



# 2020 Results

10 March 2021

Aptitude<sup>™</sup>  
SOFTWARE

# APTITUDE SOFTWARE AT A GLANCE

Specialist provider of powerful financial management software

## Who we are

Over twenty years of absolute focus on building software for the office of the CFO

Significant experience in processing high volumes of complex transactions with Tier 1 clients

Specialist understanding of accounting and regulatory reporting requirements.

## What we do

Innovative solutions to address the growing trend for Finance Automation

Product suite integrates data from complex systems to create a unified view of finance

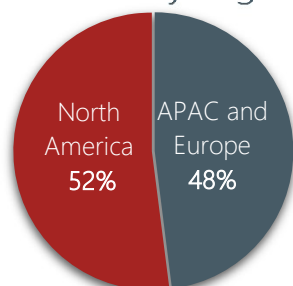
Enable significant benefits including business insights, enhanced control and regulatory compliance

## Who we help

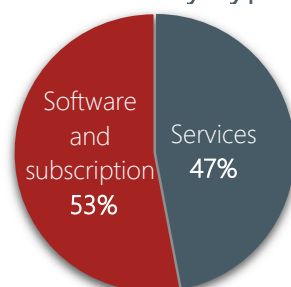


c. 75 enterprise clients in total

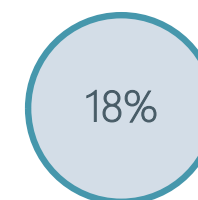
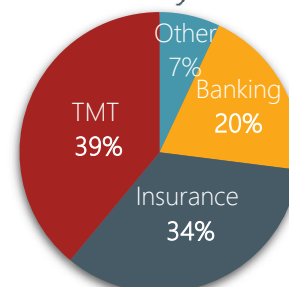
## Revenue by Region



## Revenue by Type



## Revenue by Sector



ARR 5 year  
organic CAGR<sup>1</sup>



Cash at  
period end

# 2020 OVERVIEW

Continued strategic and operational progress



## Our strategy continues to deliver

- Annual Recurring Revenue<sup>1</sup> +11% to £31.2m
- New wins and contract extensions in the banking, insurance and TMT sectors
- Resilient through the pandemic



## Key strategic product milestones achieved

- Launch of new strategic SaaS offerings
- Consolidation of development at Aptitude Innovation Centre
- Continued investment to realise finance transformation opportunity

