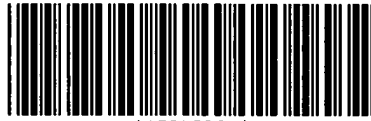


Annual Report 2024

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Key Operational and Financial Highlights

Year ended 31 December	2024	2023	% Change
Annual Recurring Revenue^{1, 2} ('ARR') at year end	£52.1m	£51.3m	2%
– AI Autonomous Finance ⁶	£17.1m	£15.3m	12%
– Other Software	£29.8m	£31.0m	(4%)
– Assure	£5.2m	£5.0m	4%
Revenue			
Total Revenue	£70.0m	£74.7m	(6%)
– Recurring Revenue ³	£54.4m	£53.4m	2%
– Non-Recurring Revenue	£15.6m	£21.3m	(26%)
Recurring Revenue proportion	78%	71%	7%
Profit and EPS			
Adjusted Operating Profit ⁴	£9.9m	£9.7m	2%
Statutory Operating Profit	£5.7m	£5.3m	8%
Adjusted Operating Margin ⁴	14%	13%	1%
Basic Earnings per Share	8.8p	7.2p	22%
Cash and Balance Sheet			
Cash and cash equivalents at year end	£30.4m	£34.1m	(11%)
Net funds ⁵	£20.3m	£22.7m	(11%)
Share buy back completed	£4.0m	–	N/A
Final Ordinary Dividend per Share	3.6p	3.6p	–
Full Year Ordinary Dividend per Share	5.4p	5.4p	–

Operational Highlights

- Expanding the Pipeline – Grew the Fynapse pipeline 15x in active opportunities and 10x in value since July 2023.
- Securing Enterprise Clients – Signed six major Fynapse clients: T-Mobile, HCSC, KPMG, Inspired, One Digital, and Chubb, including three AAH migrations.
- Driving Cross-Sell & Upsell – Revamped Client Experience function, leading to 21 client expansions in 2024, reinforcing future Fynapse adoption, and reducing software churn to 8% in 2024 (2023: 10%).
- Strengthening Go-to-Market Execution – Rebuilt and refined Go-To-Market ('GTM') execution for greater market traction.
- Scaling Partner-Led Sales – Streamlined from 60 partners to six managed partners (Microsoft, Deloitte, EY, KPMG, Capgemini, HSO), exceeding our initial 30% ARR partner-sourced target.
- Transforming Product & Engineering – Appointed a Chief Product & Technology Officer ('CPTO') and implemented a Product vs. Project Management approach, significantly improving efficiency and output.
- Good new business success across other products - Large Australian bank taking the Aptitude Accounting Hub ('AAH') and several US organisations taking Aptitude Revenue Management ('ARM').
- Extended engagement with 21 clients in 2024 taking expanded offerings, and reinforcing stronger client relationships - All are clients with the potential for future Fynapse adoption.

Outlook

- Strong growth in Fynapse pipeline value and opportunities, with 70% of pipeline connected to the partner channel.
- The Board has decided to accelerate the transition from being dependent on in-house implementation services to a partner-led model which we expect will in due course result in partners delivering implement services.
- This is a deliberate acceleration of the model already in motion – because partner-led execution delivers scale, efficiency, and access to faster-moving Tier 2 and 3 opportunities.
- While this will impact short-term revenue, this is a necessary step toward a higher-margin, better quality ARR model. As a result, 2025 revenues and profits are expected to remain similar to 2024, before returning to growth in 2026.

About Aptitude Software

Aptitude Software provides software solutions that deliver fully autonomous finance to enable its clients to drive growth, efficiency and sustainability. Fynapse is Aptitude's intelligent finance data management and accounting platform designed to increase productivity and lower costs for finance teams globally. Fynapse provides a single view of finance and business data, unparalleled performance and automation, faster and better insights, user-friendly functionality and market-leading total cost of ownership.

Notes:

- 1 Annual Recurring Revenue ('ARR') is the value of Aptitude's recurring revenue at a specific point in time, normalised to a one-year period. ARR includes recurring revenues contracted but yet to commence and excludes recurring revenues which are currently being received but for which formal termination has been received. Included in ARR are recurring revenues from the Group's solution management services.
- 2 Constant Currency is calculated by comparing the 2024 results with 2023 results retranslated at the rates of exchange prevailing during 2024. 2023 ARR has been restated to reflect constant currency.
- 3 Recurring Revenue includes revenues from the Group's solution management services.
- 4 Adjusted Operating Profit and Adjusted Operating Margin exclude non-underlying operating items, unless stated to the contrary, but includes share-based payments. Further detail in respect of the non-underlying operating items can be found within Note 3.
- 5 Net Funds represents cash and cash equivalents less finance obligations, which includes capital lease obligations and a loan.
- 6 AI Autonomous Finance ARR includes ARR from the Aptitude Accounting Hub ('AAH') and Fynapse.

Certain non-IFRS financial measures (e.g. Adjusted Operating Profit) are included which assist management in comparing performance on a consistent basis.

Chairman's Statement



Reflecting on a Decade of Transformation

As I enter my final year as Chairman of Aptitude, I reflect on nearly a decade of strategic change. The company has transformed from a multi-asset organisation into a regulatory and compliance software business and now into a SaaS-driven, CFO-focused leader, poised to lead the next phase of AI-powered finance transformation.

Strengthening Our Market Position

Aptitude has always anticipated market shifts, but the scale of our current transformation is unmatched during my time as Chairman. In 2024, we took decisive steps to transition to a partner-first, SaaS-led model. We recognised that a services-heavy approach would constrain scalability, slow Fynapse adoption, and limit long-term revenue growth. In 2025, we are accelerating the shift further, making the necessary adjustments to fully embed this model and ensure long-term scalability, profitability, and competitive strength.

Executing the Business Model Shift

As Fynapse implementations become faster and demand for AI-powered finance transformation grows, it is critical that we transition more services to partners. This approach maximises scalability, strengthens partner engagement, and drives sustainable ARR growth ensuring Aptitude is fully aligned with a high-margin SaaS business model.

To drive long-term success, we are:

- Prioritizing strategic partners that can accelerate adoption at scale.
- Continuing the restructuring of our operating model to fully support a partner-first SaaS strategy.
- Investing in go-to-market execution to capitalise on the growing Fynapse pipeline.

These structural changes will continue throughout 2025. This transition positions us to capitalise on the £3bn+ market opportunity, ensuring sustainable growth and reinforcing Aptitude's leadership in AI-powered finance transformation.

Board and Leadership Evolution

As previously announced, Barbara Moorhouse will step down at this year's AGM, and on behalf of the Board I would like to express my gratitude for the hard work, talent and support she has put into the business since her appointment as Non-Executive Director ('NED') and Audit Chair in April 2017, and her subsequent role as Senior Independent Director and Remuneration Committee Chair in April 2022. Her contributions have been invaluable, and I wish her the very best for the future.

Our CFO, Mike Johns, will also be stepping down from his position following the publication of the Annual Report and Accounts, and we wish him all the very best and thank him for his support over his seven years with the Group.

The Board has engaged the services of a leading executive search firm to appoint both a new NED and CFO. The search for a new NED and potential future Chairperson is well progressed. The search for a CFO is at an earlier stage but Aptitude has a strong finance function to support the business in the interim.

Looking Ahead with Confidence

The transformation we have embarked on is ambitious, necessary, and built for long-term value creation. 2024 was a year of foundational change refining our partnership model, operational structure, and go-to-market strategy.

As we move into 2025, the focus is clear:

- Strengthen execution, embedding a partner-first mindset across every part of the business.
- Drive profitable, scalable growth, leveraging our first-mover advantage in AI-powered finance transformation.
- Continue operational discipline, balancing investment with cost control to maintain sustainable financial performance.

As I enter my final year as Chairman, I do so with confidence in Aptitude's trajectory. With a clear strategy, strong leadership, and increasing market adoption of Fynapse, the company is well-positioned to deliver long-term value for its customers, partners, and shareholders. I extend my sincere thanks to all who have contributed to and supported Aptitude's success.

Dividend and Share Buyback

The Board has proposed an unchanged final dividend of 3.60 pence per share (2023 3.60 pence), making a total ordinary dividend of 5.40 pence per share for the year (2023: 5.40 pence). Subject to shareholder approval at the Group's Annual General Meeting on 28 May, the proposed final dividend will be paid on 13 June 2025 to shareholders on the register at 23 May 2025.

In 2024, the Group operated a share buyback programme and repurchased £4.0m of its own Ordinary Share Capital to 31 December 2024. The buyback programme is in accordance with the Group's authority to make market purchases of its own Ordinary Shares granted to it by shareholders on 14 May 2024. The share buyback programme is for £20m over a three-year period and the Group intends to continue with the buyback as originally stated.

Outlook

Aptitude is entering 2025 with a sharpened focus on scalability, profitability, and long-term growth. The foundational shifts made in 2024 embedding a partner-first, SaaS-led model, refining go-to-market execution and accelerating Fynapse adoption position the Company to capitalise on the £3bn+ market opportunity in AI-powered finance transformation. While the transition from a services-heavy approach will impact short-term revenue, it is a necessary step toward a higher-margin, better quality ARR model. With strong leadership, strategic partnerships, and disciplined execution, Aptitude is well-positioned for sustained growth and market leadership in the years ahead.

Ivan Martin
Chairman

25 March 2025

Chief Executive Officer's Report



Overview

Aptitude is accelerating its transformation. In 2024, we were in line with market consensus expectations while shifting rapidly from an on-premise compliance model to a partner-first, SaaS-led business. We overhauled go-to-market execution, product development, client experience, and partner engagement. Fynapse is gaining traction, our pipeline is expanding, and a smaller number of key partners are fully engaged.

We now face a choice: maintain a services-heavy model for short-term stability or accelerate toward scalable, high-margin growth. We choose acceleration. In 2025, we are doubling down on our partner-first strategy to drive Fynapse adoption, scale ARR, and strengthen revenue and profitability over time.

This is an intensification of our plan to achieve 80% of ARR through partners by 2027, maximizing growth and driving competitive advantage. To succeed, we now know we must shift more services to partners and prioritize software revenues, creating a more predictable and scalable business.

Aptitude is targeting a £3bn+ market opportunity as finance functions embrace AI-powered, real-time decision-making. With Fynapse, we are positioned to lead this transformation across Tier 1, 2, and 3 organisations through a partner-first, SaaS-led model.

We are now midway through this transition, with further structural changes planned in 2025 to fully align our organisation and operations. Without this shift, long-term growth will be constrained, impacting partner momentum and competitiveness. While this transformation requires short-term adjustments, it ensures we will build a stronger, more resilient business for the future.

2024 Achievements: Driving Momentum

In just 12 months, we have fundamentally rewired the business to scale efficiently and align with our partner-first, SaaS-first strategy. Key achievements include:

- **Expanding the Pipeline** – Grew the Fynapse pipeline 15x in active opportunities and 10x in value since July 2023, with 70% of opportunities tied to partners.
- **Securing Enterprise Clients** – Signed six major Fynapse clients: T-Mobile, HCSC, KPMG, Inspired, One Digital, and Chubb, including three AAH migrations.
- **Driving Cross-Sell & Upsell** – Revamped Client Experience function, leading to 21 client expansions in 2024, reinforcing future Fynapse adoption.
- **Strengthening Go-to-Market Execution** – Rebuilt and refined GTM execution for greater market traction.
- **Scaling Partner-Led Sales** – Streamlined from 60 partners to six managed partners (Microsoft, Deloitte, EY, KPMG, Capgemini, HSO), exceeding our initial 30% ARR partner-sourced target.
- **Transforming Product & Engineering** – Appointed a CPTO and implemented a Product vs. Project Management approach, significantly improving efficiency and output.

These changes have strengthened our foundation, but they have also underscored the urgency of accelerating our partner-led model.

Accelerating the Business Model Shift

Aptitude's transition to a partner-first, SaaS-led model is reshaping our business for greater scalability, efficiency, and profitability. Faster Fynapse implementations, a shift to high-margin ARR revenue, and deeper partner enablement are key drivers of this evolution. To sustain momentum, we are investing in partner execution, sales acceleration, and product differentiation, ensuring long-term growth.

Scaling for Growth

To capitalise on the £3bn+ opportunity, we are embedding a partner-first approach that expands market reach, accelerates adoption, and enhances efficiency. By reducing implementation risk, freeing internal resources for innovation, and prioritizing software ARR, we will strengthen revenue predictability and competitive positioning. While this requires upfront investment, it cements Aptitude's leadership in AI-powered finance and builds a high-growth, high-margin SaaS business.

Executing with Discipline: Scaling Fynapse for the Future

The transition to AI-powered, autonomous finance is an industry-defining moment, and Aptitude is at the forefront. We are not just launching a product; we are defining a category. The steps taken in 2024, combined with our partner-first approach, ensure we are positioned to drive this market shift.

A High-Performance Culture: Our People Drive Success

Aptitude's success is driven by its people, and I want to thank our team for their dedication during this transformation.

We continue to foster a high-performance, results-driven culture retaining key talent while actively managing underperformance to maximize efficiency and impact.

Outlook: Accelerating Execution in 2025 & Beyond

Aptitude is advancing its transformation, building on the decisive shifts made in 2024. We have embedded a partner-first, SaaS-led model, significantly expanded our pipeline, and secured major enterprise clients, reinforcing our market position.

In 2025 we are accelerating execution—moving from a services-heavy model to a fully partner-driven approach that scales Fynapse adoption, strengthens margins, and enhances long-term revenue quality. While this transition will impact short-term services revenue, it will over time;

- Improve profitability
- Increase revenue predictability
- Align us to achieve 80% of ARR through partners by 2027

With these strategic changes in motion, 2025 revenues and profits are expected to remain similar to 2024, returning to growth in 2026. We look ahead with confidence in our journey, underpinned by a robust, profitable business foundation with high levels of recurring revenue and a strong net funds position to invest in our growth opportunity.

Alex Curran

Chief Executive Officer

25 March 2025

Chief Financial Officer's Report



Revenue

Recurring Revenues

Annual Recurring Revenue ('ARR') grew by 2% on a constant currency basis in the year to £52.1 million at 31 December 2024 (31 December 2023: £51.3 million, restated for the prevailing exchange rate at 31 December 2024).

ARR is the key financial metric for the Group. Included within ARR are Aptitude's annual licence fees and maintenance for its on-premise clients, subscription fees for the Group's SaaS clients and revenues from its Solution Management Service offering ('Aptitude Assure'), this offering contributed ARR at 31 December 2024 of £5.2 million (31 December 2023: £5.0 million).

Net Retention Rate in the year was 99% (2023: 98%), 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. The Group continues to benefit from standard inflationary clauses in most of its contracts, albeit at a lower level than in previous periods due to the reduction in prevailing inflation rates.

Recurring revenues recognised in 2024 increased by 2% to £54.4 million (2023: £53.4 million). Recurring revenues are a strategic priority for the Group and now represent 78% of overall revenue (2023: 71%). A key part of the Group's strategy is to increase this percentage whilst maximising the growth rate of Aptitude's ARR, increasing both the overall quality of revenue and operating margin.

Non-Recurring Revenue

Non-recurring revenue, comprised of implementation services, software development and non-recurring software fees, totalled £15.6 million for the year ended 31 December 2024 (2023: £21.3 million) representing a 26% reduction. The reduction in non-recurring revenues is in line with the Group's expectation as it works more closely with its partners in this area and as a result of shorter implementation cycles for Fynapse. The reduction in non-recurring revenues from 2023 is also a result of the successful go-lives of a large number of Aptitude Insurance Calculation Engine clients following the passing of the compliance deadline at the end of 2023.

Research & Development Expenditure

Total expenditure on product management, research & development decreased 1% in the year ended 31 December 2024 to £17.7 million (2023: £17.8 million). Research and development investment continues to be monitored by the Group in line with overall return on investment for each product. In December 2024, the Product and Technology functions were restructured to further support the AI Autonomous Finance opportunity and drive efficiency across the function. Research & development costs represent 25% of revenue for the year ended 31 December 2024 (2023: 24%), with the proportion of research and development costs expected to reduce in future periods.

The Board has continued to determine that none of the internal research & development costs incurred during the year meet the criteria for capitalisation. Consequently, these have been expensed as incurred through the income statement.

Operating Profit and Margins

Adjusted Operating Profit for the year ended 31 December 2024 was in line with expectations at £9.9 million (2023: £9.7 million). Adjusted Operating Margin increased to 14% (2023: 13%), strengthened by the Group's improving revenue mix and disciplined cost control. Operating profit on a statutory basis was £5.7 million (2023: £5.3 million). The continued success of Fynapse, with its cloud-native capabilities, is expected to further enhance margins and profitability.

Foreign Exchange

With 50% (2023: 50%) of the Group's revenues being generated from North American clients, the majority of which are invoiced in US Dollars, the financial results are impacted by changes in the US dollar exchange rate. Aptitude's 2023 revenue and Adjusted Operating Profit would have been reported at £74.2 million and £9.6 million respectively on a constant currency basis (compared

to actual result of £74.7 million and £9.7 million). Constant currency is calculated by comparing the 2024 results with 2023 results retranslated at the rates of exchange prevailing during 2024.

Non-Underlying Items

Non-underlying items of £4.2 million (2023: £4.4 million) are principally related to the £0.9 million of Product and Technology function restructuring (2023: £0.2 million) and intangible amortisation of £3.4 million (2023: £3.4 million). There were no further restructuring costs in relation to the integration of MPP with the wider business in 2024 (2023: £0.8m).

Taxation

The total tax charge before adjusting for the impact of non-underlying and other sundry items of £2.0 million (2023: £1.7 million) represents 20.09% of the Group's profit before tax (2023: 17.95%).

Statutory Results

The Group reported a profit for the year attributable to equity shareholders of £5.0 million (2023: £4.1 million).

Earnings per Share

Adjusted Basic Earnings per Share increased by 2% to 13.9 pence (2023: 13.6 pence) and Basic Earnings per Share increased 22% to 8.8 pence (2023: 7.2 pence).

Dividend

A final ordinary dividend of 3.60 pence per share is proposed (2023: 3.60 pence), making a total ordinary dividend of 5.40 pence per share for the year (2023: 5.40 pence).

Balance Sheet

The Group continues to have a strong balance sheet with net assets at 31 December 2024 of £57.9 million (2023: £60.3 million). Cash at 31 December 2024 was £30.4 million (31 December 2023: £34.1 million) and net funds of £20.3 million (31 December 2023: £22.7 million). The Group continued to fund both the ordinary dividend of £3.1m (2023: £3.1m) and the share buyback programme £4.0m (2023: nil) in the year, providing enhanced returns to shareholders.

Trade receivables (net) at 31 December 2024 increased to £12.1 million (2023: £10.3 million) of which £6.8 million (2023: £5.0 million) were overdue for payment at the year end. Of these overdue balances £3.7 million has been collected at 24 March 2024. DSO (debtor days) increased to 55 at 31 December 2024 (2023: 53). The growth in the Group's Annual Recurring Revenue resulted in deferred income at 31 December 2024 increasing to £32.2 million (2023: £31.5 million).

Capital Allocation Policy

Aptitude aims to deliver high returns to shareholders through targeting sustainable profit growth and strong free cash flow. The Group invests in developing its business driven by the opportunity with Fynapse, while maintaining robust liquidity to manage the working capital cycle. Aptitude's capital allocation priorities are as follows:

- **Managing working capital** - The first priority of the Group is to maintain sufficient cash reserves to manage the annual working capital cycle, while maintaining appropriate levels of net funds. A level of net cash not less than 1.5 x adjusted EBITDA is the Group's stated minimum.
- **Investment for organic growth** – The Group continues to invest in the organic growth of the business including the need to continue to invest in our people and technology and through capital expenditure where required.
- **Maintenance of the Group's progressive dividend** – The Group is committed to provide progressive dividends to shareholders, and this remains the preferred ongoing method to return cash to shareholders without impacting on the investment required to grow the business.
- **Enhanced returns to shareholders** – As the Group continues to generate excess cash after the above priorities, the Group will look to make enhanced returns to shareholders, including through the existing share buy back programme.

While the above framework is intended to guide decision making for the allocation of capital, the Board may choose to exercise discretion in its application should there be a business requirement.

Mike Johns

Chief Financial Officer

25 March 2025

Section 172 Statement

Engaging with our stakeholders

In accordance with section 172 of the Companies Act 2006 and the UK Corporate Governance Code 2018, the Board considers the potential impact on the Company's key stakeholders and takes their views and interests into account when carrying out their duties. The following sections form part of this statement and provides insight of the Board's engagement with the different stakeholder groups to ensure their interests are reflected in the Board's decision-making process.

In performing their duties during the year, the Directors have had regard for the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006, namely, to promote the success of the Company for its members as a whole and in doing so having regard to amongst other matters:

- the likely consequences of any decisions in the long term;
- the interests of employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of operations on the community and environment;
- the desirability of maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

Workforce engagement

Our people are key to the long-term development of our business. Their engagement and motivation is vital to us fulfilling our purpose, living our values, protecting our culture, and delivering our strategic objectives. The Board is fully committed to ensuring that the opinions of employees across all counties and business areas are regularly sought and factored into its decision-making process. Barbara Moorhouse is the designated independent Non-Executive Director with responsibility for overseeing wider workforce engagement, and employees are able to raise any concerns with her. The Board considers this the most effective method to ensure the employee voice is heard at the very top of the organisation.

The Group has put in place extensive measures to engage with its employees. Through these engagement activities the Board is able to gather opinions and ideas from the wider workforce, identify any communication gaps or common areas of concern and address these through the Group's activities. In addition, the Board receives regular reports on employee matters from the SVP, People & Culture, including information relating to employee satisfaction and engagement, recruitment, retention and training and development. Our employee engagement survey maintained a 64% response rate this year.

During 2024, the Board engaged with the workforce through: onsite visits; all employee face-to-face engagement sessions; one-to-one sessions with Senior Leadership Team members; presentations and reports from senior management at Board meetings; and through day-to-day engagement outside of these formal settings.

The objectives and key results ("OKR") framework for the Group, which was introduced in 2023, has resulted in the implementation of a clear basis for communicating expectations and measuring individual, team and organisational performance. Regular 'All Hands' communication sessions are held to discuss progress against OKRs and other matters with all employees.

Shareholder engagement

The Board engages with institutional shareholders on the annual and interim results and on significant matters relating to strategy and governance via a combination of in person meetings and video conference meetings. Updates are provided to the Board on the views of the Group's major investors and these are factored into the Board's decision-making process and when providing market communication.

All shareholders are encouraged to submit questions prior to the Annual General Meeting and to lodge their votes ahead of the meeting to ensure that these are counted. The Annual Report is sent to shareholders at least 20 working days before the Annual General Meeting and each issue for consideration at the Annual General Meeting is proposed as a separate resolution. All Directors generally attend the Annual General Meeting. At our 2024 Annual General Meeting, which was held on 14 May 2024, all resolutions passed with over 97% votes in favour.

The Board ensures that the Group's shareholders are treated equally and fairly, regardless of the size of their shareholding or their status as a private or institutional shareholder. The Group provides clear and timely communications to all shareholders in their chosen communication medium, as well as via the Group's website and via a Regulatory News Service. All holders of Ordinary Shares are eligible to receive dividend payments and to vote at general meetings of the Company.

Client engagement

The Group is proactive in engaging directly with its clients to monitor and continually improve its service delivery and client satisfaction. The Board receives monthly reports on client-related matters, including support ticket levels, services delivery and client health reports, which enable it to identify any trends or any areas requiring specific oversight or investment. In the event

that any concerns are raised by clients, the Group ensures that these are addressed swiftly, and that proactive engagement occurs to ensure high standards of service delivery are maintained.

The Group seeks direct engagement with clients through regular Client Advisory Boards and these directly inform its product development and innovation strategies. The Group also holds CFO forums for prospective and existing clients to actively engage in wide-ranging discussions around pertinent issues and publishes its Digital CFO magazine offering expert commentary around similar issues. Feedback received from clients through these forums and through regular day-to-day interaction with the Group's client-facing teams were used to inform the Board's decision-making process during the year. The Group's Chief Client Experience Officer directs the global services, support and success teams with overall responsibility for the end-to-end client life cycle, tightening of client health processes and targeted product investment.

Strategic partner engagement

The Group works with a range of leading organisations to deliver long-term value to its clients, including advisory, consulting, integration and technology providers that bring complementary services and solutions to its client base. The Group engages with its partners through regular product and thought leadership briefings and a comprehensive sales and delivery enablement program. The Board actively encourages feedback from the Group's partner firms on the quality of its services and products to support continuous improvement.

Building on the prior year's development of Aptitude's strategic partnership with Microsoft, Aptitude has released a productised connector to Microsoft Dynamics 365 enabling full integration and financial drill back. In addition to Dynamics 365, the capabilities of Fynapse are increasingly being discussed as an underpinning platform to support Microsoft with their emerging AI technologies such as Project Sofia.

Supplier engagement

The Group engages closely with its suppliers and has internal procedures to ensure that appropriate due diligence is undertaken on these firms. Suppliers are chosen according to their ability to meet the Group's own high standards and to demonstrate values that are consistent with those of the Group. Regular engagement takes place with key suppliers, monitoring their performance against contractual obligations and providing regular feedback in order to foster and support long-term relationships for the benefit of the Group. Should delivery standards not meet the Group's expectations, proactive steps are taken to communicate and address these directly with the supplier to ensure that there is no detrimental impact upon the Group's activities.

Engagement with the wider community

The Board ensures ethical and responsible decision making by taking into consideration the wider society external to the organisation. The Group is committed to contributing towards the communities in which it operates as a business.

The Group operates a charitable donation scheme whereby it will match the funds raised by employees for specific charities up to £500 (or local equivalent) per event. The Group also supports or organises regular activities to increase awareness and raise funds for its chosen charities. These activities are coordinated by our regional social committees and employees are actively encouraged to give their support. During 2024 donations were made to support those affected by the floods in Poland.

The environment

As a provider of software solutions, the Group's operations have a relatively limited impact on the environment. However, the Board is committed to implementing measures that will result in incremental improvements to the Group's environmental impact, where appropriate.

The Group's full carbon footprint is contained in the Responsible Business Report on pages 13 to 15.

Maintaining a reputation for high standards of business conduct

The Board is mindful that the continued growth and success of the Group is dependent upon maintaining high standards of business conduct. These high standards underpin the Group's ability to:

- successfully compete within the market, to attract and retain clients, and to service these clients to a high standard;
- attract and retain high quality employees;
- attract investors and to meet their expectations of good governance and sound business conduct; and
- meet the Group's legal and regulatory obligations, and to meet the expectations of relevant regulatory bodies.

This awareness underpins the Group's strategy and is evident throughout the Board's decision-making process. Further information on Aptitude's ethical approach is contained in the Responsible Business report on page 11.

Non-Financial Reporting

Non-Financial Reporting requirements

Our reporting is compliant with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The below table, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters. This is in addition to the reporting we already do under the Carbon Disclosure Project (CDP).

	Where to find further information	Relevant Policies	Page
Environmental matters	Responsible Business Task Force on Climate-related Financial Disclosures Principal Risks	Environmental	13 to 21
Employees	Responsible Business	Diversity Principal Risks Health & Safety Code of Ethics	11 20 12 11
Social matters	Engaging with our stakeholders	Charitable Donations	8 to 9
Human rights	Responsible Business Modern Slavery Statement (see aptitudesoftware.com)	Modern Slavery Statement Human Rights	13 13
Anti-bribery and corruption	Audit Committee Report	Anti-bribery and Corruption Whistleblowing	38 39

Responsible Business Report

Our People

Aptitude recognises that it has an important role in creating value for all of its stakeholders, including employees, customers and shareholders. Operating responsibly is a key factor in driving this value creation over the longer term. All members of the Board, together with senior management and the Company Secretary, take an active role in shaping and monitoring the Group’s environmental, social and governance (“ESG”) activities.

Culture and Values

The Group’s core purpose is to provide software solutions that deliver fully autonomous finance to enable its clients to drive growth, efficiency and sustainability. This purpose is at the heart of the Group’s strategy, vision, mission and corporate values, and is clearly articulated throughout the business. During 2024, we maintained our commitment to fostering a high-performance culture and a diverse and motivated workforce to enable the execution of our strategy. Our efforts were concentrated on managing overall performance, reducing attrition rates, and establishing a ‘reward for performance’ system. Our key attitudes which underpin this culture, namely ‘win together’, ‘embrace challenge’, ‘own it’ and ‘client & partner driven’ continue to be embedded in our objectives and key results (“OKRs”) at all levels and feature in the Group’s employee reward and recognition processes.

Equality, Diversity and Inclusion (“EDI”)

The Group is strongly committed to encouraging equality, diversity and inclusion among our workforce, and eliminating discrimination. Everyone is welcome at Aptitude and we encourage our team members to bring their whole selves to work. Our people are champions of creating a culture of belonging, support and trust and we work with others who are aligned with these values.

We aim for our teams to be truly representative of all sections of society and to ensure that our clients, partners and employees feel they belong, that they’re respected and able to always present their authentic self.

We have a zero-tolerance approach against intentional discrimination by anyone at Aptitude. We also expect the same approach from our clients, partners, suppliers and in our communities.

We believe that everyone has a voice at Aptitude and together our diverse voices fuel the very best innovation that is celebrated and admired by others. Creating a culture of belonging, support and trust positively impacts everyone at Aptitude, and we work with clients and partners who share the same values.

Equality, Diversity and Inclusion matters to the Group because it enables us to:

- better understand and meet the needs of our clients, placing us ahead of the competition;
- attract and retain the very best people, supporting them to flourish and fully contribute at work; and
- build on different perspectives and experience to continuously improve and excel at what we do.

The Group’s EDI policy remains consistent with the requirements of the Universal Declaration on Human Rights and the spirit of the International Labour Organisation’s core labour standards.

Across the overall business 30% of our workforce (126 employees) identified as women, 67% (288 employees) identified as men, and 3% (11 employees) preferred not to self-describe. This ratio is mainly due to the higher proportion of males in some parts of our business. We recognise that the software industry traditionally attracts more male than female employees; therefore, a continuing focus going forward will be to look at

Gender Ratios¹

Employees

Total

425

Female

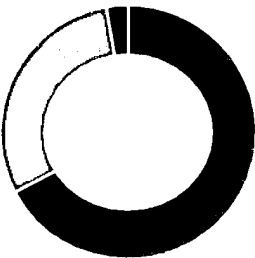
126

Male

288

Prefer not to say

11



Senior Leadership Team

Total

6

Female

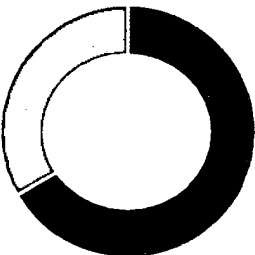
2

Male

4

Prefer not to say

0



Board

Total

5

Female

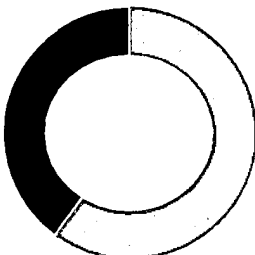
3

Male

2

Prefer not to say

0



1. Data as at 31 December 2024

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opportunities to highlight Aptitude, and the software industry as a whole, as an attractive career choice for women. We are keen supporters of the Women in Tech initiative. The diversity of the Board and Senior Leadship Team can be found on page 11.

The People & Culture function drives initiatives to promote the importance of diversity and inclusion across the Group. During 2024 we focused on initiatives around celebrating women leaders in the organisation. These initiatives included hosting Women in Leadership forums, which are designed to support women and increase their presence in leadership roles within Aptitude, and Pride Tribes, which allow small groups of women to come together regularly for peer-to-peer mentorship.

In 2025, further activities are planned to celebrate women leaders within the Group. We plan to continue our efforts to increase representation and further embed inclusive behaviours into our ways of working. As part of our plan, our ambition is to further break down barriers to entry and progression. Through increased focus on career development paths, transparent leadership development frameworks, and education, we can ensure our employees have a sense of belonging and can bring their whole selves to the workplace. We give our employees opportunities to grow and contribute, allowing us to strengthen the talent pipeline into leadership positions which will ensure our long-term sustainable growth.

Gender pay gap reporting

As the Group has fewer than 250 employees in the United Kingdom, it is not required to publish a gender pay gap report. However, the Group has internal processes to ensure that salary levels and salary increases are fair and comparable for male and female employees in equivalent roles. These processes are overseen by the Executive Directors for the wider workforce, and by the Remuneration Committee for senior management.

The Group’s 2024 gender pay gap analysis showed the Group’s gender pay gap across the Group’s main countries of operation to be in line with and, in some cases, better than its peer group. The Board does not feel that voluntary publication of the Group’s gender pay gap will provide meaningful disclosure.

Broader diversity

The Group is committed to understanding the diversity of its workforce beyond gender representation. Aptitude must adhere to regional requirements in terms of how this data is collected and used, and this includes obtaining express permissions from employees in certain countries. The regional distribution of the Group’s employees as at 31 December 2024 was as follows: Poland 57%; United Kingdom 26%; North America 11%; other regions 6%.

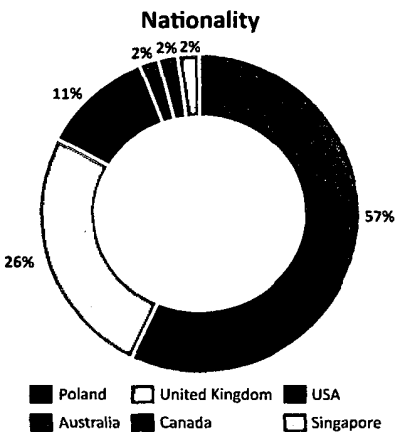
Employee Health and Wellbeing

At Aptitude we strive to reduce the stigma related to mental ill health. During 2024 we continued to focus on employees’ mental health. Everyone at Aptitude has access to our Employee Assistance Program, with broad access to psychologists and other specialists. We continued to collaborate with a specialist neuro-psychologist, focusing on everyone’s personal superpowers, which can help manage anxiety and stress. We also promoted open communication with leaders and restructured our People Partners system to ensure every employee knows who their designated People Partner is.

We know that our people thrive when they feel empowered. We recognise that flexibility means different things to different people and have taken a progressive and inclusive approach to flexible working. However we also recognise the importance of interaction and collaboration, and have designed our office spaces accordingly.

Engagement with Suppliers, Customers and other Business Partners

The Group proactively engages with its suppliers, clients, and other business partners on a regular basis, to ensure that relationships function effectively and support the long-term



success of the Group. Details of how the Group undertakes this engagement can be found in the Section 172 statement on pages 8 to 9.

Business Ethics

At Aptitude, we have well-established processes to drive ethical business behaviours across the organisation and in our interactions with all our stakeholders. This includes a suite of policies to support strong ethical behaviour in our conduct with each other, our customers and all of our stakeholders.

Aptitude considers that paying tax is part of our corporate responsibility and our contribution in taxes is one of the ways in which we help to build and sustain the economy. Aptitude's tax affairs are overseen by the Audit Committee and monitored by the Board. The Group is committed to ensuring that it pays the appropriate level of taxes, in line with the generation of economic value, in all regions in which it operates. The Group has robust oversight processes on taxation, working with its advisors to ensure responsible compliance with all applicable laws and regulations.

The Group's 2024 Modern Slavery and Human Trafficking statement is published on the Group's website www.aptitudesoftware.com.

