The power of our people

Alpha
Financial Markets Consulting

Annual Report & Accounts 2021

Welcome to Alpha's 2021 Annual Report & Accounts

Alpha is a leading global consultancy to the asset management, wealth management and insurance industries.

Perspective | Strategy | Technical Expertise | Data Solutions

Headquartered in the UK and quoted on the AIM of the London Stock Exchange, Alpha Financial Markets Consulting[1] is a leading global provider of specialist consultancy services to the asset management, wealth management and insurance industries.

Alpha has worked with 90% of the world's top 20 asset managers by AUM, along with a wide range of other buy-side firms. It has the largest dedicated team in the industry, with nearly 450 consultants globally, operating from 12 client-facing offices spanning the UK, Europe, North America and Asia.

For more information, see the website: investors.alphafmc.com

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1 Alpha Financial Markets Consulting plc: "Alpha", the "Company", the "Group".

Financial Highlights

Revenue
£98.1m
(FY 20: £90.9m) +7.9%

Adjusted[2] EBITDA
£21.7m
(FY 20: £20.2m) +7.2%

Operating profit
£10.2m
(FY 20: £10.4m) -2.4%

Profit before tax
£9.0m
(FY 20: £9.3m) -3.5%

Adjusted profit before tax
£19.6m
(FY 20: £18.6m) +5.3%

Basic earnings per share
5.75p
(FY 20: 6.11p) -5.9%

Adjusted earnings per share
14.91p
(FY 20: 14.21p) +4.9%

Adjusted cash conversion
111%
(FY 20: 106%)

Total dividend per share
6.95p
(FY 20: 2.10p)

Operational Highlights[3]

439
Clients[4]
(FY 20: 381)
Includes 90% of the world's top 20 asset managers by AUM

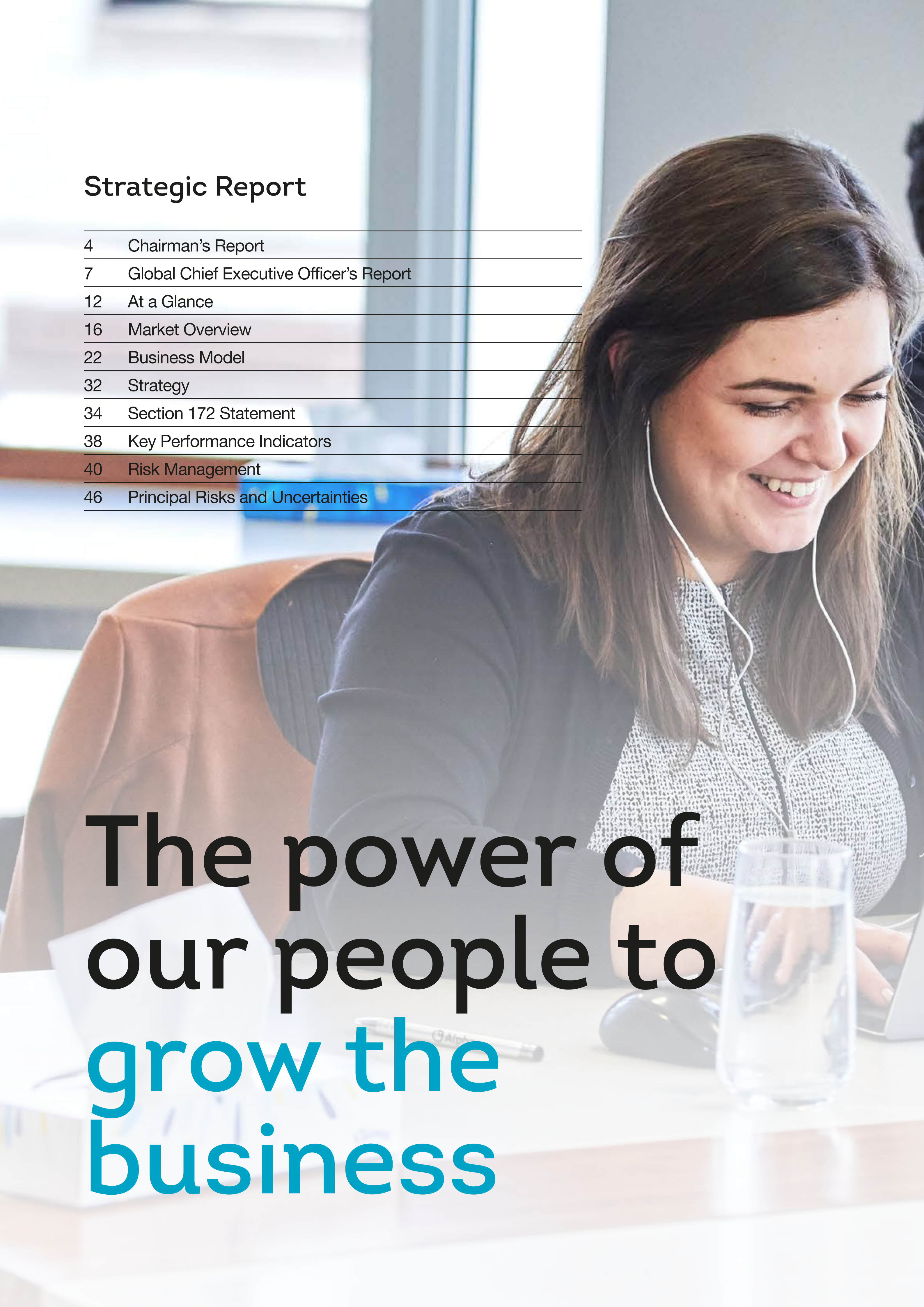
12
Offices[5]
(FY 20: 12)
Office network provides ability to deliver an exceptional service proposition across all key markets

448
Consultants[6]
(FY 20: 436)
Selective investment in strategic hires including addition of 11 global directors

15
Business Practices
(FY 20: 13)
Insurance (France) and ESG & Responsible Investment practices launched

–
Acquisitions
(FY 20: 2)
Ongoing review of strategic opportunities with significant acquisition of Lionpoint after year end

[2] The Group uses alternative performance measures ("APMs") to provide stakeholders further metrics to aid understanding of the underlying trading performance of the Group. These measures exclude non-operational costs including acquisition and integration costs, earn-out and deferred consideration costs and share-based payment charges. Refer to note 4 for further details.
[3] All operational and financial highlights relate to the period ending 31 March 2021, and do not take account of Group size and figures following the 20 May 2021 acquisition of Lionpoint Holdings Inc. ("Lionpoint").
[4] Client numbers are cumulative and have been updated to include all client relationships from acquisitions. "World's top 20" refers to Investment & Pensions Europe, "Top 500 Asset Managers 2021".
[5] The Group uses "office" to refer to office location; that is, if there are multiple offices in one location, they will be counted as one office.
[6] "Consultants" and "headcount" refer to fee-generating consultants at the year end: employed consultants plus utilised contractors in client-facing roles.



Strategic Report

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The power of our people to grow the business

Strategic Report

Chairman's Report

Alpha made excellent progress towards its major goals during 2021, despite the challenges presented by the global pandemic. It ended the year with strong momentum across the business and the foundations in place for substantial further growth.

Ken Fry
Chairman
24 June 2021

"The long-term industry trends that fuel Alpha's growth – cost pressures, regulatory change and increasing assets under management – remain in place. We therefore look to the future with confidence."

I am pleased to present the Annual Report & Accounts of the Group for the 12 months to 31 March 2021. This has been a year like few others, but Alpha responded admirably to the challenges of COVID-19. The Group has advanced all its strategic objectives, demonstrated great operational resilience and delivered an excellent financial outcome in these extraordinary times.

The Alpha Board, supported by the executive team, remains committed to the Group's strategic aim to be recognised as the leading global consultancy to the asset management, wealth management and insurance industries. Alpha pursues this aim by differentiating itself, through a specialist high-quality service offering and experienced consulting team, and diversifying its business, through organic growth and the acquisition of complementary businesses. The Board believes that the Group has the correct strategy to deliver profitable growth and ongoing value for its shareholders.

The Group is well positioned to achieve its growth ambitions by developing new service offerings, investing in high-performing people and acquiring complementary businesses. In this regard, we are delighted to have welcomed Lionpoint to the Alpha Group post the year end.

Overview of the Financial Year

Alpha has produced strong performances across all of its geographic regions and continued to expand in North America, which represents a significant growth opportunity for the Group. Alpha has also progressed another key growth project: its roadmap to move into the adjacent insurance industry. The Pensions & Retail Investments ("P&RI") practice in the UK and the newly launched Insurance practice in France are both gaining good traction and demonstrate the rapid progress that Alpha is making on its strategic growth objectives.

The Group was also delighted to announce the successful expansion of its service offering with the launch of the new ESG (Environmental, Social, Governance) & Responsible Investment practice. ESG is a topic of great strategic importance for Alpha's clients and therefore a crucial element of the Group's service proposition, building on its acknowledged expertise in organisational transformation and regulation.

Following the onset of the COVID-19 pandemic during early 2020, Alpha took pre-emptive action to preserve financial flexibility. The Board[7], senior leadership and broader director[8] team took temporary salary sacrifices, employee profit share payments were deferred, the final dividend for the year to 31 March 2020 was cancelled and recruitment was confined to selective strategic hires.

However, thanks to the professionalism of Alpha's teams in maintaining momentum while transitioning to and successfully sustaining remote working, the Group continued to progress and deliver against its objectives. Its financial performance strengthened throughout the year, producing results at the higher end of market expectations. The Board was pleased to reinstate the Group's dividend during the year, with the payment of the interim dividend in December 2020, and the precautionary financial measures in response to COVID-19 have now been withdrawn. The temporary salary sacrifices taken by the Board, directors and senior leadership team ended on 30 September 2020 as planned and have now been repaid in full, after the year end. The formal departure of the UK from the European Union at the end of 2020 passed with no material impact on the Group, removing a degree of uncertainty from the market.

The Group has achieved annual revenue growth of 7.9% on the previous financial year to £98.1m. I am also pleased to report the Group's highest ever adjusted EBITDA of £21.7m (FY 20: £20.2m) and growth in adjusted earnings per share of 4.9% to 14.91p. Basic earnings per share was 5.75p, after increased adjusting costs as set out in note 4 of the notes to the consolidated financial statements.

Governance and the Board

The Group is well served by a robust corporate governance framework, which it continues to develop to ensure that it appropriately safeguards the interests of shareholders, employees, clients and wider stakeholders. The Board is committed to upholding very high standards of corporate governance and ethical behaviour, which it regards as key to reducing risk and securing long-term value for shareholders and stakeholders. Its members bring extensive knowledge of the asset and wealth management industry coupled with substantial leadership experience to their roles.

As announced at the 2020 Annual General Meeting, Nick Kent stepped down from the Board with effect from 1 September 2020. Nick founded Alpha in 2003 and led the Group as Chief Executive Officer through its first decade of growth before becoming a Non-Executive Director in 2013. The Board is extremely grateful to Nick for his contributions to Alpha's success over the past 18 years and is pleased that he will continue to support its work as an adviser.

As part of our commitment to review and evolve the Board's governance framework, including enhancing its independence, in July 2020 we welcomed Jill May to the Board as an additional Non-Executive Director. Jill has significant experience of financial services, regulation and public company governance and, on her appointment, also joined the Audit and Risk, Remuneration and Nomination Committees of the Board.

The Group is committed to achieving high levels of transparency on ESG and sustainability issues, building on the ESG metrics first disclosed in last year's Annual Report. It will continue to develop its reporting in these areas in line both with mandatory disclosure frameworks, such as the forthcoming requirements

[7] "Alpha Board" is the Alpha Board of Directors, also referred to as the "Board of Directors", the "Board" and the "Directors".
[8] "Directors" refers to the executive and non-executive members of the Board; meanwhile "directors" refers to non-Board directors within the management teams of the Group.

Strategic Report

Chairman's Report continued

set out by the Taskforce on Climate-Related Financial Disclosures, and with our own determination to provide the most appropriate and helpful non-financial metrics. In making all such disclosures, the Group's intention is to enhance understanding of Alpha's approach to risk management and to demonstrate that it is a business capable of generating sustainable, long-term growth.

Finally, in January we were pleased to announce the appointment of Investec Bank plc as Nominated Adviser in addition to its role as joint broker alongside Berenberg.

Strategy

Alpha's goal is to be the leading global asset, wealth management and insurance consultancy. The Board's strategy for achieving this has two main axes: geographic expansion to provide local support for clients all over the world, and the transfer of our teams' industry-leading expertise and our strong client relationships into complementary business areas. Within this context, the Group is starting to capitalise on the huge opportunity and make good progress in the North America market. Relevant to the roll-out of the business model into different service lines, the Group now has a clear roadmap to achieve growth within insurance consulting, which is an adjacent industry with enormous potential to accelerate Alpha's expansion over the next few years, initially within the UK and Europe through its newly established business practices.

Although organic growth, by hiring and developing the world's strongest team of industry specialists, is the central plank of our strategy, Alpha has already demonstrated its capability to expand in strategically important areas through acquisition. Obsidian and Axxsys, acquired during the previous financial year, have significantly strengthened our offering in data solutions and asset management technology consulting, respectively. Further strategic acquisitions remain on the growth agenda.

Alpha will not reduce its efforts to hire the most talented consultants with highly attractive incentive packages and a working environment that is based on good communication, effective support for employees' wellbeing and a spirit of close collaboration. The Group recognises the importance of developing an active diversity and inclusion agenda and managing environmental, social and governance issues appropriately. It continues to develop and refine its approach to these topics.

Dividend

In view of Alpha's strengthening performance through the past year and its good cash position at the year end, the Board is recommending a final dividend of 4.85p per share, bringing the total for the year to 6.95p (FY 20: 2.10p). Subject to shareholder approval at the Annual General Meeting ("AGM") to be held on 23 September 2021, the final dividend will be paid on 30 September 2021 to shareholders on the register at close of business on 17 September 2021.

Outlook

It is still unclear how much longer COVID-19 will continue to affect our daily lives. However, Alpha's performance over the past year has demonstrated that it is flexible and resilient enough to thrive, even in the face of extraordinary challenges. The Group has made excellent progress against all its strategic growth objectives, including having acquired Lionpoint following the year end, which marks a significant milestone in Alpha's growth journey.

The Group enters the current financial year in robust health with substantially increased cash resources, strong levels of utilisation across the teams and an excellent pipeline of new business opportunities under discussion. The long-term industry trends that fuel Alpha's growth – cost pressures, regulatory change and increasing assets under management – remain in place. We therefore look to the future with confidence.

My thanks go to my fellow Directors, Alpha's management team and all employees for their outstanding professionalism and teamwork. Together, they have guided the Group through testing times to its current position of strength.

Global Chief Executive Officer's Report

We have made huge progress during an exceptionally challenging time for our people, achieving excellent financial results, broadening our service offering and positioning the Group for significant growth over the next few years.

Euan Fraser
Global Chief Executive Officer
24 June 2021

> **"Alpha enjoyed many successes last year but what stands out most is the dedication of our people and their exemplary performance under very testing conditions."**

Welcome to Alpha's fourth set of full-year results as a public company. I am delighted to report that we ended a year of huge challenge and uncertainty with strong revenue and adjusted EBITDA growth, an excellent business pipeline and key strategic initiatives progressing well. We have demonstrated outstanding resilience and the foundations are now clearly in place to achieve our medium-term goal: doubling the size of the Group within the next four years.

Alpha has enjoyed many successes over the last year but what stands out most is the dedication and commitment of our people. Their performance under extremely testing conditions has been exemplary. Thanks to their efforts, Alpha was able to adapt quickly to the changing situation and serve our clients with the same diligence and flair as ever. This has allowed us to report strong revenue and adjusted EBITDA growth.

Strategic Report

Global Chief Executive Officer's Report continued

The Group has also made significant strategic progress including our continued extension into the insurance consulting market and the launch of our strategically important ESG & Responsible Investment practice.

COVID-19

The pandemic has tested the culture and values of every company. Responding to it forced us to take difficult decisions but, in doing so, I believe that we remained true to Alpha's values. We communicated clearly and regularly with our teams and ensured that everyone shared in the sacrifices that had to be made, whilst still recognising excellence and prioritising growth. We continued to promote people and make selective, strategic hires. The Board and senior leadership team all took a temporary salary reduction of 40%, and our broader director team a reduction of 20%. We also postponed payment of the profit share scheme for FY 20 until the outlook had stabilised, and we cancelled the final dividend for FY 20.

These pre-emptive measures conserved cash while we monitored closely the macro environment and its impact on the business. By the end of the first half of the financial year, we were comfortable with the resilient business performance and our success in winning new work without significant cuts to our rates, which enabled us to reverse those measures progressively. We paid the delayed profit share in November 2020 and, as a final step, after the year end, we paid back the salary sacrifice that our Board, senior leadership and broader director team had made.

The past year has been exceptionally tough, but it has also brought into sharp focus the qualities that I believe make Alpha so successful. The business that we have built over the past 18 years maintained its unbroken record of growth through the toughest of circumstances, delivering some of the most complex and demanding projects in the market as effectively as ever.

Summary of Financial Performance

Alpha's success in transitioning seamlessly to remote working, our teams' strong utilisation rates and our significant new business wins have together delivered excellent financial results. Globally, we won 58 new clients during the year entirely from organic growth (FY 20: 30, excluding acquisitions). Group net fee income increased by 10.2% to £98.0m (FY 20: £88.9m), adjusted EBITDA by 7.2% to £21.7m (FY 20: £20.2m) and adjusted profit before tax by 5.3% to £19.6m (FY 20: £18.6m). We ended the year with net cash of £34.0m (FY 20: £26.0m).

Both pillars of our growth strategy – expanding our service offering and growing in key regional markets – are delivering well. We are seeing good traction for our new service lines, the latest being our ESG & Responsible Investment practice, and our entry into the adjacent market for insurance consulting is going well, with our France-based Insurance and UK-based Pensions & Retail Investments practices making excellent progress. We continued to hire across both teams during the year to strengthen their propositions. Our regional growth strategy is also firmly on track, with another strong year of growth in North America delivered. Over the past year, the two strategic acquisitions that we completed in FY 20 have been fully integrated, with the Axxsys business making a particularly strong contribution to the Group.

Given the Group's resilient performance, we were pleased to reinstate the dividend at the interim stage and are proposing a final dividend for FY 21 of 4.85p (FY 20: nil), giving a total of 6.95p for this year (FY 20: 2.10p).

Operational Review

The Group has seen consistent demand for its services throughout the past year, with little sign that the pandemic has affected our clients' need for our specialist expertise and consulting support. The launch of our ESG & Responsible Investment practice is a significant step forward and addresses an area of huge long-term importance for asset managers, wealth managers and asset owners. The ESG & Responsible Investment team is working on multiple projects with a strong pipeline of business under discussion. Similarly, we can already see that our move into insurance consulting is progressing well, confirming our belief that there is a major long-term opportunity for the Group in consulting to the insurance industry.

Among our established practices, Distribution, M&A Integration and Operations & Outsourcing continue to perform well in all our key regional markets. Newer practices including Digital and Regulatory Compliance & Risk[9] are showing good growth.

[9] Updated from Regulatory Compliance practice to Regulatory Compliance & Risk in the period to reflect better the range of projects and services delivered for clients and the breadth of subject matter expertise across the Alpha team.

Across the business, we were able to agree new projects with resilient consultant fee rates overall and improving margin performance towards the end of the period give us confidence for FY 22 and beyond, as the market continues to normalise.

Alpha's progress during the year is testament both to our leading position in the market and to the long-term structural drivers of demand for our services: reducing asset management fees leading to universal cost pressures, new regulation and growing assets under management. These factors are forcing asset and wealth managers to optimise their technology and processes, consider outsourcing back and middle-office activities, and invest in technology to derive greater value and efficiency from the data they hold. This all constitutes a strong tailwind for Alpha, including our expanded technology consulting and data products and services activities, which we augmented in the previous year with the acquisitions of Axxsys and Obsidian.

Sustainability is a topic of huge importance for Alpha and, as we grow, it becomes increasingly important for us to assess and disclose how it informs the way in which we plan and operate. Our overriding objective is to ensure that our business model is sustainable in the long term and we therefore continue to develop our ESG approach, building on the formal disclosure framework that we outlined in our 2020 Annual Report.

We have learned that, alongside the significant challenges, there are advantages in remote working both for our people, who can manage their working day more flexibly, and for our clients, who can draw on our global talent pool to address their needs. We are therefore reflecting more broadly on the lessons of the past year and how we can use them to improve the way the Group operates in future.

Geographic Overview

Alpha's global footprint allows us to support clients all over the world as well as to deliver programmes covering multiple territories for our largest and most international clients. Our regional financial performance for the past year demonstrates the strength of demand that we have seen in all parts of the world.

	12 months to 31 March 2021	12 months to 31 March 2020	Change
Net Fee Income			
UK	£53.5m	£50.5m	5.7%
North America	£16.5m	£14.4m	14.4%
Europe & Asia	£28.0m	£24.0m	16.9%
Total	**£98.0m**	**£88.9m**	**10.2%**
Gross Profit			
UK	£21.4m	£22.2m	(4.0%)
North America	£4.4m	£4.8m	(6.1%)
Europe & Asia	£9.0m	£7.4m	21.6%
Total	**£34.8m**	**£34.4m**	**1.2%**

	As at 31 March 2021	As at 31 March 2020	Change
Consultant Headcount			
UK	223	217	2.8%
North America	78	68	14.7%
Europe & Asia	147	151	(2.6%)
Year-end totals	**448**	**436**	**2.8%**

The UK remains Alpha's largest territory and delivered a strong performance. Net fee income increased 5.7% year-on-year thanks to our success in winning new business at solid rates. We saw strong contributions from our M&A Integration, Distribution and Operations & Outsourcing practices, and continued good levels of demand for Axxsys's technology-focussed consulting services. Against a challenging backdrop, Alpha's excellent reputation in the UK market worked strongly to our advantage and we remain very confident about the strength of our service proposition for clients, particularly as we continue to expand and differentiate according to client demand. COVID-19 has proved a more challenging backdrop with longer sales cycles for Alpha Data Solutions ("ADS"), but the business goes into the new financial year with a good pipeline and new project wins.

North America again delivered strong growth, with net fee income up 14.4%. As well as adding a number of new domestic clients in the region, we have continued to build on recently created client relationships and are delivering large-scale projects. This serves to demonstrate the relevance and strong appeal of our service offering there. We have continued to invest in growing the Alpha team accordingly, to capitalise

Strategic Report

Global Chief Executive Officer's Report continued

on the opportunity and demand that we see, as Alpha North America reports the strongest headcount increase in the Group. Our growth in North America has also been recognised by Forbes, who identified Alpha as one of "America's Best Management Consulting Firms" in 2021. We see the huge scale of the opportunity for Alpha in the world's biggest asset management market and we are making good progress in building relationships with the largest asset managers there.

Our teams in Europe & Asia delivered 16.9% net fee income growth for the year. Europe saw a resilient performance in the first half of FY 21 and this market returned to strong growth in the second half of the year. We see good long-term growth prospects for Alpha in the Nordic countries and Central Europe and will continue to build our presence in these markets. We added four directors to our team in Europe during the year, three in our asset and wealth management practices and one new Axxsys Europe director who has also been appointed Chief Innovation Officer for Axxsys. In Asia, Alpha enjoyed a period of rapid growth, with a number of large projects delivered for clients in Singapore and APAC more widely, and a healthy new business pipeline for the current year.

Our People

Alpha's people are the secret of our success and I am especially proud of their performance during the past year, when they have had to face personal difficulties while continuing to deliver high-profile, complex projects for clients. Their exceptional professionalism and commitment are the key reason why Alpha has delivered such robust results this year and why it enjoys a very strong reputation in all its markets.

Although it was smoothly executed, the transition to remote working, without the opportunity to bring our teams together for much of the year, created additional pressures for everyone as they tried to balance professional commitments with the demands of their personal lives. We designed a framework to support our teams based on feedback from employees across the Group. This addressed three main streams of work: wellbeing – to inspire, motivate and support Alpha's people; productivity – to optimise remote working practices and collaboration; and technology – to ensure a continuous operational framework and effective remote technology solutions.

It has been critical to recognise that there has been a wide range of reactions to remote working among our people and that individuals needed varying levels of support to help them manage the transition. I believe the efforts we have made in this regard demonstrate the best aspects of Alpha's culture and we continue to evolve this framework to ensure that we remain as connected and supportive as we can be.

We slowed external hiring during the first half of the year to focus on selective strategic hiring only, while we took steps to put the business on the strongest possible footing. We expanded our team of revenue-generating directors by 11 during the year (FY 20: 13), through promotions and selective hires. By the end of March 2021, our global headcount increased to 448 (March 2020: 436) and we have returned recruitment overall to a more normal pace.

Hiring and motivating the most talented people is fundamental to our long-term success, which is why we felt that it was crucial to carry on promoting high-performing people even when conditions for our business were at their most uncertain. Our highly skilled, hugely committed global teams allow us to deliver unrivalled outcomes for our clients, which in turn drives client loyalty and repeat business. In practice, this means that we constantly assess how we best support and develop our exceptional group of consultants and, in addition, we regularly review the Group's highly competitive proposition for attracting and retaining the very best consulting talent.

Alpha's unique culture and quality have always been an important part of how we attract and retain the best candidates. We are delighted that this strong culture and offering has been recognised globally, for example by earning us a place in the 100 Best Large Companies to Work For (UK) list 2021.

Growth Strategy and Acquisitions

Alpha's aim is to be recognised as the leading global consultancy to the asset management, wealth management and insurance industries, and we pursue both organic and inorganic growth in delivery of this goal. Our strategy is both to increase the range of services that we offer, most recently by adding our ESG & Responsible Investment practice and building our expertise in insurance consulting, and to expand our global presence, particularly in North America.

Our growth during the past year has been almost entirely organic, although it was significantly strengthened by the two acquisitions – Axxsys in technology consulting and Obsidian in data products and services – that we completed in the year to 31 March 2020. In both cases, the new businesses brought us valuable local introductions and cross-selling opportunities in the markets where they operate, as well as adding services that have enhanced Alpha's client proposition overall. The integration of Axxsys has brought a strong technology-led consulting offering to the Group's core functions and incorporated a strong pension client base, in particular extending our expertise in SimCorp software and investment management platforms. Obsidian has added a highly complementary software development and product expertise within the ADS team, while providing increased exposure to alternative assets.

Acquisitions remain a key part of the Group's growth strategy and we will continue to monitor opportunities that will strengthen Alpha in key growth segments, including data and product businesses and technology consulting firms that will broaden the Group's service offering.

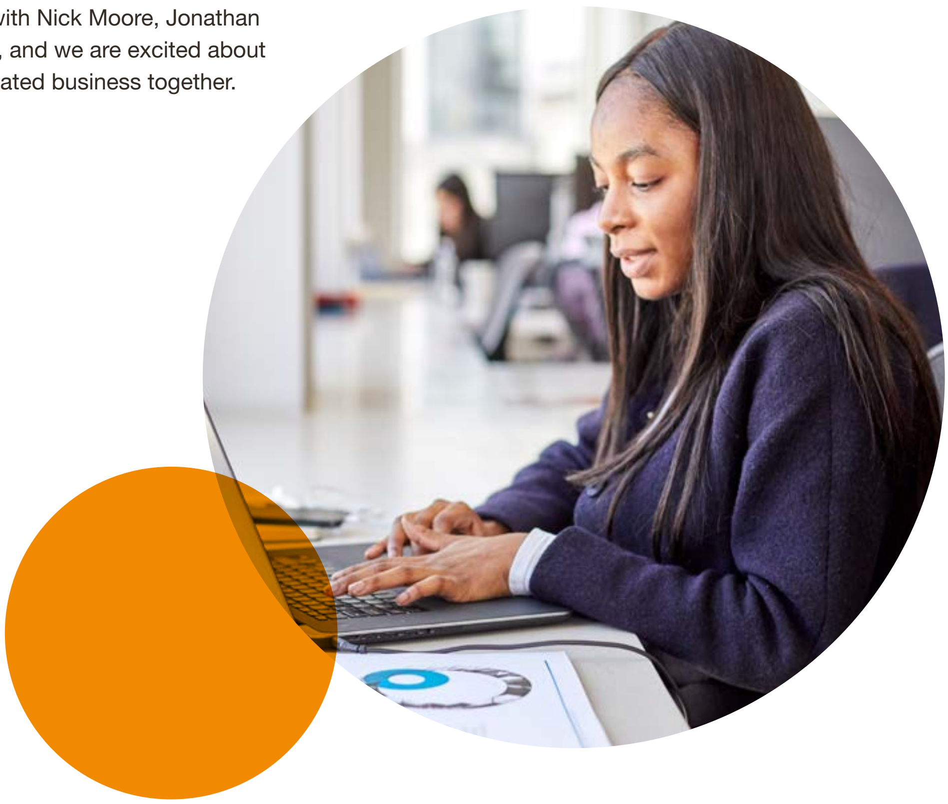
We were delighted to announce the acquisition of Lionpoint in May 2021, which marks another significant milestone in Alpha's growth strategy. It represents a very strong strategic addition into the alternatives investment market and North America footprint. I look forward to working with Nick Moore, Jonathan Balkin and the wider Lionpoint team, and we are excited about the opportunity to grow the consolidated business together.

Current Trading and Outlook

The Group has emerged from the most testing year in our history firing on all cylinders. Our financial results for the year to 31 March 2021 demonstrate the resilience of our business model and the quality of our people. We are seeing strong demand for our services in all regions and have an excellent pipeline of new business under discussion.

The results that we have achieved and the good progress that we are making in the areas of our business that are targeted for strategic growth – our developing insurance consulting capability and our North American presence – show that we have successfully put in place the foundations for a further significant expansion of the Group. Our business enjoyed growing momentum through the second half of FY 21 and that has continued into the early part of the new financial year. All of these factors increase our confidence that Alpha can double in size within the next four years.

Finally, I would like to join with Ken in thanking all our people for their fabulous efforts over the past year. They have delivered consistently outstanding work and their team spirit and professionalism has been second to none, and we are very proud to have the best consulting team in the industry.



Strategic Report

At a Glance: creating a global growth model

North America

75+ Consultants

New York (2009)
Boston (2015)
Toronto (2019)

UK

220+ Consultants

London (2003)
Edinburgh (2016)

Europe

115+ Consultants

Luxembourg (2008)
Paris (2010)
Amsterdam (2015)
Geneva (2017)
Zurich (2019)
Copenhagen (2019)

Asia

25+ Consultants

Singapore (2017)

Our story so far...

First we:

- Became known to our clients for the high quality of our team;
- Focussed on outsourcing, operational change and M&A integration, with emerging distribution and investments capabilities.

Then we:

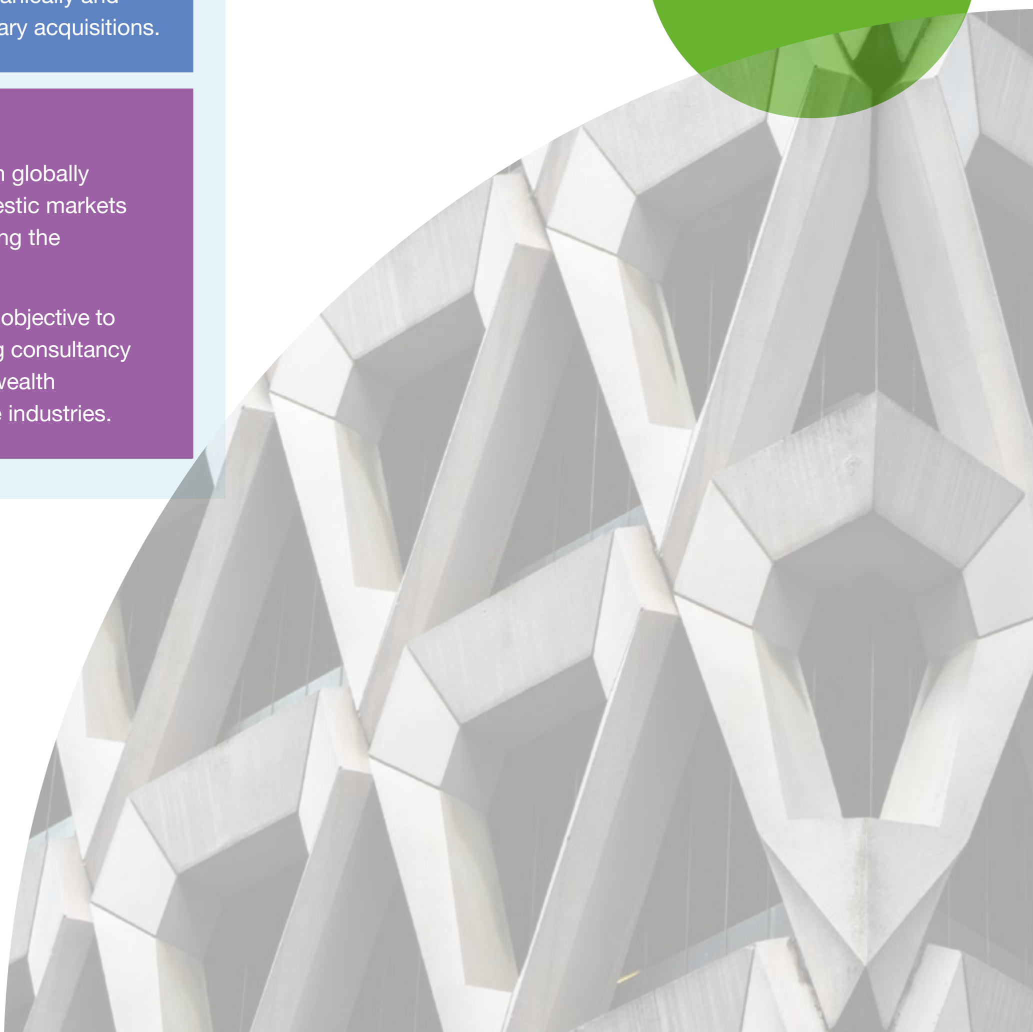
- Capitalised on our reputation for market-leading consulting advice;
- Continued to develop consulting solutions across the asset and wealth management chain.