## Expanding strategic partnerships

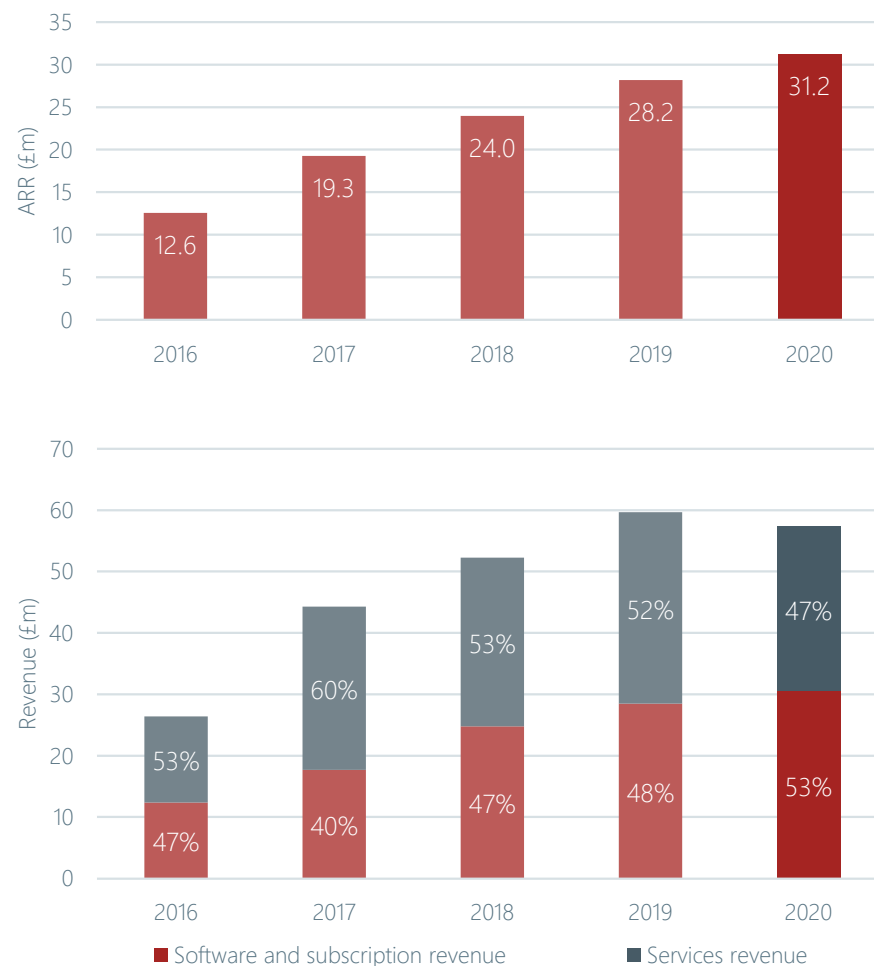
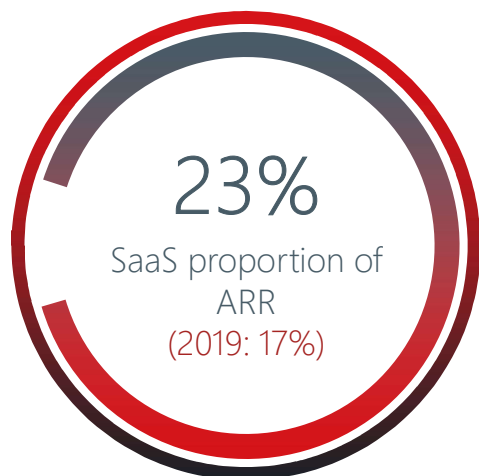
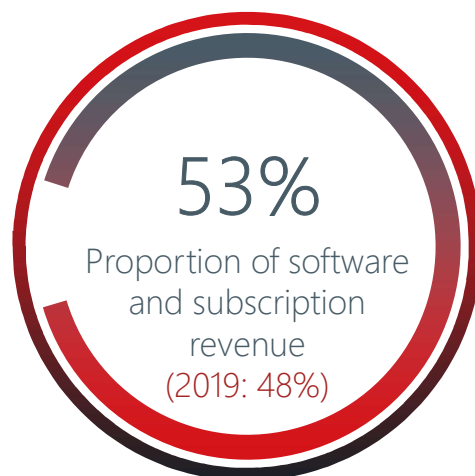
- Strengthening of the partner network with new propositions established



£31.2m      ↑11%  
Annual Recurring Revenue<sup>1</sup>

# FINANCIAL HIGHLIGHTS

Continued growth in software and subscription revenue, a strategic focus for the Group



<sup>1</sup> Annual Recurring Revenue ('ARR') is the value of Aptitude Software's continuing software and subscription recurring revenue at a specific point in time, normalised to a one-year period.

<sup>2</sup> Net retention is measured by the total value of on-going ARR at the year-end from clients in place at the start of the year as a percentage of the opening ARR from those clients on a constant currency basis

# FINANCIAL HIGHLIGHTS

Financially strong with excellent cash reserves



£44.8m ↑36%  
Cash balance

Provides the Group with the opportunity to accelerate product strategy and / or entry into new markets

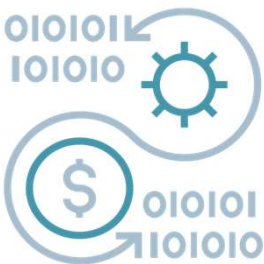
# Aptitude Product Portfolio

Accounting Hub is our flagship product, complemented by regulatory focused engines



