Breakthrough Year:

Empowering the future of finance

Alfa Financial Software Holdings PLC
Annual Report and Accounts 2024

Setting a new standard with Alfa Systems 6

2024 has been a breakthrough year for Alfa.

With the ongoing development of Alfa Systems 6, we have delivered game-changing innovations that empower our customers to scale faster, operate more efficiently, and adapt to the demands of an evolving asset finance landscape.

Our focus on pushing technological boundaries is helping shape the future of finance, providing the tools and flexibility needed to meet tomorrow's challenges. As we move forward, our commitment to innovation and customer success remains at the heart of everything we do.

Awards

2024 Monitor Magazine:
Best Company in Equipment Finance (Innovation), winner

2024 LeasingWorld Gold Awards:
ED&I Trailblazer category, winner

2024 Megabuyte:
18th Best Performing in Mid-Market 50

Investors in People:
Awarded IIP Gold status and Top 20 (of its size)

2025 Megabuyte50 awards:
Best Performing Company (Financial Services), shortlisted

2024 plc awards:
Tech Business of the Year, shortlisted

ESG

Corporate ESG Performance
RATED BY ISS ESG Prime

CDP DISCLOSER 2023

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Contents

Alfa ESG: 2024 Sustainability Progress Report

Key highlights

Subscription revenue growth
+18%
2023: +16%

Operating profit
£34.3m
2023: £30.1m

Closing headcount
502
+5% average headcount[3]

Revenue
£109.9m
2023: £102.0m

Operating profit margin
31%
2023: 30%

Cash
£20.5m
89% conversion[4]

TCV[1]
£221.3m
2023: £165.3m

EBITDA margin[2]
34%
2023: 32%

Dividends paid[5]
£22.1m
2023: £19.7m

1. Total Contract Value. See "Definitions" on page 19 for further information.
2. Earnings before interest, taxes, depreciation and amortisation, as a percentage of revenue.
3. Over the 12 months to December 2024, compared with 12 months to December 2023.
4. Operating free cash flow conversion. See "Definitions" on page 19 for further information.
5. Amounts paid during the financial year.

Our year in review

2024 has been a landmark year for Alfa, marked by key milestones in innovation, customer success, and expansion.

2023
Pillar 1:
Efficiency
Fully optimised UX, with superpersonalised screen design.

January
Pillar 2:
Total capability
Meeting the complex end-to-end lifecycle demands of successful finance providers.

March
Alfa awarded Monitor Best Company in Equipment Finance 2024 for
Innovation

March
Pillar 3:
Sustainability
Satisfying emerging business models, driven by net zero and ESG regulation.

May
Pillar 4:
Scalability
Truly always-on, financially coherent operation – without restriction.

July
Pillar 5:
Intelligent automation
Systemised decision-making through AI and rules-based workflows.

September
Alfa System 6: Fully realised
Pillar 6:
Collaborative ecosystem
Simple integration with market innovations and through Alfa's trusted partner network.

July
100th
US employee

October
500
employees worldwide

December
Fastest
full Alfa Systems go-live delivered

Looking ahead
With strong momentum, we are well-positioned to continue delivering breakthrough innovations and long-term value.

Investment case

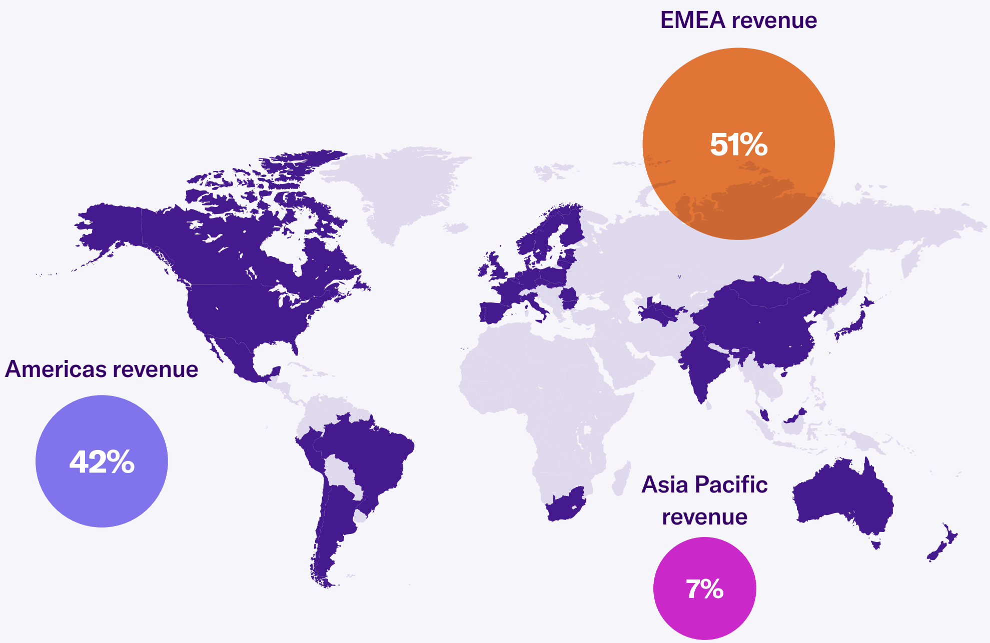
Alfa Systems is at the heart of some of the world's largest and most innovative asset finance companies. Supporting all types of auto, equipment and wholesale finance business, our software platform uses leading-edge digital technologies to deliver proven functionality and performance.

Our identity
We are a software and delivery company.

Our global reach

37 Countries

502 Employees



Revenue by:

Activity

34% Subscription

16% Software Engineering

50% Delivery

Customer type

50% Banks

36% Captives

14% Independents

End markets

Automotive 59%

Equipment 41%

Why invest?

Revenue	£110m	+8%
Operating profit	£34m	+14%
Operating profit margin	31%	+1%
Dividends paid	£22m	+12%
Employee engagement	82%	+0%

Markets
- Massive market
- Push & pull factors drive growth
- Large barriers to entry

Product
- Exceptional IP
- Market leading software

Returns
- Diversified across geographies and end markets
- Recurring revenues with growing SaaS
- Strong cash generation delivering dividends

Find out more overleaf about what sets Alfa apart

About Alfa

What Alfa does...

Alfa Systems satisfies requirements of all sizes: as an integrated point solution, a rapid off-the-shelf implementation or an end-to-end platform for the complex global enterprise.

...differently

Market-leading software

Functional depth and a bulletproof accounting engine

Proven across customers in 37 countries, large and small

Countries and regions all on one system

Technical excellence

Exceptional IP

Cloud-native and secure Software-as-a-Service

Extensible software, embedded in the systems landscape

Flexible platform

Your processes as workflows and business rules

Flexible and configurable product structures

Built for finance and accounting professionals

Delivery

An unrivalled track record in project delivery

Rapid, preconfigured delivery model

People

Alfa's people: the best in the business

Alfa's vibrant culture

Business model

Types of Revenue: Software Engineering · Subscription · Delivery

1 Alfa's proposition

Software

- Mission critical software
- Deep IP
- Flexible platform
- Market-leading product

+

Delivery

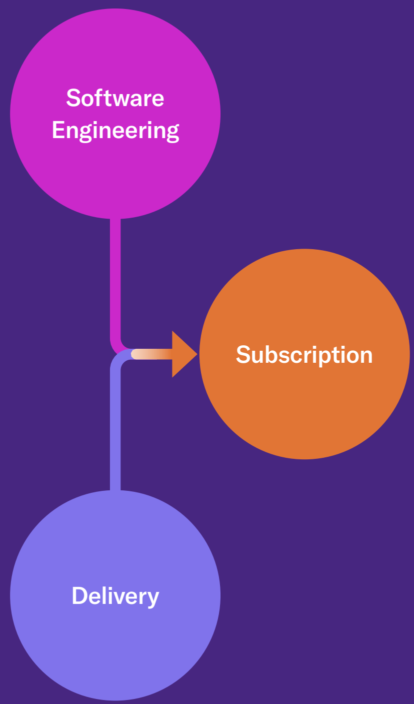
- Unrivalled track record
- Industry knowledge
- Bulletproof delivery model

2 Driving activity

- Product investment (Software Engineering)
- New implementations (Software Engineering, Delivery)
- Upgrades (Subscription, Delivery)
- Contract growth (Subscription, Delivery)
- New modules (Software Engineering, Subscription, Delivery)

Great people + Strong culture + Innovation

3 Generating revenue



- Subscription revenue grew by 18% in 2024
- Both Software Engineering and Delivery revenue driving Subscription revenue
- Alfa Systems 6 is SaaS only

4 Resulting in...

Business growth and transition to SaaS
- Overall revenue growth
- Subscription gaining higher proportion of the business
- Low customer churn

Cash generation
- Strong free cash flow
- Stakeholder return driving dividends

People
- Growth in headcount
- Improved career opportunities
- Strong retention and engagement

Software
- Strengthened IP
- Expanded functionality, including market expansion

Planet
- UNSDG
- SBTi

CEO review

2024 Breakthrough Year

“2024 has been a breakthrough year for Alfa. Another year of strong revenue growth overall powered by subscription revenue growth, with 50% of customers now on Alfa Cloud. A record number of customer wins giving a record TCV level. Ten new modules, delivering value to our customers and driving incremental sales. The launch of Alfa Systems 6 underlining the importance of product investment and innovation.”


Andrew Denton
Chief Executive Officer

Business review

Breakthrough year

We look back on 2024 as a year of breakthroughs, whilst maintaining our excellent delivery record, we:

- Launched Alfa Systems 6
- Moved to SaaS only sales strategy
- Achieved landmark contract wins in all our markets
- Generated record TCV of £221m
- Grew total Alfa headcount to over 500 people
- Grew our US operation to over 100 colleagues
- Grew our customer base so that our top 5 customers now account for less than a third of our revenues

We have made significant strategic progress in 2024, increasing our functional lead over our competition with the release of Alfa Systems 6.

We have continued to grow the business despite the revenue headwinds from our transition from a perpetual licence to a SaaS model. We have an SaaS only sales strategy.

We had a record year for customer wins, converting eight customers from the late-stage pipeline, which led us in the second half of the year to increase our recruitment targets in both EMEA and the US.

The success we have had in winning US Auto clients means that we believe we are now the go-to solution for that market. We have also

CEO review continued

opened up a new area of this market with the introduction of our Total Originations capability as part of the Alfa Systems 6 launch.

We have continued to grow the Company, ending the year with global headcount in excess of 500, with over 100 people in the US, and at the same time we have maintained the extremely strong Alfa culture.

Our diversification across end markets and customers means that our top 5 customers now account for less than a third of our revenues, five years ago they were nearly two-thirds of our business.

Our delivery excellence remains a key differentiator for us, and this has continued in 2024 with twenty-six delivery events in the year.

Strong growth driven by fast growing subscription revenues

Financial performance was strong with continued growth in revenue and profit. Revenue was up 8% to £109.9m (2023: £102.0m) at actual exchange rates or up 9% at constant currency rates.

Subscription revenues continued to grow strongly, up 18% year on year largely driven by growth from existing customers. The impact of new customer wins on subscription revenues and margins will be much more pronounced after go-live, which depending on the project can take several years as contract volumes ramp up to full run rate on the system, acting as a foundation for future growth acceleration.

Delivery revenues were up 1% to £55.0m (2023: £54.6m). We expect stronger growth in 2025 as the implementation of new projects won in Q4 2024 start to ramp up.

Software Engineering revenue increased strongly in the second half, up 70% to finish the year at £17.4m (2023: £15.6m), up 12% on prior year and with a good pipeline of work for 2025.

We delivered strong growth in operating profit, increasing 14% to £34.3m (2023: £30.1m) on the back of the 8% growth in revenues at an improved gross margin of 64.5% (2023: 62.5%) which flows through to an improved operating margin of 31.2% (2023: 29.5%). Cash conversion in the year was 89% (2023: 115%); as expected this was lower than 2023 which benefited from an unusually high level of receipts just before the December 2023 year end. As the SaaS model becomes more embedded, cash conversion will trend over time to between 90%-100%. We finished the period with cash of £20.5m (31 Dec 2023: £21.8m).

Pipeline conversions driving very strong TCV growth

We saw very significant growth in our TCV through the year with the conversion of eight customers from the late-stage pipeline, with TCV reaching a record level of £221.3m at the end of the year. We have continued to see strong growth in our Subscription TCV but the most significant increases were in Delivery and Software Engineering TCV, as these increase immediately when contracts are signed. At the point of the contract win the Subscription TCV is relatively low, but increases over time as we get closer to go-live and full run-rate revenues.

We had 21 customers each contributing revenues of more than £2m in the period, up from 19 last year and up from just seven in 2019. Our top five customer concentration has significantly reduced to 32% of our revenues in 2024, compared with 61% in 2019. Our largest customer represented just 7% of our revenues in 2024.

Delivery and Software Engineering agility

In 2023 we saw more go-lives than any other year in Alfa's history. Following this in 2024 we have started work with an unprecedented number of large customers. We continue to focus on simplifying and increasing the speed of our implementations so that we can deliver more concurrent implementations. Alfa Cloud has been the most significant contributor to this process, allowing us to start implementations quickly and enabling us to demonstrate system functionality to clients much earlier in the project than before. At the year-end there were six implementations underway with Alfa Cloud.

The transition to new projects means that our software engineering teams have been pivoting in the second half of 2024 and into the first half of 2025 away from Alfa Systems 6 to supporting these new large projects with customer driven development. Whilst the focus may have shifted there continues to be ongoing investment into the product to maintain and grow our market lead.

We invested into our UK Equipment Start and US Auto Start products to facilitate further growth in these markets.

Expanding Alfa Systems 6 functionality

In 2024 we saw the complete launch of Alfa Systems 6. This has been a hugely important step in showcasing our ongoing product investment in both functional and technical capabilities. Functional investment increases our product capability for existing markets but also expands our addressable market. Technical investment includes the use of the latest software tooling, including integration and AI capabilities.

The ten new modules that have been released cover additional functionality such as 24/7 and Compose; they also cover new financial product capabilities such as usage based charging and revolving credit facilities, opening up incremental sales opportunities. These new modules not only open up incremental sales opportunities to existing customers but also open up new markets for us in Commercial Finance and US Originations, which have the potential to significantly increase our addressable markets. We believe it is really important to continue to invest in both functional and technical areas and this will continue in 2025.

CEO review continued

Headcount growth, supported by strong retention

The successful conversion of the pipeline during the year resulted in us accelerating recruitment plans in the second half. Retention rates have remained very high, being 96% for the year. This demonstrates the continued strength of the Alfa culture which is a key driver of our success.

Headcount at the end of the year was up 6% at 502 (2023: 475) with average headcount in the period of 485 (2023: 463), up 5% on last year.

Strategic progress

Alfa is a software and delivery company. Our strategy for creating long-term, sustainable business value is to:

- Strengthen – grow our differentiation
- Scale – increase our capacity
- Sell – further profitable growth
- Simplify – enable more concurrent implementations, more efficiently

During 2024 we have made good progress across all of these areas, with key highlights noted below.

Strengthen:

- Launch of Alfa Systems 6
- Refreshed our software development model
- Invested in our people, increasing internal learning and development resources
- Refreshed our induction approach for new joiners

Scale:

- Increased headcount to over 500 people
- Investigating an increase in our global footprint through further geographic smart hubs
- Expanding addressable market into US Auto Originations and Commercial Finance
- Improved process for partner onboarding

Sell:

- Record eight wins
- Sold first US Auto Originations implementation
- Continuing sequential growth in subscription revenues
- Moved to single-tenant SaaS only sales strategy

Simplify:

- Completed enabling investment for our partner-led delivery MVP in UK Equipment
- Completed an accelerated implementation with Alfa Start for a US Auto customer
- Development of Alfa Start accelerator for US Equipment market
- Improved migration tooling
- Further automated testing to simplify upgrades

All of the above have contributed to making significant progress on our strategy, with the strongest evidence being revenue growth of 9% (at constant currency) comfortably exceeding average headcount growth of 5% and with Subscription revenues growing at 18% – the fastest growing revenue stream.

Capital return

We are a highly cash-generative business, with cash conversion of 89% in 2024, which as expected was down on 2023 due to some early receipts at the end of 2023. We expect cash conversion to trend towards 90-100% over time. We are committed to investing in our product and people to ensure that we continue to offer market-leading solutions and excellent delivery and service to our customers.

Our mechanism for returning capital is the payment of a regular, ordinary final dividend and we have a policy to grow this progressively. We will also consider special dividends when we have excess capital.

Notwithstanding the return of £22.1m excess cash to shareholders during the year through ordinary and special dividends, we ended the period with cash of £20.5m. As such, the Board has today proposed an ordinary dividend of 1.4 pence per share, up 8%, with an ex-dividend date of 29 May 2025, a record date of 30 May 2025 and a payment date of 27 June 2025. The ordinary dividend would amount to a total payment of c.£4.1m. In addition, the Board has decided to declare a special dividend of 2.4 pence per share, up 20% on the special dividend declared this time last year, with an ex-dividend date of 1 May 2025, a record date of 2 May 2025 and a payment date of 30 May 2025. The special dividend would amount to a total payment of c.£7.1m

Stable market conditions

Whilst over the last few years the macro environment has been uncertain, the asset finance market and demand for software within it has remained robust. The asset finance market is a more secure form of lending and it has a history of gaining market share in uncertain times compared with non-asset backed lending markets. Alfa Systems is operational in 37 countries; in automotive finance, equipment finance, wholesale finance and loan finance; for OEMs, banks and independents and across all asset classes. The breadth and diversity of Alfa's business interests has helped insulate us from underlying economic uncertainty in individual markets as demonstrated by our ongoing track record of growth, our record TCV and strong pipeline.

Strong pipeline

We had a hugely successful year in 2024 in converting the late-stage pipeline, with a record eight customer wins coming out of the pipeline. We ended the year with eight customers in the late-stage pipeline, of which five we are already engaged in paid work under letters of engagements on implementations as we finalise commercial contracts. We are seeing good activity in the early-stage pipeline, reinforced by strong positive customer reaction to Alfa Systems 6 before and during the recent conference season.

We remain confident in both the demand for our best-in-class software and our ability to win work in the market.

CEO review continued

Net-zero commitment and UNGC

The majority of our emissions come from our supply chain, so engaging with suppliers and working with them to reduce their emissions is fundamental to the overall success of us achieving our SBTi (Science Based Targets initiative). During 2024, we started an engagement process with our key suppliers. Generally across our key suppliers we can see that there is a strong desire to reduce emissions.

During the year we joined the UN Global Compact (UNGC) which will help us drive forwards our corporate sustainability agenda.

Outlook

The exceptionally strong conversion of wins in Q4 2024 has led to us entering this year with a record level of TCV, setting an excellent foundation for continued growth and underpinning our confidence in the year ahead. Building on the strong subscription growth in 2024 we expect mid-teens growth in Subscription revenues in FY 2025, alongside strong momentum in our Delivery and Software Engineering revenues as we implement some key projects for new clients, driving an expectation of double-digit revenue growth overall. The market's strong response to the launch of Alfa Systems 6 in 2024 has endorsed the success of our strategy of continuous investment in our business and we remain well positioned for further progress and focused on delivering value in 2025 and beyond.

Andrew Denton
Chief Executive Officer
12 March 2025

Living our values

"Make it better together starts with collaboration. By aligning teams, sharing knowledge, and working together, we drive meaningful change, improve processes and enhance the way we support each other and our clients."

Michael Dorrani
Senior Consultant
(Sydney, Australia)

"Challenge without being challenging – it's bringing ideas openly and confidently to drive improvement, always ensuring the approach is respectful, solution-focused and encourages collaboration."

Charlotte de Grouchy
Senior Project Manager
(London, UK)

"I value creativity and enjoy the process of generating and implementing new ideas. I'm proud to be part of a team that strives to create innovative solutions and lets great ideas grow, together."

Steve O'Hara
Head of Business Development, Asia Pacific
(Sydney, Australia)

"To me, creating a positive impact means understanding my 'why' and using that to enable me to say 'yes' to as many initiatives, projects, favours and 'can I borrow you?' moments as I can. On top of that, positivity in itself – and bringing happy energy – also seems to create impact!"

Phoebe Lumley
Project Manager
(London, UK)

Market overview

Asset Finance Market is a resilient market through different macroeconomic environments.
The asset finance software market is more dependent on industry push-pull factors.

Pull Factors

Software as a business enabler and driver of innovation

- **Expedite digitalisation**
- **Increased adoption and functionalities of AI/ML**
- **Business agility and flexibility**
- **Exposure to green technologies**

Push Factors

Software not fit for purpose and high cost of ownership

- **Regulatory and cyber security requirements**
- **Increased ownership cost**
- **Poorly integrated point solutions**
- **Inefficient workflows and low automation**

Addressable software market of
$3.4bn[1]

1. A Deloitte view of the asset finance software industry, 2022

Market overview continued

	Existing Alfa markets			Addressable Market Expansion	Adjacent Market Expansion
Market	United States	Europe	Australia, NZ & RoW	Originations	Commercial Finance
	Auto • One of the largest auto finance markets • Large Auto finance players with high volumes and scale • In addition to asset finance servicing, originations is a substantial market **Equipment** • Private credit entering this attractive market and partnering or acquiring older equipment finance • Diversification into more complex financial product structures related to commercial finance	**Auto** • Larger, international players dominate the market and require multi-country and multi-jurisdictional features • Asset lifecycle and support for new sustainable business (e.g. fleet) models needed **Equipment** • Some larger, cross-border finance providers but more, smaller, local players within single countries • Ability to quicky adapt new pricing models is key • Support for Sustainability features is important	• The rest of the world, excluding Asia, makes up less than 4% of world asset finance volumes, with Australia and New Zealand making up the majority of this market	• Finance companies willing to invest in Originations platforms to make use of new technology to increase automation and speed of response • Alfa currently supports end-to-end originations at scale globally in diverse clients in Auto and Equipment • Alfa working alongside key customers in Auto and Equipment finance to enhance offering of key, flexible functionality in target markets with biggest opportunities	• Multiple trillion USD market. • Expanding into adjacent market with some of the same players who invest in asset finance who could be used as a soft route into the market • Modernisation of the Commercial finance market is driven by the need for automation and increased efficiency of processes as private credit players increase competition • The variability and complexity associated with commercial loans and finance make Alfa Systems the ideal fit
Alfa clients	• 6 of the USA's top 10 auto lenders • 2 of the USA's top 3 equipment lessors	• 3 of the UK's top 5 equipment lessors	• 2 of Australia's top 5 asset finance lenders • In live production in South Africa with consumer and commercial finance portfolios	• Strong interest in originations from existing clients and prospects, with some clients already using the product	• Some of Alfa's largest equipment finance clients invest in wider commercial finance products allowing us to learn and expand within this client base
Alfa position	• Alfa is the de facto go-to company in US Auto and UK Equipment, with very strong presences in other markets • We use one system across all markets and are unique in having capability across all markets • We have different competitors in each market • Alfa provides exceptional high volume asset support ensuring stability, scalability and robust performance	• Multi-country and multi-jurisdictional features makes Alfa a great fit to support large international asset finance players • Alfa Systems provides unparallelled support in converting high-level processes into configured workflows and business rules, improving efficiency		• Alfa has launched originations product, which covers direct and indirect lending, from quoting to funding	• Alfa has invested in commercial finance revolving credit facilities and syndications functionality

A breakthrough iteration of our SaaS platform

Founded on six pillars, 2024's iteration of the Alfa Systems software platform delivers important changes in performance and function, helping finance providers tackle the significant challenges they face, and seize the lucrative opportunities that lie waiting:

01

Pillar 1: Efficiency

Introducing Compose: Fully optimised UX, with superpersonalised screen design.

When we talk to our customers, they always tell us their greatest operational challenges are around efficiency and achieving economies of scale. Alfa Systems already equips our customers with robust functionality that empowers them to replicate and automate their processes, and the efficiency pillar is designed to enhance with tools to:

- Create superpersonalised screens for different users, processes and products through utilising Alfa Compose. This is built on the investment in a UI framework and is a step change in UX for Alfa users, allowing them to quickly see the information relevant to that task;
- Manage cases at scale through Case Supervision functionality. New supervisor dashboards and enhanced SLA and bulk case functionality allows cases and queues to be managed efficiently.

02

Pillar 2: Total Capability

Meeting the complex end-to-end lifecycle demands of successful finance providers.

Alfa Systems 6 continues to fulfil a key role as the core platform on which asset finance ecosystems are orchestrated. The Total Capability pillar gives customers the ability to:

- Operate a single platform globally for Originations and Servicing, using the same powerful pricing and workflow engine for end-to-end processes. Investment has been focused on building out an efficient, scalable Originations offering suitable for the US Auto market, where speed and accuracy is of utmost importance;
- Operate a single platform for the different products and structures in use at the customer organisation. Alfa's investment in revolving credit facilities, direct billing contracts and usage-based products is a significant step in this journey;
- Benefit from a preconfigured end-to-end product, covering Servicing, Collections and Remarketing, and incorporating regulatory reporting. The investment in Alfa Start accelerators across Europe, the UK, the USA and Australia allows a cost-effective offering for new prospects, reducing implementation time.

03

Pillar 3: Sustainability

Satisfying emerging business models, driven by net-zero and ESG regulation.

The equipment and automotive finance industries are undertaking a period of exciting change, driven by environmental concerns and regulations. Alfa has been investing in this area to enable our customers to support the required changes to their business models flexibly. The Sustainability pillar gives them the ability to:

- Track and report on their portfolios' Scope 3 emissions to meet regulatory requirements, at an individual, asset and portfolio level;
- Manage an enhanced asset lifecycle, incorporating second and third lives for assets with off-lease depreciation and views of inventory;
- Utilise flexible, automated usage-based contracts and pricing, including API updates of actual usage, triggering necessary billing or contract adjustments;
- Provide both asset and service subscriptions alongside traditional auto and equipment leases and loans, effectively enabling Everything-as-a-Service (XaaS) business models through Alfa Systems.

04

Pillar 4: Scalability

Truly always-on, financially coherent operation – without restriction.

Scalability in Alfa Systems 6 presents leading-edge functionality designed for providers looking to scale their business with flexibility and speed. Building on Alfa Systems' stable, performant platform, long-term investments by Alfa have delivered the Scalability pillar, equipping finance providers with everything they need to:

- Optimise resource expenditure: Alfa Cloud's adaptable resource model offers automated deployments, serverless databases and SOC1-certified processes;
- Onboard new portfolios: Powerful new tooling makes the transfer of acquired portfolios onto Alfa Systems 6 quick and painless;
- Expand into new markets: Through business rules and advanced configuration management, Alfa Systems 6 gives customers the power to roll out operations with flexibility and speed, using the same configuration in multiple countries, or as a seed for rollouts in new regions or business lines.

05

Pillar 5: Intelligent Automation

Systemised decision-making through AI and rules-based workflows.

Intelligent Automation in Alfa Systems 6 harnesses cutting-edge cognitive technologies, including predictive modelling, to empower our customers to create efficiency gains through a variety of intelligent, automated decision-making tools. Intelligent Automation is designed to:

- Automate any and all of a customer's processes: Alfa customers have the power to automate their processes to an extent that suits their business. Decision trees and nested rulesets, triggered by automated workflows, business rules and APIs, allow a heuristics-driven intelligent experience at common customer touchpoints;
- Onboard and upskill people: AskThea, the conversational AI chatbot for Alfa Systems support and guidance, offers immediate insights for users seeking answers, available functionality and potential solutions;
- Onboard new products and processes: Using AskThea, business change professionals can quickly consult Alfa Systems documentation to understand workflow and other configuration changes needed to implement new processes, providing further flexibility and power;
- Understand and reduce portfolio credit risk: Alfa Decisioning, a brand new credit decision engine, combines with Alfa iQ's proven experience in predictive AI for dynamic optimisation of credit underwriting, with customer-specific modelling.

06

Pillar 6: Collaborative Ecosystem

Simple integration with market innovations and through Alfa's trusted partner network.

Collaborative Ecosystem in Alfa Systems 6 allows customers to tap into Alfa's expertise and best practices to source and integrate with new technologies, creating customised, end-to-end solutions – painlessly. Collaborative Ecosystem is designed to:

- Enable efficient access to new technology: Drawing on Alfa Systems' extensive catalogue of REST APIs, efficiently designed SPIs and leading-edge data transfer technology, customers can easily integrate new software and services into the core platform. By working with Alfa's architects and accredited partners, customers can achieve powerful integrations with up-to-date technology and build their own customised platform – and help drive innovation within their organisation;
- Take advantage of Alfa's knowledge and experience: Alfa's network of consultants and technical experts collaborate to build up a rich knowledge base of integration case studies and solutions, helping customers to refine their choices and understand best practices;
- Access trained, knowledgeable local resources: Alfa's partnership ecosystem goes beyond software collaborations; our delivery partnerships offer customers access to local resources fully trained on Alfa Systems configuration and processes, enhanced by Alfa's AI assistant, AskThea.

Strategy in action

Everything we do supports our growth and strategy.

Our strategy for creating long-term, sustainable business value is:

Strengthen

Grow our differentiation of market-leading People, Product and Delivery by:

- Investing in our **smart, diverse team**
- Investing in our **product**; and
- Investing in our **delivery** methodology and tooling.

Read more on page 15

Sell

Enable profitable growth by focusing on:

- Alfa Systems on **Alfa Cloud**
- **Subscription** revenue
- **Incremental sales**; and
- Commitment to our chosen **target markets**.

Read more on page 16

Scale

Increase our capacity for developing and delivering Alfa Systems, and extend our reach, by:

- Developing our **smart, diverse team**
- Leveraging **global talent** sources to enhance our competitive position
- Growing our **partner ecosystem**
- Expanding our **addressable market**; and
- Enabling **partner led delivery** of Alfa Start.

Read more on page 17

Simplify

Enable more concurrent Alfa Systems implementations, more efficiently, by:

- Simplifying our **product**
- Simplifying our **implementations**
- Simplifying our **processes** across our **organisation**; and
- Expanding our **Alfa Start** offering.

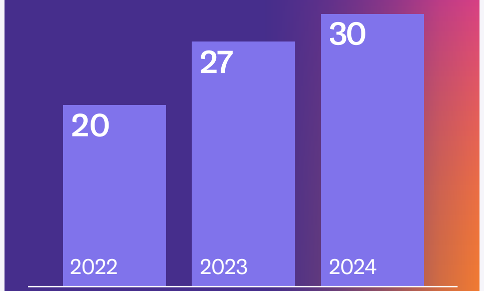
Read more on page 18

Strategy: Strengthen

Grow our differentiation of market-leading **People, Product and Delivery**, by:

- Investing in our **smart, diverse team;**
- Investing in our **product;**
- Investing in our **delivery** methodology and tooling.

# of live customers, over time



£37m Investment in product (2023: £35m)*

2024 highlights

Product

Over 2024 we have invested not only in furthering major initiatives into adjacent markets, but also in delivering on the promises made by the Alfa Systems 6 pillars. The advent of Product Owners has allowed smaller investment items to be prioritised and managed, in order to fulfil corporate objectives. This has enabled valuable, targeted enhancements across the Alfa Systems product, delighting our customers, contributing to the new business pipeline, simplifying configurations and allowing the scaling of customer processes.

People

We continue to invest in our people across Alfa, bolstering our ever-expanding Learning and Development offering with new learning content and courses during 2024. We appointed a new Talent Manager, who will focus on enhancing our talent growth. Our overall employee engagement, measured in quarterly Pulse surveys, stood at 82% for 2024. Maintaining our culture remains a key priority, focusing on providing support, events and experiences that all foster a great working environment.

Delivery

2024 has been a pivotal year for Alfa Delivery. In Asia-Pacific, we began a V4 to V6 upgrade for a longstanding global auto finance client. In the USA, we started work with several new clients, one going live within nine months of starting, and progressing into implementation for several others. In EMEA, we delivered several V4 to V5 upgrades, delivered the first phase go-live for a global auto manufacturer and appointed a new EMEA Head of Delivery. Globally, we appointed two regional Implementation Architecture Heads, to support our growing operations.

* This investment is calculated based on the total time spent by people in our Product Engineering team working on Alfa Systems product either for specific customer developments, which are largely chargeable, or internal investment and enhancement of the product. It does not include time spent on implementing or maintaining and supporting systems for customers. It includes salary costs and a full overhead allocation, and includes amounts shown as R&D expense and costs that have been capitalised.

Plans

Product

Next year we will continue creating value for our clients and Alfa by harnessing the creativity of our engineers and aligning their focus to our strategic objectives.

People

In 2025 we are focused on maintaining and preserving our precious culture, with the outputs of research exercises across the Company being explored and embedded.

Delivery

We intend to focus on further improvements to reduce the time and effort involved in an Alfa Systems upgrade to increase upgrade cadence, as well as simplifying delivery as a whole.

AskThea

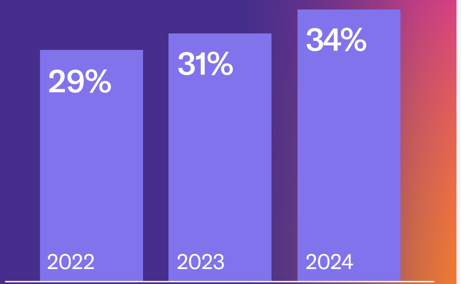
Growing out of innovation: AskThea reflects one of the core principles of our AI strategy, democratising the use of AI within Alfa to deliver efficiency gains. AskThea builds upon AWS tools within a secure environment, to allow users from Alfa and our clients to run custom queries on the Alfa product documentation. A first use-case of generative AI chosen not only for its value, but also the quality of the underlying data.

Strategy: Sell

Enable profitable growth by focusing on:

- Alfa Systems on **Alfa Cloud;**
- **Subscription** revenue;
- **Incremental sales;**
- Commitment to our chosen **target markets.**

Subscription revenue share



2024 highlights

Marketing

Alfa has reinforced our position as industry leader through the year-long rollout of Alfa Systems 6.

Via a series of six pillars, the campaign emphasised scalability through SaaS, sustainability, automation and integration, also launching Total Originations and showcasing innovation with Compose and AskThea. October's enhanced 'full launch' featured a memorable keepsake in the form of a graphic novel, whose comic-style visuals defined an impactful multi-channel campaign, dominating industry press and events, and drawing considerable interest from prospects and customers.

New modules

A new module structure was launched with Alfa Systems 6, allowing more modular access to Alfa Systems 6 functionality.

To support new and emerging business models within the asset finance industry, various new modules and service packs were launched, including service packs for Subscription services and XaaS, enabling customers to understand our functionality in these areas.

Subscription

Since 2017, Alfa has adopted a cloud-first sales strategy, endeavouring to convince prospective customers of the numerous benefits of Alfa Cloud.

With scalability being a key component of the fourth pillar of Alfa System 6, in 2024 we have made the full transition to a model under which Alfa Systems is only available as a single-tenant SaaS solution. This provides the mutual benefit of continuing the upward trajectory of Subscription revenue, while also allowing us to provide exceptional value to our customers.

Plans

The continued evolution of the Alfa Systems product, alongside the release of new modules planned for 2025, brings further opportunities for our customers to adopt more of the latest features through incremental module sales. Whilst Alfa Systems is market-leading software in US Auto for Servicing, the significant investment in Alfa Systems' Originations offering provides us with a major opportunity to expand our market presence into the Originations space. This will be a focus for the coming year. Additionally, we will look to capitalise on our investment in tangential markets, such as commercial finance, building and delivering a strong go-to-market strategy.

Alfa Compose

Building on a hugely successful launch, we've continued to invest in the platform by greatly expanding both Compose's functionality and its available component library. The number of supported screen entities has more than tripled as the library of components continues to be built out, unlocking the potential of bespoke screens for a far greater number of use cases.

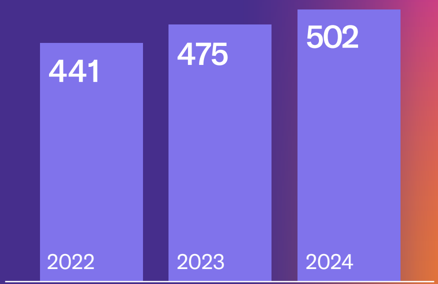
In the area of editability, Compose now supports the ability to add wizards to screens, giving our customers control over data users' visibility and editability access.

Strategy: Scale

Increase our capacity for developing and delivering Alfa Systems, and extend our reach, by:

- Developing our **smart, diverse team;**
- Leveraging **global talent** sources to enhance our competitive position;
- Growing our **partner ecosystem;**
- Expanding our **addressable market;**
- Enabling **partner led delivery** of Alfa Start.

Global headcount



8 Ongoing partner-assisted projects

2024 highlights

Market expansion

In 2024 Alfa concentrated on expanding its footprint into adjacent markets.

This involved joining Commercial Finance organisations globally, building a Minimum Viable Product (MVP) for a Revolving Credit Facility (RCF) product and partnering with a customer to build a Syndications product.

We also commenced analysis and design of a Fleet product, to be built out in 2025, to take advantage of the necessary importance of this market from EV sales quotas.

Recruitment

In 2024 Alfa reached an important milestone, surpassing 500 colleagues globally. Our recruitment practices remain robust and inclusive, with 2024 joiners being 50% female, 45% male and 5% non-binary. Overall retention is 96%.

We continue to partner with organisations that support our diversity targets. This year also saw us launch our new improved Induction programme, piloted successfully by our graduate intake in EMEA in September. This new induction is modular, enabling us to tailor the content to each audience's needs.

Partnering

We initiated a strategic partnership with [gaidnts] in Germany, an IT consultancy start-up founded by EGC (EuroGroup consulting).

We also completed the programme of enabling investment for the partner-led delivery (PLD) of our Alfa Start product in our home market. The partnering team was expanded to support our global partner programme operations and services. Furthermore, we improved partner onboarding, including the implementation of a Learning Management System for managing training courses, scheduling, reference materials and completion/certification testing outcomes.

Our partners' access to systems and supporting information was also enhanced, opening up more roles for partners.

Plans

Market expansion

We will be focusing investment on features that enable the expansion of addressable share of target markets and adjacent markets.

Recruitment

Next year we will continue to embed and improve our induction processes, with focus on supporting our growth targets. We'll continue to attract and retain diverse talent through employer brand promotion and maintaining Alfa's reputation as a great place to work.

Partnering

In 2025 we aim to further expand our partner certification programme and make further progress on enabling PLD. We will also evaluate potential partners to further strengthen our partner ecosystem and market coverage.

Originations

Working in conjunction with a major US Auto Captive, we have been concentrating the work of several of our engineering teams to build upon Alfa's excellent global Originations product to enable its use, at scale, within the highly competitive US Auto market.

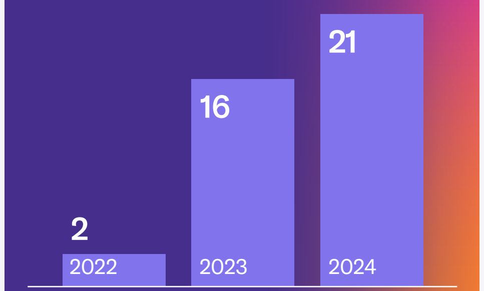
Speed, scale and efficiency are key in this market, so it is essential to take advantage of new technologies that allow customisation and facilitate automation and dynamic pricing.

Strategy: Simplify

Enable more concurrent Alfa Systems implementations, more efficiently, by:

- Simplifying our **product;**
- Simplifying our **implementations;**
- Simplifying our **processes** across our organisation;
- Expanding our **Alfa Start** offering.

# of clients on long-term support branches



22 Alfa Start implementations can reach live production in as little as 22 weeks

2024 highlights

Alfa Start for US Auto Finance

Along with several ongoing projects which are using Alfa Start as an accelerator, 2024 included a complete implementation launched in under nine months by rigidly following the Alfa Start methodology. These projects have allowed us to continually refine our framework, including the addition of pre-written materials for the different stages of a project. New on-project learnings have also fed back into the configuration of existing processes, and the creation of new ones, as we expand our functional coverage to support auto financiers of all shapes and sizes.

Alfa Start for US Equipment Finance

The end of 2023 saw the launch of Alfa Start for US Equipment Finance, with multiple clients using this to accelerate their implementations. 2024 also saw the development of our simplified migration tool, introducing a number of features specific to the market.

Data Migration

Investment in 2024 has further enhanced the Alfa Migration Suite, focusing on simplification and continuous improvement. We've streamlined AWS migration processes, simplified implementation through product and process enhancements, and refined best-practice documentation to reduce project duration and cost, delivering greater efficiency and value for our clients.

Testing

In 2024, we made significant strategic investments in our quality assurance capabilities by migrating our performance testing infrastructure to cloud-based platforms, enabling greater scalability and flexibility. We enhanced our automated testing framework with advanced regression detection techniques, allowing earlier identification of potential issues. These improvements have streamlined our testing processes and strengthened our ability to deliver high-quality software more efficiently.

Plans

Alfa Start for US Auto Finance

In 2025 we will continue driving down project timescales through simplification, focusing on traditionally longer-running activities such as data migration and integration development. The Portfolio Load tool, already used for a go-live in 2024, will increase speed to market for smaller portfolios. In terms of integration, we continue to generate design documents to support and accelerate client build.

Alfa Start for US Equipment Finance

We will embed our simplified migration tool into Alfa Start for US Equipment Finance and implementation methodology. Additionally, we will expand the product and process reach following our commercial loan investment to cover any use cases, such as syndications.

Advanced Configuration Management

Advanced Configuration Management provides additional control over Alfa Systems configuration, through:

- Fast Configuration Transfer which extends the existing configuration export tool, supporting continuous improvement activities with the ability to automate the promotion to production of subsets of Alfa Systems configuration.
- Contextual Parameter Filtering which allows customers to control who can use different parameters, meaning parameters relating to different operations can be managed within a single Alfa Systems instance.

Key performance indicators

Alfa measures a range of financial and operational metrics to help manage business performance.

Definition and KPI calculation method

In considering the financial performance of the business, the Directors and management use key performance indicators (KPIs), some of which are defined by IFRS and some of which are not specifically defined by IFRS.

We believe that operating free cash flow conversion is a key measure required to assess our financial performance. It is used by management to measure liquidity. This measure is not defined by IFRS.

The most directly comparable IFRS measure for operating free cash flow conversion is cash flows from operations. The measure is not necessarily comparable to similarly referenced measures used by other companies.

As a result, investors should not consider this performance measure in isolation from, or as a substitute analysis for, our results of operations as determined in accordance with IFRS.

Headcount: Represents the number of Alfa employees under contracts of employment as at 31 December of each year.

Employee retention rate: Represents the retention of Alfa employees over the previous 12-month period, excluding any managed staff attrition.

Employee engagement: The overall employee engagement score is derived from quarterly employee Pulse survey ratings based on the questions "I am happy in my role" and "I would recommend Alfa to a friend as an employer". The figures shown are for the last survey of the year.

Operating free cash flow conversion: Calculated as cash generated from operations, less capital expenditures, less the principal element of lease payments in respect of IFRS16. Operating free cash flow conversion represents operating free cash flow generated as a proportion of operating profit.

Total contract value ("TCV"): TCV is calculated by analysing future contract revenue based on the following components:

(i) an assumption of three years of Subscription payments assuming these services continued as planned (actual contract length varies by customer);

(ii) the estimated remaining time to complete Delivery and Software Engineering deliverables within contracted software implementations, and recognise deferred licence amounts (which may not all be under a signed statement of work); and

(iii) Pre-implementation and ongoing Delivery and Software Engineering work which is contracted under a statement of work.

As TCV is a reflection of future revenues, forward looking exchange rates are used for the conversion into GBP.

Constant currency: When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenues or operating profit to eliminate the effect of changes in currency values. When trend information is expressed herein "in constant currencies", the comparative results are derived by re-calculating comparative non-GBP denominated revenues using the average exchange rates of the comparable months in the current reporting period.

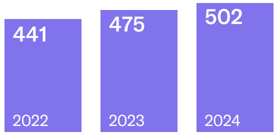
Our strategic priorities

1 Strengthen 2 Sell 3 Scale 4 Simplify

Operational

Headcount

502



2024 performance

2024 saw us achieve a significant milestone with our headcount tipping over 500. Our continued strong retention and recruitment to support growth directly enable us to achieve our revenue growth and make us future ready.

Why do we measure this?

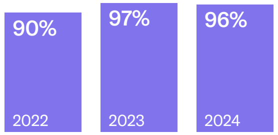
Our revenue growth and ability to win new business is heavily dependent on the number and deep expertise of our people and therefore growing our team for the future is key to this goal.

Linked to remuneration: No

Links to strategic priorities: 1 3

Employee retention rate

96%



2024 performance

Our continued focus on nurturing our culture, investing in our people and their career growth contributes to our high retention. Identifying interesting and challenging opportunities for growth provides variety and challenge that is a key contributor to retaining our people.

Why do we measure this?

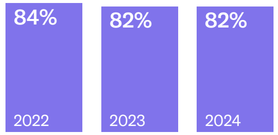
Our deep expertise in the industry and our ability to service our customer relationships is driven by the quality of our people. A higher retention rate demonstrates sustained engagement and maintenance of key skills and knowledge.

Linked to remuneration: Yes

Links to strategic priorities: 1 3

Employee engagement

82%



2024 performance

Employee engagement has remained strong through the year, with a continued focus on fostering a culture of open and two-way communication. Our people feel listened to, informed, and alongside the work that our communities champion, invested in making Alfa a great place to work.

Why do we measure this?

Measures levels of employee satisfaction and connection to the business. There is a positive correlation between employee engagement and business performance and the metric should be a lead indicator for retention rate performance.

Linked to remuneration: Yes

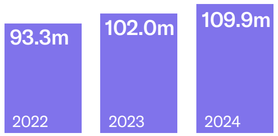
Links to strategic priorities: 1 3

Key performance indicators continued

Financial

Group revenue

£109.9m



2024 performance

Group revenue grew by 8% (9% on constant currency basis), with particularly strong growth in our Subscription stream, up 18%, driven by ramp up of new customers and ongoing projects as they progress through implementation stages and reach go-live, as well as growth within the existing customer base. Delivery revenue is slightly ahead of 2023 following the particularly strong period in the first half of 2023, while Software Engineering is up 12% as a result of an increased focus on client-led development in the second half of 2024.

Why do we measure this?

Growing revenue is a measure of customer and business success. It is central to our objective of growing by maintaining our leading competitive position through differentiation of People, Product and Delivery.

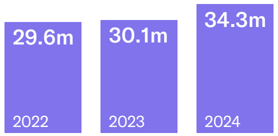
Linked to remuneration: Yes

Links to strategic priorities:

1 2 3 4

Operating profit

£34.3m



2024 performance

Operating profit grew 14% from last year as a result of 8% growth in revenues with net operating expenses growth of 5%, primarily driven by a 5% increase in average headcount.

Why do we measure this?

Operating profit is an indicator of the Group's profitability. It can be used to analyse the Group's core operational performance without the costs of capital structure and tax expenses impacting profit.

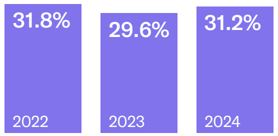
Linked to remuneration: Yes

Links to strategic priorities:

1 2 3 4

Operating profit margin

31.2%



2024 performance

Operating profit margin increased to 31% for the year as a result of gross profit margin improvement, partially offset by growth in SG&A costs including investment in our legal and commercial functions to support pipeline conversion, marketing spend associated with Alfa Systems 6 launch, increased IT and cyber security costs, and increased amortisation of intangible assets now in use.

Why do we measure this?

Operating profit margin is a measure of how effectively we sell Alfa Systems and manage our cost base. It also allows comparison across different companies and sectors.

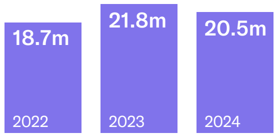
Linked to remuneration: Yes

Links to strategic priorities:

1 2 3 4

Cash

£20.5m



2024 performance

Cash generated from operations was sufficient to allow for the payment of further special dividends totalling £18.3m which reduced the Group's cash balance.

Why do we measure this?

Cash is critical to allow the Group to cover its expenses, provide funds for investment, growth and to meet its long-term needs. Cash generation is a good indicator of the underlying health of the business.