We have:

- Established a global capability and reputation for delivering some of the most challenging and complex projects in the industry;
- Committed to a growth strategy that involves expanding the business organically and through highly complementary acquisitions.

Now we will:

- Continue to build scale both globally and across a range of domestic markets by growing and differentiating the service offering;
- Pursue with momentum our objective to be recognised as the leading consultancy to the asset management, wealth management and insurance industries.



Strategic Report

At a Glance continued

2003
Alpha is founded in London as a provider of specialist consultancy services to the asset and wealth management industry.

2008
Europe presence is established, with the opening of the Luxembourg office.

2009
US presence is established, with the opening of the New York office.

2011
Creation of the Distribution and Front Office practices.

2013
Investment in Alpha by Baird Capital.

2014
New specialist practice Alpha Technology Services is launched.

2015
Alpha's Diversity & Inclusion programme is launched.

Alpha has been selected #1 Consulting Firm in France by *Décideurs Magazine* 2021 in "asset management"

DÉCIDEURS MAGAZINE

2016

Investment in Alpha by Dunedin, with Baird Capital exiting in full. Alpha has c. 200 consultants across six offices.

Creation of the Investment Guidelines and Regulatory Compliance & Risk practices.

2017

Asia presence is established, with the opening of the Singapore office.

Creation of the Digital Practice. Acquisition of TrackTwo; new specialist practice Alpha Data Solutions is launched.

Successful AIM admission with a market capitalisation of £160m. Alpha has 240 consultants across nine offices.

2018

Creation of the FinTech & Innovation practice.

2019

Creation of the ETF & Indexing practice.

Successful acquisition of Axxsys, including offices in Toronto and Copenhagen.

Creation of the Pensions & Retail Investments practice.

Successful acquisition of Obsidian, expanding the Alpha Data Solutions proposition.

2020

Creation of the ESG & Responsible Investment practice and Insurance practice in France.

2021

Alpha continues to grow, reporting the most successful financial year to date, with Group revenues of £98.1m.

Successful acquisition of Lionpoint[10], extending Alpha's alternatives capabilities and increasing the global footprint particularly in North America.

3x winner of the Funds Europe Consultant of the Year award

Timeline depicts calendar years

[10] Acquisition of Lionpoint Holdings, Inc. took place on 20 May 2021, following the FY 21 reporting period, however, is included within the 2021 calendar year. Further details are set out in note 26.

Strategic Report

Market Overview

Alpha helps clients in asset management, wealth management and insurance to adapt to the structural trends shaping their markets and develop business models that will deliver long-term growth and profitability.

Market Context

Alpha is a leading consultancy to the asset management, wealth management and insurance industries globally. The Group works with organisations of all types across these industries, including asset and wealth managers, investment platforms, pension companies, intermediaries and service and infrastructure providers, and extending from the largest international groups to boutique firms.

Alpha's consulting teams, organised across 15 business practices, address almost every part of the value chain, except for advising on investment decisions. As a professional services firm, Alpha is therefore able to cover the full consulting lifecycle from strategy to operating model and process design, vendor selection, technology implementation, change delivery and support.

This comprehensive proposition has also been further enhanced in recent years, through the development of the Group's Alpha Data Solutions offering, to provide complementary data products and services to clients. The ADS offering responds to and addresses important and high-growth industry topics and challenges such as strategic client data, distribution intelligence, data platforms, efficiency and automation, and client experience.

COVID-19

Although COVID-19 had a profound impact on Alpha and its clients, the Group made the transition to remote working quickly and smoothly thanks to the professionalism of its people and the cloud-based technology that surrounds its delivery of client projects. Following the initial shock at the onset of the pandemic, demand for consulting projects rebounded and the Group was pleased with the utilisation levels achieved through the remainder of the year.

The pandemic has accelerated several important industry-wide trends. ESG and sustainability have gained in prominence and people increasingly look to asset and wealth managers to operate as a "force for good". ESG and responsible investment is also the focus of much recent regulation and organisational change drivers. The launch of Alpha's ESG & Responsible Investment practice during FY 21 signals the importance it attaches to this theme for Alpha's future growth as well the opportunity that it offers for Alpha to work with those entities in a way that means positively influencing the industry to better meet the needs of the end saver and wider society.

Similarly, questions of diversity and inclusion have become significantly more urgent and now touch all parts of the market. The Group is actively developing its internal approaches and focuses on this topic, as described further in the Role in Society report, and looks forward to engaging within the industry as clients and peers develop their policies to broaden their talent pipeline and ensure their organisation fully supports a diverse workforce at all levels.

The Group also recognises that COVID-19 has lent urgency to clients' ongoing drive to digitalise their operations and improve their use of data for decision-making and reporting. These trends play to Alpha's growing strengths in technology consulting, including through the Group's Axxsys brand, digital support and capabilities, and client data solutions.

The shift to remote working has tested companies' IT infrastructure and operational readiness across the Group's markets. As well as supporting clients in transitioning live projects to be delivered remotely, in practical terms, Alpha has provided insights and thought leadership to help clients adapt to this shift. This information has focussed on employee wellbeing, technology platforms for remote working, ways to improve productivity and encourage collaboration, and boosting teams' morale. In doing this, the Group has drawn on its own experiences of transitioning to remote working and developing frameworks to ensure employees' wellbeing and help them make the adjustment. Further details of Alpha's internal initiatives can be found in the "looking after our people" section, later in the Role in Society report.

Structural Drivers

A series of long-term themes continue to shape the industry, notably pressure on fees, regulatory change and growing assets under management (AUM). The industry has strong long-term growth prospects but must address a series of challenges that arise from these structural trends. Alpha, with its deep expertise, focussed industry proposition and highly talented consulting team, is ideally positioned to assist.

Strong revenue growth delivered
over multiple years.

439 clients assisted
including asset managers, wealth managers, asset owners and platform providers.

448 fee-generating consultants
operating globally.

Strategic Report

Market Overview continued

Clients' principal challenges include the need to enhance operating efficiency, protect margins, comply with significant regulatory change and meet the evolving needs and expectations of customers. The Group's expanding range of business practices enables it to help clients through profitability benchmarking, technology consulting and implementation, automation and efficiency programmes, product innovation, improved sales and marketing effectiveness and overall strategy reviews.

Buy-side firms are adapting to better meet customers' needs in a variety of ways including diversification of asset classes and additional products such as multi-asset funds, liability-driven solutions, ESG and sustainability-focussed strategies and alternatives. Both regulators and customers are increasingly concerned with ESG and responsible investment issues and our new practice is already working with multiple clients to design and implement effective strategic plans and processes in this high-profile area of development for the asset management, wealth management and insurance industries[11].

The COVID-19 pandemic has changed the way in which buy-side firms engage with their customers and has challenged their operating models. The drive amongst clients to digitalise operations from front office to back has never been stronger. Their efforts to capture "operational alpha" (an umbrella term for efficiency, automation and cost optimisation) involve seeking both operational benefits and improving the customer experience for a generation that expects to manage their savings and investments on demand via digital channels[12]. The Group sees digital strategy and innovation as a priority, with focus areas that include implementing eSignatures and digital documentation and launching online client dashboards[13]. Alpha can respond to this area of demand through its Digital practice as well as complementary business propositions within Distribution and FinTech & Innovation.

A predicted longer-term shift to more flexible working across the industry following COVID-19, including working from home, will also change the expectations of regulators around operational resilience and risk management[14]. Alpha sees this as an important future area of concern for clients as they advance their operational agenda. Through its Regulatory Compliance & Risk practice, launched in 2016, Alpha has helped some of the world's leading asset and wealth managers to develop their compliance, operational resilience and risk management frameworks.

Data management and data models are also becoming a critical issue for firms. As AUM grows and customer numbers increase, so do the volume and complexity of data required to maintain the client book of record (CBOR)[15]. Overhauling this complex and time-consuming process, including via outsourcing, has become more urgent as clients work to improve the quality and business value of the data they hold and deliver a superior customer experience. Through the ADS offering, including its proprietary CBOR solution, the Group can help clients reduce operational expenditure while achieving a strategic data view that can drive decisions and efficiency.

Firms are also adapting to the new environment by seeking M&A opportunities[16] to increase scale, add new capabilities and products, and speed geographic expansion. Alpha has a strong record of supporting clients in pre-M&A due diligence and business case development, as well as in implementing post-M&A integration plans. The Group believes that sellers will increasingly be expected to provide data during due diligence that can demonstrate the profitability of individual products and aid the acquirer's pre-deal analysis. This is likely to become an important focus, which Alpha's M&A specialists will support.

Geographic Demand

The structural drivers affecting Alpha's clients are global in nature and lead to similar demand for its services everywhere it operates, although local regulatory regimes and geopolitical factors also influence its various markets. The Group operates a unified global network of offices and teams that share Alpha's ethos of excellence in client service while retaining the flexibility to respond to local demands and draw on specialist knowledge.

Alpha continues to invest in its network of 12 client-facing offices in London, Edinburgh, Luxembourg, Paris, Geneva, Zurich, Amsterdam, New York, Boston, Singapore, Toronto

[11] Alpha Outlook 2021, "What will it take to be an ESG & RI leader in 2021?" (December 2020).
[12] Alpha Outlook 2021, "Operational Alpha: a new name for an old topic" (December 2020).
[13] Alpha Outlook 2021, "Digital advancements & risk management" (December 2020).
[14] Deloitte, "2021 Investment Management Outlook" (December 2020).
[15] Alpha Outlook 2021, "Enterprise Client Book of Record (CBOR): powering the data-driven managers of the future" (December 2020).
[16] Bain & Company, "How M&A Will Reshape the Asset Management Industry" (February 2021).

and Copenhagen, as well as the development team based in Belgrade that was acquired along with Obsidian. These offices are key to the Group's growth strategy, enabling Alpha to form close relationships with clients across the globe and to support multinational clients on global engagements.

The Group sees significant opportunities to strengthen its presence globally, particularly in North America, the world's biggest asset and wealth management market with over $60tn in assets[17], and in Asia, which is experiencing the fastest increase in AUM of any region thanks to rapid economic development and the emergence of a large middle class[18]. Whilst Alpha continues to assess opportunities to strengthen its regional presences, any expansion is predicated on identifying people with the right knowledge and experience to uphold the Group's brand, culture and values.

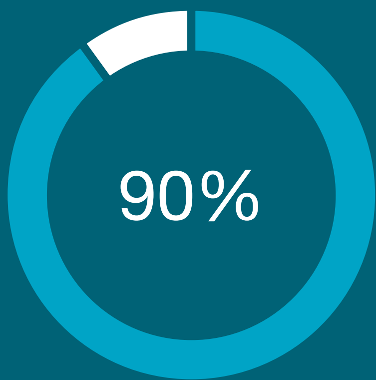
Competitive Environment

Alpha has a range of competitors providing consultancy and related services, including professional services firms, specialist global consulting businesses and local boutiques.

With asset and wealth management AUM forecast to continue growing strongly[19], the industries naturally attract strong interest from professional services firms, notably the "Big 6"[20]. However, Alpha's specialist focus and excellent reputation amongst clients, complemented by its proprietary knowledge, data solutions, technology expertise and benchmarking information put it in a very strong competitive position. Alpha has also demonstrated its ability to understand and respond to the structural trends shaping its markets via acquisitions, targeted hires and the launch of new service offerings.

These strengths position the Group well and underpin long-term relationships that yield cross-selling and repeat business opportunities. Alpha's well-regarded brand and meritocratic culture enable it to reinforce its position by attracting highly talented people at all levels, from new graduates to experienced directors.

Offices in 12 major financial centres: London, Edinburgh, Boston, New York, Amsterdam, Luxembourg, Paris, Geneva, Zurich, Singapore, Toronto and Copenhagen.



Of the 20 largest global asset managers by AUM, 70% of the top 50.

[17] BCG, "Global Asset Management 2020: Protect, Adapt and Innovate" (May 2020).
[18] JP Morgan, "Asia's decade: Getting ahead of the growth opportunity" (March 2021).
[19] PwC, "Asset and wealth management revolution: The power to shape the future" (December 2020).
[20] "Big 6" comprises PwC, KPMG, Deloitte, EY, Accenture and IBM.

Strategic Report

Market Overview continued

Addressable Market

Alpha engages with clients of all types, from small asset managers with less than $1bn of AUM to large multinationals with trillions of dollars under management. According to a recent study, the asset and wealth management industry continues to grow, controlling an estimated $110tn in assets worldwide in 2020[21]; and AUM is expected to increase to an estimated $147.4tn by 2025[22]. Despite the impact of COVID-19, the industry's fundamental trends are unchanged and its growth prospects remain strong.

Aside from traditional asset and wealth managers, Alpha serves the vendors and platforms that support them, as well as asset owners and specialist alternative managers covering areas such as private assets, real assets and hedge funds. In FY 20, the Group took the first steps in an important strategic expansion into insurance, an adjacent market whose asset management activities already form part of Alpha's core client base. The Group has continued to progress this roadmap during FY 21.

The insurance industry represents an extremely exciting growth area for the Group, with significant global revenue potential. The structural themes and drivers are highly aligned with the asset and wealth management industries, including outdated technology and operating models, pressure on fees and costs, and a demanding regulatory environment[23]. Alpha's intention is to apply the same blueprint that has worked so successfully in asset and wealth management: identifying key areas for demand, hiring the best people in these areas and differentiating on quality and specialism.

To date, the Group has launched two practices that address the insurance market: a specialist Insurance practice in France, currently focussing around the European general insurance market and the insurance CFO agenda, and the UK-based Pensions & Retail Investments practice. Both are making excellent progress and the Group is delighted to have been able to leverage both existing client relationships as well as earning new clients for the Group through its corporate credentials and expertise, which, during the year, has been further strengthened with the addition of a new director to each Insurance practice.

As Alpha's clients adapt to the structural, geographical and macro drivers shaping the asset management, wealth management and insurance industries, their consulting needs naturally evolve. Alpha's strong corporate credentials, deep expertise and global reach allow it to predict these evolving needs and adapt the service proposition to meet them, for example by acquiring Axxsys and Obsidian in late 2019 to strengthen its offering in technology consulting and data solutions, two key areas of interest and demand for clients. The Group will continue to develop its range of services to meet the needs of the global client base.

[21] PwC, "Asset and wealth management revolution: The power to shape the future" (December 2020).
[22] PwC, "Asset and wealth management revolution: The power to shape the future" (December 2020).
[23] Deloitte, "2021 Insurance Outlook" (December 2020).

“Joining Alpha is really a huge opportunity: not only can I rely on the strong experience of the firm, but its well-deserved reputation has allowed me to reach new clients and new opportunities.”

Alpha employee

Strategic Report

Business Model

The Group's business model is designed to help companies across the asset management, wealth management and insurance industries to solve their most pressing strategic problems, delivering outstanding outcomes for clients and sustainable growth and value for shareholders.

Highlights for FY 21

- Robust performance across business lines and regions despite impact of COVID-19;
- Successful first steps to establish an insurance vertical with France-based Insurance consulting practice and Pensions & Retail Investments practice both performing well;
- Continued strong growth in North America, a strategically significant market;
- Establishment of ESG & Responsible Investment practice, meeting a major strategic need across the industry;
- Addition of 11 revenue-generating directors in the year, bringing further expertise, experience and credentials to Alpha's corporate proposition.

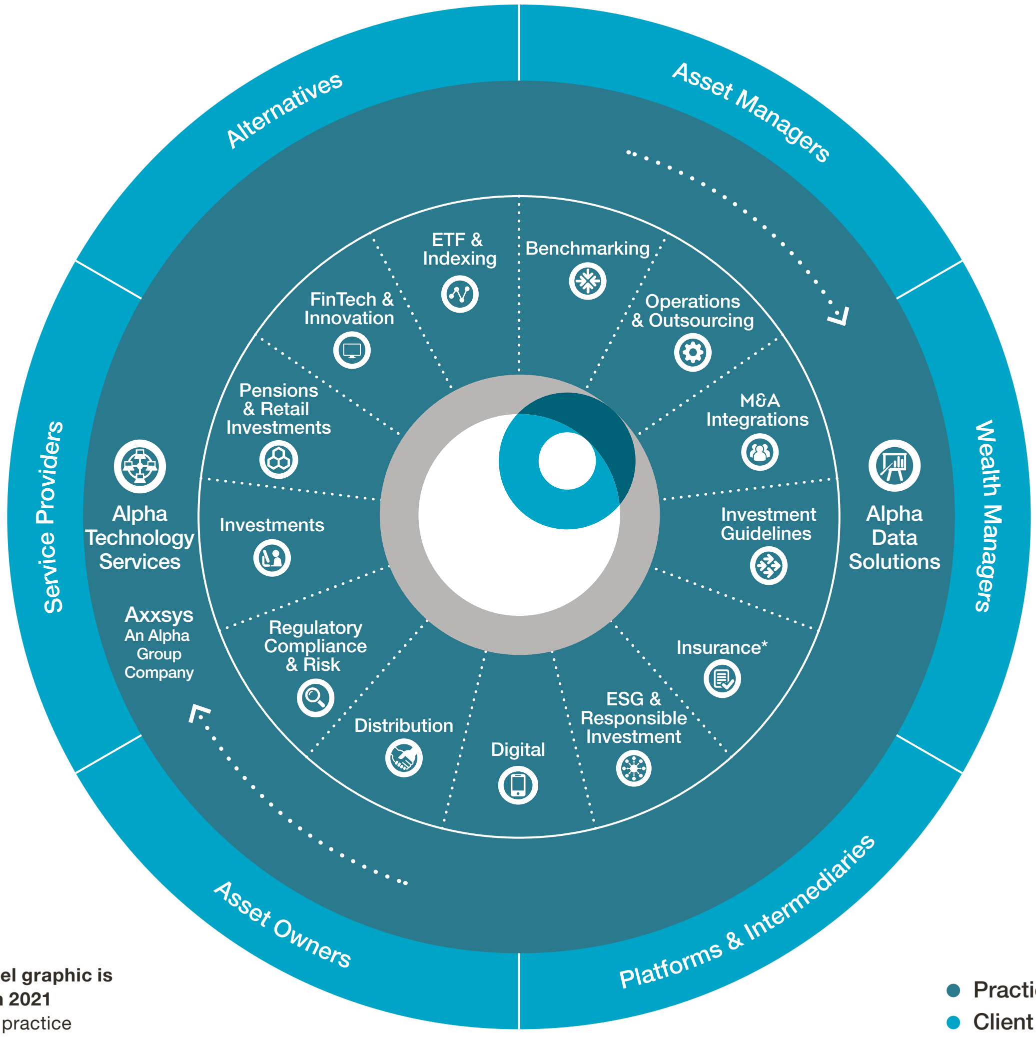
Experiences

Paul Tan
Director, APAC

I was fortunate to be introduced to Alpha by a former colleague, who saw a great fit between Alpha's needs in APAC and my professional experiences and interests. Following 15 years of management consulting for financial services, including two waves of outsized growth of boutique franchises, I was excited for the rare opportunity to lead and grow the nascent business Alpha had forged in Singapore.

Through every initial interaction with Alpha's global leadership and the Singapore team, it became quickly apparent how collaborative a culture Alpha genuinely had. I was further attracted to Alpha's explicit focus on asset and wealth management, with deep, credible specialisms within that chosen space. In the crowded, competitive landscape of management consulting, I had (and have) a strong belief that subject matter expertise remains the "right to win" client confidence and mandates – and, if I may, doubly so in Asian markets.

Over the past two years, Alpha has not disappointed on any front. The pandemic of the past 18 months has only provided starker opportunities for us as a global leadership to demonstrate resilience and coordinated navigation of rough seas. Equally, our teams have impressed clients with incredible effectiveness and agility across all modes of work and engagement. I am incredibly grateful to be a part of Alpha and look forward to the continued growth of our APAC presence.



Business model graphic is as at 31 March 2021
*France-based practice

- Practices
- Client segments

Alpha's Strategy in Action

Organic Growth

Alpha's strategy focusses on organic growth through expansion into new geographies, broadening its service offering and building the client base.

Inorganic Growth

Acquisitions can support organic growth in adding new services and expertise that the Group can take to clients.

1. Expand the existing business practices.
2. Roll out the practice model globally.
3. Make selective acquisitions.

Strategic Report

Business Model continued

Client Focus

Alpha aims to be the consultancy of choice for the asset management, wealth management and insurance industries globally. The Group focusses relentlessly on the needs of its clients and strives to ensure that every project is delivered to the highest standards.

The business model is designed to be as flexible as clients need it to be. This means developing a network of offices that allows Alpha's experts to work closely with clients all over the world and constantly expanding the Group's expertise in all aspects of the industries that it services. The Group's growing range of business practices is intended to address the needs of every team and department within client organisations. During the past year, Alpha has extended its offering with the launch of its ESG & Responsible Investment practice and has increased its presence in consulting to the insurance industry.

Experiences

Alejandra Bacon
Senior Manager, North America

I joined Alpha's North America team in 2013, in the early stages of expansion into the region. Before joining Alpha, I spent three years working at a global asset manager and was looking to broaden my experience in the industry.

When I interviewed, I was excited by the potential and vision of what Alpha aimed to be. Being part of Alpha's growth journey for the past eight years has been extraordinary. The team inspires me to think creatively and raise new ideas to better our firm, while also providing challenging and industry leading project work.

From a personal perspective, through every stage in my life over the last eight years, I have felt supported by Alpha. We are encouraged to have a voice and express our thoughts and opinions, and this transparency and openness will continue to be the foundation of our culture as we evolve. We are just at the start of our journey and I look forward to the next phase of growth in North America.

In addition, the two strategic acquisitions completed in FY 20 are now fully integrated within the Alpha Group. They have significantly strengthened the Group's proposition in two key areas of concern and demand for clients: Axxsys in technology consulting and implementation, and Obsidian in data products and services and business intelligence.

Acquisitions

Alpha targets strategic growth both organically and through acquisitions. The Group's extensive global knowledge, client M&A credentials and proprietary acquisition experience allow it to identify and evaluate suitable targets and to integrate them efficiently.

The aim is to acquire businesses that will both complement and broaden the Group's proposition and present strong growth potential, as demonstrated by the two most recent acquisitions, referred to above. The Group continues to track potential acquisition targets that meet these criteria. Acquisitions are most likely to be complementary product and technology businesses that will strengthen the ADS offering, or specialist consultancies that bring additional expertise, new client opportunities or the potential to enter new countries or regions.

In the period after the year end, the Group further demonstrated its capability to progress this strategy by acquiring a new business. Lionpoint is a highly complementary, technology-focussed consulting firm that builds on the Alpha Group's alternatives offering, client base and North America market presence.

Services and Expertise

Alpha has 15 business practices, enabling the Group to match its expertise, credentials and intellectual property to the needs of its clients. Each practice is led by senior directors who are responsible for managing their teams, developing the proposition and setting the overall direction and strategy of the offering. The Group's collaborative culture, technology and operational infrastructure support the practice model and facilitate sharing of knowledge and insights across practices. Alpha's policy is to hire the best people in these practices and to develop the best talent in the industry, enabling it to meet the full spectrum of client needs and provide the highest quality of service on every engagement.

Experiences

Kjell Nordgard
Director, Axxsys

When I joined Axxsys Consulting in October 2019, the company had just been acquired by Alpha some months before. Having worked with technology and processes for the asset management sector for more than 25 years, I knew both companies well. Alpha's market-leading competency within advisory services, combined with Axxsys's specialist expertise on implementation of systems and data management solutions, and both companies' targeted focus on the asset management industry, seemed like the perfect marriage. I was therefore excited about the opportunity to be part of the journey ahead, working with a team of skilled and dedicated consultants to leverage on these synergies to drive business growth for Axxsys and the Alpha Group in Europe.

A merger of two companies is never without any challenges – there are different company cultures involved, different focus areas, different processes and methods to understand and align. While there will naturally be topics for us to keep focussing and communicating on, I believe that the Alpha/ Axxsys integration has been amongst the best that I have experienced and has already proven itself a success.

We are working closely together on many opportunities and projects, and the sharing of responsibilities and tasks is driven and facilitated by a common understanding of our different fields of expertise within the combined Group. Axxsys specialises in design and implementation of technology platforms for the asset management sector and we have successfully delivered greenfield implementation projects as well as restructuring and improvement projects on most of the dominant products for large-scale asset management in the market. Together with the Alpha SMEs, we are currently working on a number of engagements with clients, ranging from evaluation and analysis of future target operating models to practical implementation of trading flows, configuration IBOR and fund accounting solutions, regulatory reporting and improvements of business flows for alternative investments.

It is exciting to observe how the expected synergies are now coming to fruition, driven by skilled and motivated professionals with a common chemistry and appetite for success. The future is ours to take and we are in a great position grow our business, adding even more value to our clients in the asset management industry.

The Group continues to extend its capabilities as the industry evolves. It considers launching practices where demand exists – as it did during FY 21 with the ESG & Responsible Investment practice – while expanding existing practices. ESG and responsible investment is an area of vital interest for asset and wealth managers and owners, and the new team is already working on a range of engagements spanning the entire operating model of client organisations. Engagements range from exercises to benchmark firms against their peers using Alpha's proprietary framework, through to embedding ESG and responsible investment across the value chain including organisational design, investment processes, product, distribution and regulatory readiness. The Group has also helped firms address the technology needs underlying these changes in a scalable and efficient way.

During the past year, the Distribution, M&A Integration and Operations & Outsourcing practices all performed strongly, while the group's first insurance-facing practices, the Insurance practice in France and the UK-based Pensions & Retail Investments practice, showed excellent progress, demonstrating the attractive growth opportunity in this adjacent area of financial services. Alpha added 11 revenue-generating directors over the past year, including one for each of the two insurance practices.

Strategic Report

Business Model continued

Talented People

To deliver a market-leading service to its clients and achieve its growth objectives, the Group must ensure that its teams are properly incentivised, both financially and through Alpha's working environment and culture. Further details of the Group's approach to employee engagement and incentives are set out in the "looking after our people" section of the Role in Society report.

Clients regard the expertise of Alpha's consultants as a key differentiator versus more generalist consultancy offerings. The Group's thought leadership articles and other targeted communications display its knowledge and insights across the market and enhance its interactions with clients and prospects. They also serve to advance the case for developments that reflect Alpha's values, including diversity and inclusion, enhanced risk management and ESG best practices. Last year, Alpha's consultants published more than 90 specialist articles on the Group's website while its 2021 Industry Outlook whitepaper featured an additional 17 pieces of thought leadership. The Group further demonstrates its focus on expertise through the numerous research campaigns, roundtables and events that it runs. Alpha employees are encouraged to share their insights internally via "lunch and learn" and knowledge sharing sessions.

Experiences

Nahean Nazmul
Manager, North America

In February 2020, one month before global lockdowns, I was presented the opportunity to join Alpha's Toronto office. Admittedly, I hadn't heard of Alpha before then, as there were no Canadian employees with the office at the time. Upon researching the firm, it sounded "too good to be true." Alpha boasted top tier clients and encapsulated specialty in the cross section between what I was passionate about: investment management, and what I professionally excelled in: management consulting. More importantly, the culture of the firm sounded outstanding: talented, supportive, entrepreneurial, and meritocratic.

As I progressed through the interview process and heard echoes confirming my research, my scepticism transformed into overt optimism. The opportunity to help build Alpha's presence from the ground up in my hometown and country was too big to pass up, despite the uncertainty a global pandemic presented. As demanding as the first year had been in theory, it was highly rewarding, and made easy thanks to the amazing people that surrounded and supported me.

I truly believe that the success of any company hinges on its people and culture. Aside from the myriad of initiatives that Alpha employees take on, consultants are formally responsible for both excellent client delivery and at least one business management area. As the first hire for Asset & Wealth Management Consulting in Canada, I now lead recruitment for that team, with the sole objective of onboarding the best talent in the market – people who embody the Alpha spirit.

> **"I've never heard a consultancy partner spoken about more positively across such a broad variety of business partners than Alpha, and that includes our strategy and Big 4 consultants."**
>
> **President, global asset manager**

Experiences

James Turnbull
Associate Director, APAC

I joined Alpha's London office as a consultant-level hire in 2015. The time since then has flown by and it has been incredible to see the firm grow towards 500 people, list on the LSE AIM, expand across multiple geographies, win, and deliver countless projects for new and existing clients, and launch numerous important initiatives. All the while, it has retained the key characteristics that attracted me to Alpha, via a referral by a good friend, such as a collaborative team environment, stimulating subject matter, vibrant social scene and transparent meritocracy.

During my time at Alpha, I have been fortunate enough to work with some of the largest and most dynamic asset managers in the world, on industry and organisation defining engagements, in both the public and private markets. Aside from the type of work that this has enabled me to experience, it has also taken me to many places geographically.

Over recent years, I have had the opportunity to contribute to Alpha's geographical expansion directly, moving from our London headquarters to the frontier of Alpha in APAC, joining the Alpha Asia team. I am relishing the opportunity to deliver the multi-jurisdictional projects that are inherent to the region, as well as acting as a link between Alpha's local team and team members in the larger, more established offices of the UK, North America and France, ensuring that the Alpha DNA, on which so much of our success has been built, permeates to the remotest parts of the organisation.

Sustainability Focus

The interests of Alpha, its employees, clients, investors and other stakeholders require it to operate a business model that is sustainable in the long term. Identifying material non-financial risks that could affect Alpha's sustainability, and taking appropriate steps to manage and mitigate them, are important strategic priorities. This is a process that remains ongoing as the Group learns, develops and refines its approach.

Alpha is establishing sustainability metrics linked to the most relevant risks, which it considers to be data security, workforce diversity and engagement, professional integrity and environment. However, in view of the pandemic and its far-reaching effects, Alpha has concentrated in particular over the past year on the wellbeing of its people and on supporting them to adapt to new ways of working.

Alpha's goal is to build a business that delivers outstanding outcomes for clients and to be recognised as the leading global management consultancy to the asset management, wealth management and insurance industries. Achieving this depends, above all, on the expertise and dedication of its people and, therefore, the Group's purpose is to nurture this vital source of differentiation and competitive advantage by providing the best corporate experience that its employees will have during their careers. Alpha believes that creating a great place to work will ensure the right mix of culture, commitment and community, enabling its teams to deliver value and insight to clients and the wider investment industry.

The Group aligns its approach to sustainability reporting with the Sustainability Accounting Standards Board ("SASB") framework. This applies an industry-wide materiality matrix to capture environmental and social impacts that arise from the production of goods and provision of services. It then sets out a disclosure framework based on long-term ESG factors.