# MARKET OPPORTUNITY

Clear opportunities to deliver value in all key industries and target audiences



Strategic Compliance

Finance Automation

Finance Transformation in the Cloud



Technology, Media, Telecoms



Insurance



Banking



Account Base



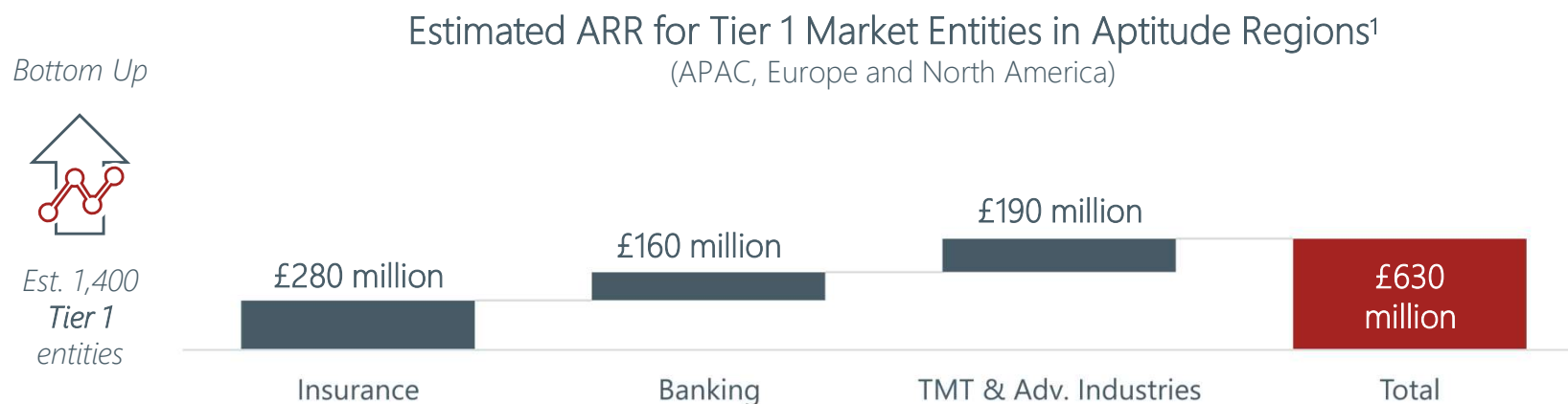
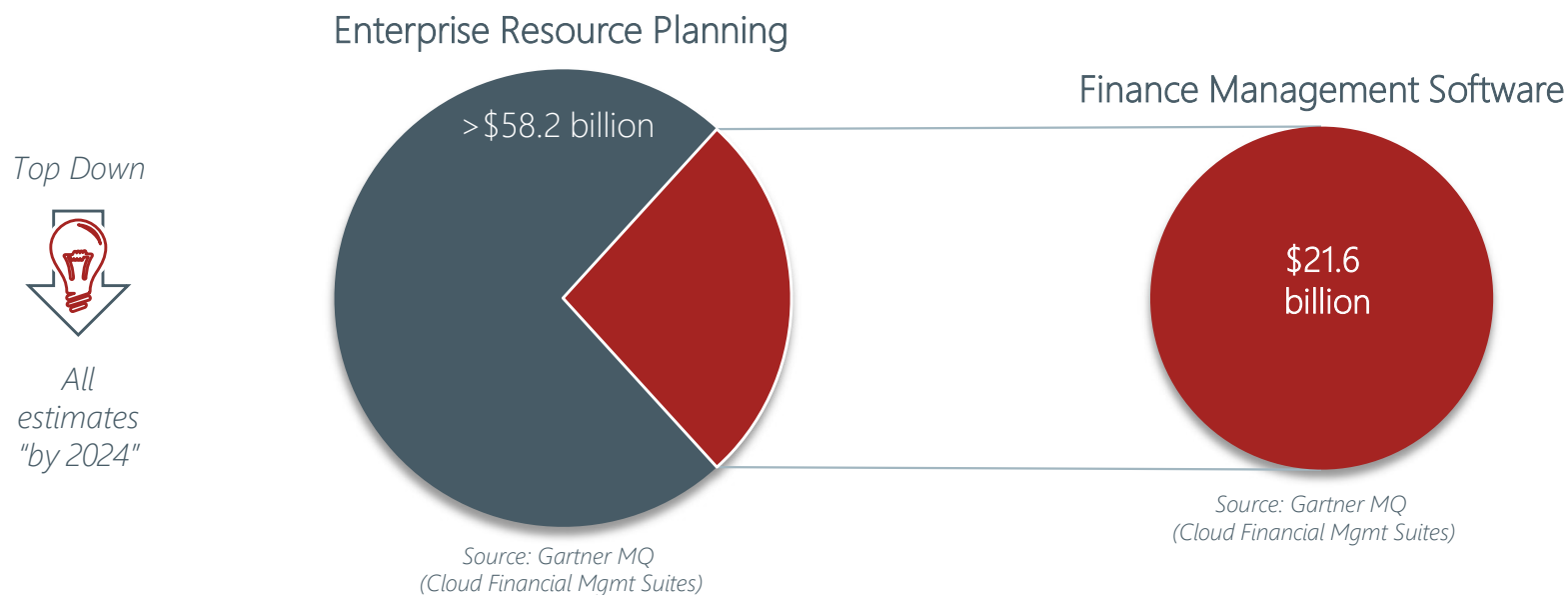
New Prospects