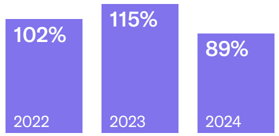
Linked to remuneration: Yes

Links to strategic priorities:

1 2 3 4

Operating free cash flow conversion

89%



2024 performance

Operating free cash flow conversion for 2024 was below 100% partially due to the unwinding of early cash collections at the end of 2023, increased spend on investment in product, and our continued transition to a subscription model as a result of which our cash conversion will trend toward 90-100% in the long run.

Why do we measure this?

A strong unencumbered balance sheet position is key to growing the business in the future. Our business has always been cash generative and this KPI allows us to monitor cash flows before investment in capital projects.

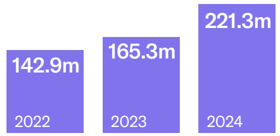
Linked to remuneration: Yes

Links to strategic priorities:

1 2 3 4

Total contract value

£221.3m



2024 performance

Total TCV has seen exceptionally strong growth since 31 December 2023 driven by strong pipeline conversion with eight customer wins during the year. Subscription TCV grew at 14%, in line with Subscription revenue for the year, with Delivery TCV more than doubling as a result of the significant new implementation projects contracted as well as growth in Software Engineering TCV of 38% driven by development requirements for new customer implementations. See p23 for further detail.

Why do we measure this?

Helps to predict revenue and the value of a contract over its lifetime, which will generally extend beyond the current financial year. See p19 for a detailed explanation of the calculation.

Linked to remuneration: No

Links to strategic priorities:

1 2 3 4

Financial review

Strong figures with PBT up 15%, TCV up 34%

"The business continues to grow revenues and profits and generate excess cash. The growth in subscription revenues and the very strong TCV gives us confidence for the future growth of the company and has allowed us to declare a special dividend of 2.4p and propose an ordinary dividend of 1.4p, with the combined total up 15% on this time last year."

Duncan Magrath
Chief Financial Officer

Financial results

£m	2024	2023	Movement %
Revenue	**109.9**	102.0	8%
Gross profit	**70.9**	63.7	11%
Operating profit	**34.3**	30.1	14%
Profit before tax	**34.1**	29.6	15%
Taxation	**(8.5)**	(6.1)	39%
Profit for the period	**25.6**	23.5	9%
Basic EPS	**8.68p**	7.99p	9%
Diluted EPS	**8.56p**	7.90p	8%

Revenues increased by 8% or £7.9m to £109.9m in the 12 months ended 31 December 2024 (2023: £102.0m), with growth at constant currency stronger at 9%. Revenues grew very strongly in North America, up 37% on the back of some large customer wins over the last 18 months, and now account for 42% (2023: 33%) of revenues.

Financial review continued

Gross profit increased to £70.9m (2023: £63.7m) up £7.2m, with gross margin at 64.5% (2023: 62.5%) with the increase in gross margin as a result of increased capitalisation of costs from more investment focused on new modules. Sales, General & Admin expenses increased to £36.6m (2023: £34.3m) with the largest increase due to increased headcount in Sales, Legal & Commercial and Information Security. There were also increased computer costs as we closed two data centres moving to a Cloud-based solution, reducing the need for future capex. Other cost increases included health costs and profit share. Other income was £0.0m (2023: £0.7m). Overall operating profit increased by 14% to £34.3m (2023: £30.1m) with profit before tax of £34.1m (2023: £29.6m).

The Effective Tax Rate (ETR) for 2024 was 24.9% (2023: 20.6%), the increase being principally due to the impact of the increase in the UK corporation tax rate from 23.5% to 25.0% for 2024 and the change in R&D relief. Profit for the period was £25.6m (2023: £23.5m).

Revenue

Revenue – by type £m	2024	2023	Movement %
Subscription	**37.5**	31.8	18%
Software Engineering	**17.4**	15.6	12%
Delivery	**55.0**	54.6	1%
Total revenue	**109.9**	102.0	8%

Subscription – Strong growth in subscription revenues

Subscription revenues arise from revenues from SaaS and other recurring services.

Overall subscription revenues increased strongly by 18% to £37.5m (2023: £31.8m) with growth driven from both new and existing customers. Subscription customers now total 39 (2023: 35) and 60% of subscription revenues come from customers using Alfa Cloud. Subscription revenues now account for 34% of overall revenues (2023: 31%).

We have a single-tenant SaaS solution. We and our customers benefit from a single standard code-set and database, but with multi-layer data segregation as opposed to code-based segregation used in multi-tenant SaaS models. One of the big benefits of this approach is that customers can control their release cycles rather than having an upgrade timetable dictated to them.

Our SaaS services are ISO 27001 and ISO 27018 certified and SOC1 and SOC2 audited to confirm compliance with controls around data security and availability. Given the mission-critical nature of our systems for our customers, having such third party verification of our compliance with these standards is a key selling point.

Software Engineering – Strong H2 for chargeable work

Software Engineering revenues largely arise from chargeable development work for new and existing customers, along with some perpetual licence recognition.

Software Engineering revenues for the year increased by 12% on the back of new customer start-ups. We also saw a reduction in the customised perpetual licence recognition down to £3.3m in the year (2023: £4.4m) as a consequence of the successful transition to a subscription SaaS model. There were one-off licence revenues of £0.8m (2023: £0.7m).

Our strategy is to continue to develop our software, to ensure that we meet and exceed customer and market needs as they evolve and as the regulatory and commercial environment continues to change. We have the industry leading software and we continue to invest to increase that lead, through a balance of customer funded development and self-funded development.

Delivery – High-quality delivery

Delivery revenues arise from work for existing customers delivering new modules, upgrades, migrations and other services, as well as work with new customers on project definition and implementation of Alfa Systems.

Following a record year of deliveries in 2023, in 2024 we saw six new large projects start-up. These projects are multi-year projects with go-lives in subsequent years. Overall Delivery revenues increased by 1% to £55.0m (2023: £54.6m) at actual exchange rates.

Total revenues from existing customers, including V4 to V5 upgrades was £38.7m (2023: £36.1m). Within this, as expected, V4 to V5 upgrades are slowing down as we come to the end of that programme and they accounted for 12% (2023: 17%) of total Delivery revenue. As V4 to V5 projects are replaced by new projects this will further boost Subscription revenues due to the higher incremental Subscription revenues they will generate in the future.

We had 26 delivery events in the year which as expected was down on the record 35 last year. As noted 2024 was more about starting up new projects, however there were three go-lives during the year, one V4 to V5 upgrade in the UK, and then two smaller initial go-lives for automotive customers, one in the UK and one in the US, as part of multi-year projects with multiple go-lives.

Financial review continued

Total Contract Value (TCV)

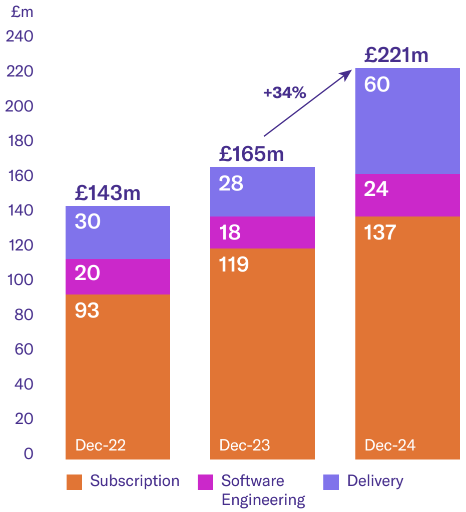
TVC – by stream £m	2024	2023	Movement %
Subscription	**136.7**	119.5	14%
Software Engineering	**24.6**	17.8	38%
Delivery	**60.0**	28.0	114%
Total TCV	**221.3**	165.3	34%

Total contract value (TCV) at 31 December 2024 was £221.3m (31 December 2023: £165.3m). TCV grew strongly on the back of the record eight wins during the year and also due to the continuing growth in subscription TCV.

TCV – by stream for next 12 months £m	2024	2023	Movement %
Subscription	**41.9**	37.1	13%
Software Engineering	**13.5**	8.7	55%
Delivery	**40.3**	21.2	90%
Total TCV	**95.7**	67.0	43%

Of the TCV at 31 December 2024, £95.7m (2023: £67.0m) is currently anticipated to convert into revenue within the next 12 months. The subscription portion increased 13% to £41.9m (2023: £37.1m). The strongest growth came from Software Engineering TCV, up 55% to £13.5m (2023: £8.7m) and Delivery TCV up 90% to £40.3m (2023: £21.2m) due to the strong conversion of the late-stage pipeline. At 2023 year end we were working with a number of companies in the late-stage pipeline and whilst we expected the projects to continue as they were not fully contracted, they were not fully included in TCV, hence the very strong growth in the TCV figure.

Total TCV



Operating profit

The Group's operating profit increased by £4.2m to £34.3m in 2024 (2023: £30.1m) primarily reflecting the £7.9m increase in revenue offset by cost increases of £3.7m.

Headcount numbers were up 6% at 31 December 2024 at 502 (2023: 475), with average headcount of 485 up 5% on last year (2023: 463). Staff retention remained very high at 96%.

Expenses – net £m	2024	2023	Movement %
Cost of sales	**39.0**	38.3	2%
Sales, general and administrative expenses	**36.6**	34.3	7%
Other income	**0.0**	(0.7)	–
Total expenses – net	**75.6**	71.9	5%

Cost of sales increased by £0.7m to £39.0m (2023: £38.3m) to support the growth in the business. This was due to higher headcount and salary costs along with increased hosting costs from the increasing scale of that business, offset by increased capitalised investment into the product as our engineering resources focused on Alfa Systems 6 as opposed to chargeable client work.

Sales, general and administrative (SG&A) increased to £36.6m in the year (2023: £34.3m). Salary costs were up 9% in the period to £14.1m (2023: £12.9m). Profit Share Pay, including employer's costs, in the period was £4.2m (2023: £3.8m). Share-based payment charges have decreased slightly from last year to £1.4m (2023: £1.6m). Foreign currency gains/losses were a gain of £0.5m, up from the gain of £0.3m last year. Other costs totalling £17.4m increased £1.1m on last year (2023: £16.3m) with, as expected, increased computer costs. In 2023 there were £0.6m of costs related to possible offers for Alfa.

Other income reduced from £0.7m last year to £0.0m this year largely due to the reduction in UK R&D Expenditure Credit (RDEC).

Profit before tax

Overall profit before tax of £34.1m was up 15% on last year (2023: £29.6m). Net finance costs were unchanged at £0.2m (2023: £0.2m).

Profit for the period

Profit after taxation increased by £2.1m, or 9%, to £25.6m (2023: £23.5m). The Effective Tax Rate for 2024 was 24.9% (2023: 20.6%). The increase was due to 2024 being the first full year of the increased UK corporation tax rate of 25% along with the 2023 rate benefiting from a prior year R&D claim. There is no longer any benefit from R&D on the tax line, with the reduced benefit from the RDEC scheme being shown in other income.

Earnings per share

Basic earnings per share increased by 9% to 8.68 pence (2023: 7.99 pence). Diluted earnings per share also increased by 8% to 8.56 pence (2023: 7.90 pence).

Cash flow

As expected, cash generated from operations was down year on year at £37.3m (2023: £39.2m) due to the impact of some receipts received in December 2023 which we would have expected to receive in January 2024. Net cash generated from operating activities was £28.4m (2023: £32.2m) with tax payments of £8.2m up on the £6.5m for 2023 largely due to the increase in corporation tax expense.

Financial review continued

Cash (including the effect of exchange rate changes) decreased by £1.3m to £20.5m at 31 December 2024, from £21.8m at 31 December 2023. There was £28.4m of net cash generated from operating activities (2023: £32.2m). Total dividends paid in the year, being the ordinary and two special dividends, increased by 12% to £22.1m (2023: £19.7m). Purchases of own shares in the period were £0.7m (2023: £4.8m) down on last year as they were purely for shares into the Employee Benefit Trust, whereas last year there were also treasury shares purchased in the period. Net capital expenditure of £5.6m was up on last year (2023: £3.4m) due to as expected increased investment into the product, up to £5.3m (2023: £2.8m) and with other capex of £0.3m (2023: £0.6m).

Operating free cash flow conversion

£m	2024	2023
Cash generated from operations	**37.3**	39.2
Adjusted for:		
Capital expenditure	**(5.6)**	(3.4)
Principal element of the lease payments in respect of IFRS 16	**(1.3)**	(1.3)
Operating free cash flow	**30.4**	34.5
Operating profit	**34.3**	30.1
Operating free cash flow conversion	**89%**	115%

The Group's Operating Free Cash Flow Conversion (FCF) of 89% (2023: 115%) was down on last year. Cash conversion was impacted by receipts in December 2023 that we would normally have expected to be received in January 2024. As previously noted, the move away from perpetual licences to a SaaS model will result in cash conversion going forwards averaging between 90% to 100%.

Balance sheet

The significant movements in the Group's balance sheet, aside from the cash balance which is described above, from 31 December 2023 to 31 December 2024 are detailed below.

As expected, trade receivables increased from the very low level at 31 December 2023 of £5.6m, which had benefited from some early payments from customers, to £8.6m at 31 December 2024. They remain extremely tightly controlled with overdue debtors only £0.5m (2023: £0.6m) and these are all within 30 days overdue. All of the year-end receivables have now been collected.

Accrued income was substantially in line with last year end at £4.7m (31 December 2023: £4.6m). Corporation tax recoverable of £2.8m (31 December 2023: £1.9m) is principally due to amounts expected to be received related to R&D claims.

Trade and other payables balance increased by £1.7m to £11.7m (31 December 2023: £10.0m) which was driven primarily by an increase in amounts due relating to tax and social security.

Contract liabilities relating to software licences was largely unchanged at £8.1m (31 December 2023: £8.0m). Contract liabilities from deferred maintenance increased to £7.6m (31 December 2023: £6.2m) with the largest factor due to the timing of invoicing and receipts on one customer. We expect a £1.8m reversal of this in 2025.

Going concern

The financial statements are prepared on the going concern basis. This is considered appropriate due to the reasons stated in note 1.1 to the consolidated financial statements.

Subsequent events and related parties

There have been no subsequent events that require disclosure. Details about related party transactions are disclosed in note 32 to the consolidated financial statements.

Duncan Magrath
Chief Financial Officer
12 March 2025

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 Engineering revenue stream mainly represents revenue generated from our Software Engineering team. Delivery 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 is now named Software Engineering;
- Services revenue stream is now named Delivery; and
- No change of name for the Subscription revenue stream.

Environmental, Social and Governance

Introduction to our ESG highlights

Doing good isn't just a commitment at Alfa – it's embedded in every facet of how we operate, innovate and grow. Across our global organisation, we're integrating Environmental, Social and Governance (ESG) principles into our strategic objectives, daily operations and processes. Our journey is about more than meeting targets; it's about creating lasting value for all our stakeholders – our people, the communities we touch, and the planet.

This year, we're taking a bold step forward in how we share our progress. While the next few pages of this Annual Report provide a snapshot of our achievements, we're thrilled to expand on our reporting with the launch of our **second Sustainability Progress Report**. Introduced in 2023, this dedicated report highlights the comprehensive initiatives driving impact across **People**, **Planet** and **Product** at Alfa. From fostering an equitable workplace to reducing carbon emissions and delivering sustainable innovation, it captures the depth and breadth of our global efforts.

Here in our Annual Report highlights, you'll find:

- **Alignment with the UN Sustainable Development Goals (SDGs)** and our continued commitment as a signatory of the **United Nations Global Compact (UNGC)**, reaffirming our role as responsible corporate citizens;
- **Gender Pay Gap reporting**, reflecting our ongoing pursuit of equity and inclusion;
- Progress on carbon emissions reduction and energy efficiency, showcasing our determination to combat climate change; and
- Disclosures in accordance with **TCFD** (Task Force on Climate-related Financial Disclosures) and **SECR** (Streamlined Energy and Carbon Reporting) requirements.

Our Sustainability Progress Report will take you even deeper, illustrating how these initiatives come to life across Alfa. By sharing a dedicated and expanded report for sustainability, we aim to inspire greater impact and innovation in our shared mission to protect and enhance the world around us.

Together, we are redefining what's possible – because sustainability isn't just what we do; it's who we are.

To view the full Sustainability Progress Report for 2024 please visit: alfasystems.com/sustainability-progress-report-2024

All our ESG initiatives align with our five chosen United Nations SDGs. Alfa's ESG Steering Committee, comprising colleagues from across the business globally and including our Chief Financial Officer and Chief People Officer, meets each month to focus on our progress and to support the overall direction of ESG at Alfa.

Materiality

In addition to our chosen UN SDGs, our ESG Steering Group also continues to focus on the key areas identified by SASB as materially impacting the software industry: Energy Management, Customer Privacy, Data Security, Employee Engagement, Diversity and Inclusion, Competitive Behaviour and Systemic Risk Management.

United Nations' Sustainable Development Goals and United Nations Global Compact

At Alfa, our five chosen UN SDGs, guiding us in our ESG efforts, are:

- 5 GENDER EQUALITY – Achieve gender equality and empower all women and girls.
- 8 DECENT WORK AND ECONOMIC GROWTH – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- 10 REDUCED INEQUALITIES – Reduce inequality within and among countries.
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION – Ensure sustainable consumption and production patterns.
- 13 CLIMATE ACTION – Take urgent action to combat climate change and its impacts.

Many of our suppliers, customers and charity partners align with the SDGs, also providing a way for us to identify common ground when engaging on ESG-related matters.

Environmental, Social and Governance continued

2024 was the year we went further than aligning with five goals, finding a framework which will support all our ESG initiatives and give us a formal stamp of approval for all the good things we do as standard at Alfa. We were delighted to join the **UNGC.**

On signing up, Alfa joined more than 20,000 companies and 3,800 non-business signatories based in over 160 countries. It is the world's largest corporate sustainability initiative, and being part of this collective force will help us to maximise our impact.

The UN Global Compact's 10 principles promote responsible business by upholding human rights, fair labour, environmental sustainability and anti-corruption in all corporate practices. We feel comfortable that we operate well within the UNGC principles at Alfa.

Access to resources and support will help us improve our sustainability performance and identify opportunities for innovation and growth. Risk management expertise will support us in identifying and mitigating various risks associated with ESG. The UNGC aligns with emerging regulatory requirements related to sustainability and responsible business conduct. By adhering to these principles, we can stay ahead of regulatory changes and ensure compliance with evolving legal standards.

People

At Alfa, investing in our people is at the heart of everything we do. In 2024, we expanded our Learning and Development programmes with fresh, dynamic content and new courses, empowering our team with opportunities to grow and thrive. Employee engagement, measured quarterly through our Pulse surveys, stood strong averaging 82% for the year, reflecting our dedication to fostering a supportive and inspiring workplace.

Preserving and enriching our culture remains a top priority for 2025. This focus is underpinned by insights gathered from company-wide research exercises, which we are embedding into our practices to ensure our culture continues to flourish.

We were very proud to be winners of the Equity, Diversity and Inclusion (EDI) Trailblazer Award at the 2024 LeasingWorld Gold Awards.

2024 marked a significant milestone for Alfa as we surpassed 500 colleagues globally. Our inclusive and rigorous recruitment processes supported this growth, with new hires comprising 50% female, 45% male and 5% non-binary colleagues. Retention remained strong at 96%, and we continued to partner with organisations aligned with our diversity goals.

This year also saw the successful launch of our enhanced modular Induction programme, piloted by our graduate intake in EMEA in September. New flexibility allows content to be tailored to the needs of specific audiences, ensuring new team members feel informed, engaged and ready to contribute.

Looking ahead, we'll build on these foundations by expanding our induction processes. We'll also amplify our efforts to attract diverse talent through strategic employer brand initiatives, ensuring Alfa remains a workplace where everyone can thrive.

Planet

Our commitment to achieving net-zero emissions remains steadfast, guided by SBTi-validated reduction targets. This year, we continued our journey by refining our approach to emissions data collection, including the ongoing analysis of our colleague commuting survey to ensure accurate reporting and transparency.

As part of our dedication to impactful climate action, we transitioned to working with EcoAct for our carbon-offsetting initiatives, selecting a balanced portfolio of reduction and removal options that align with our sustainability goals.

Everyday planet-friendly practices are also central to our operations, with initiatives such as refill stations, laptop recycling and other green programmes remaining part of life at Alfa.

In 2025, we're excited to further our commitment to net-zero by leveraging the UNGC Accelerator programmes, continuing to innovate and drive meaningful progress in our sustainability journey.

Environmental, Social and Governance continued

Product

In 2023, we proudly introduced new functionality within Alfa Systems that enables customers to track and report on the Scope 3 greenhouse gas (GHG) emissions associated with their portfolios. This feature originated as an innovative idea during one of our regular Hackathon events, was prioritised for investment and came to life through a close collaboration between our Markets and Products and Product Engineering teams. With input from over 20 clients across all markets and regions, this powerful tool is a testament to the collective drive for innovation and sustainability.

As part of 2024's launch of Alfa Systems 6, we emphasised sustainability in our product marketing releases, introducing Sustainability as one of six key 'pillars'. This highlighted how Alfa Systems empowers providers to meet evolving demands for sustainability-focused products and transformative business models.

Sustainability in Alfa Systems 6 offers robust capabilities to support key goals, including:

- Comprehensive asset lifecycle management, from origination to end-of-life;
- Seamless support for subscription-based business models; and
- Full readiness to facilitate XaaS (Everything-as-a-Service) offerings.

With Alfa Systems 6, we're driving meaningful progress towards sustainability while equipping our clients with the tools they need to succeed in a changing world.

Aligned with our commitment to a 'cloud first' approach, Alfa Systems implementations leverage AWS Cloud Computing for hosted services. This partnership not only ensures operational excellence but also delivers environmental benefits, as AWS remains on track to power its operations with 100% renewable energy by 2025.

Gender equality

The analysis provided is based on global data as at 5 April of each year.

Gender pay gap %

	Median Pay Gap		Mean Pay Gap	
Pay Gap	**2023**	**2024**	**2023**	**2024**
Alfa	17.4%	**16.4%**	14.9%	**13.1%**

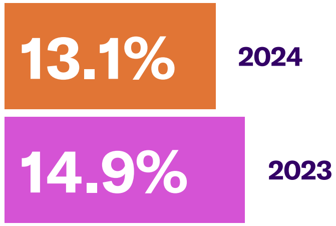
Gender pay gap % in pay quartiles. This displays the % proportion of men and women in each pay quartile.

	2023		2024	
	Female	Male	Female	Male
1st Quartile (Low)	46%	54%	**47%**	**53%**
2nd Quartile	27%	73%	**29%**	**71%**
3rd Quartile	26%	74%	**27%**	**73%**
4th Quartile (High)	24%	76%	**25%**	**75%**
Total	31%	69%	**32%**	**68%**

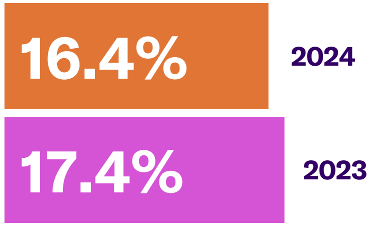
Our global mean gender pay gap has decreased from 14.9% in 2023 to 13.1% in 2024. The global median gap has also decreased from 17.4% to 16.4%.

In 2024, the bonus gap mean was 37.9% and median was 34.5%. 89% of women at Alfa received a bonus, compared with 95% of men.

Global mean



Global median



Understanding the report – reasons for the pay gap

The gender pay gap shows differences in the average (median and mean) earnings between different groups of people by gender. We know that a pay gap is likely to persist until there is equal or proportionate gender representation at every level and job role in an organisation.

Our gender pay and bonus gap data is influenced by the composition of our workforce, as a result of being a technology organisation, as well as changes to our employee population which is impacted by new joiners, leavers and organisational changes. As a result, we have seen year-on-year fluctuations in our pay gap figures.

Our analysis shows that we have more men than women at all levels of the Company, which is reflective of the overall challenge faced by the wider UK industry (where, typically, fewer women are drawn to technology and STEM related disciplines). In particular, the Company continues to recognise that there is a higher proportion of women in business and support function roles in comparison to technology roles, a reflection of the ongoing challenge faced by the technology and STEM industry in general.

As has been observed and reported in previous years, the main factor influencing Alfa's gender pay gap is the ratio of females versus males across all levels of the organisation, in particular at our more senior grades where the ratio is wider.

Environmental, Social and Governance continued

There are fewer women in senior leadership roles with associated higher levels of pay compared to men. Globally, as of 1 November 2024, 26% of our most senior leadership positions (grades F,G,H,I) are held by women. This is a slight improvement from the previous year, when 24% of these positions were held by women.

We are actively hiring more women into the business year on year, and our female talent pipeline continues to improve. In 2024 so far (until 1 November), 51% of our new joiners globally are women and in the UK, 59% are women. This is a positive improvement from 2023, when 43% of new joiners globally and 32% of new joiners in the UK were women.

It is important to note, however, that these new joiners are often hired into positions at lower grades (e.g. graduates), which therefore makes the gender pay gap more difficult to influence in the shorter term. However, these statistics do demonstrate a positive year-on-year trend.

Understanding the report – reasons for the bonus gap

The proportion of both women and men who received a bonus in 2024 has increased from 2023 (largely as a result of employees becoming eligible for profit share pay-out).

The median and mean bonus gap that still exists can largely be attributed to the weighting of women in senior roles compared to men. This is because there are more males in higher-paying positions than females, which therefore results in a higher overall bonus pay-out for males, because the bonus calculation is a percentage of salary. In addition to this, bonus gap data includes Sales Incentive Plan (SIP) and LTIP share data. There is a much greater proportion of men versus women who are eligible for these plans which can also explain the bonus gap. Until there is a greater balance of males and females in senior positions, the bonus gap will continue to exist.

Giving back

We have partner charities in each of our regions, voted for by colleagues.

In EMEA, The Food Foundation was our partner charity for the first half of 2024. We then voted in our new charity partner for the next couple of years: Depaul UK, a charity that tackles youth homelessness.

In the USA, we continued our partnership with a mental health charity.

In Australia, we agreed to support a new partner Man Cave, a leading preventative mental health charity for teenage boys and their communities. In New Zealand, we chose Gumboot Friday, an organisation that gives young people free and fast access to qualified counselling.

Through a host of activities and events, we raised a combined total of over £20,000 for our partner charities in 2024. Charity donations for all other causes across the year totalled over £50,000.

Alfa has been rated by ESG rating agencies including ISS and CDP (formerly the Carbon Disclosure Project).

ISS ESG
CDP DISCLOSURE INSIGHT ACTION

Task Force on Climate-related Financial Disclosures (TCFD)

Alfa has complied with the requirements of UKLR 6.6.6(8)R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. Where we have not adopted TCFD recommendations in full, such as in Strategy (c), we have explained the reasons below. We have based our disclosures on the TCFD 'Guidance for All Sectors' and note that we do not operate in an industry for which the additional supplemental guidance applies. For our TCFD disclosures, 'materiality' is considered to be the threshold at which ESG issues become sufficiently important to our investors and other stakeholders that they should be disclosed. We believe that the audit materiality (as disclosed on page 114) meets this criteria and it is therefore the materiality we have applied. We will continue to assess our approach to ensure we remain relevant in what we measure and disclose.

Area	Recommended disclosure	Alfa disclosure
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	The Chief Executive Officer (CEO) has ultimate responsibility to the Board for all ESG matters. Climate-related risks and opportunities were presented to the Audit and Risk Committee (made up of Board members) twice in 2024. In these meetings, the Board reviewed and discussed management's assessment of climate risks and opportunities (see page 34), and was also updated on related progress on climate-related matters and regulation, such as on the two sustainability reporting standards Disclosure of Sustainability-related Financial Information (IFRS S1) and Climate-related Disclosures (IFRS S2) which are expected to replace TCFD reporting for Alfa in the near future. In general, we see little impact of climate-related risks and opportunities on our business. This is reflective of our product, which is not significantly impacted by climate, and the fact that we already actively seek to manage and mitigate climate-related risks. Therefore, whilst the Board has received two briefings in the year on ESG matters, it has not spent significant time considering climate-related risks and opportunities. Management is in currently the process of arranging an ESG-focused training update for the Board which is expected to take place in 2025.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Climate-related risks and opportunities are embedded across our operational framework, including roles and responsibilities, key policies and processes. The Chief Financial Officer (CFO), who is part of the Company Leadership Team (CLT), is responsible for the Group's Environmental Policy and climate change issues. He is supported by the ESG Steering Group and the Environmental Impact team. In 2024, the CFO was closely involved in the climate-related risk assessment, the output of which was then discussed and debated with the rest of the CLT before being updated in the risk register. The CFO is responsible for overseeing the work being done by the Group towards meeting these commitments, and as a result was closely involved in the supplier engagement exercise carried out in 2024, and also in the Energy Savings Opportunity Scheme (ESOS) Phase 3 audit that was completed in the year. Our ESG Steering Group is made up of key individuals from different areas of the business globally, and it works on the development and delivery of ESG strategy, key policies and material commitments. Senior management, including the CFO and Chief People Officer (CPO), are part of this Group and brief the CEO and the wider CLT on the status and progress of projects. The ESG Steering Group discussed climate-related issues in various meetings in 2024. The Environmental Impact team, a group of volunteers from all levels of the Group, is responsible for the execution of organised activities. Initiatives recommended by this team (and subsequently implemented at Alfa in 2024) include hands-on community clean-ups and planting projects. Management is kept up to date on ESG matters in a number of ways – these are tailored by individual and, in 2024, included attending the 'Net Zero Business Transformation' series of workshops that were run by the United Nations Global Compact.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Area	Recommended disclosure	Alfa disclosure
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Management considered the risks outlined in Table A1.1 of the TCFD Implementation Guidance as part of carrying out this TCFD disclosure review. Consideration was also given to the SASB (Sustainability Accounting Standards Board) sector-specific materiality assessment guidance for the Software and IT Services Industry which showed that, from an environment perspective, the key issue for our industry is energy management (which is in line with management's current focus). Alfa's public commitment of having signed up to the SBTi target reduction programme increases the reputation risk associated with not being able to reduce emissions in line with our commitment – however, management is working closely with external advisors on our emissions reduction journey and is confident that Alfa will meet the targets set. In the short term (2025-2027, which is consistent with our viability assessment period – see page 49), a risk that remains is management not keeping up to date with the various climate-related regulations – again, we continue to mitigate this risk by working closely with external advisors. For example, in 2024 we worked with advisors on our ESOS Phase 3 compliance. During this work we identified that despite being in a modern UK office with energy efficient initiatives already in place (such as motion sensitive lighting), there was an opportunity to further improve the energy efficiency by updating certain lights to LED – in 2024 we started the process of obtaining quotes for this project and will explore this further in 2025. In the medium (2028-2032) to longer (2033-2050) term, we see more positives for Alfa than negatives. A move towards new lower carbon technologies is likely to result in increasing requirements for asset backed finance solutions (as they are generally more expensive), which will drive growth in our underlying markets. In addition, increasing reporting requirements through the supply chain will require agile systems that can respond to the new reporting requirements, which will increasingly demonstrate the greater flexibility of Alfa Systems over competitor products.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Most of our operations are in the UK and USA, and therefore these geographies will have the most impact on our climate-related risks and opportunities. We are actively looking to reduce our carbon footprint, including reducing travel to client sites, using renewable energy options in many of our offices, and considering travel distances and modes of transport for the location of conferences. For example, our 2024 EMEA company conference was held at a location that employees could travel to by train, instead of by air travel. In 2024 we also announced a new partnership with Octopus Energy to make it easier for eligible employees to transition to electric vehicles. To enable our systems to respond to increasing demands for multi-modal solutions and emissions reporting, and for Alfa to be viewed as a leader in sustainable financing solutions, we continue to spend time understanding the ESG-related needs of our customers and investment required in the product. We hope to recoup this investment through a combination of increased market share, as clients focus more on Scope 3 reporting and turn to ESG-compliant solutions, and increased licence revenue for more value-added, market-leading products. We work closely with our customers to understand their evolving needs around sustainable business models and this collaborative approach has led to the development of powerful solutions that meet their requirements, such as the recent Environmental Accounting module. As part of the Alfa Systems 6 launch in 2024, we emphasised sustainability in our marketing releases, introducing a dedicated Sustainability pillar. Sustainability in Alfa Systems 6 is equipped to address the sustainability goals of our customers, including having new capabilities for managing their entire asset lifecycle. For 2024 our financial planning had factored in climate-relates costs relating to a supplier engagement exercise and purchase of carbon offsets. For the former, a supplier engagement exercise was carried out in 2024, allowing us to engage with many of our key suppliers to better understand their sustainability maturity and emission reduction targets. This also allowed us to derive supplier-specific emission factors for those suppliers and to use these to improve the quality of our 2024 emissions reporting. For the latter, our financial planning meant that we were able to purchase carbon offsets of 1,879 tCO_2e from Ecologi in the year. Furthermore, as part of our dedication to impactful climate action, at the end of 2024 we have transitioned to working with EcoAct for our carbon-offsetting initiatives, selecting a balanced portfolio of reduction and removal options that more closely align with our sustainability goals.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We conducted a high-level qualitative climate change risk and opportunity analysis to obtain a better understanding of the climate issues that could impact the business in the future. Given the nature of our operations, we do not believe there are material risks to our organisation, other than the overall risk to the world economy. We therefore believe that our strategy as discussed on page 14 is resilient to climate-related factors, though we have not carried out quantitative scenario analysis as yet as part of this review. Our focus in 2024 was to get a better understanding of our Scope 3 emissions. A key part of this was to use supplier-specific emission factors for determining our category 1 emissions which (as per page 32) is our largest Scope 3 category. Having been through our supplier engagement exercise in 2024 we are now able to use supplier-specific factors to get more accurate emissions data. In 2025 to 2026, we plan to consider the impact of different climate-related scenarios on our emissions.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Area	Recommended disclosure	Alfa disclosure
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Our approach to identifying, assessing and managing environmental risks, including climate-related risk, is embedded within our approach to risk management. Climate-related risks may present as financial or non-financial risks depending on the extent to which their impacts can be quantified, and how they have been classified. As explained above, we have a risk management process in place which includes a detailed assessment of our climate-related risks, along with a risk rating assigned to each risk which is then reviewed by management and the Board. The risk rating incorporates the potential size and scope of the identified risks.
	b) Describe the organisation's processes for managing climate-related risks.	In the short term we do not see any material climate-related risks for the organisation. As a consequence, we keep the risks under review, but are not actively managing any at this point in time. We work closely with external advisors on climate-related matters and are therefore confident that this engagement helps mitigate the related risk mentioned above of not keeping up to date with climate-related regulations. We are also actively taking steps, such as the supplier engagement exercise in 2024, to reduce our emissions in line with our SBTi commitment (to mitigate the risk of not meeting the commitments made).
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate-related risks are an integral part of our overall risk management and, in particular, are discussed twice a year when considering the corporate level risks. More details on our risk management process can be seen at page 34. We have worked closely with the ESG Steering Group and other senior management to ensure that all climate-related risks are sufficiently covered in our risk register. Going forwards, the risk register will continue to be reviewed regularly and updated for any changes to climate-related risks.
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The main climate-related data we monitored throughout the year was our energy usage which we obtain from the energy provider and/or facilities manager of our offices. This review was done twice in 2024. We disclose our Carbon Intensity Ratio on page 33, which is a metric used by the Group consistently since 2021, allowing us to compare the year-on-year ratios. It can be seen that our ratio has decreased as compared to 2023, which is a result of lower emissions and higher revenue as compared to 2023.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	See pages 32 to 33 for our Streamlined Energy and Carbon Reporting disclosure and the methodology used for it. As seen in that table, most of our emissions come from our Scope 3 emissions, which are 98% of our overall emissions in both 2024 and 2023. Of the Scope 3 categories, Category 1 (Purchased Goods & Services) is the largest category, making up 46% (2023: 56%) of our Scope 3 emissions in 2024 – below we describe the work done to reduce emissions in this area.
	c) Describe the targets used by the organisation to manage climate related risks and opportunities.	Whilst we have set medium (2030) and long term (2050) emissions reduction targets in line with SBTi (using a 2022 base year), we are currently in the process of determining if interim targets are necessary to ensure that those targets are met, or if it is sufficient to continue with the current approach of monitoring our Scope 1, 2 and 3 emissions on a regular basis to ensure that we are on track to meeting our SBTi targets. For our target to reduce Scope 1 and Scope 2 emissions by 42% by 2030 (against a 2022 baseline) – we are in the process of receiving quotations for initiatives that will help us reduce emissions related to our office space, such as energy efficient lighting. Comparing only our 2024 Scope 1 and Scope 2 emissions to our baseline 2022 Scope 1 and Scope 2 (updated for the same points as for 2023 that are mentioned on page 33) shows, based on market-based Scope 2 emissions, a 32% reduction over the period – this is primarily due to less car fleet emissions, which is a consequence of us discontinuing our earlier car scheme and moving to two new energy efficient salary sacrifice schemes. This shows that we are making progress towards our 2030 targets. As above, we also have a longer-term target of reducing all Scopes 1, 2 and 3 emissions by 90% by 2050 (against a 2022 baseline). Our largest category within Scope 3 is Category 1 – in 2024 we engaged with our key suppliers to better understand their emissions and emission reduction plans. Going forwards, we plan to continue to better understand our supplier emissions and encourage them to reduce their own emissions. We will also continue to factor supplier emissions when making decisions on procurement.

Streamlined Energy and Carbon Reporting

The table below discloses the Group's Streamlined Energy and Carbon Reporting for 2024 and 2023.

	2024			2023***		
	Global (inc. UK)	**UK only**	**Global (not inc. UK)**	**Global (inc. UK)**	**UK only**	**Global (not inc. UK)**
Energy consumption (kWh)*****						
Total natural gas use	114,786	29,917	84,869	145,751	30,886	114,866
Total company fleet use	1,063	697	365	946	362	584
Total electricity use	183,909	121,020	62,889	180,134	121,373	58,761
Total energy use	**299,758**	**151,634**	**148,123**	326,831	152,621	174,211
Scope 1 carbon emissions (tCO_2e)*****						
Natural gas	21	5	16	28	6	23
Car fleet (petrol/diesel/hybrid)	0.08	–	0.08	0.22	0.09	0.14
Total Scope 1 emissions*****	**21**	**5**	**16**	28	6	23
Scope 2 carbon emissions (tCO_2e)						
Purchased electricity – buildings (location-based)	49	25	24	46	25	21
Purchased electricity – electric vehicles (location-based)	0.14	0.14	–	0.15	0.15	–
*Purchased electricity – (market-based)***	*0.39*	*0.14*	*0.25*	*1.14*	*0.15*	*0.99*
Total Scope 2 emissions (location-based)*****	**49**	**25**	**24**	47	25	21
Scope 3 Carbon Emissions (tCO_2e)*****						
Category 1 – Purchased goods and services	1,388	*	*	2,214	*	*
Category 2 – Capital goods	45	*	*	94	*	*
Category 3 – Fuel and energy related activities	18	*	*	19	*	*
Category 4 – Upstream transportation and distribution	9	*	*	4	*	*
Category 5 – Waste generated in operations	5	*	*	65	*	*
Category 6 – Business travel (flights, rail, grey fleet, hotels and taxis)	975	*	*	1,048	*	*
Category 7 – Employee commuting and work from home	516	*	*	422	*	*
Category 8 – Upstream leased assets	73	*	*	54	*	*
Category 13 – Downstream leased assets	–	*	*	–	*	*
Total Scope 3 emissions*****	**3,027**	*	*	3,922	*	*
Total emissions (tCO_2e)						

Streamlined Energy and Carbon Reporting continued

Group's Streamlined Energy and Carbon Reporting for 2024 and 2023 table continued.

	2024			2023***		
	Global (inc. UK)	UK only	Global (not inc. UK)	Global (inc. UK)	UK only	Global (not inc. UK)
Scope 1	21	5	16	28	6	23
Scope 2 (location-based)	49	25	24	47	25	21
*Scope 2 (market-based)***	*0.39*	*0.14*	*0.25*	*1.14*	*0.15*	*0.99*
Scope 3	3,027	*	*	3,922	*	*
Total carbon emissions (tCO_2e) (location-based)*****	**3,098**	*	*	3,997	*	*
Total revenue (£m)	109.9	*	*	102.0	*	*
Carbon intensity ratio (tCO_2e per £million)****	0.6	*	*	0.7	*	*

* Breakdown beyond global emissions has not been calculated.

** Market-based Scope 2 emissions are not included in the final emissions inventory.

*** Our Scope 1 & 2 emissions have been restated. We have corrected an oversight identified in the company vehicles mileage calculation which was compiling both business and personal mileage. Spend-based calculations for Scope 3 have been restated with updated CEDA emission factor 2024 database which is a more accurate global representation from 2022 onwards. New Category 6 raw data on flights that had previously been missed has been included in the restated figure. The impact of these changes is a 36 tCO_2e reduction to the previously reported 2023 total carbon emissions (an impact of 0.9% on the total emissions).

**** Carbon Intensity figure includes only global Scope 1 & 2 emissions, in line with the approach for prior years.

***** The breakdown of the total figures are rounded to the nearest whole number and may cause minor discrepancies to the total figure when added up. The total figures are accurate.

Methodology: As a quoted organisation, Alfa is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The data detailed in the table above represents emissions and energy use for which Alfa is responsible, including energy use on its sites and fuel used in the company fleet. Alfa has used the main requirements of the Greenhouse Gas Protocol Corporate Standard to calculate its emissions, along with the UK Government GHG Conversion Factors for Company Reporting 2024. Part of Alfa's Scope 3 emissions inventory was also calculated – this process included the use of UK Government GHG Conversion Factors for Company Reporting 2024, IEA Emission Factors 2024 and CEDA 2024 Emission Factors. Any estimates included in Alfa's totals are derived from actual data extrapolated to cover missing periods or from benchmarks.

Energy Efficiency Statement: We are committed to responsible carbon management and will practise energy efficiency throughout our organisation, wherever it is cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. We have implemented the following initiatives for the purpose of increasing the business's energy efficiency in the relevant financial year:

- Maintained energy suppliers for the UK, US and Australia offices, ensuring continued renewable electricity provision. In 2024, we also expanded to renewable energy in the New Zealand office.
- Launched a new salary sacrifice EV car scheme in the year. This scheme will be offered in parallel to the existing scheme which also has a green focus, therefore encouraging the use of electric vehicles in place of vehicles that run on fuel.

Risk management

Alfa's effective risk management provides a foundation for the safe pursuit of our strategic goals, innovation and opportunities.

Introduction

At Alfa, robust risk management is at the heart of our strategy for sustainable growth. Our careful management of risks is important to ensure that our business is resilient to external themes, that we are mitigating where appropriate and that we are taking action to keep internal risks under our control. 2024 has seen some evolution in the external risks we face, with continuing themes of uncertainty surrounding future economic conditions in our major regions. The resilience of the asset finance industry which we serve, and our diversification across regions and sectors of this industry, are strong mitigations against this backdrop of uncertainty. There has been good progress on the actions we take to mitigate against risks, most notably that we have further bolstered our protection against IT security and cyber risk. There is a more detailed discussion of our principal risks on pages 37 to 45.

We have an established governance regime in place for risk management (see page 36), which puts assessment, monitoring and controlling of risks at the heart of our strategy. On behalf of the Board, and with oversight by the Audit and Risk Committee, the Risk Management function has focused in 2024 on identifying, understanding, monitoring and controlling risks, as well as providing direction on the level of risk that Alfa is willing to take to achieve our strategic goals.

Environment, Social and Governance (ESG) risk assessment

We put a particular focus on ESG-related risks, and in 2024, as part of our twice annual risk reviews, we reassessed these risks, which are tracked within our Corporate Risk Register. We do not currently have any ESG-related risks that are sufficiently high to be considered principal risks or uncertainties. Refer to pages 29 to 31 (Task Force on Climate-Related Financial Disclosures) which discusses specific risks related to our climate change responsibilities. We will continue to risk-assess this area as we progress our ESG objectives in 2025.

Our risk management framework – how we identify and manage risks

Our risk management framework is designed to be flexible and proactive, and links tightly into our operations, strategy and decision-making. This allows us to react with speed and agility to new and evolving risks as they arise, across all of our business areas. We recognise that managing risk effectively is integral to executing our strategy. Our risk management framework is a five-step process for monitoring and managing risk throughout our business, allowing the Directors to conduct a robust assessment of the principal risks facing the Group. This five-step process is shown on page 35. We take the view that risk is not something that should be fully eliminated but, instead, identified, assessed and managed in a timely manner.

Focus for 2025

- Continuous improvement of risk management procedures, including maintaining awareness within the Company of our risk management best practices.
- Risk identification and assessment: twice annual risk reviews including assessing actions and effectiveness of controls.
- Information security, cyber security and data protection: maintain SOC1 Type 2, SOC2 Type 2 and ISO programme compliance, and continue to assess and strengthen our cyber security defences.
- Business continuity and disaster recovery scenario testing exercises, covering our operational systems, and Alfa Cloud.
- Internal audit: provides assurance on the adequacy of our risk management, governance and internal control arrangements.
- We will review current processes and procedures to assess the extent of any changes that may be required in order to be fully compliant with the revised UK Corporate Governance Code, including Provision 29.

Risk management continued

Our risk management framework

1 Whilst overall responsibility for risk lies at the Board level, the Directors have delegated authority for risk identification to the Company Leadership Team. A bottom-up approach has primarily been undertaken to provide a detailed review of risks by relevant business owners and this is led by the Risk Officer, twice a year. Each identified risk is categorised into one or more business areas, and is assigned to the most appropriate business owner.

2 Risks are assessed to understand the likelihood and the impact of the risk crystallising. We assess risk across all of our business areas, and we consider their level of impact to our organisation across these categories: financial, reputational, ESG, operational, legal and regulatory. The assessed risks are then reviewed by the CLT and the Audit and Risk Committee, to provide assurance over completeness and quality of the risk register.

3 Our systems and processes are designed to manage our exposure to risk rather than eliminate the risk completely. Therefore the Audit and Risk Committee, with the CLT, will reassess the Group's risk appetite each year with this in mind. The Audit and Risk Committee will consider the risks associated with the conduct of our business and the delivery of our strategy, assessing the risks we are exposed to and evaluating whether this exposure is acceptable given the likelihood and severity of the risk.

4 Each risk is reviewed at least annually, twice annually for the higher-priority risks. At each review date, the existing controls are reviewed for adequacy and effectiveness. Due to the ever-changing business landscape and the industry we work in, it is quite possible for the control requirements to change and for processes and policies to require updating. If this is the case, then the business owner is responsible for implementing changes.

5 Management monitors progress against the principal risks. This is shared with our internal auditor, BDO, to assist with forming the internal audit plan. The Board reviews the summary risk register and assesses the adequacy of the principal risks identified, as well as the mitigating controls and procedures which are in place.

Risk management continued

Governance and responsibilities

Our organisation has an open and accountable culture, led by our experienced CLT, whose members have many years of experience in their areas. The Board and the CLT set the tone for our risk management activities, embedding risk consideration and assessment into the culture within the organisation. Clarity of ownership and accountability for each risk is an integral part of our risk management framework.

The Board has overall responsibility for the governance of risks, ensuring we have adequate and effective systems in place. It does this in various ways:

- Risks are considered by the Board as an intrinsic part of our strategic planning, and in the consideration of new opportunities.
- There is a twice-yearly review by the Audit and Risk Committee of principal risks, their evolution and consideration of emerging risks.
- The CLT members, or their delegates, are the owners for each risk in the Corporate Risk Register and they, and their teams, are responsible for the identification, assessment and treatment of the risks in their own areas. Risk management is thus embedded into each area of the business, as they are best placed to progress the actions and mitigations.
- The Risk Officer coordinates risk management activities, collates the risks into the Corporate Risk Register, and is an advocate for best practice across the organisation.
- Risk assurance is achieved through our external and internal audits as well as through our attainment of ISO27001 and ISO27018 certifications, and through our SOC1 and SOC2 audits.