Our Environment

The Group is committed to monitoring and reducing its emissions year-on-year and is aware of its reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

2024 performance

The Group calculates its environmental impact across scope 1, 2 and 3 emissions sources. Emissions are presented on both a location and market basis. On a location basis our scope 1 and 2 emissions are 109 tCO₂e (2023: 163 tCO₂e), with electricity usage falling year-on-year and gas consumption switched to district heating at our Poland office. Scope 3 emissions are 3,375 tCO₂e (2023: 3,017¹ tCO₂e), a 12% increase year-on-year, largely down to an increase in business travel emissions during the year. The Group calculates and tracks emission intensity metrics (scope 1 and 2 Location Based) on a revenue basis. Emissions of 1.6 tCO₂e per £1,000,000 turnover are reported for 2024.

2024 reporting methodology

This section has been prepared for the reporting period of 1 January 2024 to 31 December 2024 using the reporting period of January 2023 to December 2023 for comparison, as well as including the GHG emissions from 2018-2023 as a point of reference.

The Group has defined its organisational boundary using an operational control approach. The Group's figures include all sites. To allow comparison, we have restated some of our 2023 emissions to reflect improved data collection and methodology advancements, such as including homeworking emissions in Scope 3 Category 7 Employee Commuting. For transparency purposes, we were unable to obtain verifiable energy usage data from our offices in Manchester, Sydney, Toronto, and Singapore and have therefore had to use estimated figures.

GHG emissions have been calculated from business activities in accordance with the principles and requirements of the World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version) and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). We are reporting our scope 3 emissions for the second time, having completed our first assessment in 2023, with guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required. In line with the Greenhouse Gas Protocol, we continue to review our reporting in light of any changes in business structure, calculation methodology and the accuracy or availability of data. Scope 3 emissions have been calculated using a hybrid approach with both the average data method and spend data method employed. Emissions have been calculated using the appropriate conversion factors (e.g. DEFRA 2023 and IEA 2023).

¹ Restated to reflect improvements in data collection and methodology.

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Emissions and energy usage from 2018 to 2024

Emissions source	Global emissions tCO ₂ e ¹							Group YOY
	2018	2019	2020	2021	2022	2023	2024	
Natural gas	55	53	33	31	29	80	0 ⁶	-100%
Company cars ²	1	2	2	2	—	—	—	N/A
Refrigerant	4	21	3	—	—	—	—	N/A
Total Scope 1	60	76	38	33	29	80	0⁶	-28%
Electricity (Location based)	418	444	321	252	131	83	58	-30%
Electricity (Market based)	n/a	568	366	306	178	115	83	-27%
District heating (Location based)	—	—	—	—	—	—	50	100%
District heating (Marked based)	—	—	—	—	—	—	50	100%
Total Scope 1 + 2 Location based	478	520	359	285	160	163	109	-33%
Total Scope 1 + 2 Market based	n/a	644	404	339	206	195	134	-31%
Total Scope 3					3,227	3,017³	3,375	12%
Total Scope 1, 2 + 3 Location based					3,387	3,179³	3,484	10%
Total Scope 1, 2 + 3 Market based					3,434	3,211³	3,509	9%
Intensity metric, £m turnover			57.3	59.3	74.4	74.7	70	
Normaliser, tCO ₂ e per £m turnover			6.3	4.8	2.1	2.2	1.6	-29%
Total Energy Usage (kWh) ³				676,626	416,628	615,680	431,017	-30%

Note: Some of the totals presented may reflect the rounding down or up of subtotals.

2023 – 2024 Scope 1 and 2 emissions and energy usage comparison

Emissions source	Global Scope 1 and 2 emissions tCO ₂ e ¹						
	FY 2023		FY 2024				
	UK	Global ex UK	UK	Global ex UK	UK YOY	Global ex UK YOY	Group YOY
Natural gas	0 ⁶	80	0 ⁶	—	0%	-100%	-100%
Company cars ²	—	—	—	—	N/A	N/A	N/A
Refrigerant ³	—	—	—	—	N/A	N/A	N/A
Total Scope 1	0⁶	80	0⁶	—	0%	-100%	-100%
Electricity (Location based)	11	72	11	48	0%	-34%	-30%
Electricity (Market based)	19	96	20	63	6%	-34%	-27%
District heating (Location based)	—	—	—	50	N/A	100%	100%
District heating (Market based)	—	—	—	50	N/A	100%	100%
Total Scope 1 + 2 Location based	11	152	11	98	0%	-35%	-33%
Total Scope 1 + 2 Market based	19	176	20	114	6%	-35%	-31%
Total Energy Usage (kWh)⁴	51,391	564,289	51,150	379,868	0%	-33%	-30%

1 These figures are in CO₂e including GHGs in addition to carbon dioxide and are partially based on the country-specific CO₂ emission factors developed by the International Energy Agency, © OECD/IEA 2024 but the resulting work has been prepared by Aptitude and does not necessarily reflect the views of the International Energy Agency.

2 During 2024 the Group had no company cars in use.

3 No refrigerants were consumed in 2024 (this having been at the discretion of the landlord of the Group's leased offices during 2024).

4 Energy reporting includes kWh from Scope 1 and Scope 2, converting units of measure into kWh if required.

5 Restated – see note in 2024 reporting methodology

6 Less than 0.1 tCO₂e

Scope 3 Emissions

Having conducted our first full assessment of our value chain emissions in 2023, we have updated our footprint for this year and restated aspects of 2023 emissions. Our evaluation confirmed that our value chain emissions are significantly greater than our operational carbon footprint, with our scope 3 emissions accounting for 96% of our total emissions (94%¹ 2023). The calculation of emissions for our key scope 3 sources is:

- **Business travel** – using the distance travelled and mode of travel we calculate the emissions associated with our business travel. Emissions factors from DEFRA 2024 were used.
- **Purchased goods and services** – we used purchased data on the amount of spend of services purchased by the company. EEIO factors were applied to financial spend categories using a spend-based analysis. We included primary data from our supplier on our key data centres when they were available e.g. AWS and Azure.

Scope 3 Emissions tCO ₂ e				
Category	Status	2024	2023	Group YOY
1. Purchased goods and services	Relevant, calculated	1,401	1,299 ¹	7%
2. Capital goods	Relevant, calculated	206	197	4%
3. Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	28	35	-20%
4. Upstream transportation and distribution	Not applicable	–	–	–
5. Waste Generated in Operations	Immaterial	–	–	–
6. Business Travel	Relevant, calculated	1,472	1,165	21%
7. Employee Commuting	Relevant, calculated	268	3214	-16%
8. Upstream Leased Assets	Not applicable	–	–	–
Total upstream Scope 3		3,377	3,017¹	11%
9. Downstream Transportation and Distribution	Not applicable	–	–	–
10. Processing of Sold Products	Not applicable	–	–	–
11. Use of Sold Products	Not applicable	–	–	–
12. End-of-Life Treatment of Sold Products	Not applicable	–	–	–
13. Downstream Leased Assets	Not applicable	–	–	–
14. Franchises	Not applicable	–	–	–
15. Investments	Not applicable	–	–	–
Total Downstream Scope 3		–	–	–
Total Scope 3		3,377	3,017¹	12%

¹ Restated – see note in 2024 reporting methodology

Task Force on Climate-Related Financial Disclosures (TCFD) Reports

This is the Group's fourth year of reporting against the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") and the Board is pleased to have further enhanced this reporting in line with the recommendations. The Board has noted the requirement for mandatory climate-related disclosures arising from the Companies (Strategic Report) (Climate Related Financial Disclosure) Regulations 2022, as well as FCA Listing Rule 6.6.6(8). Below we have set out our climate-related financial disclosures fully consistent with 10 of the 11 TCFD recommendations and recommended disclosures as detailed in 'Recommendations of the Task Force on Climate-related Financial Disclosures', 2017, with use of additional guidance from 'Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures', 2021. Set out below are the areas where the Group is consistent with the recommendations, or where it is not fully consistent, how it plans to achieve this:

Recommendation	Recommended disclosures	Reference	Compliance/comments
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Page 16	Fully consistent
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 17	Fully consistent
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Pages 18 to 19	Fully consistent
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Pages 17 to 19	Fully consistent
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Pages 17 to 19	Fully consistent
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Pages 18 to 19	Fully consistent
	b) Describe the organisation's processes for managing climate-related risks	Page 17	Fully consistent
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 17	Fully consistent
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 18 to 19	Fully consistent
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks	13 to 15, 18 to 19	Fully consistent
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 19	Not consistent. The Group measured its scope 3 emissions for the first time in 2023 and continues to assess full emissions footprint target options.

Governance

Board level

The Board, with support from the Audit Committee, has overall responsibility for the management of climate-related matters, including oversight of climate-related risks and opportunities. The Audit Committee is informed of climate-related risks and opportunities through the review of its carbon footprint. The Board considers relevant climate-related matters when discussing and guiding the strategy of the Group.

In 2024, climate-related matters, including discussions on emissions and oversight of other key sustainability initiatives, were discussed by the Audit Committee and reported to the Board. The Chair of the Audit Committee is the designated Director with responsibility for ensuring that the Board meets its climate-related obligations. The Board is supported and informed on climate-related issues including progress against goals and targets through reporting by the Company Secretary, Executive Directors and the Audit Committee, who monitor these issues.

Management level

At management level, environmental, social and governance responsibilities, including climate-related matters, sit with the Group's Senior Leadership Team. The Senior Leadership Team is led by Alex Curran, Chief Executive Officer and is responsible for providing oversight of sustainability initiatives at an operational level. The Senior Leadership Team contributes to the identification, assessment, and mitigation of climate-related risk. The Senior Leadership Team is informed about climate-related issues at its meetings through reporting from the Company Secretary.

Risk management

The Group has considered all risk and opportunity categories outlined in the TCFD guidance, including existing and emerging regulatory requirements. However, not all risk categories are applicable or material to the business.

During the year, climate-related risks and opportunities were assessed in the context of the Group's existing risk management processes (as detailed on pages 20 to 21 and pages 35 to 36) to allow for their relative significance to be determined. The climate-related risk assessment has been carried out over the following time horizons:

- **Short-term:** Now to 2025: Aligns with the Group's shortest office leases.
- **Medium-term:** 2025 to 2028: Aligns with the Group's medium-term office leases.
- **Long-term:** 2028 to 2050: Aligns to the UK Government's Net Zero pledge and the longer-term physical impacts of climate change.

When determining the financial impact of our identified climate-related risks, a materiality threshold has been used that is consistent with the external audit materiality level. This level is set as 4.8% of adjusted profit before tax and all of our identified climate-related risks are estimated to fall below this level. As the Group's operations have a relatively limited impact upon the environment, climate change was not identified as an emerging or material risk in the context of the Group's activities.

The Audit Committee reviews the Company's principal and emerging risks, including climate change. This assessment takes into consideration the likelihood and potential impact of each risk, allowing the materiality of the risks and opportunities to be determined and identifying those risks which need further investigation. Please see Principal Risks on pages 20 to 21 for more information on the Group's risk management processes.

Strategy

The Group recognises the significant potential impact of climate change on environmental and economic systems. However, as a technology business, its climate exposure is low and the impact of identified climate-related risks is limited.

Three climate-related scenarios have been selected to understand the impact of climate change on the Group's strategy. The three scenarios have been chosen to provide a variety of situations to which climate change could impact our Company and are as follows:

- **Net Zero 2050 (NZE)¹:** Low carbon scenario that meets the TCFD's requirement of a below 2°C scenario.
- **Stated Policies Scenario (STEPS):** Medium carbon scenario which represents the roll forward of announced policies.
- **RCP 8.5²:** High carbon scenario which includes extreme physical climate risks with limited global mitigation.

¹ <https://www.iea.org/reports/world-energy-outlook-2023> World Energy Outlook 2023, IEA, Paris 2

² IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

Each of the Group's climate-related risks and opportunities have been analysed and quantified under the three scenarios in line with definitions for risk impact outlined above and the following assumptions and estimates:

1. Impacts are to be considered in the context of the current financial performance and prices.
2. Gross impacts are assumed to occur without the company responding with any mitigation actions, which would reduce the impact of risks.
3. Impacts are modelled to occur in a linear fashion, when in practice dramatic climate-related impacts may occur suddenly after tipping points are breached.
4. The analysis considers each risk and scenario in isolation, when in practice climate-related risks may occur in parallel as part of wider set of potential global impacts.
5. Carbon prices are determined with reference to information from the International Energy Agency.
6. No material change in business model, locations, or operations.

Task Force on Climate-Related Financial Disclosures (TCFD) Reports

The Group has concluded that the business is resilient to climate change. The need for a fundamental change to business strategy or additional spend as a result of climate change is unlikely to occur. The Group will, however, continue to develop its analysis as new data is made available both internally and externally and it will continue to monitor its climate exposures and action plans through its risk management framework and governance structure.

Climate-related Risks

Three climate-related risks that could have a limited financial impact on the organisation have been identified.

Risk	1. Carbon pricing in the value chain	2. Reputational risks linked to sustainability performance & reporting	3. Depending on third parties and technology to decarbonise
Type	Transition (current and emerging regulation)	Transition (market policy and legal)	Transition (Technology)
Area	Upstream	Own operations	Upstream and operations
Primary potential financial impact	Increased cost of purchased goods and services	Reputation, higher cost of capital, lower business opportunities	Reputation, higher cost of capital, lower business opportunities
Time horizon	Medium term	Medium term	Medium term
Likelihood	Likely	Likely	Likely
Impact	Low	Low	Low
Location or service most impacted	Purchased goods and services	Across the Group	Across the Group
Metrics used to track risks	Scope 3 emissions	Scope 1 and 2 emissions; external environmental, social and governance ratings.	Scope 1, 2 and 3 emissions.
Risk description and mitigation	The Group carried out a full scope 3 footprint analysis in 2023 to fully understand its upstream emissions exposures. The Group's principal value chain emissions originate from our business travel and purchased goods and services. As suppliers come under carbon pricing mechanisms, or carbon border adjustments, this could result in the supplier passing on the added cost from the carbon tax. There is comfort that several of our primary data centres have targets to be net zero by 2040 at the latest, meaning that a significant portion of our scope 3 emissions footprint will be offset with the achievement of these targets. In addition, the Group has already carried out several initiatives to reduce our scope 3 emission exposure. These include hybrid working to reduce commuting emissions and choosing data centres and cloud infrastructure providers that are committed to purchasing electricity from renewable sources. This potential risk would be greater under the Net Zero 2050 scenario.	There is a rising trend from investors and financial institutions of incorporating sustainability criteria into their assessments, with climate change being a major issue. This is likely to be of greater risk under the net zero 2050 scenario. Investors are aligning their portfolios to net zero as well as other environmental, social and governance metrics and companies face disinvestment if plans are insufficient. Our current and potential future customers are increasingly interested to understand our approach to environmental, social and governance matters. Currently, our lenders have not tied our debt to sustainability criteria but we will continue to monitor this to ensure we are in line with their expectations on climate-related performance. The Group's current debt levels are also relatively low, and debt facilities have been secured in the short term. We also continue to monitor our clients' and our employees' expectations in this area.	The ability of Aptitude to decarbonise both our operations and supply chain is partially reliant on third parties and technologies that are still being developed. Our ability to decarbonise our operations is dependent on grid decarbonisation and renewable energy availability. As our office spaces are leased, we cannot install onsite renewable energy but are taking other steps where appropriate to reduce our scope 2 emissions. Decarbonisation of our value chain is reliant on both purchased goods and services and business travel. We are therefore dependent on the actions and progress of our key suppliers to decarbonise the goods and services we procure from them. Reduction in business travel is also dependent on the technological developments of the aviation industry which is out of our control. However, a high proportion of the Group's data centres already have net zero targets which should mitigate significant value chain emissions exposure. We also have a Group policy on the use and class of flights for business travel which helps reduce emissions from business travel.

Consideration of other climate-related risks

The following risks were also identified, but were deemed immaterial:

Physical risks (Both acute and chronic physical risks were assessed):

- Using Munich Re's climate risk tool we have confirmed that none of the Group's existing sites are currently operating in areas of high drought stress or are predicted to be up to 2040 under scenario RCP 8.5. Additionally, water use is not significant to the Group's operations.
- All of the Group's sites are in areas of a low risk of riverine flooding.
- Exposure to insurance companies as clients which themselves could be at risk from high pay-outs due to climate-related events, such as storms or flooding.

Transitional risks:

- d) Exposure to carbon pricing in own operations. As a technology company, the Group's operations are not carbon intensive, which limits its exposure to carbon price risks in its operations.

Climate-related Opportunities

The following climate-related opportunities have been identified:

Opportunity	1. Zero emission energy (e.g. self-generation, Renewal Energy Guarantees of Origin and Power Purchasing Agreements)	2. Managing resource efficiency (energy, resource and water efficiencies)
Type	Energy source	Resource efficiency
Area	Operations	Operations
Primary potential financial impact	Decreased costs	Decreased costs
Time horizon	Medium-term	Medium-term
Likelihood	Likely	Very likely
Impact	Medium-low	Medium
Location or service most impacted	Office buildings	Office buildings
Metrics used to track risks	% renewable energy usage	Energy and waste consumption
Opportunity description and strategy to capitalise	Transitioning to renewable electricity sources (either via self-generation or through contracted electricity supply from power purchase agreements and Energy Attribute Certificates (EACs)) can help in reducing market-based scope 2 emissions to zero. Investment in self-generation would likely be unfeasible given the Group's relatively short-term lease agreements and energy requirements. We assume the ability to find EAC's at our key offices in the future will be high. In the future, the Group can prioritise office locations with high energy efficiency and access to self-generated renewable energy facilities e.g. solar panels, when looking for new office space. This opportunity will be greater under the Net Zero 2050 scenario.	Improvements of energy efficiency and reduction of energy consumption with the involvement of our landlords will provide opportunities. We have recently moved into a new office space in Poland that is LEED Platinum for building categories such as water and energy efficiency as well as being WELL certified. Going forward, the selection of any new or replacement office spaces in the Group's other regions will further take sustainability considerations into account. This opportunity will be greater under the Net Zero 2050 scenario.

Metrics and targets

We report on our scope 1, 2 and 3 emissions. Our carbon footprint is calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard, with additional guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required.

The Group recognises that global warming is driving climate change and that governments, industry and society need to act to mitigate the effects. While the Group's carbon emissions are relatively low, the Board remains fully committed to continuing to reduce its scope 1 and scope 2 emissions over time and will seek to do this by actively encouraging its landlords to switch to renewable energy sources and by continuing to consider energy efficiency when selecting any future office premises.

In 2024, we updated our scope 3 emissions footprint calculation to reflect the latest reporting year. The results are detailed on page 15. In 2024, scope 3 accounted for 96% of our total footprint (market-based), with business travel (44% of scope 3) and purchased goods and services (42% of scope 3) being the most significant contributors. Consistent with previous years, we calculated all applicable scope 3 categories for our 2024 footprint. Nine scope 3 categories are not applicable to our company. The waste generated in operations category was excluded from our footprint based on immateriality.

As stated in our 2023 Annual Report, the Group's emissions are continually monitored and the Board intends to consider setting a science-based target (such target shall be aligned to limiting global warming to 1.5°C or less) for external publication in 2026, via the SBTi (or other reputable industry equivalent), to become a net zero company by 2050 at the latest.

Principal Risks

The management of the business and the execution of the Group's strategy are subject to several risks. The Board has delegated authority to the Audit Committee to assess the Group's principal and emerging risks, and the Board takes appropriate steps to monitor and mitigate these risks where feasible.

The Board receives updates on principal and potential emerging risks that could threaten the Group's performance or achievement of its strategic objectives. The Audit Committee identifies areas for internal audit review, where this is felt to be appropriate to help further understand and mitigate areas of risk. Further information on this is contained in the report of the Audit Committee on pages 35 to 36.

Considering all known risks that have the potential to impact the Group's performance and strategy, the following represents the principal and emerging risks as recognised by the Board as at 25 March 2025 and how these are mitigated:

Principal Risk	Explanation	Mitigating Action	Trend
Product	The Group's future performance will depend on the successful development, introduction and market acceptance of new and enhanced products. These products must address the requirements of current and future clients to be able to carry out their key finance and business processes in a cost-effective manner. The products must also respond effectively to industry, regulatory and technological change. Failure to do so may have significant impacts on the current and future profitability of the Group.	The Group is in the process of completing an organizational transformation to capitalise on the AI Autonomous Finance opportunity. Traction for Fynapse is growing, with wins secured during the period across new clients and our installed base, and the acceleration of our partner strategy are driving positive pipeline progression. Steps continue to be taken to define clear strategic priorities and development plans for each of our key products, with close collaboration between the Product and Technology teams. Plans for future products are developed in close liaison with current and potential clients and partners and through monitoring of changes in the business and market requirements.	↔
Customer experience	The Group's ability to attract and retain clients is dependent on the provision of reliable high-quality products and excellent service. The Group's products are typically critical to our clients' business operations and information systems Failure to provide a good customer experience can result in increased levels of client churn and significantly impact the financial performance and reputation of the Group. Increasing risk relates to wider macro-economic environment increasing pressure on businesses to review software cost base.	The Chief Client Experience Officer is responsible for the end-to-end client life cycle including onboarding, integration, implementation, and ongoing Client Support. The Client Experience team employs individuals with specific skills and experiences for their roles, and to provide the best possible support to its customers. The Chief Product & Technology Officer is responsible for ensuring the reliability, security, and scalability of the technology supporting the client experience.	↑
People and performance	The Group's success greatly depends on its ability to hire, train, retain, manage and motivate employees with the right skills, capabilities and attitudes. Failure to do so could result in a loss of key talent and the Group being unable to effectively manage and expand its business.	The Group is focused on ensuring that the recruitment process is effective in identifying and attracting employees with the right skills, behaviors and attributes. Our People & Culture team uses a diverse number of sources, searching for candidates from varied backgrounds and ethnicity and with varied core skills. All employees receive regular communication and there is a focus on employee engagement and supporting a strong organisational culture. Employee engagement is overseen by the Senior Independent Director, Barbara Moorhouse, and reported to the Board. Further information on this can be found on page 8.	↔
Key partnerships	Aptitude has in place key partnerships, including with Microsoft and a number of major advisory and systems integrator firms to support in its go to market strategy. Failures in any of these key partnerships can impact the Group financially and reputationally, and negatively impact our clients.	The Group has in place a thorough selection and onboarding process for new partnerships. The onboarding process ensures that partners have a good understanding of Aptitude's products and processes across the client engagement lifecycle. Partners are kept up to date through training provided on new product development. The Group has in place a dedicated Partnerships team who work with named partners and internal teams to ensure these relationships are optimised and joint goals are realised. Special attention continues to be allocated to the Microsoft partnership and associated partnerships.	↔
Economic conditions	The Group operates in ever changing economic conditions which can impact the demand for and price of its products, the cost of its purchased goods and services and labour costs. Failure to appropriately manage these impacts could affect the Group's current and future profitability. Increased risk is in relation to US economic policy, particularly in relation to tariffs.	Appropriate commercial arrangements are put in place with customers, including annual licence fees or subscription arrangements to provide resilience against the full effects of market deterioration. The Group is also able to partially mitigate economic risk through operating in multiple geographic regions and across a number of business sectors. Commercial modelling is undertaken to assess the impact of inflationary increases, and the Group is able to reduce the exposure in its client contracts with the majority allowing for inflationary increases to be applied annually. Our People & Culture team closely monitors the effects of inflation on our employment costs.	↑

Principal Risk	Explanation	Mitigating Action	Trend
Information security and data privacy	The Group's products require the processing of confidential client data including, for a number of products, material non-public financial data and personal data. Additionally, the eSuite product requires processing of client subscriber personal data including payment card data. Failure to appropriately protect this data could have significant financial, regulatory and reputational consequences for the Group. Increased risk relates to heightened sensitivity regarding data security and the emergence of AI technologies, as well as more sophisticated risks to data security.	The Group has a strong focus on all aspects of information security – people, processes and technology. The Information Security function is led by the Information Security Officer who reports to a Security Committee comprising of members of senior management and chaired by the CFO. Our Information Security Management System (ISMS) is ISO 27001:2022 certified, and we follow formal processes for all aspects of information security including building secure systems to prevent cyber-attacks and protect our information security assets, monitoring and detecting threats and responding to the same as well as applying the required governance and compliance processes. We also have formal processes for key IS domains including secure systems build, IT asset management, vulnerability management, cyber threat management, incident response, BCP/DR and personnel security management. In addition to ISO 27001:2022, we also provide SOC reports to SaaS clients to support client compliance processes as well as PCI-DSS certification for eSuite clients. Risks emanating from new risk vectors including our expansion into new client industry sectors such as healthcare, global pandemics, cyber warfare, ransomware attacks, changing regulations, sanctions and changes in information security frameworks are assessed and mitigating action plans are formally prepared and presented. These assessments are regularly reviewed by the Information Security Committee. The Board is also provided with regular updates regarding our information security posture and risks. For personal data protection, we have formal privacy and compliance management processes including privacy risk assessment, secure systems build, GDPR and CCPA compliance processes, client data categorization, protection and deletion processes. Where the Group acts as a processor for client personal data, we work closely with clients to ensure compliance with privacy laws.	↑
Banking	The Group has in place a term loan and revolving credit facility with Bank of Ireland (see page 117 for details). The business is reviewing options to refinance the existing facilities with multiple parties. Any significant future interest rate changes could impact the cost of borrowing for the Group. Also, the failure of banking counterparties may lead to loss of all or part of cash held with such counterparty.	The Group has in place an interest rate swap to manage its exposure to changes in interest rates. The Group also has significant cash balances and seeks to maximise the interest earned on these (see page 115 for further details). Day-to-day oversight of the Group's banking arrangement is carried out by the Chief Financial Officer and his team. The team also monitors the ongoing solvency of Bank of Ireland and other key banking counterparties.	↔
Geopolitical risk	The Group has operations in a number of countries and seeks to mitigate any risks to its employees arising from conflicts or other geopolitical incidents. As a result of our geographic spread, the Group is exposed to a wide range of political, economic, regulatory, social and tax environments. Policies or laws, involving the countries in which we operate, may change in a manner that may be adverse for the Group, even those with stable political environments. Risk is increasing due to ongoing conflicts in Ukraine and middle east, as well as tariff introductions by large trading blocks.	The Group remains alert to geopolitical risks and has in place business contingency plans which are overseen by the Board. These plans are developed on an ongoing basis in readiness for any need to implement. The Group has not been directly impacted by any of the conflicts seen across the globe in 2024. However, the Board recognises that its employees may be indirectly impacted and provides support through the People & Culture team.	↑
Environmental, social and governance	Aptitude is committed to being a responsible business and operates in a sustainable manner for all of our stakeholders. Failure to operate in a way that appropriately manages our impacts on the environment and our communities may negatively impact our reputation as a responsible business.	The Board oversees the steps taken by Aptitude to act responsibly for the environment and our communities. More information on this is found in the Responsible Business Report on pages 13 to 15. The Chair of our Audit Committee, ensures that the Company meets its climate-related reporting obligations.	↔

The Board's ongoing review of emerging potential risks has not identified any beyond those detailed in the preceding table. In undertaking this review of its principal risks, the Board also considered other potential risks and concluded that they were not considered to be principal risks. The Board, with the support of the Audit Committee, will continue to review potential emerging risks, and update its principal risks as necessary.

Going Concern & Viability Statement

In accordance with Provision 31 of the 2018 UK Corporate Governance Code (“the Code”), the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the “Going Concern” provision as part of our viability review set out below. The Board determined that it would be reasonable to perform a review of the Group’s cash flows and other key financial indicators of three years and considered this appropriate given the period aligns the Group’s viability statement with its planning time horizon in respect of its three-year strategic plan and is suitable given the nature and investment cycle of a technology business. Cash flows over this period have a relatively high degree of predictability, as the business continues to grow its software revenues. Projections beyond this period become less reliable given the inherent uncertainty of technology and market developments, supplemented by the uncertainties surrounding the global economy. The Directors have no reason to believe the Group would not be viable over a longer period. However, due to this uncertainty, the Directors consider a three-year period to be appropriate in forming a reasonable expectation on the Group’s longer-term viability.

In forming a viability statement, the Directors carried out a robust assessment of the principal risks and uncertainties that could impair the solvency and liquidity of the Group. This is based on the Group’s current position, its strategy, and associated principal risks with scenarios including an assessment of the Group’s longer-term prospects. The Group retains significant cash balances benefiting from its annual licence fee or subscription model in which the majority of its customers pay annually in advance.

Scenario models are reviewed by the Board and the Audit Committee and are a foundation for the Group’s strategic plan. The financial forecasts contained in the plan make certain assumptions about the uptake of new annual licences and subscriptions and the performance of other core revenue streams. As part of the assessment the Group stress tests the plan using various scenarios. To achieve this, management reviewed the principal risks and considered which might threaten the Group’s viability. Across each of the scenarios tested, the Group has also not factored in any structural changes to its cost base being made to ensure it remains viable. It was therefore determined that none of the individual risks would in isolation compromise the Group’s viability, and so several different severe scenarios were considered where the principal risks arose in combination.

The scenarios considered to be the most significant in performing the assessment of viability and the combination of principal risks involved are detailed in the scenario modelling section on page 23, all of which are considered extremely remote. In addition, the Group sets out separate assessments of why the Group believes that these do not represent risks which might threaten the viability of the Group.

Principal risks

- The risk that the Group fails to comply with its contractual and legal obligations, including those relating to data confidentiality, resulting in damages, regulatory penalties and fines.
- The risk that the Group fails to renew existing bank facilities on similar terms to existing debt.
- The risk that the Group utilises a significant proportion of its existing cash reserves to implement an acquisition strategy which does not yield the expected return on investment.
- The risk that the Group decides to perform a significant return of value to shareholders immediately prior to a steep downturn in performance.
- The risk the business fails to attract new clients or retain existing clients as a result of weaknesses within its product suite or service delivery model.
- The risk of insolvency of key banking counterparties used by the Group, which could lead to the loss of all or part of the cash held with any such counterparty.

Mitigations

- The Group operates with a strong control environment which includes close oversight by management on all matters. Where required this includes the use of external advisers and insurance cover which may mitigate the impact of a possible material breach.
- The Group has significant acquisition experience following the completion of seven acquisitions since 2014, including the acquisition of MPP Global Solutions Limited on 9 October 2021. Any future opportunities are required to meet the Group’s strict criteria of comprising complementary technologies focused on Aptitude’s product suite. Furthermore, appropriate due diligence on any potential acquisitions is performed with findings presented to the Board.
- The Group has substantial levels of future contracted revenue visibility and retains significant cash balances benefitting from its long-term annual licence and subscription model in which the overwhelming majority of its clients pay annually in advance.

- The business currently operates with a moderate level of debt financing in place. The Group's existing debt facility allows for additional financing to be drawn on which would assist in covering short term cash flows if necessary.
- Cash conservation measures could include a review of the Group's dividend policy along with the flexibility to implement a number of cost reduction measures.
- The Group's cash deposits are always held across at least two financial institutions.

Geopolitical developments

The Group is continuing to closely monitor the situation in Ukraine, the Middle East and Taiwan. The business has no facilities or dependencies in those regions, but in view of its mainland Europe operations, business contingency planning has been undertaken to mitigate any potential disruption to the Group's operations that might result should there be an escalation of the Ukraine conflict into other European countries.

Future inflation increases

The Group is closely monitoring inflation levels and planning for any significant future increases that might arise. Increasing inflation could have an impact on the Group's margins in the short term as the Group's ability to recover these increased costs from its client base would not take immediate effect and would depend upon the commercial terms agreed with its clients.

Climate-related risk

In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), the Group has assessed the potential impact of climate related risk on its operations and determined that these to be low. Full details of how the Group complies with TCFD recommendations can be found on pages 16 to 19.

Other risks

Whilst other risks were considered in respect of a new market disruptor, the collapse of new business activity and defaulting on the loan facility, these were not considered as severe as the scenarios outlined above given the level of future contracted revenue visibility and cash generation achieved through the Group's multi-year annual licence and subscription model combined with the amount of variable cost base the business operates with.

Scenario modelling

The likelihood of each principal risk occurring, and the potential impact was modelled across various scenarios by management who evaluated the possible consequences, primarily through a reduction in operating profit, ranging from a reduction of 50% to 70%, and net cash in-flows. These impacts were based on similar events in the public domain and internal estimates. The Directors reviewed and discussed the process undertaken by management, and also reviewed the results of reverse stress testing performed to provide an illustration of the reduction in operating profit across the three-year period that would be required in order for the Group to either breach its external loan covenants or exhaust all available cash. Based on the reverse stress test assessment, the Group concluded that total revenue of £101m would be required over the next 3 years (an average of £34m per annum). Therefore the current level of future contracted revenue (the total of all future contracted revenues as of 31 December 2024), totalling £78 million, would only require being supplemented by £23 million of revenue across the three years assessed, realised from new business or across the base, for the group to continue to operate under such a severe scenario. This level of revenue is well below both planned levels and historic revenue performance. Aptitude's recurring software model includes auto-renew clauses for most clients, and much of the additional revenue is expected to be generated from existing clients, such that the £78m contracted revenue at 31 December 2024 will increase with auto-renewals. Across each of the scenarios tested, the Group have also not factored in any structural changes to its cost base being made to ensure it remains viable.

Based on the results of the review the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's current strategy, the Board's current risk appetite and the Group's principal risks and how these are managed. The Group retains significant cash balances benefitting from its annual license and subscription model in which the overwhelming majority of its clients pay annually in advance.

The Strategic Report comprising pages 1 to 21 and 58 to 62 was approved by the Board on 25 March 2025.

Alex Curran

Chief Executive Officer

The Board

Ivan Martin

*Non-Executive Chairman –
Stepping down from the Board
in Q2 2026*

Committee Membership

Chair of the Nomination Committee
Member of the Remuneration 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 has previously held a number of significant Executive and Non-Executive positions in both the Technology and Financial Services sectors having been Non-Executive Chairman of Xceptor, a London-based international software business which was sold by CBPE Capital to Astorg Partners, Chief Executive Officer of Misys Banking and Capital Markets and a main board member of Misys plc. He was also Chairman of FDM Group from 2006 to 2019, during which time he oversaw the growth and evolution of this company from an AIM listing to a FTSE 250 member valued at over £1 billion.

Key external appointments

Non-Executive Chairman of Nebula Cloud Limited (formerly known as TelcoSwitch), a privately owned provider of Unified Communications Software as a Service.

Member of Wulstan Capital LLP and Parch Three Estates LLP, being commercial property investment vehicles.

Alex Curran

Chief Executive Officer



Alex Curran was appointed to Board as Acting CEO on 12 July 2023 and subsequently appointed as CEO on 30 November 2023.

Alex joined Aptitude Software in 2008 and she has held several senior roles within the Group, including leading the North American business since July 2019.

Key external appointments

Non-executive director of Checkit plc

Mike Johns

*Chief Financial Officer –
Stepped down from the Board
on 25 March 2025*



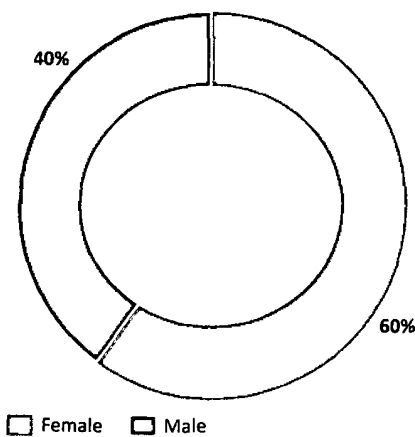
Mike Johns, a Chartered Accountant, assumed the role of Acting CFO in January 2023 and was appointed to the Board as CFO on 17 May 2023.

