



26 July 2023

Interim Results

for the six months ended 30 June 2023

Agenda



Ivan Martin
Non-Executive Chairman



Alex Curran
Acting CEO



Mike Johns
CFO

Overview & Highlights



Financial Performance



Strategic Growth Drivers



Objectives & Outlook



Q&A



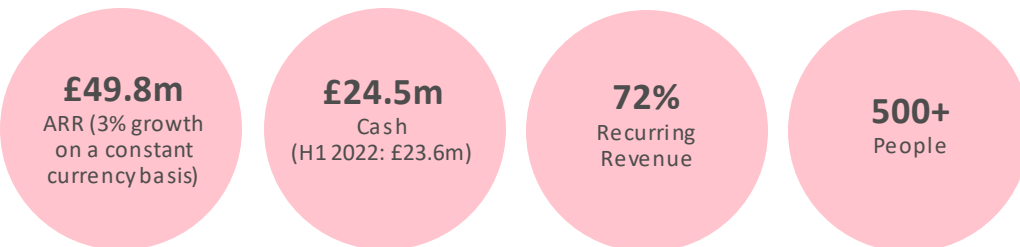
Aptitude at a glance

Where others see complexity we see possibility



We are leaders in Finance digitalization and Subscription Management solutions solving complex problems for large enterprises

- Highly configurable products to meet the needs of the most complex business models and problems
- Deep understanding of our large complex client industries
- Our people are experts across finance, subscription and technology



Finance digitalization (principally Fynapse, Accounting Hub and compliance engines)	Subscription Management (principally eSuite and AREV)



Economic backdrop increases need for finance digitalization

Actions undertaken in H1 to steady churn and right size business around growth opportunities and pipeline conversion



