BVCA supplementary disclosure addendum

1. Identity of private equity firm:

The company was formed on 9 October 2019 upon acquisition by Aston Lux Acquisition S.à.r.l, an entity co-controlled by BC European Capital X (advised by BC Partners LLP) and funds within the Vista Equity Partners Fund VII Limited Partnership ("Vista"). Both BC Partners, represented by Partner Philipp Schwalber, and Vista, represented by Senior Managing Director Monti Saroya, are large global private equity funds with significant experience in investing in enterprise software businesses.

2. Details of board composition:

BC Partners LLP and Vista Equity Partners are represented on the Board of Aston Midco by the following individuals:

- A R Alonso – Vista Equity Partners
- C Arhanchiague – BC Partners
- B Hung - Vista Equity Partners
- T Ragagnon – BC Partners
- M Richards – BC Partners
- M S Saroya - Vista Equity Partners

3. Balanced and comprehensive analysis of the development and performance during the year and position at the year-end:

Over FY21 Advanced performed well, in a difficult market environment that saw a COVID-19 driven economic recession in the UK (-10% GDP decline in 2020). The Group's recurring revenue base was resilient, reflecting the mission-critical nature of Advanced's software solutions. However the market environment led to some customers delaying investment decisions (in turn impacting Advanced's software license and implementation services revenues), and in some specific instances reducing their software usage (for instance related to sports and live events ticketing services). Differences in performance could also be seen in Advanced's end-markets, with pressure in the Private ERP and Legal sectors, offset in part by resilient spend in the Public Sector and strong demand for solutions in Health & Care (driven in part by increased software needs to cope with the COVID-19 crisis).

Despite these market headwinds, the Group's performance in FY21 continued to meet strategic and financial objectives, including growing its recurring revenue base (now 72% of total revenues vs. 63% in FY20), maintaining strong profitability (35% Adjusted EBITDA margin in FY21) and investing in product development to maintain and strengthen market positions (£25m spent on R&D).

In addition, the Group continued to deploy its M&A strategy in FY21 reinforcing the Group's product offering (notably in Human Capital Management with 2 acquisitions, Legal with 2 acquisitions) and strengthening its market position in those segments.

4. Financial KPIs:

The main financial KPI's reviewed by the Directors are:

- Total revenue
  - As detailed in the financial statements during the year the Group reported revenue of £256.7 million (FY20: £103.3 million).
  - 91% of revenues were generated in the UK and Ireland, in line with the business strategy to expand and grow the business primarily in the UK domestic market.
- Recurring revenue as a proportion of revenue
  - Reported recurring revenues represented 72% of total FY21 revenues (compared to 63% in the initial trading period). This proportion was positively impacted by the continued shift from license-based to subscription-based pricing models, and in part the negative impact from the market environment on non-recurring revenues.
- Adjusted EBITDA
  - Adjusted EBITDA was £90.2 million (FY20: £37.9 million). Whilst profitability remained high, the % EBITDA margin was impacted by the lower one-off sale of higher-margin software licenses, declining from 37% in the initial period to 35% in the first full year of trading.
- Free cash flow
  - Cash generated from operating activities was £125.8 million (FY20: £50.1 million), benefitting from EBITDA growth and an improvement in working capital management.
- Operating profit.
  - Operating Profit for the year was £40.8 million (FY20: £52.2 million loss). FY20 Operating profits are impacted by material one-off items arising from acquisitions.

Note: the comparison to the FY20 initial year of trading is made on a partial year (from 2 August 2019 to 29 February 2020) as per the Group's FY20 accounts.

5. Non-financial KPIs:

The Group's primary Non-financial KPI are:

- Customer satisfaction, which is measured by regularly surveying the Group's customers, and aggregating the results in a KPI ("Net Promoter Score"). NPS improved from -16 in 2015 to +32 in 2021.
- Employee base: number of employees and number of new hires
- ESG performance, with a commitment to carbon-neutrality from 2021 and significant on-going D&I investment (beyond gender metrics presented in 7.)

6. Trends and factors affecting future development, performance and position:

Several key trends across the Group's software markets are monitored by the Group:

- UK macroeconomic environment: the Group generates 91% of its revenues from the UK and Ireland, and as such is exposed to the broader UK and Ireland macroeconomic environment. As discussed in the financial section, macroeconomic events such as the COVID-19 driven economic recession and subsequent recovery can impact the Group's customers through timing of software investments and in some cases swings in activity volumes driving software usage.

- Software market dynamics in the Group's key segments: the Group addresses several discrete end-markets (for example Health & Care, Legal, Education and the Public Sector), each with specific market dynamics which impact upon demand for the Group's solutions.
- Changing customer needs: customer software needs are evolving rapidly (in terms of functionality, underlying technology, and the need for integration into an increasingly complex technology ecosystem), which the Group is proactively addressing through investment into new products and the targeted modernisation of existing solutions, in turn strengthening its market position.
- People / recruitment: as discussed in the risk section of the financial statements, the Group's continued success relies on recruiting, developing, and retaining the Group's employees. The broader software industry is experiencing a heightened demand for talent, in turn impacting the availability of high-quality employees (primarily in the UK and in India, where the Group has significant operations). Advanced is focused on ensuring that it continues to be an attractive employer and therefore able to hire the employees needed to meet its growth ambitions.

7. Gender diversity information:

Overall, the group has 76% male and 24% female employees, and the senior management includes 75% male and 25% female employees.
The Board is made of six individuals, including 1 female board member (17%) and 5 male board members (83%).
Further details and the companies approach to a balanced and diversity is set out within our ESG report. (see link)