Partners

# SIZEABLE TARGET MARKET

Supported by bottom-up and top-down estimates



Aptitude conservatively estimates a £0.6 billion total addressable market today

With £31.2m in ARR in 2020, this provides Aptitude a significant opportunity for growth in the market

# CLIENT CASE STUDIES

Realised value from clients across the product suite



**Bank of Ireland**

*"The elements of the entire program included an Enterprise Data Warehouse, Accounting Hub, and then the various pipes through from our source loan systems into those elements and into our General Ledger. **It was a highly complex program, but it was the Accounting Hub which brought it all together** and which produces the disclosures needed and the financial statements, without that you'd be scrambling around in spreadsheets or whatever to produce them."*



*"It's pretty clear that effectively the business asks will be for **more data - more granular data and quicker data** - and if we have the opportunity to do stuff in our IFRS 17 project that helps us more broadly in terms of finance then we should be doing that...that leads into what we're doing with Aptitude Software."*



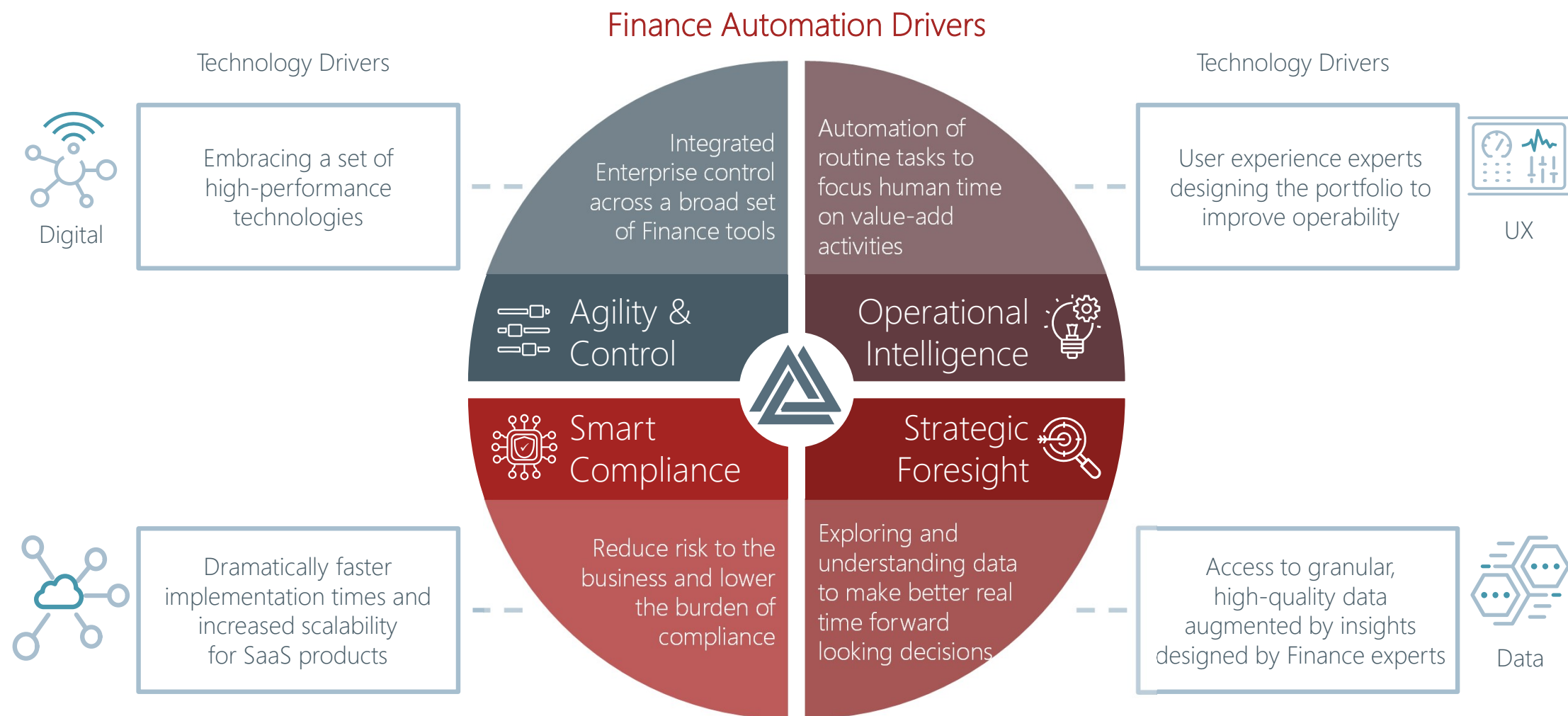
*"The Accounting Hub has such immense power, controls and scalability. Once we start seeing nearly 75% more subscribers coming into it [as a result of the Sprint integration] we know that it can handle that type of volume and that level of revenue. And I would say **the business is excited about the level of insights and data that we are able to provide** because we are processing at such a **granular level** of information."*



*"We have fewer journals and fewer manual tasks which reduces **business risk** during month-end close and makes it a much more seamless process. From a reporting perspective, as soon as we close, the data is readily available to us, so **our revenue and FP&A teams have a real-time and accurate platform for forecasting and planning.**"*

# EVOLVING APTITUDE PRODUCT PORTFOLIO

Cross-product development strategy aligned to market and technology drivers



# DELIVERING ON PRODUCT STRATEGY

Accelerated move to cloud experienced in the year



## Strategic Compliance



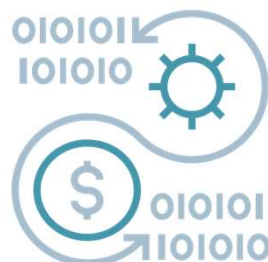
Insurance Calculation Engine SaaS launched and sold