Aptitude key offerings

Now leading with an integrated finance proposition

Focus resources

Drives efficiencies

Simplify our proposition

Enable cross sell

Plays to our strengths



Integrated Finance led proposition

Finance digitalization

Fynapse
Accounting Hub
Compliance Engines

Subscription management

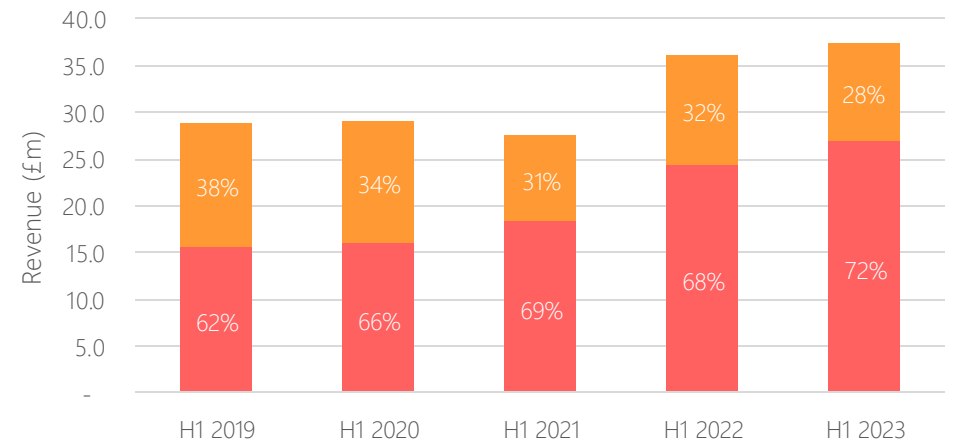
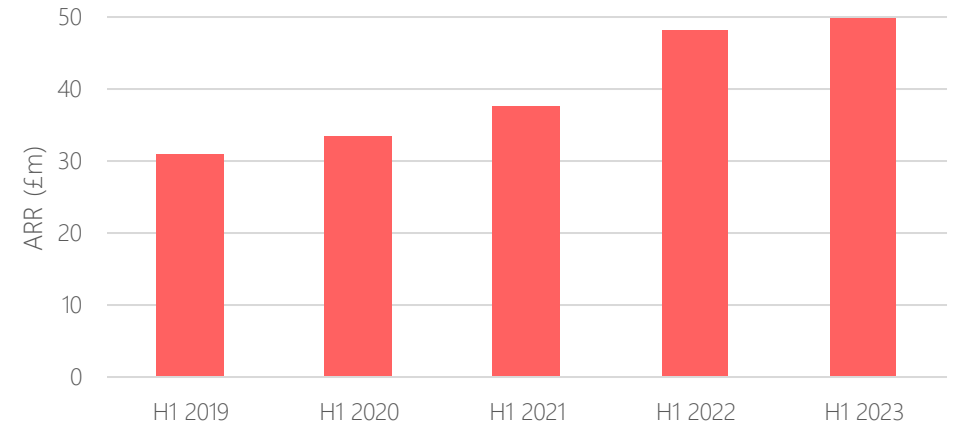
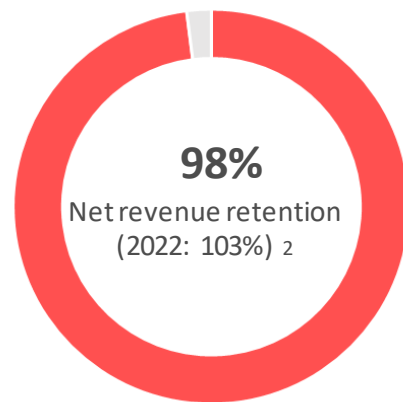
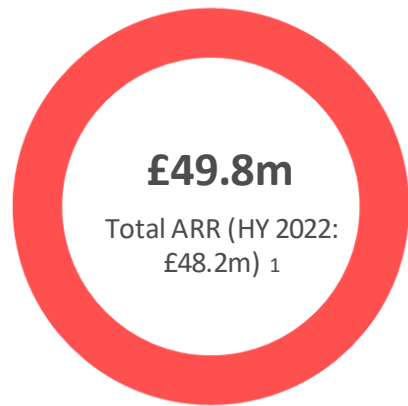
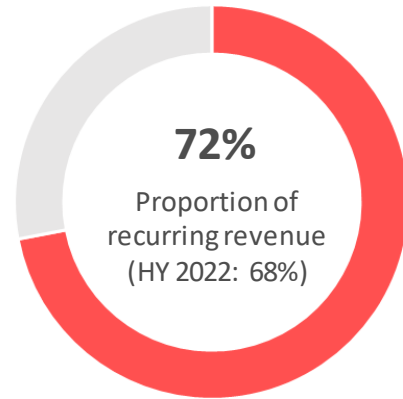
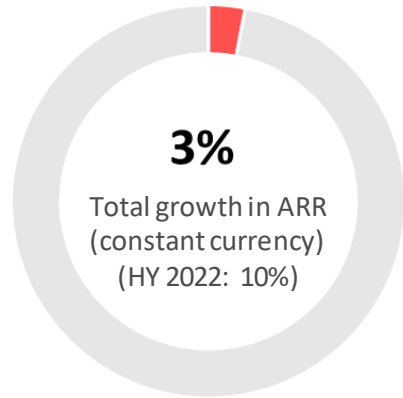
eSuite
AREV

Replicate North America go-to-market strategy across global business



Financial highlights

Higher than usual churn impacting ARR growth and net retention rate



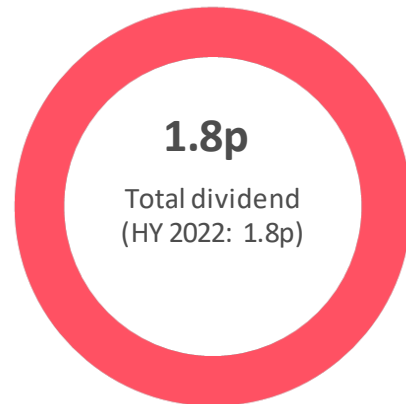
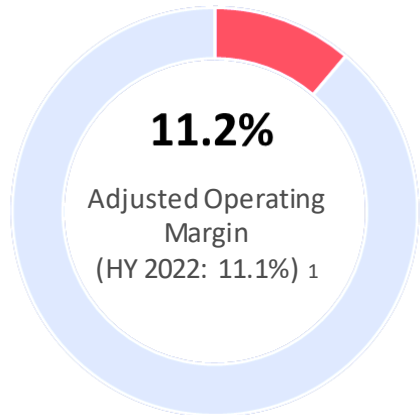
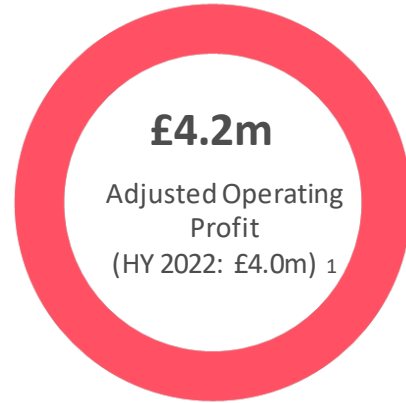
¹ Annual Recurring Revenue ('ARR') is the value of Aptitude's recurring revenue at the year end, normalised to a one-year period. ARR includes recurring revenues contracted but yet to commence and excludes recurring revenues which, at that point in time, are currently being received but are known to be terminating in the future. Included in ARR, are recurring revenues from the Group's solution management services/