Responsibilities

Top down
Governance, identification and assessment of risk by senior management

Board

- Defines the risk governance framework, risk culture and principles
- Sets the tone for risk management including risk appetite
- Responsible for an effective system of internal controls
- Approves risk decisions that are beyond delegated authorities

Audit and Risk Committee

- Reviews the risk management framework and the effectiveness of internal controls, risk management systems and major risk initiatives
- Reviews and challenges the principal risks in the risk register and risk ratings
- Reviews and challenges the risk appetite
- Reviews the internal audit programme and reports

CEO and CLT

- Review the risk management framework and the effectiveness of internal controls, risk management systems and major risk initiatives across the Group
- Review the risk profile against risk appetite and make recommendations to Board in relation to risk profile, strategy and key controls
- Review and challenge the risk register and risk scores
- Review the sustainability of risk methodologies, metrics and policies
- Assess major risk-related projects
- Assess new commercial arrangements through participation in the Deal Committee

Risk Officer and CFO

- Responsible for collating updates, managing the risk register and presenting principal risks and uncertainties to the CLT and Audit and Risk Committee
- The Risk Officer acts as an advocate for risk management across all levels of the business
- The Risk Officer reports to the CFO in relation to risk management matters
- The CFO has responsibility for governance and risk management review

Operational Management

- Assesses for new risks, updates on current risks assessment and implements mitigation strategies and actions

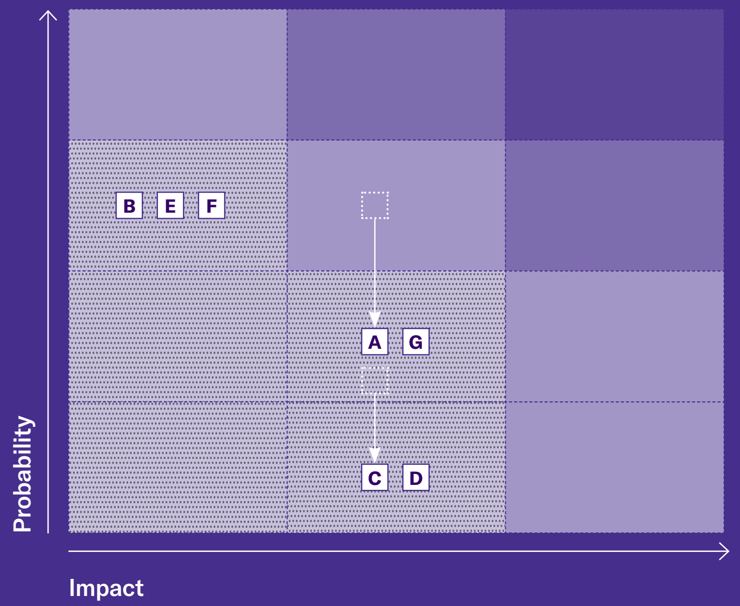
All employees

- Be alert to risks associated with the activities that they perform
- Report inefficient, unnecessary or unworkable controls

Bottom up
Identification, assessment, control and monitoring of risk by business areas

Principal risks and uncertainties

Principal risk heat map



Risks

- **A** Socio-economic and geo-political risk
- **B** Risk to people, team, capacity and skills
- **C** IT security and cyber risks
- **D** Business interruption and continuity
- **E** Foreign exchange rate uncertainty
- **F** Pressure on margin due to increased cost base, or through increased competition
- **G** Competitive pressure may lead to a loss of market share in our target markets
- Acceptable risk appetite
- Movement since 2023

Our risk appetite

Our risk appetite provides us with guidance on the levels of risk we are prepared to take in pursuit of our objectives and is considered a fundamental part of the planning and execution of our strategy. Our risk appetite is assessed across the following categories: strategic, financial, legal, operational and ESG. Each of these areas has different considerations and it is important that we are setting the correct tone for decision-making in each area. These are then consolidated up to determine our overall risk appetite.

In December 2024, the Board, assisted by the Audit and Risk Committee and the CLT, assessed and updated our risk appetite in light of the developing in-year and emerging risks.

Overall, we take a cautious approach to risk, aiming to operate in a manner that would not be expected to put the business at risk of significant financial, operational or reputational damage. It is recognised that an element of risk-taking is necessary in order to seek out and pursue opportunities, including progressing our strategic objectives. Nevertheless, the risks associated with the pursuit of such opportunities should be commensurate with the level of reward expected from the opportunities.

Principal risks and uncertainties in more detail

The Group faces a number of risks that may adversely affect our strategic and business objectives, operations, liquidity, financial position, reputation or future performance, not all of which are wholly within our control or known to us. Some such risks may currently be regarded as immaterial and could turn out to be material. We accept that risk is an inherent part of doing business.

The Board consider the following matters to be the principal risks and uncertainties (in no specific order) affecting our business at this time.

Principal risks and uncertainties continued

Risk A – Socio-economic and geo-political risk

Link to strategy

1 2 3

Movement compared to 2023:
Reduced level of risk, with a lower probability of impact

Potential impact
Major

Probability
Possible

How does it impact us?

External economic or political conditions might cause a drop in demand for our services in one or more of our regions. There are a wide variety of external factors that could lead to this, such as the geo-political tensions caused by the war in Ukraine, instability in the Levant, changes in government policy (such as US trade policies or UK tax policies), or regulatory action impacting the asset finance industry (such as the FCA rulings on discretionary commission). These factors may result in unfavourable conditions for asset finance (such as high inflation and interest rates), difficulties in operating in key regions or lower spend directed to technology services such as ours. It is important to note that we do not have customers nor operations in Ukraine, in the Levant, nor elsewhere in the Middle East, so do not have direct exposure to those regions.

In 2024, our assessment of these uncertainties has led to us downgrading the level of risk. This is due to the effectiveness of the mitigations we have in place, and the resulting resilience of our business.

At the point of publishing this report, there are a variety of emerging situations in the global geo-political and economic system. We are monitoring these developing situations to assess any impacts on Alfa, but we have not so far determined that they alter the level of this risk. There is further discussion on pages 44 to 45 around some of these emerging risks.

This risk goes hand-in-hand with opportunity, as our customers may seek to adapt to the changing economic environment, seeking operational efficiency, introducing new products or reacting to regulatory changes. Alfa is well placed to help with the systems and process changes needed for such adaptation, either where Alfa Systems is the incumbent system or where a new system is needed.

How we mitigate

Strategy for diversification: Our strategy aims to diversify our customer base, both geographically and by asset type (i.e. automotive, equipment) but also by type of customer (i.e. banking, OEM or independent). This gives us resilience in the face of uncertainty.

Our shift towards subscription revenue builds further resilience.

Financial robustness: We retain cash reserves, and achieve prompt collection of our fees, ensuring financial resilience.

Our fees are generally increased annually, taking consideration of the increases experienced in our cost base.

Customer alignment: We maintain strong relationships with our customers in each market, with close collaboration on strategic aims and growth opportunities, to adapt to changing market conditions.

Progress highlights in 2024

Decreasing customer concentration: 21 customers contributed more than £2m in revenue (19 in 2023), reducing our reliance on our largest customers.

Strategy for diversification: Our subscription revenue has continued to grow, contributing 34% of our revenue (2023: 31%).

We have reinforced our geographical diversification, with successful go-lives in the USA and EMEA.

Total Contract Value (TCV): Our TCV has grown to £221m (2023: £165m), giving confidence in the forward demand for our services.

Customer alignment: The launch of Alfa Systems 6 has included a variety of well received customer engagement sessions, helping to identify opportunities to upsell to our clients.

Our strategic priorities

1 **Strengthen** – Grow our differentiation of market-leading People, Product and Delivery.

2 **Sell** – Focus on cloud-hosted, subscription sales to our target markets.

3 **Scale** – Increase our capacity for developing and delivering Alfa Systems.

4 **Simplify** – Simplifying our product, implementations and processes to enable more concurrent Alfa Systems implementations.

Principal risks and uncertainties continued

Risk B – Risk to people, team, capacity and skills

Link to strategy

1 3

Movement compared to 2023:
Same level of risk

Potential impact
Moderate

Probability
Likely

How does it impact us?

We are a people-centric organisation, with our success heavily dependent on keeping the right culture, skills and teams in place to execute our strategy.

A failure to attract, train and retain high-quality individuals in our key operating regions may limit our ability to deliver implementations, maintain product quality and leading-edge functionality, and manage customer relations. This would impact our ability to deliver on our strategic plan.

As such, this risk remains at the same level as previously.

How we mitigate

Recruitment of graduates and experienced hires is continuing across all of our regions, with dedicated HR staff searching for candidates from varied backgrounds and ethnicity and with varied core skills.

Partnering provides a strong and growing network of professional services partner organisations, with extensive and established geographical presence. This provides us with resourcing flexibility, and wider geographical coverage.

Learning and development: Our diligent onboarding process gives our new joiners the knowledge to help them to succeed. We endeavour to maintain a culture centred around our principles and values, and we have a strong focus on employee satisfaction and wellbeing.

Employee engagement: Surveys are carried out every quarter, and allow areas for improvement to be identified and acted upon.

Remuneration: We benchmark our remuneration levels against relevant roles in the industry and aim to be competitive.

Progress highlights in 2024

Retention & employee engagement: Retention has remained high, at 96% similar to 2023: 97%). Employee engagement has remained at similar high levels to 2023 (2024: 82%, 2023: 82%). Our Talent Manager, hired in 2024, is working on maximising opportunities for our employees and this will further support retention.

Recruitment: We have continued to strengthen and grow our team, with active recruitment of top-quality talent across many areas of the business, in the USA, Europe and Asia-Pacific.

Learning and development: We have focused in 2024 on helping people to learn the right skills at the most effective time. We have improved our role-specific coverage, and redesigned our induction programme.

Our strategic priorities

1 **Strengthen** 2 **Sell** 3 **Scale** 4 **Simplify**

Principal risks and uncertainties continued

Risk C – IT security and cyber risks

Link to strategy

1 2 3 4

Movement compared to 2023:
Reduced level of risk, with a lower probability of impact

Potential impact
Major

Probability
Unlikely

How does it impact us?

Our systems, networks and products may be subject to cyber attacks, specifically designed to disrupt our business, obtain our intellectual property or data, or harm our reputation. A successful cyber attack could impinge upon our ability to operate our business, including our ability to continue providing support to our customers.

Our Alfa Cloud offering stores our customers' data on third party cloud hosting platforms. A security breach in our Alfa Cloud offering could result in compliance violations, identify theft, malware infections, diminished customer trust and loss of revenue.

There is a continuing global trend of cyber attacks against organisations, including large-scale, sophisticated and coordinated attacks. We take this risk extremely seriously, and in 2024 we have strengthened our cyber security and information security protections, across our landscape. As a result of the actions taken and proactive protections we have in place, our level of risk across this area has been downgraded relative to 2023.

How we mitigate

Monitoring and control: Our Information Security team monitors key security and cyber risks, and assesses and monitors the control framework of our key technology suppliers. Our Managed Detect and Respond service undertakes day-to-day monitoring for IT security incidents.

Continuous improvement: We implement continual improvements in our IT control environment.

Employee education: We maintain an annual education and training programme for all staff, covering Information Security, Data Privacy and Business Continuity.

Customer assurance: Our customers perform thorough assessments of the security of the Alfa Cloud platform during their system selection and implementation process, measuring our processes and controls against their own, typically stringent, internal policies. These compliance checks sit alongside our own policies and procedures, and provide independent assurance for our customers that appropriate security controls are in place.

Progress highlights in 2024

Assurance around controls: We have maintained our SOC1 Type 2, SOC2 Type 2, ISO27001 and ISO27018 compliance in 2024.

Monitoring and control: We have implemented an industry best-practice Managed Detect and Respond service, whilst continually improving and strengthening our internal controls and Information Security team.

Our strategic priorities

1 Strengthen 2 Sell 3 Scale 4 Simplify

Principal risks and uncertainties continued

Risk D – Business interruption and continuity

Link to strategy

1 2 3

Movement compared to 2023:
Same level of risk

Potential impact
Major

Probability
Unlikely

How does it impact us?

We are at risk of disruption to our day-to-day operations if there is a disaster incident which causes our internal IT systems to fail, or if we do not have access to our office space, or if significant numbers of our personnel are unavailable.

A failure to be able to use key IT systems or access our infrastructure could lead to a failure to deliver our services (particularly urgent maintenance services in the event of a disaster) to our customers and therefore have a negative reputational impact.

This risk includes consideration of future pandemics.

How we mitigate

Established procedures: We have an established, detailed and tested incident management procedure and escalation process.

Assurance around procedures: We have a disaster recovery and business continuity plan which is reviewed and tested annually, and is included in the SOC 1 Type 2 and SOC 2 Type 2 audits. This includes an impact analysis exercise, which identifies key systems, and assigns clear ownership of each of those systems and their business continuity plans.

Alfa Cloud procedures: Where we provide Alfa Cloud hosting services, using third party cloud hosting suppliers, we have annually-tested disaster recovery plans which initiate automatically if a server or a region becomes unavailable. In addition, if a cloud provider ceases to operate, we have a continuity plan in place to transfer our customers' data to a similar supported environment.

Global distribution: We have a geographically distributed workforce, and the majority of our key systems are cloud-hosted, providing resilience against an event impacting one particular location.

Progress highlights in 2024

Continuous improvement: We have expanded our pre-planned coverage of incident response scenarios, further improving our preparedness.

Testing: We have successfully tested key business continuity processes, including system failover and disaster recovery, across both our corporate network and systems, and Alfa Cloud.

Assurance: Our SOC1 Type 2 and SOC2 Type 2 reporting and complete failover testing has identified no significant required remedial actions.

Our strategic priorities

1 Strengthen 2 Sell 3 Scale 4 Simplify

Principal risks and uncertainties continued

Risk E – Foreign exchange rate uncertainty

Link to strategy

1 2 3

Movement compared to 2023:
Same level of risk

Potential impact
Moderate

Probability
Likely

How does it impact us?

There has been considerable fluctuation and volatility in currency exchange rates throughout 2024, as a result of factors such as those listed in Risk A – Socio-economic and geo-political risk. There is a risk of continued volatility in 2025.

As we expand our operations, both in the EU and in the USA, our exposure to currency volatility increases.

How we mitigate

Currency diversification: Our spread of revenue and costs across different regions, and currencies, provides a degree of natural hedging against volatility.

Hedging: We closely monitor exchange rates, and take appropriate action, such as converting excess funds to sterling, and entering into forward contracts to hedge against short-term risk.

Progress highlights in 2024

Hedging: As part of our foreign exchange risk management, in 2024 we entered into forward foreign exchange contracts to limit our exposure to exchange rate volatility.

Risk F – Pressure on margin due to increased cost base, or through increased competition

Link to strategy

1 2 3 4

Movement compared to 2023:
Same level of risk

Potential impact
Moderate

Probability
Likely

How does it impact us?

External factors may lead to our cost base increasing faster than we can increase our revenues, leading to a drop in margin. These factors could include high inflation, leading to increased supplier costs, and increased technology sector salaries. We note that whilst inflation has dropped in our key regions, there is uncertainty in the global economic outlook which could once again lead to higher inflation (these factors are also components of Risk A – Socio-economic and geo-political risk). We may also see competitors offer similar services at lower rates, forcing us to reduce revenue in order to remain competitive. Without appropriate mitigation these would reduce our margins.

How we mitigate

Annual fee increases: Our fees for services are generally increased annually, taking consideration of the increases experienced in our cost base.

Pricing governance: Our Deal Committee has oversight of our pricing policy, making sure that our pricing is correctly targeted.

Differentiators: Our strategy is to maintain and grow our differentiation of market-leading people, product and delivery, and these set us aside from our competitors, making us a compelling choice to ensure success in the kind of complex technology transformation projects that we deliver.

Simplification: Our simplification objectives are targeting more efficient implementations, further strengthening our competitiveness.

Progress highlights in 2024

Sales conversions and delivery successes: We have converted eight prospects into customers, and have had a strong year for implementations, with 26 go-lives and upgrades. This demonstrates the strength of our differentiators – our market-leading people, product and delivery.

Our strategic priorities

1 Strengthen | 2 Sell | 3 Scale | 4 Simplify

Principal risks and uncertainties continued

Risk G – Competitive pressure may lead to a loss of market share in our target markets

Link to strategy

1 2 3 4

Movement compared to 2023:
Same level of risk

Potential impact
Major

Probability
Possible

How does it impact us?

Our competitor landscape is constantly evolving, with changes such as M&A activity and private equity investment. We are seeing competitors targeting our key regions (EMEA and USA), and focusing development of their product offerings.

There is also the possibility of disruptive competition, for example from big tech companies moving into auto sales (this is discussed as an emerging risk, see page 44).

This risk is tightly-linked to Risk F – Pressure on margin due to increased cost base, or through increased competition.

How we mitigate

Differentiators: Our strongest mitigations are our differentiating features: the quality of our product, delivery record and people. Our strategy aims to retain and develop these, enabling us to be the global platform of choice across the asset finance industry.

Customer alignment: We ensure that we are closely-aligned with customer needs, and hence with market needs, through the active engagement with our customers, via our client-facing teams, and the Markets and Products team. This also guides our investment programme, allowing us to target our product investment on the areas of most interest to the market.

Competitor analysis: We regularly review our competitor landscape, keeping up-to-date with trends and their progress in product and delivery, to ensure that we are adapting to protect our competitive edge.

Progress highlights in 2024

Sales conversions and delivery successes: As highlighted for Risk F, we have converted eight prospects into customers, and have had a strong year for implementations, with 26 go-lives and upgrades. This demonstrates the strength of our differentiators – our market-leading people, product and delivery.

Customer alignment: The launch of Alfa Systems 6 has included a variety of customer engagement sessions, ensuring that we are aligned with, and investing in, our customer needs, and identifying opportunities to upsell to our clients.

Our strategic priorities

1 Strengthen
2 Sell
3 Scale
4 Simplify

Principal risks and uncertainties continued

Emerging risks

Emerging risks are those that, whilst not considered current, may become significant risks over a longer timeframe. We incorporate emerging risks into our regular twice annual risk review exercises, and they are assessed in a similar way to the rest of the risks in the register, including the assessment and identification of mitigating measures.

Our key emerging risks are presented below:

Emerging risk	Description	Mitigation
Artificial Intelligence (AI)	There is a risk that AI will result in an acceleration of novel methods of cyber attack. There is also a risk of competition from novel AI products or technologies, which could reduce our market share.	Our Information Security team stays up to date with the latest security and threat environment, and we have specialist advisory assistance in this regard. This is considered a component of Risk C – IT security and cyber risks, and the steps taken for that risk are all relevant here. AI presents both risks and opportunities for our organisation, and we are actively engaged in strategic and innovative exploration and uses of AI.
Technology competition	We may face competition from new entrants into the asset finance market, such as from big tech, who may disrupt the asset finance technology sector.	We are specialists in the asset finance industry, and our product strategy seeks to keep us in step with industry needs. We are closely engaged with our customers, to ensure that we can help them to remain on the leading edge of technology developments.
Disruption of the global auto finance industry	Our auto finance customers may face significant competition from new entrants into their markets, for example Chinese auto manufacturers disrupting the European electric vehicle market. This may reduce the market share held by our current core customers, thus reducing their spend on our services.	We closely monitor change in the industries and markets we serve. Our Markets and Products team is closely engaged with our customers, and with the wider industry, so that we can remain ahead and prepared for new trends, and our Alfa Systems 6 product advancements have targeted these. This risk also presents opportunity for us, our customers will need to adapt, which involves technology change, of which we are at the forefront. In addition, new entrants to our markets means potential new prospects for us.

Principal risks and uncertainties continued

Emerging risk	Description	Mitigation
Trade or tax policy changes	New governments in the UK and USA may implement new policies which impact our industry, or those of our customers. Taxation and trade policies are areas of focus for these new governments. It is possible that currently unknown policies will be implemented that mean further higher taxation (for example in the UK), or which introduce barriers to trade (for example into or out of the USA).	Our diversification across regions and industries provides some protection, if our clients are impacted by policy changes. This also reduces the impact of some forms of tax policy changes, such as UK employment taxes, or tariffs for our services, as we have staff spread across our regions. Software and services provided from the UK into the USA have not previously been subject to trade tariffs, and there is no current indication that such tariffs will be applied. Trade policy changes or tariffs might have the effect of protecting some of our customers (for example in the USA), rather than harming them.
UK decision on motor finance commissions	The UK Court of Appeal ruled against certain motor finance companies in the UK, who had not disclosed to customers certain discretionary commissions. This has resulted in UK motor finance companies provisioning for compensation action. This might extend further into the asset finance industry (and wider financial services), resulting in more pressure on IT spend by our customers or prospects.	Once again our diversification across regions and industries provides protection from a tightening of IT spend in one region or industry. With such challenges comes opportunity for technology providers, and we are well placed to assist our customers in adapting their technology to this change. We have seen our customers take advantage of the adaptability of Alfa Systems to ensure that they are being proactive in meeting the latest guidance on disclosing commissions to their customers.
Increasing regulatory burden for our clients	An increasing or harsh regulatory landscape for our clients may see the reduction or withdrawal of asset finance activities, or a reduction in budgets put towards IT spend.	Our diversification across regions and industries provides protection from a tightening of IT spend in one region or industry. The asset finance industry has historically proven very resilient and adaptable towards challenges such as increased regulation. With such challenges comes opportunity for technology providers, and we are well placed to assist our customers in adapting their technology to this change.
Increasing regulatory requirements on Alfa	There is a possibility that increasing regulation and governance requirements on Alfa (such as corporate governance, or regulation of our Alfa Cloud services) may result in overheads increasing faster than we can increase our revenue, and/or reduced efficiency.	We price our services in order to incorporate these costs, and our customers view regulatory coverage as an important component of this service. We seek appropriate assurance and advice on regulatory matters, and seek to outsource expertise where appropriate, which can aid our efficiency. There is clear delineation for regulatory compliance, in general limiting Alfa's responsibility to that appropriate to a software and SaaS supplier, and ensuring that clients are responsible for the appropriate financial services regulation, subject to the exact nature of each regulation.

Stakeholder engagement

Understanding the expectations of our stakeholders

Understanding the expectations and requirements of our stakeholders is essential to achieving our strategic goals and ensuring long-term success. We are committed to maintaining open, consistent and constructive engagement to strengthen relationships with our stakeholders, gain deeper insights into their priorities and effectively respond to their feedback.

For further information on how stakeholder considerations influenced the Board's discussions and decision-making, refer to our section 172(1) statement in the Corporate governance report on pages 62 to 65.

Employees

Our employees are at the heart of everything we do. By actively listening and fostering a flexible, supportive and inclusive environment, we attract, develop and retain top talent. This enables us to deliver against our strategic priorities and develop our people.

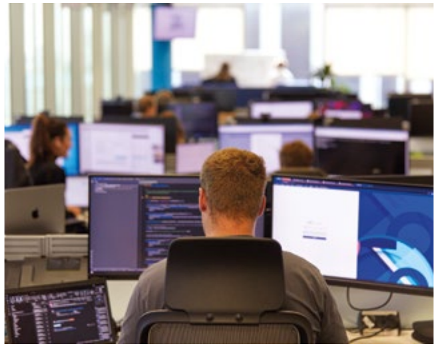
- We remain committed to diversity, equity, and inclusion (DEI), ensuring these principles guide our decision-making.
- To keep our workforce informed, we hold regular global and regional Meetings, Conferences and Town Halls, sharing updates on projects, strategy and performance. Key corporate objectives and progress are cascaded through management for broader communication.
- The objectives and progress of our corporate objectives are also cascaded to the wider management team for onward communication.
- We conduct a quarterly, anonymous Employee Engagement Pulse survey to encourage candid feedback. Focus groups explore specific themes raised, and the CEO and CPO regularly report survey insights to the board.
- Our flexible, inclusive work structure fosters collaboration and innovation, balancing team connection with business success. Through our DEI survey, we continue to gather feedback on our progress and areas for improvement.
- We've expanded our Learning & Development programmes with fresh, dynamic content and new courses, empowering employees to grow and thrive.
- In EMEA, we introduced London Calling; this is an opportunity for all EMEA employees to come into the office, get together in teams and connect with colleagues over two days.
- In the USA, we held two Collaboration Weeks where US employees come together to work in one location. They include various sessions with different groups, a Company Meeting or Hackathon, as well as a half-day activity.

Our culture: incorporating our engineering principles

Our teams are encouraged to actively apply and reflect on Alfa Systems engineering principles in their day-to-day work. This ensures that we maintain a customer- and delivery-focused mindset, allowing us to elevate our work and continuously innovate.

By embedding these principles into our culture, we foster a responsive, flow-oriented approach to engineering, which is essential in a fast-paced environment. Prioritising learning, collaboration, and celebration, we build a resilient foundation for sustained success. Together, we strengthen our culture, embrace change, and illuminate the path forward.

Additionally, our communities of practice are empowered to share knowledge both within their groups and across Alfa, fostering a culture of collaboration and continuous improvement.



Stakeholder engagement continued

Customers

Our customers are at the heart of our business and we aim to make them future-ready, by delivering our leading-edge technology.

- Our Markets and Products team actively engages with existing and potential customers to understand their challenges and promote Alfa and the Alfa platform.
- We continually look to simplify our implementations, and Alfa Cloud is a significant contributor to that. At year-end we had six implementations underway using Alfa Cloud.
- By regularly hosting customer focus groups, we gain valuable insights into customer sentiment and identify opportunities to enhance their experience.
- We continue to improve the Alfa Development Model, to maximise value for our customers. We allocate dedicated resources to high-priority initiatives while progressing lower priority projects incrementally.
- We continue to innovate and evolve, helping our customers expand their business and stay ahead of the competition.
- The launch of Alfa Systems 6 in 2024 showcased how our platform enables providers to meet the growing demand for sustainability-focused products and transformative business models.

Suppliers and partners

Building trusted partnerships and developing relationships with suppliers through ongoing dialogue helps us better understand our partners' needs and develop and improve our offering.

- Following the launch of our Supplier Onboarding process in 2023, we introduced a process for regular review of major recurring suppliers. This ensures that the suppliers we choose to work with share our values, in particular those in relation to ESG, as well as meeting our compliance and due diligence requirements.
- Our Partner Forum provides an independent community for Alfa's customers to openly collaborate, learn and innovate through the exchange of knowledge, ideas, solutions and experiences in relation to Alfa and Alfa Systems.
- Alfa formed a new strategic partnership with [gaidnts], an IT consultancy start-up founded by EGC EuroGroup Consulting in Germany to enhance technology solutions for asset finance and leasing.
- We are focused on engaging with suppliers to understand our emissions data.

Partner Forum 2024

In October 2024, we hosted an event in Downtown Detroit for over 40 senior executives, customers and guests to celebrate the full release of Alfa Systems 6, the latest iteration of our SaaS platform. The event highlighted completed enhancements, provided a roadmap for future developments and included an engaging client voting session for their favourite enhancement. The voting revealed diverse preferences, with notable interest in sustainability enhancements and practical features like setting miscellaneous information via business rules.

A session on Iterative Development sparked enthusiasm among customers about adopting this new approach. Additionally, a lively discussion on AI followed, where we shared insights into feasibility assessments, successes and lessons learned while gathering valuable input on our current AI pipeline. This feedback aligned closely with our June 2024 EMEA Focus Group findings.

The day continued with breakout sessions on key topics: Enhancement Sharing and SI Partners, ESG regulatory impacts, and Innovation, each led by subject matter experts. To conclude, attendees voted on the new logo for Alfa Connect, the 2025 partner forum and user group, with a clear favourite emerging.

This event fostered meaningful engagement, provided actionable insights and reinforced our commitment to innovation and client collaboration.

Stakeholder engagement continued

Communities and environment

At Alfa, we are committed to adding value to our communities. Our employee-led community groups provide safe spaces for colleagues to advocate for important issues, support one another and contribute to organisational change.

- As a signatory of the UNGC, the world's largest corporate sustainability initiative, we leverage this collective force to maximise our impact.
- We have also partnered with EcoAct for our carbon-offsetting initiatives, selecting a balanced portfolio of reduction and removal strategies aligned with our sustainability goals.
- Our commitment to achieving net-zero emissions remains steadfast, guided by SBTi validated reduction targets. This year, we continued our journey by refining our approach to emissions data collection, including engaging with our key suppliers on their emissions and targets.
- Our ESG Steering Group includes members from across the business and our CFO and CPO. The Group meets monthly to set goals, track progress and guide Alfa's employee-led communities. We provide funding for carbon-offsetting projects.
- The Alfa Environmental Impact team operates across APAC, EMEA and the USA, raising awareness and driving meaningful action. From sustainability talks to hands-on community clean-ups and planting projects, our teams work to make a difference.
- Our communities are a vital part of Alfa's culture. They offer a safe space for open discussions, raise awareness on key topics and actively promote DEI within Alfa and beyond.
- Additionally, we continue to fundraise for charities and support causes that matter to our colleagues.

Investors

Alfa places great importance on having positive relationships with all our investors and seeks to ensure there is an appropriate and constructive dialogue with all our investors.

- An open dialogue was maintained with institutional investors, updating investors on progress and keeping the Board informed about investors' views and priorities.
- Shareholder engagement is the responsibility of the CEO and CFO. They manage and foster Alfa's relationships with investors and analysts.
- Our meetings with investors provide an opportunity for management to engage directly on the performance and strategy of Alfa.

The evolution of Alfa's technology

Several investors requested a demonstration of Alfa Systems. In response, group investor sessions were held at Alfa's head office, covering a number of broad investor relations topics and including a live demonstration of Alfa Systems. These demonstrations were well received and prompted further questions about key architectural decisions that shaped Alfa Systems.

As a follow-up, a discussion between the CEO and CTO on the evolution of Alfa Systems' technology was recorded and shared with investors and other interested stakeholders and is available to view on our website at www.alfasystems.com/news-and-insights/2025_cto_tech.

Viability statement

Assessment of prospects

Alfa is one of the leading providers of software to the asset finance industry and it is the Group's clear focus to increase its relatively small market share in this space by:

- Growing differentiation of market leading People, Product, and Delivery;
- Enabling profitable growth by focussing on Alfa Cloud, Subscriptions, Incremental sales and our Target markets;
- Increasing our capacity for developing and delivering Alfa Systems; and
- Enabling more concurrent Alfa Systems implementations, more efficiently.

During the year ended 31 December 2024, the Group generated profit before tax of £34.1 million and was cash-generative with net cash generated from operating activities amounting to £28.4 million.

Taking into account the Group's current position and its principal risks and uncertainties as described on pages 37 to 45 of this Annual Report, the Directors have assessed the Group's prospects and viability.

Assessment period and process

The strategy and business model as set out on pages 14 to 18 and page 5 are central to an understanding of its prospects. These inputs provide a framework for assessing the Group's prospects and viability.

The three-year timeframe for assessing both prospects and viability is considered to be appropriate because:

- It reflects reasonable expectations in terms of the reliability and accuracy of operational forecasting models; and
- Projections looking out beyond three years become significantly less meaningful in the context of the fast-moving nature of the asset finance industry and the software and technology landscape.

The Group's prospects are assessed primarily through its annual planning process, led by the CEO with the CLT. All relevant functions are involved, including finance, sales, recruitment and resourcing, and commercial.

The Board participates fully in the annual process and has the task of considering whether the plan appropriately takes into account the external environment, including technological, social and macroeconomic changes, as well as the risks and uncertainties of the business.

The output of the annual review process includes the annual financial budget and an analysis of the risks which could prevent the plan being delivered.

Detailed financial forecasts which include profit, cash flow and key financial ratios have been prepared for the three-year period to December 2027.

The first year of the financial forecasts forms the Group's 2025 budget and is subject to a reforecast process each quarter. The second and third years are prepared in detail based on the Group's three year strategic planning process and are flexed based on the actual results in the first year.

Assessment of viability

The Board's assessment of the Group's prospects, as described on this page, has been made with reference to current market conditions and known risk factors, as described in principal risks and uncertainties on pages 37 to 45.

The Board has considered the Group's financial performance in 2024, and the risk factors noted above and consider that the key risks which could have a major impact on the delivery of the Group's financial objectives are as follows:

Risks to people, teams and skills impacting our capacity to deliver services to customers;

Pressure on margins due to increased cost base, or through increased competition; and

Competitive pressure leading to a loss of market share in our target markets.

Conclusion

It was determined that none of the individual risks would, in isolation, compromise the Group's viability. The Directors therefore reviewed the outputs of the alternative forecasts which were produced to model the effect on the Group's liquidity and solvency of severe but plausible combinations of the principal risks and uncertainties affecting the business.

Scenario 2 reflects the combination of all risk factors identified and is considered a 'worst case scenario'. The Directors consider that this scenario addresses the key risk factors outlined above.

Based on the current commercial outlook, Scenario 2 is considered extremely severe and has been prepared for the purpose of creating outcomes that have the ability to threaten the viability of the Group.

Viability statement continued

In the case of such a scenario crystallising the Group would be required to take some mitigating actions largely related to the level of headcount in the business, the level of partner usage and discretionary spending. In addition there are many other different levers that could be pulled to further minimise the financial impact and maintain liquidity to continue in operation.

Revenue and profitability are clearly affected in this alternative scenario, however based on the Group's existing cash reserves, combined with incremental cost reduction measures, the business would retain sufficient cash reserves to continue in operation throughout the three-year forecast period, with the lowest cash balance modelled in this period of £8.1m.

Whilst it is acknowledged that there is continued uncertainty over future economic conditions, based on the assessment of prospects and viability, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2027.

Scenario 1:
This scenario assumes no conversion of sales pipeline, cancellation of one major ongoing customer project in 2025, reduction in uncontracted work for existing customers and prices held constant in order to retain customers, resulting in a 27% reduction from base case revenues by 2027.

Employee retention rates reduced and resulting in a 13% reduction in headcount from base case by 2027 and partner usage is reduced by 100% from base case in 2026 and 2027.

Direct costs relating to partner usage and cloud hosting services are significantly reduced in line with customer activity, however salary costs per person increase as a result of labour market factors and the need to retain personnel. Overheads including SG&A salaries reduced in line with headcount, and the level of bonuses and profit share are also reduced in line with performance.

In this scenario there would be no payment of special dividends after June 2025, however annual ordinary dividends and share purchases for option vestings would continue as planned and no other mitigating actions taken, as a result other operating costs remain in line with the base case.

Scenario 2:
This scenario assumes no conversion of sales pipeline as well as a significant loss of customers including cancellation of three major ongoing customer projects during 2025 and termination of subscription contracts representing 27% of subscription revenues. This scenario results in a 35% reduction from base case revenues by 2027.

Employee retention decreases from base case in this scenario, where no recruitment occurs, but no redundancies made; this results in a 24% reduction in headcount from base case by 2027. Partner usage is reduced by 100% from base case in 2026 and 2027.

Direct costs are reduced further than in Scenario 1 as well as further reductions in operating and capital expenditure in line with headcount. Salary increases are maintained in order to retain personnel. No bonuses are paid and profit share reduced in line with performance.

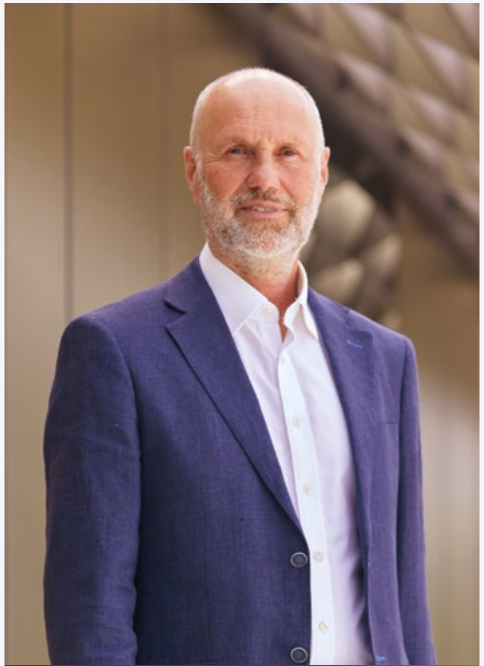
In this scenario there would be no payment of special dividends after June 2025, and annual ordinary dividends and share purchases for option vestings would be reduced in 2026 and 2027.

The Strategic report and Financial review are approved by the Board of Directors and signed on its behalf by:

Andrew Denton
Chief Executive Officer

Corporate governance

Chairman's introduction



“Key to Alfa's long term success is maintaining our unique culture as we grow.”

Andrew Page, Executive Chairman

Dear Shareholders,

On behalf of the Board, I am pleased to present the Group's corporate governance report for the year ended 31 December 2024.

This report outlines how Alfa's governance has continued our commitment to growth and resilience, and has helped deliver another strong set of results. As we reflect on this year, the Board would like to share some significant developments that align with our long term vision for the Group.

One of the most important areas of focus for the Board during the year was the advancement of Alfa's strategy. This included the exploration of strategic opportunities, increase to subscription revenue and expansion into new markets, which together will enable our continued success and future growth in the coming years. The key to Alfa's long-term success is maintaining our unique culture as we grow.

In June 2024, we welcomed Reena Raichura to the Board as a new independent Non-Executive Director. Reena brings extensive experience in both product and technology which has strengthened our expertise and improved our ability to make strategic decisions.

We were delighted to receive strong shareholder support for our new Directors' Remuneration Policy. This endorsement reflects the trust you place in our Board to make fair, transparent and performance aligned compensation decisions that drive long term value.

Throughout 2024, we made significant strategic progress, strengthening our competitive position with the launch of Alfa Systems 6 and fully transitioning to a SaaS based model. We achieved record customer wins this year. This success led to increased recruitment in EMEA and the US, particularly as we cemented our position as the leading software provider for the US Auto market. The development of our new Originations functionality as part of Alfa Systems 6 has opened new opportunities in this sector.

We have continued to exercise disciplined capital management this year, delivering three dividends to shareholders. This reflects the strength of our financial position and our commitment to providing consistent returns as we invest in initiatives to drive sustainable, long term growth.

On the sustainability front, we initiated engagement with key suppliers to reduce supply chain emissions, a critical step toward meeting our SBTi targets. Our commitment to corporate responsibility was further reinforced by joining the UN Global Compact.

We are encouraged by recent changes to the regulatory landscape, including updates to the UK Corporate Governance Code and the UK Listing Rules. These changes underscore the importance of transparency, accountability and robust governance standards which are in line with Alfa's values.

Looking ahead, our strong Q4 performance has positioned us for continued success in 2025, with record levels of Total Contract Value set to drive further growth.

Finally, on behalf of the Board, I would like to thank all Alfa employees for another excellent year and a strong set of results.

Andrew Page
Chairman

Code compliance

2024 AGM update

At the May 2024 AGM, the resolution to re-elect Chris Sullivan as a Director was passed with lower support than expected from independent shareholders. The Board understands that the vote against Mr Sullivan was due to his position as Chair of the Nomination Committee and was the means by which the independent shareholders expressed their concern regarding the low female representation on the Board.

The Board has taken steps to strengthen its composition and align with the Company's strategic objectives. Following a thorough review conducted by the Nomination Committee, the skills and experience of the Board were assessed, leading to the identification of a need for enhanced expertise in product management and development. Reena Raichura emerged as the standout candidate during the recruitment process. Further information on the recruitment and induction process of Reena can be found on pages 63, 68, 72 and 75.

Reena's appointment also addresses a key diversity gap, aligning the Board with the principles of the Parker Review and FCA's Listing Rules on ethnicity. While the Company acknowledges it is not yet fully compliant with the gender targets set out by the FCA's Listing Rules and the FTSE Women Leaders targets, progress has been made and the Board remains committed to advancing diversity initiatives in line with best practices.

This new appointment reflects Alfa's commitment to continuous improvement and effective governance, ensuring that the Board remains well equipped to guide the Company's growth and long-term success.

The UK Corporate Governance Code 2018: Our compliance

This corporate governance statement, including the Nomination Committee, Audit and Risk Committee and Remuneration Committee Reports, explains how we have applied the principles and complied with the provisions of the 2018 UK Corporate Governance Code (the 'Code') during the year. Except for the matters which are explained opposite (in line with the 'comply or explain' concept), the Company complied fully with the Principles and provisions of the Code throughout the financial year in respect of which this statement is prepared and continues to do so as at the date of this statement. A copy of the 2018 Code, issued by the Financial Reporting Council, can be found at www.frc.org.uk.

Exceptions to compliance

The Group has complied with the Code provisions during the financial year with the exception of:

Provision 9: The Chairman of the Board was not independent on appointment as he previously held the position of Chief Executive Officer and is the controlling shareholder of the Company. On listing, the Board unanimously supported, and continues to support, the appointment of the Chairman to retain his skills and experience, and ensure continuity of service of Alfa's customers and commercial partners.

Provision 20: An external agency was not used to search for the additional NED. The Board were looking for someone with specific Fintech product knowledge, and the Board's deep knowledge of the industry and its existing network of contacts was sufficient to provide an outstanding candidate.

Provision 21: The Board decided to defer the external Board Evaluation to 2025, given the appointment of a new Non-Executive Director, Reena Raichura, in June 2024. This would allow Reena sufficient time to integrate into the role and make the assessment more effective and meaningful. The results of the externally facilitated review will be included in the 2025 Annual Report.

Board of Directors

Committee membership

A Audit and Risk N Nomination R Remuneration ◯ Committee chair

Andrew Page
N

Executive Chairman

Appointed: May 2017

Skills and experience

Andrew is one of the founding Directors of Alfa. Andrew became the Chief Executive Officer in 2010 and the Executive Chairman in September 2016. Andrew provides commercial oversight and, with the Board, sets the strategic direction and goals of the Company.

Andrew has considerable senior management experience and a deep understanding of the auto and equipment finance industry.

Other appointments

Director of CHP Software and Consulting Holdings Limited and CHP Holdings Group Limited

Andrew Denton

Chief Executive Officer

Appointed: April 2017

Skills and experience

Andrew Denton has been CEO of Alfa since September 2016, having held roles as Sales & Marketing Director and Chief Operating Officer since he joined the Company in 1995.

Andrew is Director and joint founder of the Leasing Foundation, supporting the leasing and auto and equipment finance industry through charitable activities, research and development. Andrew is an advisor to The Women's Association, boosting gender equality in the corporate world, and he is a proud member of the Board of Trustees for Professors Without Borders, bringing top-level educators and global experts to the doorsteps of students worldwide.

Andrew is a computer scientist by training, and has considerable senior management experience and significant experience in the auto and equipment finance industry.

Other appointments

Director of CHP Software and Consulting Holdings Limited, CHP Holdings Group Limited, Professors Without Borders and The Leasing Industry Philanthropic and Research Foundation Limited

Duncan Magrath

Chief Financial Officer

Appointed: April 2020

Skills and experience

Duncan started his career at PriceWaterhouse, and qualified as a Chartered Accountant in 1989. He joined Ocean Group in 1992, and spent 13 years in the UK and USA in various finance roles as the group transformed into Exel Logistics. He joined Balfour Beatty, the infrastructure company, in 2006 and was Group CFO from 2008 to 2015. In 2016 he joined Rubix, an Industrial Parts Distributor, as Group CFO and was in that role through to 2019.

Duncan has extensive experience in senior financial positions both in the UK and internationally, including a deep understanding of investor relations and financial strategy. Duncan is a Fellow of the Institute of Chartered Accountants in England & Wales.

Other appointments

None

Matthew White

Chief Operating Officer

Appointed: October 2019

Skills and experience

Matthew joined Alfa as a graduate in 1999, starting in a software development role. In his 25-year career delivering software for the auto and equipment finance industry, he has direct experience of everything involved in systems implementation, from configuration and testing support to project management for a number of UK and European projects. From 2010 to 2016, Matthew's role grew to include responsibility for most of the operations of the Company, before he led Alfa's IPO in 2017. As Chief Operating Officer, a role which he assumed in February 2019, Matthew is accountable for the global operations of the business, including Alfa's people function, technology platform and project delivery. Matthew is also responsible for the documentation and communication of Alfa's strategy. Matthew has considerable senior management experience in software company operations, software development and all aspects of systems implementation and delivery.

Other appointments

None

Board of Directors continued

Committee membership

A Audit and Risk N Nomination R Remuneration Committee chair

Steve Breach A N R

Independent Non-Executive Director

Appointed: August 2019

Skills and experience

Steve is a member of the Institute of Chartered Accountants in England and Wales, having qualified with EY in 1993 where he focused on providing corporate finance advice to technology businesses in the UK and internationally. Steve has 17 years' experience as Chief Financial Officer of a number of businesses. Between 2010 and 2016, Steve was CFO of Tribal Group PLC, a leading international provider of student management software to the education market.

Steve has subsequently pursued a portfolio career, acting as advisor to a number of privately owned companies.

Steve has held a number of CFO roles and has extensive experience in corporate finance.

Other appointments

Director of Elucid Partners Limited and ANDigital Limited

Adrian Chamberlain A N R

Independent Non-Executive Director

Appointed: April 2020

Skills and experience

Adrian is the Senior Independent Director of iomart Group PLC. From 2017 to 2023, Adrian was Senior Independent Non-Executive Director of Cambridge University Health Trust. He previously held senior executive positions in a number of private and public tech and telecommunications companies including Chief Executive Officer of Messagelabs and Achilles Ltd, a member of the Board of Cable & Wireless and Bovis Lend Lease, and a member of the Operations Board at Symantec. He was the Executive Chairman of eConsult Ltd, a leading cloud-based medical triage company.

Adrian has extensive experience internationally in both the private and public sectors, particularly in strategy formulation and execution, technology and Software-as-a-Service. He holds an MA in History from Cambridge and an MBA from the London Business School.

Other appointments

Senior Independent Non-Executive Director of iomart Group PLC

Charlotte de Metz A N R

Independent Non-Executive Director

Appointed: April 2020

Skills and experience

Charlotte is the CPO at Keyloop which focuses on software for the automotive industry and which she joined in 2021. She previously served as CPO at Synamedia where she led a large-scale global transformation and was Executive Vice President at Finastra, a global fintech where she was responsible for executive talent, ESG, culture and values, and DEI. Prior to 2012 Charlotte spent over 11 years at Ventyx. During her tenure at Ventyx she held various HR roles, latterly as Human Resource Manager for Rest of World.

Charlotte has a strong track record in delivering innovative employee development, engagement, and retention practices. She also has extensive experience in managing high-impact, enterprise-wide transformations in challenging, fast-paced environments.

Other appointments

CPO, Keyloop Limited

Reena Raichura A N R

Independent Non-Executive Director

Appointed: June 2024

Skills and experience

Reena has over 20 years' international experience in financial services technology and product management. She is renowned for her work at the intersection of business and technology and has a proven track record of driving business value through technological innovation and collaboration.

Reena is the founder of Finergise, a boutique fintech advisory and consulting firm, and serves as strategic advisor to fintech companies of all sizes. Prior to this, Reena was Director, Head of Product Solutions, at fintech startup interop.io and has held senior product and technology roles at leading financial services companies, including J.P. Morgan and Fidessa. She brings deep expertise across the entire product development lifecycle, and has extensive knowledge of fintech and capital markets.

Other appointments

Founder and Director, Finergise

Chris Sullivan A N R

Senior Independent Non-Executive Director

Appointed: July 2019

Skills and experience

Chris served as CEO of the Corporate & Investment Bank at Santander UK and has held various CEO roles at The Royal Bank of Scotland and NatWest over a 40-year career. He spent 11 years on the Group Executive Committee, and led key divisions such as Corporate Banking, Retail Banking, Direct Line, and Retail Direct, and was appointed Deputy Group CEO in March 2014. With nearly 30 years at the Lombard Group, including as CEO, Chris brings significant expertise in the auto and equipment finance industry. Additionally, he served as the Senior Independent Director (SID) for DWF Group PLC until its delisting in October 2023.

Chris has extensive experience of corporate, investment and retail banking and asset financing together with general management and listed company experience.

Other appointments

Chairman of the Westminster Abbey Investment Committee, Non-Executive Director of Cannaray Limited and DVCP Limited

Company Leadership Team

Andrew Denton
Chief Executive Officer
Joined Alfa August 1995

Duncan Magrath
Chief Financial Officer
Joined Alfa March 2020

Matthew White
Chief Operating Officer
Joined Alfa June 1999

Richard Dewire
Chief Revenue Officer
Joined Alfa January 2001

Relevant experience/previous roles
Richard has over 20 years in the auto and equipment finance industry and an in-depth knowledge of Alfa Systems through many years of implementation, with extensive knowledge of Alfa's sales and commercial process. He was previously Director of Strategy and Investment.

Vicky Edwards
Chief People Officer
Joined Alfa March 2020

Relevant experience/previous roles
Vicky joined Alfa in March 2020, bringing 26 years of experience in consultancy businesses. A commercially focused HR leader, Vicky has held leadership roles across HR, commercial and operations functions, as well as C-suite level positions in the professional services, technology and energy sectors.