Mike joined the Group in September 2017 as Group Financial Controller having held previous senior financial positions within Aptitude, including Finance Director for the Group's business outside of North America.

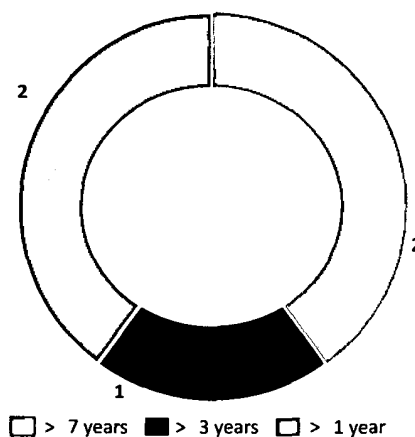
Key external appointments

None

Board Gender Diversity¹



Board Tenure¹



1. Data as at 31 December 2024.

Barbara Moorhouse

Senior Independent Director
- Stepping down from the Board in Q2 2025

Committee Membership

Chair of the Remuneration Committee
Member of the Nomination Committee
Member of the Audit Committee



Barbara Moorhouse was appointed to the Board as a Non-Executive Director on 1 April 2017 and on 14 March 2022 she became Senior Independent Director and Chair of the Remuneration Committee. Prior to this, she was Chair of the Audit Committee. Barbara is also the designated Director with responsibility for ensuring workforce engagement across the Group.

Barbara spent the first 20 years of her career in strategic, commercial and finance roles in publicly listed multinational businesses in the industrials, business services and utilities sectors. From 2000, she was Chief Finance Officer in two international listed software companies (Kewill Systems plc and Scala Business Solutions NV). In 2005, she was appointed Director General at the Ministry of Justice and subsequently the Department for Transport, leading a range of policy and operational functions within HM Government. In 2010, Barbara moved to Westminster City Council as Chief Operating Officer.

Barbara's previous non-executive roles include: Chair of RSSB; non-executive director and Chair of the Quality and Safety Committee at Dwr Cymru/Welsh Water; SID/Chair of Audit Committee at Medica plc; non-executive director at IDOX plc; and Chair of OPM Group, Trustee of Guy's and St Thomas' Charity.

Key external appointments

Non-Executive Director of Balfour Beatty plc
Independent Chair of Agility Trains Group

Sara Dickinson

Non-Executive Director

Committee Membership

Chair of Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee



Sara Dickinson was appointed to the Board as a Non-Executive Director on 1 October 2021 and assumed the role of Chair of the Audit Committee on 16 March 2022. Sara has significant experience of external and internal financial governance and reporting including ESG requirements and therefore is also the designated Director for ensuring that the Board meets its climate-related reporting obligations.

Sara has over 30 years of financial experience, as well as significant knowledge of digital finance processes and finance transformation. Prior to joining Boldyn Networks, Sara was Chief Finance Officer of BSI where she drove successful finance and companywide transformation. Previous roles include Senior Vice President at Expedia Inc; and Non-Executive Director and Chair of the Finance Committee of A2Dominion, a residential property group with a debt listing on the London Stock Exchange. Sara's other experience includes Commercial Finance Director at Costa Coffee, Group Financial Controller for Sage Group plc and Vice President and European Chief Financial Officer of ebookers.

Key external appointment

Chief Financial Officer of Boldyn Networks Global Limited

Governance Framework

Board

The role of the Board is to promote the long-term success of Aptitude by setting a clear purpose and the Group's strategy for delivering long-term value to our shareholders and other stakeholders.

The Board delegates certain matters to its three principal Committees:

Nomination Committee

Oversees the composition of the Board and Committees and considers succession planning and diversity, making recommendations to the Board.

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Audit Committee

Ensures the integrity of the Company's financial reporting, systems and controls.

Oversight of risk management process.

Reviews and monitors climate change disclosures and related ESG financial reporting obligations.

Monitors the Group's cyber resilience.

Ensures effectiveness of the external auditor.

Page 34

Remuneration Committee

Determines the remuneration and benefits of the Executive Directors and oversees remuneration arrangements for the Senior Leadership Team as well as monitoring remuneration policies for the wider workforce.

Page 40

Senior Leadership Team

The Senior Leadership Team, led by the Chief Executive Officer, is responsible for the execution of the Company's strategy and the day-to-day management of the business.

Board Governance

Compliance with the UK Corporate Governance Code

Having an Equity Shares (Commercial Company) on the London Stock Exchange, and in respect of the financial year ended 31 December 2024, the Company is reporting in accordance with the 2018 UK Corporate Governance Code (the “2018 Code”) which sets out standards of good practice in relation to the following principles:

- I) Board leadership and company purpose;
- II) Division of responsibilities;
- III) Composition, succession and evaluation;
- IV) Audit, risk and internal controls; and
- V) Remuneration

The Company was compliant with the provisions of the 2018 Code (published by the Financial Reporting Council and available at www.frc.org.uk) for the year ended 31 December 2024.

The reports of the Nomination Committee (pages 32 and 33), the Audit Committee (pages 34 to 39), and the Remuneration Committee (pages 40 to 57) are incorporated into this report by reference.

The following pages explain the Company’s approach to Corporate Governance and how the Board and its Committees have fulfilled their responsibilities to ensure robust governance is embedded within the business to support the long-term sustainable success of the Group.

The Board

Leadership and Company Purpose

Led by our Chairman, Ivan Martin, the Board provides the leadership of the Company. It is collectively responsible and accountable to shareholders for the Company’s long-term success, strategy, values, culture, control and management. The skills and experience of each of the Board members is provided on pages 24 and 25 and the governance framework (see page 26) ensures good governance practices across the Group. The schedule of matters reserved to the Board is regularly reviewed and can be found on the Company’s website www.apititudesoftware.com.

The Board of Directors meets regularly to review strategic, operational and financial matters and reviews, at each scheduled meeting, the Group’s performance against its targets and objectives with reference to reports and KPIs prepared by management. The principal risks impacting the Company are set out on pages 20 to 21 and steps are in place to monitor and mitigate these risks. Information is supplied to the Board in advance of meetings and the Chairman ensures that all Directors are properly briefed on the matters being discussed. The Board also receives presentations by members of senior management on different areas of the Group’s business. In order to effectively communicate the strategic objectives and the performance of the Group to the wider workforce, the CEO issues weekly emails and holds weekly “All Hands” sessions when current areas of focus for the business are presented and to also provide a platform for employees to ask questions.

The Board also oversees the Group’s culture to ensure alignment with the corporate purpose, mission, vision and values (see page 11). A suite of policies, which are in line with the values and culture to support the Group’s operations, are in place and accessible by all employees. The Board, as a whole, reviews engagement activities with the wider workforce. Barbara Moorhouse is the designated independent Non-Executive Director with responsibility for overseeing wider workforce engagement, and employees are able to raise any concerns with her.

The Chairman and the Executive Directors maintain regular engagement with shareholders through presentations on the annual and interim results and on significant matters relating to strategy and governance and at the Annual General Meeting. In addition, individual meetings are also held with shareholders and potential investors on request, including with other Non-Executive Directors where appropriate. The Remuneration Committee Chair ensures that major investors are actively consulted with on key remuneration matters and responds to any investor questions on remuneration.

In addition to its shareholders, the Group’s other key stakeholders and steps taken to engage with them are described on pages 8 and 9. The chairs of the Remuneration, Audit and Nomination Committees make themselves available to discuss significant matters related to their areas of responsibility, as required.

Activities of the Board during 2024

Agendas for each Board meeting focus on the performance of the Company, both financially and operationally through presentations by the CEO and CFO. Senior management are also invited to present on key topics of interest to the Board.

Board Governance

This year, the Board's activities have included:

- consideration of changes to the composition of the Board, its Committee and the Senior Leadership Team
- assessing initiatives on people and leadership
- reviewing employee engagement scores and attrition
- approving the annual budget and trading updates
- reviewing the Company's banking arrangements; and
- engaging with shareholders on governance, remuneration, succession planning and climate-related matters

The Board also held a two-day strategy session with management in Boston to receive updates on and discuss performance against key metrics, strategic and business developments, as well as financial performance.

Division of Responsibilities

The role of individual Directors

The Board consists of three independent Non-Executive Directors (including the Chairman) and two Executive Directors all of whom act with integrity, lead by example, and promote the Group's culture. Each Non-Executive Director has relevant experience to support the Group's strategy and operations, and all provide challenge and guidance to management. The skills and experience of each of the directors are provided within their biographies on pages 24 and 25.

The Chairman, Ivan Martin, is responsible for setting the Board's agenda and ensuring that it carries out its duties effectively. He ensures that the Board is supplied with accurate, timely and clear information in advance of Board meetings (and on an ongoing basis) to enable the Board to carry out its role effectively.

He promotes a culture of openness and debate both inside and outside of the boardroom and oversees constructive relations between Executive and Non-Executive Directors. The Chairman is responsible for ensuring that there is effective communication by the Group with its shareholders. In addition, he gives feedback to Executive Directors and the Company Secretary where appropriate.

Non-Executive Directors are required to allow sufficient time to meet their Board responsibilities and provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. Non-Executive Directors are appointed for specific terms, up to a maximum of three years. All Directors offer themselves for annual re-election by shareholders. The Board sets out to shareholders in papers accompanying a resolution the reasons why they believe an individual should be elected and the Chairman confirms to shareholders when proposing re-election that the Director's performance remains effective. The Chairman periodically holds meetings with the Non-Executive Directors without the Executive Directors being present in order to provide a forum in which the performance and actions of the Senior Leadership Team and the wider business can be discussed freely.

Barbara Moorhouse is the appointed Senior Independent Non-Executive Director ("SID"). The SID provides a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary. The SID is available to shareholders if they have concerns which contact through the normal channels of the Chairman or the Executive Directors fail to resolve or for which such contact is inappropriate. Led by the SID, the Non-Executive Directors meet without the Chairman at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate.

The Chief Executive Officer is responsible for managing the business and leads the Senior Leadership Team which meets on a weekly basis to discuss operational matters, business performance, employee matters, and key developments. The Chief Financial Officer oversees the Group's financial affairs, including any tax and treasury matters and investor relations activities.

All Directors have access to the advice and services of the Company Secretary, who provides advice on governance and listing requirements and ensures that Board and Committee procedures are complied with. The Directors also have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibility as Directors.

Independence of the Non-Executive Directors

In accordance with the 2018 Code, a majority of the Board is comprised of Non-Executive Directors (including the Chairman) all of which are considered to be independent allowing them to sufficiently and constructively challenge management and be free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The letter of appointment of each Non-Executive Director sets out the expected time commitment for them to perform their role and notes the possibility that additional time may need to be spent at certain times. The other significant commitments of our Directors are disclosed in the directors' biographies. The effectiveness of the Board and individual Directors is assessed through the annual review of Board effectiveness as described on page 33.

Tenure

Non-Executive Directors are typically appointed for an initial term of approximately three years and subsequent terms of approximately three years where appropriate. Appointments are subject to annual re-election by shareholders. Details of the Non-Executive Directors' terms of appointment are shown in the table below and copies of the Non-Executive Directors' terms of appointment are available to view at the Company's registered office. The Executive Directors also have in place service contracts without an expiry date, but with notice periods of six months.

	Initial agreement date	Date of appointment	End of current term of appointment
Ivan Martin ¹	21 October 2015	1 January 2016	AGM 2026
Barbara Moorhouse ²	27 February 2017	1 April 2017	AGM 2025
Sara Dickinson	30 September 2021	1 October 2021	1 October 2027

¹ As announced on 1 October 2024, Ivan Martin will step down from the Board following the 2026 AGM.

² As announced on 1 October 2024, Barbara Moorhouse will step down from the Board at the 2025 AGM.

Information and support to the Board

The Board and its Committees are provided with comprehensive papers in a timely manner to enable members to be fully briefed on matters to be discussed at Board meetings and at other appropriate times. The CEO and CFO keep the Board apprised of business matters relating to the Group on a timely basis. They provide various updates to the Board on many aspects of the business, ranging from trading performance, client relationships and change management programmes.

The Company Secretary and external advisers periodically update the Board on regulatory changes. The Board utilises an electronic Board paper system which provides immediate and secure access to Board papers and materials. Prior to each Board meeting, the Directors receive the agenda and supporting papers through this system meaning that they have the latest and the most relevant information in advance of the meeting. Following each Board meeting, the Company Secretary implements a thorough follow-up process to ensure actions agreed upon by the Board and its Committees are completed.

Each Director is covered by appropriate directors' and officers' liability insurance. The Directors also have the benefit of the indemnity provision contained at Article 138 of the Company's Articles of Association. Pursuant to this Article 138, the Company has granted indemnities for the benefit of current and future Directors and the Company Secretary of the Company in respect of liabilities which may attach to them in their capacity as Directors of, or Company Secretary of, the Company to the extent permitted by law and also committed to maintain directors' and officers' insurance cover. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 December 2024 and continue in force, in relation to certain losses and liabilities which the Directors (or Company Secretary) may incur to third parties in the course of acting as Directors (or as Company Secretary).

Board and Committee Attendance

The number of meetings held by the Board and its Committees together with individual attendances by Directors and Committee members are set out in the table below.

	Board ¹	Nomination Committee	Audit Committee	Remuneration Committee ¹
Number of Meetings held in 2024	9	1	3	6
Alex Curran	9/9	N/A	N/A	N/A
Sara Dickinson	9/9	1/1	3/3	6/6
Mike Johns	9/9	N/A	N/A	N/A
Ivan Martin	9/9	1/1	N/A	6/6
Barbara Moorhouse	9/9	1/1	3/3	6/6

¹ During the year, a number of additional Board meetings and Committee meetings were also held for the purpose of discussing ad-hoc or time sensitive matters. These meetings are not included in the above figures.

Executive Directors attended some committee meetings, and the Chair attended the Audit Committee, by invitation. These attendances are not shown in the above table.

Board Induction and Development Programme

Training and development are important in ensuring the ongoing effectiveness of the Board and that we have the right combination of skills and knowledge.

Board Governance

Any new appointments to the Board are supported by a comprehensive induction and handover process. However, whilst there is a full induction programme in place, this is tailored to suit the incoming directors' expertise and any prospective Committee roles. Our aim is to familiarise a new director with the business model, the operations of the Group, the key challenges and opportunities along with the statutory duties of the director and the governance framework within which the Group operates.

For existing directors, the Chair ensures that they receive ongoing training and development opportunities as required or requested.

Conflicts of Interest

Directors are required to declare any actual or potential conflicts of interest within the Board decision making process and, should any such conflicts arise, absent themselves from discussions relating to that item of business. None of our Directors or their connected persons, has any family relationship with any other Director or Officer, nor has a material interest in any contract to which the Company or any of its subsidiaries are, or were, a party during the year or up to 25 March 2025.

When assessing additional directorships, the Board considers the number of public directorships already held by the director and their expected time commitment for those roles (see biographies on pages 24 and 25). The Board also considers guidance published by institutional investors and proxy advisers as to the maximum number of public appointments which can be managed both effectively and efficiently. Executive Directors may accept a non-executive role at another company with the approval of the Board. The Board is satisfied that each of the Non-Executive Directors can devote sufficient time to the Company's business to discharge their responsibilities effectively.

Diversity Policy

Although the Board has not adopted a specific diversity policy, the Board and the Committee recognises the importance of promoting all aspects of diversity throughout the Group (please see page 11 for the Group's diversity, equity and inclusion policy). When considering any new appointments to the Board and Senior Leadership Team, candidates will continue to be chosen against criteria, including their balance of skills, business experience, independence, qualifications, knowledge, diversity and other factors relevant to the Board operating effectively. Successful candidates are chosen on merit against these criteria, regardless of race, gender, social background or religious beliefs, but every effort is made to ensure that a diverse pool of potential candidates is reached via the recruitment process.

The following table details the Board and executive management diversity, prepared in accordance with UK Listing Rule 6.6.6R(10):

Gender Identity or Sex

	No. of Board Members	%age of the Board	No. of Senior Positions on the Board (CEO, CFO, SID and Chair)	No. in Executive Management	%age of Executive Management
Men	2	40	2	2	33%
Women	3	60	2	4	67%
Not Specified/prefer not to say	-	-	-	-	-

Ethnic Background

	No. of Board Members	%age of the Board	No. of Senior Positions on the Board (CEO, CFO, SID and Chair)	No. in Executive Management	%age of Executive Management
White British or other White (including minority-white groups)	5	100	4	6	100
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other Ethnic Group	-	-	-	-	-
Not Specified/prefer not to say	-	-	-	-	-

Explanation against LR 6.6.6(9)

The table above provides our Board and executive management diversity data as at 31 December 2024, our chosen reference date, which has been prepared in accordance with UK Listing Rule 6.6.6(9). The Company met the targets set out in LR9.6.6R(9)a(i) and LR9.6.6R(9)a(ii). Two of the four senior positions on the Board (Chair, CFO, CEO or SID) are held by women (CEO & SID) and 60% of the Board of directors are women. The Board recognises that it has not met the target to have at least one member on the Board who is from a minority ethnic background and that there is always more we can do. The Board recognises that diversity in its broadest sense, approach and experience are important considerations as part of the selection criteria used to assess candidates to achieve a balanced Board.

Further to Mike Johns stepping down from the Board on 25 March 2025 and the impending departure of Barbara Moorhouse at our AGM this year, the percentage of women on the Board will increase to 67%.

Source of Data

Data concerning gender and ethnicity representation on the Board and Senior Leadership Team, as set out in the table on page 30 was collected directly from all the individual Board and Senior Leadership Team. Each individual disclosed their gender and ethnicity using the options included on a form, which align with the detail in the left-hand column of the aforementioned table and therefore includes the option to not specify an answer.

Nomination Committee Report



Committee Membership	Member Since	Scheduled Meetings Attended
Ivan Martin (Chair)	1 January 2016, becoming Chair on 4 March 2016	1/1
Barbara Moorhouse	1 April 2017	1/1
Sara Dickinson	1 October 2021	1/1

Ivan Martin, Chairman of the Company, is Chair of the Nomination Committee (the “Committee”) which meets at least once a year. Only the members of the Committee have the right to attend meetings. Other individuals, such as the Chief Executive Officer, SVP People & Culture, and external advisers may be invited to attend meetings as appropriate.

Main Responsibilities of the Committee

The Committee reports to the Board on how it has discharged its responsibilities. Its main responsibilities are to:

- review the structure, size and composition of the Board, its Committees and the Senior Leadership Team, including its balance of skills and experience and diversity, and make recommendations to the Board with regard to any changes.
- identify and nominate candidates, for the Board’s approval, to fill Board vacancies as and when required.
- receive and consider notifications from directors of situations, such as proposed external appointments, in which a potential conflict of interest might arise and/or their time commitment to the Board could be compromised.
- consider succession planning for Directors and Senior Leadership Team members, taking into account the challenges and opportunities facing the Group, and therefore the skills and expertise that are needed now and in the future;
- assess the time commitment required from Non-Executive Directors; and
- oversee the annual Board effectiveness review process and review the Committee’s own performance.

The Committee’s terms of reference, which are reviewed annually, can be found on the Company’s website www.apititudesoftware.com.

Dear Shareholder

I’m pleased to present this report, which provides an overview of the areas of focus for the Committee during the year and those for the year ahead.

This year, the Committee met once, with all members present. In addition, a separate session was held to review the effectiveness of the Board which was overseen by the Nomination Committee.

Areas of focus

Set out below are some of the key matters addressed by the Committee during 2024:

- following the announcement in October 2024 that Barbara Moorhouse would be stepping down as Senior Independent Director and Chair of the Remuneration Committee at the Annual General Meeting in 2025, the Committee engaged Spencer Stuart and Associates Limited, an independent executive search firm, to support in its search for a replacement non-executive director across a diverse group of internal and external candidates. Spencer Stuart and Associates Limited have no connection with the Company or with any of the Directors.
- undertook a full review of succession plans for the Executive Directors and Senior Leadership Team, and agreed steps to further strengthen the plans; and
- agreed the framework and scope of the internal Board effectiveness review. The findings from this review are described below.

The Committee's key focus in 2025 will be to refresh its composition, with the appointment of two new non-executive directors to the Board, one of whom will then transition to become Chair of the Board in preparation for my stepping down from the Board at the 2026 AGM. Furthermore, the Committee will continue its search to find a successor for Mike Johns, who stepped down as CFO on 25 March 2025. The findings from the 2024 performance evaluation, will also be considered by the Committee in the Board succession planning process.

Annual Review of Performance and Effectiveness

The annual review of Board and its Committees effectiveness for the year ended 31 December 2024 took place on 25 February 2025. The Committee determined that it was appropriate for an internally facilitated review to be undertaken and approved the structure of the review. The Chairman led the evaluation with the SID leading the evaluation of the Chairman.

The review took the form of a dedicated session held outside of a scheduled Board meeting, with all Directors and the Interim Company Secretary in attendance. At this session, Directors were asked to consider:

- the actions taken in response to the findings from the previous year's Board effectiveness review;
- the strategic decisions taken by the Board and its Committees over the past 12 months, and how effective the Board and its Committees had been in reaching these decisions;
- shareholder engagement;
- the quality and timing of information provided to the Board and its Committees the collective effectiveness of the Board and its Committees; and
- the individual effectiveness of each Board member. Each Board member was required to leave the room while their own effectiveness was being discussed.

The results of the evaluation were presented to the Committee at its meeting held in March 2025 and actions required to address areas for improvement were agreed.

Overall, the review concluded that the Board, its Committees and each Director continued to operate effectively and that this Committee is operating effectively and fulfilling the duties delegated to it by the Board.

The Board therefore supports the re-election of our directors, in accordance with the 2024 Corporate Governance Code, at the Annual General Meeting on 28 May 2025.

Ivan Martin

Chair, Nominations Committee

25 March 2025

Audit Committee Report



Committee Membership	Member Since	Scheduled Meetings Attended
Sara Dickinson (Chair)	1 October 2021, becoming Chair on 1 April 2022	3/3
Barbara Moorhouse	1 April 2017 (Served as Chair until 1 April 2022)	3/3

Sara Dickinson is Chair of the Audit Committee (the “Committee”) who has recent and relevant financial experience through her current role as Chief Financial Officer of a significant global business. The other member of the Committee is Barbara Moorhouse. The Committee as a whole has competence relevant to the business and the qualifications and experience of all Committee members can be found within their biographies on pages 24 and 25. In accordance with the recommendations of the 2018 Corporate Governance Code, Ivan Martin, Chair of the Board, is not a member of the Audit Committee, but he does attend meetings as an observer. Other regular attendees are the CEO, CFO and representatives from RSM as external auditors. The Committee also met with RSM, without management being present, and the Chair engaged regularly with the lead audit partner.

Main Responsibilities of the Committee

The Audit Committee reports to the Board on how it has discharged its responsibilities. It meets at least three times a year, and its main responsibilities are to:

- ensure the integrity of the Company’s financial reporting to shareholders and any announcements relating to the Group’s financial performance
- ensure financial statements comply with UK statutory requirements
- review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy
- monitor the effectiveness of internal controls and risk management in compliance with the 2018 UK Corporate Governance Code
- agree internal audit plans and consider their outcomes
- on behalf of the Board, carry out a robust assessment of the principal and emerging risks facing the Group
- ensure the effectiveness of the external audit function, agree the scope of the audits and the auditors’ fees, terms of engagement
- oversee climate-change reporting

The Committee’s terms of reference, which are reviewed annually, can be found on the Company’s website www.aptitudesoftware.com

Dear Shareholder

I am pleased to present this report, which provides an overview of the areas of focus for the Committee during the year, as well as its key activities and the framework within which it operates.

Areas of focus

Set out below are some of the key matters addressed by the Committee during 2024:

- reviewed the 2023 Annual Report, determined that it was fair, balanced and understandable, and recommended it for approval by the Board
- monitored the integrity of the financial statements of the Group and financial announcements released during 2024
- carried out an assessment of the principal and climate-related risks to determine that they remained appropriate
- identified areas for an internal audit/assurance review and considered the findings from these reviews
- reviewed and developed the Group's internal financial controls and internal controls and risk management systems in preparation for the requirements of Provision 29 of the 2024 UK Corporate Governance Code
- reviewed the calculations to determine the Company's overall carbon footprint and considered appropriate decarbonisation steps to be taken. Further information on this work is contained in the Responsible Business Report on pages 13 to 15
- assessed the performance and independence of RSM and recommended to the Board that RSM reappointment be put to shareholders at the 2025 Annual General Meeting

In addition to the Committee's responsibilities as set out in its terms of reference, the Committee's focus for 2025 will be:

- monitoring and reviewing the effectiveness of material controls
- launching an employee fraud awareness campaign
- conducting a periodic renew of our approach to assessing our principal risks
- supporting new employees in key roles within the Finance function; and
- considering the findings from internal audits which may be undertaken

Internal Control

The Group maintains an ongoing process in respect of internal control to safeguard shareholders' investments and the Group's assets and to facilitate the effective and efficient operation of the Group.

These processes enable the Group to respond appropriately (in accordance with the Code), and in a timely fashion, to significant business, operational, financial, compliance and other risks, which may otherwise prevent the achievement of the Group's objectives.

The Group recognises that it operates in a competitive market that can be affected by factors and events outside its control. Details of the principal risks identified by the Group are set out in the table on pages 20 to 21. The Group is committed to mitigating risks arising wherever possible and reviews the risks impacting the business on an ongoing basis. The Board considers that internal controls, rigorously applied and monitored, are an essential tool in mitigating risks.

The key elements of the Group's internal control framework, which have been effective during 2024 and up to the date of approval of these financial statements, are:

- the existence of a clear organisational structure with defined lines of responsibility and delegation of authority from the Board to its Executive Directors and operating businesses;
- a procedure for the regular review of business issues and risks by the operating businesses;
- a planning and management reporting system operated by the operating business and the Executive Directors; and
- the establishment of prudent operating and financial policies.

Audit Committee Report

The Directors have overall responsibility for establishing financial and other reporting procedures to provide them with a reasonable basis on which to make proper judgements as to the financial position and prospects of the Group and have responsibility for establishing the Group's systems of internal control and for monitoring their effectiveness.

The Group's systems are designed to provide Directors with reasonable assurance that physical and financial assets are safeguarded, transactions are authorised and properly recorded, and material errors and irregularities are either prevented or detected with minimum delay. However, systems of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

The key features of the systems of internal financial control include:

- financial planning process with an annual financial plan approved by the Board. The plan is regularly updated providing an updated forecast for the year;
- monthly comparison of actual results against plan;
- written procedures detailing operational and financial internal control policies which are reviewed on a regular basis;
- regular reporting to the Board on tax, treasury and legal matters;
- defined investment control guidelines and procedures; and
- periodic reviews by the Audit Committee of the Group's systems and procedures.

Most of the Group's financial and management information is processed and stored on computer systems. The Group is dependent on systems that require sophisticated computer networks. The Group has established controls and procedures over the security of data held on such systems, including business continuity arrangements.

Controls in respect of financial reporting and the production of the consolidated financial statements are well established. Group accounting policies are consistently applied and reviewed and reconciliation controls operate effectively. Standard reporting packages are used by all Group entities to ensure consistent and accurate information is available for the production of the consolidated financial statements. The Committee has also carried out a review of enhancements to our framework of internal controls to ensure compliance with the incoming Provision 29 of the 2024 UK Corporate Governance Code.

On behalf of the Board, the Audit Committee has also reviewed the key risks facing the Group, and the operation and effectiveness of its framework of internal control for the year ended 31 December 2024 and up to the date of approval of the Annual Report.

Significant Judgements

The significant judgements considered by the Audit Committee in its review of the 2024 financial statements are set out below.

Revenue Recognition

Embedded within the Group's policy on revenue recognition are a number of areas in which management assumptions and estimates are necessary.

These principally comprise:

- the assessment on inception of each contract of whether ongoing contractual obligations, charged as software maintenance, represent a separately distinct performance obligation and promise from the licence;
- the determination of whether these revenues should be recognised over time and the period across which revenue recognition should take place;
- the assessment that development activity, determined as being the most reasonable measure of recognising software revenue, is consistent across the period;
- the evaluation by management on a contract-by-contract basis of where revenue should be constrained to the amount of any amount invoiced and paid. This exists in customers where the product has not yet been deployed into a live client environment and sufficient challenges exist that would cast doubt over future economic benefits being realised by the business;
- whether the entry into annual renewal periods represents a new contract; and
- the evaluation of whether implementation services represent a distinct performance obligation and promise from the licence.

In undertaking their review, the Audit Committee receives both an overview of significant contracts entered into during the course of the year along with a sample of other contracts entered into prior to 2024 which provides the opportunity to discuss the impact and application of each of these assumptions and estimates on the contracts selected. The Audit Committee carefully considered and discussed with the external auditors the revenue recognition on these contracts and concluded that they are satisfied with the accounting treatment.

As part of the Audit Committee's normal activities the Committee was provided with an overview of significant balances, including deferred income, together with the movement on those balances since the previous year end.

The Committee concluded that the recognition of revenue continues to be in line with the Group's accounting policy on revenue recognition.

Annual Goodwill Impairment Review

Goodwill is a material asset on the Group's balance sheet, and it is the Group's policy to annually test the asset for impairment. The judgements in relation to goodwill impairment testing relate to the assumptions applied in calculating the value in use of the Aptitude business. The key assumptions applied in the calculation relate to the future performance expectations of the business. Plans prepared by senior management supporting the future performance expectations used in the calculation were reviewed and approved by the Board. The Audit Committee received a presentation on the outcome of the impairment review performed by senior management. The Audit Committee concluded that there was no requirement to impair the carrying value of goodwill at the year end.

Development Costs

As the Group continues to grow its product suite it incurs a significant level of associated costs which this year totaled £17.7 million. A key area of judgment in respect of development costs is whether any of these meet the criteria set out in IAS 38 for capitalisation.

The Audit Committee received a presentation from management outlining the review performed on all development costs incurred during the year against the relevant criteria and concluded that no capitalisation was required.

Tax

The Group operates in a number of territories which increases the complexity of the Group's tax affairs. Senior management provide regular updates of the Group's tax status to the Board and Audit Committee for consideration. The Group continues to assess the risk that some elements of its supplies in certain USA states would have been subject to sales tax in previous periods as a result of recent changes in the interpretation and application of sales tax regulations in the USA. The business continues to work with its external advisors on ensuring it applies sales tax to any new contracts in the USA where required. In all other aspects the Audit Committee is currently satisfied with the tax position of the Group.

Accounting Standards

There have not been any new accounting standards effective during the year which had any significant impact on the Group's accounting policies and disclosures in these financial statements. The Audit Committee continues to monitor the application of relevant accounting standards to the Group including standards which are not yet effective, engaging with the external auditors on this subject as appropriate. Most of the new standards, amendments and interpretations, which are effective for periods beginning after 1 January 2025 and which have not been adopted early, are not expected to have a significant effect on the consolidated financial statements of the Group. The effect of IFRS 18, which has an effective date of 1 January 2027 has not yet been considered.

Internal Audit

The Audit Committee, with engagement from the wider Board and senior management, determines those areas of focus requiring specific internal audit review. Specialist external organisations with relevant experience are engaged where necessary to support in internal audit reviews, who can bring independence and wider industry knowledge to the reviews. The results of all internal audit work undertaken are presented to the Audit Committee.

The Committee has been satisfied with the processes for identifying areas for assurance review, manual deferrals conducting reviews, and addressing any findings. With the Board's support, the Committee maintains that a separate internal audit function is unnecessary.

Audit Committee Report

External Auditor

RSM were appointed external auditor and Graham Ricketts was appointed external audit partner on 17 September 2021. External audit partners are rotated every five years in accordance with Auditing Practices Board standards (seven years for subsidiary companies). The Committee intends to comply fully with the FRC Guidance on External Auditors and carry out an audit tender at least every ten years and mandatory rotation at least every 20 years. The Audit Committee meets at least annually with the Group's external auditor without the other Directors present. The external auditor has unrestricted access to the Audit Committee.

To fulfil its responsibility regarding the effectiveness of the external Auditor and oversight of the audit process, principal procedures carried out by the Committee include:

- Review of the relevant skills and experience of the audit partner and team.
- Review of the Auditor's planning report detailing scope of the audit, materiality and identification of areas of audit risk.
- Consideration of formal reports from the Auditor about the audit process, issues which arose during the audit and their resolution, key accounting issues and judgements.
- Consideration of recommendations made by the external Auditor in their management letters and the adequacy of management's response.

Based upon its reviews the Committee has recommended the reappointment of RSM as external Auditor to the Board.

Non-audit services

The Audit Committee and the Board keep the external auditor's independence under close scrutiny. The Group also receives a formal statement of independence and objectivity from the external auditors each year. A policy is in place that governs the provision of non-audit services provided by RSM, setting out those services that are permissible and the process to be followed to obtain approval for such services. All such services must be approved. The policy is regularly reviewed by the Committee. The Committee monitors compliance with the policy and the monetary cap on non-audit fees. The external auditor did not provide any non-audit services in 2024 or the prior year.

Anti Bribery & Corruption

Aptitude is committed to ensuring adherence to the highest legal and ethical standards and is committed to upholding all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

Managers are also responsible for the effective operation of the policy and to actively monitor the procedures and processes put in place by Aptitude.

All employees must:

- Observe their contractual duty to disclose to Aptitude any 'out of work interests'
- Assist Aptitude in identifying and preventing corrupt activities, be vigilant and report any suspicious activity or any instances of bribery or attempted bribery (whether affecting themselves, another employee or an external contractor or consultant) immediately to the SVP, People & Culture.

Acts of bribery and corruption, or failure by any of Aptitude's employees to report suspected acts of bribery or corruption, are disciplinary offences and will be dealt with under Aptitude's disciplinary procedure. Serious offences may be regarded as gross misconduct which could result in immediate dismissal.

Whistleblowing policy

The whistleblowing policy enables workers (including employees and other individuals performing functions for Aptitude, such as agency workers and contractors) to voice any concerns in a responsible and effective manner. The policy states that if a worker discovers information which they believe shows serious malpractice or wrongdoing within the organisation then this information should be disclosed internally without fear of reprisal. A dedicated email address is provided for any whistleblowing concerns to be raised, which will be sent to an independent non-executive Board member. All matters will be treated with the strictest confidence and the worker's identity will not be disclosed without their prior consent. The worker's concerns will be considered and further investigation undertaken as necessary. If during the investigation it is deemed necessary for the identity of the worker to be disclosed, their consent will be sought. The matter will then be reported to the Board in order that appropriate action can be taken. On conclusion of any investigation, as far as appropriate, the worker may be informed of the outcome and what action, if any, the Board has taken or proposes to take.

Audit Committee evaluation

During the year, as part of the review of Board effectiveness overseen by the Nomination Committee, the Committee carried out an evaluation of its effectiveness and concluded that it continued to carry out its role effectively.

Sara Dickinson

Chair, Audit Committee

Fair, balanced and understandable

In line with the committee's responsibility for ensuring there are robust financial reporting procedures and internal controls in place, and the UK Corporate Governance Code requirement for the Committee to advise the Board in relation to the annual report and accounts, in particular whether, taken as a whole, it is fair, balanced and understandable, the Committee undertook an assessment of the integrated report and financial statements 2024. After completion of the review, the Committee was satisfied that:

- taken as a whole, the Group's Integrated report and financial statements 2024, are fair, balanced and understandable;
- the report accurately reflected the information shareholders would require in order to assess the Group's position and performance, business model and strategy; and
- the use of alternative performance measures contained in the report assists in presenting a fair review of the Group's business.