Strategic Report

Business Model continued

Alpha is delighted to be a company reporting with SASB Standards.
As a "professional and commercial services" organisation, the material factors identified by the SASB as affecting the Group are summarised in the table that follows:

Topic	Summary Approach	For More Information
Data Security	Maintaining strong, robust and secure operations around information and data is central to supporting effectively and retaining the trust of the Group's clients, colleagues and wider stakeholders. Alpha follows comprehensive information security and data privacy protocols and continuously monitors data security as a principal risk.	SASB metrics: p. 176-77 Risk management: p. 43, p. 47
Workforce Diversity & Engagement	Alpha's success depends on delivering high-quality consultancy and solutions to clients. To achieve this, Alpha must have a highly engaged, motivated and diverse team of employees. It runs multiple initiatives to ensure it fosters an inclusive culture that welcomes diversity to its workforce, recognises excellence and supports employee wellbeing.	SASB metrics: p. 178 Looking after our people: pp 54-59 Diversity and inclusion: pp 62-67
Professional Integrity	Acting and being seen to act with the utmost professional integrity is critical to developing trusting relationships with clients. Professional ethics are monitored through local governance forums and Alpha's client delivery oversight framework. The Group's corporate social responsibility initiatives further uphold its commitment to acting with transparency, honesty and personal integrity at all times.	SASB metrics: p. 179 Community and corporate social responsibility: pp 68-73

Experiences

Vanessa Bingle
Director, UK

I joined Alpha in 2018 after six years as an investment consultant. I joined Alpha to fill my passion for making improvements to the way things work, ultimately driving towards better outcomes for the end saver. Professionally, I wanted to experience the breadth of the investment industry, have a high level of autonomy in my work and be part of a fast-growing organisation.

In my first year I worked supporting an integration after a large global M&A transaction. It was fascinating to learn more about how true cultural change happens.

In late 2018, I had the opportunity to work with a client evolving their approach to embedding ESG (Environment, Social, Governance) considerations in their investment process – already a professional passion of mine. That started a very exciting journey for me to lead the development and launch of Alpha's ESG & Responsible Investment practice, alongside an excellent team of ESG & Responsible Investment enthusiasts. We formally established as an Alpha practice in October 2020 after around two years of working with clients in this area. We support all types of investment organisations to develop and fully embed their vision and strategy for ESG & responsible investment, across all areas of their business and, at the time of writing, are currently live supporting 10+ organisations on this topic.

I believe it's rare to find an organisation that will give you the opportunity and support to develop a new business area at such an early point in your career. It has been an exciting, growth-filled and busy year for me professionally. What has also stood out for me is the passionate and engaged people who have contributed to the practice development and stepped forward to develop our thinking and client proposition. It has been great to offer them interesting and stretching projects in ESG & responsible investment, and to see their professional growth and success over the last year.

Experiences

Wafiq Choucair
Group Accountant, UK

I joined Alpha in November 2020 after achieving my chartered accountancy qualification within a “Big 4”. With my transition to industry, I wanted to move into a role that offered variety, responsibility and scope for progression within a business in the growth stage of its lifecycle.

On researching Alpha for my application and hearing what it was like, I was thoroughly impressed by the how aligned the culture of the business and the nature of my role was to what I wanted from the next step in my career. Whilst I moved during the pandemic in a work from home capacity, the strength of Alpha’s unique culture created an inclusive atmosphere that made me feel a part of the team from day one.

Since being here, I can confidently say that Alpha has delivered on exactly what I desired from the next stage of my career. Within six months I have been involved with multiple projects such as the interim accounts, statutory reporting, budget preparation and, more recently, preparation of this Annual Report. I am excited for what the future holds at Alpha and looking forward to being a part of its continued growth in the coming years.

Reporting the Group’s environmental impacts is also important to its investors as they consider non-financial risks within their portfolios. Due to the nature of the Alpha business and services, it does not have a significant environmental impact and the Group is well placed to continue delivering services to its clients over the long term. However, Alpha is committed to minimising its environmental impacts and contributing positively to climate change.

The Group has built on its first set of environment-related disclosures that appeared in the 2020 Annual Report. Further details and metrics can be found in the “environment and sustainability” section of the Role in Society report.

The Group operates a robust governance and risk management framework to ensure that it manages risk, adds value to the business and brings long-term benefits to the Group’s shareholders. Ensuring long-term, sustainable growth is a key part of the Group’s strategy and business model. Further information on this topic appears in the “risk management” section of the Strategic Report and in the Corporate Governance report.

Generating Value

Alpha draws on a market-leading blend of expert knowledge and industry experience to solve its clients’ problems. It also offers advice and insight for the asset management, wealth management and insurance industries at large, based on its leading position in the market.

The Group enjoys strong, long-term relationships with clients, leading to high levels of repeat business and opportunities to cross-sell multiple service offerings. Each of these critical business relationships is underpinned by direct engagement with a named senior member of the Alpha team. This allows Alpha to sustain the relationship and provides a direct channel to report on its progress to the Group Coordination Committee and, where appropriate, the Board of Directors. During FY 21, the Group added 58 new clients, all through organic growth.

Alpha also maintains close relationships with vendors, industry bodies, regulatory authorities and competitors to inform its understanding of the industry and support its work for clients. The insights gained through these contacts feed into the Group’s decision-making at senior levels.

The Board aims to maintain a flexible service offering, reflecting the changing needs of clients, and to provide a superior proposition to the Group’s competitors. Alpha works alongside clients across the industry including asset managers, wealth managers, alternatives managers, investment platforms, intermediaries, insurance firms, service providers and asset owners. This enables it to review and enhance its business model continuously so as to ensure it offers a differentiated service proposition, delivers high-quality outcomes and generates sustainable value for stakeholders. The Group will continue to create value by broadening its service offering, the range of clients it supports and the countries in which it operates.

Strategic Report

Business Model continued

Key Strengths

The key attributes that enable Alpha to provide a strong and sustainable business model are:

- A highly focussed proposition for the asset management, wealth management and insurance industries;
- Proven ability to identify and hire the best talent;
- A strong culture that fosters excellence, collaboration and integrity;
- An integrated service offering that is delivered globally;
- Continuous development of the proposition to anticipate client needs;
- A focus on establishing long-term relationships;
- An emphasis on providing the highest quality of service and, wherever possible, exceeding clients' expectations; and
- An ability to apply best practice, differentiating intellectual property and data, advanced technology solutions and market-leading knowledge developed over almost 20 years.

Experiences

Hattie Elkins
Manager, UK

I joined the Pensions & Retail Investments (P&RI) practice in March 2020, motivated to join Alpha due to its collaborative and innovative culture, and excited at the prospect of supporting the build-out of our presence in a new market. Joining a new practice enabled me to become involved in interesting client engagements with our P&RI clients, as well as develop business development skills and drive our go-to-market campaigns.

Despite joining remotely during lockdown, I was quickly made to feel part of the team and was surprised by how close-knit the firm is, despite not being able to meet in person. The infamous Alpha social culture has found new ways to survive during remote working – be it through Alpha-wide virtual socials or the one-to-one remote coffee club!

At Alpha, we are empowered to drive activities that support both our personal growth, as well as the firm's growth and internal business management. For example, I am part of our "recruitment for equal opportunities" initiative, in which we have a dedicated team focussing on how to improve diversity in our talent pool and ensure our recruitment processes are fair for all candidates. The Alpha team is incredibly passionate about D&I, and I am continually struck by the open conversations and engagement that ensures we always focus on doing the right thing.

It has been an absolute pleasure being part of such a high performing team over the past year and I am excited to be a part of the growth journey that we are embarking on.

Experiences

Pavan Cherlapelly
ADS Cloud Architect, UK

I joined Alpha in 2019 after having worked in the banking-as-a-service sector in the Cloud space. I was attracted to working in ADS because I was looking for more challenges on data architecture, processing and security in Cloud. In my view, there is no limit to the opportunities at ADS and there is real evidence of our capability to deliver them.

Currently, I am responsible for the architecture, design and implementation of cloud solutions & cloud security at ADS. During my time at ADS, I have had the privilege to lead a major cloud architecture transformation on a data solutions system. In addition, I have enjoyed the opportunity to make my mark in key business areas such as DevOps, DevSecOps and change management.

I think I am fortunate to be at ADS and surrounded by talented individuals who are always eager to achieve more. I had excellent support from senior management throughout my time and they are always there to listen and understand the importance of Cloud and security, as we develop and extend the ADS product suite for our clients. I am excited and looking forward to more challenges and to continue building my career at ADS in its inevitable growth and success in the coming years.

Experiences

Clément Rougemon
Manager, Europe

I joined the Paris office in early September 2020 as part of a team dedicated to the insurance proposition in France and to help build out this new activity. Although I joined Alpha during the pandemic period, I had a warm welcome from everyone, which allowed me to quickly feel comfortable in my new working environment.

Joining Alpha is really a huge opportunity: not only can I rely on the strong experience of the firm, its well-deserved reputation has allowed me to reach new clients and new opportunities. I am particularly grateful to my colleagues in the Insurance practice and the support that we have every day from the senior management of the business. Thanks to our common efforts and the close links between asset management and the insurance industry, we have already started to build new business relationships that are resulting in opportunities. We started the Insurance practice about a year ago and we were five people; we are now ten, and I believe this is the beginning of a great adventure.

I am proud to be part of Alpha and I am looking forward to contributing to the success and further recognition of the firm, which I am sure we will continue to create.

Strategic Report

Strategy

The Group's objective is to be recognised as the leading global consultancy to the asset management, wealth management and insurance industries, which it progresses through a strategy that combines organic growth and selective acquisitions.

Alpha's goal is to be acknowledged as the leading consultancy to the asset management, wealth management and insurance industries both globally and in all the local markets in which it operates. In pursuing this objective, it benefits from the calibre of its people, its excellent reputation with clients, its deep understanding of industry trends and its market-leading suite of services.

The engine of Alpha's growth since the beginning has been organic expansion, guided by the needs of clients. The Group works to expand the range of services that it provides to buy-side institutions, focussing on building strong, long-term relationships that will generate further engagements and repeat business. However, it also targets acquisition opportunities where there is a compelling strategic fit that will significantly strengthen the Group's proposition.

The Group implements its overall strategy in three key ways:

1. Expand the existing range of practices

Alpha serves clients in multiple countries through its successfully deployed practice model. The Directors have identified that there is substantial scope to grow the Group's share within these markets by extending the services that are delivered to existing clients, or by serving new clients, through the addition of business practices. The Group will continue to evaluate market demand for new products and services; responding to it by deepening the proposition and expanding the number of practices. To achieve this, the Group will invest in its talented people, the service offering and the practice structure, through a combination of internal promotions and external senior hires.

2. Roll out the business practices globally

The Group currently provides services to its clients from 12 global offices in the UK, North America, Europe and Asia. The strategy is to extend and strengthen its service proposition globally by deploying the existing business practices consistently across all regions. This will be achieved by introducing and developing those specialist practices in each of the Group's jurisdictions. The Directors believe that the building out of the Group's proven practice model across North America, Europe and, ultimately, Asia will help to meet evolving client demand and drive future growth globally.

3. Make selective acquisitions

The Group recognises that it can strengthen the service offering and, therefore, add value through strategic acquisitions. The Group operates a selective and disciplined approach to acquisition, considering opportunities from consulting businesses, technology and data products, and intellectual property that support and complement organic growth. Alpha believes it is well placed to identify technology and data-led acquisitions that would benefit its clients' operations and, in turn, generate growth for the Group. A broader range of knowledge and capabilities can also increase cross-sell potential as well as create additional addressable areas of the market. The Directors are confident that Alpha's industry proposition and strong culture offer a compelling platform for the owners of any potential acquisition targets.

Strategic Report

Section 172 Statement

Section 172 Statement

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006.

The Directors remain committed to engaging with all of the Group's stakeholders and considering their interests when making any strategic decisions.

Engagement with Key Stakeholders

The Board considers its key stakeholders to be its employees, its shareholders, its clients and the communities in which the Group operates. The Board also recognises other stakeholder groups including vendors and suppliers, industry bodies and competitors with whom Alpha works or associates in the marketplace. The Board understands that engaging with these stakeholders strengthens the Group's business relationships and facilitates its decision making at an executive level, which is very important for Alpha's long-term success.

Stakeholder Group	Stakeholder Key Interests	Form of Engagement	Further Details
Employees Attracting, retaining and developing the very best people in the industry is integral to the Group's culture and ongoing success. The Group is committed to providing a highly rewarding place to work, and to maintaining a unique and inclusive culture that places people at the heart of the business. To achieve this, there is a strong emphasis on interaction, open communication and the exchange of proactive insights from the employee base. Employee feedback has always been a significant component of that picture.	• Career progression • Recognition • Training and development • Morale and motivation • Engagement • Reputation • Wellbeing • Health and safety	• Employee success framework • Professional qualification training opportunities • Mentoring • Global employee feedback framework • Leadership communications • Monthly company meetings • Competitive remuneration package • Management incentive programme	Role in Society: pp 52-77 Looking after our people: pp 54-59 Community and corporate social responsibility: pp 68-73
Shareholders The Group places a strong emphasis on maintaining effective engagement with its shareholders, which it considers to be integral to longer-term growth and success. The Board is committed to providing good, consistent and open engagement with shareholders.	• Financial performance • Governance and transparency • Operating and financial information • Confidence and trust in the Group's Directors • Dividends	• Investor conferences/ roadshows • Dedicated investor section on the website • Investor strategy updates • Annual Report • Interim and preliminary results announcements • Annual General Meeting • One-to-one meetings	Corporate Governance: pp 80-119 SASB (ESG) disclosure: pp 176-79 Risk management: pp 40-44 Financial statements: pp 127-75

Strategic Report

Section 172 continued

Stakeholder Group	Stakeholder Key Interests	Form of Engagement	Further Details
Clients Alpha's successful business model is built upon keeping clients' needs at the core of its proposition, which includes the Group's geographic network, the services it offers and the types of project that it delivers. Central to Alpha's growth strategy is continuous investment in people, locations and knowledge to help all clients address their challenges and best capitalise on opportunities. The Group works hard at developing and sustaining long-term client relationships.	• Focussed, relevant industry proposition • Emphasis on client satisfaction • Delivery excellence standard • Integrated service offering • Accuracy and reliability of knowledge, advice and insights • Subject matter expertise • Continuous development of products and services	• Senior-level client relationship management • Continuous client satisfaction monitoring • Responsibility with regional and country heads of business for monitoring client demand • Industry roundtable discussions • Provision of market and industry insights • Dialogue with vendors, regulators and industry bodies	Business model: pp 22-31 Strategy: pp 32-33
Communities Alpha is committed to building positive relationships with the communities and environment in which it operates. This includes supporting communities and organisations local and relevant to the Group's operations. It extends to considering how to maximise the benefits and minimise the downsides of its environmental and social impacts.	• Effective engagement with local communities • Working closely with charities, CSR partners and other organisations • Building awareness around diversity, inclusion and CSR issues • Ensuring effective action on the environment and climate change • Pursuing a positive impact on local and global environments	• D&I networks and initiatives • CSR schemes • Taking appropriate steps where regulations are introduced by establishing new policies • Modern slavery statement • Tax evasion and anti-bribery policies, supported by whistleblowing policy • Charity of the Year programme work • Work on climate change and carbon offsetting • SASB ESG reporting	Role in Society: pp 52-77 Community and corporate social responsibility: pp 68-73 Charity of the year: pp 71-72 Environment and sustainability: pp 74-77 Diversity and inclusion: pp 62-67 SASB (ESG) disclosure: pp 176-79

Key Board Decisions during the Year

The Board considers the following to be the key decisions and considerations that it has made during the year to 31 March 2021:

	Board Decision	Considerations
April	The Board considered and approved the FY 20 pre-close trading update to the market.	To provide transparent and accurate information to the market.
April	The Board considered the impacts of COVID-19 and the mitigating measures, including short-term reductions to the remuneration of the Board, senior leadership and broader Alpha director team.	To address the long-term interests of all stakeholders and protect the Group's balance sheet.
June	The Board considered the payment of a final dividend for FY 20 and, in light of the uncertainty around the impact of the COVID-19 pandemic on the operations and performance of the Group, agreed that it would not recommend a final dividend for FY 20.	To preserve the strength of the Group's balance sheet and provide maximum flexibility throughout the COVID-19 uncertainty so that Alpha is as well positioned as it can be for the future.
June	The Board reviewed and agreed the FY 20 preliminary financial statement and Annual Report & Accounts to shareholders.	To provide transparent and accurate information to the market.
June	The Directors considered the composition of the Board and its committees and agreed the appointment of Jill May as an additional independent Non-Executive Director.	To continue to improve effectiveness by recruiting an experienced Non-Executive Director with appropriate experience. To recognise and address the interests and requirements of the shareholders and market, including Board independence. To consider long term succession planning when making any Board appointment.
July	The Board approved equity incentive awards to management and certain employees of the Group.	To incentivise the management of the Group and ensure the alignment of interests between employees and shareholders.
October	The Board considered and approved the FY 21 interim pre-close trading update to the market.	To provide transparent and accurate information to the market.
October	The Board agreed a provision to repay an element of the salary sacrifice agreed earlier in the year.	To incentivise the management of the Group and ensure the alignment of interests between employees and shareholders.
November	The Board approved the appointment of Investec as joint broker and Nominated Adviser.	To facilitate access to a wider selection of institutional investors and provide an additional source of investor feedback in order to address the long-term interests of all stakeholders.
November	The Board agreed the FY 21 interim report to shareholders and payment of the FY 21 interim dividend to shareholders.	To provide transparent and accurate information to the market.
November	The Board reviewed the results of an employee engagement plan and approved a number of initiatives to be carried out by the Group Coordination Committee and the HR team.	To understand the feedback provided by employees, to take appropriate actions and to ensure the ongoing engagement of Alpha's employees in respect of implementing positive changes. When reviewing the actions to be implemented, the Board considered the financial consequences and the impact on long-term value and growth for the shareholders.
March	The Board considered the Group's strategic priorities at its dedicated strategy sessions.	To ensure that the strategy is still appropriate and to review progress against strategic goals.
March	The Board considered and approved in principle the proposed acquisition of Lionpoint Holdings, Inc.	To support the Board's strategy of making selective acquisitions to strengthen the Group's footprint and service offering and to add value for the benefit of all stakeholders.

Strategic Report

Key Performance Indicators

The Directors have defined the following key performance indicators ("KPIs"). These KPIs link to the Group's growth strategy and are used to monitor the Group's income statement and performance. These are discussed further in the Chief Financial Officer's Report on pp 122-26, which forms part of this Strategic Report.

KPI	Trend
Revenue	
The revenue KPI measures how well the Group has expanded its business through organic and inorganic growth	FY 21: £98.1m FY 20: £90.9m FY 19: £77.7m FY 18: £67.8m FY 17: £44.5m
Net fee income[24]	
Net fee income is revenue before incidental expenses and is used as an alternative KPI to indicate the underlying productive operating performance of the Group	FY 21: £98.0m FY 20: £88.9m FY 19: £76.0m FY 18: £66.0m FY 17: £43.6m
Gross profit	
This KPI further helps to measure the profitability of the Group and the success of the business model	FY 21: £34.8m FY 20: £34.4m FY 19: £29.1m FY 18: £25.3m FY 17: £15.0m

[24] Refer to note 4 of the financial statements for further information on the adjusted performance measures: net fee income, adjusted EBITDA and adjusted profit before tax.

KPI	Trend
Adjusted EBITDA	
Earnings before interest, tax, depreciation, amortisation and exceptional items is a measure of the underlying profitability of the Group	FY 21: £21.7m FY 20: £20.2m FY 19: £16.5m FY 18: £14.0m FY 17: £8.6m
Adjusted profit before tax	
Adjusted profit before tax excludes adjusting items and is used as an alternative performance measure of the underlying profitability of the Group	FY 21: £19.6m FY 20: £18.6m FY 19: £16.2m FY 18: £8.3m FY 17: £1.8m
Headcount	
The year-end headcount KPI measures the growth in the Group's fee-generating consultants globally	FY 21: 448 FY 20: 436 FY 19: 362 FY 18: 305 FY 17: 240

Strategic Report

Risk Management

The Group aims to embed active risk management throughout the organisation. The risk management framework that surrounds this objective is designed to ensure that there are robust processes, systems of control and a strong corporate culture of responsibility.

Overview

The Group's operating model, and the asset management, wealth management and insurance industries in which it operates, expose it to a number of uncertain internal and external events, which constitute risks. The Group manages risks to limit potential adverse effects on the implementation of its strategy, its financial performance and the interests of shareholders. It does this by ensuring that there is a robust framework in place to identify, assess and govern risk.

Responsibility

The Board has overall responsibility for risk management, setting the tone for active risk management across the Group and taking an overall perspective on compliance with the Group's risk policy.

The Board ensures that risks that could impact the fulfilment of the Group's strategic objectives, including Group growth, are monitored and managed effectively. The Board is assisted in fulfilling its responsibility for risk management by the Audit and Risk Committee. On behalf of the Board, the Audit and Risk Committee assures the risk management framework and assesses the effectiveness of internal controls and processes to identify and mitigate risk.

The Board recognises the importance of managing its risks and fulfilling its obligations to consider and address both opportunities and threats that face the Group. In conjunction with the Audit and Risk Committee, the Board reviews and considers at least quarterly the key risks facing the business. The risks are identified and assessed in accordance with the Group's risk policy, and the review considers whether the risk should be avoided, can be mitigated or will be tolerated.

The risk policy is reviewed and agreed annually by the Board of Directors on the recommendation of the Audit and Risk Committee.

Governance

The Group governs risk through executive oversight and responsibilities that extend across all business areas. As illustrated in the diagram opposite, the Group follows a "top-down" and "bottom-up" approach to monitoring and managing its risk exposures. In this approach, top-down strategic risk management is directed from the Board and applied through the actions of the executive team and wider senior management within operations. Bottom-up operational risk management is implemented through the engagement, risk awareness and corporate responsibility of all Alpha employees.

The Board of Directors has overall accountability for ensuring that risks that could impact the long-term success of the Group are identified and effectively managed. The Board delegates oversight of the Group's risk management processes and control environment to the Audit and Risk Committee. The policies and decisions of the Board with regards to risk are implemented principally through the Group's executive team, represented by the Group Coordination Committee.

While the Group Strategy Committee considers the strategy and direction of the Group in conjunction with the Board, the Group Coordination Committee encompasses all the areas in which business-level risk may arise or apply, including finance, IT & infrastructure, HR, business development and service delivery. The executive teams of these committees have a direct reporting line into the Board, principally via the Global Chief Executive Officer. However, any member of the Group Strategy Committee and Group Coordination Committee can be invited to present their risk management activities, including risk escalation and risk monitoring processes.

Risk Management Governance

CORPORATE ACCOUNTABILITY FOR RISK:
- Assesses and reports on principal risks and uncertainties
- Agrees the risk appetite
- Agrees the key risk indicators
- Determines strategic action points

BOARD OF DIRECTORS

AUDIT & RISK COMMITTEE

CORPORATE ASSURANCE:
- Oversight of risk processes and procedure
- Internal control
- Assesses effectiveness of risk management framework and reporting

EXECUTIVE RESPONSIBILITY:
- Monitors external environment
- Oversees business-level risk management activities
- Monitors key risk indicators
- Oversees strategic action points
- Ownership of the risk register

GROUP COORDINATION COMMITTEE

GROUP STRATEGY COMMITTEE

STRATEGIC RISK MANAGEMENT:
- Oversees definition of the strategy
- Monitors execution to strategic objectives
- Identifies and addresses risk to business strategy and direction

OPERATIONAL RISK MANAGEMENT:
- Monitor operating environment
- Identify, assess and mitigate operational risks
- Implement strategic action points
- Execute policies, training and controls

BUSINESS UNITS

The Group believes that corporate responsibility underpins a successful risk management strategy. Acting responsibly and taking accountability in day-to-day business activities is expected and required of employees in all parts of the organisation. It is a core value that is written into the Employee Handbook, which all staff must read and attest to. This encompasses the need to follow and ascribe to relevant policies, training and procedures that are decided at a senior level based upon the Group's services, operations and risk management commitment, which currently include (but are not limited to) anti-bribery, confidentiality, data protection, IT security and acceptable use, whistleblowing, anti-tax evasion and facilitation.

Objectives of Risk Management

The main objectives of the Group's risk management framework are to ensure that there is:

- A strong corporate culture of risk awareness and responsibility embedded at all levels of the organisation;
- Reduction of ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility;
- Proactive identification and reporting of risk information, with clear management and mitigation responsibilities; and
- Provision of a suitable basis upon which the Audit and Risk Committee and, ultimately, the Board can assess the effectiveness of the Group's risk management and internal controls.

Strategic Report

Risk Management continued

Risk Assessment

The Group reviews and monitors risk exposures closely, considering the potential impact and any management actions required to mitigate the effect of emerging issues and events. The Group's risk register is the principal tool for managing risks (which are categorised as operational, financial or industry risk) as well as the Group's risk appetite statements. Adherence to the Group's risk appetite statements is monitored using key risk indicators, which are incorporated in the Board's risk reports.

The risk register is owned by the Group Coordination Committee; it is maintained using current inputs from the core business functions. Risks are assessed using a scoring system, with each risk scored according to the likelihood of occurrence and the associated impact to the Group and the execution of its strategy. This approach to risk assessment facilitates escalation to the Board of Directors of the key material risks. It also ensures the business's ability to review risks, identify trends and respond with effective actions.

Group risks are reviewed, discussed and challenged first by the executive team, through the meetings of the Group Coordination Committee. The key material risks, as agreed at the Group Coordination Committee, are then reported to the Board. Reporting decisions are documented so that the assessment and escalation approach can be reviewed by the Audit and Risk Committee as part of its assurance responsibilities. In exceptional circumstances, that is where the risk is of a sensitive business nature, it may be raised on an individual basis with the Global Chief Executive Officer, who can present that risk directly to the Board.

The Board has agreed that the most material current risks to the Group will be presented in the Annual Report as the principal risks and uncertainties. Applying the described approach, the Board is able to confirm that a robust assessment of the principal risks and uncertainties has been carried out.

Improvements to the Risk Management Approach

Alpha has a global risk management framework in place in order to assess and manage risks that may have an impact on the business. The Board believes that these practices should be regularly reviewed to allow for continuous improvement and development.

As part of ensuring the ongoing appropriateness of the framework, while considering the business model and operating context, the Group delivered a number of incremental enhancements during the year that included:

- Incorporating a new risk category to the Group risk policy and risk monitoring processes: environmental and social risk; and
- Further assessing the Group's information and data security policies, governance and system controls particularly in light of the COVID-19 pandemic.

Environmental and social risk:

Due to the nature of the Group's services generally, Alpha does not currently have a significant environmental impact. However, the Group's commitment to environmental and social risk management supports an aim to be strong in corporate citizenship, to enhance its reputation and to continue to build trust with its stakeholders.

The corporate social responsibility ("CSR") strategy is predicated on maximising the benefits and minimising the downsides of the company's economic, social and environmental impacts. Alpha has an internal CSR team for defining and implementing this strategy globally. The Group also recognises the growing concerns and risks related to climate change, and is committed to doing its part in addressing this challenge. This focus includes monitoring, improving and acting upon Alpha's carbon footprint and the Group's wider impact on the environment.

The environmental and social category of risks includes the potential failure of the Group to identify and manage environmental and social risks and impacts in a structured way. In particular, it regards a possible failure of the Group to apply a consistent and effective approach to understanding, considering and assessing environmental and social risks in its decision making over time.

Given the Group's services and its operating locations, climate-change-related risk is not currently a major factor in decision making about the business model and strategy. However, the Board has committed to continuing to monitor the risks associated with the impacts of climate change, taking into account its long-term goals, when considering new business activities and/or physical premises. The Group also considers this to include the need to assess, plan for and comply with policy changes and disclosure requirements that relate to environmental and social actions.

Information security risk:

Given the evolving sophistication and prevalence of external cyber threats, particularly against the backdrop of remote working through the COVID-19 pandemic, Alpha has continued to take pre-emptive steps in strengthening and investing in its cyber resilience and security programme. This has included a continued assessment of the external threat landscape to ensure a high level of internal diligence, and that investment remains appropriate to mitigate these risks.

Over the last 12 months, the Group's suite of multi-layered technical and procedural controls has been maintained, progressed and formalised further, such as through:

- Group-wide review of information security and acceptable use policies;
- Maintained focus on "zero trust" access and identity management capabilities; and
- Mandatory annual employee training supplemented by regular education campaigns to foster a culture of security awareness.

In addition, to reduce susceptibility to emerging threats, Alpha has continued to work with an independently accredited cybersecurity partner and completed annual security testing in accordance with the industry recognised cyber security framework National Institute of Standards and Testing ("NIST").

Financial Risk Management

The Group has established internal control and risk management structures in relation to the process for preparing the consolidated financial statements. The key features of this framework are:

- The Group's executive team understands the importance of internal control and of adhering to the principles of risk mitigation on a global, operational basis;
- The Audit and Risk Committee has primary responsibility for reviewing the quality of internal controls and checks, to ensure that the financial performance of the Group can be properly measured and reported on;
- The Chief Financial Officer and finance team regularly monitor and consider developments in accounting regulations and best practice in financial reporting and, where appropriate, reflect developments in the consolidated financial statements;
- The Group's results are subject to various levels of review within the Group's finance and management teams;
- Both the Audit and Risk Committee and the Board review the draft consolidated financial statements;
- The Audit and Risk Committee receives reports from senior management and the external auditors on significant judgements or estimates, changes in accounting policies, changes in account estimates and other pertinent matters relating to the consolidated financial statements; and
- The annual financial statements are subject to external audit.

Brexit

While the UK's future relationship with the European Union was formalised during the year, there remains a degree of uncertainty, with some points yet to be clarified and defined fully. The Group continues to believe that the UK's decision to leave the European Union ("Brexit") is not a principal risk for Alpha's long-term success, growth and strategy. The Group has welcomed some improvements in the markets following the UK's formal exit from the European Union and did not see a direct material impact on its overall growth in the financial year.

A combination of Alpha's lack of reliance on arrangements between the UK and EU, as well as Alpha's growth and diversification both geographically and across business practices allows it to remain well positioned to negotiate any uncertainties that may continue or arise newly from Brexit in the long term. The Group and its Directors will monitor the situation for any further developments or changes that require consideration.

Strategic Report

Risk Management continued

COVID-19

The COVID-19 pandemic has brought an unprecedented level of uncertainty and constantly changing challenges to all businesses. At the outset of the pandemic, in order to facilitate monitoring, oversee key decisions and implement mitigating actions where necessary, the Group mobilised a dedicated governance structure that included global and local response forums. The Directors and the senior management team within this governance structure, and more widely, have closely followed the situation in order to identify, assess and control the operational and commercial impacts as effectively and swiftly as possible.

A full assessment of the potential impacts of COVID-19 on the Group's risk profile was undertaken and commentary on the specific risk exposures that have been assessed in the course of FY 21 in relation to COVID-19 are provided below.

Risk to staff health, safety and wellbeing:
The health, safety and wellbeing of Alpha's people is an integral factor in delivering the best results for clients, developing and retaining a highly talented team, and meeting the challenges of a fast-growing business. Consequently, the primary focus of FY 21 has been on the health, safety and wellbeing of Alpha's people whilst adapting to remote working and managing through the various restrictions and multiple personal challenges of the global pandemic.

New approaches were implemented to ensure as collaborative, motivating and supportive an environment as possible and to help Alpha's people navigate through such difficult times. These included increased communications to the Alpha teams, social events such as virtual coffee catch-ups, skill sharing, activity challenges and the set-up of online communities to provide ideas and suggestions for keeping mentally and physically well and generate discussions on health-related topics. The wellbeing plan was adapted to focus on supporting the mental and physical wellbeing of staff while they work in isolation, including the provision of resilience training with an external partner.