Andrew Flegg
Chief Technology Officer
Joined Alfa February 2005

Relevant experience/previous roles
Andrew brings over 35 years of programming experience, over 25 years in commercial software development and over 15 years in the auto and equipment finance industry. As CTO, he's responsible for all our technology, from internal IT systems, to information security, our Alfa Systems platform and solution architecture.

James Paul
Chief Delivery Officer
Joined Alfa September 1999

Relevant experience/previous roles
James is accountable for all implementations across the globe and has responsibility for support, resourcing and partnering. James has over 25 years' experience implementing in auto and equipment finance for organisations of all sizes.

Our governance framework

Our corporate governance framework clearly defines responsibilities and ensures that the Group has the right systems and controls to enable the Board and its Committees to oversee the business effectively, providing challenge where necessary.

Board of Directors

The Board is collectively responsible for the long-term success of the Company. The business of the Company is managed by the Board who may exercise all of the powers of the Company. The Board has a formal Schedule of Matters Reserved for the Board which is available on the Company website. Although the Board retains overall responsibility, it delegates certain matters to the Board Committees, and the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business to the Company Leadership Team (CLT).

Audit and Risk Committee

Provides independent assessment and oversight of financial reporting processes. It oversees, on behalf of the Board, the risk management strategy, risk appetite and the effectiveness of internal control processes. It also oversees the effectiveness of the internal and external audit functions.

Nomination Committee

Reviews the size, composition, tenure and skills of the Board. It also leads the process for new appointments, monitors Board and senior management succession planning, reviews the talent pipeline and talent management, and considers independence, diversity, equity and inclusion, and governance matters.

Remuneration Committee

Determines the remuneration, bonuses, long-term incentive arrangements, contract terms and other benefits in respect of the Executive Directors, the Chairman, the Company Secretary and senior management. Oversees the remuneration and workforce policies and takes these into account when setting the policy for Directors' remuneration.

Company Leadership Team

The CLT is responsible for the day-to-day running of the business, carrying out and overseeing operational management, and implementing the strategies that the Board has set.

Governance Committees

These governance committees are chaired by a member of the CLT and report to the CLT, and the Board or Board Committees as appropriate.

Investment Committee

The Investment Committee ensures that Strategic Investment initiatives align with Alfa's business strategy.

Disclosure and Governance Committee

The Disclosure and Governance Committee maintains an overview of the corporate structure and oversees the disclosure of information by the Group to meet its obligations as a listed company.

Deal Committee

The Deal Committee determines standard guidelines for an acceptable deal in terms of financial position and key contractual terms.

ESG Steering Group

The ESG Steering Group supports the CLT in implementing Environmental, Social and Governance (ESG) strategy and managing relevant matters relating to our communities covering environmental and social matters.

Board leadership and Company purpose

The role of the Board

The Board is responsible for defining the Company's purpose, values, and strategy to drive long-term success, create shareholder value, and make a positive impact on society. It acknowledges its accountability to stakeholders and the importance of fostering a strong culture and ethical behaviour across the Group.

Our governance framework, outlined on page 57, establishes clear lines of accountability. To ensure effective oversight, the Board delegates certain responsibilities to its committees. While the Executive Directors manage day-to-day operations, the Board retains authority over specific decisions.

Board leadership and purpose

The Board is committed to guiding the Company's strategic vision and ensuring that all decisions align with Alfa's core purpose.

The Board's leadership recognises the importance of a culture which promotes inclusion and acceptance of differing approaches to facilitate the successful delivery of strategic projects and initiatives. We have a culture that is focused on providing a superior technology experience for our clients which is aligned to our purpose, values and strategy. To support this it is important that our people are engaged with this goal and have the knowledge to ensure they are motivated to provide a good client experience.

Our Stakeholder engagement, Section 172 statement and ESG sections provide information on some of the initiatives undertaken throughout the year to engage with employees. The Group has established processes in relation to the reporting and processing of employee-related issues. Within a structure ultimately overseen by the Board, any employee can raise a matter of concern at any time through day-to-day management reports or whistleblower channels as appropriate. The Board recognises the importance of understanding employee engagement and the prevailing Group culture to enable alignment with delivery on strategy in a way that ensures a commitment to the Group's values.

How the Board operates

During the year, the Board considers a comprehensive programme of regular matters covering operational and financial performance reporting, strategic reviews and updates, and various governance reports and approvals.

Committees

The Audit and Remuneration Committees are comprised solely of independent Non-Executive Directors. The Nomination Committee is comprised of Non-Executive Directors, the Executive Chairman and is chaired by the Senior Independent Director. Details of the composition and activities of the Committees can be found in the Audit Committee Report on pages 76 to 82; the Nomination Committee Report on pages 71 to 75; and the Directors' Remuneration Report on pages 83 to 99.

Board leadership and Company purpose continued

Corporate governance framework

The Board and its Committees effectively oversee the business, maintain the highest standards of corporate governance and allow Directors to provide challenge where necessary. Having an effective corporate governance framework defines responsibilities, helps the Board to deliver the Group's strategy, and is vital to its decision-making. It supports long-term sustainable growth while operating within a framework of effective controls. Having the right systems and controls in place ensures the delivery of Alfa's strategic objectives and ensures that the business is run well.

The Board has overall responsibility for ensuring adequate resources are available for Alfa to deliver on its strategic priorities. The Board has established a risk management framework to manage and report the risks we face as a business, which are reviewed on at least an annual basis. The Board also undertakes a robust assessment of the Company's emerging and principal risks. Efficient internal reporting, effective internal controls and oversight of current and emerging risks are embedded into our business processes, which align to our strategic priorities, purpose and values. The Board, with the support of its Committees, places great importance on ensuring we achieve a high level of governance across the Group.

Board meetings

Board meetings are conducted in an environment that fosters open conversation, constructive challenge and debate. The Board is committed to maintaining a comprehensive schedule of meetings and a forward agenda to ensure its time is used most effectively and efficiently, and is supported by the Company Secretary to facilitate this.

The Board held five scheduled meetings in 2024, which included presentations by various members of senior management to report on individual business areas. In addition to the scheduled meetings, the Board held three strategy meetings, and a number of other meetings were held informally to discuss business matters, which are not reflected in this table. During the year, the Board and its Committees conducted each meeting in person, with Directors attending remotely if necessary, enabling the Board to continue to function and maintain the integrity of our governance structure. Materials for meetings are circulated electronically in advance, to give Directors an appropriate amount of time to consider the Board matters fully before the meeting takes place. During the year under review the Non-Executive Directors met on several occasions without the Executive Directors being present. The Senior Independent Director reviewed the performance of the Chair and Non-Executive Directors had the opportunity to meet without the Chair present.

Board and Committee meetings and attendance

The table below records the number of meetings held by the Board and each Committee during 2024 and the number of meetings attended by each member. The Board is responsible for providing overall direction for management, debating strategic priorities and setting Alfa's culture and values. Maintaining good governance is essential to support the delivery of Alfa's strategic objectives, and to ensure that the business is run well for the benefit of all stakeholders and for sustainable long-term value. The Board receives an update on key elements of the People strategy which provides insight into a variety of areas including culture, diversity, inclusion, talent management, future capability, succession planning and colleague engagement. The Board continues to monitor the governance framework, so that it remains appropriate to the business. The governance framework embeds our values into the policies and processes of Alfa and therefore helps to strengthen the corporate culture.

	Board[1]	Audit and Risk Committee	Nomination Committee	Remuneration Committee
Andrew Page	5/5		2/2	
Andrew Denton	5/5			
Duncan Magrath	5/5			
Matthew White	5/5			
Steve Breach	5/5	4/4	2/2	3/3
Adrian Chamberlain	5/5	4/4	2/2	3/3
Charlotte de Metz[2]	5/5	3/4	2/2	2/3
Reena Raichura[3]	3/3	2/2	-	2/2
Chris Sullivan	5/5	4/4	2/2	3/3

1. In addition to the five scheduled Board meetings there were three Board Strategy meetings.
2. Charlotte de Metz was unavailable to attend one meeting due to an unavoidable commitment in connection with her Executive role.
3. Reena Raichura was appointed to the Board on 3 June 2024.

Board leadership and Company purpose continued

Establishing our culture, values and strategy

The Board is responsible for the long-term success of the Company through setting, overseeing and driving the Company's culture, values and strategy. By discharging the above responsibilities, all our stakeholder groups are impacted positively, whether it be by providing an environment where our employees thrive, or by requiring the highest standards of services and partnership to our customers and suppliers, or by managing the business effectively to generate returns to investors, and the communities of which we are part of.

Strategy

The Board provides support in implementing strategic priorities as well as oversight and constructive challenges in running the business. Through reporting, including the use of both financial and non-financial metrics, the Board is able to evaluate and guide the progress and performance of the Company.

The Board continues to monitor the strategic direction of the Company and the key investments we need to make to remain in a leading position in an ever-changing market. It ensures we have the resources and the right people in the right place operationally to ensure we remain relevant to the markets in which we operate. This brings focus to strategic objectives and translates into better decisions, driving competitive advantage, stronger performance and a sustainable business model.

Board strategy sessions

There were three Strategy sessions held in 2024, which were conducted with the Board and senior management to engage in deep, strategic thinking, review progress, identify opportunities and challenges, and set the direction for Alfa's long-term future. In 2024, the Strategy sessions took place in January, May and October. Presentations covered topics such as product development, customer insights and the competitive landscape. The Board engaged in discussions on strategic proposals and evaluated progress in executing the strategy.

Promoting a positive culture

The Board recognises the importance of a strong culture and the role it plays in delivering the Company's long-term success. Alfa employees want to work for a company that values them and provides them with the opportunity to be themselves and to thrive. The Board and CLT strive to create a positive culture at Alfa, providing employees with the opportunity to grow, experiment and innovate in an inclusive environment.

Our culture and values define the way Alfa does business. To create the right culture, it is important that employees live and breathe Alfa's values, and this starts with our leaders. The Board sets the tone from the top to demonstrate and promote these values, which are a critical element in achieving our purpose of knocking down barriers so everyone can thrive. The Board seeks to create space and opportunities to engage with colleagues across the Group as regularly as possible, to help it understand what matters most to them.

The Board uses several tools to monitor the culture, through surveys, Town Hall sessions, and formal and informal engagement activities. In addition, to monitor whether our culture is and remains aligned with our values, the Company seeks customer feedback to understand what they experienced during the sales process and through the various stages of software implementations and provision of services.

It is our collective responsibility to build culture into everything we do and ensure that all colleagues feel free to bring their authentic self to work and realise their full potential.

Values, purpose and identity

The Board fully supports the Alfa strategic hierarchy, which sets out Alfa's values, purpose and identity. The Alfa values are at the core of everything we do and underpin who we are and why we behave as we do. Alfa's purpose and identity are the reasons why the Company exists and cover our three differentiators: People, Product, and Delivery. Alfa's purpose is to deliver our leading-edge technology with smart, diverse people, making our customers future ready. We are a software and delivery company.

Board activities

Board activities and key discussions in 2024

The table below sets out the key areas of Board focus during the year and how these align with the Group's strategy. It also sets out which of Alfa's key stakeholders have been considered and are relevant in the Board's discussions.

Key stakeholder groups and Strategic Priorities

Customers | Employees | Communities and environment | Suppliers | Investors

1 Strengthen | 2 Sell | 3 Scale | 4 Simplify

Strategy and operations

1 2 3 4

Activities

- Received operational updates from the CEO and COO at each Board meeting highlighting business performance, key stakeholder and innovation updates.
- Monitored the performance of the Company against agreed strategic objectives, including key financial targets.
- Reviewed individual objectives at each Board meeting.
- Received the three-year strategic plan, with updates on Group strategic execution.
- Received deep dive presentations on specific areas of the business and their challenges and opportunities.
- Applied the Board's strategic understanding of principal risks to key challenges and opportunities.

Leadership, people and culture

1 2 3

Activities

- Received updates on employee views and engagement levels.
- Continued to monitor senior executive talent management and development plans to provide succession for all key positions.
- Received updates from the Chair of the Remuneration Committee on its activities, recommendations regarding remuneration strategy and decisions regarding the Executive Directors' and senior management's pay.
- Reviewed people and talent reports, including updates on talent development programmes and diversity, equity and inclusion (DEI) programmes.
- Received presentations from each member of the CLT.
- Received recommendations from the Nomination Committee on the re-election of Directors and the structure, size and composition of the Board.

Finance

1 2 3 4

Activities

- Conducted business planning and approved the annual budget.
- Reviewed financial key performance indicators (KPIs).
- Approved full-year results, half-year results, trading updates and the Annual Report and Accounts.
- Received reports from the CFO on the Company's financial performance.
- Approved two special dividends and recommended a final dividend to shareholders for approval.
- Reviewed the key risks to Alfa and the controls in place for mitigation.
- Considered and monitored the Group's risk appetite and principal risks and uncertainties.
- Reviewed internal controls.
- Approved the viability and going concern statements.
- Monitored the ESG reporting framework.

Governance

1 4

Activities

- Monitored and reviewed the Company's approach to corporate governance, its key practices and its ongoing compliance with the 2018 Code.
- Reviewed the results from the internal Board and Committee effectiveness evaluation and confirmed actions.
- Reviewed climate change risks and TCFD disclosures.
- Reviewed the global insurance programme and D&O liability insurance.
- Approved the Company's Section 172 statement.
- Reviewed and approved matters reserved for the Board and its Committees' Terms of Reference.
- Received a presentation from the corporate broker and considered feedback from shareholder engagement.
- Reviewed and approved the modern slavery statement.

Engaging with our stakeholders

Section 172 statement

In accordance with the Companies Act 2006 (the Act), this statement sets out how the Directors have had regard to the matters set out in Section 172(1) of the Act when performing their duty to promote the success of the Company for the benefit of its shareholders as a whole, and to have regard to:

a. the likely consequences of any decision in the long term;
b. the interests of employees;
c. the need to foster business relationships with suppliers, customers and others;
d. the impact of operations on the community and the environment;
e. the desirability of maintaining a reputation for high standards of business conduct; and
f. the need to act fairly as between shareholders.

The Board is responsible for leading stakeholder engagement and ensuring that we fulfil our obligations. Our key stakeholders are those who influence or are affected by our day-to-day activities. These stakeholder groups have varying needs and expectations; our aim at Alfa is to engage effectively with all stakeholders, to develop and maintain positive and productive relations.

Throughout the year, the Board and individual Directors engage directly and indirectly with a range of stakeholders to ensure they have a deep understanding of the impact of the Group's operations, as well as their interests and views.

Other stakeholder engagement

The Board and each Committee chair actively encourage and engage with key stakeholders and consider this to be paramount to the long-term success and performance of the business. During 2024, there were no significant matters to discuss with shareholders in relation to the Audit and Risk, Nomination and Remuneration Committees.

How the Board fulfils its Section 172 duties

Our Directors

Alfa's Board of Directors has always made decisions for the long term, and our aim is to uphold the highest standards of conduct, collectively and individually.

The Board considers the needs of our stakeholders and the long-term consequences of any decision. The differing interests of stakeholders are considered in the business decisions we make across Alfa, at all levels, and are reinforced by the Board setting the right tone from the top.

The Board, together with the Directors, considers any current risks or emerging risks with regard to each stakeholder group as part of the overall principal risk assessment, which is contained on pages 34 to 45.

Engagement with our shareholders and wider stakeholder groups plays a vital role in Alfa's business. Alfa's key stakeholders and why they are important to us are set out opposite:

Employees

Our employees are central to everything we do. Listening to our employees, and being flexible, supportive and inclusive, are our routes to growing and retaining Alfa's talent pool, enabling us to deliver against our strategic priorities and develop our people.

Investors

The Board places great importance on having positive relationships with all our investors and seeks to ensure there is an appropriate and constructive dialogue with all our investors.

Customers

Our customers are central to our business and we aim to deliver our leading-edge technology to them, making our customers future-ready.

Communities and environment

We have a responsibility to add value to the communities in which we operate. We have employee-led community groups that are safe spaces for colleagues to promote issues, support each other and contribute to organisational change.

Suppliers and Partners

Building trusted partnerships and developing relationships with suppliers through ongoing dialogue helps us to better understand the needs of our partners and to develop and improve our offering.

Information to the Board

The Board receives information on how we engage with our stakeholders, which it reviews regularly throughout the year, to ensure that the long-term impact on any of these groups is considered.

Monitoring

Where the Board does not engage directly with our stakeholders, it is kept updated so that Directors maintain an effective understanding of what matters to them and can draw on these perspectives in Board decision-making and strategy development.

Engaging with our stakeholders continued

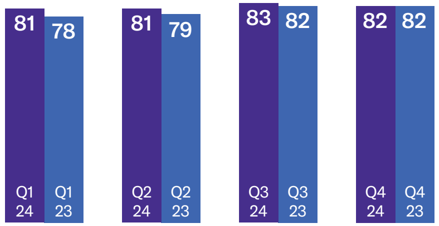
Decisions by the Board during 2024

The decisions outlined here demonstrate how the Board has assessed different stakeholder interests when considering strategic actions.

For each matter that comes before the Board, the Board considers the likely consequences of any decision in the long term, identifies stakeholders that may be affected, and carefully considers their interests and the potential impact of the decision-making process.

Alfa's Pulse Survey collects feedback from all areas of the organisation, which helps to foster a culture of accountability and honesty. Pulse Surveys give the Board greater insight into colleague experiences across the Group and provide direct feedback on areas that can be improved.

Engagement (%)



Capital allocation: Dividend distribution

During the year, the Board has actively shaped a disciplined capital allocation framework, ensuring decisions reflect a balance between delivering returns to shareholders and supporting Alfa's long-term success. This process has been underpinned by a commitment to maintaining a strong balance sheet and healthy liquidity position.

In making these decisions, the Board carefully considered the perspectives of key stakeholders, including shareholders, customers and employees. The long-term strategic needs of the business, including continuous improvement and innovation to benefit our customers, were integral to this process.

The Board approved two special dividends of 2.0 pence and 4.2 pence per share in May and November 2024. Additionally, the Board recommended a final dividend of 1.3 pence per share, which received shareholder approval at the 2024 Annual General Meeting (AGM). As with all capital decisions, the Board recognises the importance of retaining sufficient capital to drive future growth while meeting shareholder expectations.

Contract renewal: AWS

The Board evaluated the proposal to renew Alfa's contract with AWS for an additional three years, ensuring the decision aligned with the interests of key stakeholders and the Company's broader responsibilities.

Environmental and sustainability factors were central to the Board's deliberations. The Directors noted AWS's commitment to the Amazon Climate Pledge, including its goal of achieving net-zero emissions by 2040 and its accelerated achievement of using 100% renewable energy by 2023, seven years ahead of schedule. AWS's pooling of cloud computing resources was also recognised as an efficient and sustainable practice, contributing to reduced environmental impact across industries.

By aligning with a partner that shares Alfa's commitment to sustainability and innovation, the Board ensured that renewing the AWS contract supports Alfa's strategic objectives while addressing the needs and expectations of investors, customers and broader environmental considerations. This decision reflects the Board's dedication to balancing operational needs with long-term environmental and stakeholder considerations.

Appointment of Reena Raichura

A key responsibility of the Board and Nomination Committee was in relation to the appointment of a new Non-Executive Director. The Chair, Senior Independent Director and CEO led the process of appointing a new Non-Executive Director. The Board considered the skills, knowledge and experience required at the Board level to support the delivery of the Company's strategy and returns for shareholders. A standout candidate, Reena Raichura, emerged as the ideal candidate during the recruitment process.

The Board approved Reena's appointment given her knowledge and broad experience, particularly in relation to product management and development, which is an area identified as requiring enhancement within the Board skills matrix review.

Engaging with our stakeholders continued

Stakeholder engagement

In performing their duties during the year, the Board and individual Directors engage directly and indirectly with a range of stakeholders to ensure they have a deep understanding of the impact of the Group's operations, as well as their interests and views. Examples of how the Directors have oversight of stakeholder matters and have regard for these matters when making decisions are included throughout the Strategic report and Corporate governance sections of this Report. This engagement, both directly and through reporting by executive management, to whom the day-to-day operations of the business are delegated, seeks to ensure the Board understands the key issues to enable the Directors to comply with their legal duty under Section 172(1).

The Board monitors and assesses engagement with all stakeholders, particularly on employee engagement. Employee Pulse surveys provide a regular understanding of wider views, and an 'open door' approach to feedback and communication also allows for frequent two-way conversation and insight. Throughout 2024, our regular Town Hall updates and Company Meetings kept colleagues informed on all the news from around the business and supported engagement across the organisation. Each region gathered for their annual two-day Company Conferences to incorporate valuable time with colleagues and networking opportunities to keep us all connected.

Engagement with the workforce

Given the Board's visibility of the engagement channels and efforts, as well as its accessibility to the workforce through the initiatives and events as mentioned, it is confident at this time that appropriate, effective measures are in place as an alternative to Provision 5 of the 2018 UK Corporate Governance Code. We believe our strong culture is a unique strength and see the benefits in employee engagement, retention and productivity. This reflects the Alfa ethos that we all strive towards the same goal.

Employee engagement

	Why we engage	How the Board engages
Employees	Engagement with employees is paramount to maintaining Alfa's strong culture. Employee engagement is fundamental to our success; employees who feel valued are more likely to contribute innovative ideas and solutions. We continue to cultivate a culture of innovation and empowerment, and we are proud that our people are highly engaged and supportive of each other and of the organisation's aims.	• The Board reviewed the Gender pay gap report and initiatives identified by the action plan. • Members of the Board attended the EMEA Company Meeting in March and Company Conference in September held in Amsterdam, which provided interaction between the Board with a wide range of employees across functions, leading to a deeper understanding of the daily objectives, challenges and opportunities. • The Board reviewed the results of the Pulse surveys during the year, which allows for greater insight into colleague sentiment across the Group and provides direct feedback on areas that can be improved. • The Board attended an event which hosted a number of new hires and graduates.

Customer engagement

	Why we engage	How the Board engages
Customers	We engage to understand our customers better so we can provide a better product to them. Our customers have direct channels to engage with all levels of the organisation. By actively listening to customer feedback and understanding their needs, Alfa can better tailor our products to meet individual customer requirements. We continue to build on our long-term relationships with our customers, which enables Alfa to anticipate and adapt to changing market demands effectively.	• Regular updates from the CEO and COO are provided to the Board on the operational priorities in place to deliver a high-quality customer experience. • The Board hears regular updates on key customer measures across the Group and key themes from customer feedback. • Regular cyber security updates are provided to the Board and this year the Board's understanding of Alfa's work to reduce cyber risks across the business was enhanced by an AI presentation in June 2024. • During the year, the Board received an overview of Alfa Systems 6 to help them understand how Alfa Systems' development was evolving to meet customer needs.

Engaging with our stakeholders continued

Shareholder engagement

	Why we engage	How the Board engages
Shareholders	Engaging with investors ensures that their interests are aligned with the Company's strategic direction and purpose. Engagement helps our investors understand Alfa's strategy, which underpins our future growth plans and how the business's financial and operating performance enhances long-term shareholder value and sustains growth. The Board is accountable to shareholders for ensuring the Group is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. The Board spends time understanding the views of its key shareholders when discussing matters at Board meetings, and these views form an integral part of decision making.	• The CEO and CFO regularly meet with existing and potential institutional investors and analysts to understand their views and policies. These meetings cover various topics, including our long-term strategy, operational and financial performance, and increasingly broader societal issues. The Board receives regular updates to ensure it considers the views of shareholders. • The Company paid two special dividends and one final dividend, returning approximately £22m to shareholders. • Held over 40 investor meetings to discuss strategic opportunities, financial performance and future growth initiatives. • At each Board meeting, the Board receives an Investor Relations update. • The Company's brokers regularly attend Board meetings, and provide reports to those meetings, to keep the Board apprised of shareholder and wider market sentiment regarding the Company. • All Board Directors are present at the Alfa AGM, which provides a key opportunity for the Board to engage with shareholders and for shareholders to vote on the resolutions put to them.

Partner and supplier engagement

	Why we engage	How the Board engages
Partners and Suppliers	Engaging with our partners and suppliers is paramount for developing our business relationships. Increasing our use of partners is a key element of our longer-term strategy for increasing the number of implementations we can deliver and providing us with a more flexible implementation resource. We are working with partners to help cultivate operational agility and engage with suppliers to uphold ethical and environmental standards.	• The Board supports the continuing development of our partner training and learning programme, which aims to deliver a comprehensive training schedule that includes Alfa Systems training, our delivery methodology and simulation-based implementation workshops. • The Board supports continuing to scale our existing partnerships and extending our partner ecosystem to strengthen our coverage in core markets. • The Board oversees the road to net-zero and is focused on regulatory, supplier and consumer pressures initiating changes to reporting, financial products and compliance.

Communities and environment engagement

	Why we engage	How the Board engages
Communities and environment	Making a meaningful contribution to the wider society enables us to create stronger communities and generate positive environmental and social impacts. Engagement with organisations such as non-governmental organisations and community groups helps us to address our impact on the wider society and supports ways in which we can work together to make a valuable, positive contribution.	• The Board reviewed climate-related risks and opportunities and were updated on related progress on climate-related matters and regulation. • The Board oversees the Company's broader sustainability reporting within the Annual Report and through the Audit and Risk Committee. • The Board oversees the initiatives of the Alfa Communities and assesses their impact on Alfa's culture.

Division of responsibilities

Division of responsibilities

Alfa is led and controlled by the Board, which is collectively responsible for the long-term and sustainable success of the Group. The structure and the roles of the Board and its Committees ensure that control and oversight give a balanced approach to risk and are aligned with Alfa's culture. This assists the Board with carrying out its responsibilities and is designed to ensure that focus is maintained on strategy, monitoring the performance of the Group, governance, risk and control issues.

The Board is collectively responsible for the long-term success of the Group and for ensuring leadership within a framework of effective controls.

The Board responsibilities

We have clear and documented roles and separation of duties between the Chairman and the CEO. The Alfa CEO, Andrew Denton, is responsible for executing the Alfa strategy and day-to-day operations, and leading the CLT. Andrew Page, as Executive Chairman, provides oversight and guidance to Andrew Denton on the strategic direction, key commercial and contracting decisions in addition to his responsibilities for running an effective Board. All Directors have access to the advice of the Company Secretary and, in appropriate circumstances, may obtain independent professional advice at the Company's expense. In addition, a Directors' and Officers' liability insurance policy is maintained for all Directors and each Director has the benefit of a deed of indemnity. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole.

Matters reserved for the Board

The Board has adopted a formal Schedule of Matters specifically reserved for its decision-making and approval. The matters that the Board considers suitable for delegation are contained in the Terms of Reference of each Board Committee. There are certain key responsibilities that the Board does not delegate and which are reserved for its consideration. The full Schedule of Matters Reserved for the Board is available under the Corporate governance section on our website.

The Company Secretary, through the Chairman, is responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, that applicable rules and regulations are complied with, and that due account is taken of relevant codes of best practice. The Company Secretary is also responsible for ensuring communication flows between the Board and its Committees, and between senior management and Non-Executive Directors.

The key role of the Board:

Setting the strategic direction of the Group

- Overseeing implementation of the strategy by ensuring that the Group is suitably resourced to achieve its strategic aspirations
- Providing leadership within a framework of effective controls which enables risk to be assessed and managed
- Ensuring that the necessary financial and human resources are in place for the Group to meet its objectives
- Reviewing the Group's purpose and culture supported by its values

Workforce policies and practices

Our people bring a diverse range of experience, expertise and perspectives that contribute to the values and culture of Alfa and are essential for the delivery of our strategic objectives. A positive environment where our people feel valued, motivated and able to thrive is essential to Alfa's continued success. The Board recognises the value of, and supports significant investment of time and resources in our colleagues to allow Alfa to attract and retain talent and develop the skills of our employees. One central policy in creating this environment and culture is Alfa's Ethics and Code of Conduct Policy (the 'Code of Conduct') which clearly sets out a zero-tolerance policy for dishonest and corrupt behaviour among our employees and seeks to educate team members on unlawful and unethical conduct. Compliance with the policy maintains Alfa's reputation in the marketplace as well as our relationship with our colleagues, investors, customers and other stakeholders. The Code of Conduct provides clear guidance to employees in respect of legal and ethical issues which they may come across while conducting Alfa business, and what Alfa expects in respect of our employees' behaviour. It also provides important information on working at Alfa to help embed the behaviours and values alongside more practical information to enable our employees to work effectively and efficiently. The Board is responsible for overseeing the Company's arrangements for the workforce to be able to raise matters of concern and seeks to foster an environment where individuals can be confident about speaking up about concerns without fear of retaliation. The Board monitors this area through reports on the number and types of concerns raised through the whistleblowing process and the outcomes of the concerns raised. Whistleblowing and incident reporting mechanisms are in place to allow issues to be formally reported and investigated.

Division of responsibilities continued

There is a clear division of responsibilities between the Board and the business. The roles of the Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Senior Independent Director and independent Non-Executive Directors are set out in separate role statements.

Role	Principal responsibilities
Executive Chairman Andrew Page	The Chairman is responsible for the effective leadership of the Board and maintaining a culture of openness and transparency at Board meetings. The Chairman also promotes effective communication between Executive and Non-Executive Directors and ensures all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge. The Chairman ensures all Directors receive accurate, timely and clear information to assist them to make their decisions and identifies training and development needs as required.
Chief Executive Officer Andrew Denton	The Chief Executive Officer has day-to-day responsibility for the effective management of Alfa and for ensuring that Board decisions are implemented. He plays a key role in defining and guiding the strategy, once agreed by the Board, whilst ensuring the successful delivery against the strategic plan and other key business objectives, allocating decision-making and responsibilities accordingly. The CEO is also tasked with providing regular operational updates to the Board on all matters of significance relating to the Group's operations and for ensuring effective communication with shareholders and other key stakeholders. The CEO identifies and executes new business opportunities and assesses potential acquisitions and disposals. He manages the Group with reference to its risk profile in the context of the Board's risk appetite and is responsible for the oversight of the ESG initiatives.
Chief Financial Officer Duncan Magrath	The Chief Financial Officer has overall responsibility for management of the financial risks of the Group. The CFO is responsible for financial planning and record-keeping, as well as financial reporting to the Board and shareholders. The CFO ensures effective financial compliance and control, while responding to regulatory developments, including financial reporting, effective allocation of capital, management of liquid resources, investor relations and corporate responsibility. The CFO has responsibility for the ESG reporting.
Chief Operating Officer Matthew White	The Chief Operating Officer is responsible for day-to-day operational activities. The COO plays a key role in developing key business operational models, monitoring performance against KPIs and ensuring adequate staffing recruitment to deliver development and systems implementation. The COO is responsible for software development, systems implementation delivery and the delivery of HR resourcing and planning.
Senior Independent Director Chris Sullivan	The Senior Independent Director provides a sounding board for the Chairman and acts as an intermediary for the Non-Executive Directors. The Senior Independent Director is available to shareholders should they have any concerns, where communication through normal channels has not been successful or where such channels are inappropriate. The Senior Independent Director meets with the Non-Executive Directors at least annually when leading the Non-Executive Directors' appraisal of the Chairman's performance.
Non-Executive Directors Steve Breach Adrian Chamberlain Charlotte de Metz Reena Raichura	The Non-Executive Directors bring insight and experience to the Board. They have a responsibility to constructively challenge the strategies proposed by the Executive Directors; scrutinise the performance of management in achieving agreed goals and objectives; and play leading roles in the functioning of the Board Committees, bringing an independent view to the discussion.

Composition, succession and evaluation

Board composition

The Board recognises that the diversity of its Directors should reflect a range of views, insights, perspectives and opinions, to facilitate constructive discussion and enable enhanced decision-making and effectiveness. The composition of the Board is subject to ongoing review and all Board appointments follow a formal search and selection process. The Board delegates to the Nomination Committee the responsibility to maintain the appropriate composition of the Board. The Nomination Committee ensures diversity features strongly in its work on succession planning. Reena Raichura was appointed as an Independent Non-Executive Director with effect from 4 June 2024, following a selection process that established her suitability.

The Board established a DEI Policy during the year which sets out its approach to DEI for the Board and its Committees. The Board DEI Policy ensures that appointments are made on merit and set against objective criteria. The Board is mindful of the targets as set out by the UK Listing Rules, and aims to meet them as far as possible. As at 31 December 2024 and the date of this report, the Board meets the ethnic diversity targets set by the Parker Review but not the targets set by the FTSE Women Leaders Review and the UK Listing Rules.

During the year, the Board reviewed the overall balance of skills, experience, independence and knowledge of the Board and Committee members. We consider that the skills and experience of our individual Directors, particularly in the areas of financial services, people and software, are fundamental to the pursuit of our objectives. Further details of this review, including actions taken, are set out in the Nomination Committee Report on pages 71 to 75.

As required by provision 11 of the Code, at least 50% of the Board, excluding the Chairman, are Independent Non-Executive Directors. The Board currently comprises nine members: the Executive Chairman, three Executive Directors and five Independent Non-Executive Directors. Details of the skills and expertise of each member of the Board is set out in the Board biographies on pages 54 and 55.

The Board reviews the independence of its Non-Executive Directors as part of the annual Board and Director evaluation process. The Nomination Committee also considers Non-Executive Director independence on an ongoing basis as part of its consideration of the composition of the Board. The Board has determined that all the Non-Executive Directors were independent as outlined in the Code.

The Board also believes that each of the Independent Non-Executives has retained independence of character and judgement and has not formed associations with management or others that may compromise their ability to exercise independent judgement or act in the best interests of the Group.

Induction

All new Directors are given a comprehensive, formalised induction programme tailored to their individual needs. These programmes consist of meetings and events designed to ensure a smooth transition for the new Director to the Board. The programme is organised around three themes: business familiarisation, corporate governance, (including Directors' duties) and Director development. As part of the business familiarisation theme, the Directors spend time with members of the CLT and senior management to gain a deeper understanding and insight of the operation of relevant function lines and significant elements of the business. Following the induction period, the Director will be asked to provide feedback, and the programme will be adapted as necessary.

Director re-election

The Code recommends that all directors of FTSE 350 companies should be subject to annual re-election. All Directors intend to offer themselves for election or re-election at the 2025 AGM. This report, and in particular the Board biographies on pages 54 and 55, sets forth the contribution of each Director on the Board to the Company, and on this basis, the Board, and specifically the Chairman, believes each Director proposed for re-election at the AGM should be reappointed. The Board has based its recommendations for re-election, in part, on its review of the results from the Board evaluation process outlined on the next page, and the Chairman's review of individual evaluations. It has assessed whether a Director has demonstrated substantial commitment to the role (including time for Board and Committee meetings noted in this report) and other responsibilities, whilst taking into account a number of considerations including outside commitments and any changes thereof during the period.

External commitments

The Company is mindful of the time commitment required from Non-Executive Directors in order to fulfil their responsibilities on the Board effectively, particularly providing constructive challenge and holding management to account, and utilising their diverse skills and experience to benefit the Company and provide strategic guidance.

Prior to their appointment, prospective Directors are asked to provide details of any other roles or significant obligations that may affect the time available for them to commit to the Company. The Chairman and the Board are then kept informed by each Director of any proposed external appointments or other significant commitments as they arise. These are monitored to ensure that each Director has sufficient time to fulfil their obligations and Chairman approval is required prior to a Director taking on any additional external appointment.

Each individual's commitment to their role is reviewed annually and any external appointments or other significant commitments of the Directors require the prior approval of the Board. The Board will take into

Composition, succession and evaluation continued

consideration the time commitment required by the Non-Executive Director in their role as a Board Director, Committee Chair or Committee member in giving any such permission.

Directors' conflicts of interest

Each Director is required to disclose conflicts and potential conflicts to the Chairman and the Company Secretary as and when they arise. As part of the induction process, a newly appointed Director is asked to disclose any conflicts of interest to the Company. Thereafter, each Director has an opportunity to disclose conflicts at the beginning of each Board and Committee meeting and as part of an annual review.

None of the Directors declared to the Company any actual or potential conflicts of interest between any of their duties to the Company and their private interests and/or other duties. The Companies Act 2006 provides that Directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. Boards of public companies may authorise conflicts and potential conflicts, where appropriate, if their company's Articles of Association permit.

Board evaluation and performance review

The effectiveness of the Board, individual Directors, and the Board's main committees are reviewed annually, with an externally facilitated review conducted ordinarily every three years, as required by the UK Corporate Governance Code. The Board recognises the benefit of a thorough evaluation process to reflect on its strengths and the challenges it faces, and to identify opportunities to improve its effectiveness continuously.

Given the appointment of a new Non-Executive Director, Reena Raichura, in June 2024, the Board took the decision to defer the externally facilitated Board evaluation to 2025 to allow Reena sufficient time to integrate into the role and make the assessment more effective and meaningful. The results of the externally facilitated review will be included in the 2025 Annual Report.

The Company Secretary conducted the evaluation for 2024 in conjunction with the Chairman. The Directors were asked to complete a detailed Board performance evaluation questionnaire to assess the performance of the Board and the Committees over the year. Each questionnaire was analysed, and a summary of the results and the Board's performance was presented to the Board for discussion.

The Board considers this exercise to be of significant value, and focus is placed on reviewing the quality of information provided to the Board at the Board's discussions, the effectiveness of the Board, the composition of the Board, including the skillset of the various Directors, highlighting whether there are any gaps in the breadth and depth of the Board that should be addressed by the Nomination Committee as part of its succession planning, and to ensure that the Board is best placed to deliver on its strategic goals and ensure the long-term sustainable success of the Company.

The evaluation confirmed that there was a strong emphasis on employee welfare, active consideration of fairness to employees and their rewards, and recognition of the need to support wellbeing.

2024 Evaluation themes	Areas of focus for 2025
Strategic focus and review	Integrate the strategic framework into presentations and provide updates on the impact of AI and disruptive technologies on the business.
Enhance ESG integration and development	Schedule targeted training sessions on emerging topics including ESG regulations and AI advancements, while facilitating refresh session on specific areas.

The evaluation concluded that the Board and its Committees remain strong and effective, with a clearly defined role and purpose. The evaluation found that the Board is chaired well, as demonstrated by the Board discussions, which were rigorous and open, combined with constructive challenge, allowing for diversity of opinion.

Chairman's and Directors' performance

During the year, the Senior Independent Director evaluated the performance of the Chairman. In addition, the Non-Executive Directors met independently from the Executive Directors to discuss with the Chairman the overall functioning of the Board and the Chairman's contribution in making it effective.

In addition, the Chairman holds regular meetings with individual Directors at which, among other things, their individual performance is discussed. Informed by the Chairman's continuing observation of individual Directors, these discussions form part of the basis for recommending the reappointment of Directors at the Company's AGM, and include consideration of the Director's performance, contribution and commitment to the Board and its Committees.

Composition, succession and evaluation continued

Board diversity

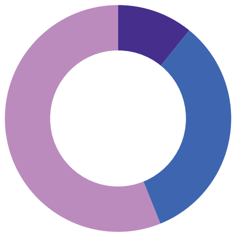
It is the Board's policy that appointments will always be based solely on merit without any discrimination relating to age, gender or any other matter that has no bearing on an individual's ability to fulfil the role of Director. This principle of Board diversity is strongly supported by the Board, recognising that diversity of thought, approach and experience is an important consideration as part of the selection criteria used to assess candidates to achieve a balanced Board.

While the Board is mindful of the targets as set out by the FCA's Listing Rules, in respect of 2024, the Board has not met the targets in Listing Rule 6.6.6(9) that at least 40% of the Board should be female and one senior position should be held by a woman. The Board was delighted that in June 2024, we appointed a new Director, Reena Raichura, and we confirm that we meet the target under both the UK Listing Rules and the Parker Review to have at least one Board member from an ethnic minority background. The disclosures required under Listing Rule 6.6.6(9) are set out on page 106 of the Directors' report.

The charts opposite set out the demographic information of the Board and the gender diversity of the Board, CLT, the direct reports to the CLT and Company-wide employees.

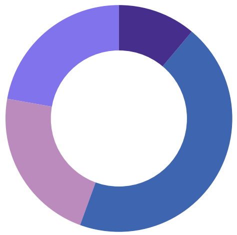
Diversity overview

Board composition



11%	33%	56%
Executive Chairman	Executive Director	Independent Director

Board tenure

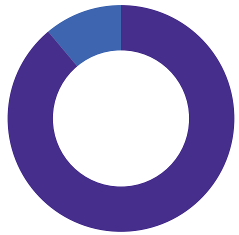


11%	45%	22%	22%
0-1 years	3-4 years	5-6 years	6-7 years

Age of the Board

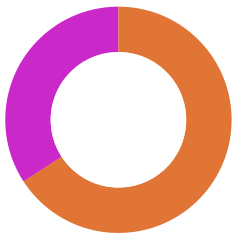
33%	22%	45%
40-49	50-59	60-69

Ethnicity



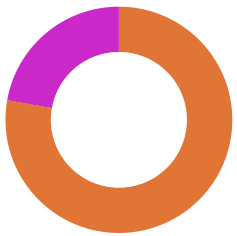
89%	11%
White	Asian

Gender diversity Company-wide



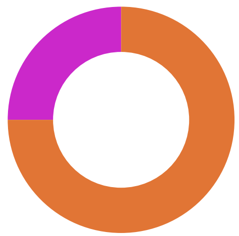
66%	34%	0%
Male	Female	Non-binary[1]

Gender diversity Board



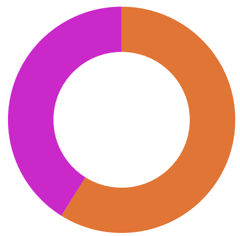
78%	22%
Male	Female

Gender diversity – CLT[2]



75%	25%
Male	Female

Gender diversity – CLT direct reports



59%	41%
Male	Female

1. Rounded to nearest percent.
2. The CLT composition data excludes the three Executive Directors who are part of the CLT. Alfa gender balance is captured through voluntary and confidential self-disclosure.

Nomination Committee Report

“We recognise that an optimal Board of Directors should reflect a diverse range of views, insights, perspectives and opinions, which facilitates constructive discussion.”

Chris Sullivan
Nomination Committee Chair

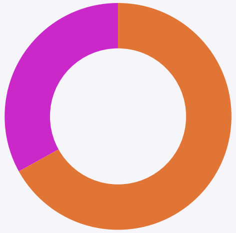
Meetings held during 2024

	Member since	Meetings attended 2024
Chris Sullivan	2019	2/2
Steve Breach	2019	2/2
Adrian Chamberlain	2020	2/2
Charlotte de Metz	2020	2/2
Andrew Page	2017	2/2
Reena Raichura[1]	2024	n/a

1. Reena Raichura joined the Committee on 3 June 2024.

The full Terms of Reference for the Committee are reviewed annually and can be found at: www.alfasystems.com/investors/governance.

Committee composition



67% Male

33% Female

Principal activities for 2024

- Identified and nominated a suitable Non-Executive Director to be appointed to the Board.
- Reviewed the structure, size and composition of the Board and its Committees.
- Considered the wider elements of succession planning for the Board and the CLT.
- Conducted evaluation of Directors (all of whom are proposed for re-election at the AGM).

Dear Shareholders,

On behalf of the Board, I am pleased to present our 2024 Nomination Committee Report, which summarises our key activities during the year.

During 2024, the Committee continued to recognise the importance of building an experienced, effective and open Board working together with the CLT to achieve Alfa's strategic objectives. The Committee ensures that the Board and the CLT have the right balance of skills, knowledge and experience to both discharge their responsibilities and to respond appropriately to emerging challenges and opportunities. With this in mind, the Committee continued its succession planning for the Board, Executive Directors and CLT, and considered Alfa's approach to the development of the wider talent pipeline and, in particular, key senior management.

The Committee undertook a thorough review of the composition of the Board and the Directors' relevant skills and experience to ensure that we have the right balance to fulfil the Company's strategy. This review identified a requirement for enhanced expertise in product management and development. In June 2024, we were delighted to welcome Reena Raichura to the Board, as an additional Non-Executive Director.

Reena's appointment also addressed a key diversity gap, aligning the Board with the principles of the Parker Review. While the Board acknowledges it is not yet fully compliant with the gender requirements of the FCA's diversity targets and FTSE Women Leaders Review, progress has been made and the Board remains committed to advancing diversity initiatives in line with best practices.

We recognise that an optimal Board of Directors should reflect a diverse range of views, insights, perspectives and opinions, which facilitates constructive discussion and enables enhanced decision-making and effectiveness, and we believe that the current Alfa Board epitomises these principles. We promote an open and inclusive culture in Board and Committee meetings, where all Directors are encouraged to share their views and where their views are all considered without bias or discrimination.

The Committee pays particular attention in its oversight of employee engagement to ensure there are no cultural or structural barriers for women and ethnic and other under-represented groups. It is satisfied that the Company continues to promote DEI, and it expects to see an increasingly diverse talent pipeline that will feed into its workforce with more people from minority groups.

Chris Sullivan
Nomination Committee Chair

Nomination Committee Report continued

Committee role and membership

The Committee comprises the Executive Chairman and the Non-Executive Directors, and is chaired by Chris Sullivan, the Senior Independent Director.

The Nomination Committee is responsible for ensuring the composition and structure of the Board remains effective, balanced and optimally suited to the Company's strategic priorities. This involves overseeing the nomination, induction, evaluation and orderly succession of Directors. This is achieved through effective succession planning, the identification and development of internal talent, and a clear understanding of the competencies and capabilities required to support the delivery of Alfa's strategy.

It oversees the recruitment process and advises the Board on the identification, assessment and selection of candidates; drives the DEI agenda; and confirms that all appointments are made on merit against objective criteria. The Committee is responsible for ensuring that a comprehensive induction programme is delivered on the appointment of a new Non-Executive Director and leads the annual evaluation process of the Board.

The Committee's performance was reviewed as part of the 2024 internal Board and Committee effectiveness review, which is detailed on page 69. The evaluation established that the Committee functions well in terms of planning succession to Board roles, CLT and the future talent pipeline.

Skills and experience

The Committee regularly reviews the composition of the Board to ensure that its members have the right balance of skills and experience to support management in the delivery of the Group's strategy. The Committee identified a requirement for an additional Director, and led the search process for potential candidates, to ensure that due consideration continues to be given to candidates who would enhance the effectiveness of the Board.

In June 2024, we welcomed Reena Raichura to the Board who brings a wealth of expertise in product management and development. Following the appointment of Reena Raichura, the Board is satisfied that it has the appropriate range of skills, experience, independence and knowledge of the Company to enable it to effectively discharge its duties and responsibilities.

The Directors completed a self-capability assessment, which supports our ongoing succession planning work. The output is shown in the skills and experience matrix opposite. Following a skills and experience review, the Board will undergo ESG training in 2025 to enhance its understanding of key sustainability regulations.

The Company Secretary supplies all Directors with information on relevant corporate governance and best practice. As part of their annual performance evaluation, Directors are given the opportunity to discuss training and development needs. Additional training is available on request, where appropriate, so that Directors can update their skills and knowledge as applicable. The Committee is confident that Board members have the knowledge, ability and experience to perform the functions required of a Director of a listed company.

Nomination Committee Report continued

Succession planning

The Committee keeps under review the leadership needs of the organisation, and both the Executive and Non-Executive Directors, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace. The Committee undertakes comprehensive reviews of the leadership needs of the Company, to ensure the continued ability of the organisation to compete effectively in the marketplace.

In addition, the wider talent and succession planning programmes remained a key focus of the Committee during the year. It evaluated the succession plans for the CLT and the senior management structure, and reviewed employees identified by management as having the potential to develop in the longer term into future leaders of the business, taking into account future challenges and opportunities. The Committee has ensured that there are plans in place for short and medium-term succession for the Board and CLT.

The Committee considers the implications of the requirements relating to the development of a diverse pipeline for succession for the Board and the CLT. Discussions were held about initiatives taken to increase the diversity in the hiring process, including drawing on NEDs' experience in other organisations of attracting diverse talent.

Diversity, equity and inclusion

The Company is committed to increasing diversity across our operations and has a wide range of activities to support the development and promotion of talented individuals, regardless of factors such as gender, age, ethnicity, disability, sexuality and religious belief.

The Committee will take into account a variety of factors before recommending any new appointments to the Board. The Committee is mindful of ensuring diversity on the Board, but ultimately the Board appoints candidates based on merit and assesses potential Directors against measurable, objective criteria.