Directors' Remuneration Report



Committee Membership ¹	Member Since	Scheduled Meetings Attended
Barbara Moorhouse (Chair)	1 April 2017, becoming Chair on 16 March 2022	6/6
Ivan Martin	1 January 2016	6/6
Sara Dickinson	1 October 2021	6/6

¹ Only Committee members have the right to attend Committee meetings, though other individuals such as the Executive Directors, senior management (except when their own remuneration is being discussed) and external advisors may be invited to attend meetings as and when appropriate.

Dear Shareholder

On behalf of the Remuneration Committee of the Company, I am pleased to present our 2024 Remuneration Report. This report provides insight into the decisions the Remuneration Committee ("Committee") has taken in determining the remuneration outcomes for our Executive Directors, our Senior Leadership Team and the wider workforce. It also provides a summary of our Remuneration Policy ("Policy") that was approved by shareholders at our 2023 Annual General Meeting and how the Committee proposes to implement that Policy in 2025.

The Committee's primary function is to ensure that the delivery of the Company's strategy is supported by the Company's Remuneration Policy ("Policy") and that remuneration decisions are taken in accordance with the Policy which reflect the needs of the Company and its stakeholders. The Committee's full terms of reference provide further details of the roles and responsibilities of the Committee and are available on the Company's website [apptitudesoftware.com](https://www.apptitudesoftware.com).

During the year, the Committee held six scheduled meetings, plus a number of additional ad hoc meetings for the purpose of approving specific matters. The work of the Committee has included the monitoring of performance versus targets set for the Management Bonus Scheme and for awards made under the Performance Share Plan to determine outcomes; setting the personal and financial objectives for the 2024 Annual Bonus Plan; reviewing the workforce remuneration arrangements; approving the 2024 salary increases implemented across the business; and approving remuneration arrangements for members of the Senior Leadership Team.

The Committee also revised the rules of the Performance Share Plan 2016, implementing stricter criteria for an employee to be considered a good leaver which aligns with the interests of our shareholders.

The Committee approved a new People Strategy designed to incentivise and motivate our employees to execute our strategy. In performance management, we introduced a 9 Box Talent Management Tool to identify and manage top and bottom performers within our workforce. To enhance engagement, we launched a new survey tool that better correlates engagement levels with performance. The Committee also engaged Mercer Limited as our salary benchmarking partner to ensure a fair approach to pay, implementing a "reward for performance" philosophy across the workforce.

As we are required to seek the standard triennial shareholder approval for a new remuneration policy at our AGM in 2026, the Committee will, during 2025, consider whether existing remuneration arrangements, as set out in our current Policy, continue to support the Company's strategy.

Lastly, as announced on 1 October 2024, I will be stepping down as a non-executive director of the Board and Chair of this Committee at our AGM on 28 May 2025. I therefore take this opportunity to thank all of the Committee members for their support during my tenure and wish Aptitude every success for the future.

Barbara Moorhouse
Chair of the Remuneration Committee

Performance for the year under review

2024 was a year of continuing evolution of Aptitude's strategic focus toward AI Autonomous Finance, supported by Fynapse. In line with the refocused approach announced at the beginning of 2024, Aptitude conducted an organisational realignment to pivot the business toward a modern SaaS led approach. This realignment has been underpinned by the Group's key principles of driving growth through Fynapse, increasing customer satisfaction to minimise churn and expanding our partner relationships. This approach has been supported by our Remuneration Policy and performance management approach to ensure that we continue to attract, retain and promote the right talent.

The Committee maintains its focus on ensuring that key employees are appropriately incentivised over the longer term. Engagement on remuneration and benefits takes place in various forms with the SLT and the workforce.

All permanent employees of the Group participate in one of the variable remuneration schemes in operation, namely the Management Bonus Scheme, Sales Commission Plan, the Consultant's Bonus Scheme, the Variable Compensation Scheme and the Annual Profit Share Bonus Plan. These schemes are reviewed annually to ensure proper alignment. Awards of restricted stock units ("RSUs") were made in 2024 to key individuals outside of the SLT. These awards provide a clearer means of providing longer-term incentives to employees, whilst retaining the link to overall corporate performance by being awarded in shares - further information is provided on pages 41 and 42. The Committee will also continue to grant long term incentives to Executive Directors and SLT members in the form of Performance Share Plan ("PSP") awards, as it is appropriate for the potential total reward of these individuals to be specifically linked to the generation of shareholder value. See page x for grants made during the year.

No discretion was applied by the Committee during the year ended 31 December 2024.

Remuneration Outcomes for 2024

Management Bonus Scheme

Both Executive Directors were eligible to earn bonuses for 2024 of up to 125% of salary, subject to performance against specific financial and non-financial metrics. This resulted in an overall bonus amount of £68,056 for Alex Curran of which 20% will be paid in the form of shares deferred for a period of two years, ensuring longer-term alignment with the interests of shareholders.

Mike Johns did not earn a bonus for 2024 given his departure from the Company.

Performance Share Plan ("PSP") awards granted in 2021

The PSP awards granted on 14 November 2021 were subject to i) 75% relative TSR performance for the three-year period which ended on 14 November 2024; and ii) 25% EPS growth for the three years ended 31 December 2023. The Remuneration Committee confirmed that these awards achieved nil vesting, as the Company's EPS growth was below threshold and TSR in the performance period was below the median of the constituents of the FTSE SmallCap Index (excluding investment trusts).

Performance Share Plan ("PSP") awards granted in 2022

The PSP awards granted on 22 November 2022 were subject to i) 75% relative TSR performance for the three-year period which ends on 22 November 2025; and ii) 25% EPS growth for the three years ended 31 December 2024. The Remuneration Committee confirmed that the EPS growth was below threshold and therefore this element of the award vested at 0%.

Approach to Executive Director remuneration in 2025

The Group's approach to Executive remuneration in 2025 will be in line with the Policy and in accordance with the recommendations of the 2024 UK Corporate Governance Code (the "2024 Code"), as follows:

Base Salary

As disclosed last year and in line with policy across the Group, the Committee reviews the level of base salaries for Executive Directors annually. The review takes account of business context, personal performance and relative salary data both internal and external to the Group. Taking account of business performance and expected progress against strategy, Alex Curran's base salary will be increased from US\$400,000 (previously reduced from US\$450,000 with effect from 1 April 2024) to US\$412,000.

Mike Johns' base salary of £175,000 was not increased given his impending departure on 25 March 2025.

When making decisions on pay for Executive Directors and senior management, the Committee considers wider workforce remuneration and conditions to ensure they are aligned on an ongoing basis. The Group has internal processes in place to ensure that pay levels across the Group are also fair in relation to the role type and the gender of employees. Further details on the Group's approach to diversity, equity and inclusion can be found on page 11.

Directors' Remuneration Report

For all our employees, including the Executive Directors, the Committee benchmarks base salary levels for competitiveness. If misalignment occurs, the Committee may review and adjust these salaries, subject to both corporate and individual performance. The average increase in salaries across the Group during 2024 was 1.3%.

Benefits

In considering the salary increase for Alex Curran for 2025, the Committee recognised that in line with typical practice and reflecting the Policy, the appropriate level of increase was 3%, aligned with the rest of the workforce. However, the Committee was also cognisant that Alex's position is different to that of the wider workforce and has determined that, due to her regular transatlantic travel undertaken in her personal time, together with her significant contribution to the business, an annual disturbance allowance of US\$50,000 be paid to her in monthly instalments. The disturbance allowance will not be taken into account for pension, bonus, or PSP purposes.

Retirement benefits

Pension contributions for UK-based Executive Directors remain at 6% of salary in accordance with the Directors' Remuneration Policy, a level which is consistent with pension contributions provided to the wider workforce. The CEO's pension contribution will be capped in accordance with plan rules and regulations (aligned with the US-based workforce).

Management Bonus Scheme

For 2025 the maximum bonus opportunity for Executive Directors will be 125% of salary, which is in line with our normal practice. The level of bonuses earned will be subject to the achievement of appropriate performance measures. 75% of the opportunity will be based on financial performance measures (expected to be based on Operating Profit, Annual Recurring Revenue and Revenue with an equal weighting) and 25% on non-financial measures linked to the delivery of the Group's key strategic goals. The payment of any bonus in respect of non-financial measures will be conditional on the achievement of a financial underpin. 20% of any bonus payment earned will be subject to a deferral period of two years and payable in shares.

PSP awards

For awards granted in 2025, the maximum PSP opportunity will be 125% of salary. Awards will be granted after the release of the half yearly results and the Committee will have regard to share price performance and other relevant factors when confirming the grants.

The performance measures will include a relative TSR measure for at least 50% of the award and at least one other financial metric, such as EPS. The TSR measure will compare the Group's TSR performance against a comparator group consisting of the FTSE SmallCap Index (excluding investment trusts) over a three-year period from the date of grant, with 25% vesting for median performance rising to 100% for upper-quartile performance. The weighting of the performance measures and the performance targets for the other financial metric will be disclosed both at grant and in the 2025 Directors' Remuneration Report.

Malus and Clawback

In accordance with the 2024 Code, the Committee is mindful of the need to enhance our malus and clawback disclosure within next year's report to include the circumstances in which malus and clawback provisions could be used; a description of the period for malus and clawback and why the selected period is best suited to the organisation; and whether the provisions were used in the last reporting period.

Looking ahead – key focus areas for the Committee for 2025

During 2025, the Committee will continue to monitor and review our remuneration approach for the Board, members of the Senior Leadership Team and the workforce, to ensure that it best supports the areas of strategic focus of the business. The Committee will also consider appropriate changes to current Remuneration Policy to ensure that Aptitude is in line with best market practice to continue to attract and retain high calibre individuals across its countries of operation in challenging global economic conditions which impact both companies and employees.

Reporting and policy requirements

This Report comprises:

Part A being a summary of the Directors' Remuneration Policy (the "Policy"). The Policy describes our Remuneration Policy as it relates to the Directors of the Company. All payments made to Directors of the Company will be in accordance with this Policy. The current Policy was approved by shareholders at the 2023 Annual General Meeting.

Part B being the annual report on remuneration (the Implementation Report) which will be subject to an advisory vote at the 2025 AGM. The Implementation Report provides details of the remuneration paid to Directors in respect of the year ended 31 December 2024.

Compliance

This Report (comprising this introduction and Parts A and B) has been prepared in accordance with the Companies Act 2006 and The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and The Companies (Miscellaneous Reporting) Regulations 2018. The Report also meets the relevant requirements of the Financial Conduct Authority Listing Rules.

As the Group employs fewer than 250 employees in the United Kingdom it is not required to disclose a Chief Executive Officer ("CEO") pay ratio calculation. Given that most of the workforce is outside of the UK, the Group considers that the voluntary publication of such a calculation would not provide a meaningful disclosure.

The Policy was developed taking in account the following principles set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity

Performance metrics and personal objectives for the executive team and key employees reflect the Group's targets and strategic objectives and performance against these is scrutinised by the Committee. A balance is thereby achieved between the interests of the Group's shareholders, its wider stakeholders and incentivising the executive team and key employees.

Simplicity

The elements of the Group's executive and key employee remuneration packages are clearly communicated internally and externally and are in line with accepted market practice, avoiding unnecessary complexities and ensuring transparency.

Risk

Performance metrics and personal objectives are set at levels that are considered stretching but achievable.

Remuneration packages are reviewed by the Committee to ensure that these are market-competitive and allow the Group to attract and retain talented employees with the skills and capabilities that are necessary to drive forward the growth and success of the Group.

In relation to Executive Directors, PSP awards are subject to a two-year holding period following the conclusion of the three-year performance period, in-service and post-employment shareholding guidelines and a bonus deferral arrangement are in place to support long term engagement and discourage short-termism.

Predictability

The Committee carefully considers the potential overall remuneration that may be earned by the Executive Directors to ensure alignment to performance.

Proportionality

Individual remuneration reflects Group objectives but is dependent on the profitability of the Group and is appropriately balanced against risk considerations. Potential rewards are market competitive and the Committee is comfortable that the range of potential out-turns are appropriate and reasonable. The vesting of PSP awards is subject to a financial underpin and the Committee has the ability to vary any formulaic vesting outcomes. The Committee also has discretion to reduce the level of vesting of RSU awards in light of an assessment of Company performance against a number of criteria.

Salary reviews are considered in the context of those being awarded to the wider workforce. Pension arrangements are also in line with the wider workforce.

Alignment to culture

Performance metrics and personal objectives are intentionally aligned with the Group's corporate purpose, values and strategic objectives. These values are embedded in the remuneration arrangements for all levels of the organisation in order to support the collective delivery of the Group's strategy.

Directors' Remuneration Report

A. DIRECTORS' REMUNERATION POLICY ("POLICY")

The Company's Directors' Remuneration Policy was approved by shareholders at the 2023 Annual General Meeting. A summary of the Policy for the Executive Directors, Chairman and Non-Executive Directors is set out below.

The entire Policy, as approved by shareholders, may be found on the Group's website at <https://www.apititudesoftware.com/wp-content/uploads/Annual-Report-2022.pdf> on pages 58 to 66.

This part of the Report is unaudited.

Summary Remuneration Policy for Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Basic salary To pay a competitive basic salary to attract, retain and motivate the talent required to operate and develop the Group's businesses and to develop and deliver the Group's strategy.	Basic salaries are ordinarily reviewed on an annual basis taking into account a number of factors including (but not limited to): (i) scope of the role; (ii) performance and experience of the individual; (iii) pay levels at comparable companies; and (iv) pay and conditions elsewhere in the Group. Basic salaries are reviewed when an individual changes role or responsibilities.	While no maximum salary level has been set, salary increases will typically not exceed the increases awarded to other employees in the Group (in percentage of salary terms). In appropriate circumstances, increases of a higher amount may be made taking into account individual circumstances such as: • an increase in scope or responsibility of the individual's role; • development of the individual within the role (including enhanced performance); • alignment to market level; and • a change in the size or complexity of the business.	None, although overall performance of the individual will be taken into consideration by the Committee when setting and reviewing salary levels.
Retirement benefits To provide an opportunity for Executives to build up income for retirement.	All Executive Directors are eligible to participate in the Group Personal Pension Scheme on the same terms as other employees. In appropriate circumstances, Executive Directors may receive a cash allowance in lieu of a pension contribution, or a combination of a pension contribution and a cash allowance.	Pension contribution The Group matches employee contributions on a 2:1 basis with employer contributions not exceeding 6% of basic salary. No element other than basic salary is pensionable. Cash allowance The maximum cash allowance (after deducting any employer pension contribution) is 6% of basic salary. The maximum pension contribution and/or cash allowance may be increased to take account of any increase to the retirement benefits provision for the wider workforce.	None.
Benefits To provide market-competitive benefits.	Executive Directors receive benefits which consist primarily of income protection in the event of long-term ill health, private healthcare insurance and death-in-service benefits. Other benefits may be provided based on individual circumstances, such as relocation and travel expenses.	No maximum value of benefits has been set as benefits vary by role. However, the level of benefits provided is set at a level which the Committee considers to be sufficient based on the role and individual circumstances.	None.
Management Bonus Scheme To incentivise and reward strong performance against financial and non-financial annual targets, thus delivering value to shareholders.	The Committee assesses actual performance compared to the performance targets following the completion of the financial year and determines the bonus payable to each individual. The Committee has discretion to amend the pay-out should any formulaic outcome not reflect the Committee's assessment of overall business performance or if it considers the formulaic output inappropriate in the context of circumstances that were unexpected or unforeseen. For Executive Directors, 20% of any bonus earned will be deferred into shares for a period of two years, with the remainder payable in cash. Deferred Bonus Plan awards may take the form of nil (or nominal) cost options, conditional awards of shares or such other form as has the same economic effect.	The maximum annual opportunity is 150% of salary.	Performance measures and targets (and their weightings where there is more than one measure) are set by the Committee on an annual basis to reflect the Company's strategic priorities. At least 75% of the opportunity will be based on key financial measures, and the balance will be based on non-financial measures. Financial measures Up to 50% of the maximum payable in respect of a financial measure will be paid for on target performance, increasing to 100% for stretch performance. Non-financial measures Vesting in respect of any non-financial measure will be between 0% and 100% based on the Committee's assessment of the extent to which the relevant measure is achieved. Vesting in respect of any non-financial measure will ordinarily be subject to the satisfaction of a financial performance underpin.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Performance Share Plan ("PSP") To drive sustained long-term performance that supports the creation of shareholder value.	An additional payment may be made in respect of shares subject to deferred bonus awards to reflect the value of dividends paid during the period beginning with the date of grant and ending with the date of release (this payment may assume the reinvestment of dividends into additional shares on a cumulative basis). Bonuses are subject to malus and clawback provisions as referred to below the table. The PSP is used to provide a meaningful reward to Executive Directors linked to the long-term success of the business, by delivering annual awards in the form of nil (or nominal)-cost options, conditional awards of shares or such other form as has the same economic effect. Awards will be granted subject to performance conditions, assessed over a period of at least three years, but will not vest or become exercisable until the end of a holding period of two years from the date on which the performance conditions are assessed. Alternatively, awards may be granted on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance conditions but that (other than as regards sales to cover tax liabilities) the participant is unable to dispose of those shares until the end of the holding period. The Committee has discretion to vary the formulaic vesting outturn if it considers that the outturn does not reflect the Committee's assessment of performance or is not appropriate in the context of circumstances that were unexpected or unforeseen at grant. An additional payment may be made in respect of shares which vest under the PSP to reflect the value of dividends during any period beginning with the date of grant and ending on the day of exercise (this payment may assume the reinvestment of dividends into additional shares on a cumulative basis). Awards under the PSP are subject to malus and clawback provisions as referred to below the table. The Committee may, at its discretion, structure awards as Qualifying PSP awards comprising both a tax qualifying option and an ordinary PSP award, with the ordinary PSP award scaled back at exercise to take account of any gain made on the exercise of the tax qualifying option. The provisions of the Policy apply to the tax qualifying option to the extent permitted by the relevant tax legislation.	The PSP provides for awards of up to a maximum limit of 150% of basic salary in respect of any financial year of the Company in normal circumstances. In exceptional circumstances (such as on the recruitment of a new Executive Director) awards in respect of any financial year may be granted at the level of up to 200% of salary. Where an award is granted as a Qualifying PSP Award, the shares subject to the tax qualifying option are not taken into account for the purposes of these limits, reflecting the "scale back" referred to in the "Operation" column.	Vesting of PSP awards is subject to performance against demanding performance measures. Performance metrics will ordinarily be based on financial measures (such as EPS and TSR) and provide for 25% of the award to vest for achieving a threshold level of performance, with vesting typically increasing on a straight line basis to full vesting for meeting or exceeding a stretching maximum level of performance.
Save As You Earn Scheme/ International Sharesave Plan To give all employees in the Group the opportunity to buy shares.	All qualifying employees and Executive Directors of the Group are invited to participate in the Save As You Earn Scheme or International Sharesave Plan. Awards must comply with certain legislative requirements to benefit from beneficial tax treatment.	Employees can save up to £500 per month (being the highest amount permitted under the relevant legislation) for a three year period, and can then use those savings to acquire shares at the end of the period at an exercise price set at the start of the savings contract. Awards in the United Kingdom can be made at a discount of up to 20% to the market value of a share (being the highest level of discount permitted under the applicable legislation).	None.

Directors' Remuneration Report

Notes to the Policy Table

Selection of performance measures

The performance measures under the Management Bonus Scheme and PSP are selected to reflect the main KPIs and strategic priorities for the Group. The Committee's policy is to set performance targets which are both stretching and achievable and that the maximum outcomes are only available for outstanding performance.

Performance conditions applying to subsisting awards may be amended or substituted by the Committee if an event occurs (such as a change in strategy, a material acquisition or divestment of a Group business or a change in prevailing market conditions) which causes the Committee to determine that the measures are no longer appropriate and that amendment is required in order that they achieve their original purpose.

Operation of share plans

The Committee has discretion to operate the Company's share plans (including the PSP, the Deferred Bonus Plan, the Save As You Earn Scheme and the International Sharesave Plan) in accordance with their terms, including the ability to settle awards, in whole or in part, in cash and to adjust the terms of awards in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other relevant event. The Committee has no intention to settle any Executive Director's award in cash and would do so only in exceptional circumstances, such as where there was a regulatory restriction on the delivery of shares, or in respect of any tax liability arising in respect of an award.

Shareholding guidelines

During employment, Executive Directors are expected to acquire and retain shares with a value equal to 200% of their base salary, by the end of the three-year period following their appointment to the Board. Directors are not expected to acquire shares in the market in order to meet this guideline but instead are expected to retain shares acquired through the Group's share plans. Shares subject to PSP awards which have vested but which remain subject to a holding period, shares subject to vested but unexercised PSP awards and shares subject to Deferred Bonus Plan awards count towards the guideline on a net of assumed tax basis. Shareholdings will be valued on an annual basis at 31 December for the purpose of this guideline.

Other senior executives must retain half of the after-tax number of shares they acquire pursuant to the PSP until the day that their shareholding has a value equal to their basic salary.

The Company adopted a post-employment shareholding requirement during 2020. Shares are subject to this requirement only if they are acquired from share plan awards (PSP or Deferred Bonus Plan) granted after 1 January 2020. Following employment, an Executive Director must retain:

- until the audit sign-off of the financial statements for the year in which they leave the business, such of their shares which are subject to the post-employment requirement as are equal to the shareholding guideline that applies during employment (currently 200% of salary); and
- until the audit sign-off of the financial statements for the following year, such of those shares as are equal to 50% of the shareholding guideline that applies during employment;

or in either case and if fewer, all of those shares.

Malus and clawback

Malus may be applied before a bonus is paid or before the assessment of performance conditions in relation to a PSP award. Clawback may be applied to a cash bonus for up to two years after payment, to a PSP award for up to two years following the assessment of performance conditions (i.e. up to the end of the two-year holding period) and to a Deferred Bonus Plan award before it vests.

Malus and clawback may be applied in the event of a material misstatement of accounts, an error in assessing performance conditions, misconduct on the part of the participant, fraud, malpractice, corporate failure, serious reputational damage or a material failure of risk management.

Remuneration policy for Non-Executive Directors

The Policy for Non-Executive Directors is set by the Board having taken account of the fees in other companies of similar size and the limits set in the Company's Articles of Association. When recruiting Non-Executive Directors, the remuneration offered will be in line with the Policy table below.

Non-Executive Directors' Policy Table

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Fees To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	Each Non-Executive Director is paid a basic fee. Additional fees are payable for acting as Senior Independent Director and as Chairman of the Audit, Remuneration and Nomination Committees and may be paid for other roles or increased time commitments. The fees paid to the Non-Executive Directors are determined by the Board. Fee levels are determined by reference to fees paid to Non-Executive Directors in similar sized businesses and the expected time commitment and complexity of the role. The Non-Executive Directors are not eligible to participate in the Company's performance-related incentive plans or pension arrangements. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs and other benefits that may be considered appropriate.	Non-Executive Director fees are typically reviewed by the Board every year with any adjustments ordinarily effective from 1 April each year. Increases typically do not exceed those of the wider workforce, however, in appropriate circumstances, increases of a higher amount may be made taking into account individual circumstances such as: • an increase in scope or responsibility of the individual's role; • alignment to market level; and • a change in the size or complexity of the business. The maximum aggregate fees for all Non-Executive Directors will remain within the limit permitted by the Company's Articles of Association from time to time.	None.

Directors' Remuneration Report

B. ANNUAL REPORT ON REMUNERATION

The following section provides details of how the Company's Remuneration Policy was implemented during the year ended 31 December 2024 along with information on how the Policy is to be applied in 2025 and other required disclosures. The sections of the report which are audited are clearly identified as such in the section heading.

Single total figure of remuneration (audited)

Executive Directors

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2024 and the prior year.

	Alex Curran		Mike Johns	
	2024 ¹ £	2023 ² £	2024 £	2023 ³ £
Basic Salary	315,823	133,578	175,000	109,124
Taxable Benefits ⁵	9,779	5,867	0	12
Pension	8,006	2,414	10,500	6,553
Management Bonus ⁵	68,056	30,428	0	14,577
Long Term Incentives ⁶	0	0	0	0
Total	401,664	172,287	185,500	130,266
Total Fixed Remuneration	333,608	141,859	185,500	115,689
Total Variable Remuneration	68,056	30,428	0	14,577

- 1 As Alex is paid in USD, her monthly fixed remuneration has been converted to GBP based on the FX rates at each month end. Her management bonus has been converted to GBP based on the FX rate at 31 December 2024
- 2 Alex Curran was appointed to the Board on 12 July 2023. Her single total figure of remuneration for 2023 has been calculated from her date of appointment and excludes any remuneration received in the capacity of an employee prior to that date. The full Management Bonus received in 2023 has been included, reflecting the period in respect of which the Management Bonus was earned. As Alex is paid in USD, her monthly fixed remuneration has been converted to GBP based on the FX rates at each month end. Her management bonus has been converted to GBP based on the FX rate at 31 December 2023.
- 3 Mike Johns was appointed to the Board on 17 May 2023. His single total figure of remuneration for 2023 has been calculated from his date of appointment and excludes any remuneration received in the capacity of an employee prior to that date. The full Management Bonus received in 2023 has been included, reflecting the period in respect of which the Management Bonus was earned.
- 4 Taxable benefits consist primarily of private healthcare insurance.
- 5 See page 49 for details of bonuses earned under the Management Bonus Scheme in respect of 2024.
- 6 See page 50 for details of remuneration earned from long-term incentives during 2024.

Non-Executive Directors

The table below sets out a single figure for the total remuneration received by each Non-Executive Director (including Ivan Martin, Non-Executive Chairman) who served during the year ended 31 December 2024 and the prior year. As the Non-Executive Directors do not participate in any variable remuneration arrangement, separate sub-totals for fixed and variable remuneration are not included.

	Ivan Martin		Barbara Moorhouse		Sara Dickinson	
	2024 £	2023 £	2024 £	2023 £	2024 £	2023 £
Basic Salary	162,575	161,088	52,480	52,000	52,480	52,000
Committee Chair/SID Fees	6,570	6,510	16,330	16,180	9,330	9,245
Total	169,145	167,598	68,810	68,180	61,810	61,245

- 1 Non-Executive Directors' fees were not increased effective 1 April 2024 as disclosed in the 2023 Directors' Remuneration Report.

Incentive outcomes for the year ended 31 December 2024 (audited)

Management Bonus Scheme

The Committee's approach to the determination of bonuses for the Executive Directors in respect of 2024 is set out in the statement from the Chair of the Committee on page 41. As described in that statement, each Executive Director was awarded a maximum bonus opportunity of 125% of their salary (the "Management Bonus").

As in previous years, the Committee determined that 75% of the Management Bonus opportunity for each Executive Director would be based on performance against financial metrics, being a combination of Annual Recurring Revenue ("ARR"), Revenue and Operating Profit (equal weighting (25% each)), with the remaining 25% based on non-financial objectives specific to each individual.

Financial performance measures (75% of the bonus opportunity)

The table below sets out the targets, performance against them, and the amount of bonus earned by Alex Curran by reference to Company performance against financial measures. As noted above, Mike Johns did not earn a bonus for 2024.

Bonus	Measure	Weighting	Threshold at which bonuses accrued	On-target performance level	Stretch performance level	Actual performance level	Amount of bonus earned (% of salary)
Management Bonus	Annual Recurring Revenue	25% of the financial measures opportunity	£52.0m	£53.6m	£55.2m	£52.0m	–
	Revenue	25% of the financial measures opportunity	£70.0m	£71.5m	£73.0m	£70.0m	–
	Profit	25% of the financial measures opportunity	£9.9m	£10.6m	£11.5m	£10.2m	£21,351
Total Bonus earned							£21,351

1 The recurring revenue base target was set on a constant currency basis, using a planned conversion rate from USD of 1.262. The actual reported result of £52.1m million was converted using the prevailing year end USD rate of 1.255.

2 Operating profit has been adjusted to remove the impact of any non-underlying items. The target and actual operating profit amounts are shown prior to any adjustments for the Management Bonus Scheme.

Non-financial performance measures (25% of the bonus opportunity for both the Management Bonus and the Chief Executive Bonus) (audited)

A summary of the Committee's assessment of the CEO's performance against the key strategic goals is set out below.

Alex Curran

Measure	Committee assessment of performance
Develop relationships with existing partners to enable them to deliver scalable growth.	Relationships with existing partners have deepened in the year, allowing an increase in the rate of new business sourced through partnerships in the year and exceeding the targeted rate.
Deliver product-market fit for Fynapse.	The business has been re-organised to centre around the Fynapse opportunity, and further steps will be taken in 2025 to complete this alignment. There has been positive new business success with Fynapse in the year, including new business wins and conversions of existing clients.
Satisfy our clients by reinforcing existing product capabilities and providing exceptional service.	Organisational changes made in the year have delivered positive change to the client experience, and this has been demonstrated by reducing levels of software churn in the year.
Become a high performing organisation.	Performance management processes have been tightened and enhanced to identify and manage both high and low performers, while minimising the level of regrettable leavers.

Overall, the Committee concluded that, in light of the progress made against objectives, Alex Curran would receive a bonus of £46,705 under the non-financial element of the 2024 bonus, reflecting an overall assessment of performance against the personal objectives set of between threshold and on-target. Overall, this resulted in a total 2024 bonus being earned by Alex Curran of £68,056.

20% of the bonus payment is subject to a deferral period of two years and payable in shares. A Deferred bonus award will be granted to Alex Curran following the release of the 2024 Annual Results. The award is not subject to any additional performance conditions and is treated on cessation of employment in accordance with the Directors' Remuneration Policy.

Directors' Remuneration Report

PSP awards vesting in respect of performance in 2023 (audited)

The PSP awards granted on 14 November 2021 were subject to i) 75% relative TSR performance for the three-year period which ended on 14 November 2024; and ii) 25% EPS growth for the three years ended 31 December 2024. The Remuneration Committee confirmed that these awards achieved nil vesting, as the Company's EPS growth was less than 15.74p per share and TSR in the performance period was below the median of the constituents of the FTSE SmallCap Index (excluding investment trusts).

PSP awards vesting in respect of performance in 2024 (audited)

The PSP awards granted on 22 November 2022 were subject to i) 75% relative TSR performance for the three-year period which ends on 22 November 2025; and ii) 25% EPS growth for the three years ended 31 December 2024. The Remuneration Committee confirmed that the EPS growth was below threshold and therefore this element of the award vested at 0%.

Share awards granted during the year (audited)

On 5 September 2024 share options under the Performance Share Plan were awarded to Alex Curran and Mike Johns. Each award was granted in the form of an option with an exercise price of 7 1/3 pence per share. The awards were made at 125% of salary, in line with the Remuneration Policy approved by shareholders at the 2023 AGM. The Remuneration Committee will consider the vesting outturns determined by reference to the performance conditions and retains discretion in relation to the total level of reward arising from the 2024 award having regard to overall Company performance, the wider stakeholder experience, and the outcome of prior year PSP schemes.

Executive Director	Number of shares subject to award	Basis of award	Face value of award ¹	% of award vesting for threshold performance
Alex Curran	110,739	125% of salary	£382,050 ²	25%
Mike Johns	63,467	125% of salary	£218,962 ²	25%

¹ Based on a share price of £3.45 being the average of the mid-market closing share price on the three days prior to the date of grant.

² As Alex's salary is in USD, a USD:GBP FX rate of 0.761809 was applied, representing the FX rate at the month end prior to the granting of awards.

The vesting of these options is subject to the satisfaction of the performance conditions based on:

- (a) as regards 75% of the shares subject to the options, the Company's Total Shareholder Return ('TSR') measured over the period of three years commencing on the date of grant, compared with the TSR of a comparator group consisting of the companies constituting the FTSE SmallCap Index (excluding investment trusts) as follows:

Rank of the Company's TSR against the TSR of the members of the comparator Group	Percentage of the options subject to the TSR performance condition that vests
Below median	0%
Median	25%
Between median and upper quartile	Determined on a straight-line basis between 25% and 100%
Upper quartile	100%

- (b) as regards the other 25% of the shares subject to the options, the Company's diluted Earnings Per Share (EPS) for the 2026 financial year, being the final financial year of the EPS performance period, as follows:

Diluted EPS for the final year of the performance period	Percentage of the options subject to the EPS performance condition that vests
15.35 pence	25%
Between 15.35 pence and 17.65 pence	Between 25% and 100%
17.65 pence or more	100%

The awards are also subject to a further underpin condition. No element of any award will vest unless the Committee determines that the level of vesting reflects the overall financial performance of the Group over the performance period.

These awards are subject to a two-year holding period following the end of the performance period.

Termination payments and payments to past Directors (audited)

Jeremy Suddards

Jeremy Suddards, former Chief Executive Officer, stepped down as a Director of the Company on 27 July 2023 and his final date of employment with the Aptitude Group was 31 July 2023. As reported in the 2023 Directors' Remuneration Report, Jeremy retained his outstanding DBP and PSP awards. In accordance with the rules of the plans, the DBP awards vested on 31 March 2024 (11,451 shares acquired) and the PSP awards were exercised on 14 May 2024 (38,091 shares acquired).

Philip Wood

Philip Wood, former Deputy Chief Executive Officer and Chief Financial Officer, stepped down from the Board on 20 July 2023. As reported in the 2023 Directors' Remuneration Report, Philip retained his outstanding DBP and PSP awards. In accordance with the rules of the plans, the DBP awards vested on 31 March 2024 (10,701 shares acquired) and the PSP awards were exercised on 14 May 2024 (27,996 shares acquired).

Directors' Remuneration Report

Implementation of Remuneration Policy for 2025

Basic salary

As explained on page 41, the base salary of Alex Curran will be increased in 2025 to \$412,000. Mike Johns' salary was not increased given his impending departure from the Company.

As further explained on page 42, Alex Curran will receive an additional allowance, which will not be taken into account for pension, bonus, or PSP purposes.

Management Bonus Scheme

For 2025 the maximum bonus opportunity for Executive Directors will be 125% of salary, with 50% of the maximum paid for on target performance.

Bonuses will be based on performance compared to a number of financial metrics (as regards 75% of the overall opportunity) and the achievement of a number of non-financial performance measures set for the year (as regards 25% of the overall opportunity). The financial metrics are expected to include Operating Profit, Revenue and Annual Recurring Revenue growth. The non-financial performance measures will be subject to a financial underpin. In the view of the Committee the measures and targets are commercially sensitive as they give competitors information in relation to the Company's targets and plans. Information will be disclosed when no longer considered commercially sensitive, as with the disclosure of the 2024 bonus outturn on page 49.

20% of any bonus earned will be deferred into shares for a period of two years. Deferred shares will be granted following announcement of the Company's results by which the bonus payment was determined. An additional payment may also be made in shares to reflect the value of any dividends paid during the two-year deferral period.