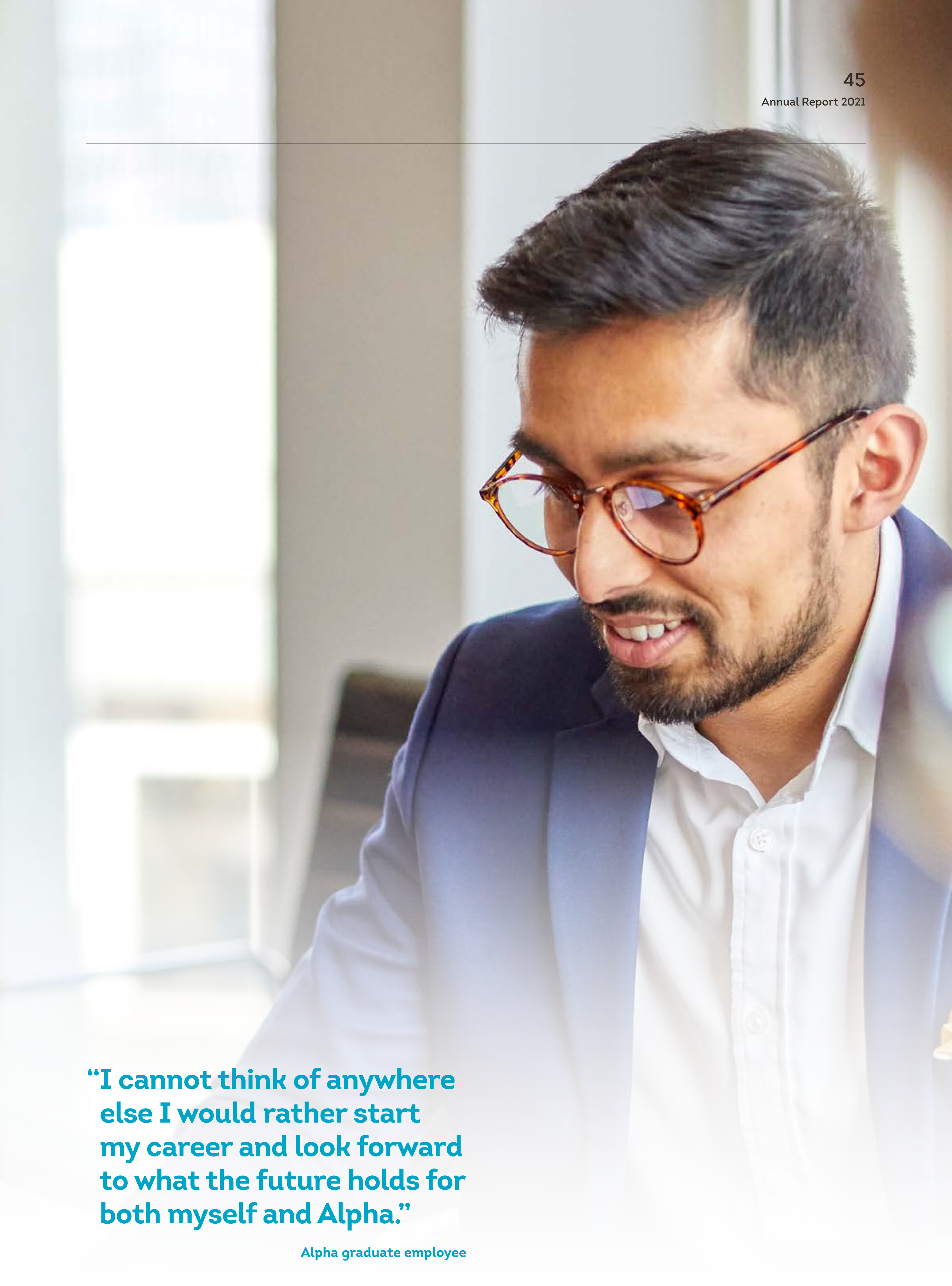
Risk to the continuity of operations and delivery of services:
The success of the Alpha business depends upon strong client relationships and a market-leading reputation. Any material disruption to the continuity of Alpha's operations and service delivery could have led to adverse impacts, including damage to the Group's reputation, integrity and, potentially, its performance.

The Group had previously invested in its operational and technological foundations, ensuring a model that is highly adaptable to remote working, productive and secure. Alpha's IT and business management teams were extremely active in ensuring that staff were supported in the use of technology and remote ways of working. As such, the Group was able to transition quickly and effectively to remote working at the start of the pandemic with no material disruption to business operations. Alpha also engaged with all its clients and communicated proactively through relationship and project leads to ensure that client delivery engagements continued to be delivered remotely and to the highest standards, again with no material impacts or delays.

Risk to the financial performance of the Group:
At the outset of the pandemic, the Group identified the potential risk of disruption to clients and, consequently, a possible change in client demand and decision making. In response, the Group took early decisive action to control the potential impacts of the pandemic, implementing protective measures to reduce costs, maintain liquidity and stabilise residual risk positions across the Group's business profile.

FY 21 trading progressed well and the Group continued to see opportunities, new client wins and extensions to existing projects. Consequently, those measures were being reduced and reversed by the end of the first half of FY 21 and, in light of the resilient performance of the Group, have now all been withdrawn. At the end of the financial year, the Group is reporting strong results and market momentum, providing a positive outlook into FY 22.

The residual risks relating to the COVID-19 pandemic are captured as part of the Group's macro-economic conditions principal risk on p. 48. However, it is acknowledged that individual risks and issues related to the pandemic may need to be tracked separately if external conditions elevate into material individual risks.



"I cannot think of anywhere else I would rather start my career and look forward to what the future holds for both myself and Alpha."

Alpha graduate employee

Strategic Report

Principal Risks and Uncertainties

The table below outlines the principal risks and uncertainties faced by the Group. They are not the only risks that may affect the Group, but they are the risks that the Board currently believes would have the most significant impact on the Group's strategy to achieve long-term profitable growth. There may be additional risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse impact on the business and the business strategy.

Operational Risk

The Group's approach to minimising operational risk is to centralise relevant processes and oversight frameworks through the senior leadership team, which includes the Chief Operating Officer, and global leads from IT & infrastructure, HR and recruitment. Operational risks are mitigated accordingly through operational projects that are designed to strengthen the control environment and protect Alpha's competitive standing with regards to people and quality of service.

Risk		Mitigating Factors
People & Resourcing	Failure to attract, incentivise and retain the best people with the right capabilities across all levels and geographies.	• Uniquely attractive culture that places people at the heart of the business. • Competitive, regularly benchmarked remuneration package including differentiating profit share or cash bonus scheme. • Equity participation offering through the management incentive plan for directors and senior management. • In-house recruitment process, targeting top university graduates and experienced professionals. • Comprehensive training and development programme, building consulting skills and industry knowledge. • Broad and reactive support structure, including HR, individual mentors and external advice scheme.
Quality of Service	Failure to maintain quality of service on client delivery engagements.	• Clearly defined terms agreed up front, ensuring that each delivery framework is appropriate and the delivery objectives are achievable. • Clear senior individual responsibility and accountability for delivery on every engagement, with review from head of country. • Internal service delivery function managed by Chief Operating Officer provides strong oversight and enables early risk identification. • Continuous monitoring of client satisfaction and fulfilment of agreed delivery criteria through the Alpha engagement lead, in addition to the Alpha account owner, if also required.

Risk		Mitigating Factors
Data Security	Risk of a security breach leading to loss of integrity or availability of core data.	• Comprehensive suite of information security policies and procedural controls to complement technical defences, based upon best practices from the NIST framework. • Adoption of industry leading cloud security tools, with multi-layered controls around encryption, threat sandboxing, data leak prevention and social engineering protection. • Intelligence and expertise led system monitoring and threat analytics function through a security operations centre ("SOC"), for which Alpha leverages a qualified third party. • Proactive annual testing of technical defences through external team exercises and internal phishing assessments. • Continual promotion of good cyber hygiene across the global Alpha workforce with annual mandatory learning, regular training campaigns and assessments. • Appropriate due diligence, vetting and annual auditing of cloud providers to validate information security and risk posture. • Extensive cybersecurity insurance policy coverage.
Acquisition Risk	Risk of failure of the Group to select, complete and integrate businesses that contribute positively to the business model.	• Full acquisition due diligence and integration framework. • Full business case required and built for every acquisition, subject to a number of tests. • Detailed due diligence, analysis, planning and mitigation as part of the acquisition process, wherein a wide range of factors are taken into consideration. • The Group's extensive experience of working with clients on high-profile acquisition and integration frameworks (including key risk identification and mitigation approaches) is leveraged and refined through the Group's own acquisition activities. • Dedicated integration project with workstreams across people, finance, IT and operations, products and commercials for each acquisition. • Continuous monitoring of business alignment, client satisfaction, performance and other KPIs. • Clear and effective internal and external communications regarding acquisition and integration topics, overseen by a member of the Group Coordination Committee.

Strategic Report

Principal Risks and Uncertainties continued

Industry Risk

The Group's approach to minimising industry risk is to undertake a regular assessment of the market and its influencers, including regulatory, political and structural change, and to maintain a close dialogue with market participants, such as clients, competitors and industry bodies. This review is delivered through the Group's defined corporate governance responsibilities, wherein the Executive Directors manage those relationships on a day-to-day basis and communicate the key findings and perspectives to the Group Coordination Committee and, in turn, to the Board of Directors.

Risk		Mitigating Factors
Market Strategy	Risk that the Group responds inadequately to changing market factors.	• Heads of region, heads of country and business practice leads are responsible for monitoring markets and client demand locally. • Deep understanding of the markets is used to inform annual cycle of business planning and budgets, and is tracked accordingly. • Regular monitoring of the structural drivers within the marketplace, which include industry cost pressures, growth in AUM and increasing regulation. • Track record of assessing market conditions and drivers of change, and responding accordingly including the implementation of relevant sector and client propositions across the investment management value chain.
Strategic Objectives	Risk that the Group fails to meet its strategic aim to grow the business.	• Business strategy review is designated to the Group Strategy Committee to define, oversee and implement. • Business strategy is reviewed regularly (at least semi-annually) by the Group Strategy Committee and the Board of Directors. • Strategy informs annual business planning and budget, and is tracked accordingly. • Strong visibility of growth opportunities and a roadmap to increase the business both organically and inorganically. • Regular consideration of downside scenarios and readiness to apply relevant protective measures.
Macro-Economic Conditions	Risk that macro-economic factors outside of the Group's control change, affecting its clients, their demand for consultancy services and, hence, the Group's own performance and financial position.	• Monitoring of the market to identify, and plan around, potential change in market conditions and volatility. • Ensuring an effective, coordinated response to any macro-economic challenges that emerge (e.g. COVID). • Flexible business model that is responsive to change and regularly reviewed. • Record of identifying opportunities to provide consulting services and delivering successful projects in challenging change conditions. • Global nature of the business and range of business practices should reduce the risk of impact from volatility in specific markets.

Risk		Mitigating Factors
Political / Regulatory Environment	Risk that Alpha's business model and strategy is materially impacted by legal, political or regulatory changes that restrict service offering or access to markets.	• Diversification and expansion of service offering should reduce impact of restrictions. • Strategic geographical extension of business, overseen by the Board of Directors and executed by the Group Coordination Committee. • Regulatory, political and legal change horizon scanning, led by the Global Chief Executive Office, in order to foresee and plan appropriate responses. • Dialogue with regulators, legal advisers and industry bodies. • Regular review of the business model to ensure that it remains flexible and responsive to change. • In respect to the UK's exit from the European Union ("Brexit"), continued monitoring and assessment of potential implications for the Group.
Competitors	Risk that an existing competitor or new entrant may over time be able to achieve similar success and win work from the Group's existing clients.	• Monitoring of competitor positioning including client win/loss ratios. • Proven ability to understand the structural drivers of the market, to innovate and develop the service offering accordingly. • Key competitive differentiators: – Highly focussed industry proposition, working exclusively in asset management, wealth management and insurance industries; – Strong, increasingly global reputation amongst clients, with the very high quality of the team as a key differentiator; – Complementary technology and data solutions; and – Differentiating intellectual property and benchmarking data.
Client Concentration	Failure to expand the client base or a reduction in the number of key clients due to consolidation in the industry, including client concentration risk in key relationships.	• Globally expanding team of consultants, able to attract new market entrants and new entities within existing client structures. • Growth objectives include increasing and diversifying the Group's client base, and the Group regularly reviews increase in client numbers (both organic and inorganic growth of client base). • Regular monitoring of client concentration by revenues. • Acquisition strategy that targets businesses with strong addressable client bases and cross-sell opportunity. • Business strategy that includes extending the Group's offering with new services and products, in order to cater for different client segments.
Skills and Subject Matter Expertise	Risk that over time the consulting team does not maintain the right expertise and skillsets to be able to undertake a wide range of projects, of any scale, across the marketplace.	• In-house recruitment process, targeting top university graduates and experienced professionals. • Comprehensive training and development programme, which builds consulting skills and industry knowledge. • Deep specialised industry expertise equips the Group to win and complete projects of all sizes and complexity. • Proposition and delivery model structured around business practices and client segments, enabling any gaps or weaknesses to be identified early. • Business practices are led by directors who are experts in the area and are responsible for ensuring the right team and skillsets when it comes to launching a new proposition, as well as monitoring expertise and skillsets over time. • Continual review of win/loss rates as well as client satisfaction in delivery.

Strategic Report

Principal Risks and Uncertainties continued

Financial Risk

The Group's approach to minimising financial risk is to manage utilisation, day rates, expenses and cash collection actively and closely. The Group's target is for projects to be chargeable on a time and materials basis, and to ensure that consultants' time is recorded and billed each month. A considerable amount of attention is paid to day rates and their alignment to budget, which are reviewed and monitored by the heads of region and the Executive Directors.

Risk		Mitigating Factors
Utilisation Rates	Risk that utilisation rates, which drive Group profitability, may be adversely impacted by poorly timed headcount growth or an unexpected decline in client projects.	• Target utilisation rates agreed annually per region. • Oversight of delivery against resource utilisation by head of region. • Ongoing review of global utilisation by Chief Financial Officer, in conjunction with visibility of pipeline and recruitment plans.
Cash Collection	Failure to collect cash on client invoices on a timely basis.	• Group-wide aim to sell consulting services on a time and materials basis. • As invoicing is typically on a time and materials basis, there is a requirement for all employees to submit their time promptly. Prompt completion of time submission is monitored and forms part of annual performance reviews. • The Group's standard policy is for settlement of client invoices within 30 days. • The Chief Financial Officer assesses the Group's cash and debtors position on a regular (weekly) basis and escalates where necessary. This is also discussed with heads of region and at Board meetings.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
24 June 2021

“Alpha really understood what we were trying to achieve as our goals. They wanted to work with our people to come up with the best solutions.”

Chief Executive Officer, asset manager

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The power of our people to achieve our ambitions

Role in Society

Looking After Our People

Alpha strives to attract the most talented people and to give them an inspiring working environment that will allow them to realise their potential and achieve fantastic professional successes.

We believe that playing a full and constructive role in society is integral to our success as a business. This includes providing an interesting, varied and rewarding place to work for all Alpha's people. The Alpha leadership team is strongly committed to fulfilling this part of Alpha's mission and recognises its importance in creating a sustainable business model.

In fulfilling our role in society, we concentrate on three major priorities: our people, our communities and the environment. This section of the Annual Report describes how we address each of these vital contributors to our long-term success. We regard our efforts in this area as a work in progress, with further plans, contributions and impacts to be developed and delivered over time.

Alpha appeared in The Sunday Times Top 100 Best Small Companies to Work For for four consecutive years 2017–20 and, in 2021, ranked in the UK's 100 Best Large Companies to Work For.

Creating the Best Consulting Company

Alpha's people are the reason we succeed. We depend on their knowledge, skill and professionalism every day and, therefore, we constantly seek to ensure that the years they spend working at Alpha will stand out as the best of their careers. We believe that providing a positive and inspiring work environment will help us foster a high-performance culture that delivers exceptional outcomes for clients and great professional and personal fulfilment for our employees. This is the key to creating the best consulting company.

Alpha's culture is meritocratic and focusses on talent, entrepreneurial thinking, commitment and aspiration. We have put in place training and mentoring programmes to support our employees and encourage collaboration across the company to help our people expand their knowledge and draw on Alpha's collective intelligence to meet the needs of our clients. The quality of our working environment has won numerous awards and we are proud to have earned excellent reviews from present and former employees on Glassdoor.

Given the critical role that our people play in Alpha's long-term success, we place great emphasis on ethical conduct and high professional standards. We stress these as part of our core values in Alpha's Employee Handbook, which provide all employees with a clear understanding of the ideals that we aspire to in all areas of our business. We publish clear policies for our people on anti-bribery, confidentiality, IT security and acceptable use, whistleblowing and anti-tax evasion, and we encourage them to question and report anything that raises concerns. Our annual performance reviews include an assessment of professional integrity and compliance with Alpha's policies.

Our core values define who we are both as a company and as professionals:

We pride ourselves on working **collaboratively** with our clients

We take **accountability** for delivery – we own and take responsibility for outcomes

We are **proactive** – we use our extensive personal and corporate experience to find solutions.

We provide **deep expertise** in our specialist areas

Our company provides a **meritocratic, sociable and supportive environment** – we want to be recognised as the best place to work in our industry, with personal career progression based on transparent and meritocratic considerations.

Everything we do is defined by **integrity** – we hold ourselves to the highest standards of transparency, honesty and personal integrity

We are socially and ethically **responsible**

> “We are a tight-knit group of consultants who want to enjoy their work, achieve every success for the company and deliver the best results for clients. Together, we share in our achievements, work hard and continue to learn from one another as a global team.”
>
> **Alpha employee**

Role in Society

Looking After Our People continued

Experiences

Sarah Andrews
HR Generalist, Axxsys

I joined the Alpha Group in June 2019, when Alpha acquired Axxsys Consulting, where I have been an employee since 2008. The acquisition has undoubtedly been an exciting time in Axxsys's history.

I was part of the team involved in the integration of Axxsys into Alpha. Being a member of the integration team connected me with many of the Alpha community from day one, including senior management, finance, HR and legal teams, and it was abruptly clear how driven, focussed, and supportive they were. My first impressions were that of a friendly, hard-working yet approachable and energetic team, where every success is celebrated.

Whilst I manage the HR and operational/administrative division within Axxsys for our offices in London, Copenhagen and Toronto, I am also part of the wider Alpha HR network where, as a group from locations all over the world, we come together frequently to share ideas, act as sounding boards, and generally encourage and support each other on a regular basis. Being part of this broader team has given me a brilliant insight into the Alpha culture and its unique people, and it is also a great opportunity for me to continue to develop my skills and talent.

I have also been working closely with other members of the Alpha team on data protection governance and I have taken a lead operational role for Axxsys. There is an ever increasing focus on this topic and we have been developing our processes, information security measures and internal training accordingly. In the context of the last year, and with so many of the workforce working remotely, it has been more important than ever to have embedded good practices.

As a firm, we are growing rapidly, and it's a very compelling journey to be part of. I look forward to learning more from my colleagues and contributing to its success in the coming years.

Recruitment

Alpha is seen as one of the most exciting and rewarding companies to work for in our market, thanks to our excellent reputation and impressive track record. We receive many unsolicited approaches and attract large numbers of applicants to join Alpha.

In hiring, we focus on finding extremely talented individuals who show strong commitment and the desire to succeed, and we review our recruitment processes continually to ensure they are thorough and effective. During the past year, in light of the pandemic, we paused much recruitment but continued to make strategic hires, receiving excellent feedback from candidates on their experience of engaging with us. Having removed the business protection measures, our in-house recruitment processes are now fully re-mobilised in the second half of the year.

Receiving the offer of a role at Alpha is seen as an achievement in our industry. This is not an easy company to join, but once on board, our employees are provided with all the specialist knowledge, support and training that they need to thrive.

Developing Our People

Alpha has a meritocratic culture and prides itself on being an organisation in which people treat each other as equals and work closely on first-name terms. We reject “up or out” policies practised at some other firms. This enables high-performing team members to advance their careers much more quickly at Alpha than elsewhere. All promotions are based on our assessment of individual merit and performance.

Career development and training are essential elements of our support structure, and we have an established mentoring and employee oversight framework that covers our people at all levels and across all regions. We recognise the importance of helping our people to develop their careers and support this process by assigning everyone a mentor, with whom they are encouraged to discuss their aspirations and development needs. As part of our feedback system, overseen by the HR team, all employees receive regular feedback from their mentor and project leads, alongside annual performance reviews

We invest in training and development programmes to build our people's consulting skills, specialist delivery qualifications and industry expertise. In addition to internal training resources and curricula, employees receive five days a year training allowance to use on external training qualifications. These include industry-leading certifications from professional organisations such as the Chartered Financial Analyst Institute, the Chartered Institute of Securities & Investment and the Chartered Alternative Investment Analyst Association.

Our training programmes extend across the company, with all directors receiving guidance and training appropriate to their role on appointment or promotion. This includes topics such as culture and behaviours, proposition and knowledge management, account management, sales and commercial management, service delivery and engagement management.

We encourage all employees to take an entrepreneurial and proactive approach to their career development by identifying the training that they feel will be most relevant and useful to them in their role. However, alongside these formal training initiatives, we also ensure that employees gain unique knowledge and practical experience by working alongside more experienced colleagues and attending meetings with some of the most senior and influential people within our client organisations.

We have an excellent record of developing our people and promoting from within. Several graduates from our first intakes in 2012 and 2013 have gone on to become directors, which increases transparency and confidence in our commitment to career development. We want everyone who works at Alpha to have an inspiring and fulfilling career here, with the support of our training programmes, on-the-job learning opportunities and commitment to progression on merit.

Operations, Support and the Working Environment

Our consultants deliver many of the industry's most complex and challenging projects. We put considerable thought and great effort into making sure that they have the tools and support that they need to perform at their best.

We have invested in a robust, secure, cloud-based IT infrastructure that enables our people to work and collaborate effectively, wherever they are. This allowed us to transition seamlessly to remote working following the COVID-19 outbreak, as described further in the "our response to COVID-19" section later in this report. As Alpha has grown, we have expanded our central operations team in line with our increasing scale and reach.

Experiences

Lana Baker-Munton
Global Recruitment Lead, UK

I joined Alpha back in 2015 on the UK graduate recruitment programme. I didn't know it at the time, but the following six years would be such a wonderful experience!

I spent the first 18 months working on consulting projects from our London office before seconding to New York, where I spent two more years working across New York, Chicago and Baltimore. I feel very lucky to have had the opportunity to work and travel across cultures – and am very grateful to Alpha for allowing me to do so!

I honestly think one of the best things about Alpha is that every employee has the opportunity to genuinely contribute to one of the business management functions. Since my very first week at Alpha, I've worked on projects relating to recruitment, training, people and talent. One of the highlights for me was setting up the inaugural US graduate recruitment scheme back in 2018!

Throughout my three and a half years in consulting, I discovered that I was truly passionate about the world of people and talent and was keen to pursue that full time. Upon my transition back to the UK in 2018, Alpha supported me in a move internal to the business operations team where I ran the UK recruitment function and worked with the Chief Operating Officer on people and talent initiatives. I now manage the global recruitment function – and have recently supported such business projects as managing the global offices throughout the pandemic.

It's been such a journey since I joined in 2015 – and I feel lucky to have joined a company that has not only allowed me to grow professionally, but also supported me personally throughout. Alpha really is a special place – which, luckily for me, makes my job easier in recruitment!

Role in Society

Looking After Our People continued

Monitoring and ensuring the wellbeing and satisfaction levels of our people is hugely important to Alpha as an employer. We review and support our employees' wellbeing from the day they join and throughout their time at Alpha through regular surveys, a broad and active support framework overseen by our internal HR team, one-to-one mentoring and the work of our internal wellbeing champions, who are trained in mental health first aid. These systems proved indispensable during the COVID-19 pandemic, when employees had to accommodate huge and sudden changes to their work and personal lives, with all the potential for stress that came with them.

Our people are our greatest strength

Our clients recognise the quality and experience of our people. It is thanks to the exceptional calibre of our global teams that we retain very strong recognition in the market and loyalty across our client base.

The most talented consultants in the industry join Alpha for its leading industry reputation, the invaluable experiences that they gain working on impactful industry-defining projects, a highly competitive compensation package and the unique, inclusive culture that places people at the heart of the business.

Attracting the best talent

500+	445+	160+
total headcount including business operations	consultants	consultant headcount growth since IPO

Director hires and promotions

FY 18	FY 19	FY 20	FY 21
5	4	13	11

Sharing in Our Success

Alpha offers a highly competitive compensation framework to attract and retain high-performing people at all levels. We aim to motivate people financially, culturally and through other ways of recognising and rewarding outstanding performance by individuals and teams.

As an employer, Alpha differentiates itself from competitors in the following ways:

- Our reputation as a leading consultancy in our industry;
- A competitive compensation package, including participation in the Company's differentiating profit-sharing scheme (or cash bonus);
- A strong corporate culture that places people at the heart of the business;
- Opportunities to gain invaluable experience by working in small teams on high-profile, industry-leading projects, and to take on additional responsibility at an early stage
- Comprehensive training, development and feedback to build consulting skills and specialist knowledge;
- Progression based on merit, with no set time at any level;
- An open, diverse and inclusive environment with a strong employee support framework;
- Encouragement to contribute entrepreneurial ideas to develop Alpha's business;
- A comprehensive training and development programme that develops employees' skills and expertise;
- Opportunities to take part in and contribute to managing the business; and
- Management incentives that celebrate success and provide rewards to retain and incentivise the directors and senior leadership team.

We recognise the huge contributions of our employees in various ways including events during the year to celebrate success, company milestones and the achievements of different groups. During normal times, these include in-person promotion celebrations, mentor-mentee socials and peer group outings, as well as larger events such as Christmas parties, year-end celebration dinners and international summer conferences. Recognising success is an essential part of Alpha's culture: we have "shout-out" processes to enable anyone in the organisation to highlight individuals and teams that have delivered outstanding performances of all kinds.

Running the Business

We encourage all our employees to get involved in managing the business, enabling them to contribute directly to Alpha's success and to develop their interests and talents further. Our people take part in a range of business management activities including CSR, diversity and inclusion ("D&I"), IT and infrastructure management, marketing and business development. Alpha consultants also contribute to the delivery of internal change projects, enabling them to share their insights from client engagements and contribute to the design of Alpha's infrastructure, adoption frameworks and processes.

The global consulting teams are also directly involved in recruitment and the interviewing of candidates. This means that our people can contribute directly to the growth of Alpha and the addition of new talent, expertise and ideas to the Group. We receive excellent feedback from candidates about their experiences during the interview process, and that the interviewers are regularly the winning factor in them deciding to join Alpha.

Employee Feedback

Regular communication and a free flow of information and feedback throughout the Group are essential to encouraging strong employee engagement. This, in turn, helps to create the collaborative, open working environment that underpins our success.

We want everyone to be aware of the Group's progress, issues under consideration and key decisions and to be able to contribute to these discussions so that they feel informed and invested. Our Global Chief Executive Officer takes part in a video interview every month, answering questions submitted by our employees and, alongside this, we hold monthly company meetings for all our regional business units, which ensure a regular management cascade of information about business activities and news, as well as events and plans of strategic importance.

We also monitor our employees' satisfaction and opinions about working at Alpha via an annual survey, which enables everyone to provide anonymous feedback. Employee feedback has led to many new initiatives, ranging from changes to internal policy and communications, technology and productivity improvements, to creating further variety in Alpha's social agenda.

Enabling effective collaboration across our global teams is also vital, both to our service proposition and to promoting employee engagement and satisfaction. Our internal digital collaboration platform, launched in 2017, is used extensively for social interaction as well as internal training, policy updates, access to expertise across the globe for project delivery and to share news of successes from around the Group.

Experiences

Tara Al-Azawie
Senior Manager, UK

I joined Alpha from a digital consultants as I was looking to utilise my digital specialism with asset and wealth managers. I had heard about Alpha from previous colleagues and the culture was the big draw.

The culture is based on collaboration and trust. I was impressed to learn that Alpha has a readily available set of project methodologies and best practices - and you are actively encouraged to work with colleagues to learn about previous projects, and use this in your own delivery. This collaborative approach, where everyone has a voice, empowers staff across the business and enables clients to receive the best quality of outputs.

Aside from client work, I lead Alpha's internal marketing content and social team. We have developed an engine of content creation that has successfully built out our thought leadership capability and raised Alpha's profile with clients. It has been great to be able to lead such a key part of Alpha's marketing efforts.

Role in Society

Response to COVID-19

Alpha was able to respond quickly and effectively to the pandemic, thanks to our global, cloud-based technology infrastructure, operational flexibility and the incredible resilience and professionalism of our people.

Our absolute priorities in the face of COVID-19 were to protect our people and do the best possible job for our clients. The transition to remote working was quick and seamless in terms of technology and processes, enabling us to continue delivering in-flight projects and agreeing new engagements. However, remote working placed an entirely new set of demands and strains on everyone who works for Alpha and we therefore needed to ensure they had the support that they needed.

We ran regular surveys to discover the range of issues that were on employees' minds as a result of remote working and the pressures of balancing professional and personal commitments. We also conducted a series of in-depth focus groups to gain better insights into the challenges facing our people. Throughout the pandemic, our major concern has been to identify those who were experiencing difficulties and provide effective support. This led us to focus on three key areas:

- Employees' mental health and wellbeing, which we already monitor continuously through our HR-led support framework and the wellbeing team. We also published guidelines on remote working patterns and practices to help employees structure their time and gave our senior team guidance on how to communicate on this topic.
- Social events: we wanted employees to continue engaging with each other even though the normal social life of the company could not continue. We offered ideas for events that the teams could organise remotely or within local restrictions, as well as organisation-wide events such as virtual parties to celebrate the festive season and monthly company meetings.
- New joiners: we paid special attention to those who joined Alpha during this period and had no opportunity to meet their colleagues in person. We concentrated on areas including onboarding, training, social contacts and ongoing support, trying at all times to help them absorb the Alpha culture, avoid stress and adopt sustainable ways of working.

Throughout this period, we have prioritised regular, two-way communication, with Alpha's Global Chief Executive Officer taking part in regular video sessions to answer questions from the team. Our employees have responded magnificently, supporting each other with social and community events such as virtual coffee catch-ups, online pub quizzes, board games, book club and Friday drinks, sharing their hobbies with others and setting up online communities around their interests. Thanks to their engagement and strong team spirit, we were able to adapt and thrive through this extraordinarily difficult time.

Experiences

Anna Skylakaki
Senior Manager, UK

We responded super-fast to make sure everything was great from a client perspective, but I got involved to think about how we could go from coping with the new situation to actually thriving as a team, working with our social and wellbeing business management teams, and starting some new initiatives.

One thing that the employee surveys crystallised for me was that there were people who absolutely loved the flexibility of working from home and there were others who were struggling. So, the question became: how do we make sure that the people who are not doing so well are looked after and that work doesn't add to their problems? And, since we're a hugely sociable company, how do we hold on to that?

Personally, the flexibility that working from home has given me has been one of the best things about this period but it's also challenging for people because the normal boundaries around the working day are blurred. We have had to focus on equipping people to feel confident in how they manage their time. At the moment, we are thinking a lot about how we can retain as many of the benefits of that flexibility as possible as we return to a more normal environment.

“The culture is based on collaboration and trust. This collaborative approach, where everyone has a voice, empowers staff across the business and enables clients to receive the best quality of outputs.”

Alpha employee

Role in Society

Diversity and Inclusion

Ensuring that our team reflects the communities in which they operate is the ultimate aim of Diversity & Inclusion at Alpha; our programme was launched in 2015 to accelerate progress towards this outcome.

Diversity & Inclusion Programme

Our commitment and social responsibility to be a diverse, open and inclusive organisation has long been clear. This is now augmented by an increasing body of research that highlights the strong correlation between corporate diversity and long-term value creation.

At Alpha, operating in an industry with notably low levels of diversity, we have long recognised that increasing the representativeness of our team will require a variety of changes to our culture, policies and processes. And, only by committing to delivering them together, over a sustained period, in a well-considered sequence, will we make meaningful progress. With that in mind, during the formative stage of our Diversity & Inclusion ("D&I") programme, we worked primarily on establishing a culture of inclusivity from the bottom up.

Experiences

Charlotte Ke
Analyst, UK

During the summer of my first year at Warwick University, I was fortunate enough to be on Alpha's first ever internship, which was run in partnership with the Social Mobility Foundation. At this stage of my life, I did not know what I wanted to do, but I was sure that I wanted to work for a company whose values were on the same page as mine. Whilst researching the firm, and throughout the interview process, Alpha almost sounded too good to be true. However, the internship did not disappoint and cemented my desire to get onto the Alpha graduate scheme.

Less than three years later, Alpha has almost doubled in size and only continues to grow. Joining as a graduate in the midst of a pandemic was not what I, or anyone, could have anticipated. However, it has been an amazing experience so far and I can't quite believe how much I have learned already. When Alpha says its grads get "early responsibility", it really is true! Outside of project work, I am involved in raising awareness about and improving our internal Social Mobility (one of six D&I networks), running assessment centres as part of the graduate recruitment team and have co-written an article on our 2021 data operating models research.