² Net retention is measured by the total value of on-going 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

³ Table is presented on a constant currency basis applying exchange rates at 30 June 2023 to earlier periods

Financial highlights

Revenue and profit progression, with cost action undertaken to underpin full year profit performance



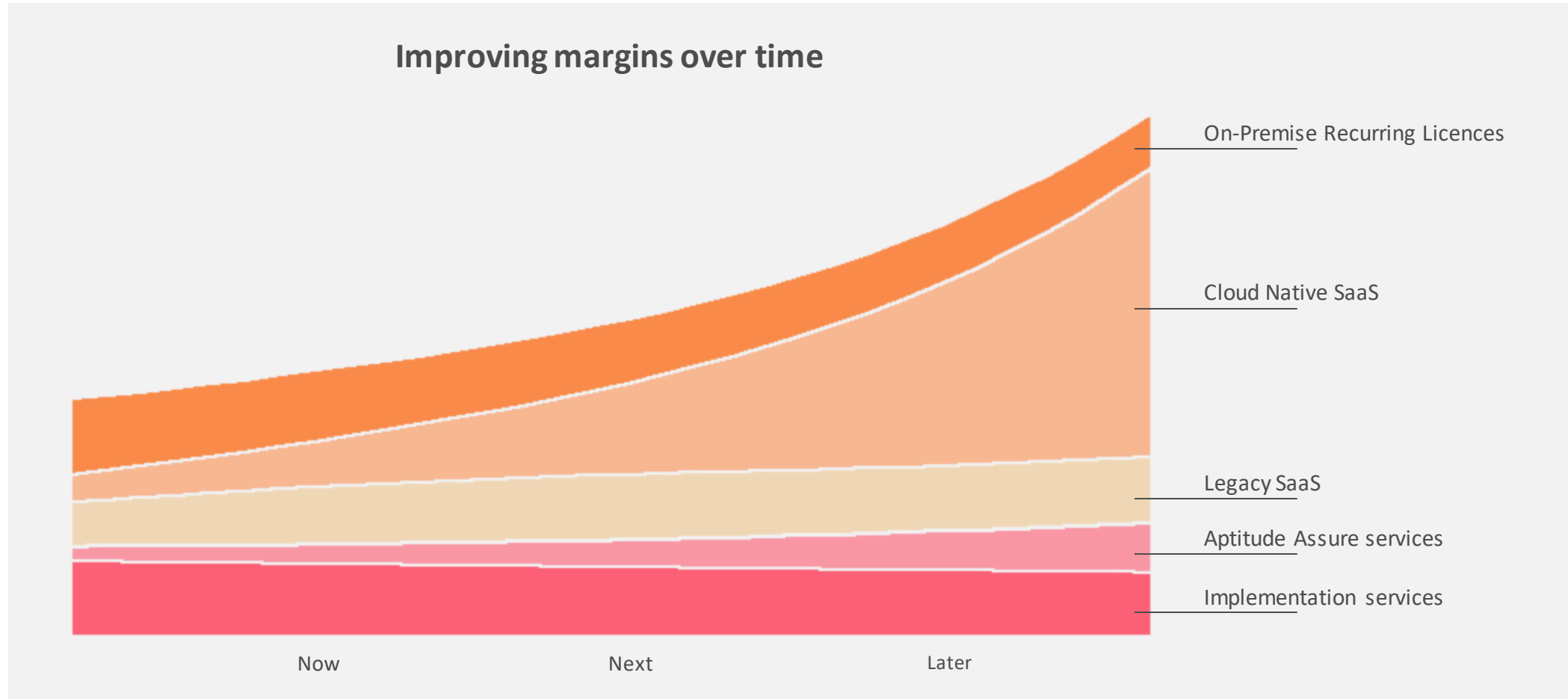
- Revenue growth of 4% and profit growth of 5% from H1 2022
- Cost action undertaken in H1 2023 to underpin FY 2023 profitability
- Strategic investments protected, with new product investment expected to moderate from 2024 as planned
- Strong balance sheet, with improving cashflow performance