New wins driven by IFRS 17, LDTI, ASC 606



A 2020 Chartis RiskTech Category Leader – IFRS 17 / LDTI



## Finance Automation



Revenue Management entering new industry sectors



New automation-driven wins for every product area



Selected to underpin finance transformation of a major European bank



## Finance Transformation in the Cloud



Accounting Hub SaaS launched and sold



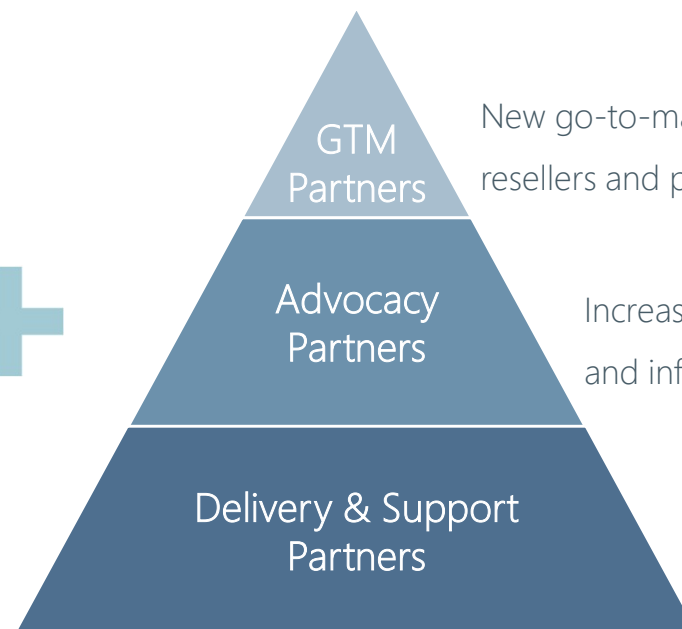
70% of 2020 ARR growth through cloud solutions



All key products in the Portfolio are now offered as SaaS

# GO-TO-MARKET AND PARTNER STRATEGY

Maturing partnership models across go-to-market and project delivery



GTM Partners  
New go-to-market partnering models, including resellers and partner-led entry to new regions

Advocacy Partners  
Increased partner involvement in sourcing and influencing prospects

Delivery & Support Partners  
Growing partner-led model for multiple product implementations

Aptitude's annual AptConnect event more than doubled with 500 attendees over 4 continents and 14 countries

**Deloitte.**

**KPMG**

**EY**

**pwc**

# SUMMARY & OUTLOOK

Well positioned to fully realise the significant opportunity ahead





# Appendix

Aptitude<sup>™</sup>  
SOFTWARE

# ENVIRONMENTAL, SOCIAL & GOVERNANCE

Increasing focus for the business

## VISION



A world where the finance community is empowered to transform businesses



TO CREATE A WORLD OF  
FINANCIAL CONFIDENCE

## MISSION

To give finance teams solutions to run their businesses, forecast the outcomes of their decisions and comply with complex regulations



### Environmental (Planet)

- Enhanced carbon emissions reporting for 2020 (SECR compliant, including Scope 1 and Scope 2 reporting)
- Due to nature of business, environmental impact is relatively limited
- Significant reduction in carbon emissions in 2020
- The use of remote meetings and reduced international travel will continue beyond the pandemic



### Social (Community & People)

- Enhanced programme of employee engagement activities, with focus on online/remote engagement
- Charities and good causes that we raised funds for during 2020 included 'Mind' and the NHS in the UK and organisations supporting healthcare workers and families in need in our Poland and North America regions



### Governance

- Governance framework and reporting in compliance with UK Corporate Governance Code
- More detailed Section 172 (stakeholder engagement) reporting for year ended 31 December 2020
- Thorough internally-led Board Effectiveness Review undertaken for year ended 31 December 2020

# INCOME STATEMENT

Continued growth in recurring revenue, Adjusted Operating Margin remained resilient

	2020 £'000	2019 £'000
Software and Subscription Revenue	30,475	28,494
Services Revenue	26,791	31,158
<b>Total Revenue</b>	<b>57,266</b>	<b>59,652</b>
Operating Costs	(48,155)	(49,150)
<b>Adjusted Operating Profit</b>	<b>9,111</b>	<b>10,502</b>
Non-Underlying Items	(964)	(1,559)
<b>Statutory Operating Profit</b>	<b>8,147</b>	<b>8,943</b>
Net Interest	(39)	(168)
<b>Profit Before Tax</b>	<b>8,108</b>	<b>8,775</b>
Taxation	(1,071)	(2,033)
<b>Profit After Tax</b>	<b>7,037</b>	<b>6,742</b>
<b>Profit from Discontinued Operations<sup>1</sup></b>	<b>-</b>	<b>22,430</b>
<b>Profit for the Year</b>	<b>7,037</b>	<b>29,172</b>

<sup>1</sup>On 28 June 2019 the Group disposed of the Microgen Financial Systems business which met the criteria of being presented as a discontinued operation. The amount in 2019 includes the gain on disposal of the Microgen Financial Systems business totalling £20.3 million.