We promote an open and inclusive culture in Board and Committee meetings, where all Directors are encouraged to share their views and where their views are all considered, without bias or discrimination. The Committee considered the gender balance of the CLT and its direct reports, and received information on these from the Chief People Officer on a regular basis.

As at 31 December 2024, in accordance with the UK Listing Rules disclosure requirements, one Director is from an ethnic minority background, female representation on the Board is 22% and no senior positions are held by a woman (this remains the case as at the date of this Annual Report).

Diversity data on these targets in the required standardised form can be found in the Directors' report on page 106.

The Committee confirms that it has met the target set by the Parker Review with regard to ethnic diversity. It acknowledges that the Board does not meet the target set by the FTSE Women Leaders Review. We continue to cultivate a Board which emphasises diversity of thought, to ensure that there is appropriate challenge, interpretation and interactions to reflect a greater variation in approaches to problems and unique perspectives.

Diversity, equity and inclusion policy

The Committee established a new Board policy on diversity, equity and inclusion (DEI Policy), which will apply to the Board but complements Alfa's wider diversity policies, our values, Code of Conduct and sustainability framework. The Board DEI Policy outlines the belief that better decision-making and outcomes are achieved when people with differences of opinion and with different backgrounds and lived experiences come together with a common ambition.

In assessing its composition, the Board considers a broad range of diversity factors, including geographical, social and ethnic backgrounds, race, gender, and cognitive strengths. These factors are integrated into the annual Board effectiveness review, and all appointments follow a formal, merit-based process that ensures transparency and fairness. Additionally, the Board actively works to build a diverse succession pipeline to strengthen future leadership.

Alfa continues to ensure that is has an inclusive workplace at all levels of the Company. The Committee supports the DEI initiatives set by the Company, and recognises that the Company is evolving in this space. Recruitment is continually reviewed to ensure equality during the process.

As a Board we monitor the implementation of Alfa's DEI charter, including relevant metrics, satisfying ourselves that Alfa's culture is and remains aligned to its purpose, strategy and values.

Nomination Committee Report continued

Appointment of Directors

There is a formal, rigorous and transparent procedure for the appointment of new Directors under which the Committee is responsible for leading this process and making recommendations to the Board. The search process for new Non-Executive Directors typically involves appointing an external search firm to identify a strong and diverse pool of candidates. However, in the recent appointment of Reena Raichura, an external agency was not used. Given the specific requirement for a candidate with extensive Fintech product knowledge, the Board leveraged its deep industry expertise and existing network to identify an outstanding candidate.

If discussions relate to the appointment of a Chairman, then Chris Sullivan, as Senior Independent Director, will lead the recruitment process. When the Committee has found a suitable candidate, the Chair of the Committee will make a proposal to the Board, which retains responsibility for all such appointments. The Committee, on behalf of the Board, regularly assesses the balance of Executive and Non-Executive Directors, and the composition of the Board in terms of skills, experience, diversity and capacity.

Induction and ongoing professional development

To ensure that each Director receives appropriate support on joining the Board, there is a comprehensive and tailored induction programme, including the provision of background material on the Company and briefings with relevant CLT members. The induction programme will continue to be reviewed and updated on a regular basis. For professional ongoing development, the Board receives presentations relevant to the Company's business and updates on any changes to markets, or regulations, which may affect the Company's operations.

External directorships

All Directors are required to request approval from the Board before accepting any new external directorships. The Board will consider the time commitment required for the role under review and any potential conflict of interest. There were no new public appointments in relation to the Directors during 2024.

The Board believes, in principle, in the benefit of Executive Directors accepting Non-Executive Directorships of other companies in order to widen their skills and knowledge for the benefit of the Company. All such appointments require the prior approval of the Board and the number of public company appointments is limited to one.

Conflicts of interest and independence

The Board operates a policy to identify and, where appropriate, manage any potential conflicts of interest that Directors may have. It is the role of the Committee to monitor and determine actions to address any potential, or actual, conflicts that may arise. The Committee reviews all potential conflicts of interest on an annual basis and when new Directors are formally appointed. No conflicts of interest were noted in the year and to the date of this Annual Report.

On behalf of the Board, the Committee reviewed the independence of each Non-Executive Director and is satisfied that all Non-Executive Directors, including the Chair, remain independent under the definition in the Code. Furthermore, the Committee is satisfied that each of the Non-Executive Directors commits sufficient time to meet their Board responsibilities. All Directors are required to submit an annual declaration of conflicts of interest and to declare any new conflicts as they arise. The Board delegates to the Committee the responsibility for reviewing the procedures for assessing, managing and, where appropriate, recommending the approval of any conflicts of interest to the Board. The Committee reported to the Board that the current procedures are appropriate and that they have operated effectively during the year.

The Committee is satisfied that the external commitments of the Board's Chairman and members do not conflict with their duties as Directors of the Company.

Election and re-election of Directors

The re-election of Directors is subject to their continuing commitment to Board activities and satisfactory performance. All Directors will stand for re-election annually in accordance with the provision of the 2018 Code. Following discussion of the skills and contribution of each Director, and in conjunction with the Board performance evaluation, the Committee supports the proposed re-election of all Directors standing for re-election at the AGM in 2024. The Committee has confirmed to the Board that the contributions made by the Directors offering themselves for re-election at the 2024 AGM continue to benefit the Board and the members are invited to support their re-election. Non-Executive Directors are appointed initially for three years and Non-Executive Directors may, subject to Board approval, remain in office for a period of up to six years, or two terms in office, with discretion for the Board to extend the term for one further three-year term, to a maximum of nine years.

Chris Sullivan
Chair, Nomination Committee
12 March 2025

Nomination Committee Report continued

Introducing our new Non-Executive Director
Reena Raichura

Board Appointment and Induction
Before officially joining the Board in June 2024, Reena Raichura met with fellow Board members and the Executive Directors.

As part of her induction, Reena received a comprehensive induction pack containing key corporate documents and information about the Group. This covered the role of a director, including relevant policies on anti-bribery, conflicts of interest, expenses, gifts and hospitality, and share dealing. It also provided insights into the Board and its Committees, financials, strategy, governance, risk management, culture, shareholders, and available training.

Upon joining, Reena underwent a tailored induction program, which included meetings with key internal stakeholders. The programme focused on the Group's culture, values, stakeholders, strategy, operations, product management and governance. It was designed to align with her specific role and leverage her skills and experience.

Stakeholder engagement initiatives
Town Hall – Conversation with the NEDs
Reena participated in both the EMEA and Asia Pacific town halls, where she introduced herself to Alfa colleagues. She highlighted her extensive background in financial services technology and product management and shared her enthusiasm for product and technology. She highlighted how her expertise would contribute to shaping key initiatives, enhancing product management strategies, and help drive innovation. She shared her initial impressions of Alfa, emphasising its strong culture, leading technology, and commitment to value creation.

"Meet the NEDs" Social Event
Reena engaged with colleagues at an informal "Meet the NEDs" social event held at the Company's head office. This provided employees with an opportunity to interact with Non-Executive Directors in a relaxed setting.

Alfa Systems 6 Launch Event
Reena attended the Alfa Systems 6 Launch event, held in conjunction with the EMEA User Group meeting. This allowed her to network with customers and gain direct feedback from users on the new system launch.

Professional Development
Reena completed an externally facilitated Non-Executive Director course to enhance her understanding of the role. This program covered a non-executive director's legal and practical responsibilities, strategies for building an effective Board, and approaches to navigating boardroom challenges.

Audit and Risk Committee Report

"Continued enhancement of Alfa's governance frameworks to support our growth."

Steve Breach
Chair of the Audit and Risk Committee

Meetings held during 2024

	Member since	Meetings attended 2024
Steve Breach (Chair)	2019	4/4
Adrian Chamberlain	2020	4/4
Reena Raichura[1]	2024	3/3
Charlotte de Metz[2]	2020	3/4
Chris Sullivan	2019	4/4

1. Reena Raichura joined the Committee on 3 June 2024.
2. Charlotte de Metz was unavailable to attend one meeting due to an unavoidable commitment in connection with her executive role.

The Committee's members are all Independent Non-Executive Directors.

The full Terms of Reference for the Committee are reviewed annually and can be found at: www.alfasystems.com/investors/ governance.

Committee composition

60% Male

40% Female

Principal activities in 2024

- Reviewed the 2023 year-end financial statements and Annual Report.
- Reviewed the half-year financial results and trading updates.
- Approved the Company's risk management framework, risk appetite and risk register.
- Reviewed key findings from 2024 internal audits and considered the 2025 internal audit plan.
- Received an update on information and cyber security.
- Reviewed the Company's Business Continuity arrangements.
- Reviewed the tax compliance status.
- Reviewed Internal and External Audit effectiveness.
- Reviewed a letter received from the Financial Reporting Council on its review of the 2023 Annual Report and Accounts (see page 82).
- Considered key accounting matters.

Areas of focus for 2025

- Continue to monitor legislative and regulatory changes that may impact the work of the Committee.
- Continue with oversight of internal audit activities and findings.
- Continue oversight of the Company's risk management framework including developments arising from the revised UK Corporate Governance Code.
- Monitor the continued progressive enhancements to Alfa's systems and internal controls across all key functions of the business.

Dear Shareholders,

I am pleased to present our Audit and Risk Committee Report for the year ended 31 December 2024. The Report explains the work of the Committee during the year, as well as setting out expected key areas of focus for 2025.

The Committee has an annual work plan linked to the Company's financial reporting cycle, which ensures that it considers all matters delegated to it by the Board.

We have continued to review and challenge the assumptions and judgements made by management in the preparation of published financial information and to oversee the internal control environment, including oversight of the external and internal audit processes. Throughout the year, the Committee's primary focus was to maintain the integrity and transparency of the Company's internal and external financial reporting. We continued to spend time assessing the application of IFRS 15 'Revenue from Contracts with Customers', alongside careful consideration of the Company's risk management framework, internal controls and management information systems.

During the year, the Company continued to refine key processes and further enhance insightful management information across its business.

Alongside core financial controls, Alfa's cyber and information security resilience is critical. The Committee has continued to pay close attention to management's work to enhance Alfa's cyber security control environment.

Committee members' skills and experience are set out on page 72. The Board is satisfied that the Committee meets the requirement to have recent and relevant financial experience, and that, as a whole, its members have experience of the auto and equipment finance and enterprise software sector and corporate governance.

As a result of its work during the year, the Committee has concluded that it has acted in accordance with its Terms of Reference.

Steve Breach
Chair of the Audit and Risk Committee

Audit and Risk Committee Report continued

Key responsibilities of the Committee

The Board has delegated to the Committee responsibility for overseeing financial reporting, the review and assessment of the effectiveness of the internal control and risk management systems, and maintaining an appropriate relationship with the external auditor.

The Committee has adopted Terms of Reference, which are available to view at www.alfasystems.com/investors/governance. The Terms of Reference provided the framework for the Committee's work in the year and key responsibilities of the Committee are summarised as follows:

- Overseeing the relationship with the Company's external auditor, monitoring its effectiveness and independence, and making recommendations to the Board in respect of its remuneration, appointment and removal. The Committee also reviews the findings from the external auditor, including discussion of significant accounting and audit judgements, levels of errors identified and overall effectiveness of the audit process.
- Reviewing the financial statements of the Company, including its annual and half-yearly reports and, if applicable, any other formal announcements relating to its financial performance. The Committee will also consider significant financial reporting issues, accounting policies and key areas of judgement or estimation. This review also includes consideration of the clarity and completeness of disclosures of the information presented in the financial statements.
- Overseeing the accounting principles, policies and practices adopted by the Company.
- Monitoring and reviewing internal audit activities, reports and findings.
- Reviewing the effectiveness of the Company's system of internal financial controls and internal control systems.
- Advising the Board on the Company's risk strategy, risk policies and current and emerging risk exposures, including the oversight of the overall risk management framework and systems.
- Assessing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and to ensure proportionate and independent investigation of such matters.
- Making recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is required.
- Providing advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.
- Reporting to the Board on how it has discharged its responsibilities.
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services.

Meetings

During the year, the Committee met four times and met privately with the external auditor twice. The Committee operates to a forward agenda linked to the financial calendar which ensures that the responsibilities and duties of the Committee are discharged in accordance with the Terms of Reference and the requirements of the UK Corporate Governance Code.

In addition to the Committee members, by invitation, the meetings of the Committee may be attended by the CFO. The Chairman of the Board, CEO and COO may also attend meetings. The Company's external auditor and the internal audit services provider are also present at all Committee meetings, to ensure full communication of matters as they relate to their respective responsibilities. At the end of each Committee meeting, Committee members have the opportunity to meet with the external auditor (and, where appropriate, the internal auditor) for a private discussion regarding the audit process and relationship with management.

The Chair of the Committee holds regular meetings with the external auditor, which has an opportunity to discuss matters with the Committee without management being present, and also with the CFO (who has responsibility and custody of the internal audit function).

Meetings of the Committee are scheduled close to the end of the half and full year, as well as before the publication of the associated half-year and full-year financial reports, so as to ensure the Committee is informed fully, on a timely basis, on areas of significant risks and judgement. The Board has confirmed that it is satisfied that Committee members possess an appropriate level of independence and depth of financial and commercial expertise. For the year ended 31 December 2024, Steve Breach, the Chair of the Committee, was determined by the Board as having recent and relevant financial experience.

The Committee is satisfied that it receives sufficient information and has access to relevant and timely personnel to allow the Committee members to engage in an informed debate during Committee meetings and to fulfil its responsibilities.

Significant financial reporting judgements

As part of its monitoring of the integrity of the financial statements, the Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements and seeks support from the external auditor to assess them. The Committee considered the following significant judgements, and other areas of audit focus in respect of the financial statements for the six months ended 30 June 2024 and year ended 31 December 2024.

Audit and Risk Committee Report continued

These areas have been identified as being significant by virtue of their materiality or being accounting items which are new for the current financial year or the level of judgement and/or estimation involved. In order to ensure the approaches taken were appropriate, the Committee considered reports from both management and the external auditor. The Committee challenged judgements and sought clarification where necessary. The Committee received a report from the external auditor on the work it had performed to arrive at its conclusions and discussed in detail all material findings contained within the report.

Area of focus	Assessment	Review of the Committee	Conclusion/Action taken
Revenue recognition	The Group's operations include complex software implementation programmes and service activities. The delivery of these contracts typically extends over more than one reporting period, and often the original project plans are amended as the implementation programme progresses. Contract modifications also occur from time to time. In recognising customised licence revenue, management must apply a number of judgements to allocate the overall transaction price across the multiple performance obligations that have been identified within these projects. Estimates are applied in this assessment, for example when assessing the standalone selling price. Judgements are also made when the Group enters into new contracts with existing customers or when there are changes to existing contracts with customers, such as the addition of new customer-specific contractual terms.	In advance of the half-year and full-year results, the Committee received reports from management that outlined the key judgements that were likely to be required to be included in the results. These reports were reviewed and the key points within them were discussed with the external auditor commenting, where relevant. As part of the process of approving the issuing of the half-year and full-year results, these reports were updated and issued by management to the Committee with management's final positions documented. These were considered carefully by the Committee in conjunction with input from the external auditor.	The Committee agreed with the revenue judgements adopted by management.
Development costs	The Group continues to invest in the development of the Alfa Systems product. Some of the development effort is undertaken in partnership with customers and therefore is specific to that implementation or customer's process. Judgement is required to assess whether any development is substantially new in either design or functionality, and whether it would be commercially viable in the open market. Therefore, management assesses the likelihood of capitalisation of such costs prior to initiation of the investment project and also performs regular assessments of the development work that has been undertaken to determine if it meets the criteria set out in IAS 38 for capitalisation. Management's review also covers amortisation and impairment considerations.	The Committee reviewed reports from management detailing the costs that had been identified as appropriate for capitalisation. These were considered carefully by the Committee in conjunction with input from the external auditor.	The Committee concurred with management's approach on the amounts to be capitalised in both the half-year and full-year results.

Audit and Risk Committee Report continued

Area of focus	Assessment	Review of the Committee	Conclusion/Action taken
Goodwill and carrying value of investments	The Group has goodwill on its balance sheet and the Company holds investment in subsidiaries. These need to be reviewed annually to assess whether the recoverable amount exceeds the book value and, in the case of investment in subsidiaries, also to see if a previous impairment should be reversed.	The Committee reviewed and challenged management's impairment assessment.	The Committee agreed that no impairment was required in the current year for both goodwill and the carrying value of the investment in subsidiaries.
Going concern and Viability statement	The Directors must satisfy themselves regarding the Group's long-term viability and confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due for the foreseeable future.	The Committee reviewed management's budget and forecasts, including an overview of the assumptions made in the preparation of the base case supporting the going concern and viability statement. This included the Group's 2025 budget and also plans for 2026 and 2027. The Committee discussed and challenged the budget and forecasts before agreeing with the reasonableness of the three-year period. The Committee assessed this in light of the principal risks and uncertainties as disclosed on pages 37 to 45 in the Strategic report. The Committee discussed and challenged the downside scenarios modelled as part of the Viability statement as disclosed on pages 49 to 50 in the Strategic report, the funding headroom available, the feasibility of mitigating actions, the dividend policy and the speed of implementation of any cost-saving measures following future management decision-making. The Committee noted the 2018 Code requirement for the Directors to state whether they consider it appropriate to adopt the going concern basis of accounting for a period of at least 12 months from the date of approval of the 2024 financial statements.	Following this evaluation and analysis, the Committee was satisfied with the judgements made and that the continued use of the going concern basis was appropriate, and the Viability statement was prepared appropriately.

Audit and Risk Committee Report continued

Fair, balanced and understandable

The Committee has undertaken a careful review to ensure that the Annual Report is 'fair, balanced and understandable' and provides the necessary information for shareholders to assess the Company's consolidated position, performance, business model and strategy, in line with the requirements of the 2018 Code.

The Committee members were consulted at various stages during the drafting process and provided input at the planning stage, as well as having the opportunity to review the Annual Report as a whole and discuss, prior to the March 2025 Committee meeting, any areas requiring additional clarity or better balance in the messaging. In forming its opinion and recommendation to the Board in respect of the above matters, the Committee assessed the following:

- A qualitative review of disclosures and a review of internal consistency throughout the Annual Report and Accounts;
- A review by the Committee of all material matters, as reported elsewhere in this Annual Report and Accounts;
- Disclosures in relation to the Task Force on Climate-related Financial Disclosures (TCFD);
- A risk comparison review, which assesses the consistency of the presentation of risks and significant judgements throughout the main areas of risk disclosure in this Annual Report and Accounts;
- A review of the balance of good and bad news.
- Ensuring it correctly reflects:
  - The Company's position and performance as described on pages 119 to 150;
  - The Company's business model, as described on page 5; and
  - The Company's strategy, as described on pages 14 to 18.

On the basis of this work, together with the views expressed by the external auditor, the Committee recommended, and in turn the Board confirmed, that it could make the required statement that the Annual Report is 'fair, balanced and understandable'.

Risk management

The Board has overall responsibility for determining the nature and extent of its principal and emerging risks and the extent of Alfa's risk appetite, and for monitoring and reviewing the effectiveness of the Company's systems of risk management and internal control. Further details of the risk management objectives and process are on pages 34 to 36. The principal risks and uncertainties facing the Company are addressed in the Strategic report in the table on pages 38 to 45. The Board has delegated to the Committee the responsibility for monitoring the effectiveness of the systems of risk management.

Internal control

The Board determines the objectives and broad policies of the Company and meets regularly, when a set schedule of matters which are required to be brought to it for decision is discussed. Overall management of the Company's risk appetite, its tolerance to risk and discussion of key aspects of execution of the Company's strategy remain the responsibility of the Board. The Board has delegated to the Audit and Risk Committee the responsibility for overseeing the system of internal controls to ensure these are appropriate to the business environments in which the Company operates.

Key elements of this system include the following:

- A clearly defined organisation structure for monitoring the conduct and operations of the business;
- Clear delegation of authority throughout the Company, starting with the matters reserved for the Board;
- A formal process for ensuring that key risks affecting operations across the Company are identified and assessed on a regular basis, together with the controls in place to mitigate those risks. Risk consideration is embedded in decision-making processes at all levels and the most significant risks are periodically reviewed by the Board. The risk process is reviewed by the Audit and Risk Committee;
- The preparation and review of the annual budget;
- The monthly reporting of actual results and their review against the budget, forecasts and the previous year, with explanations obtained for all significant variances;
- Controls in respect of financial reporting and the production of the consolidated financial statements are well established. Group accounting policies are consistently applied, and review and reconciliation controls operate effectively; and
- The Finance Manual which outlines key control procedures and policies to apply throughout the Company and Group. This includes clearly defined policies and escalating authorisation levels for all procurement activity including capital expenditure and investment.

During 2024, the Board, through the Committee, has continued to monitor the Company's risk management and internal control, and it has also reviewed their effectiveness. Throughout 2024, Alfa's financial, operational and compliance controls continued to operate as intended.

Internal audit

The Audit and Risk Committee supports the Board in fulfilling its responsibilities to review the activities, resources, organisational structure and operational effectiveness of the internal audit activities. Following discussion with the Committee Chair and the CFO, BDO LLP presents its internal audit plan for approval to the Committee at the start of each new financial year and provides an update and further plans at the mid-year stage.

Audit and Risk Committee Report continued

The Committee monitored and reviewed the scope, extent and effectiveness of the internal audit plan in line with the Company's key risks and strategy. Internal audit is a standing agenda item at each Committee meeting and BDO LLP presents an update on audit activities, the progress of the audit plans and the outcomes of all audits with action plans to address any issues. Activities of internal audit during 2024 included the following areas of focus:

- Strategic and business planning
- Financial controls – budget setting and monitoring
- Diversity, equity and inclusion
- Performance management
- Follow-up on prior recommendations

The Committee performed an effectiveness review of internal audit during the year.

As part of this review referenced above, and considering management's opinion, the Committee was satisfied that the internal audit function remains effective and fit for purpose.

External audit

The Committee oversees the Company's relationship with, and the performance of, the external auditor. This includes responsibility for monitoring its independence, objectivity and compliance with ethical and regulatory requirements. The Committee is the primary contact with the external auditor. The Committee also has responsibility for approving the nature of non-audit services which the external auditor may or may not be allowed to provide to the Company and the fees paid for these services (subject to *de minimis* levels).

Independence and performance of the external auditor

The Committee is responsible for reviewing the independence of the Company's external auditor, RSM, agreeing the terms of engagement and the scope of its audit.

RSM has a policy of partner rotation, which complies with regulatory standards, and RSM operates a peer review process for its engagements, to ensure that its independence is maintained. The Committee reviewed a report from the external auditor describing its arrangements to identify, report and manage any conflicts of interest.

Maintaining an independent relationship with the Company's external auditor is a critical part of assessing the effectiveness of the audit process. The Board has approved a policy which is intended to maintain the independence and objectivity of the external auditor. The policy, which was updated in the year, governs the provision of audit, audit-related services and non-audit services provided by the auditor. Committee approval is required for any service with an expected cost in excess of £10,000. During 2024, the external auditor confirmed to the Committee that it did not provide any non-audit or additional services other than for the half-year review that could lead to its objectivity and independence being compromised on behalf of the Company.

Details of audit, audit-related fees and non-audit fees are included in note 9 to the consolidated financial statements.

The Committee notes that audit partner rotation every five years facilitates independence and objectivity within the External Audit team. The current External Audit Engagement Partner is Graham Ricketts, who was appointed to lead the audit in July 2020. Consequently, the year ended 31 December 2024 will be his last year as Audit Engagement Partner. The Committee is satisfied with the performance and effectiveness of RSM as external auditor, taking into account the Committee's own assessment and feedback. The Committee has concluded that RSM displays the necessary attributes of independence and objectivity.

The Committee confirms its compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year ending 31 December 2024.

Assessment of the audit process

The scope of the external audit is formally documented by the auditor. It discusses the draft plan with management before it is referred to the Committee, which reviews its suitability and holds further discussions with management and the auditor before final approval. The Committee has reviewed the quality of the audit plan and related reports for the 2024 audit and is satisfied with the quality of these documents.

The Committee discussed the quality of the half-year review and audit work since RSM's appointment and considered the performance of the external auditor, taking into account feedback from various stakeholders across the business and the Committee's own assessment. The evaluation focused on: robustness of the audit process; quality of delivery; reporting; and people and services. The Committee reviewed the independence of the external auditor and concluded that it complies with UK regulatory and professional requirements and that its objectivity is not compromised.

The Committee will conduct an audit services tender at least every ten years to ensure that the independence of the external auditor is safeguarded. As noted above, under the audit partner rotation rules there will be a new External Audit Engagement partner for the year ended 31 December 2025. Each year we assess the effectiveness of the external auditor and, subject to the Committee continuing to believe that the audit is effective, our intention would be to continue with RSM as external

Audit and Risk Committee Report continued

auditor up to and including the audit for the year ending 31 December 2029. Assuming this is the case then our expectation would be to run a tender process during the calendar year ended 31 December 2029 in order to select a new auditor for the year ended 31 December 2030. When considering the appropriate time to conduct the audit tender, the Committee takes into account the benefit of an incumbent firm with deep knowledge of the Group's operations, the independence and objectivity of the appointed auditor and audit partner and the results of the audit effectiveness assessment. The Committee currently believes that this approach is in the best interests of the shareholders of Alfa Financial Software Holdings PLC.

Going concern and Viability statements

The Committee reviewed the updated wording of the Company's longer-term Viability statement, set out on pages 49 to 50. To do this, the Committee ensured that the financial model used was consistent with the approved three-year plan and that scenario and sensitivity testing aligned clearly with the principal risks of the Company. Committee members challenged the underlying assumptions used and reviewed the results of the detailed work performed. The Committee was satisfied that the analysis supporting the Viability statement had been prepared on an appropriate basis. The Committee also reviewed the going concern statement, set out on page 24 and confirmed its satisfaction with the testing methodology.

Assessment of the effectiveness of the Committee

The Committee's effectiveness in respect of 2024 was evaluated as described on page 69. The key issues that were identified in the Committee evaluation were discussed by the Committee to ensure these were adequately addressed and the Chair provided an update where appropriate.

Communication with the Financial Reporting Council

During the year, the Chair of the Board received a letter from the Financial Reporting Council (FRC) stating that the 2023 Annual Report and Accounts had been reviewed by its Corporate Reporting Review team. We were pleased to learn that, following its review, the FRC had no questions or queries to raise with the Company. The FRC did make some observations that it believed could enhance existing disclosures, and these have been considered by the Committee and management as part of the preparation of the 2024 Annual Report and Accounts.

We note that the FRC review was based solely on the Annual Report and Accounts and did not benefit from detailed knowledge of our business, or an understanding of the underlying transactions entered into. The FRC letter provides no assurance that the Annual Report and Accounts are correct in all material respects, and the FRC accepts no liability for reliance on the letter by the Company or any third party.

Focus for 2025

In 2025, as well as the regular cycle of matters that the Committee schedules for consideration each year, the Committee will continue to monitor legislation and regulatory changes, including those that affect the audit market that may impact the work of the Committee as well as the new Corporate Governance Code. The Committee will also continue with oversight of internal audit activities and findings as well as monitoring the continued progressive enhancements to Alfa's systems and internal controls.

Steve Breach
Chair, Audit and Risk Committee
12 March 2025

Remuneration Committee Report

"We ensure remuneration alignment by consistently applying pay principles across the Group and conducting an equitable annual pay review process."

Adrian Chamberlain
Chair, Remuneration Committee

Meetings held during 2024

	Member since	Meetings attended 2024
Adrian Chamberlain	2020	3/3
Steve Breach	2019	3/3
Charlotte de Metz[1]	2020	2/3
Reena Raichura[2]	2024	2/2
Chris Sullivan	2019	3/3

1. Charlotte de Metz was unavailable to attend one meeting due to an unavoidable commitment in connection with her executive role.
2. Reena Raichura joined the Committee on 3 June 2024.

The full Terms of Reference for the Committee can be found at www.alfasystems.com/en-eu/investors/governance.

Committee composition

60%	40%
Male	Female

Principal activities in 2024

- Reviewing remuneration of the Executive Directors and members of the CLT (including salary, benefits and variable incentives).
- Reviewing and approving the performance outturns against the financial and non-financial measures for the 2023 annual bonus, and approving pay-outs.
- Reviewing and approving the 2024 Long-Term Incentive Plan (LTIP) proposal and grant.
- Reviewing and approving the 2024 annual bonus framework and measures, and award opportunities.
- Reviewing shareholder feedback on the revised Directors' Remuneration Policy and approving the Policy which was presented to shareholders at the 2024 AGM;
- Approving the 2023 Directors' Remuneration Report, including the Gender Pay Gap report and CEO pay ratio.
- Overseeing the remuneration of the wider Alfa workforce.
- Overseeing employee share plans, including the UK (Sharesave) and US (ESPP).
- Reviewing the Terms of Reference.

Dear Shareholders,

On behalf of the Remuneration Committee, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2024.

In this Report, I have set out information on the business context and the wider operating environment, details of executive remuneration outcomes in 2024, the key focus areas for the Committee during 2024, and the intended implementation of the Directors' Remuneration Policy for 2025. We were delighted to receive strong shareholder support for our revised Directors' Remuneration Policy at the 2024 AGM, which was approved with over 99% support. A full copy of the Policy can be found on our website at www.alfasystems.com/investors and pages 106 to 113 of the 2023 Annual Report.

Our performance

In 2024, Alfa performed strongly both operationally and financially. We continued to exercise disciplined capital management this year, delivering three dividends to shareholders. This reflects the strength of our financial position and our commitment to providing consistent returns, even as we invested in initiatives to drive sustainable, long-term growth.

Further detail on our overall performance during 2024 is set out in the CEO's review on pages 6 to 9 and the CFO's Financial review on pages 21 to 24.

Our people

In 2024, the Committee reviewed remuneration and related policies across the broader workforce and confirmed that Executive Directors' pay remains aligned with the wider workforce. This alignment was maintained through the consistent application of pay principles across the Group and an equitable annual pay review process. Notably, the salary increase for Executive Directors was lower than that of the wider workforce, reinforcing the Group's commitment to fairness and proportionality in remuneration.

The Committee receives updates on the People strategy and talent management from Vicky Edwards, the Chief People Officer, which serve as valuable input for decisions regarding Executive Director remuneration and that of the CLT.

Remuneration outcomes for 2024

As explained in last year's report, for the year commencing 1 January 2024, the Committee increased Duncan Magrath and Matthew White's salaries by 1.8%, well below the employee average salary increases of 7.7%. The salaries for the Chairman and CEO were increased to align with the London Living Wage and they voluntarily waived their right to receive a bonus or LTIP.

Remuneration Committee Report continued

As a result of Alfa's continued strong performance, the Committee approved annual bonus outcome of 69.0% and 68.6% achievement for Duncan Magrath and Matthew White respectively for 2024. In reaching this decision, the Committee considered the formulaic outcome against the targets set at the start of the year, and the broader underlying performance of the Company. Consistent with the Remuneration Policy, 50% of the bonus earned by Duncan Magrath and Matthew White will be paid in cash, and the remaining 50%, after the deduction of tax, will be deferred in Alfa shares for three years.

With regard to the Group's longer-term incentives, performance conditions attached to LTIP awards made on 12 April 2022 were tested to 31 December 2024. The award is based equally on growth in earnings per share (EPS) and total shareholder return (TSR). TSR over the three-year period was 28.4%, which ranked Alfa in the top quartile against its benchmark. The Group's 2024 diluted EPS outturn of 8.56 pence warrants 74% vesting of this award element. Accordingly, 87% of the award will vest in April 2025, and will be subject to a mandatory two-year holding period. Further details, including the value of these awards, are included on pages 87 to 89.

The Committee is satisfied that overall pay outcomes in respect of the year ended 31 December 2024 are appropriate and reflect Alfa's strong financial and operational performance. The annual bonus outcome for the year reflects strong financial performance in 2024, while vesting of the awards granted under the 2022 LTIP reflects long-term, strong performance for shareholders during the period. The Committee has therefore not exercised any discretion in relation to its assessment of the outcome of the variable pay schemes, or to overall remuneration levels this year.

2025 – The year ahead

Salaries

We have undertaken our annual review of the Executive salaries and awarded an increase of 3.3% of salary to the CFO and an increase of 3.6% of salary to the COO, effective as of 1 January 2025. The salaries for the Chairman and CEO will continue to be aligned to the London Living Wage and they will receive an increase of 5.6%, just above the increase announced by the London Living Wage Foundation of 5.3%. In addition, the Chairman and CEO will waive their rights to any variable incentive award or pension contribution for 2025. Both the Chairman and CEO are significant shareholders in the Company and expressed a desire to align their future remuneration with those of the other shareholders.

2025 annual bonus

The 2025 annual bonus will operate on a similar basis as last year and will continue to include a set of ESG measures. The maximum bonus opportunities will remain at 125% of salary for both the CFO and COO, with half of any earned amount deferred in shares for three years. Having reviewed the operation of the cash modifier over the last few years the Committee concluded that this should be removed going forwards as an explicit financial metric. Instead if there was a particularly good or poor cash performance in any one year the Committee would consider the use of discretion to modify the overall bonus payout.

The ESG component of the 2025 bonus will have two key elements. The first will continue to measure overall employee engagement, ensuring we maintain a connected and motivated workforce. The second will assess our diversity initiatives, focusing on Alfa's progress in improving diversity. This will involve a comprehensive review of our efforts to retain, engage, and develop diverse talent, with performance evaluated based on the overall progress achieved.

2025 LTIP

The 2025 LTIP award opportunity will remain at 150% of salary for the CFO and 100% of salary for the COO. The Committee agreed that the performance conditions for the 2025 LTIP will continue to be based on EPS and TSR measures, with an equal measure applied to each measure.

The Committee will continue to monitor market developments throughout 2025 and will consider how any emerging trends may affect Alfa.

I will be happy to answer any questions you may have at the upcoming AGM.

Adrian Chamberlain
Chair of the Remuneration Committee
12 March 2025

Remuneration Committee Report continued

Annual report on remuneration 2024

This section of the Directors' Remuneration Report sets out the remuneration earned in 2024 and the proposed remuneration for 2025, and will be subject to an advisory vote at the 2025 AGM.

The following sections on pages 85 to 95 have been audited: Single total figure of remuneration, Long-Term Incentive Plan – awards vesting in the year, Pension entitlement, Payments for loss of office, Payments to past Directors and Statement of Directors' shareholdings and scheme interests.

Single total figure of remuneration

The audited table below sets out the aggregate emoluments earned by the Directors of the Company during 1 January 2024 to 31 December 2024 and for comparison, the amounts earned during the period 1 January 2023 to 31 December 2023.

£'000s	Salary and fees		Benefits[1]		Pension[3]		Total fixed remuneration		Annual bonus[5]		Long-term incentives		Total variable pay		Total figure remuneration	
	2023	**2024**	2023[2]	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023[6]	**2024[7]**	2023	**2024**	2023	**2024**
Executive Directors																
Andrew Page[4]	25	**27**	1	**1**	–	**–**	26	**28**	–	**–**	–	**–**	–	**–**	26	**28**
Andrew Denton[4]	25	**27**	3	**3**	–	**–**	28	**30**	–	**–**	–	**–**	–	**–**	28	**30**
Duncan Magrath	289	**300**	13	**2**	17	**18**	319	**320**	147	**259**	481	**466**	628	**725**	947	**1,045**
Matthew White	231	**241**	14	**3**	14	**14**	259	**259**	121	**207**	257	**248**	378	**455**	637	**714**
Non-Executive Directors																
Steve Breach	65	**65**	–	**–**	–	**–**	65	**65**	–	**–**	–	**–**	–	**–**	65	**65**
Adrian Chamberlain	65	**65**	–	**–**	–	**–**	65	**65**	–	**–**	–	**–**	–	**–**	65	**65**
Charlotte de Metz	55	**55**	–	**–**	–	**–**	55	**55**	–	**–**	–	**–**	–	**–**	55	**55**
Reena Raichura[8]	–	**32**	–	**–**	–	**–**	–	**32**	–	**–**	–	**–**	–	**–**	–	**32**
Chris Sullivan	65	**65**	–	**–**	–	**–**	65	**65**	–	**–**	–	**–**	–	**–**	65	**65**

1. Benefits for Executive Directors corresponds to the taxable value of benefits receivable during the relevant financial year and principally include life assurance, travel insurance and private medical insurance.
2. 2023 Benefits included car allowance for Duncan Magrath and Matthew White.
3. Pension – Andrew Page and Andrew Denton have opted out of the pension scheme. Duncan Magrath and Matthew White receive a cash payment in lieu of a pension contribution of 6% in line with the wider workforce.
4. Andrew Page and Andrew Denton salaries are set to align with the London living wage.
5. Annual bonus corresponds to the amount earned in respect of the relevant financial year. For the CFO and COO, the values disclosed in the table above include the gross value of the amount of bonus deferred into shares.
6. The value of the 2023 LTIP figure has been restated using the share price at the date of vesting.
7. The 2024 figure relates to 87% of the 2022 LTIP awards which will vest on 12 April 2025 following the achievement of the TSR and EPS targets for the three-year period ended 31 December 2024. The value of these awards has been calculated using the three-month average share price to 31 December 2024 of 215.0p.
8. Reena Raichura joined the Board on 3 June 2024; her fees have been pro-rated accordingly.

Remuneration Committee Report continued

All-employee workforce remuneration at Alfa

The Committee takes into consideration the reward, incentives and conditions available to colleagues when considering the remuneration of Executive Directors and senior management. Our remuneration principles are consistent for all our employees. The key difference in our executive remuneration, compared to the approach to remuneration across our workforce, is that executive remuneration is heavily weighted towards the achievement of the delivery of financial and strategic objectives, with elements deferred to support retention and aligned with share price performance.

Alfa's approach to remuneration

Alfa's approach to all-employee reward is focused on providing a competitive package to attract, retain and incentivise our employees to deliver for our customers and shareholders. Salaries for Executive Directors, senior managers and the rest of the workforce are all determined with reference to the same factors such as technical expertise, experience and performance, and increases across these populations are reviewed to ensure they are broadly aligned. The Committee also took an active role in determining rewards for the CLT. Further information on key initiatives for our people and what makes Alfa unique can be found in the People section on page 26. In addition to a competitive salary, most employees have the opportunity to receive a discretionary profit share scheme, private medical care, matched contribution pension and death-in-service life assurance. The CLT and certain employees are eligible to participate in long-term incentive schemes.

Salary	Set considering market rates, roles, skills, experience and individual performance. Alfa continues to review salaries Company-wide to ensure that we remain a competitive employer within the local market.
Allowances and benefits	Alfa provides a number of financial benefits and allowances, including travel insurance, life assurance, private medical insurance, smart working allowance and Company loan scheme.
Pension	Alfa offers employees access to a Self Invested Personal Pension, in which Alfa will match employee contributions up to 6% of salary.
Annual incentives	Alfa operates a discretionary profit share bonus scheme which reflects the Alfa ethos that we are all striving towards the same goal and share in the profits of the Company.
Long-term incentives	Senior grades participate in a long-term incentive arrangement, with performance shares, recognising the markets in which we compete for talent. At other levels, awards are typically made in restricted shares only.

During the year, the Committee received reports from the Chief People Officer on pay and conditions across Alfa, and on the recruitment and retention experience. We took these into account when determining executive remuneration. We have established channels in place to inform our colleagues and help them understand how executive remuneration and wider pay policies are aligned. Further detail on Alfa's approach to employee engagement is provided on page 46.

Context to remuneration decisions

The Committee's decision-making takes into account a range of internal and external factors, including the Committee's responsibility for reviewing remuneration and related policies for employees, and ensures that pay decisions are aligned across the Group. This ensures we take the reward, incentives and conditions available to colleagues into account when considering the remuneration of Executive Directors and the CLT. The Directors have had regard to the matters set out in Section 172(1) of the Act when performing their duty to promote the success of the Company, while continuing to deliver exceptional results for shareholders. In particular, the Committee was mindful that: (i) Alfa continued strong cash generation enabling the payment of two special dividends along with the regular dividend to shareholders; (ii) performance targets are aligned to culture and do not drive the wrong behaviours. These initiatives enable the Committee to satisfy itself that the right steps have been taken to ensure executive remuneration is appropriate.

Remuneration Committee Report continued

Base salary

The Committee determined that the salary increase for the CFO, Duncan Magrath, and COO, Matthew White, for the period from 1 January 2024 would be 1.8%. The Chairman, Andrew Page, and CEO, Andrew Denton, would receive an increase of 10%, which reflected the 2024 increase to the London Living Wage.

2024 Annual bonus

The 2024 annual bonus performance measures were selected to reflect the Company's annual and long-term objectives and its financial and strategic priorities, as appropriate. Performance targets are intended to be challenging, taking into account a range of reference points, including the Company's budget and third party analyst forecasts, as well as the Group's strategic priorities. Duncan Magrath and Matthew White both participated in the 2024 annual bonus (which combines a cash award and conditional deferred shares award). The Executive Chairman and CEO have waived their entitlement to a bonus for the 2024 performance year.

In respect of the annual bonus, the targets were weighted towards financial metrics, with 75% of the award measured on the revenue and operating profit of the Company. The outcome of this element of the bonus can be decreased by a modifier based on the operating free cash flow conversion over a two year period, being cash flow generated from operations after deducting capital expenditure as a percentage of operating profit EBIT. The ESG measures for the 2024 bonus consist of two individual elements, one assessing overall employee engagement and the other assessing a number of diversity initiatives, the achievement of which was evaluated on the overall progress at year end. The ESG measures have a combined weighting of 5% of total bonus opportunity. The remaining 20% is subject to achievement of individual personal objectives. Further details on performance outcomes for the non-financial measures are shown in the second table.

The following table sets out the targets, actual performance against these targets and, accordingly, the applicable pay-out for the 2024 annual bonus:

2024 Annual bonus outcome

Performance measure	Weighting (based on 100% max)	Threshold performance	50% Target performance required	Maximum performance required	Actual performance	Annual bonus value for threshold and maximum performance (% of max)	Percentage of maximum performance achieved	Duncan Magrath	Matthew White
Maximum opportunity (% salary)								125%	125%
Revenue	37.5%	£106.4m	£111.4m	£114.0m	£109.9m	0%-100%	34.6%	13.0%	13.0%
Operating profit	37.5%	£30.0m	£31.4m	£33.3m	£34.3m	0%-100%	100%	37.5%	37.5%
Cash flow conversion	Modifier	90%		100%	100.8%	0.9-1.0	1.0	1.0	1.0
TOTAL financial	**75.0%**						**67.2%**	**50.5%**	**50.5%**
ESG measures									
Employee engagement	2.5%		80%		82%		100%	2.5%	2.5%
Diversity initiatives	2.5%					0%-100%	80%	2.0%	2.0%
Personal performance	20.0%					0%-100%		14.0%	13.6%
TOTAL	**100.0%**						**55.0%**	**69.0%**	**68.6%**
Total payable (£)								**£258,686**	**£206,794**

Remuneration Committee Report continued

Performance against non-financial measures

We introduced our first annual bonus ESG performance measures in 2023, which had a combined weighting of 5% of the total bonus opportunity. The 2024 ESG measures continued to assess employee engagement, and the second measure was revised from employee retention to a number of diversity initiatives. These ESG measures continue to have a combined weighting of 5% of the total bonus opportunity.

In 2024, our average engagement rate stood at 82%, exceeding the threshold of 80%. This accomplishment reflects our ongoing efforts to create a positive and fulfilling work environment, which serves as a fundamental metric for our Company's sustained success and stability. Together, these metrics highlight our commitment to maintaining a consistent and engaged workforce.

Diversity initiatives

The Committee considered the DEI measures, which demonstrated significant progress, evidenced by a range of focused metrics and initiatives. Retention rates for diverse groups have been closely monitored and compared to Company-wide averages to ensure that any disparities are addressed through targeted future initiatives. Promotion data has been considered through a diversity lens to identify areas where additional support or opportunities may be required. Additionally, the Company's diversity landscape and engagement levels have been mapped across all business areas, which has provided a comprehensive view of representation and will shape future initiatives. Efforts to attract top talent remain robust, with a strong focus on securing a sustainable talent pipeline that reflects the Company's commitment to diversity. Key initiatives have included launching a mentoring programme to support career growth and tailored resources to advance female employees' professional development, fostering an inclusive environment that empowers all employees to thrive.

The Committee considered a performance assessment for the CFO and COO, showing the extent of their achievement against the individual personal strategic and operational measures agreed by the Committee. As with the financial elements of the annual bonus, the Committee was satisfied with the scale of Executive Directors' achievements this year. The personal measures described above are assessed with reference to the following objectives:

	Objective	Commentary on performance achieved	
Duncan Magrath	Finance processes and structure	• Made improvements in speed and accuracy of reporting and strengthened the team	
	Investor relations	• Focused on explaining the impact of moving to a SaaS business • Improved the understanding of key technological decisions and functionality of Alfa Systems, through different media • Used presentation platform to start increasing visibility to retail investors	
	ESG	• Improved the quality of emissions reporting and signed up to UNGC	
		Achievement	**70%**
Matthew White	Fit for future growth	• Developed of our Alfa Start product for US Auto • Extended our Smart Hub strategy • Focused on defining our culture to ensure continued attraction and retention as we expand globally	
	Focus on quality	• Improved performance testing environment tooling and performance test ownership within our Engineering team • Improved automated testing, improving confidence and reducing cost	
	Alfa Development Model	• Completed the launch of our agile development model for our customers	
		Achievement	**68%**

Remuneration Committee Report continued

Performance against annual bonus targets

Based on the achievements listed above, the Committee agreed that the final vesting under the 2024 bonus would be 69.0% of the maximum for Duncan Magrath and 68.6% of the maximum for Matthew White. In confirming this outcome, the Committee took into consideration the broader financial and operational performance of Alfa during the year, and the strong and effective leadership demonstrated by the Executive Directors. It was determined that no adjustments were required to the formulaic outcome. In accordance with the Remuneration Policy, 50% of these bonus amounts will be paid in cash, with the remaining 50%, after deduction of tax, to be deferred into an award of Alfa shares with a minimum holding period of three years.

Executive	Base salary	Maximum opportunity (% salary)	Financial measures (% of maximum)	ESG measures (% of maximum)	Personal performance (% of maximum)	Performance outcome (% of maximum)	Bonus outcome
Duncan Magrath	£300,100	125%	50.5%	4.5%	14.0%	69.0%	£258,686
Matthew White	£241,300	125%	50.5%	4.5%	13.6%	68.6%	£206,794

Long-Term Incentive Plan – awards vesting in the year

Awards granted to Executive Directors in April 2022 were subject to EPS growth and relative TSR performance over a three-year period ended 31 December 2024.

The EPS targets (applying to 50% of each award) required EPS for the year ending 31 December 2024 of 7.4 pence for 25% of that element to vest, rising to full vesting if EPS for the year ending 31 December 2024 was 9.2 pence or higher. The Group's 2024 EPS outturn of 8.56 pence warrants 74% vesting of this element of the award.

The TSR element (applying to 50% of each award) required the Group's three-year TSR performance to rank at median against the constituents of the FTSE small cap index (excluding investment trusts and the Company) for 25% of that element to vest, rising to full vesting if Alfa's TSR ranked at or above the upper quartile against the comparator group. Alfa's TSR over the period was 28.4%, which was at the 80th percentile versus the comparator group. This outcome warrants 100% vesting of this element of the award.

The Committee determined, after careful consideration of business performance and the interests of Alfa's stakeholders including shareholders, customers and employees, that the formulaic outcome was appropriate. Consequently, 87% of the total award will vest.

Awards are scheduled to vest on 12 April 2025, and both Executive Directors' awards will be subject to a two-year holding period, after deduction of tax with a release date of 12 April 2027. Details of the awards to Executive Directors are set out in the table below:

	No. of shares granted	Proportion of award vesting (% maximum)	No. of shares vesting	Value attributable to share price growth[1]	Face value of shares vesting[2]
Duncan Magrath	250,151	87%	217, 631	£106,639	£465,731
Matthew White	133,414	87%	116,070	£56,874	£248,390

1. The value of the award which is attributable to share price growth. Based on the share price at grant of 165.0 pence.
2. The amounts shown are indicative vesting values based on the average share price for the three-month period to 31 December 2024 of 214.0 pence.