Long-term incentives

Awards under the PSP will be granted to Executive Directors in 2025. Under the Remuneration Policy, the maximum grant of PSP for Executive Directors is 150% of salary, except in exceptional circumstances (such as on the recruitment of a new Executive Director) where awards may be granted at the level of up to 200% of salary. In 2025 the maximum PSP opportunity will remain at 125% of salary. The performance measures will include a relative TSR measure for at least 50% of the award and at least one other financial metric, such as EPS. The TSR performance measure will compare the Company's TSR performance with a comparator group consisting of the FTSE SmallCap Index (excluding investment trusts), with 25% of the TSR element vesting for performance at median, rising to 100% for upper-quartile performance. TSR performance will be assessed over the three-year period from the date of grant. Details of the other financial measure (and of the associated targets) and of the weightings between the measures will be disclosed both at grant and in the 2025 Directors' Remuneration Report. Targets will be set to ensure that full vesting requires the achievement of stretching levels of performance, with threshold performance delivering 25% vesting.

The awards will be subject to a two-year holding period following the end of the performance period, at the end of which they will vest and can be exercised.

An additional payment will also be made in shares to reflect the value of any dividends paid during the two-year holding period.

In line with market practice, the Committee has determined that Redundancy will not be an automatic Good Leaver circumstance, as reflected in the rules of the scheme.

Non-Executive Director fees

Fees for the Chairman and Non-Executive Directors were not increased during 2024, as disclosed in last year's Directors' Remuneration Report.

For 2025, the Committee has reviewed the Chairman's fee and the Board of Directors have reviewed the fees for the other Non-Executive Directors. Following these reviews, the Chairman's fee and the Basic Non-Executive Director fee have been increased by 3%, as per the table below. Given Barbara Moorhouse steps down from the Board at the 2025 AGM, the increase in basic non-executive director fee will not be applicable to her.

	Fee at 31 December 2024	Fee at 1 April 2025
Chairman	£162,575	£167,452
Basic Non-Executive Director fee	£52,480	£54,054
Audit Committee Chair fee	£9,330	£9,330
Remuneration Committee Chair fee	£8,165	£8,165
Senior Independent Director fee	£8,165	£8,165
Nomination Committee Chair fee	£6,570	£6,570

The Board of Directors meets without the Non-Executive Directors present to review the Non-Executive Director and Non-Executive Chairman fees and these are set with consideration to salary increases received by the wider workforce.

Percentage change in Directors' remuneration

The table below shows the percentage change in Directors' remuneration from the prior year compared to the average percentage change in remuneration for all other employees. The reporting regulations require that the average percentage change for other employees is based on the employees of Aptitude Software Group plc. However, the Company only has two employees other than the Directors. Therefore, to provide a meaningful comparison, and consistent with the approach in prior years, this is based on all United Kingdom employees in the Group, which is considered the most appropriate comparator group. For the purposes of this disclosure, remuneration comprises salary, benefits (excluding pension) and annual bonus earned in respect of variable pay paid in the year only.

	Financial year ²	Salary	Taxable benefits	Single year variable
Executive Directors¹				
Alex Curran	2023-2024	136.4%	66.68%	124%
Mike Johns	2023-2024	60.37%	(100%)	(100%)
Non-Executive Directors				
	2023-2024	0.92%	N/A	N/A
	2022-2023	4.2%	N/A	N/A
Ivan Martin ³	2021 - 2022	6.7%	N/A	N/A
	2020 - 2021	6.8%	N/A	N/A
	2019 - 2020	0.0%	N/A	N/A
Barbara Moorhouse	2023-2024	0.92%	N/A	N/A
	2022-2023	6.3%	N/A	N/A
	2021 - 2022	15.4%	N/A	N/A
	2020 - 2021	3.6%	N/A	N/A
	2019 - 2020	0.0%	N/A	N/A
	2023-2024	0.92%	N/A	N/A
	2022-2023	7.4%	N/A	N/A
Sara Dickinson ⁴	2021 - 2022	19.9%	N/A	N/A
	2020 - 2021	N/A	N/A	N/A
	2019 - 2020	N/A	N/A	N/A
	2023-2024	0.92%	N/A	N/A
	2022-2023	9.8%	7.9%	(1.3%)
Other employees ⁵	2021 - 2022	7.7%	29.6%	106.3%
	2020 - 2021	4.3%	22.0%	0.6%
	2019 - 2020	1.6%	3.0%	34.1%

1 Alex Curran joined the Board on 12 July 2023 and Mike Johns joined the Board on 17 May 2023.

2 Explanatory notes relating to the prior year figures are included in the relevant year's Directors' Remuneration Report.

3 The salary received by Ivan Martin during 2021 and 2022 included the addition of a fee for Chairing the Nomination Committee.

4 Sara Dickinson was appointed on 1 October 2021 and therefore her 2021 salary has been annualised for comparative purposes.

5 Based on the United Kingdom employees only as the most appropriate comparator group.

Directors' Remuneration Report

Relative importance of spend on pay

The table below shows the percentage change in spend on pay and shareholder distributions (i.e. dividends) from the financial year ended 31 December 2023 to the financial year ended 31 December 2024, based upon continuing operations.

	% change	2024 £000	2023 £000
Return to shareholders in year	(0.5)%	3,081	3,096
Employee remuneration	(8.8)%	40,673	44,592

Comparison of Company performance

The following graph shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE SmallCap Index for the ten years ended 31 December 2024. The Committee considers that the FTSE SmallCap Index is the most appropriate comparison across the period given the similarities between the Company and the companies forming this index.

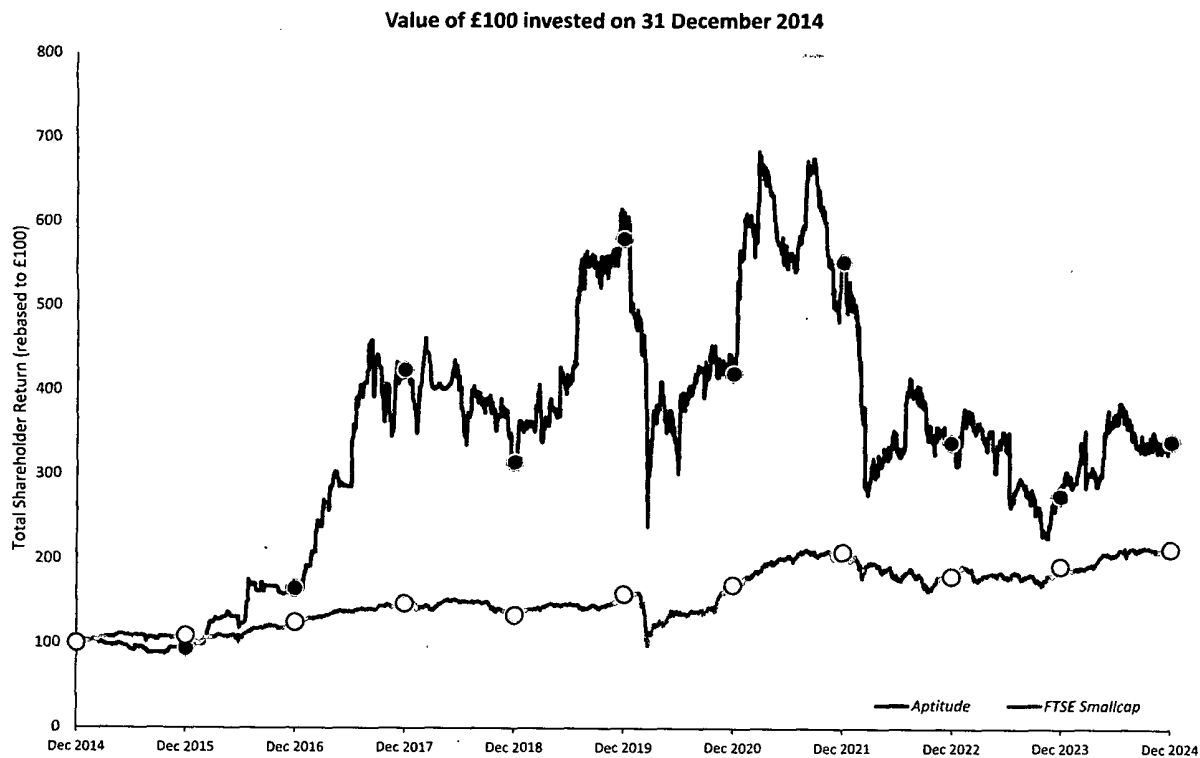


Table of historic remuneration

The table below details the total remuneration, bonus award as a percentage of maximum opportunity and long-term incentive awards vesting as a percentage of maximum opportunity for the Group's senior executive officer(s) for each of the years from 2014 - 2024 (inclusive).

Year		Total Remuneration	Bonus Award as a percentage of maximum opportunity	Long term incentives vesting as a percentage of maximum opportunity
2024	Alex Curran (Chief Executive Officer) ¹	£401,664	17.08%	n/a ¹
2023	Alex Curran (Chief Executive Officer)	£197,287	19.39%	n/a ³
	Jeremy Suddards (Chief Executive Officer)	£199,748	n/a	n/a ³
2022	Jeremy Suddards (Chief Executive Officer)	£391,593	16.69%	n/a
2021	Jeremy Suddards (Chief Executive Officer)	£578,407	46.90%	43.2%
2020	Jeremy Suddards (Chief Executive Officer)	£387,630	78.67%	26.60%
2019	Tom Crawford (Chief Executive Officer, Aptitude Software Group plc)	£1,634,545	0.00%	100.00%/75.50%
2018	Simon Baines (Chief Executive Officer, Microgen Financial Systems)	£776,610	0.00%	100.00%
	Tom Crawford (Chief Executive Officer, Aptitude Software)	£858,130	0.00%	100.00%
2017	Simon Baines (Chief Executive Officer, Microgen Financial Systems)	£270,075	35.25%	n/a
	Tom Crawford (Chief Executive Officer, Aptitude Software)	£433,437	86.25%	n/a
2016	Simon Baines (Chief Executive Officer, Microgen Financial Systems)	£1,141,653	50.00%	98.53%
	Tom Crawford (Chief Executive Officer, Aptitude Software)	£1,269,113	92.50%	98.53%
2015	Martyn Ratcliffe (Executive Chairman)	£199,375	n/a	n/a
2014	Martyn Ratcliffe (Executive Chairman)	£275,000	n/a	n/a

1 There were no Performance Share Plan awards that vested in relation to the period ended 31 December 2024.

Explanatory notes relating to the prior years' figures are included in previous Directors' Remuneration Reports.

Directors' shareholdings and shareholding requirement (audited)

The interests of those persons who served as Directors during 2024 and their families in the ordinary shares of the Company as at 31 December 2024 (or, if earlier, the date of their retirement from the Board) were as follows:

	Ordinary shares at 31 December 2024	Ordinary shares at 31 December 2023	Met Shareholding Guidelines
Ivan Martin	225,000	225,000	N/A
Barbara Moorhouse	—	—	N/A
Sara Dickinson	—	—	N/A
Alex Curran ¹	11,923	11,923	N
Mike Johns ¹	—	—	N

1 Alex Curran joined the Board on 12 July 2023 and Mike Johns joined the Board on 17 May 2023.

There have been no changes since 31 December 2024 to the shareholdings of any current Director. None of the Directors had an interest in the shares of any subsidiary undertaking of the Company or in any significant contracts of the Group. Details of Directors' interests in shares and options under Company long-term incentives are set out in the sections below.

Under the Remuneration Policy which was approved by shareholders at the 2023 Annual General Meeting, Executive Directors are expected to acquire and retain shares with a value equal to 200% of their base salary, by the end of the three-year period following their appointment to the Board. Directors are not expected to acquire shares in the market in order to meet this guideline, but instead are expected to retain shares acquired through the Group's share plans. Further information on this shareholding guideline can be found on page 46.

Directors' Remuneration Report

Directors' interests under Company share plans (audited)

The table below shows the interests of each Director who served during 2024 as at 31 December 2024 in the Company's share plans.

Director	Grant	Shares subject to award as at 1 January 2023	Granted in 2024	Exercised in 2024	Lapsed in 2024	Shares subject to awards as at 31 December 2024	Status
Alex Curran	Long term incentive plan						
	2021 ¹	11,800	–	–	11,800	–	Original award over 15,733 shares. 25% EPS element lapsed on 31 December 2023, 75% TSR element lapsed on 4 November 2024 (see page 41)
	2022 ²	49,029	–	–	12,257	36,772	Remaining 75% unvested, subject to TSR performance condition.
	2023 ³	121,215	–	–	–	121,215	Unvested, subject to performance conditions
	2024 ⁴	110,739	–	–	–	110,739	Unvested, subject to performance conditions
	Deferred Bonus Plan						
	2024	–	2,033	–	–	2,033	Unvested, subject to performance conditions
		292,783	2,033	–	24,057	270,759	
Mike Johns	Long term incentive plan						
	2021 ¹	2,307	–	–	2,307	–	Original award over 3,076 shares. 25% EPS element lapsed on 31 December 2023, 75% TSR element lapsed on 4 November 2024 (see page 41)
	2022 ²	9,570	–	–	2,392	7,178	Remaining 75% unvested, subject to TSR performance condition.
	2023 ³	74,659	–	–	–	74,659	Unvested, subject to performance conditions
	2024 ⁴	63,467	–	–	–	63,467	Unvested, subject to performance conditions
	Deferred Bonus Plan						
	2024	–	973	–	–	973	Unvested, subject to performance conditions
		150,003	973	–	4,699	146,277	

¹ The awards granted in 2021 are subject to a performance condition described on page 64 of the 2021 Annual Report and Accounts.

² The awards granted in 2022 are subject to a performance condition described on page 72 of the 2022 Annual Report and Accounts. See page TBC for EPS outcome at 31 December 2024.

³ The awards granted in 2023 are subject to a performance condition described on page 52 of the 2023 Annual Report and Accounts.

⁴ The awards granted in 2024 are subject to performance conditions described on page 50 of this report.

Advisors

In fulfilling its role, the Committee seeks professional advice when considered appropriate to do so. Deloitte LLP is retained to provide independent advice on executive remuneration to the Committee as required. Independent advisors on executive remuneration, were made available to the Committee during the year. Deloitte LLP's total fees for the provision of remuneration services to the Committee in 2024 were £5,600 (2023: £9,950). After careful consideration the Committee is satisfied that the advice provided by Deloitte LLP is independent and objective. Deloitte LLP also advise the Group on the operation of its share plans, associated tax matters and remuneration disclosure matters.

Deloitte LLP is a founder member of the Remuneration Consultants Group and adheres to its Code of Conduct for consultants to Remuneration Committees of United Kingdom-listed companies, details of which can be found at www.remunerationconsultantsgroup.com.

Evaluation of the Committee

The Committee's performance was assessed as part of the internal Board Effectiveness Review. The Committee is regarded as operating effectively and the Board takes assurance from the quality of the Committee's work.

Statement of shareholder voting

At the Annual General Meeting of the Company on 17 May 2023, the Directors' Remuneration Policy was approved by shareholders as follows:

Approval of the Directors' Remuneration Policy	Total number of votes	% of votes cast
For (including discretionary)	48,458,132	96.65%
Against	1,679,310	3.35%
Total votes cast (excluding withheld votes)	50,137,442	100.00%
Votes withheld	6,179	
Total votes cast (including withheld votes)	50,143,621	

At the Annual General Meeting of the Company on 14 May 2024, the Directors' Remuneration Report for the year ended 31 December 2023 was approved by shareholders as follows:

Approval of the Directors' Remuneration Report for the year ended 31 December 2023	Total number of votes	% of votes cast
For (including discretionary)	48,533,502	97.00%
Against	1,500,258	3.00%
Total votes cast (excluding withheld votes)	50,033,760	100.00%
Votes withheld	0	
Total votes cast (including withheld votes)	50,033,760	

Note: Withheld votes are not included in the final voting figures as they are not recognised as a vote in law.

The Remuneration Committee give its thanks to shareholders for the engagement shown through the consultation process around the revised Remuneration Policy, for the constructive and helpful comments received and for the support shown in voting for the changes.

The Remuneration Report was approved by a duly authorised Committee of the Board of Directors on 25 March 2025 and signed on its behalf by:

Barbara Moorhouse

Chair of the Remuneration Committee

Directors' Report

For the purposes of the Companies Act 2006, the disclosures below, including those incorporated by reference, together with the Governance Section of this Annual Report (pages 24 to 63), the Statement of Directors Responsibilities on page 63 form the Directors' Report.

In addition, disclosures relating to the following items, which all form part of the Directors' report, have been included in the Strategic report:

- Principal risks, pages 20 and 21
- Greenhouse gas (GHG) emissions and energy consumption, pages 13 to 15
- Employees, pages 11 to 13

Application of the 2018 UK Corporate Governance Code

Full details of how the Company has applied the principles of the Code throughout the year can be found within the Governance Section of this Annual Report (pages 24 to 63).

Principal Activity and Business Review

Aptitude Software Group plc is a market-leading provider of software solutions that deliver fully autonomous finance. The Company and its subsidiaries (see note 9 to the financial statements) together are referred to in this Annual Report as the "Group". The Group's products and services are detailed within the CEO's report.

An analysis of the Group's development (including likely future developments) and performance is contained in the Chairman's Statement and the CEO's report.

Directors

Details of Directors who have held office during the year and up to the date of signing these financial statements are given below:

Ivan Martin (Chairman)
Alex Curran
Sara Dickinson
Mike Johns (resigned on 25 March 2025)
Barbara Moorhouse

Biographical details of the current Directors are set out on pages 24 to 25. The Company's Articles of Association require Directors to retire and offer themselves for re-election at least every three years, however, in accordance with the recommendation of the 2024 Corporate Governance Code, all Directors shall retire and offer themselves for re-election at the 2025 Annual General Meeting save for Mike Johns and Barbara Moorhouse (see page 2 for further information).

Information on the Directors' remuneration, share plan participation and service contracts are set out in the Directors' Remuneration Report on pages 40 to 57.

Directors' Interests

The Directors' Interests in the Company are detailed in the directors' remuneration report on pages 55 and 56.

Results and dividends

The results for the year are set out in the financial statements and notes on pages 72 to 126. The Board is pleased to propose a final dividend of 3.6 pence per share, making a total of 5.4 pence per share for the year (2023 total: 5.4 pence). Subject to shareholder approval, the proposed final dividend will be payable to shareholders on the register at 23 May 2025 and will be paid on 13 June 2025.

Key performance indicators ("KPIs")

KPIs are set for the Group and can be found within the Key Operational and Financial Highlights on page 1.

Future developments

Details of the Group's future developments are provided in the Chief Executive Officer's Report on pages 4 and 5.

Payment of suppliers

The Group does not follow a standard payment practice but agrees terms and conditions for its business transactions with each of its suppliers. Payment is then made in accordance with these terms.

Charitable donations

During the year, the Group made charitable donations of £500 (2023: £826).

Political donations

The Group made no political donations in the year (2023: £nil).

Substantial shareholdings

Notifications received by the Company in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority are published via the UK Regulatory Information Service and on the Company's website. As at 31 December 2024, the Company had been advised of the following notifiable interests in its voting rights:

	Number of shares held as at 25 March 2025 ¹	Number of shares as at 31 December 2024 ²	Number of shares as at 31 December 2023 ³
Long Path Partners	9,000,695 (16.15%)	9,000,695 (16.00%)	8,866,916 (15.46%)
Schroders plc	8,259,311 (14.82%)	8,259,311 (14.69%)	8,259,311 (14.40%)
Canaccord Genuity Group Inc.	5,310,000 (9.53%)	5,310,000 (9.45%)	5,310,000 (9.26%)
Mission Trail Capital Management LLC	5,601,464 (10.05%)	4,494,890 (7.99%)	4,494,890 (7.84%)
Invesco Limited	3,900,032 (7.00%)	3,900,032 (6.94%)	3,900,032 (6.80%)
FIL Limited	3,011,609 (5.41%)	3,267,986 (5.81%)	3,267,986 (5.70%)
Mrs C Barbour, Mr B Barbour & Bank of New York Mellon (Brussels (Pooled))	2,941,694 (5.28%)	2,941,694 (5.23%)	2,941,694 (5.13%)
Herald Investment Management	2,458,277 (4.41%)	2,458,277 (4.37%)	2,458,277 (4.29%)
Soros Fund Management	2,226,710 (4.00%)	2,226,710 (3.96)	2,226,710 (3.88%)

1 Calculated by reference to the number of voting shares in issue as at 25 March 2025, being 55,718,882.

2 Calculated by reference to the number of voting shares in issue at 31 December 2024, being 56,218,298.

3 Calculated by reference to the number of voting shares in issue as at 31 December 2023, being 57,377,611.

* % ISC stated in brackets

Share capital

At 25 March 2025 the Company had a single class of share capital which is divided into ordinary shares of 7 1/3 pence each. Details of the changes in the Company's share capital are disclosed in note 23 of the Consolidated Financial Statements.

Rights and obligations attaching to shares

Voting in meetings of the Company

Voting at a general meeting shall be on a show of hands unless a poll is demanded. On a show of hands, every shareholder present in person and every proxy duly appointed by a shareholder shall have one vote. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder.

No shareholder shall be entitled to vote at any general meeting or class meeting in respect of shares held by him or her if any call or other sum then payable by him or her in respect of that share remains unpaid. Currently, all issued shares are fully paid.

Directors' Report

Deadlines for voting rights

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 28 May 2025 are set out in the Notice of Meeting which accompanies this report.

Dividends and distributions

Subject to the provisions of the Companies Act 2006, the Company may, by ordinary resolution, declare a dividend to be paid to shareholders but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends or special dividends of such amounts, on such dates and in respect of such periods as the Board think fit. If in the opinion of the Board the profits available for distribution justify such payments, the Board may declare and pay the fixed dividends on any class of shares carrying a fixed dividend (if any). All dividends shall be apportioned and paid pro-rata according to the amounts paid up on the shares.

Transfer of shares

Subject to the Articles, any shareholder may transfer all or any of his or her certified shares in writing by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, at its absolute discretion and without giving any reasons, decline to register any instrument of transfer of a certified share which is not a fully paid share provided that, where any such shares are admitted to the Official List of the Financial Conduct Authority, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The Board may decline to recognise any instrument of transfer relating to shares in certificated form unless it is in respect of only one class of share and is lodged (duly stamped) at the Company's registered office or such other place as the Board have appointed accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor or to make the transfer (and, if the instrument of transfer is executed by some other person on his or her behalf, the authority of that person so to do). In the case of a transfer of shares in certificated form a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange the lodgement of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question. The Directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four transferees. Subject to the Articles and the CREST Rules (as defined in the Uncertificated Securities Regulations, as amended), and apart from any class of wholly dematerialised security, the Board may permit any class of shares in the Company to be held in uncertificated form and, subject to the Articles, title to uncertificated shares to be transferred by means of a relevant system.

Employee Share Trust

The Company operates an Employee Benefit Trust ('EBT') which is used to purchase Company shares in the market from time to time and hold them for satisfying awards that vest under the Company's various share incentive plans. The EBT, at 31 December 2024, holds 558 ordinary shares in the Company.

Change of control

Under the terms of the Company's share option schemes, upon a change of control of the Company following a takeover bid, an option holder shall be entitled to exercise the relevant option within a time period of not more than six months. This would allow the exercise of awards subject to the discretion of the Remuneration Committee as to whether relevant performance conditions have been sufficiently satisfied and any pro-rating to be applied. There are a small number of client contracts which include a change of control clause in relation to the Group.

Amendment to the Articles

Amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of a special resolution in general meeting.

Appointment and replacement of Directors

Unless and until otherwise determined by ordinary resolution of the Company, Directors shall be no less than two (2) and no more than ten (10) in number. Directors may be appointed by the Company by ordinary resolution or by the Board. The Board complies with the 2018 Corporate Governance Code (the "Code") provision on annual re-election of all directors. The appointment and replacement of directors is governed by the company's Articles of Association (the "Articles"), the Code, Companies Act 2006 and other related legislation.

The Board may from time to time appoint one or more Directors to undertake such services for the Company that the Board may decide and such persons (other than those who hold an executive office or are employees of the Company or any subsidiary) will be entitled to be paid such fees as the Board will determine for their services to the Company as Directors but will not exceed

in aggregate the sum of £1,000,000 per annum (excluding bonus arrangements and incentive schemes of the Company) or such greater sum as the Company in general meeting may determine.

Repurchase of own shares update

At the Annual General Meeting held on 14 May 2024 members renewed the authority under section 701 of the Companies Act 2006 to make market purchases on the London Stock Exchange of up to 5,723,201 ordinary shares of 7 1/3 pence each (representing approximately 10% of the Company's issued share capital at that time). A resolution to give the Directors further authority for the Company to purchase its own shares is to be proposed at the forthcoming Annual General Meeting on 28 May 2025.

Details of the current share buyback programme are set out on page 121.

Significant contracts

There did not exist at any time during the year any contract involving the Company or any of its subsidiaries in which a Director of the Company was or is materially interested or any contract which was either a contract of significance with a controlling shareholder or a contract for the provision of service by a controlling shareholder. Related party transactions are disclosed on page 126.

Treasury and foreign exchange

The Group has in place appropriate treasury policies and procedures, which are approved by the Board. The treasury function manages interest rates for both borrowings and cash deposits for the Group and is also responsible for ensuring there are appropriate facilities available to meet the Group's strategic plans.

In order to mitigate and manage exchange rate risk arising in respect of the Group's Innovation Centre in Poland, the Group routinely enters into forward contracts in respect of monthly transactions with that part of the Group's business. In the meantime, the Group continues to monitor exchange rate risk generally in respect of other foreign currency exposures.

In order to mitigate and manage interest rate risk the Group has in place an interest rate hedge to manage exposure on borrowings. An interest rate swap is used as a cash flow hedge of future interest payments, which has the effect of increasing the proportion of fixed interest debt.

These treasury policies and procedures are regularly monitored and reviewed. It is the Group's policy not to undertake speculative transactions which create additional exposures over and above those arising from normal trading activity.

See page 88 for further information on the Group's management of financial risk.

Overseas subsidiaries and branches

Details of the Group's subsidiaries, including those in overseas jurisdictions, are disclosed in Note 12 to the financial statements. The Group also currently operates overseas branches in the following countries: Australia, Hong Kong, Ireland, Netherlands, Singapore and Switzerland.

Section 172 statement

The Section 172 Statement is included in the Strategic Report on pages 8 and 9 and includes details of how the Directors have had regard for the need to foster good business relationships with its shareholders and other key stakeholders.

Auditors and disclosure of information to auditor

As far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware and each of the Directors has taken the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

RSM UK Audit LLP have indicated their willingness to continue as Auditor and their re-appointment has been approved by the Audit Committee. Resolutions to re-appoint them and to authorise the Audit Committee to determine their remuneration will be proposed at the 2025 Annual General Meeting.

Directors' Report

Annual General Meeting

The forthcoming Annual General Meeting ("AGM") will be held at 9.30 a.m. on Wednesday 28 May 2025 at the offices of Aptitude Software Group plc, 8th Floor, 138 Cheapside, London EC2V 6BJ. The Notice of the AGM contains the full text of resolutions to be proposed. Shareholders are welcome to attend the meeting in person, however, we ask that you register your intention to attend ahead of time so we can monitor numbers in readiness for the meeting.

To enable all shareholders to vote on all resolutions in proportion to their shareholding, voting at the 2025 AGM will be conducted by way of a poll. Shareholders are strongly encouraged to vote ahead of the meeting regardless of whether they plan to attend the AGM in person, to mitigate against the risk of disruptions such as train strikes. The Company will release the results of voting, including proxy votes on each resolution, on its website after the AGM and announce them through a regulatory news service.

Shareholders are also invited to submit questions ahead of the AGM. Details of how you can submit questions and cast your votes at the AGM are set out in the Notice of Meeting, which will be made available to shareholders by their chosen method of communication and is also available on our website. Further details can be found in the notice convening the AGM.

By Order of the Board

Michael Johns
Company Secretary

25 March 2025


ALEXANDRA CURRAN

Statement of Directors' Responsibility

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 are required under company law and under the Listing Rules of the Financial Conduct Authority to prepare the 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 UK-adopted International Accounting Standards.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

The Directors consider that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors and Advisers section, confirm that, to the best of each person's knowledge:

- 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 and losses of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' 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 Aptitude Software Group plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

By Order of the Board on 25 March 2025.

Michael Johns
Company Secretary


ALEXANDRA CURRAN

Independent Auditor’s Report

to the members of Aptitude Software Group plc

Opinion

We have audited the financial statements of Aptitude Software Group plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 December 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated Statement of Changes in Shareholders’ Equity, Company Statement of Changes in Shareholders’ Equity, Consolidated and Company Statements of Cash Flows 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 UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; 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
	Parent Company • None
Materiality	Group • Overall materiality: £436,000 (2023: £419,000) • Performance materiality: £327,000 (2023: £314,000)
	Parent Company • Overall materiality: £435,000 (2023: £200,000) • Performance materiality: £326,000 (2023: £150,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company 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 and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description The group's key revenue recognition policies are set out on pages 80 to 82 of the financial statements and the critical accounting judgements and estimates relating to revenue recognition are set out on pages 93 to 95.

Software licence, subscription and maintenance revenue

A significant risk of fraud has been identified to the involvement of significant management judgements and estimates in the recognition of licence, subscription and maintenance revenues.

The key judgements and estimates are:

- Assessment of licence, subscription and maintenance as a single performance obligation;
- Assessment of implementation and solutions management services as separate performance obligations;
- Recognition of revenue over time based on the input of consistent development activity;
- The revenue constraint applied before the go-live date due to customer-specific circumstances.

Software implementation and services revenue

A significant risk of fraud has been identified in respect of implementation revenues, owing the degree to which management estimates impact the revenue recognition and the incentives to manipulate revenue. This is specifically in relation to the assessment of the stage of completion as represented by time costs incurred and estimates of cost yet to be incurred. The proportion of the contract fulfilled drives the right to recognise revenue and therefore estimation of the time required subsequent to the year end to deliver and complete the services to customer expectations is critical to revenue recognition.

Independent Auditor's Report

to the members of Aptitude Software Group plc

How the matter was addressed in the audit	Our audit work included but was not restricted to: • Obtaining an understanding of the processes and controls around revenue recognition; • Reviewing the group's revenue recognition policy, including supporting accounting papers, to assess whether performed obligations have been appropriately identified and recognised in line with IFRS 15; • Challenging and assessing of key management judgements impact the recognition of revenue in the period; and • Auditing the disclosures in the financial statements and evaluating whether the policy for revenue recognition is appropriately explained and critical judgements and key sources of estimation uncertainty are appropriately disclosed. Specifically for software licence, subscription and maintenance revenue, our audit work included but was not restricted to: • Auditing the IFRS 15 revenue calculations confirming the methodology applied is in line with the group's revenue recognition policy; • Agreeing inputs to the IFRS 15 calculations to signed customer contracts, recalculating the expected revenue based on management's IFRS 15 judgements and estimates and comparing to the actual revenue recognised; • Verifying the assessment of continuous development activity through the input method using staff allocation data and forecasts to review the level of development across the year; • Holding discussions with project managers regarding the key assumptions and judgements regarding continuous development activity and the pre "go-live" risks related to the constraints model; • Reviewing contract cancellations to assess the appropriateness of limiting revenue recognised to invoiced amounts pre "go-live" date and testing the application of the revenue recognition constraints to contracts in the period; • Performing completeness checks by reviewing a list of approved contracts from the contracts sales and management system and checking revenue has been recognised for all active contracts in the year, in line with the revenue recognition policy. Specifically for software implementation and services revenue, our audit work included but was not restricted to: • Testing the controls over the approval of timesheet reports and approval of invoices (including agreement to customer-signed Statement of Works where appropriate) prior to billing; • Verifying revenue recognised in the period to Statement of Works, supporting agreements, sales invoices and employee timesheet data where applicable; • Testing the completeness and accuracy of timesheet and budget data which drives invoicing; • Testing the completeness and accuracy of revenue deferred based on management's estimate of additional effort required to satisfy certain contractual obligations without incremental charge, and challenging management's estimates on specific projects; • Completing targeted testing procedures for revenue recognised around the reporting date through review of timesheet data reconciled to customer invoices and accrued revenue adjustments.
Key observations	Details of the key judgements and estimates applied in respect of revenue recognition are disclosed in "Critical accounting estimates and judgements" section of the Accounting Policies included in the financial statements. Based on the results of the audit procedures outlined above, we have no key observations to report.

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	£436,000 (2023: £419,000)	£435,000 (2023: £200,000)
Basis for determining overall materiality	4.8% of operating profit adjusted to exclude the amortisation charged in the year to align with the adjusted operating profit highlighted by management to users of the financial statements.	1% of net assets, capped at group materiality.
Rationale for benchmark applied	As a listed entity, a profit-driven figure 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	£327,000 (2023: £314,000)	£326,000 (2023: £150,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £22,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £22,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 8 legal entities, located in the following countries:

- United Kingdom
- United States
- Poland
- Canada
- Singapore

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.

Full scope audit procedures were applied to the group as a whole and therefore 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 Aptitude Software Group plc

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;
- Assessing the appropriateness of the period used for the viability statement;
- Corroborating the cash balances used as the starting point for the forecasts by confirming to bank confirmations;
- Challenging management's forecasts and comparing the 2025 budget to YTD results and order book;
- Assessing covenant compliance within the period and agreeing that management forecasts and viability statement data is compliant with covenant requirements;
- Assessing the assumptions made in management's stress-testing and reviewing contingency planning;
- Completing further sensitivity analysis and stress-testing;
- 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.

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 with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 22 to 23;
- 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 page 22;
- 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 23;
- Directors' statement on fair, balanced and understandable set out on page 39;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 20 to 21;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 35 to 36; and,
- Section describing the work of the audit committee set out on pages 34 to 39.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 63, 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.

Independent Auditor's Report

to the members of Aptitude Software Group plc

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.

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 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 matters section of our audit report.
Treatment of development costs	• Review of management's paper considering the application of IAS 38 and the treatment adopted by the group. • Interviewing relevant personnel to understand the nature of development activities undertaken during the year and challenging management on the justification for non-capitalisation.
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.

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 September 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is 4 years, covering the years ending 31 December 2021 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.

In due course, 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
EC4A 4AB

Date: 25 March 2025

Consolidated Income Statement

for the year ended 31 December 2024

	Note	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
		Before non-underlying items £000	Non-underlying items £000	Total £000	Before non-underlying items £000	Non-underlying items £000	Total £000
Revenue	1,2	70,044	—	70,044	74,685	—	74,685
Operating costs	3	(60,126)	(4,243)	(64,369)	(64,959)	(4,441)	(69,400)
Operating profit	3	9,918	(4,243)	5,675	9,726	(4,441)	5,285
Finance income	5	368	—	368	282	—	282
Finance costs	5	(450)	—	(450)	(527)	—	(527)
Net finance costs		(82)	—	(82)	(245)	—	(245)
Profit before income tax		9,836	(4,243)	5,593	9,481	(4,441)	5,040
Income tax (expense)/credit	6	(1,484)	871	(613)	(1,786)	871	(915)
Profit for the period from continuing operations		8,352	(3,372)	4,980	7,695	(3,570)	4,125
Earnings per share							
Basic	7			8.8p			7.2p
Diluted	7			8.6p			7.1p

The accounting policies and notes on pages 78 to 126 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

		Group Year ended 31 Dec 2024 £000	Group Year ended 31 Dec 2023 £000
Profit for the year		4,980	4,125
Other comprehensive income/(expense)			
Items that will or may be reclassified to profit or loss:			
Cash flow hedges reclassified to income statement	25	(713)	(1,242)
(Loss)/gain on effective cash flow hedges	25	(254)	1,044
Deferred tax on cash flow hedges	25	242	50
Currency translation difference		(247)	(954)
Other comprehensive expense for the year, net of tax		(972)	(1,102)
Total comprehensive income for the year		4,008	3,023

The accounting policies and notes on pages 78 to 126 are an integral part of these consolidated financial statements.