# CASH FLOW

## Cash flow in line with seasonal expectations

	2020 £'000	2019 £'000
Cash generated from continuing operations	16,238	15,295
Cash generated from discontinued operations	-	3,125
<b>Cash generated from operations</b>	<b>16,238</b>	<b>18,420</b>
Interest and tax received/(paid)	181	(2,403)
<b>Cash flows generated from operating activities</b>	<b>16,419</b>	<b>16,017</b>
Purchase of property, plant and equipment	(232)	(828)
Disposal of subsidiary, net of cash	-	47,152
Interest received	61	158
Net proceeds from issue of ordinary share capital	183	1,368
Dividends paid	(3,044)	(3,859)
Repayment of loan	-	(8,000)
Payment of capital lease obligations	(924)	(1,127)
Return of value to shareholders, including direct costs incurred	-	(47,020)
<b>Net cash used in investing/financing activities</b>	<b>(3,956)</b>	<b>(12,156)</b>
<b>Increase in cash and cash equivalents</b>	<b>12,463</b>	<b>3,861</b>

# BALANCE SHEET

Strong balance sheet with cash of £44.8 million and no bank loans

	2020 £'000	2019 £'000
Goodwill and intangible assets	29,427	30,273
Property, plant and equipment including right-of-use assets	2,394	3,207
Trade and other assets	11,567	14,706
Cash and cash equivalents	44,822	32,965
<b>Total Assets</b>	<b>88,210</b>	<b>81,151</b>
Capital lease obligations	(1,853)	(2,123)
Deferred income	(25,703)	(22,842)
Trade and other liabilities	(8,523)	(7,775)
Taxation	(247)	(485)
Deferred taxation	(1,236)	(1,502)
<b>Total Liabilities</b>	<b>(37,562)</b>	<b>(34,727)</b>
<b>NET ASSETS</b>	<b>50,648</b>	<b>46,424</b>

# BUSINESS MODEL

Strategic objective to increase proportion of higher margin software and subscription revenues

## Software and Subscription Revenue

Annual Recurring Revenue of £31.2 million provides future visibility

### On-Premise Annual Licence Fee Model

Appropriate deployment methodology for larger enterprise applications within product portfolio (often within a private cloud)

Annual Licence Fee paid annually in advance for minimum terms of up to 6 years, typically with automatic annual extensions thereafter

The above fee provides right to use the software, receive maintenance and upgrades

### SaaS Subscription Model

Launch of Aptitude Accounting Hub and Aptitude Insurance Calculation Engine expands existing SaaS capabilities with Aptitude Revenue Management and Aptitude Lease Accounting Engine

Subscription Fee typically paid annually in advance for minimum terms of up to 6 years, typically with automatic annual extensions thereafter

Investment continues in Cloud Operations to capitalise on the accelerated move to cloud the industry has experienced in 2020

## Professional Services

Growing contribution from Solution Management Services

### Implementation Services

Typically charged on a Time & Materials basis

Blended resource model of employees, contractors, partners and client resource

Global best practices adopted

### Solution Management Services

Service helping clients with post go-live business as usual operation including upgrade support, configuration extension and solution enhancements

Clients benefit from a reduced cost of ownership, allowing them to focus on their core business activities

Recurring in nature, further enhances future revenue visibility

# APTITUDE SOFTWARE INNOVATION CENTRE

Dedicated facility for R&D, cloud operations and support

A wholly centralised centre of excellence in Poland, at which a growing number of activities are performed by c.160 employees, improving efficiency, quality and cost competitiveness



## Technology Research

Discovery and evaluation of innovative technologies, frameworks, design patterns and best practices.



## Product Development

Scaled agile and highly automated development practice covering the whole Aptitude Software product portfolio.



