETS	58,721	59,585	60,314

Board

Management team aligning the business to support significant growth opportunity

Alex Curran, Chief Executive Officer

Alex Curran was appointed to the Aptitude Software Board as Acting CEO on 12 July 2023 and subsequently appointed as CEO on 30 November 2023. Alex joined Aptitude Software in 2008 and she has held several senior roles within the Group, including leading the North American business since July 2019. Alex was appointed non-executive director of Checkit plc on 9 January 2023.

Mike Johns, Chief Financial Officer & Company Secretary

Mike Johns joined the Group in September 2017 as Group Financial Controller. A Chartered Accountant, Mike has previously held senior financial positions within the Group, including Finance Director for the Group's business outside of North America, before being appointed Chief Financial Officer on 17 May 2023. Mike assumed Company Secretary duties on 25 May 2024.

Ivan Martin, Non-Executive Chairman / Chair of Nomination Committee

Ivan Martin was appointed to the Board on 1 January 2016 and assumed the role of Non-Executive Chairman on 4 March 2016. Ivan is also Non-Executive Chairman of TelcoSwitch, a privately owned provider of Unified Communications Software as a Service. Until April 2021, Ivan was also Non-Executive Chairman of Xceptor, a London-based international software business which was sold by CBPE Capital to Astorg Partners. Ivan has held a number of significant Executive and Non-Executive positions in both the Technology and Financial Services sectors. He was Chief Executive Officer of Misys Banking and Capital Markets and a main board member of Misys plc. He was also Chairman of FDM Group from 2006 to 2019, during which time he oversaw the growth and evolution of this company from an AIM listing to a FTSE 250 member valued at over £1 billion. Ivan is a member of various Wulstan Capital LLPs and Parch Three Estates LLP, being commercial property investment vehicles. He has no other significant commitments.

Barbara Moorhouse, Non-Executive Director / Chair of Remuneration Committee / Senior Independent Director

Barbara Moorhouse was appointed as a Non-Executive Director on 1 April 2017 and on 14 March 2022 she was appointed as Senior Independent Director and Chair of Remuneration Committee. Prior to this she was Chair of the Audit Committee. Barbara has extensive senior experience in operating and financial roles across the public and private sectors. Her most recent executive roles were as Chief Operating Officer at Westminster City Council, and Director General at the Ministry of Justice and the Department for Transport. Earlier in her career, she was Chief Financial Officer at two international listed software companies – Kewill Systems plc and Scala Business Solutions NV. Until 31 May 2022 Barbara was also Chair of the Rail Safety and Standards Board. Barbara is currently also Independent Chair of Agility Trains, a Non-Executive Director of Balfour Beatty plc, and a Non-Executive Director and Chair of the Quality and Safety Committee of Dŵr Cymru/Welsh Water.

Sara Dickinson, Non-Executive Director / Chair of Audit Committee

Sara Dickinson was appointed as a Non-Executive Director on 1 October 2021 and took on the role of Chair of the Audit Committee on 14 March 2022. Sara was appointed as Chief Financial Officer of the British Standards Institute on 24 January 2022, and prior to this, Sara was Senior Vice President of Finance at Expedia Group, and previously the Chief Finance Officer of Expedia Partner Solutions, the global B2B technology solutions division within Expedia. Sara has over 25 years of financial experience, as well as significant knowledge of digital finance processes and finance transformation. Until August 2021, Sara was a Non-Executive Director and Chair of the Finance Committee of A2Dominion, a residential property group with a debt listing on the London Stock Exchange. Sara's other past experience includes Commercial Finance Director at Costa Coffee, Group Financial Controller for Sage Group plc and Vice President and European Chief Financial Officer of ebookers.