Balance Sheets

At 31 December 2024

	Note	Group As at 31 Dec 2024 £000	Group As at 31 Dec 2023 £000	Company As at 31 Dec 2024 £000	Company As at 31 Dec 2023 £000
ASSETS					
Non-current assets					
Property, plant and equipment including right-of-use assets	9	4,016	4,484	13	24
Goodwill	10	46,006	46,006	—	—
Intangible assets	11	15,412	17,739	—	—
Investments in subsidiaries	12	—	—	69,419	68,808
Other long-term assets	13	730	1,016	—	—
Deferred tax assets	15	1,250	1,379	—	—
		67,414	70,624	69,432	68,832
Current assets					
Trade and other receivables	16	14,861	12,526	15,900	548
Financial assets – derivative financial instruments	17	387	1,141	368	534
Current income tax assets	14	1,721	1,037	500	500
Cash and cash equivalents	18	30,400	34,085	17,822	22,951
		47,369	48,789	34,590	24,533
Total assets		114,783	119,413	104,022	93,365
LIABILITIES					
Current liabilities					
Financial liabilities					
– borrowings	19	(7,180)	(1,250)	(7,180)	(1,250)
– derivative financial instruments	17	(214)	—	—	—
Trade and other payables	20	(40,622)	(40,773)	(18,943)	(14,882)
Lease liabilities	21	(527)	(426)	—	—
Current income tax liabilities		(1,802)	(1,588)	—	—
Provisions	22	(25)	(100)	—	—
		(50,370)	(44,137)	(26,123)	(16,132)
Net current (liabilities)/assets		(3,001)	4,652	8,467	8,401
Non-current liabilities					
Financial liabilities – borrowings	19	—	(7,139)	—	(7,139)
Lease liabilities	21	(2,416)	(2,588)	—	—
Provisions	22	(358)	(268)	—	—
Deferred tax liabilities	15	(3,722)	(4,967)	(45)	(84)
		(6,496)	(14,962)	(45)	(7,223)
NET ASSETS		57,917	60,314	77,854	70,010
SHAREHOLDERS' EQUITY					
Share capital	23	4,204	4,204	4,204	4,204
Share premium account	24	11,959	11,959	11,959	11,959
Capital redemption reserve		12,372	12,372	12,372	12,372
Other reserves	25	34,325	34,989	17,644	17,707
Treasury shares reserve	26	(3,812)	—	(3,812)	—
(Accumulated losses)/retained earnings	27	(23)	(2,349)	35,487	23,768
Foreign currency translation reserve		(1,108)	(861)	—	—
TOTAL EQUITY		57,917	60,314	77,854	70,010

The accounting policies and notes on pages 78 to 126 are an integral part of these consolidated financial statements.

In addition, under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The profit for the year of the Company was £14,476,000 (2023: profit for the year £12,053,000), see note 27 for details.

The financial statements on pages 72 to 126 were authorised for issue by the Board of Directors on 25 March 2025 and were signed on its behalf by:

Ivan Martin
Director


ALEXANDRA CUNA
Director

Michael Johns
Director

Company Registered Number: 01602662

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2024

Group	Note	Attributable to owners of the Parent						Treasury shares reserves £000	Total equity £000
		Share capital £000	Share premium account £000	(Accumulated losses)/ retained earnings £000	Foreign currency translation reserve £000	Capital redemption reserve £000	Other reserves £000		
Balance at 1 January 2023		4,204	11,959	(3,286)	93	12,372	35,199	—	60,541
Profit for the year	27	—	—	4,125	—	—	—	—	4,125
Cash flow hedges reclassified to income statement	25	—	—	—	—	—	(1,242)	—	(1,242)
Gain on effective cash flow hedges	25	—	—	—	—	—	1,044	—	1,044
Deferred tax on cash flow hedges	25	—	—	—	—	—	50	—	50
Exchange rate adjustments		—	—	—	(954)	—	—	—	(954)
Total comprehensive income for the year		—	—	4,125	(954)	—	(148)	—	3,023
Share options — value of employee service	27	—	—	125	—	—	—	—	125
Transfer on exercise of options	25-27	—	—	(151)	—	—	124	—	(27)
Purchase of own shares	25	—	—	—	—	—	(186)	—	(186)
Deferred tax on share options	15	—	—	(66)	—	—	—	—	(66)
Dividends to equity holders of the company	8	—	—	(3,096)	—	—	—	—	(3,096)
Transactions with owners		—	—	(3,188)	—	—	(62)	—	(3,250)
Balance at 31 December 2023		4,204	11,959	(2,349)	(861)	12,372	34,989	—	60,314
Profit for the year	27	—	—	4,980	—	—	—	—	4,980
Cash flow hedges reclassified to income statement	25	—	—	—	—	—	(713)	—	(713)
Loss on effective cash flow hedges	25	—	—	—	—	—	(254)	—	(254)
Deferred tax on cash flow hedges	25	—	—	—	—	—	242	—	242
Exchange rate adjustments		—	—	—	(247)	—	—	—	(247)
Total comprehensive income for the year		—	—	4,980	(247)	—	(725)	—	4,008
Share options — value of employee service	27	—	—	611	—	—	—	—	611
Transfer on exercise of options	25-27	—	—	(287)	—	—	85	202	—
Purchase of own shares	25,26	—	—	—	—	—	(24)	(4,014)	(4,038)
Deferred tax on share options	15	—	—	103	—	—	—	—	103
Dividends to equity holders of the company	8	—	—	(3,081)	—	—	—	—	(3,081)
Transactions with owners		—	—	(2,654)	—	—	61	(3,812)	(6,405)
Balance at 31 December 2024		4,204	11,959	(23)	(1,108)	12,372	34,325	(3,812)	57,917

The accounting policies and notes on pages 78 to 126 are an integral part of these consolidated financial statements.

Company Statement of Changes in Shareholders' Equity

for the year ended 31 December 2024

	Note	Attributable to owners of the Company					Treasury shares reserves £000	Total equity £000
		Share capital £000	Share premium account £000	Retained earnings £000	Capital redemption reserve £000	Other reserves £000		
Company								
Balance at 1 January 2023		4,204	11,959	14,872	12,372	17,978	—	61,385
Profit for the year	27	—	—	12,053	—	—	—	12,053
Cash flow hedges reclassified to income statement	25	—	—	—	—	(302)	—	(302)
Gain on effective cash flow hedges	25	—	—	—	—	23	—	23
Deferred tax on cash flow hedges	25	—	—	—	—	70	—	70
Total comprehensive income for the year		—	—	12,053	—	(209)	—	11,844
Share options — value of employee service	27	—	—	73	—	—	—	73
Transfer on exercise of options	25-27	—	—	(151)	—	124	—	(27)
Deferred tax on share options	15	—	—	17	—	—	—	17
Purchase of own shares	25	—	—	—	—	(186)	—	(186)
Dividends to equity holders of the company	8	—	—	(3,096)	—	—	—	(3,096)
Transactions with owners		—	—	(3,157)	—	(62)	—	(3,219)
Balance at 31 December 2023		4,204	11,959	23,768	12,372	17,707	—	70,010
Profit for the year	27	—	—	14,476	—	—	—	14,476
Cash flow hedges reclassified to income statement	25	—	—	—	—	(297)	—	(297)
Gain on effective cash flow hedges	25	—	—	—	—	131	—	131
Deferred tax on cash flow hedges	25	—	—	—	—	42	—	42
Total comprehensive income for the year		—	—	14,476	—	(124)	—	14,352
Share options — value of employee service	27	—	—	611	—	—	—	611
Transfer on exercise of options	25-27	—	—	(287)	—	85	202	—
Purchase of own shares	25,26	—	—	—	—	(24)	(4,014)	(4,038)
Dividends to equity holders of the company	8	—	—	(3,081)	—	—	—	(3,081)
Transactions with owners		—	—	(2,757)	—	61	(3,812)	(6,508)
Balance at 31 December 2024		4,204	11,959	35,487	12,372	17,644	(3,812)	77,854

The accounting policies and notes on pages 78 to 126 are an integral part of these consolidated financial statements.

Statements of Cash Flow

for the year ended 31 December 2024

	Note	Group Year ended 31 Dec 2024 £000	Group Year ended 31 Dec 2023 £000	Company Year ended 31 Dec 2024 £000	Company Year ended 31 Dec 2023 £000
Cash flows from operating activities					
Cash generated from operations	28	8,852	11,945	14,324	11,931
Interest paid		(226)	(316)	(226)	(315)
Income tax paid		(1,854)	(635)	—	—
Net cash flows generated from operating activities		6,772	10,994	14,098	11,616
Cash flows from investing activities					
Purchase of property, plant and equipment, excluding right-of-use assets	9	(481)	(601)	—	(19)
Interest received		368	282	357	273
Purchase of intangible assets	11	(1,120)	—	—	—
Net cash (used in)/generated from investing activities		(1,233)	(319)	357	254
Cash flows from financing activities					
Dividends paid to company's shareholders	8	(3,081)	(3,096)	(3,081)	(3,096)
Purchase of own shares	25,26	(4,058)	(186)	(4,058)	(186)
Repayments of loan	19	(1,250)	(1,250)	(1,250)	(1,250)
Extension fee on loan	19	—	(40)	—	—
Repayment of capital lease obligations	21	(592)	(534)	—	—
Amounts received from group undertakings	20	—	—	54,948	71,037
Amounts borrowed from group undertakings	20	—	—	(66,143)	(69,764)
Net cash used in financing activities		(8,981)	(5,106)	(19,584)	(3,259)
Net (decrease)/increase in cash and cash equivalents		(3,442)	5,569	(5,129)	8,611
Cash, cash equivalents and bank overdrafts at beginning of year	18	34,085	29,245	22,951	14,340
Exchange rate losses on cash and cash equivalents		(243)	(729)	—	—
Cash and cash equivalents at end of year	18	30,400	34,085	17,822	22,951

	Liabilities from financing activities			Other assets	
	Borrowings £000	Leases £000	Subtotal £000	Cash £000	Total £000
Net funds as at 1 January 2024	(8,389)	(3,014)	(11,403)	34,085	22,682
Financing cash flows	1,250	592	1,842	(3,442)	(1,600)
New lease	—	(398)	(398)	—	(398)
Foreign exchange adjustments	—	(4)	(4)	(243)	(247)
Unamortised prepaid facility arrangement fees	(41)	—	(41)	—	(41)
Interest expense	(290)	(119)	(409)	—	(409)
Interest payments (presented as operating cash flows)	290	—	290	—	290
Net funds as at 31 December 2024	(7,180)	(2,943)	(10,123)	30,400	20,277

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

The accounting policies and notes on pages 78 to 126 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

ACCOUNTING POLICIES

General information

The Company is a public company limited by shares and incorporated and domiciled in England and Wales.

The Group consolidated and parent company financial statements were authorised for issue by the Board of Directors on 25 March 2025.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated and parent financial statements of Aptitude Software Group plc have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority. The consolidated and parent financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities (including derivatives) which are recognised at fair value.

The presentation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated and parent financial statements are disclosed on pages 93 to 96.

Amounts presented have been disclosed to the nearest £'000 unless otherwise stated.

Going Concern

After reviewing the Group's forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have prepared forecasts for going concern which show that the Group will have sufficient cash to operate and meet their operating liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. The forecasts include the assumption of a bullet repayment of the existing Bank of Ireland loan facility in October 2025. Further details can be found in Note 19. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Information used to make this decision is detailed below.

A scenario testing exercise was performed for the period covered by the going concern forecast, including considering management's base case forecast and an extreme downside scenario where no new customers were won, which is far more pessimistic than current situations may suggest. In all scenarios Aptitude remains comfortably profitable and cash generative in the years under review. Financial performance in 2025 is not expected to be materially different from current year levels due to the long-range revenue visibility achieved through the recurring revenue business model. These recurring revenues, representing over 77% of total revenue, are resilient given the nature of the Group's enterprise applications which are typically heavily integrated and central to clients' mission-critical long-term financial reporting and subscription management processes, underpinned by minimum contractual terms of up to six years at inception.

The Directors are confident that the Group is financially robust benefitting from a cash balance at 31 December 2024 of £30.4 million and net funds of £20.3 million. Additionally, the Group is cash generative and profitable, reporting Adjusted Operating Profit in the year of £9.9 million. See page 1 for definitions of how these metrics are calculated.

Supplementing these strengths, Aptitude benefits from a diverse client base, across multiple geographies and industries.

The business benefits from a recurring revenue model in which software licence and subscription fees are typically received annually in advance.

Changes in Accounting policy and disclosures

(a) New standards, interpretations and amendments effective from 1 January 2024

The Group has applied the following new standards, amendments and interpretations for the first time for their annual reporting period commencing 1 January 2024:

- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Non-current Liabilities with Covenants

The adoption of these standards did not have a material impact on the Group's consolidated financial statements.

(b) New standards and interpretations that have not been early adopted

Most of the new standards, amendments and interpretations, which are effective for periods beginning after 1 January 2025 and which have not been adopted early, are not expected to have a significant effect on the consolidated financial statements of the Group. The effect of IFRS 18, which has an effective date is 1 January 2027 has not yet been considered.

Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company, Aptitude Software Group plc and its subsidiary undertakings ("subsidiaries") prepared at the consolidated statement of financial position date.

Subsidiaries are entities controlled by the Group. The Group has control over an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and it has the power over the entity to effect those returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing control. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating activities. The results of subsidiaries are consolidated from the date on which control passes to the Group. Results of disposed subsidiaries are consolidated up to the date on which control passes from the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

Revenue recognition

Revenue comprises the transaction price, being the amount of consideration the Group expects to be entitled to in exchange for transferring promised goods or services to a customer in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group derives its revenues from the following categories:

- software based activity relating to the Group's intellectual property (comprising software licences, maintenance, support, software subscription fees, financial transactions, usage fees along with funded development and related consultancy); and
- general consultancy services.

The Group recognises revenue from each of these categories as follows:

Software based activity

Software licence, software subscription and maintenance fees

The Group licences its software on an Annual Licence Fee, Initial Licence Fee or Perpetual Licence Fee basis. The Group also has a number of Software-as-a-Service offerings with software subscription fees being recognised in the same manner as Annual Licence Fees.

Within the policy, the Group references three distinct periods which drives the method by which these revenues are recognised, being the initial contractual term, the auto-renewal period and the optimisation period. These periods and the relationship between them is outlined below:

- Initial contractual term – The period over which the transaction price for each contract is recognised.
- Auto renewal period – On conclusion of the initial contractual term, customers enter into auto renewal periods which are typically twelve months in length. Under the terms of the contract the customer has no material right to enter into these renewal periods which consequently have been determined as representing a new contract under IFRS 15.
- Optimisation period – The period assessed by management on inception of the contract over which the revenues are recognised, representing the duration of time during which the most significant optimisation and functional enhancement of the software is undertaken. Where this period is greater in length than the initial term of the contract, the revenues recognised across the contractual term are capped at the total value of the contract.

Assessment of performance obligations

On inception of each contract, the Group assesses whether ongoing contractual obligations, charged as software maintenance, represent a separately distinct performance obligation and promise from either the licence or subscription fees. If not distinct, the software licence and maintenance fees form part of a combined performance obligation. If the licence/subscription is distinct it is recognised separately from the other performance obligations at the time of the delivery of the licenced software.

In assessing whether a licence is distinct from the software maintenance, the Group considers the scope of maintenance services being provided which extends to the significant continuing requirement to:

- optimise functionality within the software;
- optimise performance of the software; and
- provide technical and functional enhancements to ensure continued user regulatory compliance.

For all existing contracts, it is determined that the software licence/subscription and maintenance fees form part of a combined performance obligation. The transaction price agreed in the licence and maintenance contract is therefore allocated in full to this combined performance obligation with the selling price determined by way of the fixed annual licence or subscription fees paid annually in advance.

How the combined performance obligation is recognised

Where the software licence, subscription and maintenance fees meet the criteria of a combined performance obligation, the Group determines for each contract the most appropriate method of recognising revenue. This assessment was completed with reference to paragraph 35 of IFRS 15, in which it was determined that the criteria within Paragraph 35(a) had been met in respect of recognising the combined performance obligation over time. This is through the customer simultaneously receiving the benefit

of accessing and utilising the software from inception of the contract across the period due to the need for the software to adapt over time to the changing needs of the client and complexities of the regulatory environment.

Method of revenue recognition in respect of the performance obligations

In determining the most accurate measure of recognising revenue, the business concluded that this should be done in line with the development activity related to the relevant product. This development activity incorporates the effort incurred in optimising both the functionality and performance of the software whilst providing technical and functional enhancements.

Measurement of the development activity is completed by way of the input method, with management providing an initial estimate of the overall expected development hours to be incurred across the contract period. This estimate is then reviewed against actual hours incurred at the end of each reporting period. Once the Group concludes on the revenue recognition profile, the business determines on a contract by contract basis the period over which the revenues are recognised. This period is defined as the optimisation period and represents the duration of time assessed by management during which the most significant optimisation and functional enhancement of the software is undertaken.

For both periods presented, all contracts assessed were considered to have a consistent development activity based on management's assessment of the overall development hours expected to be incurred across the optimisation period. This assessment was supported by the review against actual hours incurred at the end of each reporting period.

Revenue recognition constraint

Given the highly specialised nature of the software and demands of the customer, the implementation of this software (provided through a separate statement of work) is complex and frequently involves multi-phase roll outs which identify new requirements over an extended period of time. Consequently, the period prior to the successful integration of the Group's application with the customer's system (or Go-Live date), provides enhanced levels of contractual risk for the Group in respect of the licence and maintenance agreement. Under the terms of the contract, both parties have enforceable rights and obligations to terminate over the length of the agreement to the extent that the implementation of the software is not feasible.

Consequently, during the period from the Group initially licencing its software to the product being deployed into a live client environment, an ongoing assessment is performed by management on a contract by contract basis to determine if sufficient challenges exist that would cast doubt over future economic benefits being realised by the business. Where such challenges exist, the revenue recognised across the period is constrained to the value of any amount invoiced and paid prior to the end of the reporting date, with this being assessed as the consideration during the period up to deployment. Once the software is deployed, the amount of revenue recognised is adjusted so that it is proportional to the Group's development effort to date against the total expected development hours to be incurred across the contract period.

Revenue recognition where the optimisation period is longer than initial term of the contract

Where the optimisation period for a client is assessed by management as being greater than the initial term of the contract, being the minimum term of the signed contract before auto renewal, the revenues recognised across the initial term are equal to the total value of the contract.

Entry into auto-renewal periods during the optimisation period

Where a client's initial contract term is shorter than the optimisation period assessed by management, the client will enter auto renewal periods. Per IFRS 15, the Group has concluded that the entry into each auto renewal period represents a new contract due to the customer having no material right under the terms of the contract to enter into these renewal periods.

Consequently, an assessment of whether the licence and maintenance services still represent a combined performance obligation is performed.

In assessing whether a licence is distinct from the software maintenance, the Group determined that the scope of maintenance services being provided aligns with the assessment made on inception of the contract and therefore all existing contracts continue to form part of a combined performance obligation.

On completion of this assessment, the Group has determined that the development activity should continue to be utilised as the most appropriate method of recognising revenue across the auto-renewal period.

Entry into auto-renewal periods post optimisation period

The transfer of the combined performance obligation is considered complete once the optimisation period concludes at which point all clients have entered their auto renewal period. Per IFRS 15, the Group has concluded that the entry into each auto renewal period represents a new contract under which an assessment of whether the licence and maintenance services still

Notes to the Consolidated Financial Statements

represent a combined performance obligation is performed. This conclusion was underpinned by the customer having no material right under the terms of the contract to enter into these renewal periods.

In assessing whether the licence is distinct from the software maintenance, the Group considers the following:

- the level of interrelation between the software licence and services provided;
- the continuing requirements of the client to receive highly functioning, serviced software; and
- the contractual terms and conditions set out in the annual renewal period and whether they are consistent with the initial term

For both the current and prior year, the Group has determined that the licence and maintenance services for all existing contracts entering their auto renewal period post optimisation period still represent a combined performance obligation.

On completion of this assessment, the Group determines for each contract the most appropriate revenue recognition method and has concluded that the development activity related to the relevant product should continue to be utilised.

The annual licence and subscription fee is then recognised across the auto renewal period based on the application of this method. In all current cases, the development activity is determined to be consistent across the auto-renewal period in accordance with paragraph B18 of IFRS 15.

Product specific consultancy (implementation services)

Consultancy services which relate to a project which includes the Group's software is contracted for on either a time and materials basis or fixed priced basis and represents a distinct performance obligation from the software licence, software subscription and maintenance fees. Time and materials consultancy is recognised in the period it is performed in. Fixed price or shared risk work revenue is recognised over time using the input method. The percentage completed is determined with reference to effort incurred to date and effort required to complete the development or consultancy. This method, used to calculate revenue recognition, is appropriate on the basis that the services are transferred to the customer as the development or consultancy work occurs.

For any contract involving a client licencing one of the Group's products, an assessment is made by management at the year-end of the expected amount of any additional consultancy effort to be provided to satisfy certain contractual obligations without incremental charge. Where such effort is anticipated, an accompanying deferral is calculated based on the value of this time if charged to the client and is recognised through the deferral of revenues.

Financial transactions and usage fees

Financial transactions and usage fees are billed to clients utilising the e-Suite software on a monthly basis based on a per transaction fee. The volume of transactions generated each month is driven wholly by the client, with no minimum commitment fee in place. Revenue generated from financial transaction and usage contracts is therefore recognised in the month they arise.

Assure

Assure goes beyond the Group's software maintenance services to include services typically performed by the clients' own IT teams, including for example, the monitoring of system performance, user administration and release management. The client will commit to a monthly, quarterly or annual fee that covers an agreed level of services. Revenue from Assure is recognised on a straight-line basis over the period of the services being provided.

Support fees

Support fees are billed to clients where the Group's software is licensed by a client and that client contracts with the Group for support relating to the solution. The client will commit to a minimum monthly, quarterly or annual fee that covers an agreed level of support and then agrees additional fees for support used over and above the minimum commitment. Revenue from support contracts are recognised as the fees are earned.

Funded development

Where customers wish to accelerate the product development, the Group undertakes funded development work. Revenue for funded development work is recognised over time, using an input method. The percentage completed is determined with reference to effort required to complete the development. Once the enhancement has been accepted by the customer the deferred portion of the revenue is recognised.

Commissions

Software sales commission costs meet the definition under IFRS 15 of incremental costs of obtaining a contract. As a result, an asset is recognised at inception of the contract for the total value of commissions payable which will typically be amortised across the optimisation period, this being the period assessed by management over which significant modification and optimisation is required in respect of each client.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to key decision makers. These decision makers are responsible for allocating resources and assessing performance of the operating segments.

The primary segmental reporting is by operating segment, the Group operates only one segment, this being the Aptitude business. The chief operational decision makers for the segment are Alex Curran (Chief Executive Officer) and Mike Johns (Chief Financial Officer).

Non-underlying items

Non-underlying items are significant items of income or expense which are disclosed and described separately in the accounts where it is necessary to do so in order to provide a better understanding of the financial performance of the Group. These items include the costs of acquiring a Group subsidiary, post acquisition and group restructuring costs, and the amortisation of acquired intangibles.

Property, plant and equipment including right-of-use assets

Property, plant and equipment is shown at historic purchase cost less accumulated depreciation and adjusted for any impairment. Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term, full details of the initial recognition and ongoing measurement of these assets is provided within the leasing policy note on pages 86 to 87. Land is not depreciated. Costs include expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on assets so as to write off the cost of property, plant and equipment less their residual value over their estimated useful economic lives by equal annual instalments at the following rates.

Leasehold improvements	10 – 20 per cent (or the life of the lease if shorter)
Plant and machinery	10 – 50 per cent
Fixtures and fittings	10 – 20 per cent

Estimation of the useful economic life includes an assessment of the expected rate of technological developments and the intensity at which the assets are expected to be used.

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised on the balance sheet and subject to an annual impairment test. The carrying value of goodwill is cost less accumulated impairment. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combinations in which the goodwill arose. The Group is currently treated as a single CGU. Impairment reviews are carried out by the Board at least annually. Impairments to goodwill are charged to the income statement in the period in which they arise.

Intangible assets

Research and Development ("R&D")

Research expenditure is expensed to the income statement as incurred. Costs incurred on internal development projects relating to new or substantially improved products are recognised as intangible assets from the date upon which all IAS 38 criteria have been satisfied.

In assessing the IAS 38 criteria it is considered that because of the challenges presented by the complexity of underlying software development issues and the competitive nature of the markets in which we operate, the technical feasibility and future probability of development has only been satisfied once the product is deployed into a live customer environment. Accordingly development

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costs have not been capitalised. The Group however continues to assess the eligibility of development costs for capitalisation on a project-by-project basis.

Costs which are incurred after the general release of internally generated software, or costs which are incurred in order to enhance existing products by way of minor or major upgrades, or other changes in software functionality, do not satisfy the criteria in order to capitalise. Such expenditure is therefore recognised as an expense in the period in which they are incurred and included within research and development expense in the income statement.

Externally acquired software licenses

Rights in externally acquired software assets are capitalised at cost and amortised over their estimated useful economic life. Useful economic life is assessed on an individual basis.

Software Intellectual Property Rights

Software Intellectual Property Rights ("IPR") is recognised only on acquisition. The fair value is derived based on time spent on the project at an average daily cost rate. The carrying value is stated at fair value at acquisition less accumulated amortisation and impairment losses. The useful economic life is assessed on an individual basis. Amortisation is charged on a straight line basis over the estimated useful economic life of the assets.

Customer relationships

Client relationships are recognised only on acquisition. The fair value in respect of the Revstream acquisition is derived based on discounted cash flows from estimated recurring revenue streams. The fair value in respect of the MPP Global acquisition is derived based on the value of customer related assets based on future cash flows should those assets be replaced. The carrying value is stated at fair value at acquisition less accumulated amortisation and impairment losses. The useful economic life is assessed on an individual basis. Amortisation is charged on a straight line basis over the estimated economic useful life of the assets.

For details about amortisation methods and periods used by the Group for intangible assets see note 11.

Interest income and expense

Interest is recognised using the effective interest method.

Impairment of non-financial assets

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying value may 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Any impairment of goodwill is not reversed.

Investments

Investments in subsidiaries are stated in the financial statements of the Company at cost less any provision for impairment.

Cash and cash equivalents

Cash is defined as cash in hand and on demand deposits. Cash equivalents are defined as short term, highly liquid investments with original maturities of three months or less.

Share-based payments

The Group operates share-based compensation plans that are equity settled. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the Group income statement over the vesting period with a corresponding adjustment to equity. The expense for options granted is included within operating costs. The charge taken to the Company income statement reflects only those options granted to employees of the Company with the remainder granted to employees employed under subsidiary companies. These options are treated in a similar manner to capital contributions with an addition to investments.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

For market-based conditions, there is no re-measurement at subsequent reporting dates. Therefore, once determined, the accounting expense will not be reduced if the performance target is not met and awards do not vest.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Where the options granted have market based vesting conditions attached, the Group utilises the Monte Carlo pricing model. For all other option grants the Black Scholes pricing model is applied.

Further details on the Group's share based compensation plans are provided in note 30.

Foreign currency

Items included within the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in sterling, which is the Group's presentational currency.

Foreign transactions are translated into the functional currency at the exchange rate ruling when the transaction is entered into. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, the balance sheet of each overseas subsidiary is translated at the closing rate at the date of the balance sheet, and the income and expenses for each income statement are translated at the average exchange rate for the period subject to revenue from overseas subsidiaries' quarterly, half yearly or annual invoices for Annual Licence Fees or Maintenance being recognised at the exchange rate at the point of invoicing. Exchange gains and losses arising thereon are recognised as a separate component of equity. The main overseas balance sheets requiring translation are denominated in US Dollar, Singapore Dollar, Polish Zloty and Canadian Dollar.

Exchange differences arising from the translation of the net investment in foreign subsidiaries are taken to shareholders' equity on consolidation. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Pensions

The Group operates defined contribution retirement benefit plans in respect of its UK employees and for employees in certain overseas territories. Employee and employer contributions are based on basic earnings for the current year. The schemes are funded by payments to trustee-administered funds completely independent of the Group's finances.

Tax incentive schemes

Entities within the Group are entitled to claim special tax deductions in relation to qualifying research and development expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Current and deferred income tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 and loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Trade and other receivables

Trade and other receivables are recognised initially at transaction price and to the extent that it is deemed necessary are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group assesses impairment on a forward-looking basis using the expected credit loss method and has applied the simplified approach which permits the use of the lifetime expected loss provision for all trade and other receivables.

The amount of any provision is recognised in the income statement within other operating costs.

Prepayments are amortised and expensed over the period they relate to, using the straight line method unless another method better reflects the pattern of consumption. Management periodically review and reassess the recognition period to align with the substance of the transactions.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are generally settled on 30 day terms.

Leasing

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - The Group has the right to operate the asset; or
 - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

On lease commencement date, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use asset is periodically reviewed and if applicable, adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate adjusted for lease specific and asset specific terms where required. Generally, the Group uses its incremental borrowing rate as the discount rate adjusted for lease specific and asset specific terms where required.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and

- Lease payments in an option renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at the present value of the future minimum lease payments discounted at the incremental rate of borrowing. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Where the Group leases properties with no defined lease term, management have made an estimate of the remaining lease term on commencement date based on their view of the business needs. The lease liability is then remeasured if circumstances arise which change management's perception of the remaining lease term and subsequent future lease payments.

If the contract includes options to break or terminate the lease which are at the right of the lessor, the Group measures the lease term based on the expectation that these will lapse unless it has been made aware at the time of adoption. If subsequently the lessor decides to exercise any of these options, the lease liability is then remeasured due to the change in future lease payments.

When the lease liability is remeasured in the above circumstances, a corresponding adjustment is made to the carrying value of the right-of-use asset, or is recorded in the profit or loss if the carrying value of the right-of-use asset has been reduced to zero.

Where the Group has a legal obligation for future expenditure in relation to onerous lease properties which are either vacant or being sublet, the right-of-use asset is adjusted by the present value of management's best estimate of the expenditure required to settle the present obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the lease agreement.

The Group presents right-of-use assets within "property, plant and equipment".

Short term lease and leases of low-value assets

The Group has elected to take the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

Provisions are created on the Group's leased properties where it has a legal obligation to return them to their fair condition at the end of their respective lease terms. The provision is measured at the present value of management's best estimate of the future expected repair costs required at the balance sheet date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or in respect of interim dividends when they are paid.

Dividend income

Dividend income to the Company received from subsidiary investments is recognised in the Company income statement in the period in which it is paid.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposure.

Derivatives are initially recognised and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement except where the derivative is a designated hedging instrument. The accounting treatment of derivatives classified as hedges depends on their designation, which occurs on the date that the derivative contract is committed to. At inception of the hedge relationship, the Group documents the economic relationship between the hedging instruments and the hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objectives and strategy for undertaking its hedging transactions. At the year-end the Group has designated its derivatives as a

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hedge of the cost of a highly probable forecasted transaction commitment ('cash flow hedge'). Gains or losses on cash flow hedges that are regarded as highly effective are recognised in other comprehensive income. If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in other comprehensive income are transferred to the income statement in the same period as the underlying income or expenditure. The ineffective portions of the gain or loss on the hedging instrument are not recognised in other comprehensive income, rather they are recognised immediately in profit or loss.

For the portion of hedges deemed ineffective or transactions that do not qualify for hedge accounting under IFRS 9, any change in assets or liabilities is recognised immediately in the income statement. When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecasted transaction is ultimately recognised in the income statement.

FINANCIAL RISK MANAGEMENT

The Group's trading, multi-national operations and debt financing expose it to financial risks that include the effects of changes in foreign currency exchange rates, credit risk, liquidity and interest rates.

The Group manages these risks so as to limit any adverse effects on the financial performance of the Group.

(a) Market risk – Foreign exchange

The Group's major foreign exchange exposures are to the Polish Zloty, US Dollar, Canadian Dollar and Singapore Dollar. Group policy in this area is to eliminate foreign currency cash flows between Group companies once the size and timing of transactions can be predicted with sufficient certainty. This has been achieved by hedging Polish Zloty cash outflows 12 months in advance by using forward foreign currency contracts. These have the effect of fixing the sterling amount of Polish Zlotys to be paid in the future. The average remaining life of the forward exchange contracts at 31 December 2024 was 6 months (2023: 6 months).

Given the above policy, the table below approximates the impact on the Group's profit before tax of a 5% exchange rate movement (strengthening of sterling against the specified currency) of the Group's major non sterling trading currencies during the year.

	2024 £000	2023 £000
Polish Zloty	104	57
US Dollar	212	66
Canadian Dollar	65	71
Singapore Dollar	35	73
	416	267

In addition, the table below approximates the impact on the gain or loss of translation on the Group's financial assets and liabilities of a 5% exchange rate movement (strengthening of the Sterling against the specified currency) of the Group's major non sterling trading currencies.

	2024 £000	2023 £000
Polish Zloty	(5)	18
US Dollar	(653)	(580)
Canadian Dollar	(23)	(17)
Singapore Dollar	(1)	10
	(682)	(569)

For both of the tables displayed above, a 5% weakening of Sterling against the relevant currency, there would be a comparable but opposite impact on the profit and gain or loss on translation of financial assets and liabilities.

Management have reviewed the 5% exchange rate movement and considered it is an appropriate value in calculating the impact of foreign exchange exposures.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Local Currency Units, was as follows:

	2024				2023			
	PLN CU '000	USD CU '000	CAD CU '000	SGD CU '000	PLN CU '000	USD CU '000	CAD CU '000	SGD CU '000
Trade receivables	–	5,625	–	55	–	5,903	–	155
Trade payables	(504)	(69)	(3)	–	(570)	–	(4)	–
Foreign currency forwards								
Buy foreign currency (cash flow hedges)	69,200	–	–	–	71,400	–	–	–

(b) Market risk – Interest rate

The Group's major interest rate exposures during the year arose from both interest payable on borrowings and interest earned on its cash balances.

In respect of interest payable on borrowings, it is the Group's policy to enter into an interest rate swap so that there is no change in interest payable pursuant to changes in interest rates. The fixed interest rate payable on the Group's credit facility is 2.95% after the impact of the interest rate swap (2023: 2.95%). Further details can be found in Note 17.

The Group's policy on interest earned from its cash balances is to maximise the return (subject to the constraints imposed by the need to limit credit and liquidity risk as detailed below).

Given the above policies the table below approximates the impact on the Group's profit before tax of an increase of 200 basis points in interest rates during the year. This is deemed an appropriate level given the current economic climate.

	2024 £000	2023 £000
Increase in interest receivable on cash balances	531	499

For a decrease of 200 basis points in interest rates, there would be a comparable but opposite impact on profit.

(c) Credit risk

The Group's major credit risk exposures arise from its cash and trade receivable balances. The Group's policies in this area are:

- in respect of cash balances to ensure that deposits are always held across at least 2 financial institutions; and
- in respect of trade receivables, the client or prospective client's credit risk is assessed at the commencement of any new project with payment terms agreed which are appropriate. Regular receivable reports are provided to senior management.