## Cloud Operations

Supporting an integrated approach to Software as a Service (SaaS) provision and management, incorporating our Security Operations Centre



## Support

Integrated with Development for close collaboration to provide support and incremental solution services to our clients

# SHARE INFORMATION

At 9 March 2021

Share Price	632p
Market	LSE
8Ticker	APTD
Market Cap.	£356.7m
Net Funds	£42.9m
Enterprise Value	£313.8m
Ord. shares in issue	56.4m
Options outstanding	1.8m

	% Issued Share Capital
Schroders PLC	12.0%
Canaccord Genuity Group Inc.	11.1%
Mrs C Barbour, Mr B Barbour & Bank of New York Mellon (Brussels (Pooled))	7.8%
Jupiter Fund Management Plc	7.0%
Invesco Limited	5.5%
Herald Investment Mgt	3.5%

# BOARD

## Experienced management team and Board

### **Jeremy Suddards, Chief Executive Officer**

Jeremy was appointed to the Aptitude Software Board as CEO Designate in September 2019 and assumed the role of CEO in January 2020. Jeremy joined Aptitude Software in January 2018 as the Chief Client Officer for Europe & APAC. Prior to joining Aptitude Software, Jeremy undertook a number of Executive roles at Hewlett Packard Enterprise including Vice President, Financial Services Industries EMEA & Vice President Global Accounts.

### **Philip Wood, Deputy Chief Executive Officer and Chief Financial Officer**

Philip Wood was appointed Chief Financial Officer on 2 January 2007. A Chartered Accountant, Philip spent seven years with AttentiV Systems Group plc and its group companies during which time he as Group Finance Director oversaw the group's flotation in 2004 and subsequent acquisition in 2005 by Tieto Corporation. On 1 July 2019, Philip was appointed to the expanded role of Deputy Chief Executive Officer and Chief Financial Officer to the Group.

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

Ivan Martin was appointed to the Board on 1 January 2016 and assumed the role of Non-Executive Chairman on 4 March 2016. Ivan is also Non-Executive Chairman of Church Topco Limited, trading as Xceptor (a London-based international software business backed by CBPE Capital). He is also a member of various Wulstan Capital LLPs and Parch Three Estates LLP. He has no other significant commitments.

### **Peter Whiting, Senior Independent Non-Executive Director / Chair of Remuneration Committee**

Peter Whiting was appointed as a Non-Executive Director on 2 February 2012 and has been Chair of the Remuneration Committee since April 2016. Peter has over twenty years' experience as an investment analyst, specialising in the software and IT services sector. He joined UBS in 2000, led the United Kingdom small and mid-cap research team and was Chief Operating Officer of UBS European Equity Research from 2007 to 2011. Peter is Senior Independent Director and Chair of the Remuneration Committee of FDM Group (Holdings) plc, a Non-Executive Director and Chair of the Remuneration Committee of D4T4 Solutions plc and Non-Executive Chair of Kooth plc. Peter is also currently a Senior Independent Director and Chair of the Audit Committee of Keystone Law Group plc, although he will be standing down from this board in May 2021 following the release of its January 2021 results.

### **Barbara Moorhouse, Non-Executive Director / Chair of Audit Committee**

Barbara Moorhouse was appointed as a Non-Executive Director on 1 April 2017. Barbara has extensive senior experience in operating and financial roles across the public and private sectors. Her most recent executive roles were as Chief Operating Officer at Westminster City Council, and Director General at Ministry of Justice and Department for Transport. Earlier in her career, she was CFO at two international listed software companies – Kewill Systems plc and Scala Business Solutions NV. Barbara is Chair of the Rail Safety Standards Board, and a Non-Executive Director of Balfour Beatty plc and Agility Trains.

### **Georgina Sharley, Company Secretary**

Georgina Sharley was appointed as Company Secretary on 10 December 2018. She is a member of the Institute of Chartered Secretaries and Administrators and has 20 years' experience in supporting United Kingdom listed companies and groups with fulfilling their corporate governance and statutory compliance obligations.