Even though most of my interactions have been through a screen, it isn't hard to get a feel of Alpha's supportive, collaborative and fun culture. I cannot think of anywhere else I would rather start my career and look forward to what the future holds for both myself and Alpha.

Our progress has been made possible by the six D&I networks, established and run voluntarily by 40+ members of our team, focussed on key areas: Ethnic & Cultural Diversity; Social Mobility; Gender Equality; Wellbeing; Disability Confidence and Pride. Additionally, while, initially, the programme was mainly led out of the UK, where we are headquartered, over the last 12 months we have worked to globalise our D&I programme, with formal representation now in place across all the regions in which Alpha operates.

The voluntary commitment of the team driving our network-led initiatives (the highlights of which are detailed on the following pages), and wide support for the programme, is evidence of progression made in embedding a firm-wide culture of inclusivity. We recognise that now is therefore the time to progress to the next stage of our journey.

Building on this culture, we have begun the process of refining our approaches to talent acquisition, development and assessment: a crucial step to increasing the representativeness of our team across all levels. We are actively reviewing how our existing governance needs to be modified to reflect this shift in focus. As a result, we have introduced new business management roles across all Alpha regions that will coordinate the production of region-specific cross-network D&I strategies that address local needs, accounting for local laws and cultural practices.

Recognising that changes to embed talent management processes necessitate senior representation and support, we have also begun piloting director-level network sponsorship in the UK. Refinement of existing talent management processes will also require close collaboration with other teams across Alpha. We are therefore additionally piloting the introduction of new dedicated roles in D&I and recruitment teams to facilitate this collaboration on joint initiatives, with the intention to roll out a similar approach to other areas if the pilot proves successful.

Experiences

Fabien Lortal
Senior Manager, Europe

I joined Alpha France in 2017 after 10 years of working for a software vendor in the asset management space.

As an engineer by background, I have always been curious about new technologies and how to best match them with my industry. Alpha has given me the opportunity to help our asset and wealth management clients improve their operational models with this guiding principle.

Alpha allows consultants from many countries to collectively shape a unique vision for the asset and wealth management industries and to build thought leadership on key topics. In this context, I was excited to organise a conference on “machine learning” applied to asset and wealth management, followed by a roundtable with industry leaders.

Alpha is also fostering innovation through the “Innovation at Alpha” initiative, which provides consultants a platform to accelerate ideas, leveraging Alpha’s management guidance and expertise. The Alpha team is a group of top-skilled people, with different backgrounds and experiences – all animated by a strong entrepreneurial spirit and contributing to an inspiring work environment!

Diversity and inclusion is at the core of Alpha’ culture and organisation, and I am glad to be part of the dedicated programme and governance in place working with Alpha’s leadership on D&I initiatives. Being the D&I Lead for Europe, I am acting as a point of contact for my region on topics such as wellbeing and parental support. For instance, I help define surveys to monitor wellbeing, work-life balance and aspirations within the Alpha team. As a young dad, I pay a close attention to the work-life balance topic, which needs extra focus and definition in this time of the pandemic.

I have found at Alpha both the inspirational ground to thrive as a consultant and as a dad!

Role in Society

Diversity and Inclusion continued

Equality, Diversity and Inclusion Commitment

Alpha is an equal opportunities employer and it is Alpha's policy to ensure that all job applicants and employees are treated fairly and on merit regardless of race, ethnicity, nationality, gender, sexual orientation, religious belief, political opinion, age or disability.

The core principles of Alpha's D&I policy are:

- Educate and involve people from all backgrounds to understand and promote gender, sexual orientation, disability, cultural and socio-economic diversity through the organisation;
- Retain Alpha's meritocratic culture of rewarding talent regardless of what makes them unique, whilst continuously challenging our understanding of meritocracy;
- Improve the diversity of both our applicant pool as well as the Alpha team at all levels;
- Support external initiatives that raise the profile of under-represented groups in business;
- Contribute to a positive environment for underrepresented groups at Alpha.

Alpha's commitment to a positive policy of promoting equality of opportunity and diversity, providing an inclusive environment, and eliminating any unfair or unlawful discrimination applies to all offices, all business areas, all levels from graduate to the Global Chief Executive Officer, and at all times.

Experiences

Michelle Dadzie
Assistant Management Accountant, UK

I joined Alpha because I wanted to work within a hard-working environment. I was extremely excited and highly motivated to join such a fast-paced impressive business so early on in my career. The finance team is made up of several impressive individuals and it has been an honour to learn and work alongside them over the past years. Throughout the two years, I have also been promoted to assistant management accountant and have seen my knowledge and accounting capabilities grow exponentially.

I am very interested in diversity and inclusion and, at Alpha, I have had the opportunity to co-lead our Ethnic and Cultural Diversity committee. During our first year as a committee, we held a panel event to celebrate Black History Month. This panel event included a blend of professionals across industries and really captured the black British experience – I was so pleased to have the opportunity to take a part on the panel.

We have also held quarterly celebrations evenings for religious events, conversations on racial tensions and allyship – and the list goes on. It has been a real pleasure to combine my work with my passions and my experience with Alpha thus far has helped me to grow into the woman I am today. I look forward to the growth and success of Alpha in the coming years.

Ethnic and Cultural Diversity

Ethnic & Cultural Diversity (“ECD”) is a D&I network at Alpha that is committed to ensuring success for Alpha employees across all ethnic, cultural and religious backgrounds through initiatives and activities that drive equality and inclusivity.

Over the past year, the ECD team has covered a multitude of relevant topics and initiatives. This included responding to the challenging local and world events of 2021 with support, resources and awareness such as a “conversations with ECD” programme that promoted open dialogue on the topic of racial tensions and the development of resource guides in relation to allyship, anti-Black racism and anti-Semitism. The ECD network also led an initiative to expand the statuses that are used on Alpha’s internal collaboration platform to represent different practices and patterns during the working day, including prayer time.

This year, the ECD network has also reviewed its strategy and updated its central objectives. These objectives are:

- To capture ethnicity data and share progress;
- To take action that supports ethnic minority career progression;
- To educate on cultural and religious considerations with regards to how we work;
- To engage with individuals, groups and organisations within the wider industry and community to help to drive a more diverse workforce; and
- To deliver increased knowledge of key ECD topics through the creation of content for internal and external audiences.

We are also excited to be focussing our efforts on understanding best practice across the industry in terms of ethnicity data, career progression and the workplace. We look forward to implementing a range of further initiatives and educational sessions to support better the needs, concerns and interests of minority ethnicity and cultural groups at Alpha.

Social Mobility

The social mobility team works to create equal opportunities and an inclusive environment in which people can access, and excel within, the financial services and consulting industry based on potential and ability, irrespective of background.

In the UK, we have now been working in partnership with the Sutton Trust for three years. The Sutton Trust is a pioneering educational charity dedicated to improving social mobility and access to the most competitive industries. Over the past year, we have worked on several initiatives with them, including participation in their virtual summer conference for students from lower socioeconomic groups, hosting several students for our annual “Consulting 101” masterclass, and providing material for their new online platform for students to draw upon. We have also partnered with the Social Mobility Foundation again to provide mentoring to undergraduates from economically disadvantaged backgrounds and have collaborated with Bright Network, a career-oriented network of university students and graduates in the UK on their inaugural Social Mobility panel. The panel is designed to assist undergraduate students from lower socioeconomic backgrounds in applying for roles.

Alpha France has partnered with Proxité since 2018. Proxité is a charity providing mentoring, educational support and career advice to young people from disadvantaged backgrounds. We have continued to work with them to provide mentoring to young people at university or the start of their careers, and we have maintained this engagement through the COVID-19 pandemic by digital means.

Internally, we continue to focus on raising awareness through “lunch and learn” sessions. The Social Mobility team also collaborates with various other internal teams, such as recruitment and training, to ensure that Alpha’s practices are supportive and under continual assessment and improvement through a social mobility lens.

Role in Society

Diversity and Inclusion continued

Gender Equality

In the last year, Alpha has continued to formalise its commitment to promoting gender equality both inside the company and within our wider industry. To maximise our reach within Alpha in particular, and to include as many people as possible in conversations on gender diversity, the Gender Equality ("GE") committee created the GE network. This network is open to everyone at Alpha to share their thoughts and opinions; to discuss them in a safe, supportive and inclusive environment.

Throughout the year, the GE committee has led on a range of important initiatives, including:

- International Women's Day: this year, as a reminder that we can all choose to challenge the inequality and gender bias that women face, the theme was "choose to challenge". In line with this, Alpha's GE committee hosted "lunch and learns", shared informative posts and ran GE-focussed coffees and quizzes. The committee also coordinated a virtual global panel for International Women's Day, for which different women across the organisation talked about their professional experiences;
- International Men's Day: to celebrate international Men's day, the GE committee collaborated with HR to raise awareness around Alpha's shared parental leave policy. We were delighted that, as a direct result of these sessions, the conversation on this topic has increased significantly;
- Gender Equality Gift List: to celebrate the festive season, the UK GE team trialled putting together a fun list of gender inclusive toys for colleagues to consider adding to their shopping lists. The celebration idea was received extremely well and the final list included a Kamala Harris action figure, gender neutral dress-up dolls and books featuring girls as the hero of the story.

As part of considering how it can contribute to raising awareness and improving gender imbalance in the wider community, the GE committee collaborated on a piece of thought leadership about the benefits of gender diversity in the wealth management industry. The piece discussed how progress in this area can result in increased returns for wealth managers, in addition to reflecting the priorities of regulators regarding diversity within financial services.

The GE committee also continued its dialogue with wider D&I teams as well as HR, and senior leadership teams. In the year, this collaboration resulted in review and making some enhancements to Alpha's internal success framework to ensure the use of gender-neutral wording and recognition of skills that can be associated with all genders.

Wellbeing

As an employer, we are committed to providing an open, supportive, and collaborative environment for all our people at all times. We believe that the health and wellbeing of our people is a crucial factor in delivering consistently strong results to our clients, developing and retaining our highly talented team, and meeting the challenges of a fast-growing business.

Wellbeing is a key area of focus for Alpha, but this has been particularly important during the past year, with our staff and clients experiencing the isolation, uncertainty and health risks brought about by the COVID-19 pandemic.

Building on existing initiatives, we have monitored and responded to staff needs through regular wellbeing pulse surveys, provided additional peer support via wellbeing champions trained in mental health first aid, and offered regular resilience coaching workshops. We have encouraged open and frequent dialogue about wellbeing, through organised panel events and more informally via wellbeing coffee meetings and online forums.

This year has also provided an opportunity to reassess our working patterns. In response to the current situation, with its unique benefits and challenges, and with an eye on the potential workplace of the future, we have also developed some guidelines for remote working, which aim to empower staff to set effective boundaries around working hours and use of technology. We see this as an important opportunity to help our teams be happier, healthier, and more effective as we continue to grow.

Disability Confidence

At Alpha, we are committed to being a disability-friendly organisation, ensuring that all our employees feel supported and empowered, and that our processes surrounding people, including recruitment and HR, operate without any unfair or unlawful discrimination. Alpha's Disability Confidence network operates through four key strands:

- Disability Confidence accreditation: Alpha is proud to be a Disability Confident employer (accreditation Level 2) and is working towards obtaining Level 3 accreditation;
- Employee support: we have continued our colleague support programme through our disability-confidence champions group. The disability-confidence champions are dedicated to raising awareness through internal and external posts, and participate in specialist training events. In the past year, we saw Alpha raise over £400 for the Alzheimer's society through an internally organised "run for dementia" challenge, as well as a "lunch and learn" on neurodiversity delivered by Employability, our chosen UK partner for this D&I network. Our disability-confidence champions also received specialist training on neurodiversity, with key takeaways fed back into HR and recruitment processes;
- Recruitment and HR: Alpha has engaged Employability to deliver training sessions for key members of Alpha's hiring function, including interviewers. In the UK, we have also subscribed to Employability's 'Adjustments@Work' service, whereby Alpha candidates and employees can receive confidential support and guidance on any reasonable adjustments for the application process or ongoing employee support;
- Data-led insights: in order to better ascertain where individuals may need further support and empowerment, and therefore where our disability focusses should align, we are seeking to develop data-led insights. This will include both the number of employees who have disabilities, as well as qualitative feedback on whether they feel appropriately supported in their roles.

Pride

Pride's continuing mission is to ensure Alpha is a fair, inclusive and empowering place to work for everyone, regardless of their sexual orientation or gender identity. In the context of the COVID-19 pandemic, the Pride network has focussed on using the opportunity of operating remotely to experiment with making celebration, education and advocacy even more accessible and impactful both inside Alpha and externally.

As part of this objective, in the past year, the Pride network has organised a number of important events and conversations, including:

- Hosted a remote, virtual Pride celebration for Alpha employees and their loved ones to ensure that celebrations continued despite the ongoing pandemic;
- Held a global Pride panel event to discuss Alpha's LGBT+ employees' personal experiences across our global locations;
- Created an Alpha Pride pledge to encourage employees to educate themselves on LGBT+ history and issues, discuss them with colleagues and family, and support LGBT+ causes both financially via donations and directly through advocacy; and
- Hosted our first company-wide event to mark Trans Day of Remembrance, which was held remotely and featured a prominent Trans guest speaker to share their personal experiences and educate Alpha employees.

During the year, we were also delighted to launch an Alpha LGBT+ employee network to aid connection as Alpha grows and expects to continue, both now and into the future, a remote/hybrid working pattern.

Moving into the new financial year, the Pride team will be focussing on LBT+ topics under the Pride umbrella, which includes making Lesbian Visibility week a formal part of the Pride calendar after a successful trial; improving experiences for Trans employees through examples as creating guides on displaying/using pronouns in different processes and communications; and refining a "transitioning at work" policy.

Reflecting an ongoing emphasis on fostering awareness, community and solidarity, the Pride team will also be formalising Alpha's LGBT+ education curriculum for current employees and new joiners.

Role in Society

Community & Corporate Social Responsibility

We understand the importance of ethical conduct and social responsibility to the communities and the environment in which we work. At every level of our governance, we promote a culture that values human rights, environmental awareness and high corporate standards.

Corporate Social Responsibility Objectives

A key component of the role we play within society are our corporate social responsibility ("CSR") objectives. We are committed to conducting the business in an ethical manner and engaging in activities that maximise the benefits and minimise the downsides of our economic, social and environmental impacts.

Alpha's vision is to be a socially and ethically responsible firm that gives back to the wider community and makes a tangible positive impact to offset our residual effect on the environment. Furthermore, we aim to combat and prevent modern slavery, human trafficking and exploitation throughout our business, supply and procurement chains. Alpha's internal CSR team supports the work to ensure that the vision is met and that the wider Alpha team remains informed on opportunities to contribute to the global effort.

As a firm, we believe that Alpha's experience, values and skillset can and should benefit the wider community. Alpha's internal CSR team has worked with Heart of the City, a registered charity based in London, to define and implement its global CSR policy.

The chosen priorities of the CSR policy are:

- Minimising our impact on the environment;
- Promoting a good work/life balance: encouraging flexible working patterns, offering a cycle-to-work scheme, parental leave allowance;
- Working with ethical suppliers and local businesses;
- Commitment to the delivery of modern human rights;
- Ensuring that our employees can participate in voluntary charitable and community-based activities: partnering with social mobility foundations and providing a Charity of the Year programme;
- Identifying pro bono consulting and project work that our teams can support on a voluntary basis; and
- Providing a framework for charitable fundraising and payroll giving.

Pillars of Alpha CSR

CSR at Alpha is currently managed through two key areas: community and sustainability. Both pillars are managed through a global CSR structure, including a global CSR Steering Committee.

The community pillar focusses on making visible positive impacts in the community through fundraising, pro bono consulting, volunteering and networking. Examples of our work in this area include our Charity of the Year programme; community engagement; encouragement of employee volunteering; support for local businesses and employees.

The sustainability pillar prioritises creating awareness of environmental concerns and contributing to its protection. Example of our work in this pillar include Alpha's carbon footprint offsetting initiative, energy efficiency programmes and waste reduction efforts.

CSR Activities during COVID-19

Community and corporate social responsibility have always been very important to Alpha's leadership team, employees and the organisation as a whole. The global Alpha teams were very sensitive to the new challenges that COVID-19 posed for charities and benevolent efforts at large, and they adapted their CSR activities in response to the constraints and impacts of the pandemic.

Our teams recognise that many charities have been affected by COVID-19 due to fewer donations, less in-person volunteering and fewer fundraising opportunities. Alpha continued to maintain a very strong relationship with its Charity of the Year partner, Ocean Generation [25], using multiple approaches to enhance awareness of the subject and develop its contributions, while supporting the charity remotely.

These CSR efforts have included:

- Creating a "housecup challenge" both to encourage internal collaboration and socialisation within Alpha (following the transition to working from home), and to support the Charity of the Year programme. Participation in the housecup challenge was donations based, to facilitate ongoing financial support for the charity;
- Given the reduced opportunities to volunteer in person, the Alpha CSR team worked with Ocean Generation to create an agenda that focussed on education, action and awareness. The resulting set of activities and discussions have challenged our behaviours with respect to plastic usage, thus developing awareness around the goals of Ocean Generation; and
- Identifying and providing pro bono work 100% remotely, across a series of important and meaningful projects for Ocean Generation at a very challenging time for the charitable sector.

Experiences

Léo Lamendour
Senior Consultant, Europe

I joined Alpha in May 2019, relocating at the same time from Luxembourg to Switzerland. I was already working in management consulting but I wanted to specialise in the asset management industry.

What impresses me at Alpha is the capacity that we have to very quickly answer and address our clients' most complex issues and questions – leveraging expert knowledge from the across the different Alpha offices. Having that expertise within a management consultancy is truly beneficial and represents real added value compared to competitors.

I also had the opportunity to join Alpha's global CSR team, representing the Swiss offices and being involved with the Charity of the Year programme, as part of which employees nominate and select a charitable organisation that they would like to partner with for the year. My involvement this year saw me organise different activities and events that we launched in order to raise awareness for Alpha employees about the charity's work and support the fundraising programme.

My experience with Alpha has been very positive and I am looking forward to contributing to the future growth of the firm as we continue delivering high quality programmes for our clients and develop our market coverage in the DACH region.

[25] Alpha chose Plastic Oceans (UK) as its Charity of the Year partner, which officially became known as Ocean Generation in the same year.

Role in Society

Community & Corporate Social Responsibility continued

We are a Living Wage Employer

Modern Slavery

Alpha is committed to combatting and preventing modern slavery, human trafficking and exploitation. We have in place procedures and policies throughout our business; supply and procurement chains to support this; a statement of which can be found on our website at alphafmc.com. These processes are reviewed annually and the Modern Slavery statement is ultimately approved by the Board.

Governance

The Group Coordination Committee oversees the cultural framework and is responsible for reviewing operational processes for managing social, environmental and ethical risk. The Group Coordination Committee includes representatives who have oversight positions within the internal Alpha CSR and Alpha D&I governance, including the Global CSR Steering Committee and Global D&I Steering Committee.

All members of the Group Coordination Committee, including the Global Chief Executive Officer, are committed to this framework and ensuring that it is embedded within the business globally. Its principal methods for promoting social, environment and ethical responsibility are the Employee Handbook, communications to staff on the topics of culture and integrity, sponsorship of the D&I programme and supporting the wide-ranging interests of the global CSR teams.

The Group Coordination Committee reports to the Board of Directors so that the Board can assess the state of corporate culture and integrity and ensure that any significant risks to the longer-term success of the business arising from such matters are adequately addressed. The Board is committed to maintaining appropriate standards for all the Group's business activities and ensure that they are set out in written policies, including the Employee Handbook and the Modern Slavery Statement. The Board believes that the business values of collaboration, accountability, proactivity, integrity and responsible conduct are consistent with the Group's vision and fully support its ongoing growth.

Experiences

Sophie Barker-Taylor
Senior Manager, APAC

I joined Alpha a few years into my consulting career, looking for a new challenge and somewhere I could make an impact. Joining the Alpha Asia team felt like the right move and I am lucky to be based in Australia where we are building on successes from some well-established global client relationships.

From the start, I was given the chance to get involved in a number of initiatives, from supporting delivery of a pro-bono project for our Charity of the Year programme to inputting into our first annual carbon calculation. All of these gave me the opportunity to meet, work with and learn from colleagues across the globe.

Recently I've been asked to lead our diversity and inclusion efforts for the region, which is something that I'm hugely excited about. How you approach D&I can impact your business in so many ways, with it being linked to company performance, reputation, staff satisfaction and retention. On a personal level, being a part of creating an environment that enables everyone to thrive and succeed is incredibly rewarding. It is a great opportunity to be a part of Alpha's journey in this space, learning from work we've done globally and building a strong foundation for the Alpha Asia team.

I had high hopes when joining Alpha and can honestly say that I've not been disappointed. The mix of challenging, yet rewarding, client work and opportunities to help carve out the culture and credentials for a young and growing Alpha region is very fulfilling. I feel like I'm making a difference for my clients as well as for the fantastic colleagues that I get to work with across the world.

Rainforest Trust's mission is to purchase and protect threatened rainforests and save endangered wildlife through community engagement and local partnerships. Since their creation in 1988, they have safeguarded over 34 million acres of land.

Charity of the Year

Every year, we partner with a charity chosen by our employees through our Charity of the Year programme. By focussing on a single global charity, we are able to maximise our collective impact. We have worked with a range of charities in the past, including the Lucy Faithfull Foundation, a UK-based, globally linked child protection charity that focusses on the prevention of child sex abuse, and SOS Children's Villages, a global charity that supports orphaned and abandoned children in 125 countries by creating safe spaces for them and working holistically to support them into adulthood.

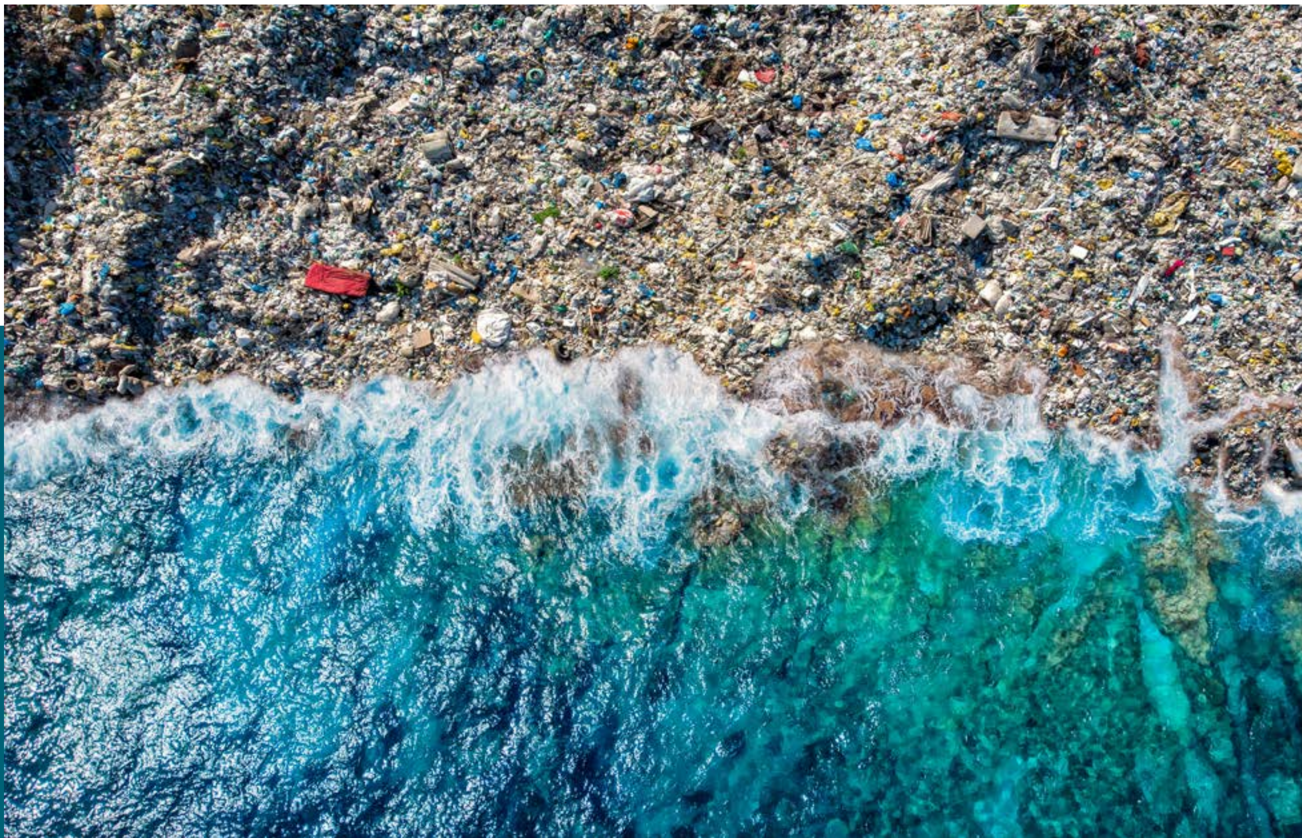
For 2019, we partnered with Médecins Sans Frontières ("MSF"), an international non-governmental organisation best known for its projects in conflict zones and countries affected by endemic diseases. We held a number of fundraising activities for MSF such as fun runs, pub quizzes, an employee payroll giving campaign, baby photo competition and sports challenges. Furthermore, we hosted and participated in "missing maps" events where we mapped parts of the world that are vulnerable to natural disasters, conflict and diseases epidemics. We had a great partnership with MSF and raised close to £28,000, which contributed towards their fantastic mission of providing impartial and independent medical care where it is needed most.

For 2020, our choice for the Charity of the Year partner of the year strongly reflected hot topics around global warming, plastic, pollution and the environment in general. Our partner was Ocean Generation (formerly known as Plastic Oceans UK), which is a UK-based organisation aiming to empower an inclusive global movement to tackle ocean threats through science and storytelling. 2020 was a difficult year for charitable organisations for a number of reasons, and fundraising activities were especially challenging. We are extremely proud to have made a significant impact for Ocean Generation by raising over £17,000 and undertaking four pro bono projects across our global offices, covering M&A due diligence, digital transformation, CRM implementation and testing of Ocean Generation's Plastic Intelligent Framework, which aims to change human habits linked to plastic pollution. We had a truly phenomenal partnership with Ocean Generation, and our team's ability to adapt and deliver to the highest standards despite a global pandemic really shone through.

For 2021, we are extremely excited to continue making a positive impact on the environment, as we have partnered with Rainforest Trust, which is an organisation that purchases and protects the most threatened tropical rainforests, saving endangered species through partnerships and community engagement. We are looking forward to learning more about how we can help to protect nature and continue to apply our skills through new exciting pro bono projects in partnership with Rainforest Trust.

Role in Society

Community & Corporate Social Responsibility continued



"Our partnership with Alpha has been the perfect example of a charitable business partnership, connecting core business skills, fundraising and employee engagement. During our charity of the year partnership, teams from Alpha supported Ocean Generation with vital pro bono professional support as well as raising awareness and funds which allowed us to put our strategy into practice. We are very grateful to everyone at Alpha for their support in helping us to take Ocean action to the next level."

Richard Hill, CEO of Ocean Generation

Experiences

Joshna Aloor
Developer, UK

I joined Alpha in April 2020 in the midst of the COVID-19 pandemic and have spent the majority of my career at Alpha working from home. For many people in my position, this could have turned into a sub-par experience but, at Alpha, this was almost impossible. I soon became involved in various aspects of the company, both related to my role in technology and in the wider business. Alpha is keen for everyone to get involved in business management areas that align with their individual interests, whether that is an existing business management group or founding a group of your own. This means people across all of Alpha come together to achieve common goals that they hold personal to them.

I joined the CSR sustainability team after getting involved in a competition that the team was running for charity. CSR is an increasingly important part of most businesses, including at Alpha and for our investors. Since joining last year, we have been able to offset 100% of our carbon emissions from the previous year. In the UK, we partnered with Trees for Cities to plant as many trees as it took to make Alpha UK carbon neutral.

We work with our colleagues in Europe, North America and APAC to calculate our global footprint and offset emissions regionally. The CSR team is a part of Alpha where I feel I make a fundamental difference and I'm excited to see the impacts that our team make in the near future.

Experiences

Charlotte Close-Smith
Senior Manager, North America

Since joining as a graduate, one of the aspects I have found most unique to Alpha is the opportunity to be involved directly in the business and the speed at which ideas can be taken from thoughts on a page to full implementation.

I have been involved with Alpha's CSR team since joining and seen its evolution from local fundraising and recycling initiatives to have a global Charity of the Year and carbon offset programme.

A core focus area for this year is how Alpha can best address its environmental impact. Last year's carbon offset pilot in the UK has now been rolled out globally, offsetting Alpha's total carbon emissions with accredited regional partners in North America, Europe and Asia. With a carbon offset scheme established, the focus now lies in ensuring that the process is as efficient and robust as possible and exploring how we build sustainability – beyond carbon offsets – into our everyday and office lives.

As sustainability becomes increasingly important to our colleagues, clients and investors, I am excited to see what strategies we can develop as an organisation to ensure Alpha is at the front of addressing its environmental impact.

Role in Society

Environment and Sustainability

Considering and minimising our impact on the environment remains one of Alpha's chosen priorities. This year, we have increased our focus to ensure that we continue to iterate, improve and meet our environmental commitments.

Environmental Focus

The Group recognises that having a business model that takes climate change into account is important to our employees, clients, investors, and ensures business sustainability. Adopting environmentally sustainable behaviours is crucial to mitigating risk and ensures that our business remains effective and profitable in the long term. Our corporate social responsibility approach focusses us on taking part in activities towards a sustainable future, while ensuring the Group's long-term performance, stability and success.

The three key tenets of Alpha's environmental work and focus are:

- Raising awareness: increasing awareness within Alpha of our current global carbon footprint and plastic usage, and changing behaviours to become more environmentally aware;
- Reducing our footprint: developing and promoting guidelines to reduce our carbon footprint, whilst ensuring there is limited or no impact on client relationships and delivery; and
- Carbon offsetting: offsetting all our carbon emissions globally, using recognised and certified offsetting projects.

As part of our CSR ambition to have a positive impact on the environments and communities in which we operate, we remain committed to reducing our carbon footprint and striving for sustained carbon neutrality. During the year, our work in this area was aided by the formalisation of the Sustainability pillar of our CSR business management area, as well as through strategic additions to Alpha's newly launched ESG & Responsible Investment practice.

Our employee-led selection of Alpha's charity of the year has resulted in environmentally focussed charities being supported for two consecutive years: Ocean Generation in 2020 and Rainforest Trust in 2021. This voting pattern has highlighted even further the interest our employees take in this area.

In the year, we were also delighted that EcoVadis has awarded Alpha a "Silver" rating in France and a "Bronze" rating in Switzerland. This further demonstrates the strengths of our CSR initiatives and encourages us to continue our efforts in progressing our CSR policy and sustainability goals.

Ensuring an Environmentally Friendly Workplace

We continuously review and adjust our policies and procedures concerning all offices, with a particular focus on minimising our impact on the environment. This includes:

- Compliance with all relevant national legislation as a minimum standard;
- Recycling where possible and encouraging paper re-use and recycling across all of our offices;
- Environmentally friendly re-use and recycling processes for our technology;
- Supporting remote working where appropriate and ensuring our employees are effectively set up to do so;
- Reviewing our use of electricity globally and reducing use where possible; and
- Continuously reviewing our office space to ensure that it is being used effectively and efficiently.

During FY 21, our efforts as a Group to develop office strategies to reduce carbon emissions were impacted by all teams being asked to work from home in light of the global COVID-19 pandemic. However, this period has enabled Alpha to focus further on its provision of an efficient IT network together with communication and video conference tools that can support the reduction in business travel, providing technology and benefits that can be carried forward.

The pandemic also enabled us to consider how our old technology devices can be re-used and, in the past year, we have started donating laptops to schools in and around London, with a view to rolling this out across other Alpha locations. We will continue to consider and implement practical energy efficiency, reduction and waste minimisation measures across the Group's global operations.

Energy Consumption and GHG Emissions

Due to Alpha's business model and services, our carbon emissions are lower than for some sectors, however we take our environmental and community-level responsibility seriously. In order to better understand Alpha's environmental impact, in FY 19, we undertook an exercise to calculate Alpha's carbon emissions for the first time. This was based upon our UK operations, with the UK as our geography with the largest revenue and headcount.