¹ Adjusted Operating Profit and Adjusted Operating Margin excludes non-underlying operating items which principally comprise intangible asset amortisation

Transitioning revenue mix

Growing proportion of higher margin revenue streams



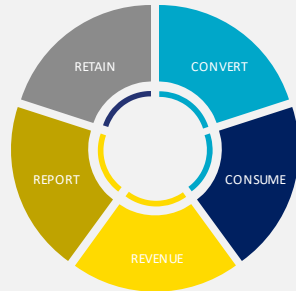
Subscription Management

A long-term growth driver as consumer spend confidence improves

The opportunity

Subscription management

Aptitude's Subscription Management technology powers every step of the subscriber lifecycle for complex enterprise businesses, from acquisition and billing to revenue recognition and retention



Key differentiators

1. Extensive global payment reach
2. Modular end-to-end solution
3. Reduced compliance obligations
4. Highly configurable for complex business models
5. Robust enterprise performance

Delivering great customer outcomes

“Cut operating expenditure (OPEX) by **more than 50% in 6 months**”

Berliner Verlag

“Enabled the expansion into **27 territories**, while reducing cost per acquisition and minimizing involuntary churn”

hayu (NBC Universal)

- Long term market growth p.a.: 15%
- Recent New Wins: Barkbox, ZGO
- DACH region: Key focus
- Cross sell: expansion of eSuite clients

ZGO
Zeitungsgruppe Ostfriesland



Aschendorff
Medien



sas

BARK BOX

BBC

The Telegraph

Napster

Specsavers



Aptitude Subscription Management at NBCUniversal's, hayu

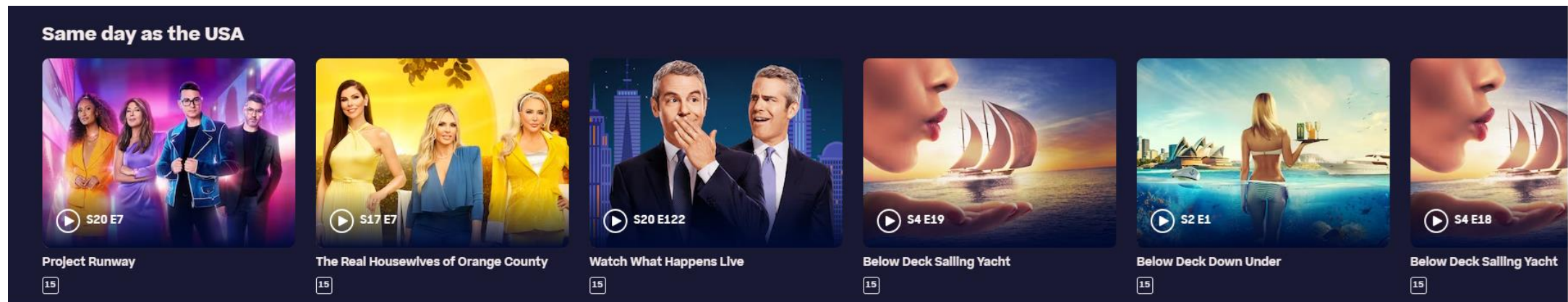


Flexibility, agility and a suite of powerful features has enabled hayu to expand to 27 territories

Benefits delivered:

- **Reduced cost per acquisition** through voucher codes and the ability to experiment with various subscription models and offers
- **Dramatically reduced speed to market** by switching from a solution requiring bespoke development to a configurable solution with pre-integration to a huge range of payment methods
- **Reduced churn** with intelligent retry technology and enhanced payment windows, which resulted in a 40% increase in successful renewals following a free one-month trial

“There was no doubt that this was the right solution for us, it was the only solution that was able to offer all the core functionalities we needed, right out of the box... The difference is night and day compared with the technology we had before.”
-Hendrik McDermott,
Managing Director, hayu



Finance digitalization

Underpinned by our accounting hub offerings and Microsoft partnership for Fynapse

The opportunity

Finance digitalization

Efficiency, automation, better insights and innovation are the top drivers on the CFO's agenda. Aptitude Fynapse is built with innovative cloud-native technologies to deliver extreme performance and a single point of 'finance' truth.