The table below shows the credit rating and balance of the six major counterparties at the balance sheet date:

Counterparty	Current Rating (Moody's)	31 December 2024 Balance £000	31 December 2023 Balance £000
Bank A	A3	14,820	14,811
Bank B	A3	8,590	10,284
Bank C	A3	4,198	4,868
		<u>27,608</u>	<u>29,963</u>
Customer A	BB+	1,289	1,349
Customer B	AA3	1,262	847
Customer C	A1	849	731
		<u>3,400</u>	<u>2,927</u>

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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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 expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The contract assets relate to unbilled WIP and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The gross trade receivables amount included within the loss allowance calculation has been adjusted for elements which carry no expected credit loss; this being the upfront annual licence fees.

Where the Company holds intercompany loan amounts due from fellow group subsidiaries, IFRS 9 requires the measurement of expected credit losses. These loans were determined to be stage 1 intercompany loans for the purposes of the IFRS 9 impairment model and consequently a twelve month expected credit loss was calculated.

On that basis, the loss allowance for trade receivables and contract assets as at 31 December 2024 for the Group was calculated as follows (2023: £358,000):

	Not past due	Less than one month overdue	One to two months overdue	Two to three months overdue	More than three months overdue	Total
	£000	£000	£000	£000	£000	£000
2024						
Expected loss rate	1%	5%	10%	15%	20%	
Net carrying amount – trade receivables	499	3,247	1,171	336	2,002	7,255
Amounts subject to loss allowance	499	3,247	1,171	336	2,002	7,255
Specific loss allowance	–	–	–	–	1,782	1,782
Loss allowance	5	162	117	50	44	378
Total	5	162	117	50	1,826	2,160
	Not past due	Less than one month overdue	One to two months overdue	Two to three months overdue	More than three months overdue	Total
	£000	£000	£000	£000	£000	£000
2023						
Expected loss rate	1%	5%	10%	15%	20%	
Net carrying amount – trade receivables	2,225	1,781	727	860	227	5,820
Amounts subject to loss allowance	2,225	1,781	727	860	227	5,820
Specific loss allowance	–	–	–	–	–	–
Loss allowance	22	89	73	129	45	358
Total	22	89	73	129	45	358

The loss allowance for the Company was calculated as being nil (2023:nil).

Trade receivables are written off where there is no reasonable expectation of recovery.

(d) Liquidity risk

The Group's major liquidity exposures arise from the need to settle its trade, employee and taxation liabilities as they fall due.

Whilst the Group is comfortably able to finance all of these payments out of operating cash flows, policies are in place to further limit exposure to liquidity risk:

- surplus cash is never deposited for maturities of longer than 110 days; and
- uncommitted facilities will be entered into to support any specific expansion opportunities that arise.

Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flow. The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest.

Group	Carrying amount £000	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	After 5 years £000	Total £000
At 31 December 2024						
Borrowings	7,180	7,373	–	–	–	7,373
Capital lease obligations	2,943	633	844	1,267	544	3,288
Derivative financial instruments	214	214	–	–	–	214
Trade and other payables	7,468	7,468	–	–	–	7,468
	<u>17,805</u>	<u>15,688</u>	<u>844</u>	<u>1,267</u>	<u>544</u>	<u>18,343</u>

	Carrying amount £000	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	After 5 years £000	Total £000
At 31 December 2023						
Borrowings	8,389	1,525	7,418	–	–	8,943
Capital lease obligations	3,014	538	799	1,198	906	3,441
Trade and other payables	7,684	7,684	–	–	–	7,684
	<u>19,087</u>	<u>9,747</u>	<u>8,217</u>	<u>1,198</u>	<u>906</u>	<u>20,068</u>

Company	Carrying amount £000	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Total £000
At 31 December 2024					
Borrowings	7,180	7,373	–	–	7,373
Trade and other payables	3,577	3,577	–	–	3,577
	<u>10,757</u>	<u>10,950</u>	<u>–</u>	<u>–</u>	<u>10,950</u>

	Carrying amount £000	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Total £000
At 31 December 2023					
Borrowings	8,389	1,525	7,418	–	8,943
Trade and other payables	14,882	14,882	–	–	14,882
	<u>23,271</u>	<u>16,407</u>	<u>7,418</u>	<u>–</u>	<u>23,825</u>

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The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into the relevant maturity groups based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000
At 31 December 2024			
Forward foreign exchange contracts			
– cash flow hedges			
Outflow	(13,533)	–	–
Inflow	13,338	–	–
Interest rate swap			
– cash flow hedges			
Outflow	(81)	(66)	–
Inflow	311	222	–
	<u>35</u>	<u>156</u>	<u>–</u>
	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000
At 31 December 2023			
Forward foreign exchange contracts			
– cash flow hedges			
Outflow	(13,624)	–	–
Inflow	14,246	–	–
Interest rate swap			
– cash flow hedges			
Outflow	(275)	(230)	–
Inflow	586	489	–
	<u>933</u>	<u>259</u>	<u>–</u>

Fair value estimation

Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings (including capitalised lease obligations), however, due to their short term nature and ability to be liquidated at short notice their carrying value approximates their fair value.

Financial instruments measured at fair value

The fair value hierarchy of the financial instruments measures at fair value is provided below.

	Level 2	
	2024 £'000	2023 £'000
Financial Assets		
Derivative financial assets (designated hedge instruments)	387	1,141
	<u>387</u>	<u>1,141</u>
Financial Liabilities		
Derivative financial liabilities (designated hedge instruments)	214	–
	<u>214</u>	<u>–</u>

The derivative financial assets and liabilities have been valued using the market approach, using actual market transactions for similar assets and liabilities, which are considered to be Level 2 inputs. There were no changes to the valuation techniques used in the year. There were no transfers between levels during the year.

Capital risk management

The Group's capital is considered by the Board to be the equity of the Company's shareholders and includes the Group's tangible and intangible fixed assets and cash and debt balances. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Aptitude Software Group plc manage the capital structure based on the economic conditions and the risk characteristics of the Group. The Board reviews the capital structure regularly. In the year, the Group operated a share buyback programme, providing enhanced returns to shareholders.

Our general funding policy is to raise long term debt when required to meet the anticipated requirements of the Group. Details of the Group's existing loan facility is provided in note 19 to the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting judgments

(a) Recognition of revenue

The policy for the recognition of software licences, maintenance and subscription fees is detailed on pages 80 to 82.

Assessment of performance obligations

For Annual Licence Fees, the Group determines for each contract whether ongoing contractual software maintenance and subscription fees represent a performance obligation that is distinct from the licence. For all existing contracts, it is determined that the ongoing contractual obligations form part of a combined performance obligation with the software licence. This is through the customer simultaneously receiving the benefit of accessing and utilising the software from inception of the contract across the period due to the need for the software to adapt over time to the changing needs and complexities of the regulatory environment.

For product specific consultancy, the Group also concludes for each contract as to whether this represents a separate, distinct performance obligation from the licence. For all existing contracts, the services being provided met the criteria of being a separate, distinct performance obligation on the basis that contractually the customer could choose to purchase the services elsewhere without significantly affecting the promises included in the licence and maintenance agreement.

How the combined performance obligation should be recognised

Once the Group concludes on the revenue recognition profile, the business determines on a contract by contract basis the period over which the revenues are recognised. This period is defined as the optimisation period and represents the duration of time assessed by management during which the most significant optimisation and functional enhancements of the software is undertaken. Where the optimisation period for a client is assessed by management as being greater than the initial term of the contract, the revenues recognised across the minimum term are equal to the total value of the contract.

Revenue recognition constraint

During the period from the Group initially licencing its software to the product being deployed into a live client environment, an ongoing assessment is performed by management on a contract by contract basis to determine if sufficient challenges exist that would cast doubt over future economic benefits being realised by the business. Where such challenges exist, the revenue recognised across the period is constrained to the value of any amount invoiced and paid prior to the end of the reporting date, with this being assessed as the consideration during the period up to deployment. Once the software is deployed, the amount of revenue recognised is adjusted so that it is proportional to the Group's development effort to date against the total expected development hours to be incurred across the contract period.

Product specific consultancy deferral

For any implementation service contract where the client is contracting on a time and materials basis, an assessment is made by management at the year-end of the expected amount of any additional consultancy effort to be provided to satisfy certain contractual obligations without incremental charge. Where such effort is anticipated, an accompanying deferral is calculated based on the value of this time if charged to the client and is recognised through the deferral of revenues.

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(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The judgement is in relation to the allocation to a single CGU. The Group has determined that it has only one cash generating unit at the year end, this being the Aptitude business.

This determination was made with reference to the following principal factors:

- Information provided to management and the Board utilised to assess the performance of the business and make decisions is done on a consolidated Group basis;
- Key management personnel are compensated based on the performance of the business as a whole;
- Operating and capital budgets are only approved or modified by management based on financial information for the business as a whole;
- Clients are serviced across the Group's global offices meaning each regions cash inflows and assets are not independent from other regions; and
- Clients often purchase one or more of the Group's highly complementary and integrated products as part of an all-in price removing any possibility to accurately determine the recoverable amount on each. Consequently, the products' cash inflows and assets are not independent from other products.

(c) Impairment of other intangibles

The Group also assesses annually any indicators that other intangible assets might be impaired. The impairment tests are based on value-in-use calculations on a similar basis to that used in the impairment of Goodwill calculation and is therefore subject to the same estimates by management.

(d) Impairment of investments

The Group assesses its investments for indicators of impairment at the end of each reporting period. The Group has carried out an impairment review on the value of investments held in the Company. Where the investment is held in a company which has an ongoing trade, the value is derived by a value in use calculation of the cash generating units. This is done on a similar basis to that used in the impairment of goodwill calculation as detailed above and is therefore subject to the same estimates by management. Where the investment is held in a company which is no longer trading, the value is derived from the carrying value of the net assets on the balance sheet of that entity.

(e) Development costs

The Group invests on a continual basis in the development of new and enhanced features in the product suite. There is a continual process of enhancements to and expansion of the overall product suite with judgement required in assessing whether the development costs meet the criteria for capitalisation. These judgements have been applied consistently year to year. In making this judgement, the Group evaluates, amongst other factors, whether there are future economic benefits beyond the current period, the stage at which technical feasibility has been achieved, management's intention to complete and use or sell the product, the likelihood of success, availability of technical and financial resources to complete the development phase and management's ability to measure reliably the expenditure attributable to the project.

Judgement is therefore required in determining the practice for capitalising development costs. The accounting policy for research and product development is detailed on pages 83 to 84 and in the current year there are no development expenses that have been capitalised (2023: £nil). The total product management, research and development expenditure in the period is £17.7 million (2023: £17.8 million).

Given the challenges surrounding the complexity of underlying software development issues and the competitive nature of the markets in which we operate, technical feasibility and future probability of development has only been satisfied once the product is deployed into a live client environment. Accordingly, development costs have not been capitalised.

Costs which are incurred after the general release of internally generated software, or costs which are incurred in order to enhance existing products by way of minor or major upgrades, or other changes in software functionality, do not satisfy the criteria in order to capitalise. Such expenditure is therefore recognised as an expense in the period in which it is incurred and included within research and development expense in the income statement.

(f) Contingent liabilities

The Group reviews any potential claims, if applicable, to assess if there are any possible obligations, as it has yet to be confirmed whether the entity has a present obligation, or any present obligations of which it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made. Where any of these conditions are met, a contingent liability is disclosed.

(g) Taxation

Deferred tax assets and liabilities require management judgement in determining the amount to be recognised.

In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

(h) Impairment of receivables

The Group assesses the recoverability of receivables and measures expected credit losses as at the balance sheet date. Where the Group assess an expected credit loss, an allowance is made to the receivable and recognised in the income statement (see Note 16).

Accounting estimates

(a) Recognition of revenue

Method of recognising revenue

Where the software licence and maintenance fees meet the criteria of a combined performance obligation, the Group determines for each contract the most appropriate method of recognising revenue in line with development activity related to the relevant product. Measurement of the development activity is completed by way of the input method, with management providing an initial estimate of the overall expected development hours to be incurred across the period. This estimate is then reviewed against actual hours incurred at the end of each reporting period.

The estimation of the development activity, principally the number of hours anticipated to be incurred, impacts all customer contracts and therefore as at 31 December 2024, the deferred income balance of £32.2 million (2023: £31.5 million) and accrued income balance £0.8 million (2023: £0.4 million) have been calculated pursuant to estimates. Sensitivity analysis was performed with management considering the impact of a 5% proportional movement in the estimated development effort and determined that in all cases, with all other variables being held constant, the impact on the assets and liabilities presented across both periods was not material.

Product specific consultancy deferral

As outlined with the accounting judgments applied to the recognition of revenue, management make a deferral of revenue at the year-end of the expected amount of any additional consultancy effort to be provided to satisfy certain contractual obligations without incremental charge. Where such effort is anticipated, management estimate the amount required along with the accompanying value of this time if charged to the client. The estimate for 2024 is £541,000 (2023: £1,023,000). Sensitivity analysis was performed with management considering the impact of a 5% proportional movement in the estimated consultancy effort and determined that in all cases the impact on the assets and liabilities presented across both periods was not material.

(b) Taxation

Income tax

The actual tax the Group pays on its profits is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, judgements and estimates are used in determining the liability for the tax to be paid on past profits which are then recognised in the financial statements. The Group believes the estimates, assumptions and judgements are reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements and may result in the recognition of an additional tax expense or tax credit in the income statement.

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USA sales and use tax

The Group continues to review its liability to tax its supplies in a number of states following changes in the interpretation and application of sales tax regulations in the USA. Whilst for the majority of states this review has been concluded, the Group still considers that there is risk, that some elements of its supplies in a few remaining states would have been subject to sales tax in previous periods. Consequently, the Group holds a provision totalling £0.3 million (2023: £0.7 million) at the year-end equating to the potential historic sales tax liability the business is exposed to as a result of the risk of non-recoverability from its clients who will bear these costs going forwards. The value of this provision has been determined based on management's estimate of which supplies it believes are captured by the regulation, which clients we have a risk of non-recoverability from and over what historic period this provision should be held against.

Sensitivity analysis was performed with management considering the impact of a reasonable proportional movement in the estimates applied and determined that in all cases the impact on the assets and liabilities presented across both periods was not material.

(c) Impairment of goodwill

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The discount rate applied in the value in use calculation approximates to the Group's Weighted Average Cost of Capital.

The Group annually reviews the goodwill valuation based on various scenarios and each of these scenarios have different growth rate assumptions. The growth rate assumptions are in relation to periods covered by Board approved plans. Details of these scenarios, growth rate assumptions and sensitivities are provided in note 10.

Notes to the Consolidated Financial Statements

1. Segmental Information

Business segments

The Board has determined the operating segments based on the reports it receives from management to make strategic decisions.

The reports from management consist of one segment, the Aptitude business. Therefore, the only business segment for both periods was Aptitude and therefore no segmental analysis is provided for this or the corresponding period.

The principal activity of the Group throughout 2023 and 2024 was the provision of business-critical software and services.

(a) Geographical segments

The Group has two geographical segments for reporting purposes, the United Kingdom and the Rest of the World.

The following table provides an analysis of the Group's sales by origin and by destination along with the profit before tax.

	Sales revenue by origin		Sales revenue by destination		Profit before income tax	
	Year ended 31 Dec 2024	Year ended 31 Dec 2023	Year ended 31 Dec 2024	Year ended 31 Dec 2023	Year ended 31 Dec 2024	Year ended 31 Dec 2023
	£000	£000	£000	£000	£000	£000
United Kingdom	38,430	41,087	12,220	11,747	3,557	3,518
Rest of World	31,614	33,598	57,824	62,938	2,036	1,522
	70,044	74,685	70,044	74,685	5,593	5,040

The following is an analysis of the carrying amount of non-current assets (excluding deferred and income tax assets), and additions to property, plant and equipment (excluding right-of-use asset additions resulting from property lease agreements) and intangible assets, analysed by the geographical area in which the assets are located.

	Carrying amount of non-current assets		Capital expenditure	
	Year ended 31 Dec 2024	Year ended 31 Dec 2023	Year ended 31 Dec 2024	Year ended 31 Dec 2023
	£000	£000	£000	£000
United Kingdom	51,130	54,525	187	65
Rest of World	15,034	14,720	1,414	536
	66,164	69,245	1,601	601

The Company's business is to invest in its subsidiaries and, therefore, it operates in a single segment.

Notes to the Consolidated Financial Statements

2. Revenue from contracts with customers

(a) Analysis of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major product lines and geographical regions:

Continuing operations

	Recurring revenue			Non-recurring revenue			Total £000
	United Kingdom £000	Rest of World £000	Total £000	United Kingdom £000	Rest of World £000	Total £000	
Year ended 31 Dec 24							
Revenue from external customers	9,956	44,471	54,427	2,264	13,353	15,617	70,044
	Recurring revenue			Non-recurring revenue			Total £000
	United Kingdom £000	Rest of World £000	Total £000	United Kingdom £000	Rest of World £000	Total £000	
Year ended 31 Dec 23							
Revenue from external customers	9,537	43,833	53,370	2,210	19,105	21,315	74,685

All of the revenue displayed in the above table is recognised over time in line with the Group's accounting policy detailed on pages 80 to 82 and has been generated from contracts with customers.

For recurring revenue, the Group typically receives payment for its licence and maintenance fees annually in advance of the performance obligations being satisfied. Non-recurring revenue is paid as and when either the services have been provided or, in the case of fixed price projects in line with the payment schedule.

During both periods presented the Group had no customers whose revenue represented an amount equal to or exceeding 10% of total revenue.

(b) Assets and liabilities related to contracts with customers

The Group has recognised assets and liabilities relating to contracts with customers. These amounts are classified as accrued and deferred income respectively for the purposes of this report and are displayed within notes 16 and 20.

(i) Significant movements in accrued and deferred income

Accrued income has increased against the prior year to £801,000 at 31 December 2024 (31 December 2023: £396,000) due to timing differences on when the software or service was provided against when it has been invoiced to the customer.

Deferred income has increased in the year to £32.2 million (31 December 2023: £31.5 million). The movement is due to the growth in recurring revenues during the year which has caused an uplift in the value of Annual License and subscription fee invoices issued during 2024 in excess of that recognised.

(ii) Revenue recognised in relation to deferred income

The following table shows how much of the revenue recognised in the current reporting period relates to the release of the carried-forward deferred income balance on 31 December of the previous period:

	Group Year ended 31 Dec 2024 £000	Group Year ended 31 Dec 2023 £000
Revenue recognised that was included in the deferred income balance at 31 December of the previous period	30,600	26,913

2. Revenue from contracts with customers (continued)

(iii) Revenue yet to be recognised on long-term contracts

The following table details the value of future contracted revenue resulting from the Group's fixed price long term software and services contracts which is yet to be recognised in the income statement due to the relevant contractual performance obligations not being satisfied before the year end. These amounts are set to be recognised in the Group's income statement across the period 1 January 2025 to 31 December 2030 on a contract by contract basis as and when the performance obligations are met:

	Group As at 31 Dec 2024 £000	Group As at 31 Dec 2023 £000
Aggregate amount of future contracted revenue in relation to long-term software and service contracts that is not recognised in the income statement as at 31 December	78,026	80,956
	Group As at 31 Dec 2024 £000	Group As at 31 Dec 2023 £000
Revenue to be recognised in the Group's income statement:		
Within one year	45,586	40,716
Within two to five years	32,440	39,890
After five years	—	350
	78,026	80,956

All other software and service contracts are billed based on time incurred. As permitted under IFRS 15, these amounts have been excluded for the purposes of the above calculation given the variable nature.

(iv) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to the commission costs of obtaining a contract. This is amortised on a straight-line basis over the optimisation period assessed by management and presented within other long-term assets in the balance sheet. See further details on the optimisation period within the revenue recognition policy.

	Group As at 31 Dec 2024 £000	Group As at 31 Dec 2023 £000
Asset recognised from costs incurred to fulfil a contract at 31 December	730	1,016
Amortisation recognised as cost of providing services during the year from continuing operations	488	653

Notes to the Consolidated Financial Statements

3 Operating profit

The following items are included in operating costs:

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Employee benefit expense (note 4)	40,620	44,592
Depreciation and amortisation of acquired intangibles	1,370	1,049
Other operating costs	18,136	19,318
	60,126	64,959
Non-underlying operating costs:		
Amortisation of intangibles	3,381	3,381
Reorganisation costs	862	1,060
	4,243	4,441
	64,369	69,400

The reorganisation costs in the current period relate to restructuring within the Product and Technology departments. In the prior year, the reorganisation costs were in relation to the continued integration of MPP Global into the Group.

Profit from continuing operations has been arrived at after charging:

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Net foreign exchange gains/(losses)	129	(535)
Research and development costs	17,658	17,843
Depreciation of property, plant and equipment	1,304	1,049
(Loss)/gain on disposal of fixed assets	(12)	51
Amortisation of acquired intangibles	66	–
Repairs and maintenance expenditure on property, plant and equipment	196	248
Low value or short term rental expense	437	550

During the year the group obtained the following services from the Group's auditors at costs as detailed below:

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Fees payable to Company's auditors for the audit of the Parent Company and consolidated financial statements	290	140
Fees payable to the Company's auditors and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	22	115
	312	255

A description of the work of the Audit Committee is included in the Audit Committee Report on pages 34 to 39 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors. No non-audit services were provided in the current or prior year.

4 Employees and directors

	Group Year ended 31 Dec 2024 £000	Group Year ended 31 Dec 2023 £000	Company Year ended 31 Dec 2024 £000	Company Year ended 31 Dec 2023 £000
Employee benefit expense during the year				
Wages and salaries	36,533	40,574	297	420
Social security costs	2,351	2,622	46	66
Other pension costs	1,125	1,271	–	5
Share based payment costs on share options	611	125	–	(173)
	40,620	44,592	343	318

Average monthly number of employees (including directors) for the Group and Company:

	Group Year ended 31 Dec 2024 Number	Group Year ended 31 Dec 2023 Number	Company Year ended 31 Dec 2024 Number	Company Year ended 31 Dec 2023 Number
By location:				
United Kingdom	132	154	4	5
Rest of World	333	346	–	–
	465	500	4	5

Group headcount at 31 December 2024 was 449 (2023: 472).

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Key management compensation:		
Short-term employee benefits	1,709	2,204
Social security costs	116	220
Post employment benefits	47	87
Share based payment costs on share options	245	218
	2,117	2,729

Key management compensation for the Group includes the Board of the Company and senior executives within the Group.

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Directors:		
Short-term employee benefits	836	928
Social security costs	61	112
Post employment benefits	19	31
Share based payment costs on share options	147	66
	1,063	1,137

Average monthly number of Directors and senior executives in respect of continuing operations were 10 (2023: 11). The key management figures given above include the Directors of Aptitude Software Group plc.

The information on Directors' remuneration required by the Companies Act and the Listing Rules of the Financial Conduct Authority is contained in the Directors' Remuneration Report on pages 40 to 57. Amounts displayed throughout the tables above exclude the impact of long term incentive awards and Deferred Bonus Plan awards which have either been exercised in the year or have vested but are yet to be exercised.

Notes to the Consolidated Financial Statements

5 Net finance cost

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Finance income		
Interest on bank deposits	368	282
	<u>368</u>	<u>282</u>
Finance cost		
Interest payable on bank borrowings	(290)	(316)
Interest payable on lease liabilities	(119)	(129)
Amortisation of loan arrangement fee	(41)	(82)
	<u>(450)</u>	<u>(527)</u>
Net finance cost	<u>(82)</u>	<u>(245)</u>

6 Income tax expense

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Analysis of charge in the year		
Current tax:		
– tax charge on underlying items	(1,562)	(2,463)
– adjustment to tax in respect of prior periods on underlying items	192	(241)
Total current tax	<u>(1,370)</u>	<u>(2,704)</u>
Deferred tax (note 15):		
– tax (charge)/credit on underlying items	(114)	951
– tax credit on non-underlying items	871	871
– adjustment to tax in respect of prior periods on underlying items	–	(33)
Total deferred tax	<u>757</u>	<u>1,789</u>
Income tax expense	<u>(613)</u>	<u>(915)</u>

The net adjustment to tax in respect of prior periods on underlying items totalling £192,000 (2023: £274,000) relates to the reduction in the assumed benefit from research and development relief in the UK.

UK corporation tax is calculated at 25% (2023: 23.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

UK corporation tax rates substantively enacted as part of the March 2021 Bill included an increase of the rate to 25% from 1 April 2023.

6 Income tax expense (continued)

The tax for the year is lower than (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023: 23.5%). The differences are explained below:

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Profit before tax	5,593	5,040
Tax at the UK corporation tax rate of 25% (2023: 23.5%)	(1,398)	(1,185)
Effects of:		
Adjustment to tax in respect of prior periods	192	(274)
Adjustment in respect of foreign tax rates	67	62
Non-underlying expenses not deductible for tax purposes	(69)	(138)
Other	190	166
Research and development tax relief	124	226
Polish research and development tax relief	300	190
Change in future tax rates	(19)	38
Total taxation	<u>(613)</u>	<u>(915)</u>

The total tax charge of £613,000 (2023: £915,000) represents 11.0% (2023: 18.2%) of the Group profit before tax of £5,593,000 (2023: £5,040,000). The change in effective tax rate is due to research and development tax relief.

After adjusting for the impact of non-underlying items, tax losses and prior year tax charge, the tax charge for the year of £1,976,000 (2023: £1,702,000) represents 20.09% (2023: 17.95%), which is the tax rate used for calculating the adjusted earnings per share.

Tax losses are not recognised as a deferred tax asset when there is no available evidence that future taxable profits will be generated for which the deferred tax asset can be utilised against.

Notes to the Consolidated Financial Statements

7 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares in the form of share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
	Earnings £000	Weighted average number of shares (in thousands)	Per-share amount pence	Earnings £000	Weighted average number of shares (in thousands)	Per-share amount pence
Basic EPS						
Earnings attributable to ordinary shareholders	4,980	56,837	8.8	4,125	57,338	7.2
Effect of dilutive securities:						
– share options	–	1,010	(0.2)	–	670	(0.1)
Diluted EPS	<u>4,980</u>	<u>57,847</u>	<u>8.6</u>	<u>4,125</u>	<u>58,008</u>	<u>7.1</u>

To provide an indication of the underlying operating performance per share the adjusted profit after tax figure shown below excludes non-underlying and other items and has a tax charge using the effective rate of 20.09% (2023: 17.95%).

	Year ended 31 Dec 2024		Year ended 31 Dec 2023	
	Basic EPS pence	Diluted EPS pence	Basic EPS pence	Diluted EPS pence
Earnings per share	8.8	8.6	7.2	7.1
Non-underlying items net of tax	5.9	5.8	6.2	6.2
Prior years' tax charge	(0.3)	(0.3)	0.5	0.5
Recognition of tax losses	(0.5)	(0.5)	(0.3)	(0.3)
Adjusted earnings per share	<u>13.9</u>	<u>13.6</u>	<u>13.6</u>	<u>13.5</u>

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000
Profit before tax and non-underlying items	9,836	9,481
Tax charge at a rate of 20.09% (2023: 17.95%)	<u>(1,976)</u>	<u>(1,702)</u>
	7,860	7,779
Tax adjustments in respect of prior years	192	(274)
Non-underlying items net of tax	<u>(3,372)</u>	<u>(3,570)</u>
Recognition of tax losses	300	190
Profit on ordinary activities after tax	<u>4,980</u>	<u>4,125</u>

8 Dividends

	2024 pence per share	2023 pence per share	2024 £000	2023 £000
Dividends paid:				
Interim dividend	1.80	1.80	1,024	1,032
Final dividend (prior year)	3.60	3.60	2,057	2,064
	<u>5.40</u>	<u>5.40</u>	<u>3,081</u>	<u>3,096</u>
Proposed but not recognised as a liability:				
Final dividend (current year)	3.60	3.60	2,006	2,064
	<u>3.60</u>	<u>3.60</u>	<u>2,006</u>	<u>2,064</u>

The proposed final dividend was approved by the Board on 25 March 2025 but was not included as a liability as at 31 December 2024, in accordance with IAS 10 'Events after the Balance Sheet date'. If approved by the shareholders at the Annual General Meeting this final dividend will be payable on 13 June 2025 to shareholders on the register at the close of business on 23 May 2025. The final dividend will be subject to changes for the value of the buyback completed when payable.

9 Property, plant and equipment including right-of-use assets

	Right-of-use assets £000	Leasehold improvements £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
Group					
Cost					
At 1 January 2024	3,403	413	5,586	985	10,387
Additions	398	—	340	141	879
Disposals	—	(120)	(198)	(65)	(383)
Exchange movements	5	18	(75)	(9)	(61)
At 31 December 2024	<u>3,806</u>	<u>311</u>	<u>5,653</u>	<u>1,052</u>	<u>10,822</u>
Accumulated depreciation					
At 1 January 2024	742	397	4,407	357	5,903
Charge for the year (note 3)	458	2	521	323	1,304
Disposals	—	(107)	(198)	(64)	(369)
Exchange movements	10	13	(53)	(2)	(32)
At 31 December 2024	<u>1,210</u>	<u>305</u>	<u>4,677</u>	<u>614</u>	<u>6,806</u>
Net book amount					
At 31 December 2024	<u>2,596</u>	<u>6</u>	<u>976</u>	<u>438</u>	<u>4,016</u>

Notes to the Consolidated Financial Statements

9 Property, plant and equipment including right-of-use assets (continued)

	Right-of-use assets £000	Leasehold improvements £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
Group					
Cost					
At 1 January 2023	4,614	621	5,383	494	11,112
Additions	–	–	601	–	601
Transfers	(489)	(214)	214	489	–
Disposals	(616)	–	(729)	–	(1,345)
Exchange movements	(106)	6	117	2	19
At 31 December 2023	3,403	413	5,586	985	10,387
Accumulated depreciation					
At 1 January 2023	1,504	168	3,917	420	6,009
Charge for the year (note 3)	435	5	522	87	1,049
Transfers	(694)	220	624	(150)	–
Disposals	(499)	–	(729)	–	(1,228)
Exchange movements	(4)	4	73	–	73
At 31 December 2023	742	397	4,407	357	5,903
Net book amount					
At 31 December 2023	2,661	16	1,179	628	4,484

All the Group's right-of-use assets relate to the capital lease agreements for various office space.

	Plant & machinery £000	Total £000
Company		
Cost		
At 1 January 2024	471	471
Additions	–	–
Disposals	–	–
At 31 December 2024	471	471
Accumulated depreciation		
At 1 January 2024	447	447
Charge for the year	11	11
Disposals	–	–
At 31 December 2024	458	458
Net book amount		
At 31 December 2024	13	13

	Plant & machinery £000	Total £000
Company		
Cost		
At 1 January 2023	452	452
Additions	19	19
At 31 December 2023	471	471
Accumulated depreciation		
At 1 January 2023	437	437
Charge for the year	10	10
At 31 December 2023	447	447
Net book amount		
At 31 December 2023	24	24

10 Goodwill

	31 Dec 2024 £000	31 Dec 2023 £000
Cost		
At 1 January	46,006	46,006
At 31 December	46,006	46,006
Net book amount	46,006	46,006

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Aptitude £000	Total £000
At 1 January and 31 December 2024	46,006	46,006

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The group is a single CGU and determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which all goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. This is compared against the market capitalisation of the business, less costs of disposal. The higher of the two values is deemed the recoverable amount for the purposes of impairment testing.

For the purposes of performing the goodwill impairment review, the Group have utilised the Board approved plans for the three-year period to 31st December 2027 followed by anticipated growth in operating profit of 10% per annum for the period 2028-2029. The growth rates and assumptions applied were based on the Group's assessment of the future opportunities within the market, with no change in working capital assumptions and the existing loan to be repaid in full on termination date.

In determining the values, management have utilised Board approved plans and market consensus data.

The terminal growth rates for the period after 2029 are no greater than 2.25% (2023: 2.25%) per annum. The utilisation of deferred tax losses to offset the tax payable has not been considered. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the CGU was 14.1% (2023: 13.9%).

Sensitivity analysis was performed on the business with a 10% proportional movement in any combination of the assumptions not resulting in an impairment.

Notes to the Consolidated Financial Statements

11 Intangible assets

	Software IPR £000	Customer relationships £000	Externally acquired licenses £000	Total £000
Group				
Cost				
At 1 January 2024	17,872	10,869	–	28,741
Additions	–	–	1,120	1,120
At 31 December 2024	17,872	10,869	1,120	29,861
Accumulated amortisation and impairment				
At 1 January 2024	6,753	4,249	–	11,002
Amortisation	2,109	1,272	66	3,447
At 31 December 2024	8,862	5,521	66	14,449
Net book amount				
At 31 December 2024	9,010	5,348	1,054	15,412
	Software IPR £000	Customer relationships £000		Total £000
Group				
Cost				
At 1 January 2023	17,872	10,869		28,741
At 31 December 2023	17,872	10,869		28,741
Accumulated amortisation and impairment				
At 1 January 2023	4,644	2,977		7,621
Amortisation	2,109	1,272		3,381
At 31 December 2023	6,753	4,249		11,002
Net book amount				
At 31 December 2023	11,119	6,620		17,739

The Company held no intangible assets during the year (2023: £nil).

The software intellectual property rights (IPR) relates to expected future benefits of software and development projects in progress at the date of acquisition of the Group's subsidiaries. As at 31 December 2024 no internal research and development costs have been capitalised. The client relationships relate to expected benefits to be obtained from recurring levels of business from clients obtained as a result of acquisitions. The useful lives of the intangible assets acquired as part of the acquisition of Revstream in 2017 have been determined as 10 years in respect of both software IPR and customer relationships (2023: 10 years). The useful lives of the intangible assets acquired as part of the acquisition of MPP Global in 2021 have been determined as 8 years in respect of both software IPR and customer relationships (2023: 8 years). At 31 December 2024, the carrying value of the intangible assets in relation to Revstream is £2,256,000 (2023: £3,102,000). The carrying value of the intangible assets in relation to MPP Global is £12,102,000 (2023: £14,637,000).

In the year, the Group purchased perpetual software licenses and determined a useful economic life of 10 years. The amortisation charge has been shown in underlying costs.

The amortisation charge in the year for IPR and customer relationships is shown in non-underlying costs.

12 Investments in subsidiaries

The Group did not hold any investments in 2024 (2023: nil).

	2024 £000	2023 £000
Company		
Cost		
At 1 January	97,758	97,460
Share based payments – share options granted to employees of subsidiaries	611	298
At 31 December	98,369	97,758
Impairment		
At 1 January and 31 December	28,950	28,950
Net book amount		
At 31 December	69,419	68,808

Investments are held at cost less provisions for impairment. If there is an impairment trigger then the recoverable amounts of the investments are determined by calculating a value in use for the appropriate subsidiary investment. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subsidiary investments.

Where the investment is held in a company which is no longer trading, the value is derived from the carrying value of the net assets on the balance sheet of that entity.

The Directors consider the value of the investments to be supported by their underlying assets and consider there to be no indicators of impairment.