Remuneration Committee Report continued

Long-Term Incentive Plan – awards granted in the year

Share awards were made to the Executive Directors under the LTIP on 9 April 2024 equivalent to 150% of salary for the CFO and 100% of salary for the COO. The Executive Chairman and CEO have waived their entitlement to participate in the 2024 LTIP.

Executive	Date of award	Face value (% of salary)	Number of shares granted	Average share price at grant (£)	Award value[1]	Vesting at threshold (% of face value)	Performance period
Duncan Magrath	9 April 2024	150%	261,411	1.722	£450,150	25%	1 January 2024 to 31 December 2026
Matthew White	9 April 2024	100%	140,127	1.722	£241,300	25%	1 January 2024 to 31 December 2026

1. This represents the face value of the share awards.

The LTIP awards are subject to two equally weighted performance metrics:

Measure	Description	Weighting	Threshold/target	Maximum target
2024				
Total shareholder return (TSR)	Measured with reference to the FTSE small cap index excluding investment trusts and the Company	50%	Median	Upper quartile
Earnings per share (EPS)	Measured with reference to EPS performance in the year ending December 2026	50%	9.2p	11.1p

Straight-line vesting occurs between threshold and maximum for both TSR and EPS elements of the award.

The three-year period over which performance will be measured begins on 1 January of the year the awards are granted and ends on 31 December of the third year. Any awards vesting for performance will be subject to an additional two-year holding period, during which malus and clawback provisions will continue to apply.

Pension entitlement

The only element of remuneration that is pensionable is basic annual salary. A cash payment in lieu of pension contributions are payable to the CFO and COO, at a rate of 6% of salary as aligned with the broader workforce.

External appointments

Executive Directors are allowed to accept one appointment outside the Company, with the prior approval of the Board. Any fees may be retained by the Director, although this is at the discretion of the Board. During 2024 and up to the date of this report, none of the Executive Directors who held office during the year under review held external appointments for which they received a fee.

Payments for loss of office

There were no payments for loss of office during the year or prior year.

Payments to past Directors

There were no payments to past Directors for loss of office during the year or prior year.

Remuneration Committee Report continued

Fees for the Non-Executive Directors

The fees were agreed on appointment. The Board reviewed the rates of pay for Non-Executive Directors over the year to ensure they remain aligned with market levels. A summary of 2024 fees is shown below:

£'000s	Basic fee	Audit and Risk Chair	Remuneration Chair	Senior Independent Director
Steve Breach	55	10	–	–
Adrian Chamberlain	55	–	10	–
Charlotte de Metz	55	–	–	–
Reena Raichura	55	–	–	–
Chris Sullivan	–	–	–	65

There is no additional fee payable to the Chair of the Nomination Committee.

Percentage change in Executive and Non-Executive Director remuneration

The table below shows the percentage increase/decrease in each Director's salary/fees, taxable benefits and annual bonus between 2020 and 2024 compared with the average percentage increase in each of those components of pay for the UK-based employees of the Group as a whole.

Disclosure for all Directors in addition to the CEO has been added in 2020 in line with the requirements under the EU Shareholder Rights Directive II. Alfa Financial Software Holdings PLC employs only the Directors and therefore a subset of the Group's employees has been used.

	Base salary/fees					Taxable benefits					Bonus				
Name	2020	2021	2022	2023	Change 2024	2020	2021	2022	2023	Change 2024	2020	2021	2022	2023	Change 2024
Average Employee	9%	5%	9%	8%	**8%**	13%	7%	8%	2%	**0%**	n/a	n/a	n/a	n/a	**n/a**
Executive Directors															
Andrew Page	0%	(8)%	(93)%	8%	**10%**	(7)%	(8)%	(58)%	(71)%	**(1)%**	n/a	n/a	n/a	n/a	**n/a**
Andrew Denton	0%	(8)%	(92)%	8%	**10%**	(6)%	(12)%	(69)%	(30)%	**(6)%**	n/a	n/a	n/a	n/a	**n/a**
Duncan Magrath[1]	0%	0%	0%	5%	**1.8%**	0%	0%	0%	0%	**(82)%**	n/a	12%	(16)%	(44)%	**77%**
Matthew White[2]	0%	0%	0%	5%	**1.8%**	0%	0%	0%	0%	**(79)%**	n/a	16%	(17)%	(30)%	**72%**
Non-Executive Directors															
Steve Breach	0%	0%	0%	0%	**0%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**
Adrian Chamberlain	0%	0%	0%	0%	**0%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**
Charlotte de Metz	0%	0%	0%	0%	**0%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**
Reena Raichura	–	–	–	–	**0%**	–	–	–	–	**n/a**	–	–	–	–	**n/a**
Chris Sullivan	0%	0%	0%	0%	**0%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**

1. Duncan Magrath joined the Board in March 2020; the first year he received a bonus was in April 2021, in relation to the 2020 financial year.
2. Matthew White joined the Board in October 2019; the first year he received a bonus was in April 2021, in relation to the 2020 financial year.

Remuneration Committee Report continued

Director contracts

Details of the Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are set out below. All Directors' service contracts and letters of appointment are available for inspection at the Company's registered office and at the AGM up until the start of the meeting.

	Date of appointment
Steve Breach	9 August 2019
Adrian Chamberlain	24 April 2020
Charlotte de Metz	24 April 2020
Andrew Denton	6 April 2017
Duncan Magrath	24 April 2020
Andrew Page	4 May 2017
Reena Raichura	3 June 2024
Chris Sullivan	18 July 2019
Matthew White	9 October 2019

Executive Directors' contracts operate on a six or 12-month rolling notice basis. Non-Executive Directors' contracts are for fixed periods of three years, which may be renewed for up to a maximum of nine years in total.

Dilution

Awards under Alfa incentive plans may be satisfied by treasury shares, shares held by the Employee Benefit Trust, the issue of new shares or the purchase of shares in the market. Under Investment Association guidelines, the issue of new shares or reissue of treasury shares under a plan, when aggregated with awards under all of a company's other schemes, must not exceed 10% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling 10-year period. As at 31 December 2024, no new shares, or reissue of treasury shares had been used to satisfy awards, and so this limit had not been exceeded.

All-employee share plans

The Company proposes to issue a new Sharesave Scheme each year and all Executive Directors will be entitled to participate on the same basis as all other employees.

Relative importance of spend on pay

The table below illustrates Alfa's returns to shareholders by way of dividends and share buy-backs in relation to spend on pay for all employees for the period and last financial year.

	2024	2023	Change
Total personnel costs (£m) (note 7 to the consolidated financial statements)	**53.4**	52.2	2.3%
Average number of employees (note 7 to the consolidated financial statements)	**485**	463	4.6%
Returns to shareholders (£m) (see note 31 for total dividends)	**22.1**	19.7	12.2%
Returns to shareholders (£m) (see note 28 for value of shares purchased during the year)	**0.7**	4.8	(85.4%)

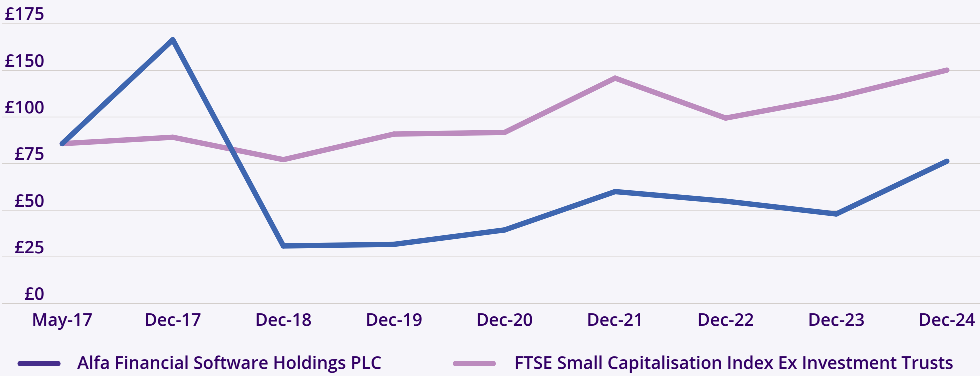
Remuneration Committee Report continued

Total shareholder return (for the period from 25 May 2017 to 31 December 2024)

The graph below shows Alfa's TSR performance from Admission in May 2017 to 31 December 2024 against the TSR performance of the FTSE small cap index (excluding investment trusts). The second graph shows the rebased TSR performance from 1 January 2022 to 31 December 2024. The graphs show the total shareholder return generated by both the movement in share value and the reinvestment over the same period of dividend income. As Alfa was a constituent member of the FTSE small cap index for the majority of this period, the Committee considers that it is the appropriate index for comparative purposes. These graphs have been calculated in accordance with the Directors' Remuneration Reporting Regulations.

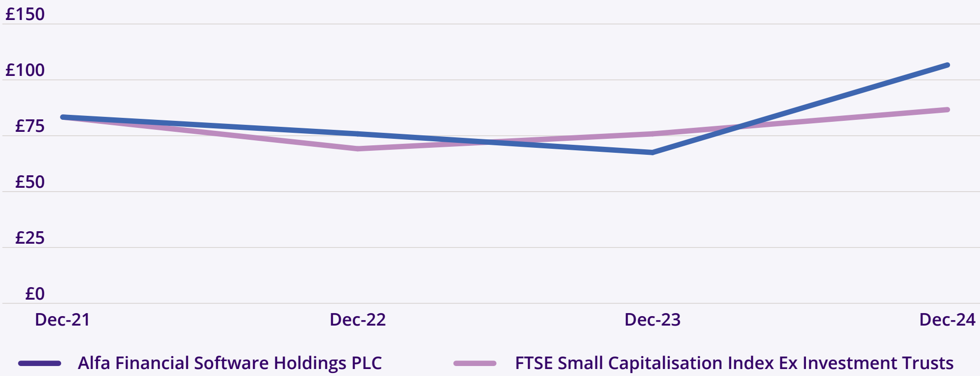
Total Shareholder Return (for the period from 25 May 2017 to 31 December 2024)

Value (£) (rebased)



Total Shareholder Return (for the period from 1 January 2022 to 31 December 2024)

Value (£) (rebased)



Total CEO single figure of remuneration and variable pay outcome

The table below shows the CEO single figure of total remuneration during financial years from 2017 to 2024.

	CEO single figure of remuneration	Annual bonus pay-out (as a % of maximum opportunity)[1]	LTIP vesting (as a % of maximum opportunity)[2]
2024	**£29,996**	n/a	n/a
2023	£27,814	n/a	n/a
2022	£26,998	n/a	n/a
2021[3]	£310,236	n/a	n/a
2020	£337,174	n/a	n/a
2019	£338,129	n/a	n/a
2018	£337,944	n/a	n/a
2017	£349,478	n/a	n/a

1. The CEO waived any eligibility for a bonus from 2017 to 2024.
2. The CEO waived any eligibility to participate in the long-term incentive awards in respect of the 2017 to 2024 performance years.
3. The CEO agreed to a reduction in salary effective 1 December 2021.

Remuneration Committee Report continued

CEO pay ratio

The table below sets out the pay ratios for the CEO in relation to the equivalent pay for the lower quartile, median and upper quartile (calculated on a full-time equivalent basis) of the UK employee population. The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Requirements 2018. The CEO pay ratio data will be built upon annually until a rolling 10-year dataset is produced. The methodology adopted for calculating the ratio was 'Option A' which entailed calculating the total full-time equivalent (FTE) pay and benefits for all UK employees on the 2024 payroll. Employees were then ranked based on their FTE remuneration from low to high in order to identify those whose remuneration placed them at the 25th, 50th (median) and 75th percentile points. The CEO's single total figure of remuneration (STFR) was then measured against these percentiles, to produce the three pay ratios. Option A was chosen because it was deemed to be the most statistically accurate method for this reporting purpose. The Company carries out annual salary reviews and annual reviews of benefits packages. Salary awards are made with reference to the outputs of annual industry benchmarking exercises. As per guidance, data relating to employees who left part way through the year and/or employees on secondment were excluded from the data set and analysis.

Pay ratio table

Year	Method	25th percentile (lower quartile)	50th percentile (median)	75th percentile (upper quartile)
2024	**A**	**0.5:1**	**0.3:1**	**0.3:1**
2023	A	0.5:1	0.3:1	0.2:1
2022	A	0.6:1	0.4:1	0.3:1
2021	A	6.1:1	4.0:1	3.2:1
2020	A	5.7:1	4.3:1	3.2:1
2019	A	5.7:1	4.4:1	3.2:1

Year	£'000s	25th percentile	50th percentile	75th percentile
2024	**Total remuneration**	**64.7**	**96.5**	**119.3**
	Salary only	**58.4**	**88.9**	**104.3**
2023	Total remuneration	58.8	88.2	118.2
	Salary only	52.0	80.3	100.7
2022	Total remuneration	51.4	78.2	108.4
	Salary only	47.2	70.0	91.5
2021	Total remuneration	50.9	77.1	96.7
	Salary only	46.8	72.2	86.2
2020	Total remuneration	59.5	78.5	106.7
	Salary only	55.1	73.2	98.1
2019	Total remuneration	59.0	76.2	106.3
	Salary only	57.1	71.2	95.7

This is the sixth financial year in which the Company has reported information on ratios between CEO and average staff pay under the amendments to the Companies (Miscellaneous Reporting) Regulations in 2018. There has been a significant decrease in the pay ratio due to the fact that the CEO agreed to reduce salary to the minimum level in December 2021. As a result, the CEO's STFR is lower in 2022, 2023 and 2024 than in previous years. In addition, the CEO has waived his right to any bonuses of LTIPs; the value of any employee equivalents has been excluded from the employee remuneration figures used. The Total remuneration includes benefits receivable during the relevant financial year and principally includes life assurance, travel insurance and private medical insurance.

Remuneration Committee Report continued

Statement of Directors' shareholdings and scheme interests

Executive Directors are expected to build and hold Alfa shares of at least 200% of their annual salary to align with the long-term interests of shareholders, with a requirement to retain 50% of any share awards vesting until the 200% requirement is met.

Under the Directors' Remuneration Policy, Executive Directors are required to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years post-employment. There are no share ownership requirements for the Non-Executive Directors. Shareholding requirements and the number of shares held by Directors during the year and as at 31 December 2024 are set out in the table below:

	Shares owned outright at 31 December 2023	Sharesave without conditions[2]	Interests in share incentive schemes which are performance-tested but unvested[3]	Interests in share incentive schemes with performance conditions	Shares owned outright at 31 December 2024	Shareholding requirement (% of requirement achieved)[1]
Andrew Page	166,635,559	–	–	–	153,769,534	achieved
Andrew Denton	9,280,589	–	–	–	7,695,747	achieved
Matthew White	1,083,261	11,718	116,070	311,238	351,301	achieved
Duncan Magrath	674,992	11,718	217,631	582,244	844,012	achieved
Chris Sullivan	317,649	–	–	–	251,317	n/a
Steve Breach	43,983	–	–	–	43,983	n/a
Adrian Chamberlain	14,380	–	–	–	14,380	n/a
Charlotte de Metz	–	–	–	–	–	n/a
Reena Raichura	n/a	–	–	–	–	n/a

1. Calculated using the share price of 215.0 pence (the three-month average to 31 December 2024).
2. Duncan Magrath and Matthew White elected to join the Company Sharesave share scheme for which an option to acquire 11,718 ordinary shares at an option exercise price of 153.6 pence per ordinary share was granted on 30 November 2021. Subject to certain conditions being satisfied, the entitlement to exercise the Sharesave option arises during the period 1 January 2025 to 30 June 2025. On 2 January 2025, Duncan Magrath and Matthew White exercised their share options under the Alfa Financial Software Holdings PLC 2021 Sharesave Plan. Both Directors elected to retain their shares and informed the Company that they had transferred to their respective spouse for nil consideration. Duncan Magrath and Matthew White remain the beneficial owners of the shares.
3. The 2022 LTIP awards (which vest based on performance to 31 December 2024) will vest on the third anniversary of grant on 12 April 2025.

Remuneration Committee Report continued

Illustrations of potential remuneration outcomes 2025

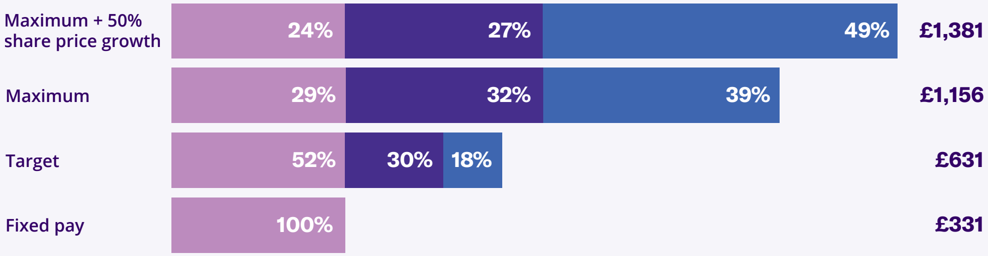
The following charts illustrate the remuneration that could be received by each of the executive Directors for varying levels of performance in 2025. The charts are based on the following assumptions:

Pay scenario	Purpose and link to strategy
Maximum + 50% share price growth	Assumes 100% pay-out under the annual bonus Assumes 100% pay-out under the LTIP plus 50% share price growth
Maximum	Assumes 100% pay-out under the annual bonus Assumes 100% pay-out under the LTIP
On-target	Assumes 50% pay-out under the annual bonus Assumes 25% pay-out under the LTIP (aligned with threshold performance)
Minimum	Fixed elements of remuneration only – base salary, pension and benefits

2025 single figure outcomes

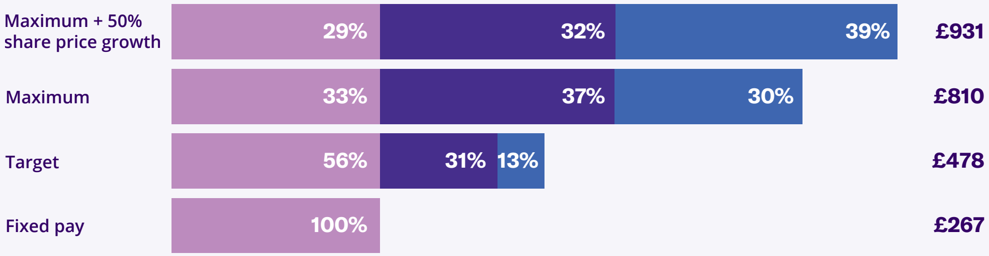
Andrew Page, Chairman (£000)

Duncan Magrath, CFO (£000)



Andrew Denton, CEO (£000)

Matthew White, COO (£000)



Fixed Bonus LTIP

Remuneration Committee Report continued

Implementation of the Remuneration Policy 2025

2025 Executive Directors' base salary

The Executive Directors' salaries were reviewed in December 2024. The Chair, Andrew Page, and CEO, Andrew Denton, indicated that they would continue to receive the legal minimum salary requirement, as they are significant shareholders in the Company and want to align their future remuneration with those of the other shareholders. In October 2024, the Living Wage Foundation announced that the London Living Wage would increase by 5.3% for 2025, equating to an annual salary of £28,816 for a 40 hour week. The Committee reviewed this and determined that the salary for the Chair and CEO, would be rounded up to £28,900, which would equate to a 5.6% increase.

The Committee carried out a review of the CFO's and COO's remuneration packages in December 2024 and determined that there would be a base salary increase of 3.3% and 3.6% respectively.

The table below shows the salaries for the Executive Directors as at 1 January 2025 and the salary increase in comparison to base salary at 1 January 2024:

	1 January 2024	1 January 2025	Salary % increase
Andrew Page	£27,360	£28,900	5.6%
Andrew Denton	£27,360	£28,900	5.6%
Duncan Magrath	£300,100	£310,000	3.3%
Matthew White	£241,300	£250,000	3.6%

2025 Annual bonus

The Chairman and CEO have elected to waive their bonus opportunity. The CFO and COO will be entitled to a maximum annual bonus of 125% of salary for 2025. The following measures have been selected for the 2025 annual bonus performance year:

Measure	Weighting
Operating profit	37.5%
Revenue	37.5%
Personal performance	20%
ESG	5%

The Committee determined that the existing annual bonus measures of revenue, operating profit, ESG measures and personal objectives continue to be appropriate for the business.

Each bonus measure has a target. Failure to meet a minimum percentage of the revenue and operating profit target will result in no bonus being awarded for that element. Achieving maximum target of operating profit and revenue target will result in the maximum bonus being awarded under the formula (subject to the minimum operating profit target being achieved). The ESG measure consists of two individual elements, one will assess the overall employee engagement, and the second will assess a number of diversity initiatives, the achievement of which will be evaluated on the overall progress at the end of the year. The ESG measure will have a combined weighting of 5% of total bonus opportunity. Having reviewed the operation of the cash modifier over the last few years the Committee concluded that this should be removed going forwards as an explicit financial metric. Instead if there was a particularly good or poor cash performance in any one year the Committee would consider the use of discretion to modify the overall bonus payout.

Remuneration Committee Report continued

As described earlier, the final determination is made by the Committee taking all available factors into account. The detailed bonus targets for the coming year are considered to be commercially sensitive. However, the Committee will provide an appropriate explanation of the bonus outcomes in the 2025 Directors' Remuneration Report. In accordance with the Policy, 50% of any bonus earned will be deferred into shares for a three-year holding period.

2025 Long-Term Incentive Plan

The award opportunity will remain at 150% of salary for the CFO and 100% of salary for the COO. Following vesting, awards will be subject to a subsequent holding period of two years, with the entirety of any award vesting released after two years. For 2025, the Executive Chair and CEO have elected to waive their LTIP opportunity. The maximum LTIP opportunity under the Policy is 150% of salary.

The Committee has agreed TSR and EPS measures for the LTIP, with an equal weighting applied to each measure. EPS targets have been calculated based on growth targets from previous year's actual EPS.

The Committee decided that following the Company's promotion to the FTSE 250, the TSR element for the 2025 LTIP would be assessed based on the constituents of the FTSE 250 index comparator group, excluding investment trusts rather than the FTSE Small cap. This ensures that performance comparisons are made against a more relevant peer group reflecting the Company's growth and increased market position. Median performance over the three-year performance period will result in 25% vesting, with 100% vesting if upper quartile performance is achieved. In each case, threshold vesting will be 25% of the maximum. Straight-line vesting occurs between threshold and maximum for both TSR and EPS elements of the award.

Measure	Description	Weighting	Threshold/target	Maximum target
2025				
Total shareholder return (TSR)	Measured with reference to the FTSE 250 Cap index excluding investment trusts and the Company	50%	Median	Upper quartile
Earnings per share (EPS)	Measured with reference to EPS performance in the year ending 31 December 2027	50%	9.91 pence	11.71 pence

Pension and benefits

For 2025, the CFO and COO, in lieu of a pension contribution, will receive a cash allowance of 6% of salary in line with the pension contribution available to the wider workforce. There are no further changes proposed to the benefits provided.

2025 Non-Executive Director remuneration

Non-Executive Directors do not participate in any of the Company's share incentive arrangements, nor do they receive any benefits. Fees for Non-Executive Directors are reviewed annually and are set by the Chair and the Executive Directors. Following the annual review of Non-Executive Director fees, no changes are proposed for the 2025 fees. It was determined that the fees will remain at the following level:

Base fee	£55,000
Additional fee for chairing Audit and Risk Committee or Remuneration Committee (subject to maximum fees of £65,000)	£10,000
Fee for the Senior Independent Director (including chairing Committees)	£65,000

Remuneration Committee Report continued

Remuneration Committee membership

All current members of the Committee are deemed to be independent. Accordingly, the Committee continues to comply with the independence requirements set out in the Code. During 2024, there were three formal meetings of the Remuneration Committee. The attendance is noted at the beginning of the Remuneration Committee Report. The responsibilities of the Committee are set out in the Corporate governance section on pages 51 to 109.

The Executive Directors and the CPO may be invited to attend meetings to assist the Committee in its deliberations, as appropriate. No person is present during any discussion relating to their own remuneration or is involved in deciding their own remuneration.

Remuneration consultant

During the year, the Remuneration Committee and the Company retained an independent external advisor to assist on various aspects of the Company's remuneration and share schemes. The Company has continued to retain the services of Ellason LLP as external advisors to the Committee for executive remuneration advice and updates on market practice. Ellason's fees for 2024 were £16,680 (2023: £19,845). Ellason does not provide any other services to the Group or any of the Directors, and the Committee is satisfied that it remains independent. Ellason is a member and signatory to the Remuneration Consultants Group's Code of Conduct, which requires that its advice be objective and impartial, and does not have any other connection with the Company or its Executive Directors.

Statement of shareholding voting

The 2023 Directors' Remuneration Report was approved by shareholders at the 2024 AGM. The Directors' Remuneration Policy was approved by shareholders at the 2024 AGM. The votes cast were as follows:

	For	Against	Votes withheld
Directors' Remuneration Report (FY2023)	99.98%	0.02%	0
Directors' Remuneration Policy	99.98%	0.02%	0

As ever, the Committee welcomes any enquiries or feedback shareholders may have on the Policy or any aspect of the work of the Committee.

Adrian Chamberlain
Chair, Remuneration Committee
12 March 2025

Remuneration Committee Report continued

Directors' Remuneration Policy – a summary

Introduction

The Alfa Directors' Remuneration Policy (the 'Policy') was approved with over 99% of shareholders' support at the AGM held on 1 May 2024. It is intended that the Policy will apply for a period of up to three years and will need to be re-approved at the 2027 AGM at the latest. The full Policy was published in the 2023 Annual Report.

Fixed elements of remuneration for Executive Directors

Salary

Purpose and link to strategy	To attract, retain and motivate Executive Directors of the calibre required to deliver the Company's strategy and drive business performance.
Operation	Base salaries will be reviewed at least annually, and assessed, taking into account the scope and requirements of the role, experience of the incumbent and the total remuneration package. Any increases will typically be effective from 1 January. Account will also be taken of the performance of the business, the salary increases awarded to the wider employee population, and remuneration arrangements in other listed companies of comparable scale and sector.
Maximum opportunity	There is no overall maximum for, or increase to, salary levels. Any increase in Executive Director salaries will generally be no higher in percentage terms than that for the broader employee population. In appropriate circumstances, the Committee may award increases outside this range. These may include: • A change in role and/or responsibilities; • Performance and/or development in the role of the Executive Director; and • A significant change in the Company's size, composition and/or complexity. In addition, where an Executive Director has been appointed to the Board at a starting salary which is lower than the typical market rate, larger increases may be awarded as their experience develops, if the Committee considers such increases to be appropriate.
Performance	Personal performance will be taken into consideration when determining any salary increases.

Benefits

Purpose and link to strategy	To provide market competitive benefits which help to recruit and retain high-calibre Executive Directors.
Operation	The Committee's policy is to provide Executive Directors with competitive levels of benefits, taking into consideration the benefits provided to Alfa's employees and those offered by its peers. Benefits are in line with those for the broader workforce and currently include (but are not limited to) private medical insurance for individual and family, (if applicable); and death-in service life assurance. The Company may award additional benefits where the Committee considers it appropriate (e.g. travel, accommodation and subsistence allowances). These may include national and international relocation benefits such as (but not limited to) accommodation, family relocation support and travel in line with our policy for other employees in similar situations.
Maximum opportunity	Given that the cost of benefits depends on the Executive Director's individual circumstances, there is no prescribed maximum monetary value. The cost of the benefits provision will be reviewed by the Committee on a periodic basis to ensure it remains appropriate. Other payments such as legal fees or outplacement costs may be paid if it is considered appropriate.
Performance	There are no performance conditions.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Pension

Purpose and link to strategy	To encourage and assist with responsible, secure retirement provisions, thereby facilitating the recruitment of high-calibre Executive Directors to deliver the Company's strategy.
Operation	May be provided by way of contribution into a Company pension scheme or a cash supplement in lieu of pension contributions into this scheme (or such other arrangement the Committee determines has the same economic effect).
Maximum opportunity	The maximum Company contribution for Executive Directors will not exceed the contribution (as a percentage of salary) available to the broader employee population (currently 6% of salary).
Performance	There are no performance conditions.

Variable elements of remuneration for Executive Directors

Annual bonus and Deferred Bonus Share Plan (DBSP)

Purpose and link to strategy	Incentivises and rewards the achievement of annual financial and non-financial objectives integral to the Company's strategy. The part deferral of earned bonus into shares provides alignment with shareholders' long-term interests.
Operation	The Committee will set the performance measures, their weighting and targets annually to reflect the key financial and non-financial priorities for the business in the relevant year. Annual bonus outcomes will be determined by the Committee, and the Committee may use its discretion at the end of the performance period to adjust the final bonus outcome if it considers that the outcome does not reflect the underlying performance of the business during the year, or if it considers the payment is not appropriate in the context of unforeseen, unexpected or exceptional circumstances. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant Annual Report. Not less than 50% of any bonus will normally be satisfied by way of an award of shares under the DBSP. Deferred shares will be subject to a three year holding period from the date of the award, but no further performance conditions will apply. Directors may sell sufficient shares to satisfy the respective tax liability but must retain the net number of shares until the end of this three year period. Malus and clawback provisions will apply (see explanatory notes in full policy).
Maximum opportunity	The maximum bonus opportunity may be up to 150% of salary for the Executive Directors for each financial year. On-target performance will typically pay out up to 50% of the maximum opportunity. Full details on the annual bonus for Executive Directors will be set out in the Annual Report on Remuneration in respect of the relevant year.
Performance	Performance measures will comprise a combination of financial and non-financial objectives, and the measures may vary from year to year. At least half of the annual bonus will be based on financial measures. The non-financial performance measures may include a combination of strategic and/or personal objectives. Further details on, and the rationale for, the measures used in the annual bonus will be disclosed in the relevant Annual Report (and the targets set will normally be disclosed retrospectively, subject to these being considered not to be commercially sensitive).

Remuneration Committee Report continued

Directors’ Remuneration Policy continued

Long-Term Incentive Plan (LTIP)

Purpose and link to strategy	Incentivises and rewards the achievement of the Company’s long-term strategic objectives for the business, through the use of share-based awards. Encourages long-term shareholdings to retain Executive Directors and provide alignment with shareholders’ interests.
Operation	Awards granted under the LTIP vest subject to the achievement of applicable performance conditions measured over at least a three-year period. LTIPs may be made as conditional share awards or in other forms (e.g. nil cost options) if it is considered appropriate. The Committee may use its discretion at the end of the performance period to adjust the final vesting outcomes if it considers that the formulaic outcome does not reflect the underlying performance of the business during the performance period, or if it considers the payment is not appropriate in the context of unforeseen, unexpected or exceptional circumstances. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant Annual Report. Awards that vest are subject to a further two-year holding period after the vesting date. Directors may sell sufficient shares to satisfy the respective tax liability but must retain the net number of shares until the end of this two-year period. The Committee retains the discretion to allow dividends to accrue over the vesting period in respect of any awards that vest (see explanatory notes in full policy).
Maximum opportunity	The maximum value of shares (at grant) which can be made under an award to an individual in respect of a financial year is 150% of salary.
Performance	Performance measures will be determined by the Committee at the time of making each award to ensure alignment with the long-term success of the business. The performance conditions may include, but are not limited to, market measures, financial measures and strategic long-term objectives. For performance between threshold and maximum, awards vest on a straight-line basis. 100% of an award will vest for maximum performance and typically 25% will vest at threshold.

All-employee share plans

Purpose and link to strategy	All-employee share plans are designed to encourage share ownership across the wider workforce.
Operation	Executive Directors are eligible to participate in any all-employee share plan, on identical terms to other participants. In the case of UK tax qualifying plans, these will be operated in line with HMRC guidance.
Maximum opportunity	Participation in any approved all-employee share plans will be subject to the same limits as for other eligible employees and, in the case of any UK tax qualifying plan, will be subject to the maximum limits permitted by the relevant tax legislation.
Performance	The Committee may apply conditions to participation in all-employee share plans, which will apply to all employees.

Shareholding requirement

Purpose and link to strategy	To drive long-term, sustainable decision-making for the benefit of the Company and our shareholders.
Operation	The Executive Directors are required to build up a shareholding equivalent to 200% of salary to align with the long-term interests of shareholders. Until the requirement is met, 50% of any share awards vesting (after any sales to cover tax liabilities) should be retained.
Maximum opportunity	Executive Directors are required to hold shares equivalent to 200% of their salary in value. Post-employment, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.
Performance	There are no performance conditions.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Non-Executive Director remuneration

Fees paid to the Non-Executive Directors

Purpose and link to strategy	Fees are set at a level to reflect the amount of time and level of involvement required in order to carry out duties as members of the Board and its Committees, and to attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience.
Operation	Fees for Non-Executive Directors will be determined by the Chairman and the Executive Directors. Additional fees are payable for acting as Senior Independent Director, Committee Chairs, or for undertaking other duties. Fee levels will be reviewed (though not necessarily increased) annually and set with reference to the time commitment and responsibility of the position as well as taking into consideration market data for roles in other companies of a similar size and complexity. Benefits appropriate to the role may be provided. The Non-Executive Directors will have the benefit of a qualifying third party indemnity from the Company and appropriate Directors' and Officers' liability insurance. Travel and reasonable expenses incurred (including any tax gross-up) in the course of performing their duties may be paid by the Company or reimbursed.
Maximum opportunity	Details of the current fee levels for the Non-Executive Directors are set out in the Annual Report on Remuneration. There is no prescribed maximum annual increase. Total fees will not exceed the maximum amount provided in the Company's Articles of Association.
Performance	There are no performance conditions.

Discretion, malus and clawback

Our incentive plans provide the Committee with discretion in respect of vesting outcomes that affect the actual level of reward payable to individuals. Such discretion would only be used in exceptional circumstances and, if exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant Annual Report. Variable pay awards may be subject to adjustment events. At the discretion of the Committee, an award may be adjusted before delivery (malus) or reclaimed after delivery (clawback) if an adjustment event occurs. Malus will apply to awards under the DBSP and the LTIP.

The Committee has the discretion to invoke these provisions in the following circumstances:

- Where there is a material misstatement of any Company financial results;
- Where an error in assessing performance conditions is discovered;
- Where there is misconduct on the part of the individual; and
- Where a material failure of risk management by the Company is identified, or in the event of serious reputational damage to the Company.

The full Policy also includes further information on:

- Performance conditions
- Shareholding requirement
- Recruitment remuneration
- Service contracts and appointment letters
- Termination of office
- Change of control
- Shareholders' views
- Employment conditions in the Company
- External appointments

Remuneration Committee Report continued

Alignment of Remuneration Policy

Alignment of Remuneration Policy with the 2018 UK Corporate Governance Code

Governance in practice

The Remuneration Committee is committed to good corporate governance and as such takes into account a broad range of factors when determining its Directors' Remuneration Policy. The Committee considered both legal and regulatory requirements, associated guidance, and the views of shareholders and their representative bodies. Below is an outline of how the Committee works to ensure the principles of Provision 40 of the 2018 UK Corporate Governance Code are met.

Clarity

Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Alfa is committed to clear and transparent reporting and communication with its stakeholders. The Committee actively engages with our shareholders on key decisions and Policy matters, when required. The Alfa Remuneration Policy is aligned with longer-term shareholder interests and structured to promote the Group's financial and strategic priorities.

Simplicity

Remuneration structures should avoid complexity, and their rationale and operation should be easy to understand.	Alfa's approach to its remuneration framework focuses on simplicity. The framework comprises three core elements to remuneration: **Fixed pay.** This element comprises base pay, taxable benefits and pension. **Short-term incentives.** This element relates to an annual performance-related bonus which incentivises delivery against both financial and non-financial measures. In total, 50% of any bonus earned is paid in cash with 50% deferred into shares. **Long-term incentives.** This element relates to longer-term value creation through the LTIP.

Risk

Remuneration arrangements should ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentives plans are identified and mitigated.	The remuneration arrangements are split between short-term and long-term rewards coupled with holding periods, deferred elements, and malus and clawback provisions to drive the right behaviours to incentivise the Executive Directors to deliver long-term sustainability of the business and shareholder returns. As a wider control, malus and clawback provisions apply to all participants of our long-term incentive plans. The Remuneration Committee retains discretion to override formulaic outcomes where these are not considered reflective of underlying performance.

Predictability

The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	The Remuneration Policy sets out scenario charts illustrating base pay, short-term incentives and longer-term incentive outcomes under threshold, target and maximum performance scenarios.

Proportionality

The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Committee assesses performance against a range of financial and non-financial measures linked to our business strategy. The Committee has the ability to override formulaic calculations and apply discretion. The Committee regularly reviews pay policies for the wider workforce and is mindful of this when setting remuneration for Executive Directors.

Alignment to culture

Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	When considering the alignment of incentive plans and culture the Committee considers that performance targets do not drive the wrong behaviours. The Committee also retains discretion under the plan rules to override formulaic vesting outcomes and to extend holding periods.

Directors' report

The Directors of Alfa present their report and the audited financial statements for the year ended 31 December 2024. This report includes information required by the Companies Act 2006 and the UK Financial Conduct Authority's UK Listing Rules (UKLR) and forms part of the management report as required by the Disclosure and Transparency (DTR) Rule 4. Additional information which is incorporated by reference into this Directors' report can be located by reference in the tables below. As permitted by the Companies Act 2006, the Directors' report includes the disclosures in the Strategic report on:

Subject matter	Location in Annual Report (page)
Performance and future development in the business affecting the Group since the financial year	1 to 50
Climate change emission reporting	29 to 33
Long-term Viability statement	49 to 50
Stakeholder engagement	46 to 48
Employee engagement	46
Directors who held office during the year	92

The Group is required to disclose certain information under UKLR 6.6 in the Directors' report or advise where such relevant information is contained. This information can be found in the following sections of the Annual Report and Accounts:

Listing rule requirement	Location in Annual Report (page)
Details of any long-term incentive schemes	89 to 90, 98
Details of waiver of Director emoluments and future emoluments	87, 90, 97 to 98
Shareholder waiver of dividends and future dividends	106
Details of any contract of significance	107
Board statement in respect of the Relationship Agreement with the controlling shareholder	

Principal activities

The principal activity of the Alfa Group is the provision of software and software-related services to the auto and equipment finance industry. Alfa is a public company limited by shares and is incorporated and domiciled in England. Its shares are listed on the London Stock Exchange. The registered office is Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, United Kingdom. Alfa's registration number is 10713517. The principal activity of the Company is that of a holding company.

The Company's registrar is Equiniti Limited situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Directors' interests

The Directors' interests in and options over ordinary shares in the Company are shown in the Directors' Remuneration Report on page 95. There has been no change in Directors' interests from the end of the financial year and to the date of this report.

In line with the requirements of the Companies Act, each Director has notified the Company of any situation in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). These were considered and approved by the Board in accordance with the Articles and each Director was informed of the authorisation and any terms on which it was given. All Directors are aware of the need to consult with the Company Secretary should any possible situational conflict arise, so that prior consideration can be given by the Board as to whether or not such conflict will be approved.

Corporate governance statement

The Company's statement on corporate governance can be found on page 53 of the corporate governance report. The report forms part of this Directors' report and is incorporated by cross-reference.

2025 Annual General Meeting

The Company's AGM will be held on Wednesday, 30 April 2025 at 3pm at Alfa's head office at Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT. The Notice of Meeting setting out the resolutions to be proposed at the 2025 AGM, together with explanatory notes, will be sent to shareholders as a separate document and made available on the Company's website www.alfasystems.com/en-eu/investors/shareholder-information.

Shareholders' voting rights

All members who hold ordinary shares are entitled to attend and vote at the AGM. On a show of hands at a general meeting, every member present in person shall have one vote and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. No shareholder holds ordinary shares carrying special rights relating to the control of the Company and the Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on voting rights.

Amendment of the Articles

The Articles may only be amended by a special resolution of the Company's shareholders in a general meeting.

Financial risk management

The financial risk management objectives and policies of the Group and the Company and the exposure of the Group and the Company to price risk, credit risk, liquidity risk and cash flow risk are disclosed in note 3 to the financial statements.

Directors' report continued

Diversity data as at 31 December 2024

Our gender identity and ethnicity data is in accordance with UK Listing Rule 6.6.6(9) in the format set out in UKLR 22 Annex 1. Data is collected by self-disclosure directly from the individuals concerned.

Gender identity or sex

	No. of Board members	% of the Board	No. of senior positions on the Board (CEO, CFO, SID and Chair)	No. in CLT[1]	% of CLT
Men	7	78%	4	3	75%
Women	2	22%	–	1	25%
Not specified/prefer not to say	–	–	–	–	

1. The CLT composition data excludes the three Executive Directors who are part of the CLT.

Ethnic background

	No. of Board members	% of the Board	No. of senior positions on the Board (CEO, CFO, SID and Chair)	No. in CLT[1]	% of CLT
White British or other White (including minority-white groups)	8	89%	4	4	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	11%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1. The CLT composition data excludes the three Executive Directors who are part of the CLT.

Internal controls

Further details of our internal control framework can be found in the Audit and Risk Committee Report on page 80.

Profits and dividends

The consolidated profit after tax for the year ended 31 December 2024 was £25.6m (2023: £23.5m). The results are discussed in greater detail in the Financial review on pages 21 to 24. Information on dividends is shown in note 31 of the financial statements and is incorporated into this report by reference. Subject to approval at the AGM on 30 April 2025, a 2024 final dividend of 1.4 pence per share will be paid on 27 June 2025 to holders on the register on 30 May 2025. The ordinary shares will be quoted ex-dividend on 29 May 2025.

In addition, the Board has decided to declare a special dividend of 2.4 pence per share, with an ex-dividend date of 1 May 2025, a record date of 2 May 2025 and a payment date of 30 May 2025. This follows the payment of two special dividends of 2.0 pence and 4.2 pence on 30 May 2024 and 8 November 2024 respectively.

Research and development

The Group continued to invest in product research and development throughout the year. The product is enhanced by both specific customer-driven requirements, some of which are paid for by customers, but also by internal development using the skills and knowledge from the Development teams but also using feedback from the Implementation and Markets and Products teams. The amount expensed in the profit and loss account for research and development is shown in note 6 to the consolidated financial statements. In addition, amounts are capitalised as Other intangible assets, which are shown in note 15 to the consolidated financial statements.

Interest capitalised in the period

No interest has been capitalised by Alfa in the year ended 31 December 2024 or at 31 December 2023.

Directors' insurance and indemnities

Each Director of the Company has the benefit of a qualifying indemnity, as defined by section 236 of the Companies Act, and as permitted by the Articles, as well as Directors' and Officers' liability insurance.

Shares held in the Employee Benefit Trust

During the year, the trustees of the Employee Benefit Trust, which operates in connection with the Company's share plans, waived its rights to receive dividends on any shares held by it. Details of the trust can be found in note 28 of the financial statements.

Share capital

The Company's ordinary shares are listed on the London Stock Exchange. The authorised share capital of the Company as at 31 December 2024 was made up of 300,000,000 ordinary shares of 0.1 pence each, of which it held 4,775,119 shares in Treasury. Further information regarding the Company's issued share capital can be found in note 26 of the Company financial statements on page 145.

Directors' report continued

Restrictions on transfer of ordinary shares

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. All issued share capital of the Company at the date of this Annual Report is fully paid. Certain restrictions are also imposed by laws and regulations (such as insider trading and market abuse requirements relating to close periods) and requirements of the Listing Rules whereby Directors and certain employees of the Company require Board approval to deal in the Company's securities.

Disability

With regard to existing team members and those who may become disabled, Alfa's policy is to examine ways and means to provide continuing employment under the existing terms and conditions and to provide training and career development, including promotion, where appropriate.

When considering recruitment, training, career development, promotion or any other aspect of employment, we strive to ensure that no colleague or job applicant is discriminated against, either directly or indirectly, on the grounds of disability.

Authority to purchase own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares bought back may be held as treasury shares or cancelled immediately on completion of the purchase. At the 2024 AGM, the Company was generally and unconditionally authorised by its shareholders to purchase in the market up to 10% of the ordinary shares of the Company (29,522,488 ordinary shares). This authority is renewable annually, and a special resolution will be proposed at the 2025 AGM to request shareholders to renew it.

Transactions with related parties

There is an existing material relationship with the controlling shareholder, a related party, which is governed by a Relationship Agreement.

The relationship between the Company and the controlling shareholder of the Company (the 'Controlling Shareholder'), CHP Software and Consulting Holdings Limited, is governed by a Relationship Agreement (dated 26 May 2017, as amended by deeds of adherence dated 10 January 2024 and 15 January 2024).

Subject to a certain minimum shareholding, the Relationship Agreement details the rights the Controlling Shareholder has to representation on the Board and Nomination Committee and to appoint observers to the Nomination Committee (if not represented on the Committee). The Controlling Shareholder also undertakes not to operate, establish, own or acquire a competing business during the terms of the agreement.

Any transactions between Alfa and the Controlling Shareholder will be at arm's length and on normal commercial terms.

In accordance with the requirements of UKLR, the Board confirms that the Company has complied with its obligations under the Relationship Agreement, including in respect of the independence provisions and, so far as the Company is aware, the Controlling Shareholder has complied with the provisions of the Relationship Agreement (including the independence and non-compete provisions set out therein), at all times since the Agreement was entered into. Other related party transactions are detailed in note 32.3 to the consolidated financial statements.

There are no further transactions with related parties.

Compensation for loss of office and change of control

There are no agreements between the Company and its Directors or Alfa team members providing for additional compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid. The only significant agreement, to which the Company is a party that takes effect, alters or terminates upon a change of control of the Company following a takeover bid, and the effect thereof, is the Relationship Agreement. The Relationship Agreement with the Controlling Shareholder contains a provision under which it will terminate upon the earlier of: (i) the Controlling Shareholder and its associates ceasing to have the entitlement to exercise or control the exercise of 10% or more of the voting rights in the Company; or (ii) the Company's ordinary shares ceasing to be admitted to the listing on the Official List of the FCA.

Directors' report continued

Appointment and retirement of a Director

The Articles of Association of the Company set out the rules governing the appointment and removal of a Director. The Articles of Association may be amended by a special resolution of the shareholders.

CHP Software and Consulting Holdings Limited, has the right to appoint one Non-Executive Director to the Board for so long as the Controlling Shareholder holds 10% or more but less than 20% of the voting rights in respect of the Company's shares.

If none of the Controlling Shareholders are members of the Nomination Committee, the Controlling Shareholder can appoint an observer to the Nomination Committee. Andrew Page is designated as the first appointed Director of the Controlling Shareholder. Andrew Denton has not been appointed as a designated Director by the Controlling Shareholder. It has been agreed that for as long as the Controlling Shareholder has the right to appoint two Directors to the Board, and whilst Andrew Denton is a Director of the Company, the Controlling Shareholder will not exercise its right to appoint a second Director to the Board.

In accordance with the recommendations of the 2018 Code, all Directors will stand for re-election at the 2024 AGM on an annual basis.

Powers of the Directors

Specific powers relating to the allotment and issuance of ordinary shares and the ability of the Company to purchase its own securities are also included within the Articles and such authorities are submitted for approval by the shareholders at the AGM each year.

The Directors have the authority to allot shares or grant rights to subscribe for or to convert any security into shares in the Company. Further details of the proposed authorities are set out in the notice of the AGM. A share repurchase programme concluded on 30 June 2023. Further details can be found page 145.

Streamlined Energy and Carbon Reporting (SECR)

A breakdown of our greenhouse gas (GHG) emissions in accordance with our regulatory obligation to report GHG emissions pursuant to section 7 of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, can be found on pages 32 and 33.

Stakeholder engagement

Details of how the Group has engaged with its employees, suppliers, customers and other principal stakeholders together with details of the key decisions taken by the Group during the year are disclosed on pages 46 to 48.

Political donations

The Group made no political donations and incurred no political expenditure during the year (2023: £nil). The Company's policy remains not to make political donations nor incur political expenditure. At the 2024 AGM, the Directors were generally and unconditionally authorised by the Company's shareholders to make limited political donations of up to £50,000, in order to protect against any inadvertent breaches of the relevant provisions of the Companies Act 2006 which are very broad in nature. The Board has no intention of using this authority.