Key differentiators

1. Unique best of breed, modular solution
2. Rapid speed to value
3. Single point of 'finance' truth
4. Business accounting event and data driven
5. Proven integration to 3rd party systems
6. Strategic partnerships with Microsoft and KPMG

Delivering great customer outcomes

\$3M saved across hardware and software costs
Manual entries **reduced from 5,000 to 50**
over **100 million journal lines** processed per hour
c.3,900 FTE days saved annually from automation
50% cost reduction for reporting close
96% reduction in GL journal entries
17 source systems automated in 6 months

- **Market Growth p.a.:** 10 – 15%
- **Recent new wins:** Raiffeisen Bank, Challenger, Commonwealth Bank of Australia



Fynapse supported by its partnership with Microsoft



Fynapse uniquely placed to meet current and future CFO Drivers



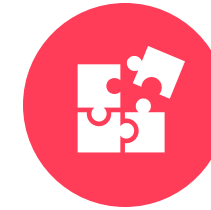
Automate everything

Fynapse drives full automation of finance processes, at pace, regardless of complexity or data volumes.



Better insights, faster

Fynapse solves the data control, quality, integration, granularity and access issues many finance teams currently face and gives them the ability to generate required reports faster and get insights into the hands of decision-makers.



Continuous innovation

Fynapse is at the heart of a fully open architecture allowing finance teams to take advantage of the capabilities offered by current and future technologies.

64% of CFOs

believe autonomous finance can become a reality within the next six years, but few are making progress toward it. **(Gartner)**

56% of finance leaders

agree that dashboards are currently unable to support decisions. **(Gartner)**

79% of finance leaders

say to meet future needs they must play a significant role in owning business model innovation & empowering transformation. **(Microsoft)**



Aptitude Fynapse

The single point of 'finance' truth

Microsoft
Partner

Fynapse – Aptitude's Finance Management Platform

Fynapse Engines

Current Engines

Accounting Rules

Subledger

Future Engines

Captive generative AI

Revenue Recognition &
Subscription Management

Data Quality & Anomaly
Detection

Fynapse Data Hub

Data
Framework

Audit &
Traceability

Data
Integration

Exception
Management

Workflow

Client Benefits

- Rapid implementation time to value & scalable
- Open architecture
- Single point of 'finance' truth across the business
- Unique capabilities, built by finance for finance

'Data is AI currency'



Fynapse fully live at T-Mobile



3rd largest global Telco with 100 million subscribers

- **Efficient:** **\$3M** saved across hardware and software costs
- **Automated:** Now takes **¼ of the time** to launch new products to market
- **Better insights:** Faster access to insights; over **100 million journal lines** processed in an hour much better visualization interface
- **Innovate:** 'Fynapse was our **path to the cloud**'

163%
increase
in processing
speed

93%
reduction
in journal
mappings

70%
reduction
in accounting
rules

“I am looking forward to building on the value we’ve seen with the implementation of their next-generation accounting hub, Fynapse. Our recent go-live is a critical milestone in our strategy to move more capabilities to cloud and position T-Mobile to take advantage of Fynapse’s scalability, elasticity, and improved access to analytics that will enable real savings for our organization.”

-Dane Christofferson, Director ETS,
T-Mobile

LIVE
19th July

Game changing partnerships

I think it's a huge game changer! Our global customers need an affordable way of connecting data from across different ledgers to subledgers and to create insights and consolidated financial reporting.