This year, we broadened our carbon emissions calculation and offset efforts, with the aim of offsetting all carbon emissions calculated for the Group across our global operations. We achieved this aim for FY 20 and will maintain it for FY 21 and beyond by continuing to employ energy efficient strategies, progressing a 100% renewable energy goal and offsetting emissions that we could not otherwise eliminate.

Overleaf are Alpha's carbon emissions for FY 20 and FY 21 from travel as well as energy consumed in offices. We use methodologies such as the GHG protocol and SECR requirements to continually inform and refine our calculation methodology.

For FY 20 and FY 21, we calculated our scope 2 emissions using energy consumption figures provided from our office suppliers. For scope 3 emissions, we used expense data relating to business travel and commuting to identify passenger kilometres and mode of transport. We applied assumptions and reasonable estimates where specific data points were not available.

Going forward, we will continue to focus on improving the quality and completeness of our data and have already taken steps to improve our data capture for travel and commuting. To increase the completeness and accuracy of our emissions calculations, we will also consider using the services of external providers where appropriate to audit our approaches, and are looking to establish specific short, medium and longer term, including potentially science-based targets, around our environmental impact and carbon reduction activities.

Role in Society

Environment and Sustainability continued

Greenhouse gas emissions are reported using the following parameters to determine what is included withing the reporting boundaries:

Scope	Description
Scope 1	Direct energy emissions – of which the Group does not have any to report at this time.
Scope 2	Indirect energy emissions includes purchased electricity and heat throughout the Group's operations.
Scope 3	Other indirect energy emissions that occur in the Group's value chain through business travel and transportation. Some of the Group's highest carbon-emitting activities related to business travel and have been decreased materially as a result of the COVID-19 pandemic and the consequent reduction in travel.

Streamlined Energy and Carbon Report ("SECR")

Alpha has used the UK Government GHG Conversion Factors for Company Reporting to convert activity data such as kWh consumption and distance travelled into total CO_2e emissions.

		FY 21 tCO_2e			FY 20 tCO_2e		
Scope	Activity	Total	UK	Global exc. UK	Total	UK	Global exc. UK
2	Purchased Heat & Electricity	13.4	3.0	10.4	61.4	2.5	58.9
3	Business Travel & Commuting	21.3	7.0	14.3	1,056.2	511.9	544.3
Total		**34.7**	**10.0**	**24.7**	**1,117.6**	**514.4**	**603.2**

		FY 21 mWh			FY 20 mWh		
Scope	Activity	Total	UK	Global exc. UK	Total	UK	Global exc. UK
2	Purchased Heat & Electricity	245.9	191.8	54.1	380.7	296.2	84.5
3	Business Travel & Commuting	n/a	n/a	n/a	n/a	n/a	n/a
Total		**245.9**	**191.8**	**54.1**	**380.7**	**296.2**	**84.5**

	FY 21			FY 20		
Intensity metric	Total	UK	Global exc. UK	Total	UK	Global exc. UK
£m revenue	98.1	53.5	44.6	90.9	51.4	39.5
tCO_2e per £m revenue	**0.4**	**0.2**	**0.6**	**12.3**	**10.0**	**15.3**

Notes to the table:

(1) Alpha does not have any offices where it owns or controls the boilers, but rather purchases heat from each building's management, hence consumption of grid-supplied gas is classed as scope 2 emissions and the associated conversion factor has been used.

(2) For FY 20, the UK government's published conversion factors for 2019 were used (gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019). Similarly, for FY 21, the 2020 conversion factors were used.

(3) For the UK, usage of purchased heat and electricity has decreased compared to the year before, but emissions have increased. This is due to a new co-working space, which is powered by non-renewable energy, being included in the FY21 figures.

(4) Alpha's office providers in Europe and APAC were unable to provide detailed FY 20 usage information for electricity/heat; Alpha therefore used an assumption based on usage per FTE in order to calculate energy consumption in these locations. For FY 21, the majority of Alpha's office providers globally were able to supply this detailed usage information and a number confirmed that their electricity and gas was obtained using renewable energy, hence the FY 21 scope 2 emissions are materially lower.

(5) The 78% net decrease in scope 2 emissions despite more offices being included in the calculation for FY 21 can be attributed to the impact of COVID-19 on Alpha's operations globally. This included the reduction in business travel as a protective measure applied for all employees during the pandemic.

FY 20 Carbon Offsetting

Following the exercise of calculating Alpha's carbon emissions for the financial year ending 31 March 2020, we undertook a process to offset our carbon footprint after reducing our emissions where possible:

- In the UK: we partnered with Trees for Cities, a UK-based charity that offsets to a strict protocol that aligns with the core principles of and is validated by ISO 14064.2 and ISO 14064.3. Working with them, we successfully became certified by Trees for Cities to being carbon neutral, based on the calculations above; and planted 2,687 trees this year to offset Alpha UK's carbon footprint.
- In North America: we chose to offset using the Crow Lake Wind Power project in South Dakota, which is the largest wind power project owned by a co-operative in the USA. 108 turbines harness wind power to supply up to 129,000 homes with clean electricity, replacing energy generated using fossil fuels. The project adheres to International and Offset Alliance ("ICROA") approved standards.
- In Europe: we chose to offset emissions by partnering with CO2balance, an organisation working with local groups and NGOs in Rwanda to deliver clean, safe water by identifying and rehabilitating broken down boreholes through 12 micro-projects. The Safe Water Access project has been developed under the Gold Standard Foundation, which ensures that carbon offsetting projects follow best practice in sustainable development and impacts are verified. The project adheres to ICROA approved standards.
- In APAC: we chose to offset emissions through a project in Cambodia that sells locally-made ceramic water purifiers. The project reduces emissions through removing the need to boil water and thus alleviating pressure on Cambodia's forests, whilst also providing clean water to communities. Over 400,000 filters have so far been distributed.

Having recently completed the exercise to calculate Alpha's carbon emissions for FY 21, we are initiating the process of offsetting our remaining footprint; the approach to which we shall report upon in next year's Annual Report.

As Alpha continues to grow in headcount and geographic reach, we will iterate and roll this approach out globally. At the same time, we are investigating and implementing other initiatives to raise awareness and actively participate and help with the climate change challenge that the world is facing. We believe that these initiatives will further establish Alpha as a risk-aware, forward-thinking and responsible organisation for our investors, employees and other key stakeholders.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
24 June 2021

Corporate Governance

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The power of our people to demonstrate integrity

Corporate Governance

Board of Directors

Ken Fry

Independent Non-Executive Chairman

Committee Membership

A N CHAIR R CHAIR

Euan Fraser

Global Chief Executive Officer

Committee Membership

–

John Paton

Chief Financial Officer

Committee Membership

–

Penny Judd

Senior Independent Non-Executive Director

Committee Membership

A CHAIR N R

Jill May

Independent Non-Executive Director

Committee Membership

A N R

Committee Membership Key:

- A — Member of the Audit and Risk Committee
- N — Member of the Nomination Committee
- R — Member of the Remuneration Committee

Ken Fry
Independent Non-Executive Chairman

Term of office: Ken joined the Alpha Board as a Non-Executive Director in 2016 and was appointed as Non-Executive Chairman of the Group in February 2018.

Skills and experience: Ken was Global Chief Operating Officer at Aberdeen Asset Management for nearly 10 years and has over 30 years' experience in financial services. He has considerable experience integrating acquisitions within the investment management industry and a strong technology and operations background, having undertaken many transformational projects during his career. He directed the integration of major acquisitions while at Aberdeen Asset Management, including assets acquired from Deutsche Asset Management, Credit Suisse Asset Management and Scottish Widows Investment Partners.

Ken maintains a wide network of contacts within the financial services industry globally. He regularly attends conferences and discussion forums to keep abreast of industry issues and meets with a range of clients, employees, advisers and institutional investors. He also advises on M&A strategy within the investment management and wealth industry.

External appointments: Ken is currently a director of Wealthtime Limited and Novia Financial Limited.

Euan Fraser
Global Chief Executive Officer

Term of office: Euan has served as Global Chief Executive Officer of Alpha since 2013.

Skills and experience: During his tenure as Global Chief Executive Officer at Alpha, Euan has led the Group through two private equity transactions, public flotation on the London Stock Exchange's AIM market in 2017 and the acquisition of Axxsys Limited and Obsidian Solutions Limited in 2019, and of Lionpoint Holdings in 2021. He was Chief Executive Officer of Alpha UK from April 2011, where he established both Alpha's M&A Integration and Operations & Outsourcing practices. Euan joined Alpha in 2004 and has over 20 years' financial services experience, having previously worked at Merrill Lynch and KPMG, where he qualified as a chartered accountant.

In his role as Global Chief Executive Officer, Euan has to understand and manage the interests of a range of stakeholders, including employees, clients, competitors and investors. Euan maintains a number of strong industry relationships, which involves sharing of knowledge and perspectives on current themes and topics.

External appointments: None.

John Paton
Chief Financial Officer

Term of office: John joined Alpha as Chief Financial Officer in February 2018.

Skills and experience: John is a chartered accountant with 25 years' finance, banking, corporate finance and accountancy practice experience. He joined Alpha in 2018 from HSBC where he worked in both the Global Banking & Markets and Commercial Banking divisions in London, latterly as a director in the UK Banking team. During this and previous roles he gained experience of acquisitions and debt and equity financings. John started his career at KPMG, working across financial services audit, risk management, financial reporting governance, risk and internal controls, and systems implementations. He is a member of the Institute of Chartered Accountants of Scotland, graduated LLB (Hons) from the University of Aberdeen and holds an Executive MBA from the University of Bristol & École Nationale des Ponts & Chaussées, France.

John's role involves deep knowledge of the Group's management, financial and operational activities, as well as important corporate and statutory responsibilities. John also maintains a detailed view of industry, financial and regulatory changes and stays updated through dialogue with advisers, regular technical reading, online courses and attending relevant events.

External appointments: None.

Penny Judd
Senior Independent Non-Executive Director

Term of office: Penny joined the Alpha Board as Senior Independent Non-Executive Director in February 2018.

Skills and experience: Penny previously held the roles of Managing Director and EMEA Head of Compliance at both Nomura International plc and UBS AG.

Penny has a strong public markets and financial services background, with over 30 years' experience in compliance, regulation, corporate finance and audit. She is a qualified chartered accountant.

Penny maintains a wide network of contacts in financial services and regulation. She attends various conferences and events covering relevant industry and governance matters, and regularly meets with a range of advisers and institutional investors in AIM and main market companies.

External appointments: Penny is currently Non-Executive Director and Chair of the Audit Committee for both Trufin plc and Team17 Group plc. She recently stepped down as Non-Executive Chair of Plus500 Ltd.

Jill May
Independent Non-Executive Director

Term of office: Jill joined the Alpha Board as a Non-Executive Director in July 2020.

Skills and experience: Jill has over 20 years' experience in investment banking, with her executive career spent working in corporate finance for SG Warburg & Co. Ltd (1985–95) and senior positions in Group Strategy at UBS, where she was a Managing Director from 2001 to 2012. She was a Panel Member (2013–18) and a Non-Executive Director (2013–16) of the Competition and Markets Authority (CMA) and a Non-Executive Director of the Institute of Chartered Accountants in England and Wales (ICAEW) (2015–19).

Jill maintains a wide network of contacts in financial services and regulation and attends various conferences and events covering relevant industry and governance matters.

External appointments: Jill is currently an External Member of the Prudential Regulation Committee at the Bank of England and a Non-Executive Director of Standard Life Investments Property Income Trust Limited, JP Morgan Claverhouse Investment Trust plc and Ruffer Investment Company Limited.

Nick Kent
Board Adviser

Nick founded Alpha in 2003, managing the business through a significant chapter of growth and expansion, and served as a Non-Executive Director of the Alpha Board from 2013. Nick stepped down as a Non-Executive Director in September 2020. He continues to support the Group as an adviser to the Board.

Corporate Governance

Meet the Director: Jill May

What drew you to Alpha?

Alpha was interesting to me as an international, listed, but clearly entrepreneurial business with a great reputation in an area with which I was not directly familiar – financial markets consulting. I have non-executive board positions at investment trusts and a property company though, and I am therefore familiar with the dynamics of the asset management industry. Alpha affords me the privilege of learning more about consulting to the industry – the key drivers, incentives, challenges and reasons for the company's success.

I am especially impressed by its resilience and performance during this past year, in the face of unprecedented circumstances. Alpha leveraged its strong organisational, technological and cultural frameworks to respond swiftly and decisively in looking after its people as well as supporting the business more widely. It was especially reassuring to learn that many of the additional support and wellbeing initiatives that were put in place during the early days of the pandemic were designed by Alpha employees – demonstrating what a responsible, collaborative and social team Alpha has.

Importantly, Alpha is also an ambitious and acquisitive company – my early background was in M&A and it will be interesting to see how Lionpoint and the other recent acquisitions contribute to Alpha's future success.

How did you end up becoming a NED?

I had an interesting and varied career in banking for some 30 years in total – including, latterly, living through the financial crisis, which was a shocking experience. I had promised my family and myself that once I turned 50 I would try my hand at something different. I had no carefully designed strategy as to what that might entail – and very much relied on serendipity and the philosophy that one learns something important from and can build on every new experience.

I joined the Competition and Market Authority shortly after leaving UBS as a Panel member and NED, which was fascinating and gave me some exposure to working in the public sector, which is very different to banking! Additional regulatory roles followed, but I was keen to balance these new public sector career opportunities with a foot in the commercial world, which I consider to be my natural area of focus and interest. I was lucky to be appointed to a JPMorgan investment trust board in early 2017 and additional board positions followed swiftly thereafter. It is a real privilege to work at board level in both the private and public sector.

It has been a year of significant challenge and changes for all people – what do you think are the key lessons that businesses can and should take away?

The past year has tested and challenged every single business and person as no one had anticipated the COVID-19 crisis. As a consequence, no one was well prepared for it. It is to the great credit of Alpha and many other businesses, their managements and their employees that such huge change in working practices, at zero notice, and, in the face of staff sickness and caring responsibilities, should have been possible with so little operational disruption.

Businesses will realise that there is no necessity to have everyone in the office at all times – far more flexibility can be afforded many employees with an improvement in health, productivity and with lower cost as some office space and premises may no longer be required. Having said that, I think there will still be a significant number of people, very much including me, who still prefer an office environment, notwithstanding the commute, to the relative chaos of a family home. These new ways of working will potentially be a challenging area to manage and it will be important to keep a careful eye on diversity and wellbeing – and to ensure that, whether people are at home, in the office, or in a hybrid working arrangement, that opportunities for advancement and recognition are equal.

Businesses must also learn from the pandemic and plan for other huge disruptive events – one of my great concerns is the climate crisis and the magnitude of change and disruption that virtually all businesses will face going forward. I know that Alpha puts a great emphasis on its role in society, within the communities and the environment in which it operates – and I look forward to seeing its progress as Alpha continues to develop its CSR strategy and executes on its aims.

“Alpha was interesting to me as an international, listed, but clearly entrepreneurial business with a great reputation in financial markets consulting.”

Jill May

Corporate Governance

Chairman's Introduction

The Board recognises the benefits of a robust governance framework and remains committed to strong corporate governance, appropriately aligned with the Group's priorities to manage risk, promote a responsible corporate culture and deliver a strategy for growth.

An Introduction from the Chairman

As Directors of the Board, we understand that an engaged Board and an effective committee structure facilitate the good governance of the entire Group. As such, we have developed our governance structure to support the Group's continued success and growth. The Board has an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee, each with formally delegated duties and responsibilities. The structure of the Board and its Committees with the executive management of the Group is set out on p. 92.

The role of the Chairman is to lead the Board and be responsible for its governance, performance and effectiveness. The Chairman sets the tone for the Company and ensures that the links between the Board and the executive team, as well as between the Board and the shareholders, are strong and efficient.

Compliance with the QCA Corporate Governance Code

In recognising the importance of high standards of corporate governance, integrity and business ethics, we continue to apply the Quoted Company Alliance Corporate Governance Code (the "QCA Code"). A description of how the Board complies with the principles of the QCA Code is provided overleaf. Alpha's Corporate Governance Report on pp 88-95 sets out further information about the Group's governance framework and how the Board applies the recommendations of the QCA Code.

The Directors recognise the need to continue to develop the corporate governance structure and processes in ways that reflect the evolving requirements of the Group's shareholders, employees, clients and wider stakeholders. In doing so, the Board can also ensure that the governance framework supports the growth and strategic progress of the Group. The Directors and I are fully committed to maintaining our compliance with the principles of the QCA Code and providing clear disclosures relating to the changes and developments that we make.

FY 21 in Focus

The challenges presented by the COVID-19 pandemic, including social distancing measures, travel restrictions and the requirement for COVID-safe working environments, have obviously impacted the Board's activities during the year. However, our positive culture and robust governance framework ensured that we responded quickly and adapted to remote ways of working, thus enabling the Board to continue supporting the executive team in making important decisions.

Our statement setting out how the Directors have discharged their duties under Section 172 of the Companies Act 2006, which includes a description of how the Group has engaged with its key stakeholders, is set out on pp 34-36.

The Group operates an open and inclusive culture, and this is reflected in the way that the Board conducts itself. Prior to the COVID-19 pandemic, the Non-Executive Directors attended the Group's offices and other Group events. It is intended that this practice will continue once travel and group meeting restrictions are fully lifted and the Alpha offices are again open.

With a relatively small employee base, the Board is able to promote and assess the desired corporate culture across the Alpha Group through its engagement and discussion with employee representatives, review of relevant policies and decision making at an executive level. The Group's culture and values are described in the Role in Society report on pp 54-77.

The Directors believe that the Group's culture, together with a strong emphasis on integrity, business ethics and good corporate governance, ensure our ability to execute the strategy, to deliver the right outcomes for the Group's clients and to deliver value for our shareholders and other stakeholders.

Ken Fry
Chairman
24 June 2021

Corporate Governance

Corporate Governance Code

The QCA Code requires the Group to apply the 10 principles of corporate governance as set out below and to publish certain related disclosures in the Annual Report, on the website, or a combination of the two. The Group has followed the QCA Code's recommendations and has provided disclosure relating to all the principles in a corporate governance statement on its website investors.alphafmc.com and, as well, summarises compliance with the principles in this Annual Report:

Section 1: Deliver Growth		Links to the following report section
Principle 1: Establish a strategy and business model that promote long-term value for shareholders.	The business model is premised upon delivering growth through the cross-sell and upsell of its high-quality service offering to existing clients, and selling its services to new clients. The strategy is to continue to grow in both existing and new jurisdictions by developing the service proposition. In seeking to implement its strategic aims, the Board takes account of the expectations of the Group's shareholder base in addition to its wider stakeholder and social responsibilities.	The Group's business model and strategy are described in the **Strategic Report** on pp 22-33.
Principle 2: Seek to understand and meet shareholder needs and expectations.	Good, consistent engagement with shareholders is given a high priority by the Board. The principal methods of communication with shareholders are through regular direct executive-level engagement at meetings and capital markets events, the Annual Report & Accounts, the interim and full-year results announcements, the Annual General Meeting ("AGM") and the Group's website investors.alphafmc.com. The Chairman and Non-Executive Directors are available to meet with shareholders, if required, to discuss any items of importance.	The Group's approach to shareholder communications is described in the **Corporate Governance Report** on p. 95. The Global Chief Executive Officer and the Chief Financial Officer act as the main point of contact for shareholders (company.secretary@alphafmc.com).
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.	The Board, supported by the executive team, upholds a commitment to operating a socially and ethically responsible company. Engagement with stakeholders and wider communities ensures alignment of interests and facilitates good decision making.	The Group's community and corporate social responsibility disclosure is provided as part of the **Role in Society report** on pp 68-73. The Group's engagement model with clients and wider stakeholders is described in the **Strategic Report** on pp 34-36.
Principle 4: Embed effective risk management considering both opportunities and threats, throughout the organisation.	The Board has overall responsibility for the Group's risk management framework including internal control and risk management systems. In executing this role, it regularly considers and reviews the risks and opportunities facing the Alpha business. The goal of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility.	The Group's risk management framework is described in the **Strategic Report** on pp 40-44 and in the **Corporate Governance Report** on p. 94.

Section 2: Maintain a Dynamic Framework		Links to the following report section
Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.	The Group believes that the Board's composition brings a desirable range of skills, personal qualities and professional credentials. Suitable Board operations, access to advice and administrative services, effective induction of new Directors and a regular performance assessment also ensure Board effectiveness.	The Board's composition and operating framework is described in the **Corporate Governance Report** on pp 88-91.
Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	As an AIM-quoted provider of specialist consultancy services to the asset management, wealth management and insurance industries, Alpha's Board needs to represent a range of skills and competencies. The Alpha Board includes experience in public markets, financial services, governance and audit, the consulting sector, and business operations.	Biographical details of the Directors, including relevant experiences and how skill sets are kept up to date, are provided on p. 81 of the **Corporate Governance report**.
Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	The objectives of the Board are to approve the Group's strategy, budgets and key corporate activities, and to oversee the Group's progress towards its goals. The Group has a process for evaluating the performance of the Board, committees and individual Directors in respect of those objectives.	The Board's evaluation framework and FY 21 evaluation process is described in the **Corporate Governance Report** on p. 94, and in the **Nomination Committee report** on pp 97-98.
Principle 8: Promote a corporate culture that is based on ethical values and behaviours.	The Board is conscious of its role in fostering and safeguarding a culture of inclusion, responsibility and openness. These values are embedded across the Group's leadership and throughout the organisation.	The Group's culture and values are discussed in the **Role in Society report** on pp 68-73.
Principle 9: Maintain governance structures and processes that are fit for purpose and good decision making by the Board.	The Group operates an effective, streamlined governance framework. In this framework, the Board supports the executive team to develop and execute the Group's strategy, and key decisions are reached through open and constructive dialogue.	A governance chart is provided on p. 92 and processes are described on pp 88-91 of the **Corporate Governance Report**.

Section 3: Build Trust		Links to the following report section
Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	The Group places a great emphasis on high standards of corporate governance and maintaining effective engagement with its shareholders and stakeholders. In addition to the Annual Report & Accounts, the website is updated regularly with information regarding the Group's activities and performance.	The governance of the Company, which is led by the Board, is described in the **Corporate Governance Report** on pp 88-95. The website investors.alphafmc.com provides the Group's reports and presentations, notices of AGM and results of voting on all resolutions in AGMs.

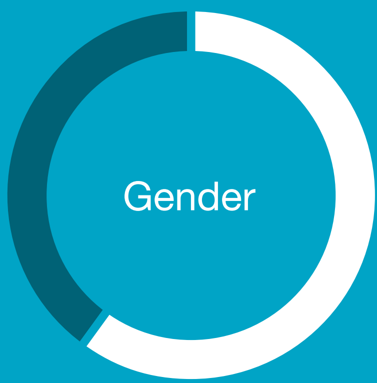
Corporate Governance Report

Board Composition

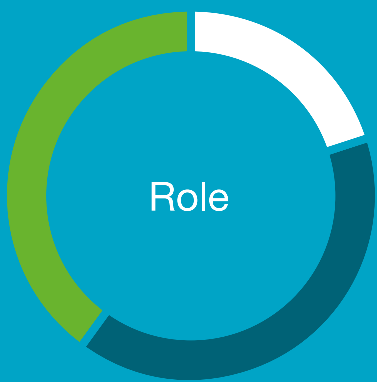
The Board comprises five Directors: the independent Non-Executive Chairman, two independent Non-Executive Directors and two Executive Directors. Jill May joined the Board on 1 July 2020 as an independent Non-Executive Director. Nick Kent stood down from the Board on 1 September 2020; he continues to support the Board as an adviser.

As a provider of specialist consultancy and complementary services to the asset management, wealth management and insurance industries, and an AIM-quoted company, Alpha requires a range of skills, capabilities and competencies to be represented on the Board, including experience in public markets, financial services, governance and audit, the consulting sector and business operations. The Board is confident that its members have the appropriate balance of functional and sector experience, skills, personal qualities and capabilities to provide constructive support and challenge to the Executive Directors, and to deliver the strategy of the Group for the benefit of the shareholders over the medium to long term. The biographies of the Directors, including a summary of their relevant skills and experience can be found on pp 80-81.

The Board also recognises that, as the Group evolves, the mix of skills and experience required on the Board may evolve and the Board composition will need to reflect those changes. The Nomination Committee has responsibility for succession planning and will continue its focus in this area as the Board and senior leadership team develops.



Male	3
Female	2



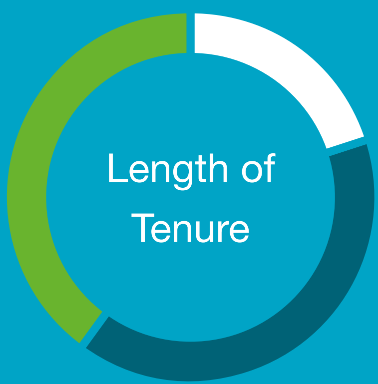
Independent Non-Executive Chair	1
Independent Non-Executive Directors	2
Executive Directors	2

Roles of the Directors

The Group operates an effective, streamlined governance framework. In this framework, the Board supports the directors of the Group Strategy Committee in developing and executing the Group's strategy. Any decision between the Board and the executive team is reached through an open and constructive dialogue.

The Executive Directors of the Board are Euan Fraser, the Global Chief Executive Officer, and John Paton, the Chief Financial Officer. The Executive Directors have strong knowledge of the operations of the Group, the interests of its stakeholders, and its market and financial positions. Senior executives below Board level attend Board meetings upon request to present and discuss business strategy and updates.

The independent Non-Executive Directors of the Board are Ken Fry, Penny Judd and Jill May. They were selected with the objectives of increasing the breadth of skills and experience of the Board and bringing constructive challenge to the Executive Directors. The Non-Executive Directors are also responsible for the effective running of the Board's committees and ensuring that the committees support and facilitate the strategic priorities of the Board.



0-1 years	1
1-3 years	2
3-5 years	2
5-10 years	0
10+ years	0

Penny Judd is the Senior Independent Non-Executive Director ("SID"). The principal role of the SID is to act as a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary. Penny is also available to shareholders should they wish to discuss concerns that they feel have not been resolved through the normal channels of engagement with the Chairman, the Global Chief Executive Officer or Executive Directors; or for which such contact is inappropriate.

At the head of the Group, there is a clear delineation of responsibilities between the Chairman of the Board and the Global Chief Executive Officer. The Non-Executive Chairman leads the Board and is responsible for its governance, performance and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive and that no individual Director dominates discussion or decision making. In this role, the Chairman sets the tone for the Company and ensures that the links between the Board and the executive team, as well as between the Board and the shareholders, are strong and effective. Meanwhile, the Global Chief Executive Officer is responsible for the day-to-day management of the Group's global operations, for proposing the strategic focuses to the Board, and for implementing the strategic goals agreed by the Board.

Board Independence

The Board considers an independent Non-Executive Director to be free from any relationship that might materially interfere with the exercise of independent judgement.

The Non-Executive Directors are considered to be independent and therefore the Board is compliant with the QCA Code on the topic of director independence. All Directors are encouraged and expected to use their independent judgement and to challenge all matters, whether strategic or operational.

Appointments to the Board and Re-Election

The Board has delegated to the Nomination Committee the task of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed to the Board. The Board makes decisions regarding the appointment and removal of Directors. Further details are set out in the Nomination Committee report on pp 96-98.

Corporate Governance

Corporate Governance Report continued

Under the Company's Articles of Association, the Directors have the power to appoint new Directors during the year, but any person appointed by the Board since the last Annual General Meeting ("AGM") is obliged to retire and offer themselves for re-election. Furthermore, the remaining Directors are obliged to offer themselves for re-election every three years. Accordingly, Penny Judd and John Paton will retire and offer themselves for re-election at the 2021 AGM. The Board considers that each of the Directors makes a valuable contribution to the Board and demonstrates commitment to the Group.

Diversity

The Board values diversity in its broadest sense and is committed to creating an inclusive culture, free from discrimination of any kind. When assessing new Director appointments, the Nomination Committee will consider gender, age, ethnicity, region and experience, in addition to looking at how to maintain within the Board the appropriate balance of skills, independence and knowledge of the Company, its services and the industry as a whole. Recognising the benefits that diversity can bring to all areas of the Group and, noting the recommendations in the reports of the Hampton-Alexander review[26], women currently represent 40% of Alpha's Board.

The Group has a well-established Diversity & Inclusion programme, which is run voluntarily by members of the global consulting team and focussed on key areas of diversity and inclusion. Alpha is committed to a positive policy of promoting equality of opportunity and diversity, providing an inclusive environment, and eliminating any unfair or unlawful discrimination, which applies to all offices, all business areas and all levels from graduate to the Global Chief Executive Officer. In order to consider the effectiveness and priorities of the Diversity & Inclusion programme, the Board has requested to receive regular updates on the programme.

Further details on the Group's approach to diversity and inclusion, including its programme and policy, can be found on pp 62-67.

How the Board Operates

The Board is responsible for the Group's strategy and overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which sets out the Board's responsibilities.

The Board is required to meet at least six times a year. During the financial year, eight formal Board meetings took place and a number of ad-hoc calls were held to discuss current issues. The Board also held a dedicated strategy session in September 2020 and, more recently, in March 2021. The Directors attend all meetings of the Board, and the committees on which they sit, and have agreed to allocate sufficient time to the Group as is needed to enable them to carry out their responsibilities as Directors.

The time commitment required of all Non-Executive Directors is currently three days per month, which is set out in their letters of appointment. During the year, the Board reviewed the time commitment of the Non-Executive Directors and is satisfied that each of the Directors dedicates sufficient time to the Group's business.

The Board and committee schedules are planned in advance of the financial year ahead, in order to facilitate attendance and ensure that the appropriate discussion time is available. A record of the number of meetings of the Board during FY 21, and the attendance by each Board member is provided below:

Board member	Eligible to attend	Attendance
Ken Fry (Chairman)	8	8
Euan Fraser	8	8
Penny Judd	8	8
Nick Kent[27]	3	3
Jill May[28]	6	6
John Paton	8	8

The Board has an agenda of regular business, financial and operational matters for discussion, as well as a review of each of the Board committee's areas of work.

26 Refers to the Hampton-Alexander review (UK) into increasing the number of women on boards and in senior leadership positions. The final report was published in February 2021.
27 Resigned from the Board on 1 September 2020.
28 Appointed to the Board on 1 July 2020.

The key activities of the Board meetings during the year included the following:

- Discussed and reviewed the progress of strategic priorities;
- Continued an open dialogue with the investor community;
- Approved the financial reporting, including interim and full-year results;
- Discussed the Group's capital structure and financial strategy;
- Reviewed the progress of key client relationships and engagements across the Group;
- Considered financial and non-financial policies, including the risk policy;
- Reviewed the Group's risk assessments and risk management framework;
- Discussed corporate governance requirements and processes;
- Discussed the impact of the COVID-19 pandemic on business operations, trading and short-term changes to remuneration;
- Considered that, in the light of the uncertainty caused by the pandemic, the payment of a final dividend for FY 20 would not be appropriate and, therefore, agreed not to recommend it;
- Considered and declared an interim dividend for FY 21; and
- Considered and agreed in principle the heads of terms and acquisition of Lionpoint Holdings, Inc., subject to satisfactory completion of due diligence and final negotiation.

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information for the Board meeting. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns documented. In addition, the Company Secretary ensures that any feedback or suggestions for improvement of the Board papers are documented and evaluated for amendment or enhancement with respect to future meetings of the Board.

Committees of the Board

The Board has in place Audit and Risk, Remuneration and Nomination Committees, each with delegated responsibilities and duties. The terms of reference for the individual committees are reviewed regularly and approved by the Board. A report on the membership, role, and key activities of each of the committees is set out on pp 96-108. From time to time, separate committees may be set up by the Board to consider and address specific issues or objectives, when the need arises.

External Advisers

The Board members may seek the advice of the Group's legal advisers, external auditors and the Nominated Adviser ("NOMAD") on matters within the Board or the committees' terms of reference, or to provide recommendations on specific corporate or governance events.

In November 2020, the Company announced that it had appointed Investec Bank plc as joint broker alongside its existing broker, Berenberg. In January 2021, the Company announced that it had appointed Investec Bank plc as NOMAD. The Directors have direct access to the advice and services of Prism Cosec, which acts as Company Secretary for the Group.

Alpha continues to develop the corporate governance structure and processes in ways that reflect the evolving requirements of the Group's shareholders, employees, clients and wider stakeholders.