Subsidiaries	Country	Activity
Aptitude Software (Canada) Limited *	Canada	Employment and Group Services
Aptitude Software Inc.*	USA	Software and Services
Aptitude Software Limited**	England & Wales	Software and Services
Aptitude Software (Poland) sp. z o.o.*	Poland	Development
Aptitude Software (Singapore) pte. Limited	Singapore	Software and Services
Aptitude Revstream Inc.*	USA	Software and Services
MPP Global Solutions Limited**	England & Wales	Software and Services
MPP Global Solutions Inc*	USA	Software and Services
MPP Global Solutions kk*	Japan	Software and Services

* Indirectly held by Aptitude Software Group plc

** Aptitude Software Limited (03475849) and MPP Global Solutions Limited (03951843) have taken the audit exemption under S479A Companies Act 2006.

As at 31 December 2024, the Company owns 100% of the ordinary share capital in the above subsidiaries.

The registered office of the group's principal subsidiaries which is not that of the Company are detailed below:

Subsidiary	Registered office
Aptitude Software (Canada) Limited	1055 West Georgia Street, Suite 1500 Royal Centre, PO Box 11117, Vancouver, British Columbia, V6E 4N7, Canada
Aptitude Software Inc	CT Corporation System, 111 8th Avenue, New York, 10011
Aptitude Software (Poland) sp. z o.o.	ul. Legnicka 48, Budynek G, 54-202 Wrocław, Poland
Aptitude Software (Singapore) pte. Limited	600 North Bridge Road, 23-01 Parkway Square, Singapore (188778)
Aptitude RevStream Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle Delaware, 19801
MPP Global Solutions Inc	CT Corporation System, 111 8th Avenue, New York, 10011
MPP Global Solutions kk	Tobu Bldg 6F, 6 Chrome-28-9 Jingumae, Shibuya, Tokyo 150-0001

Notes to the Consolidated Financial Statements

13 Other long-term assets

	Group 2024 £000	Group 2023 £000
Prepaid commission costs	730	1,016

Per IFRS 15, the Group's assessment is that commission incurred on software licence sales meets the definition of incremental costs of obtaining a contract. An asset is therefore recognised at inception of the contract for the total value of commissions payable which is then amortised across the optimisation period assessed for each customer. Further detail on the optimisation period can be found in the Group's revenue recognition policy detailed on pages 80 to 82.

The Company held no other long term assets during the year (2023: £nil).

14 Current income tax assets

As at 31 December 2024, the Group has income tax assets totalling £1,721,000 (2023: £1,037,000), all of which is expected to be recovered within 12 months. These amounts are in relation to recoverable corporation tax from the relevant tax authorities for offset against future tax instalments.

15 Deferred tax

Deferred tax (other than USA deferred tax) is calculated in full on temporary differences under the liability method using a tax rate of 25% (2023: 25%). USA deferred tax is calculated using an effective rate of 26% being made up of 21% federal and 5% state tax (2023: 27% made up of 21% federal and 6% state tax).

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Deferred tax				
Deferred tax				
– Deferred tax assets	1,250	1,379	–	–
– Deferred tax liabilities	(3,722)	(4,967)	(45)	(84)
Deferred tax (liability)	(2,472)	(3,588)	(45)	(84)
Net deferred tax (liability)				
At 1 January	(3,588)	(5,301)	(154)	(116)
Underlying items (charge)/credit to income statement for the year	(95)	913	(3)	(57)
Non-underlying deferred tax credit to the income statement for the year	871	871	–	–
Credit/(charge) to equity (note 27)	103	(66)	–	17
Charge to other comprehensive income (note 25)	242	50	–	–
Exchange differences	15	(93)	–	–
Changes in tax rate	(20)	38	–	2
At 31 December	(2,472)	(3,588)	(157)	(154)

15 Deferred tax (continued)

Deferred tax assets have been recognised in respect of taxable losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. The exception related to temporary differences of £30.9m in relation to investments in subsidiaries has been applied. At 31 December 2024, the Group had unused tax losses totalling £nil available for offset against future profits.

	Short term timing differences £000	Share-based payments £000	Total £000
Deferred tax asset			
Group			
At 1 January 2023	423	199	622
Underlying items credit to income statement for the year	781	3	784
Charge to equity (note 27)	–	(66)	(66)
Changes in tax rate	39	–	39
At 31 December 2023	1,243	136	1,379
Underlying items (charge)/credit to income statement for the year	(288)	75	(213)
Credit to equity (note 27)	–	103	103
Changes in tax rate	(19)	–	(19)
At 31 December 2024	936	314	1,250

Deferred tax liability arising on cash flow hedges, acquisitions of intangible fixed assets and accelerated depreciation:

	Accelerated depreciation £000	Intangible fixed assets £000	Cash flow hedges £000	Total £000
Deferred tax liability				
Group				
At 1 January 2023	(99)	(5,489)	(335)	(5,923)
Non-underlying deferred tax credit to the income statement for the year	–	871	–	871
Underlying items credit to income statement for the year	36	–	–	36
Charge to other comprehensive income (note 25)	–	–	50	50
Change in tax rate	(1)	–	–	(1)
At 31 December 2023	(64)	(4,618)	(285)	(4,967)
Non-underlying deferred tax credit to the income statement for the year	–	871	–	871
Underlying items credit to income statement for the year	133	–	–	133
Charge to other comprehensive income (note 25)	–	–	242	242
Change in tax rate	(1)	–	–	(1)
At 31 December 2024	68	(3,747)	(43)	(3,722)

Notes to the Consolidated Financial Statements

15 Deferred tax (continued)

	Accelerated capital allowances £000	Short term timing differences £000	Share-based payments £000	Cash flow hedge	Total £000
Company					
At 1 January 2023	57	4	26	(203)	(116)
Total (charge) to income statement for the year	(9)	(4)	(44)	–	(57)
Change in tax rate	2	–	–	–	2
Credit to equity (note 27)	–	–	17	–	17
Charge to other comprehensive income (note 25)	–	–	–	70	70
At 31 December 2023	50	–	(1)	(133)	(84)
Total (charge) to income statement for the year	(3)	–	–	–	(3)
Charge to other comprehensive income (note 25)	–	–	–	42	42
At 31 December 2024	47	–	(1)	(91)	(45)

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Explanation of the movements in the year is provided on page 111.

16 Trade and other receivables

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000	Company 31 Dec 2024 £000	Company 31 Dec 2023 £000
Trade receivables	13,197	10,678	–	–
Less: provision for impairment of receivables	(1,107)	(358)	–	–
Trade receivables – net	12,090	10,320	–	–
Amount owed by group undertakings	–	–	15,352	–
Other receivables	216	14	109	45
Prepayments	1,754	1,796	439	503
Accrued income	801	396	–	–
	14,861	12,526	15,900	548

Within the trade receivables balance of £13,197,000 (2023: £10,678,000) there are balances totalling £6,755,000 (2023: £5,036,000) which, at 31 December 2024, were overdue for payment. Of this balance 55% (2023: 34%) has been collected at 24 March 2025 (2023: 18 March 2024). The ageing of the trade receivables is as follows:

The ageing of the trade receivables is as follows:

	Trade receivables	
	31 Dec 2024 £000	31 Dec 2023 £000
Not past due	6,442	5,642
Past due		
Less than one month overdue	3,247	1,620
One to two months overdue	1,171	1,099
Two to three months overdue	336	1,217
More than three months overdue	2,001	1,100
At 31 December	13,197	10,678

The Company had no trade receivables in either year.

16 Trade and other receivables (continued)

Trade and other receivables are denominated in the following currencies:

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000	Company 31 Dec 2024 £000	Company 31 Dec 2023 £000
Sterling	9,614	7,206	548	548
United States Dollars	5,108	5,167	–	–
Other	139	153	–	–
	14,861	12,526	548	548

Movements on the provision for impairment of trade receivables are as follows:

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000
At 1 January	358	421
Charged to income statement	20	302
Specific provision	729	(365)
At 31 December	1,107	358

Movements in the provision for impaired trade receivables have been included in the income statement under other operating costs. Enil was written off as unrecoverable to the income statement during the year (2023: £365,000).

Non-trade receivables do not contain any impaired assets.

17 Financial instruments

At the balance sheet date, the fair value of outstanding forward foreign exchange contracts and the interest rate swap are:

	31 Dec 2024		31 Dec 2023	
Group	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Interest rate swaps – cash flow hedges	368	–	534	–
Forward foreign exchange contracts – cash flow hedges	19	214	607	–
	387	214	1,141	–

	31 Dec 2024		31 Dec 2023	
Company	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Interest rate swaps – cash flow hedges	368	–	534	–
	368	–	534	–

Total derivatives designated as hedging instruments

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

17 Financial instruments (continued)

Currency derivatives

As in previous years, forward foreign exchange contracts are used to hedge a proportion of the Group's forecast Polish Zloty denominated costs over the next 12 months. The forward exchange contracts mature across the year.

The notional principal amounts outstanding at the balance sheet date are as follows:

	31 Dec 2024 £000	31 Dec 2023 £000
Forward foreign exchange contracts – Polish Zloty	<u>13,533</u>	<u>13,624</u>

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of highly probable forecast transactions (i.e. notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components. To test hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

In these hedge relationships, the main sources of ineffectiveness are:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indices (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

At 31 December 2024, the fair value of the Group's currency derivatives is estimated to be a liability of approximately £195,000 (2023: asset of £607,000), based on prevailing forward rates as described in the financial risk management policy.

The forward contracts are designated as effective as cash flow hedges in accordance with IFRS 9 'Financial Instruments'. The fair value has been recognised in other comprehensive income and presented in the hedging reserve in equity.

Derivatives designated in hedging relationships at 31 December 2024:

	Maturity		Total
	1-6 months	6-12 months	
Polish Zloty (highly probable forecast purchase)			
Notional amount (£000)	6,670	6,863	13,533
Average GBP:Zloty contract value	5.07	5.16	5.11
Change in fair value of hedging instruments used as the basis for recognising hedge ineffectiveness in the period			(385)
Change in fair value of hedged items used as the basis for recognising hedge ineffectiveness in the period			385

Derivatives designated in hedging relationships at 31 December 2023:

	Maturity		Total
	1-6 months	6-12 months	
Polish Zloty (highly probable forecast purchase)			
Notional amount (£000)	6,654	6,970	13,624
Average GBP:Zloty contract value	5.32	5.17	5.24

The ineffectiveness recognised in the income statement for the year ending 31 December 2024 was £nil (2023: £nil). The amount recycled to operating costs in the income statement in respect of contracts that matured in 2024 was a gain of £416,000 (2023: gain of £941,000).

The effective fair value loss from hedging recognised in other comprehensive income during the year ending 31 December 2024 was £385,000 (2023: gain of £1,021,000).

17 Financial instruments (continued)

Interest rate swap

The Group and Company entered into floating-to-fixed interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at floating rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swap contract match the terms of highly probable forecast transactions (i.e. notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap contract are identical to the hedged risk components. To test hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

At 31 December 2024 the fair value of the Group's interest rate derivatives is estimated to be an asset of approximately £368,000 (2023: £534,000) based on discounting the expected future cash flows at prevailing interest rates and are based on market prices at the balance sheet date.

The interest rate swap is designated as an effective cash flow hedge in accordance with IFRS 9 'Financial Instruments'. The change in fair value of the hedging instrument since the start of the year was £131,000 and has been recognised in other comprehensive income and presented in the hedging reserve in equity.

Derivatives designated in hedging relationships at 31 December 2024:

	Fixed to floating		Floating to fixed	
	Less than 1 year	Total	Less than 1 year	Total
Notional amount (£000)	7,188	7,188	7,188	7,188
Weighted average hedged rate	SONIA-5 NCCR LAG + 1.75%		2.95%	
				Total £000
Change in fair value of hedging instruments used as the basis for recognising hedge ineffectiveness in the period				131
Change in fair value of hedged items used as the basis for recognising hedge ineffectiveness in the period				(131)

The ineffectiveness recognised in the income statement for the year ending 31 December 2024 was £nil (2023: £nil). In 2024, the Bank of Ireland announced its withdrawal from the UK market, and as a result, the loan is now repayable, in full, in 2025. The interest rate swap matures in 2026, resulting in a portion of the hedge becoming ineffective. The impact on the 2024 financial statements is immaterial. The amount recycled to finance costs in the income statement in respect of interest rate swap settlements in 2024 was a gain of £297,000 (2023: gain of £302,000).

The effective fair value gain from hedging recognised in other comprehensive income during the year ending 31 December 2024 was £131,000 (2023: £23,000 gain).

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year-end exchange rates.

	Note	31 Dec 2024		31 Dec 2023	
		Book value £000	Fair value £000	Book value £000	Fair value £000
Group					
Cash at bank and in hand	18	<u>30,400</u>	<u>30,400</u>	<u>34,085</u>	<u>34,085</u>
	Note	31 Dec 2024		31 Dec 2023	
		Book value £000	Fair value £000	Book value £000	Fair value £000
Company					
Cash at bank and in hand	18	<u>17,822</u>	<u>17,822</u>	<u>22,951</u>	<u>22,951</u>

Notes to the Consolidated Financial Statements

17 Financial instruments (continued)

The carrying amount of borrowings, short term payables and receivables, net of impairment, is equal to their fair value.

Neither the Group or the Company defaulted on any loans during the year. In addition the Group and Company did not breach the terms of any loan agreements during the year.

Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to the customer type.

	2024 £000	2023 £000
Group		
Trade receivables		
Banks and financial institutions	3,303	3,284
Other corporates	3,139	2,358
Total current trade receivables	6,442	5,642
Banks and financial institutions	1,744	542
Other corporates	5,011	4,494
Overdue trade receivables	6,755	5,036
Total trade receivables	13,197	10,678

Cash at bank and short-term bank deposits

Current Rating (Moody's)	2024 £000	2023 £000
A3	27,608	29,121
Aa3	2,176	4,868
Aa1	559	96
A1	57	–
	30,400	34,085

None of the financial assets that are fully performing have been renegotiated in the last year.

18 Cash and cash equivalents

Cash and cash equivalents are denominated in the following currencies:

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000	Company 31 Dec 2024 £000	Company 31 Dec 2023 £000
Sterling	18,589	23,815	17,822	22,951
United States Dollar	10,401	8,821	–	–
Euros	502	356	–	–
Canadian Dollar	647	798	–	–
Polish Zloty	189	259	–	–
Singapore Dollar	69	29	–	–
Japanese Yen	3	7	–	–
Cash at bank and in hand	30,400	34,085	17,822	22,951

The effective interest rate on short term deposits was 1.4% (2023: 1.1%).

19 Financial liabilities

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000	Company 31 Dec 2024 £000	Company 31 Dec 2023 £000
Bank loan	7,180	8,389	7,180	8,389
The borrowings are repayable as follows:				
Within one year	7,188	1,250	7,188	1,250
In the second year	–	7,188	–	7,188
	7,188	8,438	7,188	8,438
Unamortised prepaid facility arrangement fees	(8)	(49)	(8)	(49)
As at 31 December	7,180	8,389	7,180	8,389

On 15 October 2021, the Group and Company entered into a loan agreement with Bank of Ireland consisting of a £10 million term loan in addition to a revolving credit facility of £10 million. The loan is secured on all the assets of the Group. Operating covenants are limited to the Group's net debt leverage of 2.0 : 1 and interest cover of 4.0 : 1. At 31 December 2024, the Group's net debt leverage was -2.41 : 1 and interest cover was 17.23 : 1. The term loan is repayable over three years with an initial 12-month repayment holiday followed by annual capital repayments of £1,250,000. The term loan contains two one-year extension options, one of which was exercised in 2023. In 2024, Bank of Ireland announced its withdrawal from the UK market, and as a result the additional one year extension was not sought, in line with other UK clients of the organisation. In light of the decision by the Bank of Ireland the loan is now repayable, in full, within 12 months of the balance sheet date. Accordingly, the amount of £5.9m that would have been disclosed as a long term liability is now reported as a current liability. The loan is denominated in Pounds Sterling and carries interest at SONIA-5 NCCR LAG plus 1.75%. The Group entered into an interest swap on 2 November 2021, effectively fixing the interest rate at 2.95% over the original term of the loan.

Notes to the Consolidated Financial Statements

20 Trade and other payables

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000	Company 31 Dec 2024 £000	Company 31 Dec 2023 £000
Trade payables	405	482	74	11
Amounts owed to group undertakings	–	–	18,292	14,135
Other tax and social security payable	929	1,614	14	–
Other payables	154	168	–	–
Accruals	6,909	7,034	563	736
Deferred income	32,225	31,475	–	–
	40,622	40,773	18,943	14,882

The amounts owed to group undertakings are unsecured, interest free and repayable upon demand.

Deferred income has increased in the year to £32.2 million (31 December 2023: £31.5 million). The movement is due to the growth in recurring revenues during the year which has caused an uplift in the value of Annual License and subscription fee invoices issued during 2024 in excess of that recognised.

The Company received £11,195,000 from group undertakings during the year (2023: borrowed £1,273,000 from group undertakings) representing the movement on the net amount owed to or from group undertakings from the start of the year to the year end. These amounts are detailed in both note 16 and the table above with the cash impact incorporating non-cash movements totalling £15,000,000 (2023: £12,500,000). Gross borrowings during the year totalled £54,947,000 net of £66,142,000 payments (2023: borrowings of £71,037,000 net of £69,764,000 payments). The movements in the year are in relation to the Group's treasury arrangements.

21 Lease obligations

The Group leases various offices and plant and machinery which, following the adoption of IFRS 16, met the criteria set out to be recognised as lease liabilities.

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000
Amounts payable under lease liabilities:		
Within one year	633	538
Within two to five years	2,111	1,997
After five years	544	906
Total	3,288	3,441
Less: future finance charges	(345)	(427)
Present value of lease obligations	2,943	3,014
Less: Amount due for settlement within 12 months (shown under current liabilities)	(527)	(426)
As at 31 December	2,416	2,588
	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000
The present value of financial lease liabilities is split as follows:		
Within one year	527	426
Within two to five years	1,890	1,728
After five years	526	860
	2,943	3,014

21 Lease obligations (continued)

The Company had no lease liabilities during the year (2023: nil).

	Group 31 Dec 2024 £000	Group 31 Dec 2023 £000
Liability as at 1 January	3,014	3,749
Additions	398	–
Interest	119	129
De-recognition	–	(168)
Foreign exchange	4	(162)
Repayments	(592)	(534)
Liability as at 31 December	<u>2,943</u>	<u>3,014</u>

Total cash outflows from all leases totalled £1,029,000 (2023: £1,084,000), of which £437,000 (2023: £550,000) related to short term or low value leases. The short term or low value lease payments are displayed within the cash flows from operating activities in the statement of cash flows.

22 Provisions

	Provisions 31 Dec 2024 £000	31 Dec 2023 £000
Group		
At 1 January	368	316
Charged to income statement	19	158
Utilised in the period	–	(114)
Foreign exchange	(4)	8
At 31 December	<u>383</u>	<u>368</u>

Provisions have been analysed between current and non-current as follows:

	Provisions 31 Dec 2024 £000	31 Dec 2023 £000
Current	25	100
Non-current	358	268
	<u>383</u>	<u>368</u>

£307,000 (2023: £288,000) of the total provision at 31 December 2024 of £383,000 (2023: £368,000) relates to the cost of dilapidations in respect of its occupied leasehold premises.

All of the non-current provision is expected to unwind within 2 to 5 years (2023: 2 to 5 years).

Notes to the Consolidated Financial Statements

23 Share capital

	31 Dec 2024		31 Dec 2023	
	Number	£000	Number	£000
Group and Company				
Ordinary shares of 7 1/3p each				
Issued and fully paid:				
At 1 January	57,337,611	4,204	57,337,611	4,204
At 31 December	<u>57,337,611</u>	<u>4,204</u>	<u>57,337,611</u>	<u>4,204</u>

The number of ordinary shares for which Aptitude employees hold options and the period to which the options are exercisable are as follows (note 30):

Period	Year of grant	Exercise price	2024 Number	2023 Number
Between 12 March 2022 and 10 August 2029	2019	7 1/3p	12,480	36,797
Between 12 March 2024 and 10 August 2029	2019	7 1/3p	–	39,525
Between 1 November 2023 and 1 May 2024	2020	460.0p	–	148,178
Between 1 November 2023 and 1 May 2024	2020	446.0p	–	12,508
Between 12 March 2023 and 10 August 2030	2021	7 1/3p	–	140,267
Between 1 November 2024 and 1 May 2025	2021	692.0p	338	1,222
Between 1 November 2024 and 1 May 2025	2021	700.0p	22,890	44,747
Between 22 November 2025 and 22 May 2032	2022	7 1/3p	260,771	282,960
Between 1 December 2025 and 1 May 2026	2022	372.5p	22,590	39,198
Between 1 December 2025 and 1 May 2026	2022	335.0p	278,141	298,154
Between 5 September 2026 and 5 September 2033	2023	7 1/3p	338,532	361,685
Between 5 September 2028 and 5 September 2035	2023	7 1/3p	74,660	74,660
Between 1 December 2026 and 1 May 2027	2023	236.0p	111,983	140,694
Between 1 December 2026 and 1 May 2027	2023	280.0p	687,522	713,370
Between 5 September 2027 and 5 September 2034	2024	7 1/3p	399,912	–
Between 5 September 2029 and 5 September 2036	2024	7 1/3p	63,467	–
Between 1 December 2027 and 1 May 2028	2024	274.0p	34,905	–
Between 1 December 2027 and 1 May 2028	2024	331.0p	102,574	–
			<u>2,410,765</u>	<u>2,333,965</u>

24 Share premium account

	2024 £000	2023 £000
Group and Company		
At 1 January	11,959	11,959
At 31 December	<u>11,959</u>	<u>11,959</u>

The total net proceeds from the issuance of shares during the year was £nil (2023: £nil) with £nil (2023: £nil) of this being recognised within share capital, being the nominal value of shares issued.

25 Other reserves

	Derivatives hedge reserve £000	Merger reserve £000	Employee benefit trust reserve £000	Total £000
Group				
At 1 January 2023	1,004	34,195	–	35,199
Cash flow hedges reclassified to income statement	(1,242)	–	–	(1,242)
Gain on effective cash flow hedges	1,044	–	–	1,044
Deferred tax on cash flow hedges	50	–	–	50
Transfer on exercise of options	–	–	124	124
Purchase of own shares	–	–	(186)	(186)
At 31 December 2023	856	34,195	(62)	34,989
Cash flow hedges reclassified to income statement	(713)	–	–	(713)
Loss on effective cash flow hedges	(254)	–	–	(254)
Deferred tax on cash flow hedges	242	–	–	242
Transfer on exercise of options	–	–	85	85
Purchase of own shares	–	–	(24)	(24)
At 31 December 2024	131	34,195	(1)	34,325

	Derivatives hedge reserve £000	Merger reserve £000	Employee benefit trust reserve £000	Total £000
Company				
At 1 January 2023	580	17,398	–	17,978
Cash flow hedges reclassified to income statement	(302)	–	–	(302)
Gain on effective cash flow hedges	23	–	–	23
Deferred tax on cash flow hedges	70	–	–	70
Transfer on exercise of options	–	–	124	124
Purchase of own shares	–	–	(186)	(186)
At 31 December 2023	371	17,398	(62)	17,707
Cash flow hedges reclassified to income statement	(297)	–	–	(297)
Gain on effective cash flow hedges	131	–	–	131
Deferred tax on cash flow hedges	42	–	–	42
Transfer on exercise of options	–	–	85	85
Purchase of own shares	–	–	(24)	(24)
At 31 December 2024	247	17,398	(1)	17,644

26 Treasury shares reserve

	Group £000	Company £000
At 1 January 2023	–	–
Purchase of own shares	(4,014)	(4,014)
Transfer on exercise of options	202	202
At 31 December 2024	(3,812)	(3,812)

1,185,400 shares were purchased by the Company in 2024 for a total cost of £4.0m under the Company's share buyback programme.

Notes to the Consolidated Financial Statements

27 Retained earnings/(Accumulated losses)

	Group £000	Company £000
At 1 January 2023	(3,286)	14,872
Profit for the year	4,125	12,053
Share options – value of employee service (note 30)	125	73
Transfer on exercise of options	(151)	(151)
Deferred tax on share options (note 15)	(66)	17
Dividends paid (note 8)	(3,096)	(3,096)
At 31 December 2023	(2,349)	23,768
Profit for the year	4,980	14,476
Share options – value of employee service (note 30)	611	611
Transfer on exercise of options	(287)	(287)
Deferred tax on share options (note 15)	103	–
Dividends paid (note 8)	(3,081)	(3,081)
At 31 December 2024	(23)	35,487

The profit for the financial year in the financial statements of the Company was £14,476,000 (2023: profit of £12,053,000). As permitted by Section 408 of the Companies Act 2006, no separate income statement or statement of comprehensive income is presented in respect of the Company.

Of the Company's £35.5m retained earnings, £32.2m (2023: £21.1m) is distributable to shareholders following adjustment for the cumulative impact of share options value of service through reserves.

28 Cash flows from operating activities

Reconciliation of profit before tax to net cash generated from operations:

	Group Year ended 31 Dec 2024 £000	Group Year ended 31 Dec 2023 £000	Company Year ended 31 Dec 2024 £000	Company Year ended 31 Dec 2023 £000
Profit before tax for the period	5,593	5,040	14,476	12,053
Adjustments for:				
Depreciation	1,304	1,049	11	10
Amortisation	3,447	3,381	–	–
Share-based payment expense	611	125	–	(173)
Finance income	(368)	(282)	(357)	(273)
Finance costs	450	527	290	315
Changes in working capital:				
(Increase)/decrease in receivables	(2,049)	63	–	(96)
Increase/(decrease) in payables	(136)	2,042	(96)	95
Cash generated from operations	8,852	11,945	14,324	11,931

29 Commitments

The Group and Company have no commitments other than short term leases or a lease of low-value asset during the year (2023: £nil).

30 Share based payments

Performance Share Plan (PSP)

Under the 2016 Performance Share Plan (PSP), the Remuneration Committee is allowed to grant conditional allocations of par value options in the Company to key executives. The contractual life of an option is 10 years. The PSP is considered a Long Term Incentive Plan (LTIP) award.

394,578 options were granted on 5 September 2024 (2023: 334,684 awards granted). The performance conditions are in line with those described for the Executive Directors on page 50.

The inputs inserted into the Monte Carlo Pricing model for the options granted in 2024 are detailed below.

Item	Value
Exercise price	7 1/3p
Expected volatility	41.00%
Dividend yield	1.62%
Risk-free interest rate	3.72%
Share price at grant date	334p

For the calculation of the expected volatility, historical share price volatility was used as a guide over a commensurate period to the expected term of awards.

At the year end there were 39 (2023: 43) employees currently participating in the scheme. Exercise of an option is subject to continued employment.

Details of the share options outstanding under the PSP during the year are as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	788,863	7 1/3p	1,329,444	7.25p
Granted	394,578	7 1/3p	334,684	7 1/3p
Exercised	(66,087)	7 1/3p	(32,283)	6.43p
Lapsed	(255,218)	7 1/3p	(842,982)	7 1/3p
Outstanding at 31 December	<u>862,136</u>	<u>7 1/3p</u>	<u>788,863</u>	<u>7.23p</u>
Exercisable at 31 December	<u>12,480</u>	<u>7 1/3p</u>	<u>177,064</u>	<u>7 1/3p</u>

66,087 (2023: 32,283) PSP share options were exercised in 2024. The weighted average share price at the date of exercise for share options exercised during 2024 under the Share Option Plans was 305p (2023: 346p).

The options outstanding at the end of the year have an expected weighted average remaining contractual life of 8.94 years (2023: 8.47 years).

Notes to the Consolidated Financial Statements

30 Share based payments (continued)

Share Option Plans

The Group operates a UK and an International ShareSave Plan, under which the Remuneration Committee can grant options over shares in the Company to employees of the Group. Options are granted at a 20% discount of the mid-market share price on the date prior to the grant date. The contractual life of an option is 3 years. 239 employees (2023: 313) currently participate in these Plans.

Options granted under the Share Option Plans will become exercisable on the third anniversary of the date of grant, or earlier, subject to specific criteria being met.

Details of the share options outstanding under the Share Option Plans during the year are as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,398,071	309.09p	985,666	397.02p
Granted	144,249	314.53p	891,125	272.16p
Exercised	–	00.00p	–	00.00p
Lapsed	(281,377)	420.83p	(478,720)	421.41p
Outstanding at 31 December	<u>1,260,943</u>	<u>284.78p</u>	<u>1,398,071</u>	<u>309.09p</u>
Exercisable at 31 December	<u>23,228</u>	<u>699.88p</u>	<u>160,686</u>	<u>458.91p</u>

The inputs inserted into the Black Scholes Pricing model for the options granted in 2024 are detailed below.

Item	Value	
	UK	International
Exercise price	274p	331p
Expected volatility	40.00%	40.00%
Dividend yield	1.61%	1.61%
Risk-free interest rate	3.85%	3.85%
Expected cancellation rate	5%	5%

For the calculation of the expected volatility, historical share price volatility was used as a guide over a commensurate period to the expected term of awards.

The weighted average share price at the date of exercise for share options exercised during the year under the Share Option Plans was £nil (2023: £nil).

The options outstanding at the end of the year have an expected weighted average remaining contractual life of 2.17 years (2023: 2.68 years).

No options have expired during the periods covered by the above tables.

30 Share based payments (continued)

Restricted Stock Units (RSUs)

During the year, the Group awarded Restricted Stock Units (RSUs), under which the Remuneration Committee can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. At the year end there were 21 (2023: 30) employees currently participating in the scheme.

Options granted as Restricted Stock Units will become exercisable on the third anniversary of the date of grant, subject to specific criteria being met.

Details of the share options outstanding under the Share Option Plans during the year are as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	147,031	7 1/3p	–	
Granted	145,092	7 1/3p	156,954	7 1/3p
Lapsed	(4,437)	7 1/3p	(9,923)	7 1/3p
Outstanding at 31 December	<u>287,686</u>	<u>7 1/3p</u>	<u>147,031</u>	<u>7 1/3p</u>
Exercisable at 31 December	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The inputs inserted into the Black Scholes Pricing model for the options granted in 2024 are detailed below.

	Value
Exercise price	7 1/3p
Expected volatility	41.00%
Dividend yield	1.62%
Risk-free interest rate	3.82%

For the calculation of the expected volatility, historical share price volatility was used as a guide over a commensurate period to the expected term of awards.

The weighted average share price at the date of exercise for share options exercised during the year under the Share Option Plans was £nil (2023: £nil).

The options outstanding at the end of the year have an expected weighted average remaining contractual life of 9.15 years (2023: 9.69 years).

The Group recognised total expenses of £611,000 (2023: £125,000) related to equity-settled share-based payment transactions during the year. After deferred tax, the total charge in the income statement was £686,000 (2023: £128,000). There was a deferred tax credit of £103,000 (2023: charge of £63,000) taken directly to equity.

The Company recognised total income of £nil (2023: income of £173,000) related to equity-settled share-based payment transactions during the year. After deferred tax, the total credit in the income statement was £nil (2023: £129,000). There was a deferred tax credit of £nil (2023: deferred tax credit of £17,000) taken directly to equity.

Notes to the Consolidated Financial Statements

31 Retirement benefit schemes

The Group operates defined contribution retirement benefit plans for qualifying employees in the UK. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The Group also operates defined contribution retirement benefit plans for its overseas employees with contributions up to 6% of basic salary.

The total expense in the income statement of £1,125,000 (2023: £1,271,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2024, contributions totalling £nil (2023: £nil) due in respect of the 2024 reporting year had not been paid over to the plans and were included within accruals.

32 Related party transactions

Group

During the year, the following directors were paid dividends as ordinary shareholders from Aptitude Software Group plc whilst acting as a director:

Ivan Martin was paid dividends of £12,150 (2023: £12,150). Alex Curran was paid dividends of £644 (2023: £215).

There were no further related party transactions in the year ended 31 December 2024 (2023: £nil), as defined by International Accounting Standard No 24 "Related Party Disclosures" other than key management compensation as disclosed in note 4.

Shareholder Information

Analysis of register of members

As at 31 December 2024, the Company had 844 registered holders of ordinary shares. Their shareholdings are analysed below:

Size of shareholding	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued shares
1-1,000	504	59.8	142,432	0.2
1,001-5,000	180	21.3	392,395	0.7
5,001-50,000	94	11.1	1,563,488	2.7
50,001-500,000	43	5.1	8,057,276	14.1
500,001-above	23	2.7	47,182,020	82.3
Total	844	100%	57,337,611	100%

Shareholder type	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued shares
Institutional shareholders	184	21.8	55,621,020	97.0
Private shareholders	660	78.2	1,716,591	3.0
Total	844	100%	57,337,611	100%

Share register enquiries

Shareholders' enquiries regarding shareholdings or dividends should in the first instance be addressed to our registrar:

MUFG Corporate Markets (formerly known as Link Group)
Central Square
29 Wellington Street
Leeds LS1 4DL.

0371.664.0300 (Calls are charged at the standard geographic rate and will vary by provider)

Outside UK **+44 (0) 371.664.0300** (Calls outside the United Kingdom are charged at the applicable international rate)

Lines are open Monday - Friday 9am - 5:30pm

Email: shareholderenquiries@cm.mpms.mufg.com

You can also manage your shareholding online at www.signalshares.com

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity 10528686).

Find out more at www.sharegift.org.uk or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

Shareholder Information

Protect yourself

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- Get the name of the person and organisation contacting you.
- Check the Financial Services Register at <http://www.fca.org.uk/> to ensure they are authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on 0800.111.6768 if there are no contact details on the Register or you are told they are out of date.
- Search our list of unauthorised firms and individuals to avoid doing business with.

Annual General Meeting of shareholders

We consider the Annual General Meeting of shareholders (AGM) to be an important event in our calendar and a significant opportunity to engage with our shareholders. The 2025 AGM will be held at 9:30 a.m. on Wednesday 28 May 2025 at the offices of Aptitude Software Group plc, 8th Floor, 138 Cheapside, London, EC2V 6BJ. Details are given in a separate notice to shareholders. A copy of the Notice of Annual General Meeting together with this Annual Report is posted on the Company's website www.aptitudesoftware.com. Shareholders are strongly encouraged to vote ahead of the meeting regardless of whether they plan to attend the AGM in person, to mitigate against the risk of disruptions such as train strikes.

Shareholders are also invited to submit questions ahead of the AGM. Details of how to do this are contained in the Notice of Annual General Meeting.

Website

The investor section of the Group's corporate website, www.aptitudesoftware.com contains a wide range of information including regulatory news, results announcements, share price information and information about our Board and Committees. It is also possible to sign up to receive regulatory news relating to Aptitude Software plc alerts by email at www.aptitudesoftware.com/investor-relations/email-alerts/

Advisers

Independent Auditor

RSM UK Audit LLP
6th Floor,
25 Farringdon Street
London
EC4A 4AB

Financial Advisor and Stockbroker

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Financial Public Relations

Alma PR
71-73 Carter Lane
London
EC4V 5EQ

Registrars

MUFG Corporate Markets
(formerly known as
Link Group)
Central Square
29 Wellington Street
Leeds
LS1 4DL

Company's Registered Office

8th Floor
138 Cheapside
London
EC2V 6BJ
Company number: 01602662

Contact us

London
8th Floor
138 Cheapside,
London, EC2V 6BJ
Tel: +44 (0)20 3637 3200

Boston
Suite 1310
101 Federal Street
Boston, MA 02110
Tel: +1 (857) 201-3432

Singapore
Centennial Tower, Level 17
3 Temasek Avenue
039190 Singapore
Tel: +65 62282403

Wroclaw
ul. Muchoborska 6
54-424 Wroclaw
Poland
Tel: +48 71 35 83 010



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