Significant shareholdings

As at 31 December 2024 and 28 February 2025 (being the latest practicable date of this report), the Company had been notified, in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules, of the following voting rights as a shareholder of the Company:

Name of shareholder	No. of ordinary shares at 31 December 2024	% of total voting rights at 31 December 2024	No. of ordinary shares at 28 February 2025	% of total voting rights at 28 February 2025	Nature of holding
CHP Software and Consulting Holdings Limited	161,454,782	54.69	161,454,782	54.66	Direct
Liontrust Asset Management	26,821,266	9.09	26,154,328	8.86	Indirect
BlackRock	17,270,499	5.85	17,519,219	5.93	Indirect
Invesco	13,876,018	4.70	13,961,511	4.73	Indirect

Directors' report continued

Employee involvement

We place considerable value on the involvement of our employees, viewing and treating them as valued team members and an integral part of our business and success. We continue to keep them informed on matters affecting them through CEO updates and both formal and informal meetings, and through Confluence, our intranet. Our employees are regularly consulted on a wide range of matters affecting their current and future interests. Many of our employees have interests in shares, including participation in the Sharesave scheme and awards granted under the Alfa LTIP to some senior employees. Information on employee engagement is available on page 46, with additional information highlighted on pages 64. Further information on employee engagement, as measured by our internal employee surveys, is included on page 26.

Subsidiaries and branches

The Group has subsidiaries in the USA, Germany, Australia and New Zealand. Further details of these can be found in note 32.2 to the accounts on page 149.

Disclosure of information to the auditor

Each of the Directors of the Company at the date the Directors' report is approved confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all reasonable steps to ascertain any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. RSM UK Audit LLP, the Group's auditor, has indicated its willingness to continue in office and, on the recommendation of the Audit and Risk Committee and in accordance with section 489 of the Companies Act of 2006, a resolution to reappoint it will be put to the 2025 AGM.

Board approval of the Directors' report

The Directors' report was approved by the Board on 12 March 2025 and signed on its behalf by:

Andrew Denton
Chief Executive Officer

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report and the Directors' report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required under the UK Listing Rules of the Financial Conduct Authority to prepare Group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and

e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on pages 54 to 55 confirm that, to the best of each person's knowledge:

a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

b. the Strategic report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Alfa Financial Software Holdings PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This responsibility statement was approved by the Board of Directors on 12 March 2025 and is signed on its behalf by:

Andrew Denton
Chief Executive Officer

Financial statements

Independent auditor's report to the members of Alfa Financial Software Holdings plc

Opinion

We have audited the financial statements of Alfa Financial Holdings PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise consolidated statement of profit or loss and comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition – Software Engineering and Delivery revenue from implementation projects **Parent Company** • None
Materiality	**Group** • Overall materiality: £1.70m (2023: £1.48m) • Performance materiality: £1.27m (2023: £1.11m) **Parent Company** • Overall materiality: £1.69m (2023: £1.47m) • Performance materiality: £1.26m (2023: £1.10m)
Scope	Our audit procedures covered 100% of revenue, total assets and profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Alfa Financial Software Holdings plc continued

Revenue recognition – Software Engineering and Delivery revenue from implementation projects

Key audit matter description	The Group's operations include complex Software Engineering and Delivery activities. The delivery of customer contracts typically extends over more than one reporting period, and often the original project plans are amended. In recognising customised licence revenue, management has to apply a number of judgements to allocate the overall transaction price across the multiple performance obligations that have been identified within these projects. In addition, for all revenue streams, the business often negotiates specific contractual terms with its customers which require judgement to be applied to determine how these should be accounted for in line with IFRS 15 'Revenue from contracts with customers.' We consider revenue recognition for Software Engineering and Delivery to be a key audit matter due to: • The level of judgement involved in the identification of distinct performance obligations and subsequent measurement and timing of recognition of customised licence revenue; • The level of judgement involved in respect of contract-specific judgements for all revenue streams; • The potential risk of fraud in revenue recognition; • The allocation of audit resources and effort. Further details on revenue recognition are included in the financial statements in note 1.5 "Accounting policies – Revenue recognition", note 2 "Critical accounting judgements, estimates and assumptions" and note 5 "Revenue from contracts with customers".

How the matter was addressed in the audit	In response to this key audit matter, the audit procedures we performed included:
	• Updating our understanding of the processes and controls around revenue recognition;
	• Examining the group's revenue recognition policy, including supporting accounting papers, to assess whether performance obligations have been appropriately identified and revenue recognised in line with IFRS 15;
	• For Software Engineering and Delivery revenue from implementation projects we:
	  • Assessed management's analysis of the performance obligations within individual contracts and of how the five steps in IFRS 15 should be applied;
	  • Audited the revenue recognition calculations for a sample of the most significant contracts to assess whether the methodology applied was consistent with the group's revenue recognition policy and across projects. This included testing inputs in the calculations to supporting evidence;
	  • Examined a sample of underlying contracts to confirm the relevant contract terms had been appropriately identified;
	  • Verified the explanations and data provided by management by holding discussions with project managers regarding the key assumptions and judgements made;
	  • Tested the completeness and accuracy of timesheet data as some performance obligations are recognised based on days worked;
	  • Challenged management on the appropriateness of estimates made in IFRS 15 calculations for customised licence revenue;
	  • Assessed specific contract key judgements and whether these were recognised appropriately in line with IFRS 15.
	• Auditing the disclosures in the financial statements and evaluating whether the policy for revenue recognition is appropriately explained and critical judgements are appropriately disclosed.

Key observations	Based on the results of the audit procedures outlined above, we have no observations to report. The impacts of the key judgements applied in respect of revenue recognition are disclosed in note 2 to the financial statements.

No key audit matters were identified in respect of the parent company.

Independent auditor’s report to the members of Alfa Financial Software Holdings plc continued

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£1.70m (2023: £1.48m)	£1.69m (2023: £1.47m)
Basis for determining overall materiality	5% of profit before tax (2023: 5% of profit before tax)	1% of net assets, capped at 99% of group overall materiality (2023: 1% of net assets, capped at 99% of group overall materiality)
Rationale for benchmark applied	As a listed entity, profit before taxation is considered the most appropriate benchmark for users of the financial statements.	Net assets is considered to be the most appropriate benchmark for the parent company as it is primarily a holding company.
Performance materiality	£1.27m (2023: £1.11m)	£1.26m (2023: £1.10m)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £0.09m and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £0.08m and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group has operations located in the following countries:

- United Kingdom
- United States of America
- Germany
- Australia
- New Zealand

Although the structure of the group is made up of a number of legal entities, we have assessed that the group is a single component for the purposes of our audit because financial information is presented to management and the Board on a consolidated basis and the group’s financial statements report a single segment and do not disclose any specific divisional information. The group’s principal activity is consistent across all locations with a commonality of operations and there is operational interdependence across the group.

Our audit approach covers 100% of profit before tax, revenue and total assets. All audit work was completed by the group audit team and no component auditors were used in our audit.

Independent auditor’s report to the members of Alfa Financial Software Holdings plc continued

The impact of climate change on the audit

In planning our audit, we considered the potential impact of the possible risks arising from climate change on the Group’s and the Company’s financial statements and obtained an understanding of how management identifies and responds to climate-related risks. Further information on management’s risk assessment, progress and commitments is provided in the Group’s climate-related risk disclosures on pages 25 to 33 of the annual report.

We performed risk assessment procedures including making enquiries of management, reading board minutes and applying our knowledge of the Group and the Company and the sector within which it operates, to assess the potential impact on the financial statements.

Taking account of the nature of the business, the extent of the headroom in impairment testing, and insensitivity of useful economic lives of tangible and intangible assets to changing regulation, weather patterns or business activities, we have not assessed climate-related risk to be significant to our audit. There was also no impact on our key audit matters.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the group’s and parent company’s ability to continue to adopt the going concern basis of accounting included:

- Checking the arithmetic accuracy of the forecasts that form the basis of the directors’ going concern assessment and Viability statement;
- Corroborating the cash balance that is used as the starting point for the forecasts by confirming to bank confirmations;
- Challenging management’s forecasts and comparing the 2024 budget to YTD results and order book;
- Assessing the assumptions made in management’s stress-testing;
- Completing further sensitivity analysis and stress-testing of management’s forecasts;
- Auditing the disclosures in the financial statements in respect of going concern and viability.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s or the parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entity reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Alfa Financial Software Holdings plc continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement as regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 24;
- Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 49 to 50;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 49;
- Directors' statement on fair, balanced and understandable set out on page 80;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 34;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 80; and
- Section describing the work of the audit committee set out on pages 76 to 82.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 110, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Independent auditor's report to the members of Alfa Financial Software Holdings plc continued

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK adopted IAS, FRS 102 and Companies Act 2006	• Review of the financial statement disclosures and testing to supporting documentation; • Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	• Inspection of advice received from internal/external tax advisors; • Consultation with a tax specialist regarding the approach taken to the audit of tax; • Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	The audit procedures performed in relation to revenue recognition are documented in the key audit matter section of our audit report for Software Engineering and Delivery revenue from implementation projects. In respect of ongoing Software Engineering and Delivery revenue our procedures included: • Recalculation of the revenue recognised in the year for a sample of customers based on time worked and other supporting information; • Examining disclosures made in the financial statements to determine if these have been made in line with IFRS 15 'Revenue from contracts with customers'.
Capitalisation of development costs	• Examining the Investment Committee meeting minutes for any projects which may indicate the understatement of amounts capitalised during the period; • Interviewing relevant personnel to understand the projects capitalised in the period and the nature of projects not capitalised; • Verifying the amounts capitalised during the year by reference to underlying payroll records and timesheet data; and • Examining for a sample of projects whether these had been accounted for in line with IAS 38 'Intangible assets'.
Management override of controls	• Testing the appropriateness of journal entries and other adjustments; • Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and • Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of Alfa Financial Software Holdings plc continued

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by management in July 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is 5 years, covering the years ending 31 December 2020 to 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules, these financial statements will form part of the Annual Financial Report prepared in Extensible Hypertext Markup Language (XHTML) format and filed on the National Storage Mechanism of the UK FCA. This auditor's report provides no assurance over whether the annual financial report has been prepared in XHTML format.

Graham Ricketts
(Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
United Kingdom
EC4A 4AB

12 March 2025

Consolidated statement of profit or loss and comprehensive income

£m	Note	2024	2023
Continuing operations			
Revenue	5	**109.9**	102.0
Cost of sales		(39.0)	(38.3)
Gross profit		**70.9**	63.7
Sales, general and administrative expenses		(36.6)	(34.3)
Other income		–	0.7
Operating profit	6	**34.3**	30.1
Share of net loss of joint venture	19	–	(0.3)
Profit before net finance costs and tax		**34.3**	29.8
Finance income	10	0.5	0.3
Finance expense	10	(0.7)	(0.5)
Profit before taxation		**34.1**	29.6
Taxation	11	(8.5)	(6.1)
Profit for the financial year		**25.6**	23.5
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	27	(0.1)	(0.2)
Other comprehensive (loss) net of tax		**(0.1)**	(0.2)
Total comprehensive income for the year		**25.5**	23.3
Earnings per share (in pence)			
Basic	12	8.68	7.99
Diluted	12	8.56	7.90

The above consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

£m	Note	2024	2023
Assets			
Non-current assets			
Goodwill	14	24.7	24.7
Other intangible assets	15	9.3	5.0
Property, plant and equipment	16	0.7	1.0
Right-of-use assets	17	7.7	6.1
Deferred tax assets	18	0.5	0.3
Total non-current assets		**42.9**	37.1
Current assets			
Trade receivables	20	8.6	5.6
Accrued income	21	4.7	4.6
Prepayments	21	4.9	3.8
Other receivables	21	0.3	0.3
Corporation tax recoverable	21	2.8	1.9
Cash and cash equivalents	22	20.5	21.8
Total current assets		**41.8**	38.0
Total assets		**84.7**	75.1
Liabilities and equity			
Current liabilities			
Trade and other payables	23	11.7	10.0
Lease liabilities	24	0.1	1.4
Contract liabilities	23	15.7	14.2
Total current liabilities		**27.5**	25.6
Non-current liabilities			
Lease liabilities	24	9.2	6.8
Provisions for other liabilities	25	0.8	0.7
Deferred tax liabilities	18	1.0	–
Total non-current liabilities		**11.0**	7.5
Total liabilities		**38.5**	33.1
Capital and reserves			
Share capital	26	0.3	0.3
Translation reserve	27	0.1	0.2
Own shares	28	(7.9)	(8.7)
Retained earnings		53.7	50.2
Total equity		**46.2**	42.0
Total liabilities and equity		**84.7**	75.1

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 119 to 150 were approved and authorised for issue by the Board of Directors on 12 March 2025 and signed on its behalf by:

Andrew Denton
Chief Executive Officer

Duncan Magrath
Chief Financial Officer

Alfa Financial Software Holdings PLC – Registered number: 10713517

Consolidated statement of changes in equity

£m	Note	Share capital	Own shares	Translation reserve	Retained earnings	Equity attributable to owners of the parent
Balance as at 1 January 2023		0.3	(7.5)	0.4	48.8	42.0
Profit for the financial year		–	–	–	23.5	23.5
Other comprehensive (loss)		–	–	(0.2)	–	(0.2)
Total comprehensive income for the year		–	–	(0.2)	23.5	23.3
Transactions with owners in their capacity as owners:						
Equity-settled share-based payment schemes	29	–	–	–	1.5	1.5
Equity-settled share-based payment schemes – deferred tax impact	18	–	–	–	(0.5)	(0.5)
Dividends	31	–	–	–	(19.7)	(19.7)
Own shares distributed	28	–	3.6	–	(3.4)	0.2
Own shares acquired	28	–	(4.8)	–	–	(4.8)
Balance as at 31 December 2023		0.3	(8.7)	0.2	50.2	42.0
Profit for the financial year		–	–	–	25.6	25.6
Other comprehensive (loss)		–	–	(0.1)	–	(0.1)
Total comprehensive income for the year		**–**	**–**	**(0.1)**	**25.6**	**25.5**
Transactions with owners in their capacity as owners:						
Equity-settled share-based payment schemes	29	–	–	–	1.1	1.1
Equity-settled share-based payment schemes – deferred tax impact	18	–	–	–	0.4	0.4
Dividends	31	–	–	–	(22.1)	(22.1)
Own shares distributed	28	–	1.5	–	(1.5)	–
Own shares acquired	28	–	(0.7)	–	–	(0.7)
Balance as at 31 December 2024		**0.3**	**(7.9)**	**0.1**	**53.7**	**46.2**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

£m	Note	2024	2023
Cash flows from operating activities			
Profit before tax		34.1	29.6
Net finance costs		0.2	0.2
Share of net loss from joint venture		–	0.3
Operating profit		**34.3**	30.1
Adjustments:			
Depreciation	6/16/17	1.7	1.8
Amortisation	6/15	1.0	0.7
Share-based payment charge	29	1.1	1.6
RDEC tax charge/(credit)	6	0.1	(0.5)
Increase/(decrease) in provisions	25	0.1	(0.2)
Movements in working capital:			
Increase/(decrease) in contract liabilities	23	1.5	(0.6)
(Increase)/decrease in trade and other receivables	20/21	(4.2)	5.8
Increase in trade and other payables (excluding contract liabilities)	23	1.7	0.5
Cash generated from operations		**37.3**	39.2
Interest element on lease payments	10/24	(0.6)	(0.4)
Other interest paid	10	(0.1)	(0.1)
Income taxes paid		(8.2)	(6.5)
Net cash generated from operating activities		**28.4**	32.2
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	16	(0.3)	(0.6)
Payments for internally developed software	15	(5.3)	(2.8)
Payments in relation to direct costs associated with lease extensions		(0.3)	–
Interest received	10	0.5	0.3
Net cash outflow from in investing activities		**(5.4)**	(3.1)
Cash flows from financing activities			
Dividends paid to Company shareholders	31	(22.1)	(19.7)
Payments of lease liabilities (principal)	24	(1.3)	(1.3)
Purchase of own shares	28	(0.7)	(4.8)
Cash used in financing activities		**(24.1)**	(25.8)
Net (decrease)/increase in cash		**(1.1)**	3.3
Cash and cash equivalents at the beginning of the year	22	21.8	18.7
Effect of foreign exchange rate changes on cash and cash equivalents		(0.2)	(0.2)
Cash and cash equivalents at the end of the year	22	**20.5**	21.8

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements for the year ended 31 December 2024

1. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group, consisting of Alfa Financial Software Holdings PLC (Alfa or the Company), its subsidiaries and joint venture, and are presented to the nearest £0.1m unless otherwise stated.

The principal activity of the Group is to develop, implement and support software and SaaS solutions to the auto and equipment finance industry in the United Kingdom, Europe, Africa, North America, and Australasia.

1.1 Basis of preparation

Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006 and with United Kingdom adopted International Accounting Standards.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, other than the revaluation of financial assets and financial liabilities recorded at fair value through profit or loss.

Going concern

The financial statements are prepared on the going concern basis. The Group continues to be cash-generative and the Directors believe that the Group has a resilient business model. The Group meets its day-to-day working capital requirements through its cash reserves generated from operating activities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group has sufficient cash reserves to continue to operate for a period of not less than 12 months from the date of these financial statements.

The going concern assessment also includes downside stress testing in line with FRC guidance which demonstrates that even in the most extreme downside conditions considered reasonably possible, given the existing level of cash held, the Group would continue to be able to meet its obligations as they fall due.

On this basis, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

New and amended standards adopted by the Group

The Group has not adopted any new and amended standards in the current financial year that have had any material impact on the disclosures or on the amounts reported in these financial statements.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 9/IFRS 7 – 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026)
- 'Annual Improvements to IFRS Accounting Standards' – Volume 11 (effective 1 January 2026)
- IFRS 18 – 'Presentation and Disclosures in Financial Statements' (effective 1 January 2027)

The Directors of the Company have not as yet evaluated the impact of these amendments on the presentation and disclosures of the Group's consolidated financial statements in future periods.

1.2 Group structure

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Unless otherwise stated, subsidiaries have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also each subsidiary's principal place of business.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. All subsidiaries have a 31 December year-end. The Group exercises control over the employee benefit trust (EBT) because it is exposed to, and has a right to, variable returns from this EBT and is able to use its power over the EBT to affect those returns. The EBT is therefore consolidated by the Group.

Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.2 Group structure continued

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control. Judgement is required in determining this classification through an evaluation of the facts and circumstances arising from each individual arrangement. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Alfa only had one joint venture, namely Alfa iQ Limited (Alfa iQ), which was formed in May 2020. Due to the activity in Alfa iQ being brought fully into the Alfa Group, the Alfa iQ joint venture ceased its activity in late 2023 and the Company was placed into Members Voluntary Liquidation in 2024. The investment in the joint venture, up to the point of the Members Voluntary Liquidation, was accounted for using the equity method.

1.3 Segment reporting

Operating and reporting segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Group's Chief Executive Officer (CEO), who is responsible for allocating resources and assessing performance, has been identified as the CODM.

The CODM regularly reviews the Group's operating results in order to assess performance and to allocate resources. The CODM considers the business from a product perspective and, therefore, recognises one operating and reporting segment, being the sale of software and related services. The Group splits revenue by type of activity but reports operating results on a consolidated basis, as presented to the CODM, along with the required entity wide disclosures.

The Group discloses revenue split by type of activity, being Subscription, Software Engineering and Delivery.

a. Subscription revenues include recurring revenues paid on a monthly or annual basis, including subscription licence revenues, maintenance and cloud hosting.

b. Software Engineering revenues include revenues from the recognition of customised licence revenue, one-off licence fees and any development revenues.

c. Delivery revenues are revenues from any work done for customers including pre-implementation, implementation work and ongoing services, but excludes any revenue from development work which is disclosed in Software Engineering.

See note 1.5 for details of our revenue recognition accounting policy and note 2 for the critical accounting judgements in relation to revenue recognition.

1.4 Foreign currency translation

Functional currency

Items included in the consolidated financial statements of each of the Group's subsidiaries are measured using their functional currency. The functional currency of the parent and each subsidiary is the currency of the primary economic environment in which the entity operates. See applicable exchange rates used in 2024 and 2023 below:

	2024		2023	
	Closing	**Average**	**Closing**	**Average**
USD	1.25	1.28	1.27	1.24
EUR	1.21	1.18	1.15	1.15
NZD	2.24	2.11	2.01	2.02
AUD	2.02	1.94	1.87	1.87

Presentation currency

The consolidated financial statements are presented in pounds sterling. The Company's functional and presentation currency is pounds sterling.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position.
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.4 Foreign currency translation continued

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. See applicable exchange rates used by the Group above.

1.5 Revenue recognition

The Group derives revenue by type of activity being Subscription, Software Engineering and Delivery (as disclosed in note 1.3).

i Subscription revenue includes the periodic rights to use Alfa Systems, periodic maintenance, and subscription (including cloud hosting).

ii Software Engineering revenue includes chargeable development revenue, customised licence revenue, options over the right to use Alfa Systems, and one-off licence fees.

iii Delivery revenue includes software implementation services.

The Group provides the right to use, software development services, core implementation services and ongoing support of its product, Alfa Systems. The Group's contractual arrangements contain multiple deliverables or services, such as the development or customisation of the software to the customer's requirements, implementation services such as migration of data and testing, and certain project management services.

Alfa assesses whether there are distinct performance obligations at the start of each contract and throughout the performance of the implementation, development and services projects and maintenance period. These performance obligations are laid out in this note.

Any one contract may include a single performance obligation or a combination of those listed below:

1.5.1 Software implementation services

Where implementation services are considered to be distinct, i.e. when relatively straightforward, do not require additional development services and could be performed by an external third party, the implementation services are accounted for as a separate performance obligation from any development services.

When a customer is in the process of implementing the software, the transaction price is allocated to this based on the stand-alone selling prices (derived from standard day rates) and is recognised over time based on the effort incurred, limited to the amount to which Alfa has a right to payment. For customers under the Group's subscription-based contracts that are undergoing implementation, revenue for software implementation services is deemed to be distinct from any other performance obligation. Recognition over time is appropriate because customers simultaneously receive and consume the benefits provided. A percentage-of-completion basis is used to estimate progress towards completion of the performance obligation over time. To calculate the percentage-of-completion, data is derived from timesheets for the days worked for the customer on implementation work and compared with the latest forecast of total implementation days to be completed on the project.

When the type of services provided are ongoing services, the transaction price is deemed to be the actual day rate, and revenue is recognised at a point in time as the service is provided.

1.5.2 Development services and licence services (the customised licence)

Another performance obligation is the granting of a right to use Alfa Systems, which includes the delivery of the related software licence and any development efforts which change the underlying code. During the initial phase of implementing the software, the total revenue attributable to this performance obligation is estimated at the outset of the relevant software implementation project and recognised as the effort is expended, on a percentage-of-completion basis, limited to the amount of revenue to which Alfa has the right to payment. See note 5.6 for the accounting policy for variable consideration.

Recognition over time is appropriate because customers obtain the ability to benefit from the product from the start of the implementation project; the development or customisation of the asset is tailored to the customer's specific requirements; and the customer is entitled to the benefits of the efforts as at the date the efforts are delivered. A percentage-of-completion basis is used to estimate progress towards completion of the performance obligation over time. To calculate the percentage-of-completion, data is derived from timesheets for the days worked for the customer on development work and compared with the latest forecast of total development days to be completed on the project.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.5 Revenue recognition continued

Revenue attributable to development services is valued using the residual value method as there are no stand-alone selling prices which are observable, as each project is customised. For customers under the Group's subscription-based contracts that are undergoing implementation, revenue for development services is deemed to be distinct from any other performance obligation and is recognised based on a percentage-of-completion basis.

Once the customer is already using the software, and the services provided are ongoing development, the transaction price is deemed to be the actual day rate and revenue is recognised at a point in time as the development service is provided.

1.5.3 Option over the right to use Alfa Systems

In the event that perpetual licence customers have to pay periodic maintenance fees in order to keep using Alfa Systems, a component of these future maintenance fees is attributable to the right to use the software. In these circumstances, the licence granted by Alfa is considered to renew in future periods. There may be a material right in respect of discounts in future periods. In order to ascribe a value to this option, management annualises the value of the customised licence performance obligation and compares it to the annual right to use software performance obligation post go live.

The value of this option is built up from the start of the implementation project in line with the percentage-of-completion of development revenue described in note 1.5.2 above. Following the completion of the implementation project, the value of this option is recognised evenly over the expected remaining customer life.

1.5.4 Periodic right to use Alfa Systems

When a customer pays its maintenance fee annually, this performance obligation represents the proportion of this fee which relates to the periodic option to renew the right to use Alfa Systems. If there is the right of clawback of the annual right to use, such amounts are recognised throughout the annual period. If there is no right of clawback, then the annual right to use amount is recognised in full when there is a right of collection.

When a customer pays for its maintenance fee as part of a subscription contract (see note 1.5.6 below), it will not be treated as a separate performance obligation (and will instead be part of the subscription amount).

1.5.5 Periodic maintenance amounts

This represents the stand-alone selling price of the ongoing support or maintenance of Alfa Systems which is recognised throughout the period over which the services are delivered.

1.5.6 Subscription amounts

Certain of the Group's implementation and service contracts include a subscription payment mechanism. This represents a monthly fee charged to the customer covering one or more of the following performance obligations: the provision of monthly hosting services; the monthly periodic right to use Alfa Systems; and the provision of monthly maintenance services (when this becomes applicable to the customer). The monthly payments are recognised as revenue in the period to which they relate. This reflects the underlying performance obligations of the Group and termination rights of the customer.

1.5.7 One-off revenue amounts

From time to time, the Group is entitled to receive one-off licence revenue from its customers as they increase the number of contracts on their version of Alfa Systems. Additionally, there are times when catch-up periodic maintenance amounts are entitled to be received by the Group, also as a result of the increased number of contracts. Generally, this revenue is recognised at the point in time it is invoiced, or becomes contractually payable, reflecting the fact that the Group has no remaining performance obligations to satisfy.

Capitalised sales incentive costs

The Group incentivises its sales force for securing sales. In line with IFRS 15, these costs are capitalised and are amortised in line with the percentage-of-completion of the software implementation project to which they relate.

Costs to fulfil contracts

The Group has recognised an asset in relation to employee costs to fulfil its long-term development contracts (as disclosed in note 21). These costs relate directly to the contracts, generate or enhance resources to be used to satisfy performance obligations in the future and are expected to be recovered. This asset is presented within prepayments in the statement of financial position. These costs are amortised within cost of sales in line with the percentage-of-completion of the development project to which they relate.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.6 Operating expenses

Operating expenses include items such as personnel costs (including training and recruitment), cost of software not capitalised, research and development costs, and other infrastructure expenses. These items have been grouped into the following categories for disclosure purposes:

- Cost of sales – This includes salaries and other direct costs associated with satisfying customer contracts (including hosting costs) and for developing software.
- Sales, general and administrative expenses – This includes all the residual operating costs.

1.7 Income tax

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted.

Under the R&D Expenditure Credit (also referred to as the 'RDEC') scheme, the Group has received a tax credit based on qualifying R&D expenditure. This tax credit is recognised within pre-tax income, as 'Other Income'.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes, assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.8 Leases

The Group enters into lease contracts in respect of various properties and motor vehicles. These rental contracts are typically made for fixed periods of two to ten years, and sometimes have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In accordance with IFRS 16, leases are recognised as a right-of-use asset with a corresponding liability, at the date at which the leased asset is available for use by the Group. These assets and liabilities are initially measured on a present value basis (as set out in more detail below), with each subsequent lease payment allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Alfa assesses whether a contract is, or contains, a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability, with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months, or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.8 Leases continued

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented in separate lines, split between current and non-current liabilities, in the consolidated statement of financial position. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed, or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index, or rate, or a change in expected payment under a guaranteed residual value. In these cases, the lease liability is re-measured by discounting the revised lease payments, using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets

The right-of-use assets comprise:

- The initial measurement of the corresponding lease liability;
- Lease payments made at, or before, the commencement day;
- Any initial direct costs; and
- Restoration costs.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses (if applicable). They are depreciated from the commencement date of the lease and over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects an expectation that the Group will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Currently, the Group does not have any leases that include a purchase option, or transfer ownership of the underlying asset.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial period, there have been no changes in such assessments.

Variable rents that do not depend on an index, or rate, are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included as an expense in the consolidated statement of profit or loss and comprehensive income.

1.9 Impairment of non-financial assets

Goodwill is tested annually for impairment. The carrying amount is allocated to the cash-generating unit (CGU) that is expected to benefit from investment and which represents the lowest level at which the goodwill is monitored for internal management purposes. The carrying value of the CGU is then compared to the higher of its fair value less costs of disposal and its value in use. Any impairment attributed to the goodwill is recognised immediately as an expense and is not subsequently reversed.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.9 Impairment of non-financial assets continued

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short-term deposits with original maturities of three months or less.

1.11 Financial assets

Recognition and derecognition

Financial assets are recognised in the statement of financial position when the Group becomes party to the contractual provision of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

In the periods presented, the Group does not have any material financial assets categorised as FVTPL or FVOCI. The classification is determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss, where material, are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within sales, general and administrative expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables (notes 20 and 21) and cash and cash equivalents (note 22) fall into this category of financial instruments.

Impairment of financial assets

Under IFRS 9, the requirements are to use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

1.12 Trade receivables

Trade receivables are amounts due from customers for licences sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days of the invoice date and are therefore all classified as current. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.12 Trade receivables continued

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The expected impairment loss is recognised in the consolidated statement of profit or loss and comprehensive income within sales, general and administrative expenses, and subsequent recoveries are credited to the same account previously used to recognise the impairment charge. During the current and prior period, the result of the above was immaterial and no impairment loss has been recognised.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The credit qualities of these receivables are periodically assessed by reference to external credit ratings (if available) or to historical information about their default rates. The Group does not hold any collateral as security.

As the total carrying amount of the current portion of the trade and other receivables is due within the next 12 months after the reporting date, the impact of applying the effective interest method is not significant and, therefore, the carrying amount equals the contractual amount or the fair value initially recognised.

1.13 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Fixtures and fittings: 3-10 years
IT equipment: 2-5 years

The assets' residual values and useful lives are reviewed and adjusted if necessary at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Repairs and maintenance are charged to the consolidated statement of profit or loss and comprehensive income as incurred. Any gains or losses on disposals are recognised within sales, general and administrative expenses in the consolidated statement of profit or loss and comprehensive income unless otherwise specified.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

1.14 Goodwill and other intangible assets

Goodwill

Goodwill arose on the acquisition of subsidiaries in 2012 and represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

The Group assesses whether goodwill has suffered any impairment on an annual basis in accordance with the accounting policy stated in note 1.9 above. There is one CGU, being the Group, as its geographical operations do not have separate or distinct cash inflows. The recoverable amount of goodwill has been determined based on value-in-use calculations using cash flow projections from financial budgets and forecasts.

Budgeted cash flow projections are based on the expectation of signing new customers in the Group's sales pipeline as well as ongoing projects with existing customers. Budgeted gross margin is based on historical evidence and the expectations of market development and efficiency leverage. Management believes that any reasonable change in any of the key assumptions on which the recoverable amount is based would not cause the reported carrying amount to exceed the recoverable amount of the CGU. The discount rate used reflects the Group's pre-tax weighted average cost of capital (WACC), as adjusted for region-specific risks and other factors as required by IFRS.

Intangible assets

Internally generated intangible assets are initially measured at cost, and only qualify for capitalisation if the Group can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset, including how the intangible asset will generate probable future economic benefits;
- The existence of a market or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during development.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.14 Goodwill and other intangible assets continued

The cost for internally generated intangible assets is based on the time spent by staff on product development activities, to which a day rate based on salary cost is applied. Development expenditure incurred on minor or major upgrades, or other changes in software functionality, does not satisfy the criteria, where it is considered that the product is not substantially new in its design or functional characteristics. Such expenditure is therefore recognised as an expense. The Group continually assesses the eligibility of development costs for capitalisation on a project-by-project basis. See note 15 for disclosure of development costs which have met the criteria of IAS 38 for recognition.

Externally acquired intangible assets are initially recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Computer software: licence period or 10 years as applicable
Internally generated software: 3-5 years
Amortisation is presented within sales, general and administrative expenses.

Research and development costs which do not meet the criteria set out above are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

1.15 Trade and other payables

Trade payables are obligations to pay for goods or services which have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest rate method. As the total carrying amount is due within the next 12 months from the reporting date, the impact of applying the effective interest method is not significant and, therefore, the carrying amount equals the contractual amount or the fair value initially recognised.

The Group's financial liabilities include trade and other payables and lease liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Trade and other payables and lease liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. When the effect of the discounting is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

1.17 Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short-term benefits

Short-term benefits, including health cover and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Post-employment benefits

The Group operates various defined contribution plans for its employees. A defined contribution plan is a pension plan where the Group pays fixed contributions into a separate independent entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee's service in the current and prior periods.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

Employee share scheme expense

The Group makes equity-settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market-related vesting conditions, the fair value is determined using the Monte Carlo model at the grant date. For share options issued with non-market performance vesting conditions, the fair value of the underlying vehicle is equal to the grant date share price discounted by the expected dividend yield to reflect the lack of dividend accrual over the vesting period. For all other share awards, those with pure employment conditions attached, the fair value is determined by reference to the market value of the shares at the grant date or (where they have an exercise price) by using the Black Scholes model. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

1.18 Equity

Ordinary shares

Ordinary shares are classified as equity. There are no restrictions on the distribution of capital and the repayment of capital.

Cumulative translation reserve

Exchange differences arising on translation of foreign subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount would be reclassified to profit or loss if the entity was disposed of.

Own shares

Own shares represent the shares of the parent company Alfa Financial Software Holdings PLC that are either held by the EBT, or acquired by the Group as part of its share buy-back programme (see note 28).

Own shares are recorded at cost and deducted from equity.

1.19 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Alfa by the weighted average number of ordinary shares outstanding during the year (excluding own shares held).

Diluted earnings per share

Diluted earnings per share is calculated in line with the basic earnings per share calculation above except that the weighted average number of shares includes all potentially dilutive options granted by the reporting date as if those options had been exercised on the first day of the accounting period or the date of the grant, if later. The shares have no right to voting or to dividends while held in trust.

2. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted in future periods due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes, together with information about the basis of calculation for each affected line item in the financial statements.

2.1 Critical judgements in applying the Group's accounting policies

Revenue recognition

Critical judgements specific to customised licence revenue:

The Group is required to make an assessment as to whether the implementation process, which includes customised licence and implementation revenue streams as well as any maintenance fees during this phase, forms one or a number of performance obligations. Since the residual value method is used for the customised licence revenue (as explained in note 1.5), the estimation of fair value of implementation revenue will impact the contract consideration assigned to the customised licence.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

2. Critical accounting judgements, estimates and assumptions continued

In addition, the Group is also required to make an assessment as to whether each contract contains an expectation to deliver multiple separate instances of the customised licence which may form separate groups of distinct performance obligations. In doing the above, the Group assesses each software implementation contract as to whether the underlying software requires significant modification or customisation by the Group in order to meet the customer's requirements before Alfa Systems can be utilised by the customer. Therefore, judgement is required in determining which efforts relate to the implementation process and which efforts could be determined to be development services which change or enhance the underlying code. In making this judgement, the Group assesses the contractual terms and the original project plan for the implementation but also uses historical evidence of what constitutes core implementation work.

Critical judgements applicable to all revenue:

Judgements are made when the Group enters into new contracts with existing customers and also when there are changes to existing contracts with customers that include the addition of new customer-specific contractual terms. For these, the Group assesses the contractual terms both individually and in the context of the wider arrangement and applies the guidance in IFRS 15 to determine the appropriate accounting.

Internally generated software development – Assessing whether a project meets criteria of IAS 38

The Group is required to make an assessment of each ongoing project in order to determine at what stage (if at all) a project meets the criteria outlined in the Group's accounting policies. Such assessment may, in certain circumstances, require significant judgement. In making this judgement, the Group evaluates, amongst other factors, the stage at which technical feasibility has been achieved, management's intention to complete and use or sell the product, the likelihood of success, the availability of technical and financial resources to complete the development phase and management's ability to measure reliably the expenditure attributable to the project. Research and product development expenditure incurred on minor or major upgrades, or other changes in software functionality, does not satisfy the criteria where it is considered that the product is not substantially new in its design or functional characteristics. Such expenditure is therefore recognised as an expense. Judgement is also required with respect to when an asset is ready to be amortised – in making this judgement, the Group considers, amongst other factors, when the asset is available for use in the manner intended by management.

3. Financial risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Area	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Contracted revenue and costs denominated in a currency other than the entity's functional currency; and Monetary assets and liabilities denominated in a currency other than the entity's functional currency	Cash flow forecasting and foreign exchange sensitivity	Natural hedging from localised cost base and conversion of foreign currency cash balances into pounds sterling; and Use of forward contracts to manage some of the foreign exchange risk (these are not hedge accounted)
Credit risk – cash balances	Cash and cash equivalents	Credit ratings	Diversification of bank deposits
Credit risk – customer receivables	Trade receivables and accrued income	Ageing analysis Credit ratings	Credit checks and contractual payment terms
Liquidity	Cash and cash equivalents	Daily cash reporting	Cash forecasting and managing maturity of cash deposits

The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has used financial instruments to hedge certain risk exposures in the past. Risk management is carried out by the finance function under policies approved by the Board. The finance function identifies, evaluates and mitigates financial risks when deemed necessary.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

3. Financial risk management continued

3.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks arising from various currencies, primarily with respect to those described below. Revenue is predominantly denominated in pounds sterling and US dollars. Operating costs are influenced by the currencies of the countries where the Group's subsidiaries are based, and pounds sterling and the US dollar are the currencies in which most operating costs are denominated.

The split by currency in relation to trade receivables is set out in note 20.

The Group's exposure to foreign currency risk in relation to revenue is set out in note 5.4.

The Group utilised forward contracts in both 2024 and 2023 to hedge against foreign currency exposure. The Group has three outstanding commercial foreign exchange contracts at 31 December 2024 (2023: one outstanding) with a fair value of £(0.1)m (2023: £0.2m). No hedge accounting has been applied in the year.

A 10% increase in the USD:GBP exchange rate in the year ended 31 December 2024 would have increased revenue and profit by 4% and 9% respectively (2023: 3% and 6% respectively). Management believes that 10% is a reasonable sensitivity given historical exchange rate movement.

3.2 Credit risk

a. Credit risk related to transactions with financial institutions

Credit risk with financial institutions is managed by the Group's finance function in accordance with a Board-approved treasury policy. Management is not aware of any significant risks associated with financial institutions as a result of cash and cash equivalents deposits (including short-term investments) and financial derivative transactions.

b. Credit risks related to customer trade receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, change of strategy and default or delinquency in payments are considered indicators that a trade receivable could be impaired. Given the complexity, the size and the length of certain software implementation of related projects, a delay in the settlement of an open trade receivable does not necessarily constitute objective evidence that the trade receivable is irrecoverable.

The Group's customer base predominantly consists of large financial institutions that are financially sound. The responsibility for customer credit risk management rests with management of the Group. Payment terms are set in accordance with practices in the different geographies and end markets served, typically being 30 days from the date of the invoice. Trade receivables are actively monitored and managed. Collection risk is mitigated through prompt submission of invoices. Historically, there has been a de minimis level of customer default as a result of the long history of dealing with the Group's customer base and an active credit monitoring function. Where applicable, credit limits may be established based on internal or external rating criteria, which take into account such factors as the financial condition of the customers, their credit history and the risk associated with their industry segment.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and accrued income. To measure the expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. The accrued income relates to unbilled work in progress and has substantially the same risk characteristics as the trade receivables for the same types of contracts, other than where the Group has collected upfront payments in the form of licence fees at the start of a software implementation contract.

The expected loss rates of trade receivables are based on the payment profiles of customer invoices over a period of 36 months before 31 December 2024 (2023: 31 December 2023), and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current or forward-looking information in relation to any macroeconomic factors affecting the ability of the customers to settle the receivables. The same approach is applied to both trade receivables and accrued income expected credit loss provisions.

The Group has not identified any current factors or forward-looking information which would be relevant to the historical loss rates. On this basis, the loss allowance as at 31 December 2024 and 31 December 2023 was immaterial for both trade receivables and accrued income.

See note 20 – Trade receivables for the ageing of trade receivables and significant customer credit risk exposure.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

3. Financial risk management continued

3.3 Liquidity risk

The Group's principal objectives when managing capital are to ensure that funds are available to support its growth strategy and to safeguard the Group's ability to continue as a going concern.

The capital structure of the Group consists of cash and cash equivalents (note 22) and equity attributable to equity holders of the parent.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages its exposure to liquidity risk through short and long-term forecasts and by seeking to align the maturity profiles of its financial assets with its financial liabilities. The Group's policy is to maintain an adequate level of liquidity to meet its liabilities expected to be settled in the short or near term, under both normal and stressed conditions.

The following table details the remaining contractual maturity of the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	31 December 2024					
£m	**Total**	**Less than 6 months**	**Between 6 to 12 months**	**Between 1 to 2 years**	**Between 2 to 5 years**	**More than 5 years**
Trade and other payables	**8.4**	8.4	–	–	–	–
Lease liabilities – future lease payments	**13.4**	0.5	0.3	1.8	4.8	6.0

	31 December 2023					
£m	**Total**	**Less than 6 months**	**Between 6 to 12 months**	**Between 1 to 2 years**	**Between 2 to 5 years**	**More than 5 years**
Trade and other payables	8.0	8.0	–	–	–	–
Lease liabilities – future lease payments	9.3	0.8	0.9	1.6	4.6	1.4

4. Segments and principal activities

4.1 Revenue by stream

The Group assesses revenue by type of activity, being Subscription, Software Engineering and Delivery, as summarised below:

£m	**2024**	**2023**
Subscription	37.5	31.8
Software Engineering	17.4	15.6
Delivery	55.0	54.6
Total revenue*	**109.9**	102.0

* As explained on page 24, the names of two revenue streams have been changed in 2024 – 'Software' is now 'Software Engineering' and 'Services' is now 'Delivery'. This is purely a renaming of the revenue streams which has not impacted the revenue allocation between the streams, nor the total revenue or profit disclosed for 2023.

4.2 Non-current assets geographical information

Non-current assets attributable to each geographical market:

£m	**2024**	**2023**
UK	40.9	35.7
North America	0.8	1.0
Rest of EMEA (excl. UK)*	–	–
Rest of World*	0.7	0.1
Total non-current assets	**42.4**	36.8

* To be consistent with the geographical split in note 5.3, the 'Rest of the World' assets disclosed in the prior year have been split into 'Rest of EMEA' and 'Rest of the World'. The total remains unchanged.

Revenue by geographical market is contained within note 5.3. The table above excludes deferred tax assets for both 2024 and 2023.

5. Revenue from contracts with customers

5.1 Customer concentration

There were no customers with revenue accounting for more than 10% of total revenue in 2024 and 2023.

5.2 Timing of revenue

The Group derives revenue from the transfer of goods and services as follows over time and at a point in time in the following revenue streams:

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

5. Revenue from contracts with customers continued

5.2 Timing of revenue continued

2024

£m	Subscription	Software Engineering	Delivery	Total revenue
At a point in time – time and materials	–	7.5	43.8	51.3
At a point in time – fixed price	–	0.8	–	0.8
Over time – time and materials	–	7.6	11.2	18.8
Over time – fixed price	37.5	1.5	–	39.0
Total revenue*	**37.5**	**17.4**	**55.0**	**109.9**

2023

£m	Subscription	Software Engineering	Delivery	Total revenue
At a point in time – time and materials	–	9.8	39.3	49.1
At a point in time – fixed price	–	0.5	–	0.5
Over time – time and materials	–	3.5	15.3	18.8
Over time – fixed price	31.8	1.8	–	33.6
Total revenue*	31.8	15.6	54.6	102.0

All goods and services are sold directly to customers.

* As explained on page 24, the names of two revenue streams have been changed in 2024 – 'Software' is now 'Software Engineering' and 'Services' is now 'Delivery'. This is purely a renaming of the revenue streams which has not impacted the revenue allocation between the streams, nor the total revenue or profit disclosed for 2023.

5.3 Revenue geographical information

Revenue attributable to each geographical market based on where the customer mainly utilises its instance of Alfa, or where the service is rendered, is as follows:

£m	2024	2023
UK	32.0	38.1
North America	46.1	33.6
Rest of EMEA (excl. UK)	23.6	23.1
Rest of World	8.2	7.2
Total revenue	**109.9**	102.0

5.4 Revenue by currency

Revenue by contractual currency is as follows:

£m	2024	2023
GBP	40.4	46.3
USD	46.5	34.6
EUR	14.8	13.9
Other	8.2	7.2
Total revenue	**109.9**	102.0

5.5 Liabilities from contracts with customers

£m	2024	2023
Contract liabilities – deferred licence and fees	8.1	8.0
Contract liabilities – deferred maintenance	7.6	6.2
Total contract liabilities	**15.7**	14.2

Contract liabilities – deferred licence

Where a customer purchases a perpetual software licence, this is generally invoiced upfront at the commencement of the implementation project. Customers generally require additional development efforts over the life of the implementation project in order to customise the underlying code within Alfa Systems. Together, these two elements form the Group's customised licence performance obligation. The fair value of this performance obligation is determined using the residual method as set out in note 1.5.2 and this fair value is recognised as the development effort is expended, on a percentage-of-completion basis.

As such, the deferred licence contract liability balance as at 31 December 2024 and 31 December 2023 represents any amounts received in advance for the customised licence performance obligation being satisfied (including any unrecognised software licence amounts that were received upfront).

Additionally, where an option over the right to use Alfa Systems in the future exists, the value of this is also included within the deferred licence contract liability. The contract liability relating to the material right value is increased over the life of the implementation project in line with the percentage of completion of the development efforts and then released on a straight-line basis over the expected remaining customer life post completion of the implementation project.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

5. Revenue from contracts with customers continued

5.5 Liabilities from contracts with customers continued

The deferred licence contract liability balance will increase during the year as a result of:

- Any new upfront software licence payments;
- Any write back in previously recognised revenue as a result of project extensions or re-plans;
- Decreasing percentage-of-completion of development efforts; and
- Any additional material right balances that are added during the year.

The deferred licence contract liability balance will decrease during the year as a result of:

- Increasing percentage-of-completion of development efforts; and
- Any release of material right balances following the completion of the implementation project.

Contract liabilities – deferred maintenance

A number of the Group's customers are invoiced annually in advance for the maintenance and support service provided by the Group. As such, the deferred maintenance contract liability balance will increase as a result of billing and invoices becoming due, and will decrease as the Group satisfies its associated performance obligations. The deferred maintenance contract liability balance as at 31 December 2024 and 31 December 2023 therefore represents the Group's unsatisfied maintenance performance obligation for which the revenue has been invoiced in advance.

5.6 Unsatisfied performance obligations

During 2020, the Group entered into a new one-off five-year contract with a customer to renew its software licence and maintenance agreements. The total amount of the contract price from this non-cancellable contract that relates to the performance obligations that are unsatisfied at 31 December 2024 is £1.8m (2023: £4.0m). We expect to recognise the remaining £1.8m in the final financial year of the contract, being 2025.

In addition, the Group has unsatisfied or partially satisfied performance obligations at 31 December 2024 that relate to the licence customisation for some customers that have ongoing implementation projects. This performance obligation includes the delivery of the related software licence and any development efforts which will change the underlying code. Linked to certain of these ongoing and future projects, and also to certain implementation projects completed during 2024, the Group also has unsatisfied or partially satisfied performance obligations at 31 December 2024 that relate to the option over the right to use Alfa Systems, and in particular any material right in respect of discounts to be received by customers in future periods.

The above includes certain amounts recognised as contract liabilities. The transaction price allocated to these unsatisfied or partially satisfied performance obligations as at 31 December 2024 is £9.9m (2023: £9.4m). This amount is expected to be recognised over the remaining life of the implementation projects, in respect of the licence and development efforts, and over the expected customer life (following the completion of the implementation project) in respect of the option over the right to use Alfa Systems. Of the £9.9m, it is expected that £3.9m will be recognised in 2025, with the remainder being recognised in subsequent years.