Corporate Governance

Corporate Governance Report continued

Board Structure

Alpha Board

Agrees Group strategy

Oversees progress towards strategic goals

Shareholder and stakeholder engagement

Chairman of the Board

Leadership of the Board

Reviews performance of the Board Directors

Ensures corporate governance

A Audit and Risk Committee

Ensures effective systems of internal control and risk management

Oversees the Group's financial reporting

Appoints and oversees the relationship with the external auditor

N Nomination Committee

Reviews Board composition and balance of skills

Leads the process for Board appointments

Ensures appropriate succession planning

R Remuneration Committee

Agrees Group remuneration policies

Ensures operation of transparent, simple and effective incentive schemes

Considers alignment of reward with long-term shareholder value

E Group Strategy Committee

Defines and proposes any changes to the strategy

Execution of strategy

Monitors and addresses strategic risk

E Group Coordination Committee

Management of business operations

Coordination of commercial activities

Maintains Group governance structure

- Global Chief Executive Officer
- Global Head, Alpha Data Solutions
- Chief Financial Officer
- Global Head, Asset & Wealth Management
- Chief Commercial Officer
- Global Chief Client Officer & Head of Asset & Wealth Management, UK
- Chief Operating Officer
- Head of Asset & Wealth Management, North America

Key:

E Executive

"It has been incredible to see the firm grow towards 500 people, list on the LSE AIM, expand across multiple geographies, win, and deliver countless projects for new and existing clients, and launch numerous important initiatives."

Alpha employee

Corporate Governance

Corporate Governance Report continued

Board Effectiveness

The objectives of the Board are to review, formulate and approve the Group's strategy, budgets and key corporate activities, and to oversee the Group's progress towards its goals. The Group has a process for evaluating the performance of the Board, of its committees and of the Directors individually in respect of these objectives. In addition, the Chairman assesses the Board as a whole regularly to ensure that it is functioning efficiently and productively.

During the year, each of the areas identified in the previous Board evaluation in 2019 were considered and the Board monitored progress regularly. In particular, the Board calendar now includes more regular presentations by members of the Group Coordination Committee and others in the wider senior management team. Additional dedicated Board sessions have also been held to review strategy in light of business growth.

A formal Board evaluation process was conducted in March 2021 by way of a detailed questionnaire completed by each member of the Board. The aim of the evaluation was to obtain actionable views on the effectiveness of the Board, its committees and key governance areas. The responses were collated, reviewed by the Chairman and a summary of the results were presented to the Board for discussion and agreement on focus areas and related actions.

The conclusions from the March 2021 evaluation confirmed that the Board continues to function effectively as a unit and in committees, and that the surrounding Board governance and operations reflect the culture and values of the Group. Areas of focus for the coming year include changes to Board process around reporting and the format and frequency of meetings. Progress in these areas will be reviewed and monitored by the Board and Nomination Committee during the year. Following this process, the Chairman will also hold one-to-one meetings with each of the Directors as part of the evaluation process. He also holds one-to-one meetings with the Directors during the year as required.

Conflicts of Interest

The Company has effective procedures in place to identify, monitor and manage any conflicts of interest. At each meeting of the Board or its committees, the Directors are required to declare any interests in the matters to be discussed and are regularly reminded of their duty to notify any actual or potential conflicts of interest. The Company's Articles provide for the Board to authorise any actual or potential conflicts of interest if deemed appropriate to do so.

Internal Controls and Risk Management

The Board has overall accountability for the systems of internal control and risk management. The Audit and Risk Committee reviews and assures the effectiveness of the Group's internal controls and risk management on the Board's behalf.

As part of that duty, the Board determines the Group's risk management objectives and policies. In this respect, the objective of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. The Board believes that this approach serves the interests of creating sustainable shareholder value while also protecting the Group's corporate culture and other stakeholder interests.

The operational functions of the Group are carried out within a practical and effective risk management framework. The Group Coordination Committee has executive responsibility for identifying and managing risk effectively, across the business. Any material operational decisions made by the Group Coordination Committee in this respect are reviewed by the Board.

The identified material operational, financial and industry risks facing the Group are also reported to the Board. A summary of the principal risks and uncertainties, as well as mitigating actions, are provided in the "principal risks" section of the Strategic Report. The Board formally reviews, agrees and documents the principal risks to the business at least annually.

Processes to embed risk management throughout the Group, and opportunities to introduce further enhancements, continue to be reviewed and changes are implemented as appropriate. During the year, the Board reviewed the Group's risk policy along with the risk framework and internal controls, and agreed they were appropriate for the operating context and business model.

Engagement Calendar FY 21

March–April 2020
Pre-close investor meetings

April 2020
Pre-close trading update

June 2020
Preliminary results virtual roadshow, UK & Europe

September 2020
Annual General Meeting

September 2020
Private client broker and shareholder meetings, UK

October 2020
Pre-close trading update

October 2020
Pre-close investor meetings

November 2020
Interim results virtual roadshow, UK & Europe

February 2021
Capital markets briefing

March–April 2021
Investor conference calls, UK & Europe

Shareholder Communications

The Board places great emphasis on maintaining an effective dialogue with shareholders, which it considers to be integral to long-term growth and success. It is committed to communicating consistently and openly with shareholders.

The principal methods of communication are the Annual Report & Accounts, the interim and full-year results announcements, the AGM and the Group's investor website investors.alphafmc.com. The website is updated regularly with information regarding the Group's governance, activities and performance, including both statutory and non-statutory regulatory news announcements, which are issued throughout the year to update on financial, operational and other matters.

The Global Chief Executive Officer and Chief Financial Officer meet with the representatives of the Group's institutional investors as well as analysts to ensure that the Group's corporate objectives, strategies and operational developments are clear and understood. This would normally include investor roadshows, attending investor conferences and ad-hoc meetings that are part of the building of relationships with existing and future shareholders. During the year, as a result of the COVID-19 related restrictions in place, all meetings and roadshows were held by video conference. Alpha also held its first capital markets event in February 2021, sharing with shareholders such topics as its North America growth strategy and insurance roadmap. Investor relations activity and a review of the shareholder register are quarterly items on the Board's agenda.

Understanding what analysts and investors think about the Group is an equally important component of these interactions. The Board as a whole is kept informed of their feedback and views by the Global Chief Executive Officer and Chief Financial Officer. This includes information provided by the Group's joint corporate brokers, Berenberg and Investec Bank plc, following investor meetings. The Chairman and Non-Executive Directors are also available to meet with shareholders, if required, to discuss any items of importance.

Annual General Meeting

The Company's fourth AGM is scheduled to take place on Thursday 23 September 2021. Further details of the arrangements for the AGM and voting procedures can be found in the Notice of the 2021 Annual General Meeting, which is available on the Group's investor website investors.alphafmc.com.

It is hoped that shareholders will be able to attend the AGM and have an opportunity to raise questions with the Board at the meeting. However, in light of the COVID-19 pandemic, the Board is closely monitoring developments and the related UK Government guidelines, and will provide an update by announcement via a Regulatory News Service if any further changes are required to the AGM arrangements.

Voting results will be announced through the Regulatory News Service and made available on the Group's investor website investors.alphafmc.com.

By order of the Board.

Ken Fry
Chairman
24 June 2021

Corporate Governance

Nomination Committee Report

The Nomination Committee leads the process for Board appointments and making recommendations to the Board about its composition and succession planning.

On behalf of the Board, I am pleased to present the Nomination Committee's report for the year ended 31 March 2021.

Jill May was appointed as a Non-Executive Director on 1 July 2020, following the recommendation of the Nomination Committee. Details of her induction can be found below under "Board induction". Jill joined the Nomination Committee upon her appointment as a Non-Executive Director.

Committee Attendance

Committee member	Eligible to attend	Attendance
Ken Fry (Chair)[29]	3	2
Penny Judd	3	3
Jill May[30]	2	2

Committee Governance

The Committee is chaired by the Chairman of the Board, Ken Fry; its other members are Penny Judd and Jill May. The Executive Directors attend some meetings by invitation.

In the event that the matter under discussion relates to the Chairman's re-appointment or succession, the Committee is chaired by an independent Non-Executive Director.

The Nomination Committee meets as and when necessary, but at least twice a year. The Nomination Committee met three times during FY 21.

Key Responsibilities

The purpose of the Nomination Committee is to keep under review the structure, size and composition of the Board, as well as succession planning for the Directors. It leads the process for identifying and nominating, for approval by the Board, candidates to fill Board and committee vacancies.

In accordance with its terms of reference, the Committee develops and maintains a rigorous and transparent approach for recommending appointments and re-appointments to the Board. Its primary responsibilities in this area include:

- Regularly reviewing the structure, size and composition of the Board to ensure that it has an appropriate balance of skills, independence, knowledge, experience and diversity;
- Considering succession planning for the Board Directors and senior executives, taking into account the challenges and opportunities facing the Company and wider Group, along with skills and expertise that may be required in the future;
- Identifying and nominating for approval by the Board candidates to fill Board vacancies as and when they arise;
- Ensuring that the necessary due diligence and conflicts of interest checks have been undertaken before an appointment is made;
- Monitoring whether satisfactory induction is provided to new Directors regarding their knowledge of the Group, and their Board and committee responsibilities; and
- Reviewing the results of the Board evaluation process and ensuring that the conclusions are captured and actioned where necessary.

[29] Ken Fry did not attend the meeting at which the Committee considered the renewal of his appointment.
[30] Jill May was appointed to the Committee on 1 July 2020.

A description of how the Committee has carried out its responsibilities through the key activities of the year is provided below.

Board Committees Structure

Following the changes to the composition of the Board during the year and, in line with the recommendations of the QCA Code, the Committee considered the composition of all of the Board committees. As part of this, the Nomination Committee recommended changes to the Board to ensure that all Board committees are composed of independent Non-Executive Directors.

Board Induction

All new Directors appointed to the Board undertake an induction programme to ensure that they develop an understanding of the business and of their role and responsibility as a Director of the Alpha Board. The programme is tailored to suit each individual Director.

Jill May's induction included one-to-one meetings with other Directors, senior management of the Group and external advisers. These meetings were held by video conference due to COVID-19 related restrictions.

Succession Planning

A key role of the Committee is to ensure that the Group has appropriate succession planning in place. During the year, contingency and succession plans for each member of the Board, particularly the Executive Director roles, were approved by the Committee.

Succession plans will be reviewed by the Committee each year.

Renewal of Appointment Letter

The Committee considered the renewal of Ken Fry's appointment, following his three-year initial term, and recommended to the Board that his appointment be renewed for a further three-year term from the conclusion of the 2020 AGM. The Board approved the recommendation and his appointment was renewed for three years to expire at the conclusion of the 2023 AGM.

Board Evaluation

As part of the Board's commitment to maintaining a strong corporate governance framework, the Committee reviews the approach to, and results of, the Board's performance evaluation process.

Corporate Governance

Nomination Committee Report continued

A formal Board evaluation process was conducted in March 2021 by way of a detailed questionnaire completed by each member of the Board. The aim of the evaluation was to obtain actionable views on the effectiveness of the Board, its committees and key governance areas. The responses were collated, reviewed by the Chairman and a summary of the results was presented to the Board for discussion and agreement on focus areas and related actions. As part of this process, the Chairman will also hold further one-to-one meetings with each of the Directors.

The conclusions from this evaluation confirmed that the Board continues to function effectively as a unit and in committees, and that its operation reflects the culture and values of the Group. Areas of focus for the coming year include changes to Board process around reporting and the format and frequency of meetings. Progress in these areas will be reviewed and monitored by the Nomination Committee during the year.

The Committee continues to believe that the Board, its sub-committees and the Directors individually operate an optimal structure to secure future growth, while maintaining the Group's unique culture.

Diversity

In executing its duties, the Nomination Committee objectively considers candidates on merit and with due regard for the benefits of diversity, including gender diversity, on the Board.

Alpha is an equal opportunities employer and the Group's policy is to ensure that all employees, or those seeking employment, are treated fairly. This policy applies at Board level and across the Group. All decisions relating to recruitment, selection and promotion are made objectively regardless of race, ethnicity, nationality, gender, sexual orientation, religious belief, political opinion, age or disability.

Following the appointment of Jill May, the Board satisfies the diversity target set by the Hampton-Alexander review. The Board will continue to work to improve diversity within the Board and the wider management team.

In order to consider the effectiveness and priorities of Alpha's Diversity & Inclusion programme, the Board has requested regular updates, which include representatives working on the programme attending Board meetings. Further information about the D&I programme is provided in the Role in Society report on pp 62-67.

Ken Fry
Chair of the Nomination Committee
24 June 2021

“Alpha are really great partners in our industry and bring to bear experience across asset classes, across geographies. They also bring tangible actionable benefits and insights.”

Global Head of Investment Services, asset manager

Corporate Governance

Audit and Risk Committee Report

The Audit and Risk Committee provides independent oversight of the Group's financial statements and performance reporting, and of the Group's systems of internal financial control and risk management.

On behalf of the Board, I am pleased to present the Audit and Risk Committee's report for the year ended 31 March 2021.

The purpose of the Audit and Risk Committee is to oversee the Group's internal financial controls and risk management systems, to recommend the interim and full-year financial results to the Board, and to monitor the integrity of all formal reports and announcements relating to the Company's financial performance. In addition, the Committee is responsible for appointing the external auditor of the Group, maintaining that relationship and reporting the findings and recommendations of the external auditor to the Board.

Committee Attendance

Committee member	Eligible to attend	Attendance
Penny Judd (Chair)	3	3
Ken Fry	3	3
Nick Kent[31]	1	1
Jill May[32]	2	2

Committee Governance

The Audit and Risk Committee is chaired by Penny Judd and comprises solely independent Non-Executive Directors. Its other members are Ken Fry and Jill May, who joined the Committee on her appointment on 1 July 2020. Penny Judd has recent and relevant financial experience with competence in accounting or auditing. More information on the Committee members' skills and experience is provided on p. 81.

The Audit and Risk Committee meets as and when necessary, but at least three times a year. The Committee met three times during FY 21.

The Committee has unrestricted access to the Group's auditor, KPMG LLP, and the lead audit partner and members of that team are invited to attend meetings of the Committee regularly. At least once a year, the Committee meets with the auditor without the presence of any Executive Director in order to discuss independently the auditor's remit and any other issues arising from the audit; they met in this manner once during the year.

The Chief Financial Officer and the Chief Executive Officer attend meetings at the request of the Committee Chair to facilitate discussion of the financial statements and systems of financial control and risk management. Both Directors joined part of each meeting held in FY 21.

[31] Nick Kent stepped down from the Committee on 1 July 2020.
[32] Jill May was appointed to the Committee on 1 July 2020.

Key Responsibilities

The Committee's key responsibilities are set out in its terms of reference and include the following:

- Monitoring the integrity of the Group's financial statements, including the annual and interim reports, and other significant announcements relating to financial performance, and reviewing any significant reporting issues and judgements;
- Advising on the clarity of disclosure and information contained in the financial reports;
- Ensuring compliance with relevant accounting standards and reviewing the consistency of the methodology applied;
- Reviewing the adequacy and effectiveness of the systems of internal control and risk management;
- Overseeing the relationship with the external auditor, reviewing performance and advising the Board members on the auditor's appointment and remuneration; and
- Reviewing and discussing the findings of the audit with the external auditor.

Activities During the Year

During FY 21, the Committee reviewed and approved the Group's FY 20 preliminary and FY 21 interim results including consideration of the significant accounting issues relating to the financial statements and the going concern review. The Committee considered the impact and risks and associated with COVID-19 on the Group's cash flows, particularly in relation to the preparation of the Group's financial statements on a going concern basis. An extensive scenario modelling exercise was undertaken and reviewed by the Committee.

In its responsibility to assure the Group's financial control and risk management environment, the Committee continued its focus on risk and financial controls. Following the review of financial controls undertaken by the Group in FY 20, which the Committee discussed and approved, the Committee monitored progress against the plan to implement refinements to systems and processes, to further improve the financial control environment and to enhance team operations. This included some process automation, system access reviews and forecasting robustness. The Committee also reviewed and approved an updated treasury policy and limits.

On behalf of the Board, the Committee oversees and assures the Group's risk processes and risk reporting across all business units. Alongside the audit process, there is an ongoing focus to identify and manage the risks faced by the Group. The principal risks to the Group, along with the identified mitigating actions, are set out in the "principal risks" section of the Strategic Report on pp 46-50. The Committee discussed and reviewed the risk framework, including the principal risks, with the Chief Operating Officer.

The Committee also reviewed the year-end audit plan and considered the scope of the audit as well as the external auditor's fees.

The Committee reviewed and approved the Group's whistleblowing and anti-bribery procedures during the year. It also reviewed its terms of reference during the year, and these were approved by the Board.

Corporate Governance

Audit and Risk Committee Report continued

External Auditor Appointment and Tenure

The Committee oversees the relationship with the external auditor and monitors all services that it provides and the fees payable, to ensure that potential conflicts of interest are considered and that an objective and professional relationship is maintained. In particular, the Committee reviews and monitors the independence and objectivity of the external auditors and the effectiveness of the audit process.

KPMG LLP was first appointed as the Group's external auditor in 2015. In line with the policy on lead partner rotation, the current lead partner was appointed following completion of the FY 19 audit. The Committee has assessed the frequency of tendering and the length of tenure of the external auditor in reviewing the policy, and the Committee will consider the tenure of the external audit contract at the end of the current lead partner's tenure, which concludes after the FY 24 financial year end.

KPMG LLP did not provide any non-audit services during the year. An analysis of the remuneration to the external auditor in respect of audit services during the year is set out in note 3 to the consolidated financial statements.

The Committee seeks feedback from the Chief Financial Officer and senior members of the finance team on the effectiveness of the external auditor and the audit process. The Committee continues to be satisfied with the scope of the external auditor's work, the effectiveness of the external audit process and is satisfied that KPMG remains independent in the discharge of its audit responsibilities. The Committee is, therefore, pleased to recommend to the Board that a resolution to re-appoint KPMG LLP as the Company's auditor be proposed at the forthcoming AGM.

Audit Process

The external auditor prepares an audit plan for its review of the full-year financial statements, and the audit plan is reviewed and agreed in advance by the Committee. Before the approval of the financial statements, the external auditor presents its findings to the Committee, highlighting areas of significant financial judgement for discussion. The Committee also reviews the external auditor's management letter and detailed presentations are made to the Committee by the auditor at least twice a year. There is an active ongoing discussion between the Committee and the auditor on any recommendations to improve the efficiency of the audit process.

Significant Accounting Matters

In the year, the Audit and Risk Committee considered key accounting issues, judgements and estimates in relation to the Group's FY 21 financial statements. These issues were discussed and reviewed with the finance team and the external auditor. The Audit and Risk Committee challenged judgements and sought clarification where necessary.

The Committee received a report from the external auditors on the work they had performed to arrive at their conclusions and discussed any material findings contained within that report. The information contained in the table below should be considered together with KPMG's independent external audit report on pp 114-19 and the accounting policies disclosed in the notes to the financial statements as referenced in the table.

Area of Focus	How It Was Addressed
Revenue recognition Revenue is the most material income statement caption and, by its nature, revenue recognition is a key policy. The majority of Group revenue is contracted on a time and materials basis. The Group has some milestone or fixed priced contracts and the recognition of revenue on such contracts in progress at the year end involves consideration of milestone delivery and other terms.	Detailed revenue year-end cut-off procedures have been performed internally, including review of relevant contractual client terms. The Committee has discussed these procedures internally and considered the appropriateness of the relevant revenue disclosures in the financial statements, in accordance with IFRS 15.

Area of Focus	How It Was Addressed
Employment-linked acquisition payments The Group has made one significant judgement associated with the acquisition of Obsidian: the interpretation of specific clauses within the share purchase agreement with respect to the link between ongoing employment and the undiscounted value of the earn-out payable to the vendors.	The Group has examined the relevant guidance in drawing a conclusion on the accounting for Obsidian under the requirements of IFRS 3. The Directors believe that the judgement made during the initial acquisition accounting reflected the meaning of the relevant clause in the share purchase agreement, and is still relevant and appropriate.
Share-based payments Significant estimates are required by IFRS 2 associated with share-based payments expense including the assessment of the fair value of share options at the date of grant and the probability that share options will vest in the future.	The fair value of share options assumed at each date of grant was reviewed externally by professional advisers. The probability that share options will vest is assessed at every reporting date for historic attrition, time to vest and known performance. These assumptions have been reviewed internally and discussed with the Committee.
Acquisition earn-outs The Axxsys and Obsidian acquisitions contain estimation uncertainty, associated with the fair value of contingent consideration, which are linked to the future performance of those businesses. The contingent and non-contingent consideration are also part linked to ongoing employment of certain of the management vendors, which has been assumed.	The fair value of contingent earn-out consideration is based on management's best estimate of potential future cash flows. These assumptions have been discussed with the Committee, including the appropriateness of these significant estimates, while taking into account the potential impacts from the ongoing COVID-19 pandemic.

Internal Audit

The Committee has considered the need for an internal audit function during the year and continues to be of the view that, given the size and nature of the Group's operations and finance team, there is no current requirement to establish a separate internal audit function. Internal assurance is obtained through the Group's review of risks and controls as detailed on pp 40-44.

Share Dealing, Anti-Bribery and Whistleblowing

The Group has adopted a share dealing code in conformity with the requirements of Rule 21 of the AIM Rules. All employees, including new joiners, are required to agree to comply with the code. The Group has also adopted anti-bribery and whistleblowing policies, which are included in every employee's staff handbook.

The Group operates an open and inclusive culture and employees are encouraged to speak up if they have any concerns. The aim of such policies is to ensure that all employees observe ethical behaviours and bring matters that cause them concern to the attention of either the Executive or Non-Executive Directors.

Penny Judd
Chair of the Audit and Risk Committee
24 June 2021

Corporate Governance

Remuneration Committee Report

The Remuneration Committee makes recommendations on matters relating to performance, remuneration and terms of services for the Board and senior management of the Group.

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the year ended 31 March 2021.

Committee Attendance

Committee member	Eligible to attend	Attendance
Ken Fry (Chair)	7	7
Penny Judd	7	7
Nick Kent[33]	4	4
Jill May[34]	6	6

Committee Governance

The Committee comprises solely independent Non-Executive Directors. Its members are Ken Fry, Penny Judd and Jill May. Jill joined the Remuneration Committee on her appointment as a Non-Executive Director on 1 July 2020. On the same date, Nick Kent stepped down from the Committee and Ken Fry took on the role of Chair of the Committee on an interim basis. Following her induction over the last twelve months, it is intended that Jill will take on the role of Chair of the Committee later in the year.

The Committee meets as and when necessary, but at least twice a year. The Committee met seven times during FY 21; additional meetings were scheduled during the year to discuss COVID-related and other matters. The Chief Executive Officer and Chief Financial Officer are invited to join the meeting when appropriate.

Key Responsibilities

The Remuneration Committee formulates and recommends to the Board the remuneration policies for Executive Directors, the Chairman of the Board and senior management of the Group. The objective of these policies is to:

- Attract, retain and motivate employees of the quality required to run the Group successfully;
- Promote the long-term success of the Group; and
- Ensure that the performance-related elements of remuneration form a significant yet appropriate proportion of the total remuneration package and are transparent, stretching and rigorously applied.

The Committee is also responsible for reviewing all performance-related pay and share incentive schemes in use by the Group. The purpose of these reviews is to ensure:

- The appropriateness of the targets and level of rewards set; and
- That the dilution of equity arising from such schemes does not exceed the plans defined at the point of the Group's admission to AIM.

Note 21 sets out further details of the share-based payment schemes of the Group.

[33] Nick Kent stepped down from the Committee on 1 July 2020.
[34] Jill May was appointed to the Committee on 1 July 2020.

Activities During the Year

During the course of the year, the main activities of the Committee were:

- Consideration and updating of the composition of the total shareholder return comparator group of companies;
- Approval of performance criteria for the management incentive plan ("MIP") for Executive Directors and senior management of the Group for FY 21;
- Review of the Remuneration Committee report in the Annual Report & Accounts;
- Review of the operation of the employee benefit trust ("EBT"), and approval in principle for the EBT to purchase shares in satisfaction of awards in certain circumstances;
- Approval of share incentive awards for the Executive Directors and senior management;
- Consideration of remuneration principles for the senior management;
- Vesting of MIP options from prior periods;
- Approval of proposal for repayment of COVID-19 salary sacrifice;
- Assessing the effectiveness and application of the remuneration policy in light of the overall performance of the business in FY 21 and future growth plans;
- Review and approval of revised terms of reference for the Remuneration Committee; and
- Initial consideration of the introduction of a profit share scheme for Executive Directors and senior management for FY 22.

Further to the above, there were a number of year-end related activities that were concluded in the period after 31 March 2021 due to the need to have visibility of final figures; these included:

- Approval of the introduction of a profit share scheme for Executive Directors and senior management for FY 22;
- Confirmation of approval of option grants under the MIP for Executive Directors and senior management in respect of FY 21 performance; and
- Approval of performance criteria for the MIP for Executive Directors and senior management for FY 22 awards.

Remuneration Policy

The key elements of remuneration of the Executive Directors and senior management of the Group are:

Key Remuneration Elements Summary	
Base Salary	Base salary is reviewed annually and takes account of the responsibilities, experience and performance of the individual.
Pensions and Benefits	Contribution to a defined contribution pension scheme, maternity/ paternity pay and other ancillary benefits.
Share Incentives	As part of its AIM admission, the Group put in place a management incentive plan under which selected individuals are awarded share options at nil or nominal value, but with performance criteria that align their interests with those of shareholders. The performance criteria are described overleaf.
Profit Share Scheme	The Committee has approved the Group's profit share scheme for employees to be applied to the Executive Directors and senior management of the Group, with effect from 1 April 2021 for FY 22. This scheme will be subject to the review of remuneration policy referred to overleaf.

The Committee has the ability under its terms of reference to use discretion in order to achieve fair remuneration outcome, taking into account the Group's performance. Further detail on how discretion was applied during the year is set out overleaf.

The Committee considers that the remuneration policy put in place at the time of AIM admission, together with the targets and awards as updated each year, has been appropriate and successful in achieving its objectives, whilst also acting as an effective retention mechanism.

As it is now over three years since AIM admission, the Committee feels it is appropriate to undertake a review of remuneration policy for the Executive Directors of the Board and senior management team. This review will be conducted during FY 22.

Corporate Governance

Remuneration Committee Report continued

Summary of Directors' Remuneration

The below single-figure table has been audited and below represents the Directors' remuneration for the years ended 31 March 2021 and 31 March 2020:

	Salary and fees[35] £'000s FY 21	Salary and fees £'000s FY 20	Pension £'000s FY 21	Pension £'000s FY 20	Share options vested £'000s FY 21	Share options vested £'000's FY 20	FY 21 £'000s	FY 20 £'000s
Executive Directors								
Euan Fraser[36]	565	565	17	17	528	–	1,110	582
John Paton[37]	240	240	–	6	–	–	240	246
Non-Executive Directors								
Ken Fry	65	65	–	–	–	–	65	65
Penny Judd	50	50	–	–	–	–	50	50
Jill May[38]	38	–	–	–	–	–	38	–
Nick Kent[39]	21	50	–	2	–	–	21	52
Total	**979**	**970**	**17**	**25**	**528**	**–**	**1,524**	**995**

FY 21 Changes to Remuneration in Response to COVID-19

As disclosed in last year's Annual Report & Accounts, in response to the COVID-19 pandemic, all the Executive and Non-Executive Board Directors, along with the senior leadership team of the Group, volunteered to take a temporary (six-month) 40 per cent reduction in salary and fees from 1 April 2020. Additionally, all the Group's employees at director level agreed to take a temporary 20 per cent reduction in salary for the same six-month period. This period of salary sacrifice ended on 31 September 2020. In March 2021, the Board agreed that, given the strong performance of the Group during the year, it would be appropriate to repay the total amount of salary sacrificed to all employees who participated; the repayment was made in May 2021.

As disclosed in the previous year, the Remuneration Committee considered carefully the performance criteria that should be applied to the option awards granted in respect of FY 21 performance. Given the potential COVID-19 related challenges, the Committee applied its discretion to authorise the award of the normal quantum of share options for FY 21 but with more flexible performance criteria, to allow the senior management team to respond to the impact of COVID-19 as it evolved. The Committee considered that this was in the long-term interests of the Company and its shareholders.

The Board was very pleased with the resilient FY 21 performance of the Group, growing against the more challenging COVID-19 backdrop. The Committee believes that the more flexible approach adopted in FY 21 has been helpful in focussing senior management on such an out-turn. Consequently, the majority of the senior management's share incentive performance criteria have been met for FY 21.

Executive Directors' Remuneration

As indicated above, the Committee has given its initial approval for an up to 10 per cent profit share bonus to Executive Directors, senior management and the wider director team for FY 22. Alongside, a number of the team will retain the same base salary as the prior year, including the Global Chief Executive Officer.

35 Each Director sacrificed 40% of their salary/fees between 1 April and 30 September 2020. The total amount sacrificed by each Director was repaid to them in May 2021 and, to aid comparability between accounting periods, has been included in the above table within salary and fees.
36 250,000 options granted to Euan Fraser under the MIP in October 2017 vested on 12 October 2020 and were exercised in the year. The Remuneration Committee assessed the performance conditions and all options vested in full. The closing price of the Company's shares on the date of vesting was £2.11. The price at award was £1.60.
37 John Paton opted out of the Company personal pension plan during FY 20.
38 Jill May was appointed with effect from 1 July 2020. Her annual fee of £50,000 was pro-rated accordingly.
39 Nick Kent resigned as a Director with effect from 1 September 2020. His annual fee of £50,000 was pro-rated accordingly.

The Committee agreed that the Chief Financial Officer's salary would be increased with effect from 1 April 2021 to £275,000. In reviewing and setting this increase, the Committee considered benchmarking data of similarly sized companies.

In line with previous years, share option awards will form part of the remuneration for the Board's Executive Directors, alongside the base salary and profit share components.

Share Incentive Plan

On 12 October 2020, certain of the management incentive plan awards granted at the time of the October 2017 AIM admission partially vested, following satisfaction of performance conditions.

The awards' performance conditions, relating to EPS growth and total shareholder return exceeding a basket of comparable companies over three years to 12 October 2020, were met in full. Therefore, the Chief Executive Officer's award vested in full, as did the majority of other director awards.

Performance Criteria

As noted, the FY 21 award criteria were set appropriately for that year. Following the prior year's greater flexibility for the COVID-19 environment, the Committee has returned to a more standard approach in setting the FY 22 award criteria. The criteria for FY 22 share incentive awards to the Executive Directors and senior management of the Group are four-fold, depending on the individual and their role:

- The Group achieving adjusted EPS growth of 15% or more to trigger a maximum award, or 10% to trigger a 66% award, with a linear application of awards between these levels
- The Group achieving a total shareholder return ("TSR") over three years in excess of the mean TSR delivered by a peer group of comparable companies
- Personal adherence to corporate values and risk policy
- Specific business unit EBITDA, or other personal targets and goals

The wider director team's FY 22 performance criteria is based on a range of factors including relevant local budgetary, individual performance targets and EPS growth. The Committee believes that the substantial equity awards available under the management incentive plan, up to a maximum of 10% dilution of the issued share capital over three years, are an important element of remuneration and motivate the Group's senior management to drive the business forward and deliver the planned growth over the long term. The Committee considers that the performance criteria selected relate closely to the Group's key performance indicators.

Directors' Share Interests and Awards

The following table sets out the Directors' share interests, including beneficial and non-beneficial holdings:

	Number of ordinary shares as at 31 March 2020 (or date of appointment)	Number of ordinary shares as at 31 March 2021
Euan Fraser	1,356,081	563,485
John Paton	37,639	37,639
Ken Fry	184,070	184,070
Penny Judd	–	–
Jill May[40]	–	–

The following table sets out details of Directors' share awards:

	Number of share options held as at 31 March 2020	Share options exercised in the year	Share options granted in the year[41]	Price on date of grant[42]	Number of share options held as at 31 March 2021
Euan Fraser	536,343	(250,000)	329,294	£1.85	615,637
John Paton	142,238	–	126,652	£1.85	268,890
Total	**678,581**	**(250,000)**	**455,946**		**884,527**

[40] After the year end, Jill May acquired 12,307 ordinary shares in the Company on 21 May 2021.
[41] Share options granted in the year comprise JSOP awards under the MIP. Refer to note 21 to the consolidated financial statements for further details.
[42] Mid-market price on 22 July 2020.