Georg Glantschnig, VP, Dynamics 365

Fynapse fixes Microsoft D365's #2 sales blocker



- MSFT taking Fynapse to market as part of its D365 stack
- Fynase data hub will feed Microsoft finance stack including AI Copilots
- Data is currency for MSFT

Full Microsoft partner network opening



- Opening mid-sized markets and new industries
- Expanded our partner reach into leading D365 Finance partners including HSO, Hitachi, Big-4 practices

KPMG builds global practice on Fynapse



- KPMG developing a Fynapse practice
- KMPG to take Fynapse to market across a range of areas
- Developed offshore capabilities

Microsoft and supporting partners extend the global go-to-market capacity of Aptitude



2023 strategic objectives & outlook

Our investments provide a strong platform for future expansion

We remain a
resilient business

We continue to drive
incremental
profitable growth

We see broad
applicability for all
our growth drivers

We have driven
pipeline growth for
Fynapse supported by
MSFT in NA

We will
capitalize on this
opportunity
globally

We will drive
predictable sales
execution supported by
an extensive partner
network

Despite challenges the board expects a progressive profit outlook



Appendix



Income statement

Improving revenue quality driving improved profitability

	HY 2023 (£'000)	HY 2022 (£'000)	FY 2022 (£'000)
Recurring Revenue	26,998	24,423	50,534
Implementation Revenue	10,538	11,700	23,860
Total Revenue	37,536	36,123	74,394
Operating Costs	(33,300)	(32,121)	(66,887)
Adjusted Operating Profit	4,236	4,002	7,507
Non-Underlying Items	(2,488)	(1,883)	(3,822)
Statutory Operating Profit	1,748	2,119	3,685
Net Interest	(82)	(244)	(480)
Profit Before Tax	1,666	1,875	3,205
Taxation	(369)	(354)	(610)
Profit After Tax	1,297	1,521	2,595



Cash flow

Improving cash flow performance, but affected by regular seasonal working capital cycle in H1

	HY 2023 (£'000)	HY 2022 (£'000)	FY 2021 (£'000)
Cash generated from operations	(25)	(2,995)	5,272
Interest and tax (paid)/received	(725)	(530)	(2,095)
Cash flows generated from operating activities	(750)	(3,525)	3,177
Purchase of property, plant and equipment	(495)	(379)	(831)
Interest received	81	3	18
Net proceeds from issue of ordinary share capital	-	23	23
Dividends paid	(2,064)	(2,061)	(3,093)
Purchase of shares under employee benefit trust	(186)	-	-
Payment of capital lease obligations	(199)	(181)	(405)
(Repayment)/drawdown of loan, net of arrangement fees	(625)	-	(313)
Net cash used in investing/financing activities	(3,488)	(2,595)	(4,601)
Decrease in cash and cash equivalents	(4,238)	(6,120)	(1,424)
Exchange rate gains/(losses) on cash and cash equivalents	(501)	667	1,605
Cash and cash equivalents at end of period	24,506	23,611	29,245



Balance sheet

Strong balance sheet with cash of £24.5 million and net funds of £12.2 million

	30 June 2023 (£'000)	30 June 2022 (£'000)	31 Dec 2022 (£'000)
Goodwill and intangible assets	65,436	68,818	67,126
Property, plant and equipment including right-of-use assets	4,911	4,250	5,103
Trade and other assets	18,255	19,645	16,718
Cash and cash equivalents	24,506	23,611	29,245
Total Assets	113,108	116,324	118,192
Bank loan and capital lease obligations	(12,328)	(12,905)	(13,346)
Deferred income	(26,733)	(30,141)	(29,563)
Trade and other liabilities	(8,479)	(8,432)	(8,899)
Taxation	(74)	(353)	(119)
Deferred taxation	(5,909)	(5,811)	(5,724)
Total Liabilities	(53,523)	(57,642)	(57,651)
NET ASSETS	59,585	58,682	60,541



Board

Experienced management team & Board

Alex Curran, Acting Chief Executive Officer

Alex was appointed to the Aptitude Software Board as Acting CEO in July 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 is a non-executive director of Checkit plc.

Mike Johns, Chief Financial Officer

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 in May 2023.

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.

Alex Campbell, Company Secretary

Alex Campbell was appointed as Company Secretary on 8 June 2023. He is a member of the Chartered Governance Institute and has significant experience in supporting UK listed companies with fulfilling their corporate governance and statutory compliance obligations.