These unsatisfied or partially satisfied performance obligations are based on management's best judgement and may be impacted in the future by a number of factors including:

- Any possible contract modifications;
- Currency fluctuations;
- External market factors; and
- Changes to the overall forecast project plan including the overall life of the implementation project and any required development efforts.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the unsatisfied performance obligations that have original expected durations of one year or less. This includes those performance obligations linked to ongoing services for all project types (i.e. subscription, software engineering and delivery).

The Group also applies the practical expedient in paragraph B16 of IFRS 15 and does not disclose the amount of the transaction price allocated to the unsatisfied contract performance obligations where consideration will be received directly corresponding to the value of the performance obligation in the future and this consideration aligns to the value received to date for the corresponding performance obligation. This includes those performance obligations linked to our software implementation services.

The disclosures above for unsatisfied or partially satisfied performance obligations are not relevant to our subscription performance obligations as these are typically satisfied on a monthly basis in line with the termination rights of the customers (see note 1.5.6).

The Group has variable consideration in the form of contract banding for its licence and maintenance volumes. It is included in the transaction price only to the extent that it is highly probable that a significant reversal of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

6. Operating profit

The following items have been included in arriving at operating profit:

£m	2024	2023
Research and development costs	2.3	3.1
Depreciation of property, plant and equipment	0.6	0.6
Depreciation of right-of-use lease assets	1.1	1.2
Amortisation of intangible assets	1.0	0.7
Foreign exchange (gain)/loss	(0.2)	0.1
Forward foreign exchange contracts (gain)	(0.3)	(0.4)
Share-based payments (including social security contributions)	1.4	1.6
RDEC*	0.1	(0.5)
Costs related to possible offers**	–	0.6

* The Company intends to claim credits under the UK RDEC regime in respect of the years 2023 and 2024. The amount of the estimated RDEC credit is required to be recognised as both other income (which is taxable) and as a recoverable. The estimated RDEC amount recognised in 2023 was £0.5m. In 2024, the Company reduced the estimated RDEC benefit for 2023 by £0.3m to £0.2m, and also recognised an estimated RDEC benefit for 2024 of £0.2m. Accordingly, as at 31 December 2024, the Company has recognised a total £0.4m of RDEC credit for 2023 and 2024.

** Costs related to possible offers to acquire the Group of £0.6m were incurred in 2023. These related to legal fees and expenses incurred as a result of two possible offers from private equity firms. No such costs were incurred in 2024.

7. Personnel-related costs

£m	2024	2023
Wages and salaries*	44.4	41.3
Social security contributions (on wages and salaries)	5.2	5.1
Pension costs	3.5	3.2
Less: capitalisation*	(5.3)	(2.8)
	47.8	46.8
Profit share pay**	4.2	3.8
Share-based payments (including social security contributions)	1.4	1.6
Total employment costs	**53.4**	52.2

* To be consistent with the current year disclosure, the prior year wages and salaries number has been split into the amount that was expensed and the amount that was capitalised as part of time spent on internally generated intangibles. The net number is consistent with the 2023 disclosure.

** Profit share pay refers to a pool of money (that equates to approximately 10% of the Group's pre-tax profits) which is shared amongst the employees, excluding Directors and some other senior managers, as a percentage of basic salary. The amount disclosed includes the related social security contributions.

Average monthly number of people employed based on location (including Executive Directors)	2024	2023
UK	340	334
USA	99	86
Rest of EMEA (excl. UK)*	17	14
Rest of World*	29	29
Total average monthly number of people employed	**485**	463

* To be consistent with the geographical split in note 5.3 the 'Rest of the World' headcount disclosed in the prior year has been split into 'Rest of EMEA' and 'Rest of the World'. The total remains unchanged.

At 31 December 2024, the Group had 502 employees (2023: 475).

8. Key management

Key management compensation (including Directors):

£m	2024	2023
Wages, salaries and short-term benefits	2.3	2.1
Social security contributions	0.3	0.2
Share-based payments (including social security contributions)	0.5	1.0
Total key management compensation	**3.1**	3.3

Key management personnel consist of the Company Leadership Team and the Executive and Non-Executive Directors. Directors' remuneration is detailed in the Remuneration Report from page 83.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

9. Auditor's remuneration

The Group obtained the following services from the Group's auditor as detailed below:

£m	2024	2023
Audit fees		
RSM UK Audit LLP		
Audit of the consolidated financial statements	0.2	0.2
Audit of subsidiaries	0.2	0.2
Total audit fees	**0.4**	0.4
Audit-related assurance fees		
Review of interim financial report	0.1	0.1
Total audit-related assurance fees	**0.1**	0.1
Non-audit services	**–**	–
Total audit and non-audit-related services	**0.5**	0.5

10. Finance income and expense

£m	2024	2023
Finance income		
Interest income on cash or short-term bank deposits	0.5	0.3

£m	Note	2024	2023
Finance expense			
Interest on lease liabilities	24	(0.6)	(0.4)
Other interest expense		(0.1)	(0.1)
Total finance expense		**(0.7)**	(0.5)

11. Income tax expense

Analysis of charge for the year

£m	2024	2023
Current tax:		
Current tax on profit for the year	6.8	6.1
Adjustment in respect of prior years	(0.2)	(1.2)
Foreign tax on profit of subsidiaries for the current year	0.7	0.5
Current tax	**7.3**	5.4
Deferred tax:		
Origination and reversal of temporary differences	1.2	0.7
Deferred tax	**1.2**	0.7
Total tax charge in the year	**8.5**	6.1

The effective tax rate for the year is in line with (2023: lower than) the standard rate of corporation tax in the UK. The effective tax rate for the year ended 31 December 2024 was 24.9% (2023: 20.6%). The effective tax rate for the year is impacted by favourable adjustments in respect to prior years totalling £0.2m relating predominately to the UK position for 2023 including further work on the deductibility of exceptional costs (2023: £1.2m, due predominately to the benefit of the R&D claim for 2022). Unlike in 2022 and earlier years, the effective tax rate for both 2024 and 2023 does not benefit from the impact of UK R&D claims, as from 2023 the Company is required to make R&D claims under the UK RDEC regime.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

11. Income tax expense continued

The overall tax charge for the year is reconciled as follows:

Analysis of charge for the year

£m	2024	2023
Profit on ordinary activities before taxation	34.1	29.6
Profit on ordinary activities at the standard rate of corporation tax – 25.0% (2023: 23.5%*)	8.5	7.0
Tax effects of:		
Adjustment in respect of prior years	(0.2)	(1.2)
Impact of disallowable items	–	0.2
Other	0.2	0.1
Total tax charge for the year	**8.5**	6.1

* The rate of UK corporation tax increased from 19% to 25% with effect from April 2023. The blended rate of UK corporation tax for 2023 is therefore 23.5%.

12. Earnings per share

	2024	2023
Profit attributable to equity holders of Alfa (£m)	25.6	23.5
Weighted average number of shares outstanding during the year	294,925,812	294,462,166
Basic earnings per share (pence per share)	8.68	7.99
Weighted average number of shares outstanding including potentially dilutive shares	298,962,970	298,119,816
Diluted earnings per share (pence per share)	8.56	7.90

The weighted average number of ordinary shares in issue excludes 5,074,188 (2023: 5,537,834) shares held by the Group cumulatively under the EBT and as a result of the share buy-back programme.

The diluted number of ordinary shares outstanding, including share awards, is calculated on the assumption of conversion of 4,037,158 (2023: 3,657,650) potentially dilutive ordinary shares.

13. Financial assets and liabilities

£m	Note	2024	2023
Financial assets			
Financial assets at amortised cost:			
Trade receivables	20	8.6	5.6
Other financial assets at amortised cost	21	5.0	4.9
Cash and cash equivalents	22	20.5	21.8
Total financial assets		**34.1**	32.3
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	23	8.4	8.0
Lease liabilities	24	9.3	8.2
Total financial liabilities		**17.7**	16.2

14. Goodwill

£m	2024	2023
Cost		
At 1 January	24.7	24.7
At 31 December	**24.7**	24.7

The recoverable amount of goodwill has been determined based on value-in-use calculations using cash flow projections from financial budgets and forecasts for a five-year period using a pre-tax discount rate of 10.4% (2023: 10.4%) which is based on the CGU's weighted average cost of capital. Cash flows beyond these periods have been extrapolated using a steady 2.5% (2023: 2.7%) average growth rate which is reflective of management's best estimate at the time.

Management believes that any reasonable change in any of the key assumptions on which the recoverable amount is based would not cause the reported carrying amount to exceed the recoverable amount of the CGU.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

15. Other intangible assets

£m	Computer software	Internally generated software	Total
Cost			
At 1 January 2023	1.7	4.3	6.0
Additions	–	2.8	2.8
At 31 December 2023	1.7	7.1	8.8
Amortisation			
At 1 January 2023	1.0	2.1	3.1
Charge for the period	0.1	0.6	0.7
At 31 December 2023	1.1	2.7	3.8
Net book value			
At 31 December 2023	0.6	4.4	5.0
Cost			
At 1 January 2024	1.7	7.1	8.8
Additions	–	5.3	5.3
Disposals	(0.7)	–	(0.7)
At 31 December 2024	**1.0**	**12.4**	**13.4**
Amortisation			
At 1 January 2024	1.1	2.7	3.8
Charge for the period	0.2	0.8	1.0
Disposal	(0.7)	–	(0.7)
At 31 December 2024	**0.6**	**3.5**	**4.1**
Net book value			
At 31 December 2024	**0.4**	**8.9**	**9.3**

Significant movement in other intangible assets

During 2024, Alfa developed new internally generated software at a cost of £5.3m (2023: £2.8m). This software will be amortised over three to five years.

The total research and product development expense for the period was £2.3m (2023: £3.1m).

16. Property, plant and equipment

£m	Fixtures and fittings	IT equipment	Total
Cost			
At 1 January 2023	1.5	3.8	5.3
Additions	0.1	0.5	0.6
Disposals	–	(1.1)	(1.1)
At 31 December 2023	1.6	3.2	4.8
Depreciation			
At 1 January 2023	0.9	3.4	4.3
Charge for the year	0.2	0.4	0.6
Disposals	–	(1.1)	(1.1)
At 31 December 2023	1.1	2.7	3.8
Net book value			
At 31 December 2023	0.5	0.5	1.0
Cost			
At 1 January 2024	1.6	3.2	4.8
Additions	–	0.3	0.3
Disposals	(0.1)	(1.7)	(1.8)
At 31 December 2024	**1.5**	**1.8**	**3.3**
Depreciation			
At 1 January 2024	1.1	2.7	3.8
Charge for the year	0.2	0.4	0.6
Disposals	(0.1)	(1.7)	(1.8)
At 31 December 2024	**1.2**	**1.4**	**2.6**
Net book value			
At 31 December 2024	**0.3**	**0.4**	**0.7**

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

17. Right-of-use assets

£m	Motor vehicles	Property	Total
Cost			
At 1 January 2023	0.5	10.9	11.4
Additions	0.2	–	0.2
At 31 December 2023	0.7	10.9	11.6
Depreciation			
At 1 January 2023	0.3	4.0	4.3
Charge for the year	0.2	1.0	1.2
At 31 December 2023	0.5	5.0	5.5
Net book value			
At 31 December 2023	0.2	5.9	6.1
Cost			
At 1 January 2024	0.7	10.9	11.6
Additions*	0.3	2.4	2.7
Disposals	(0.3)	–	(0.3)
At 31 December 2024	**0.7**	**13.3**	**14.0**
Depreciation			
At 1 January 2024	0.5	5.0	5.5
Charge for the year	0.1	1.0	1.1
Disposals	(0.3)	–	(0.3)
At 31 December 2024	**0.3**	**6.0**	**6.3**
Net book value			
At 31 December 2024	**0.4**	**7.3**	**7.7**

* Additions to property in the year relate primarily to the extension of the lease (a lease modification) to the UK office at Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, UK.

The Group recognised the following amounts in the consolidated statement of profit or loss and comprehensive income in relation to leases under IFRS 16:

£m	2024	2023
Depreciation	(1.1)	(1.2)
Interest expense	(0.6)	(0.4)
Short-term lease expense	–	(0.1)

18. Deferred income tax

The provision for deferred tax consists of the following deferred tax assets/(liabilities) relating to accelerated capital allowances and short-term timing differences in relation to accruals and share-based payments.

£m	2024	2023
Balance as at 1 January	0.3	1.6
Effect of changes in tax rates	–	(0.1)
Deferred income taxes recognised in the consolidated statement of profit or loss and comprehensive income	(1.2)	(0.7)
Deferred tax on share-based payments recognised in reserves	0.4	(0.5)
Balance as at 31 December	**(0.5)**	0.3
Consisting of:		
Depreciation in excess of capital allowances	–	(0.1)
Capital allowances in excess of depreciation	0.1	–
Other timing differences	(0.6)	0.4
Balance as at 31 December	**(0.5)**	0.3

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries as the Group is able to control the timing of these temporary differences and it is probable that they will not reverse in the foreseeable future. Unremitted earnings totalled £2.7m at 31 December 2024 (2023: £5.5m).

At the reporting date, the provision for deferred tax comprised net deferred tax assets relating to overseas group companies of £0.5m (20023: £0.3m) and net deferred tax liabilities relating to the UK of £(1.0)m (2023: nil). The net deferred tax liabilities relating to the UK is comprised mainly of a deferred tax liability in relation to accelerated tax deductions for capitalised intangibles of £(2.3)m (2023: £(1.1)m) and a deferred tax asset in relation to share options of £0.9m (2023: £0.6m).

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

19. Interests in joint venture

In 2020, the Group invested £0.4m in Alfa iQ consisting of: a capital contribution of £0.3m; and an interest-free loan fair valued at £0.1m. In 2023, the activity in the Alfa iQ joint venture ceased and the company was placed into Members Voluntary Liquidation in 2024.

At 31 December 2024 and 31 December 2023 the investment is carried at £nil and the loan is carried at £nil.

Investment

£m	2024	2023
Carrying amount as at 1 January	–	0.1
Other movements	–	0.1
Share of net loss from the joint venture	–	(0.2)
Carrying amount as at 31 December	**–**	–

Loan to joint venture

£m	2024	2023
Carrying amount as at 1 January	–	0.1
Loan write off	–	(0.1)
Carrying amount as at 31 December	**–**	–

20. Trade receivables

£m	2024	2023
Trade receivables	8.6	5.6
Provision for impairment	–	–
Trade receivables – net	**8.6**	5.6

Ageing of trade receivables

Ageing of net trade receivables £m	2024	2023
Within agreed terms	8.1	5.0
Past due 1-30 days	0.5	0.6
Past due 31-90 days	–	–
Past due 91+ days	–	–
Trade receivables – net	**8.6**	5.6

The Group believes that the amounts that are past due are fully recoverable as there are no indicators of future delinquency or potential litigation.

Currency of trade receivables

£m	2024	2023
GBP	3.0	2.6
USD	4.8	2.4
Other	0.8	0.6
Trade receivables – net	**8.6**	5.6

Trade receivables due from significant customers

There were no customers with revenue accounting for more than 10% of total revenue in 2024 and 2023.

Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to market risk (specifically foreign currency risk) and credit risk can be found in note 3.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

21. Other receivables held at amortised cost

£m	2024	2023
Accrued income	4.7	4.6
Prepayments	4.9	3.8
Corporation tax recoverable	2.8	1.9
Other receivables	0.3	0.3
Total other receivables held at amortised cost	**12.7**	10.6

Accrued income represents fees earned, but not invoiced, at the reporting date, which have no right of offset with contract liabilities – deferred licence amounts.

Prepayments include £1.0m of deferred costs in relation to costs to fulfil contracts (2023: £1.3m). During the year £0.3m (2023: £0.2m) relating to costs to fulfil contracts has been recognised within cost of sales.

Corporation tax recoverable at the reporting date of £2.8m (2023: £1.9m) represents predominately UK tax of £2.3m (2023: £1.9m), due to be refunded on the submission of (i) the R&D-related claims for 2023 and 2024 and (ii) the 2024 corporation tax return. An additional amount of £0.4m (2023: £0.5m) relates to RDEC recoverable.

22. Cash and cash equivalents

£m	2024	2023
Cash at bank and in hand	20.5	21.8
Cash and cash equivalents	**20.5**	21.8

Currency of cash and cash equivalents

£m	2024	2023
GBP	8.6	13.5
USD	6.1	3.4
AUD	2.1	1.8
EUR	2.5	2.2
Other	1.2	0.9
Cash and cash equivalents	**20.5**	21.8

Cash and cash equivalents are all held with banks and other financial instructions which must fulfil credit rating and investment criteria approved by the Board.

23. Current and non-current liabilities

£m	2024	2023
Trade payables	1.0	0.5
Other payables	10.7	9.5
Contract liabilities – deferred licence and fees	8.1	8.0
Contract liabilities – deferred maintenance	7.6	6.2
Deferred tax liability	1.0	–
Lease liabilities (note 24)	9.3	8.2
Provisions for other liabilities (note 25)	0.8	0.7
Total current and non-current liabilities	**38.5**	33.1
Less non-current portion	(11.0)	(7.5)
Total current liabilities	**27.5**	25.6

Other payables includes amounts relating to other tax and social security of £3.3m (2023: £2.0m). Of the remainder, £5.8m (2023: £5.4m) relates to amounts due as part of payroll.

24. Lease liabilities

The following table sets out the reconciliation of the lease liabilities from 1 January 2023 to the amount disclosed at 31 December 2024:

£m	Total
Lease liabilities recognised at 1 January 2023	9.3
Additions	0.2
Interest charge	0.4
Payments made on lease liabilities	(1.7)
At 31 December 2023	8.2
Additions	2.4
Interest charge	0.6
Payments made on lease liabilities	(1.9)
At 31 December 2024	**9.3**

Additions to lease liabilities include extensions to existing lease agreements. In 2024 there was an extension of the lease (a lease modification) to the UK office at Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, UK.

Total lease payments in 2024 were £1.9m (2023: £1.8m).

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

24. Lease liabilities continued

Below is the maturity analysis of the lease liabilities:

£m	2024	2023
Non-current	9.2	6.8
Current	0.1	1.4
Total lease liabilities	**9.3**	8.2
No later than one year	0.8	1.7
Between one year and five years	6.6	6.2
Later than five years	6.0	1.4
Total future lease payments	**13.4**	9.3
Total future interest payments	(4.1)	(1.1)
Total lease liabilities	**9.3**	8.2

The movement during the year in lease liabilities is set out above. Movements in cash and cash equivalents are set out in the cash flow statement. These are the only changes in liabilities arising from financing activities in the year.

25. Provision for other liabilities

£m	
At 1 January 2023	0.9
Provided in the period	0.2
Utilised in the period	(0.4)
Released in the period	–
At 31 December 2023	0.7
Provided in the period	0.4
Utilised in the period	(0.3)
Released in the period	–
At 31 December 2024	**0.8**

Provisions for other liabilities comprise amounts for office dilapidations and employer taxes on share-based payments. It is expected that these will be utilised as follows: £0.3m in 2035 and £0.5m over various years.

26. Share capital

	2024		2023	
Issued and fully paid	Shares	£m	Shares	£m
Ordinary shares – 0.1 pence	300,000,000	0.3	300,000,000	0.3
Balance as at 31 December	**300,000,000**	**0.3**	300,000,000	0.3

No additional shares have been issued or cancelled in 2024 or 2023.

27. Translation reserve

£m	2024	2023
At 1 January	0.2	0.4
Currency translation of subsidiaries	(0.1)	(0.2)
At 31 December	**0.1**	0.2

28. Own shares

£m	2024	2023
Balance at 1 January	8.7	7.5
Acquired in the year	0.7	4.8
Distributed on exercise of options	(1.5)	(3.6)
Balance at 31 December	**7.9**	8.7

The own shares reserve represents the cost of shares in Alfa Financial Software Holdings PLC that have been:

- Purchased in the market and held by the Group's EBT to satisfy options under the Group's share options plans. The number of shares held as at 31 December 2024 was 83,904 (31 December 2023: 721,036); and
- Purchased in the market and held by the Group as a result of the share buy-back programme that was launched on 18 January 2022 and ended on 30 June 2023. The number of shares held at 31 December 2024 was 4,775,119 (31 December 2023: 4,775,119).

Own shares distributed relates to shares distributed to employees from the EBT for bonus awards under share schemes. As at 31 December 2024, the Group held 1.62% (31 December 2023: 1.84%) of its own called-up share capital.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

29. Share awards

The Group recognised total expenses relating to share-based payment of £1.4m (2023: £1.6m) in the current year. Of this, £1.1m (2023: £1.3m) relates to equity-settled LTIP schemes and £0.3m (2023: £0.3m) relates to Employee ShareSave schemes. See further detail below.

The outstanding share schemes are made up of the following:

Grant date	Condition type	Plan	Vesting date	Exercise price	Share options 31 December 2024	Share options 31 December 2023
April 2021	Service and Performance	LTIP	April 2024	0p	–	1,070,668
November 2021	Service Only	LTIP	October 2024	0p	–	60,872
November 2021	Service Only	UK Employee ShareSave	January 2025	153.6p	168,146	172,832
November 2021	Service Only	US Employee ShareSave	January 2024	167.0p	–	40,323
April 2022	Service and Performance	LTIP	April 2025	0p	741,162	741,162
April 2022	Service Only	LTIP	April 2025	0p	231,290	237,965
April 2022	Service Only	US Employee ShareSave	June 2024	141.1p	–	27,727
May 2022	Service Only	UK Employee ShareSave	June 2025	132.8p	211,673	214,383
September 2022	Service Only	LTIP	September 2025	0p	5,917	5,917
April 2023	Service and Performance	LTIP	April 2026	0p	913,963	913,963
April 2023	Service Only	LTIP	April 2026	0p	374,948	383,814
April 2023	Service Only	UK Employee ShareSave	June 2026	109.6p	841,071	857,493
April 2023	Service Only	US Employee ShareSave	June 2025	116.5p	54,960	54,960
April 2024	Service and Performance	LTIP	April 2027	0p	720,024	–
April 2024	Service Only	LTIP	April 2027	0p	342,774	–
April 2024	Service Only	US Employee ShareSave	June 2026	146.0p	30,274	–
May 2024	Service Only	UK Employee ShareSave	June 2027	137.4p	194,657	–
September 2024	Service Only	LTIP	September 2027	0p	3,164	–

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

29. Share awards continued

The weighted average share price at the date of exercise for share options exercised during the period was 177.4 pence (2023: 161.7 pence). The options outstanding at 31 December 2024 had a weighted average exercise price of 38.0 pence (2023: 34.7 pence), and a weighted average remaining contractual life of 1.5 years (2023: 1.5 years).

The opening weighted average exercise price at 1 January 2024 was 34.7 pence (1 January 2023: 27.1 pence). The weighted average exercise price of options forfeited and exercised during the year was 146.5 pence (31 December 2023: 161.2 pence). The expected price volatility is based on the historical volatility adjusted for any expected changes to future volatility due to publicly available information.

The weighted average exercise price of options granted in the period is 24.1 pence (2023: 45.4 pence).

The total share-based payment charge relating to Alfa Financial Software Holdings PLC shares for the year is split as follows:

£m	2024	2023
Employee share schemes – value of services	1.1	1.5
Expense in relation to fair value of social security liability on employee share schemes	0.3	0.1
Total cost of employee share schemes	**1.4**	1.6

Details of the share options outstanding during the year are as follows:

	2024	2023
Outstanding at 1 January	4,782,079	5,473,851
Conditionally awarded in year	1,290,893	2,210,230
Exercised	(977,712)	(2,322,473)
Forfeited or expired in year	(261,237)	(579,529)
Outstanding at 31 December	**4,834,023**	4,782,079
Exercisable at the end of the year	**–**	–

29.1 LTIPs

The 2021 April and 2021 November LTIP awards vested during the year. The exercise of these awards had a net impact of £0.8m on own shares and £1.5m on retained earnings.

The 2022 April and 2023 April LTIP awards (service and performance conditions) are conditional on performance conditions, 50% based on EPS performance (non-market condition) and 50% on TSR (market condition) as well as a three-year employment fulfilment. The fair value of these awards has been determined using the Monte Carlo model. An estimate is made for the awards which are linked to EPS based on the expectation of achievement of EPS conditions at the end of each accounting period.

The 2022 April LTIP awards, the 2022 September LTIP awards and the 2023 April LTIP awards (service conditions) are conditional on employment only. The fair value of these awards is equal to the closing share price on the date of grant, discounted by the expected 12-month dividend yield to reflect the lack of dividend accrual over the vesting period. The expected price volatility is based on the historical volatility (based on the remaining life of the scheme), adjusted for any expected changes to future volatility due to publicly available information.

The 2024 April LTIP awards (service and performance conditions plan) are granted conditional on performance conditions, 50% based on EPS performance (non-market condition) and 50% on TSR (market condition) as well as a three-year employment fulfilment. For those awards with market-related vesting conditions, the fair value has been determined using the Monte Carlo valuation model at the grant date. For awards issued with EPS (non-market) performance vesting conditions, the fair value of the underlying option is equal to the grant date share price discounted by the expected dividend yield to reflect the lack of dividend accrual over the vesting period. An estimate is made for the awards which are linked to EPS based on the expectation of achievement of EPS conditions at the end of each accounting period. The following table lists the inputs to the model used for the awards granted in the year ended 31 December 2024 based on information at the date of grant:

LTIP awards (granted in April)	TSR element	EPS element
Share price at date of grant	171.2p	171.2p
Award price	0p	0p
Volatility	44.0%	–
Embedded TSR	12.5%	–
Average correlation	15.1%	–
Life of award	3 years	3 years
Risk-free rate	4.00%	–
Fair value per award	100.7p	151.6p

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

29. Share awards continued

29.1 LTIPs continued

In April 2024, the Group awarded to certain employees an LTIP conditional on employment only. The fair value of these awards on the date of grant is 151.6 pence, discounted by the expected 12-month dividend yield to reflect the lack of dividend accrual over the vesting period (three years).

In September 2024, the Group awarded to certain employees an LTIP conditional on employment only. Given the small number of share options awarded in these awards, the fair value of these awards on the date of grant was assumed to be the same as that for the April 2024 awards mentioned above, i.e. 151.6 pence.

All of these Company schemes, as well as any non-cyclical awards, are equity-settled by award of ordinary shares.

29.2 Employee ShareSave Scheme

The Group has in place an Employee ShareSave Scheme – the Save As You Earn (SAYE) scheme in the UK and Employee Stock Purchase Plan (ESPP) scheme in the USA. Under these schemes, eligible employees can save up to a set limit each month. At the end of the savings period (three years for SAYE and two years for ESPP), employees can choose whether or not they wish to buy the shares at the option price or take back their savings as cash. The option price is the share price at the start of the plan with a 20% discount for the UK scheme and 15% discount for the US scheme. The fair value of these awards has been determined using the Black Scholes model at the grant date.

	31 December 2024			
	SAYE		ESPP	
	Number of share options	Exercise price	Number of share options	Exercise price
Outstanding at beginning of year	1,244,708	119.7p	123,010	138.6p
Conditionally awarded in year	194,657	137.4p	30,274	146.0p
Exercised during the year	–	–	(25,118)	141.1p
Forfeited or expired in year	(23,818)	120.9p	(42,932)	142.7p
Outstanding at the end of the year*	**1,415,547**	**122.1p**	**85,234**	**127.0p**
Exercisable at the end of the year	**–**	**–**	**–**	**–**

* The exercise price is a weighted average.

The inputs used in the calculation of the fair value of options granted in the year were as follows:

	SAYE 31 December 2024	ESPP 31 December 2024
Share price	171.2p	171.2p
Exercise price	137.4p	146.0p
Expected volatility	44.5%	42.6%
Expected life	36 months	24 months
Risk-free rate	4.13%	4.10%
Expected dividend yields	4.0%	4.0%
Fair value per award	57.3p	48.5p

30. Unrecognised items

30.1 Contingencies and commitments

The Group has no capital commitments, no material contingent liabilities and no contingent assets.

30.2 Events occurring after the reporting period

There have been no reportable subsequent events.

31. Dividends

A special dividend of 2.0 pence per share was paid on 30 May 2024 amounting to £5.9m (2023: £4.4m at 1.5 pence per share).

An ordinary dividend of 1.3 pence per share was paid on 27 June 2024 amounting to £3.8m (2023: £3.5m at 1.2 pence per share).

A special dividend of 4.2 pence per share was paid on 8 November 2024 amounting to £12.4m (2023: £11.8m at 4.0 pence per share).

Subject to approval at the AGM on 30 April 2025, a 2024 final dividend of 1.4 pence per share will be paid on 27 June 2025 to holders on the register on 30 May 2025. The ordinary shares will be quoted ex-dividend on 29 May 2025. In addition, the Board has decided to declare a special dividend of 2.4 pence per share, with an ex-dividend date of 1 May 2025, a record date of 2 May 2025 and a payment date of 30 May 2025.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

32. Related parties

32.1 Controlling shareholder

The ultimate parent undertaking as at 31 December 2024 was CHP Software and Consulting Holdings Limited (the 'ultimate parent'), being the parent undertaking of the smallest and largest group in relation to these consolidated financial statements. At 31 December 2023 the immediate and ultimate parent undertaking was CHP Software and Consulting Limited. The change in the year was due to an internal reorganisation within the CHP group. The ultimate controlling party is Andrew Page.

32.2 Basis of consolidation

The principal subsidiaries and joint ventures of the Group and the Group percentage of equity capital are set out below. All these are consolidated within the Group's financial statements with the exception of Alfa iQ which is accounted for using the equity method.

	Registered address and country of incorporation	Principal activity	Held by Company 2024	Held by Group 2024	Held by Company 2023	Held by Group 2023
Alfa Financial Software Group Limited	Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, UK	Holding company	100%	100%	100%	100%
Alfa Financial Software Limited	Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, UK	Software and services	–	100%	–	100%
Alfa Financial Software Inc	124 E Hudson Ave, Royal Oak, MI 48067, United States	Software and services	–	100%	–	100%
Alfa Financial Software Australia Pty Limited	Lisgar House, Level 3, 32 Carrington Street, Sydney, NSW, 2000, Australia	Services	–	100%	–	100%
Alfa Financial Software NZ Limited	Level 1 Building B, 600 Great South Road, Greenlane, Auckland 1051, New Zealand	Services	–	100%	–	100%
Alfa Financial Software GmbH	Bockenheimer Landstraße. 20, 60323 Frankfurt am Main, Germany	Software and services	–	100%	–	100%
Alfa Financial Software International Limited	Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, UK	Software and services	–	100%	–	100%
Alfa AI Limited	Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, UK	Services	–	100%	–	100%
Alfa iQ Limited*	30 Finsbury Square, London, EC2A 1AG, UK	Software and services	–	51%	–	51%

* The activity in the Alfa iQ joint venture ceased in late 2023 and the company was placed into Members Voluntary Liquidation in 2024. The registered address prior to the liquidation was Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, UK.

Notes to the consolidated financial statements for the year ended 31 December 2024 continued

32. Related parties continued

32.3 Transactions with related parties

Full details of the Directors' compensation and interests are set out in the Directors' Remuneration Report from page 83. See note 8 for further detail on remuneration of key management (including Directors).

Dividends to the amount of £12.4m were paid to the ultimate parent (2023: £11.8m).

Dividends of 2.0 pence, 1.3 pence and 4.2 pence per share were paid to all shareholders in 2024 (2023: 1.5 pence, 1.2 pence and 4.0 pence per share). Directors and other key management received dividends based on their beneficial interest in the shares of the Company. Directors' beneficial interests in the shares of the Company are disclosed in the Remuneration Report on page 95.

In 2020 the Group invested £0.4m in Alfa iQ consisting of: a capital contribution of £0.3m; and an interest-free loan fair valued at £0.1m. In 2023, the activity in the Alfa iQ joint venture ceased and the company was placed into Members Voluntary Liquidation in 2024. Therefore, at 31 December 2024 the investment is carried at £nil (2023: £nil) and the loan is carried at £nil (2023: £nil).

In 2024 Alfa Financial Software Limited paid expenses of £0.1m on behalf of Alfa iQ Limited. In 2023, Alfa Financial Software Limited paid expenses of £0.1m on behalf of Alfa iQ Limited and these were fully recharged back to Alfa iQ Limited at no mark up.

In 2024, expenses relating to property of £0.02m (2023: £0.04m) were paid on behalf of the ultimate parent and these were fully recharged back to the ultimate parent at no mark up.

In 2023, two debentures were sold to the ultimate parent for £0.2m. The transaction was at arm's length. No such transaction took place in 2024.

The balances outstanding from the ultimate parent at 31 December 2024 and 2023 were £nil and £nil respectively.

There were no other outstanding balances from related parties at the end of the reporting period.

33. Offsetting assets and liabilities

Assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where Alfa currently has a legally enforceable right to offset the recognised amounts, and there is an intention to realise the asset and settle the liability simultaneously.

The following table presents the recognised assets and liabilities that are offset as at 31 December 2024 and 31 December 2023 in the consolidated statement of financial position.

31 December 2024 £m	Gross amounts	Amounts offset	Net amounts presented
Accrued income	5.1	(0.4)	**4.7**
Contract liabilities – deferred licence	(8.5)	0.4	**(8.1)**

31 December 2023 £m	Gross amounts	Amounts offset	Net amounts presented
Accrued income	5.5	(0.9)	**4.6**
Contract liabilities – deferred licence	(8.9)	0.9	**(8.0)**

Company statement of financial position

£m	Note	2024	2023
Assets			
Non-current assets			
Investment in subsidiary companies	4	430.7	429.8
Total non-current assets		**430.7**	429.8
Current assets			
Amounts owed by subsidiaries	7	0.6	–
Other receivables	5	0.5	0.7
Cash and cash equivalents	6	0.1	0.1
Total current assets		**1.2**	0.8
Total assets		**431.9**	430.6
Liabilities and equity			
Current liabilities			
Amounts owed to subsidiaries	7	–	1.3
Trade and other payables	8	0.8	0.6
Accruals		0.4	0.4
Total current liabilities		**1.2**	2.3
Non-current liabilities			
Provisions	8	0.2	0.2
Total non-current liabilities		**0.2**	0.2
Total liabilities		**1.4**	2.5
Capital and reserves			
Ordinary shares	9	0.3	0.3
Own shares	10	(7.9)	(8.7)
Retained earnings		438.1	436.5
Total equity		**430.5**	428.1
Total liabilities and equity		**431.9**	430.6

Retained earnings includes a profit of £24.1m for the 2024 financial year (2023: £25.7m). See the statement of changes in equity on the next page for further detail.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from presenting its own profit and loss account. The above Company statement of financial position should be read in conjunction with the accompanying notes.

The Company financial statements on pages 151 to 157 were approved and authorised for issue by the Board of Directors on 12 March 2025 and signed on its behalf by:

Andrew Denton
Chief Executive Officer

Duncan Magrath
Chief Financial Officer

Alfa Financial Software Holdings PLC – Registered number: 10713517

Company statement of changes in equity

£m	Note	Called-up share capital	Own shares	Retained earnings	Total equity
Balance as at 1 January 2023		0.3	(7.5)	432.4	425.2
Total comprehensive profit for the period		–	–	25.7	25.7
Employee share schemes – value of employee services	11	–	–	1.5	1.5
Dividends	12	–	–	(19.7)	(19.7)
Own shares distributed	10	–	3.6	(3.4)	0.2
Own shares acquired	10	–	(4.8)	–	(4.8)
Balance as at 31 December 2023		0.3	(8.7)	436.5	428.1
Total comprehensive profit for the period		–	–	24.1	24.1
Employee share schemes – value of employee services	11	–	–	1.1	1.1
Dividends	12	–	–	(22.1)	(22.1)
Own shares distributed	10	–	1.5	(1.5)	–
Own shares acquired	10	–	(0.7)	–	(0.7)
Balance as at 31 December 2024		**0.3**	**(7.9)**	**438.1**	**430.5**

The above Company statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Company financial statements for the year ended 31 December 2024

1. Summary of significant accounting policies

Alfa Financial Software Holdings PLC is a public company limited by shares and is incorporated and domiciled in England. These financial statements are the separate financial statements for the Company.

The registered office is Moor Place, 1 Fore Street Avenue, London, EC2Y 9DT, United Kingdom. The registered number of Alfa is 10713517.

The principal activity of the Company is as a holding company.

1.1 Statement of compliance and basis of preparation

The financial statements of Alfa Financial Software Holdings PLC have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out in note 1 to the consolidated financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

These financial statements have been prepared on a going concern basis, under the historical cost convention. The Directors have used the going concern principle on the basis that the current profitable financial projections of the Company and its subsidiaries indicate they will continue in operation for the foreseeable future. As described in note 1.1 to the consolidated financial statements, this assessment includes downside stress testing in line with FRC guidance.

The Company financial statements have been prepared in pounds sterling which is the functional and presentational currency of the Company and have been presented to the nearest £0.1m unless otherwise stated.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, share-based payments, the aggregate remuneration of key management personnel and related party transactions with other wholly owned members of the Group.

The Company meets the definition of a qualifying entity under FRS 102. Where required, equivalent disclosures are given in the Group accounts of Alfa Financial Software Holdings PLC.

The Company exercises control over the EBT because it is exposed to, and has a right to, variable returns from this trust and is able to use its power over the trust to affect those returns. Therefore, the trust is consolidated by the Company.

1.2 Investments in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Unless otherwise stated, subsidiaries have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also each subsidiary's principal place of business.

Investments in subsidiary undertakings are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value. Where events or changes in circumstances, including an adverse movement in the share price, indicate that the carrying amount of an investment may not be recoverable, an impairment review is performed. An impairment write-down is recognised to the extent that the carrying amount of the asset exceeds the higher of the fair value less cost to sell and value in use.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control. Where control of a subsidiary is lost, it is recognised in the profit or loss.

Amounts due to and from subsidiaries are unsecured, interest-free and repayable on demand. The carrying amounts of such payables and receivables are considered to be the same as their fair values due to their short-term nature.

1.3 Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Notes to the Company financial statements for the year ended 31 December 2024 continued

1. Summary of significant accounting policies continued

1.4 Financial liabilities

Basic financial liabilities, including trade and other payables and trading balances and loans from subsidiaries, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

Other payables are initially recorded at fair value and subsequently measured at amortised cost. As the total carrying amount is due within the next 12 months from the balance sheet date, the impact of applying the effective interest method is not significant and, therefore, the carrying amount equals to the contractual amount or the fair value initially recognised.

Payables are classified as current liabilities if payment is due within one year or less.

1.5 Equity

Ordinary shares

Ordinary shares are classified as equity. There are no restrictions on the distribution of capital and the repayment of capital.

Own shares

Own shares represent the shares of Alfa Financial Software Holdings PLC that are either held by the EBT, or acquired by the Company as part of its share buy-back programme (see note 28 to the consolidated financial statements). Own shares are recorded at cost and deducted from equity.

1.6 Employee share schemes

Grants made to subsidiary employees will not result in a charge recognised in the income statement. Any charges for share-based payments are recognised as an increase in the cost of investment in subsidiaries (as a capital contribution). For full details of the Group's share-based payments, refer to note 29 to the consolidated financial statements.

1.7 Dividends

Dividends are recognised through equity when approved by Alfa's shareholders or on payment, whichever is earlier.

2. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The inputs applied in the impairment review for the value-in-use calculation for the investments in subsidiaries are considered to be a key source of estimation uncertainty. Refer to note 4 for more details.

There were no other critical accounting judgements that would have a significant effect on the amounts recognised in the parent company financial statements or key sources of estimation uncertainty at the reporting date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Financial risk management

The Company's exposure to financial risks is managed as part of the Group's financial risk management. Full details about the Group's exposure to financial risks and how these risks could affect the Group's future financial performance are given in note 3 to the consolidated financial statements.

Notes to the Company financial statements for the year ended 31 December 2024 continued

4. Investments in subsidiaries

£m	2024	2023
Cost		
As at 1 January	429.8	428.7
Capital contributions to subsidiaries (see note 1.6)	0.9	1.1
As at 31 December	**430.7**	429.8

The carrying amount of the investment is £430.7m at 31 December 2024 (2023: £429.8m). The recoverable amount of the investment was determined based on value-in-use calculations using cash flow projections of the Company and its subsidiaries from financial budgets and forecasts for a five-year period using a pre-tax discount rate of 10.4% (2023: 10.4%). Cash flows beyond these periods have been extrapolated using a steady 2.5% (2023: 2.7%) average growth rate which is reflective of management's best estimate at the time. In addition, the market capitalisation of the Company as at 31 December 2024 was £633m. As the recoverable amount, and the market capitalisation of the Company, are in excess of the carrying amount of the investment, no impairment charge has been recognised during the current financial year.

5. Other receivables

At 31 December 2024, other receivables relate to prepayments of £0.4m (2023: £0.4m) and VAT receivables of £0.1m (2023: £0.3m).

6. Cash and cash equivalents

£m	2024	2023
Cash and cash equivalents	0.1	0.1

7. Amounts owed by and to subsidiaries

£m	2024	2023
Amounts owed by subsidiaries	0.6	–
Total amounts owed by subsidiaries	**0.6**	–

All amounts owed by subsidiaries are current. They relate primarily to recharges to Alfa Financial Software Limited from the Company for expenses incurred (2023: £nil).

£m	2024	2023
Amounts owed to subsidiaries	–	1.3
Total amounts owed to subsidiaries	**–**	1.3

All amounts owed to subsidiaries in 2023 were current. The £1.3m in 2023 related primarily to cash advanced by Alfa Financial Software Limited to the Company for operating costs payments.

8. Payables and provision for other liabilities

Trade and other payables relate to trade creditors of £0.2m (2023: £0.1m) and salary costs of £0.6m (2023: £0.5m).

The long-term provision relates to the employer national insurance liability of £0.2m for the share schemes (2023: £0.2m).

9. Called-up share capital

Each ordinary share has a par value of 0.1 pence. All shares are fully paid and have equal voting rights.

Issued and fully paid	Shares – ordinary	£m
At 31 December 2024	300,000,000	0.3
At 31 December 2023	300,000,000	0.3

Notes to the Company financial statements for the year ended 31 December 2024 continued

10. Own shares

£m	2024	2023
Balance at 1 January	8.7	7.5
Acquired in the year	0.7	4.8
Distributed on exercise of options	(1.5)	(3.6)
Balance at 31 December	**7.9**	8.7

The own shares reserve represents the cost of shares in Alfa Financial Software Holdings PLC purchased in the market and held by the Company's EBT and by the Company as a result of its share buy-back programme (see note 1.2 of the consolidated financial statements).

The number of own shares held by the EBT at 31 December 2024 was 83,904 (2023: 721,036). The number of own shares held at 31 December 2024 by the Company as a result of its share buy-back programme was 4,775,119 (2023: 4,775,119).

As at 31 December 2024, the Company held 1.62% (2023: 1.84%) of its own called-up share capital.

11. Employee share schemes

Under the rules of the Company's LTIP plans, selected employees of the Company's subsidiary were granted awards in the form of nil cost options over ordinary shares in Alfa.

In addition, employees of the Company's subsidiary that met the set criteria were invited to join a ShareSave Scheme – the SAYE scheme for the UK employees and the ESPP scheme for the US employees. Under these schemes, eligible employees can save up to a set limit each month and, at the end of the vesting period, can use these savings to buy ordinary shares in Alfa (at a discount) or take these back as cash.

Refer to note 29 of the consolidated financial statements for more detail on these schemes. The cost of the share-based remuneration is passed to the relevant subsidiary.

12. Dividends

A special dividend of 2.0 pence per share was paid on 30 May 2024 amounting to £5.9m (2023: £4.4m at 1.5 pence per share).

An ordinary dividend of 1.3 pence per share was paid on 27 June 2024 amounting to £3.8m (2023: £3.5m at 1.2 pence per share).

A special dividend of 4.2 pence per share was paid on 8 November 2024 amounting to £12.4m (2023: £11.8m at 4.0 pence per share).

Subject to approval at the AGM on 30 April 2025, a 2024 final dividend of 1.4 pence per share will be paid on 27 June 2025 to holders on the register on 30 May 2025. The ordinary shares will be quoted ex-dividend on 29 May 2025. In addition, the Board has decided to declare a special dividend of 2.4 pence per share, with an ex-dividend date of 1 May 2025, a record date of 2 May 2025 and a payment date of 30 May 2025.

Notes to the Company financial statements for the year ended 31 December 2024 continued

13. Directors' remuneration

The Company has no employees other than the Directors. Full details of the Directors' compensation and interests are set out in the Directors' Remuneration Report from page 83.

14. Events occurring after the reporting period

There have been no reportable subsequent events.

15. Related party and ultimate controlling party

The Company has taken advantage of the exemption under FRS 102:33.1A from disclosing transactions with other members of the Group.

The immediate and ultimate parent undertaking as at 31 December 2024 was CHP Software and Consulting Holdings Limited, which was the parent undertaking of the smallest and largest group to consolidate these financial statements. At 31 December 2023 the immediate and ultimate parent undertaking was CHP Software and Consulting Limited. This change in the year was due to an internal reorganisation within the CHP group.

The registered office of the immediate and ultimate parent undertaking is Moor Place, 1 Fore Street Avenue, London EC2Y 9DT and copies of the financial statements of the ultimate parent can be obtained from this address. The ultimate controlling party is Andrew Page.

See a full listing of the Company's subsidiaries and joint venture in note 32.2 of the consolidated financial statements.

Five-year history

Income

	2024	2023	2022	2021	2020
Revenue £m	109.9	102.0	93.3	83.2	78.9
Operating profit £m	34.3	30.1	29.6	24.7	23.9
Operating profit margin %	31%	30%	32%	30%	30%
Profit before tax £m	34.1	29.6	28.9	23.8	23.2
Tax £m	(8.5)	(6.1)	(4.4)	(4.6)	(2.9)
Profit for the year £m	25.6	23.5	24.5	19.2	20.3
Operating free cash flow conversion %	89%	115%	102%	114%	114%

Capital employed

	2024	2023	2022	2021	2020
Equity £m	46.2	42.0	42.0	43.4	60.2
Cash £m	20.5	21.8	18.7	23.1	37.0
Capital employed £m	57.2	49.5	50.9	60.0	77.4

Statistics

	2024	2023	2022	2021	2020
TCV £m	221.3	165.3	142.9	133.1	112.9
EPS (Basic) pence	8.68	7.99	8.24	6.49	6.93
EPS (Diluted) pence	8.56	7.90	8.09	6.39	6.79
Ordinary dividends – paid in the year – pence	1.3	1.2	1.1	1.0	–
Special dividends – paid in the year – pence	6.2	5.5	6.5	10.0	15.0
Ordinary dividends – paid in the year – £m	3.8	3.5	3.3	3.0	–
Special dividends – paid in the year – £m	18.3	16.2	19.3	29.7	44.2

Shareholder information

Alfa Financial Software Holdings PLC

Registered Office
Moor Place
1 Fore Street Avenue
London
EC2Y 9DT

www.alfasystems.com

T: +44 (0)20 7588 1800
Registered number: 10713517
Stock code: ALFA
ISIN: GB00BDHXPG30
LEI: 213800C5UOZHUTNUGA28

Investor relations

ir@alfasystems.com

Media relations

Teneo

Auditor

RSM UK Audit LLP

Brokers

Barclays Bank plc
Investec Bank plc
Panmure Liberum Ltd

Corporate lawyer

White & Case LLP

Remuneration advisors

Ellason LLP

Climate consultants

EcoAct

Registrar/shareholder queries

Equiniti Limited
Aspect House,
Spencer Road,
Lancing, West Sussex
BN99 6DA

Telephone 0371 384 2030 and outside the UK +44 (0)121 415 7047

Online: help.shareview.co.uk (from here, you will be able to securely email Equiniti with your enquiry).

This report is printed on 100% recycled paper, which is certified carbon balanced by World Land Trust Ltd.

Blackdog Digital is a carbon neutral company and is committed to all round excellence and improved environmental performance is an important part of our 'Go Green' strategy.

Luminous is certified in using Carbon Balanced paper for the Alfa Financial Software Holdings PLC Annual Report. This project has balanced through World Land Trust the equivalent of 73kg of Carbon Dioxide. This support will enable World Land Trust to protect 14m² of critically threatened tropical forest.

CARBON BALANCED PAPER

www.carbonbalancedpaper.com

CBP029962

luminous

Consultancy, design and production
www.luminous.co.uk

Alfa

Moor Place
1 Fore Street Avenue
London EC2Y 9DT
UK

+44 (0)20 7588 1800