Corporate Governance

Remuneration Committee Report continued

Pensions

The Executive Directors are eligible to participate in the Company's personal pension plan. This includes an employer's contribution of 3% of salary per annum, which applies to all UK employees and the UK being the location of the two Executive Directors of the Board.

Directors' Service Agreements

The Executive Directors entered into service agreements with the Company on the following dates:

Director	Date of Service Agreement	Term	Notice period by Company and by Director
Euan Fraser	5 October 2017	Indefinite	6 months
John Paton	28 February 2018	Indefinite	6 months

The Non-Executive Directors do not have service agreements. However, The Non-Executive Directors' letters of appointment provide that their tenure of office has an initial period of three years, and will continue until terminated by the Non-Executive Director or the Company on giving to the other three months' prior written notice. Each Non-Executive Director is typically expected to serve for two three-year terms, but may be invited by the Board to serve for an additional period.

Director	Date of current appointment	Term expires	Notice period by Company and by Director
Ken Fry	23 September 2020	2023 AGM	3 months
Penny Judd	28 February 2018	2021 AGM	3 months
Jill May	30 June 2020	2024 AGM	3 months

Payments for Loss of Office

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

Non-Executive Directors' Fees

The Chairman of the Board and the two Non-Executive Directors receive an annual fee for their services, which is reflective of their level of experience, knowledge, responsibility and expected time commitment.

The fees payable to the Non-Executive Directors are reviewed and benchmarked annually. No changes were made to Non-Executive Directors' fees during FY 21. From FY 22, the annual fees payable to Ken Fry, Penny Judd and Jill May have been increased to £90,000, £60,000 and £60,000, respectively.

Policy for the Remuneration of Employees

The Board recognises the vital importance of attracting and retaining the highest calibre of consultants, and strongly supports the management's remuneration policy for employees. Below the senior leadership team, all employees receive a fixed salary that is competitive with the market, a profit share or cash bonus scheme that is team based and linked to achieving financial targets, and other benefits. The Board believes that this structure provides a compelling remuneration package that reinforces teamwork, aligns the employees with the Group's objectives and helps to promote a feeling of ownership amongst all employees.

Ken Fry
Chair of the Remuneration Committee
24 June 2021

"We are encouraged to have a voice and express our thoughts and opinions, and this transparency and openness will continue to be the foundation of our culture as we evolve."

Alpha employee

Corporate Governance

Directors' Report

The Directors present their Annual Report and the audited consolidated financial statements of Alpha Financial Markets Consulting plc (the "Company", the "Group"), for the year ended 31 March 2021.

Alpha Financial Markets Consulting plc is incorporated in England and Wales with registered number 09965297. The Company's registered office is 60 Gresham Street, London, EC2V 7BB. The Company is a public limited company and is listed on the AIM of the London Stock Exchange.

The Directors believe that the requisite components of this report are set out elsewhere in the Annual Report and/or on the Company's website, investors.alphafmc.com. The table sets out where the necessary disclosures can be found.

Principal Activities	Alpha Financial Markets Consulting plc is the holding company for a global group of companies, the principal activity of which is the provision of consulting and related services to clients in the asset management, wealth management and insurance industries. A review of the performance and future development of the Group's business is contained in the **Chairman's**, the **Global Chief Executive Officer's** and the **Chief Financial Officer's Reports** on pp 4-6, pp 7-11 and pp 122-26 respectively.
Results	The financial results for the year ended 31 March 2021 are set out in the **Chief Financial Officer's Report** on pp 122-26, in the **consolidated statement of comprehensive income** on p. 127 and further commented upon in the **Global Chief Executive Officer's Report** on pp 7-11. The Directors consider the current state of affairs of the Group to be satisfactory.
Dividends	An interim dividend of 2.10p per share was paid in December 2020 (FY 20: 2.10p). The Board is proposing a final dividend of 4.85p per share (FY 20: nil). Subject to shareholder approval at the AGM to be held on 23 September 2021, the final dividend will be paid on 30 September 2021 to shareholders whose names are on the register of members at close of business on Friday 17 September 2021. Information regarding dividend payments can also be found in **note 10** to the consolidated financial statements.
Articles of Association	Any amendments to the Company's Articles of Association may be made by special resolution of the shareholders. A copy of the Articles of Association can be found on the Company's website: alphafmc.com/investors/aim-rule-26/
Directors	Directors that have served during the year and summaries of the current Directors' key skills and experience are set out in the **Corporate Governance report** on p. 81. Jill May was appointed as an independent Non-Executive Director on 1 July 2020. Nick Kent stood down from the Board on 1 September 2020; he continues to support the Board as an adviser.

Directors' Indemnity Provisions	As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements.
Directors' Interests	Details of the Directors' beneficial interests are set out in the **Remuneration Report** on p. 107.
Directors' Liability Insurance	The Group purchases and maintains directors' and officers' liability insurance for the benefit of its Directors, which was in place throughout the year and remains in place at the date of this report.
Political Donations	The Company made no political donations during the year to 31 March 2021.
Streamlined Energy and Carbon Reporting (SECR)	Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, Alpha is mandated to disclose its UK energy use and associated greenhouse gas (GHG) emissions. Specifically, and as a minimum, Alpha is required to report those GHG emissions relating to natural gas, electricity and transport fuel, as well as an intensity ratio, under the SECR Regulations. Further details can be found in the "environment and sustainability" section of the **Role in Society report** on pp 74-77.
Stakeholder Engagement and Key Decisions	Details of the key decisions and discussions of the Board during the year and the main stakeholder inputs into those decisions are set out in the Section 172 statement of the **Strategic Report** on p. 37.
Employees	Details of how the Group engages with Alpha employees are set out in the Section 172 statement the **Strategic Report** on pp 34-36 and further described in the **Role in Society report** on pp 54-59.
Share Capital	Details of the issued share capital, together with movements in the Company's issued share capital during the year, are shown in the **consolidated statement of changes in equity** and **note 20** to the consolidated financial statements. The Company's issued share capital as at 31 March 2021 was 106,521,966 ordinary shares of 0.075p each (Ordinary Shares), none of which none were held in treasury and 4,413,628 of which were held in the Company's employee benefit trust ("EBT"). Since the year end, the Company allotted 9,569,839 Ordinary Shares in relation to the placing and subscription announced on 21 May 2021. On 21 June 2021, being the latest date practicable before the publication of this report, the Company had 116,091,805 Ordinary Shares in issue, of which none are held in treasury and 4,413,628 are held in the Company's EBT. The total number of voting rights in the Company was 111,678,177. This is also disclosed in the post balance sheet events set out in **note 26** to the consolidated financial statements. The Company has only one class of ordinary share, which carries no right to fixed income and each ordinary share is entitled to one vote at general meetings of the Company.

Corporate Governance

Directors' Report continued

Major Interests in Shares

As at 31 March 2021, the Company had been notified, in accordance with chapter five of the Disclosure and Transparency Rules, or was otherwise aware, of the following significant interests in the issued ordinary share capital of the Company:

Name of person(s) subject of notification	Percentage of voting rights and issued share capital
Janus Henderson Investors	8.25
Fidelity International	8.03
M&G Investment Management	6.87
Allianz Global Investors	6.83
Aberdeen Standard Investments	5.70
Nordea Asset Management	5.02
Danske Bank Asset Management	4.94
Gresham House Asset Management	4.53
NFU Mutual	4.04
Invesco	3.29
Royal London Asset Management	3.23

Financial Risk Management

The Group has established internal control and risk management structures in relation to the process for preparing the consolidated financial statements. The key features of this framework are described in the "risk management" section of the **Strategic Report** on pp 40-44 and in **note 22** to the consolidated financial statements.

Going Concern

The Directors have considered the going concern status of the Company and are satisfied that the Company remains a going concern. Details of the going concern basis are set out in **note 1** to the consolidated financial statements. Further commentary can be found in the **Chief Financial Officer's Report** on pp 122-26.

Disclosure of Information to Auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- So far as each of the Directors is aware, there is no information relevant to the audit of which the Company's auditor is unaware; and
- Each of the Directors have taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any information relevant to the audit and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution seeking to re-appoint KPMG LLP as the Group's auditor will be proposed at the AGM.

Post Balance Sheet Events

Post balance sheet events are disclosed in **note 26** to the consolidated financial statements. The **reports of the Global Chief Executive Officer and Chief Financial Officer** also update as to trading after the balance sheet date.

Annual General Meeting

The 2021 AGM will be held on Wednesday 23 September 2021. The Notice of Annual General Meeting, including the resolutions to be proposed, is available on the Company's website investors.alphafmc.com.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law, and they have elected to prepare the parent company financial statements on the same basis.

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 parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- Assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board.

John Paton
Chief Financial Officer
24 June 2021

Corporate Governance

Independent Auditor's Report

to the members of Alpha Financial Markets Consulting plc

1. Our opinion is unmodified

We have audited the financial statements of Alpha Financial Markets Consulting plc ("the Company") for the year ended 31 March 2021, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, Company statement of financial position, Company statement of cash flows, Company statement of changes in equity, and the related notes, including the accounting policies in note 1 to the consolidated and Company financial statements. The financial statements do not include the Chief Financial Officer's Report.

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 March 2021 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- The parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: Group financial statements as a whole	£0.67m (2020: £0.65m) 5.0% of Group profit before tax adjusted for employment-linked and contingent consideration (2020: 4.8% of Group profit before tax, adjusted for acquisition costs and employment-linked consideration)	
Coverage	95% (2020: 93%) of Group absolute profit before tax	
Key audit matters		**vs 2020**
Recurring risks	Revenue recognition on contracts in progress at year end, recognition of accrued income and recognition of trade receivables at the year end	◀▶
	Recoverability of parent company's investments in subsidiaries and receivables due from group entities (parent company only)	▼

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Revenue recognition on contracts in progress at year end, recognition of accrued income and recognition of trade receivables at the year end (Revenue £98.1m, 2020: £90.9m; Trade receivables £16.1m, 2020: £18.9m; Accrued income £0.5m, 2020: £1.3m) Refer to p. 137 (accounting policy) and pp 157-160 (financial disclosures).	**Inappropriate recognition of revenue on contracts in progress at year end by error or fraud, and impact on resulting accrued income and trade receivables** For the majority of contracts, billing is on a time and materials basis. There is a risk that revenue transactions around the year end might be incorrectly recorded, either in error or fraudulently, such that it does not reflect hours worked or the services provided and in particular that accrued income and trade receivables recorded at the year end do not exist	Our procedures included: • **Tests of detail (tracing and vouching):** we assessed the appropriateness of revenue recognised by: – Selecting a sample of revenue transactions recognised in March 2021 and vouching to the invoice and hours recorded on timesheet records to confirm that the revenue has been recognised in the correct financial year. – Selecting a sample of revenue transactions recognised in the subsequent period and vouching to the invoice and hours recorded on timesheet records to confirm that the revenue has been recognised in the correct financial year. – For milestone contracts, selecting a sample of revenue transactions recognised in March 2021 and vouching to the invoice and deliverable specified in the contract to confirm that the revenue has been recognised in the correct financial year. – Selecting a sample of items included in accrued income at 31 March 2021 and vouching: that amounts accrued agree to hours recorded on timesheet records that have not been invoiced; that contracts with the customer are in place for the work performed; and that amounts accrued have been invoiced post year end. – Challenging the recoverability of trade receivables and accrued income as at 31 March 2021 by reference to a sample of cash receipts after the year end and assessing the recoverability of any debtor balances that are overdue at the year end and have not been recovered at the time of the audit. We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of related IT controls indicated that we would not be able to obtain the required evidence to support reliance on controls. • **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of revenue, accrued income and trade receivables.
Recoverability of parent company's investments in subsidiaries and receivables due from group entities (parent company only) (Investment carrying value £1.3m, 2020: £9.2m; Receivables due from Group entities £121.6m, 2020: £110.3m) Refer to p. 170 (accounting policy) and pp 171-173 (financial disclosures).	**Recoverability of parent company's investments in subsidiaries and receivables due from group entities** The carrying amount of the parent company's investments in subsidiaries and of the intra-Group debtor balance together represents 99% (2020: 100%) of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: • **Test of detail:** We assessed the recoverability of the parent company investments and intra-Group receivables by comparing the carrying amount of 100% of investments in subsidiaries and 100% of intra-Group debtors with reference to the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amounts and assessing whether those subsidiaries have historically been profit-making.

Given there have been no new acquisitions during the current financial year, we have not assessed the accuracy and valuation of intangible assets acquired, and the accounting for employment-linked consideration on acquisitions as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Corporate Governance

Independent Auditor's Report continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £0.67m (2020: £0.65m), determined with reference to a benchmark of Group profit before tax adjusted for employment-linked and contingent consideration (2020: Group profit before tax adjusted for acquisition costs and employment linked consideration) (of which it represents 5.0% (2020: 4.8%)).

Materiality for the parent company financial statements as a whole was set at £0.26m (2020: £0.28m), determined with reference to a benchmark of Company total assets, of which it represents 0.2% (2020: Company total assets 0.2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £0.43m (2020: £0.42m) for the Group and £0.17m (2020: £0.18m) for the parent company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.03m (2020: £0.03m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 25 (2020: 21) reporting components, we subjected 4 (2020: 12) to full scope audits for Group purposes and 6 (2020: 0) to specified risk-focussed audit procedures. The latter were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed. We subjected 4 components to specified risk-focussed audit procedures over revenue, debtors and accrued income, 1 component to specified risk-focussed audit procedures over accruals for employee profit share and associated tax provisions, and 1 component to specified risk-focussed audit procedures over the contingent consideration and respective charge.

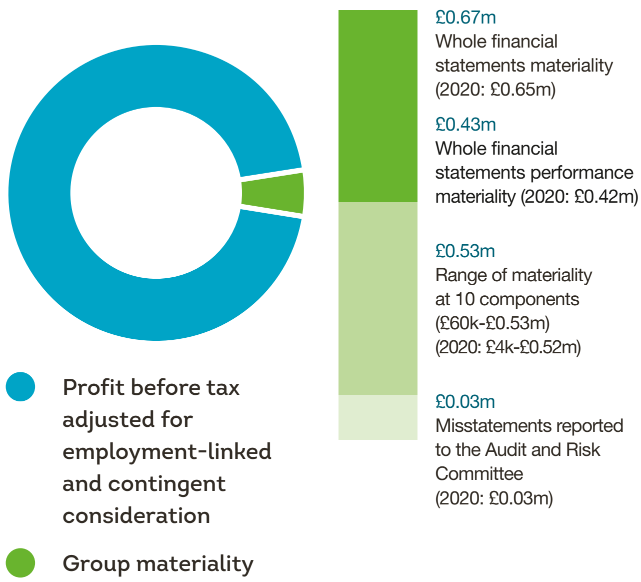
For the residual 15 components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

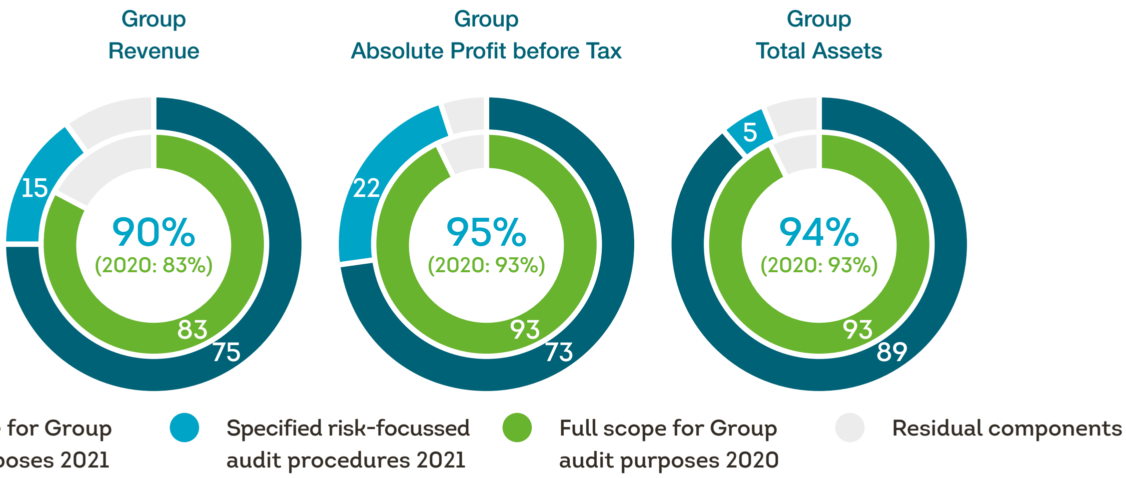
The component materialities ranged from £0.06m to £0.53m (2020: £0.004m to £0.52m), and were determined having regard to the mix of size and risk profile of the Group across the components.

The work on all of the components (2020: all of the components), including the audit of the parent company, was performed by the Group team.

The components within the scope of our work accounted for the percentages as illustrated opposite:

	2021 £m	2020 £m
Group profit before tax adjusted for acquisition costs and employment linked consideration	13.4	13.7
Group Materiality	0.67	0.65





4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of future cash payments in relation to the post year end acquisition.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and dependencies. We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and the Audit and Risk Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors including the EPS target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Corporate Governance

Independent Auditor's Report continued

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as employment-linked acquisition payments, share-based payments, acquisition earn-outs and goodwill impairment. Further detail in respect of revenue recognition is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unusual pairings with a credit or debit to an account below EBITDA and unusual journals with a credit or debit to entry to cash;
- Identifying revenue transactions to test for all full scope components based on unusual pairings with a credit or debit to revenue; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's legal correspondence, and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery and employment law recognising the financial nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- We have not identified material misstatements in the Strategic Report and the Directors' Report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 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.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on p. 113, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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.

Craig Parkin
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

24 June 2021

Financial Statements

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The power of our people to create value

Chief Financial Officer's Report

Alpha demonstrated resilience in FY 21. The Group grew net fee income 10.2% and adjusted EPS 4.9%, with good growth across all geographic regions despite the macro backdrop. Another year of strong cash generation helped to maintain a robust balance sheet. The Group finished the year well positioned to achieve its future growth ambitions, further enhanced by the Lionpoint acquisition after the year end.

John Paton
Chief Financial Officer
24 June 2021

"The Group successfully navigated recent macro uncertainty, delivering further growth in FY 21. We are delighted to welcome the Lionpoint team into the Group in May and look forward to continuing to progress."

IFRS and Alternative Performance Measures ("APMs")

A range of results metrics are set out to demonstrate Alpha's performance. These include standard generally accepted accounting definitions and alternative performance measures ("APMs"), which are provided to allow further understanding of the underlying operating performance of the Group across financial periods. The difference between standard and alternative performance measures arises from the adjusting items, set out in note 4 to the consolidated financial statements. The total cost of these adjusting items has increased in the year, reflecting an increase in the Group's share-based payments charge and acquisition-related fair value accounting, which the Board considers to be non-underlying in nature. Note 4 sets out a description of these APMs and a full reconciliation to relevant IFRS measures.

	12 months to 31 March 2021	12 months to 31 March 2020	Change %
Revenue	£98.1m	£90.9m	7.9%
Net fee income	£98.0m	£88.9m	10.2%
Gross profit	£34.8m	£34.4m	1.2%
Operating profit	£10.2m	£10.4m	(2.4%)
Adjusted EBITDA	£21.7m	£20.2m	7.2%
Adjusted EBITDA margin	22.2%	22.8%	(2.7%)
Adjusted profit before tax	£19.6m	£18.6m	5.3%
Profit before tax	£9.0m	£9.3m	(3.5%)
Adjusted earnings per share	14.91p	14.21p	4.9%
Adjusted diluted earnings per share	14.26p	13.62p	4.7%
Basic earnings per share	5.75p	6.11p	(5.9%)

Group Results

I am very pleased to report that Alpha has delivered another year of good growth, demonstrating the resilience of Alpha's quality proposition, against a backdrop of global macro uncertainty.

The Group has successfully traded through the COVID-19 restrictions and related social distancing measures this year, with our consulting teams continuing to deliver high-quality client service whilst remote working. The Group continued to make progress and to deliver good levels of new business wins across its geographies, ending the year with strong momentum.

Revenue

The Group was very pleased with net fee income performance of 10.2% growth in the year, including 8.0% organic[43] contribution. Revenue grew 7.9%, including reduced rechargeable client expenses compared to the prior year.

Revenue and net fee income grew in all geographic regions, reflecting both average consultant headcount growth globally and utilisation averaging slightly ahead of target levels, the prior year and the first half, alongside broadly resilient consultant fee rates overall.

Alpha Europe & Asia delivered the Group's strongest regional growth with net fee income up 16.9% and, on an organic basis, the region reported 14.3% growth. Growth was delivered across the region with the European team well deployed, complemented by the increased contribution from Axxsys Europe and the strongest growth enjoyed in Asia.

Alpha North America delivered another period of strong regional growth with net fee income up 14.4% (16.9% on a constant currency basis) almost entirely organically. The North America business continues to expand its domestic client base, including several longer duration projects, successfully deploying its growing consultant team at Group target utilisation levels across the year.

The UK business, Alpha's largest geographic region, grew net fee income 5.7% overall and 3.4% organically. The UK benefitted from strong contributions from our M&A Integration and Distribution practices and a good contribution from Axxsys UK in the year. The more recently established Pensions & Retail Investments business also performed strongly. Within the UK results, Alpha's Data Solutions business was most affected in the year by COVID-19, with a longer sales cycle being experienced for its speciality software products, though it maintains a good sales pipeline and outlook.

Alpha continues to support clients in some of the largest, most challenging and interesting projects across the industry. Alpha's revenue is driven by continuing strong demand in its established practices, as well as progress in newer areas. Alpha's Pensions & Retail Investments and ESG & Responsible Investment offerings, launched in September 2019 and October 2020 respectively, made strong progress in the year by winning a number of projects both with existing and new client relationships.

Alpha's growth was supported by further investment in global consultant headcount. The number of consultants (including contractors) reached 448 by the year end (FY 20: 436), with Alpha North America adding the most to its team overall, while a selective recruitment policy was adopted to best navigate the more uncertain environment during the first part of FY 21.

[43] Please see note 4 for further detail on organic net fee income growth.

Chief Financial Officer's Report continued

Group Profitability

Group gross profit was £34.8m (FY 20: £34.4m), reflecting revenue growth, alongside continued investment in our people and the business and a resilient fee rate performance in a competitive market. Investment in the team included an increase in average team headcount, promotion-related pay increases and accrued profit share bonuses, alongside the accrual for the full repayment of the director salary sacrifices that were made in the first half. UK and North America gross margin movements reflect these effects, with Europe & Asia margin improving on last year through an offsetting comparable increase in team utilisation. We believe that the impact on Group gross margin in the year is temporary and that gross margin will improve as the market normalises.

Adjusted administrative expenses, before charging the adjusting items detailed in note 4 to the consolidated financial statements, reduced 7.3% to £13.1m (FY 20: £14.2m), reflecting lower levels of discretionary spend largely due to the COVID-19 pandemic. This was partly offset by an increase in Group management team resource, higher PLC and professional fee spend and increased technology security and infrastructure expense, as the Group continues to grow. Statutory administrative costs increased 2.8% overall, principally reflecting increased acquisition-related and share-based payment costs, as set out in note 4 and below.

Adjusted EBITDA grew 7.2% to £21.7m (FY 20: £20.2m) resulting from the resilient rates performance, consistent gross profit and reduced adjusted administrative expenses in the year. Adjusted EBITDA margin eased to 22.2% (FY 20: 22.8%), while improving sequentially in the second half to 23.0% from 21.3% in H1 21, supported by trading momentum and these lower adjusted administration expenses. Adjusted profit before tax increased by 5.3% to £19.6m (FY 20: £18.6m), including higher capitalised development cost amortisation and increased underlying financing costs, arising from the Group's precautionary drawing of its revolving credit facility in the early months of the COVID-19 pandemic.

Group operating profit was £10.2m (FY 20: £10.4m) after charging all costs, including the adjusting items. These cost adjustments, detailed in note 4 to the consolidated financial statements, increased to £9.8m (FY 20: £8.4m) principally due to increased acquisition-related and share-based payment costs. The fair value of the Axxsys acquisition earn-out liability increased due to Axxsys's strong performance in the year. This resulted in a one-off charge, which lifts the earn-out to its maximum pay-out level. This charge is also supplemented by a full-year impact of employment-linked earn-out charges relating to acquisitions made during the prior year. The share-based payment charge, including relevant social security costs, increased in the current year, reflecting new awards granted, updated valuation assumptions and a higher closing share price. These increases in adjusting items were offset by lower acquisition and integration costs compared to the prior year. Further details are set out in notes 4 and 21. Similarly, profit before tax reduced to £9.0m (FY 20: 9.3m) after charging these increased adjusting item costs, increased depreciation and increased finance expenses.

Currency

Currency translation had a minimal impact on both Group net fee income and profits in FY 21. Sterling strengthened through the period against the US Dollar and translation was offset by Sterling weakening against the Euro. In the year, Sterling averaged $1.31 (FY 20: $1.28) and €1.12 (FY 20: €1.15). Currency translation immaterially increased FY 21 Group net fee income by £0.2m (0.2%), albeit the individual geographic regional results were more affected. On a constant currency basis, North America net fee income growth would increase to 16.9% and Europe & Asia would report 14.5% total net fee income growth.

Net Finance Expense

Net finance costs increased in the year to £1.2m (FY 20: £1.1m), arising from increased revolving credit facility ("RCF") charges, owing to the Group's precautionary drawing of the facility in the first half. This was offset by a reduction in the annual unwinding of the discount applied to deferred and earn-out consideration due on recent acquisitions, following deferred consideration payments made in the year.

Taxation

Pre-tax profit, after non-operating adjusting items, was £9.0m (FY 20: £9.3m). The Group's tax charge remained consistent for the year at £3.1m (FY 20: £3.1m), reflecting the lower taxable profit, utilisation of certain Group reliefs, partially offset by disallowable expense items and an increase in the blended tax rate of the jurisdictions in which the Group operates. The Group's cash tax payment in the year was £5.7m (FY 20: £2.4m) as certain COVID-related deferrals from FY 20 were also repaid in full in the year.

For further taxation details, see notes 8 and 9 to the consolidated financial statements. Adjusted profit after tax is shown after adjustments for the applicable tax rates on adjusting items as set out in note 4.

Acquisition Activity

Since the acquisitions of Axxsys and Obsidian in the prior year, the Group has focussed on the successful integration of their product and service offerings and their teams into the Alpha Group, and has begun to bring the benefits of these acquisitions to the client base.

Axxsys has integrated into the Group well and grown since acquisition, particularly in further expanding the team to take advantage of opportunities across Europe. Since acquiring Obsidian within ADS, the Obsidian technology integration work to align technology protocols with the ADS 360 SalesVista product set was completed early in the first half of the year, with the combined ADS Obsidian product now successfully implemented for several Alpha clients. These one-off integration costs completed in early FY 21 and totalled £0.1m in the year.

After the year end, on 20 May 2021, the Group announced the acquisition of Lionpoint for a maximum payable amount of $90.0m. Lionpoint represents a highly complementary business within the alternatives investments segment and provides an attractive opportunity to expand the range of services provided to the combined client base. Please refer to note 26 for further detail.

Earnings per Share

Adjusted earnings per share ("EPS") improved 4.9% to 14.91p per share (FY 20: 14.21p) and, after including the adjusting expense items, the basic EPS is 5.75p per share (FY 20: 6.11p). Adjusted diluted EPS increased 4.7% to 14.26p (FY 20: 13.62p). As at 31 March 2021, 7,613,969 share options remained outstanding, with 1,818,562 share options having vested during the year.

Cash Flow and Net Funds

The Group enjoyed strong cash generation with net cash generated from operating activities rising to £21.0m (FY 20: £18.2m) and, after adjusting for employment-linked acquisition payments, to £22.3m (FY 20: £19.9m). This represents a 111% adjusted cash conversion rate from adjusted operating profit and improves on FY 20's 106% adjusted cash conversion rate, through an ongoing focus on working capital and on internal process rigour around timely debtor collection.

The Group's income tax paid totalled £5.7m (FY 20: £2.4m). A total of £4.0m acquisition payments were paid during the year in relation to Axxsys, Obsidian and TrackTwo deferred considerations, £1.2m of which was employment-linked. Capitalised development expenditure reduced from last year following completion of the initial investment programme in the ADS product suite.

Net interest paid was £0.5m (FY 20: £0.1m), reflecting the cost of maintaining and, in the first half, drawing the Group's RCF, less the benefit of holding net cash balances through the year. At the year end, the Group's cash position had improved to £34.0m net cash (FY 20: £26.0m), having repaid the drawn down RCF in full during the year.

As previously reported, the Group renewed and extended its committed RCF with Lloyds Banking Group in June 2020 into a £20.0m committed facility. This facility is undrawn and, alongside cash balances, ensures Group funding flexibility. Further details are set out in note 6.

Statement of Financial Position

The Group continues to maintain a strong financial position. The Group's non-current assets movement is driven by intangible assets, which continue to amortise, with no new additions in the year. A key change to the Group's statement of financial position relates to the recognition in the year of £0.3m capitalised implementation costs arising from ADS software implementations, in which certain client contracts extend over a period of greater than one year. Expenditure incurred ahead of the satisfaction of the relevant contractual performance obligations is capitalised and amortised across the expected life of the contract. See note 15 for further detail.

Trade and other receivables balances decreased in FY 21, principally from continued improvement in debtor collections during the year. The Group ended the year with £34.0m of cash, having also repaid the £5.0m drawings on the RCF facility in the year.

Trade and other payables balances increased, representing an increased level of accruals, including the directors' salary sacrifices, which were fully accrued for repayment after the year end and higher profit share accruals owing to the enlarged team size and good performance. Total acquisition related deferred consideration and earn-out liabilities have also increased slightly, as disclosed in note 13, which relates to the increase in the fair value of the Axxsys earn-out liability and employment-linked consideration, and the unwinding of discounting, offset by deferred consideration payments made during the year.

Chief Financial Officer's Report continued

As noted, after the year end, the Group acquired the Lionpoint Group. The initial cash payments on completion totalled £24.5m, with cash balances replenished with an equity placing raising £31.1m, before expenses, from the Group's supportive shareholder base. The Group continues to maintain a strong balance sheet.

Dividends

The Board was delighted to reinstate the interim dividend at the half year. In view of Alpha's performance through the past year and its strong cash position at the year end, the Board is recommending a final dividend of 4.85p per share (FY 20: nil), bringing the total for the year to 6.95p (FY 20: 2.10p), in line with the Group's policy to pay out approximately 50% of adjusted profit after tax.

Total Shareholders' Funds

Total shareholders' funds increased to £94.4m (March 2020: £91.4m). The changes in equity reserves reflect the retained profit after tax for the year, currency movements on overseas asset and goodwill values, the addition of further share-based payment reserves and the payment of dividends. As at 31 March 2021, the Company had 106,521,966 ordinary shares in issue, of which no shares were held in treasury and 4,413,628 shares were held in the Company's employee benefit trust ("EBT") to satisfy future option vesting.

Risk Management and the Year Ahead

The Group's risk management approach includes regular monitoring of macro-economic and end-market conditions and assessing the potential impacts across all business areas. In the risk management framework, which has been reviewed during the year, the executive team, including me as Chief Financial Officer and the Global Chief Executive Officer, has primary responsibility for keeping abreast of developments that may affect the implementation of the Group's strategy and financial performance. This entails identifying the appropriate mitigating actions that should be taken and ensuring, as far as possible, that those actions are then executed by the senior management team. The Board as a whole oversees risk and, within that framework, considers the material risks that the Group faces and agrees on the principal risks and uncertainties. Alpha has a set of core company values, which are embedded globally, that reflect the Group's ethical and responsible approach to operating and managing the business.

In the early months of the financial year, Alpha took several early decisive steps in response to the pandemic, implementing protective measures in March to reduce costs and maintain liquidity. All of these measures have now been reversed, with full FY 20 profit share payments made to the team in November 2020, and full director salaries reinstated for the Board, senior leadership and broader director team, and salary sacrifices repaid after the year end, in response to the resilience and performance demonstrated by the Group in the period.

Alpha will continue to monitor the COVID-19 situation closely and will act sensitively and appropriately in managing the Group in the interests of all stakeholders. The formal departure of the UK from the European Union at the end of 2020 had no noticeable effect on the Group and any further developments will continue to be monitored.

The Board has considered all of the above factors in its review of going concern and has been able to conclude the review positively. While cognisant of potential macro-economic risks and the competitive environment, the Group's people, investment in product and service offerings and increasing international footprint help position Alpha for the year ahead. Alpha has delivered an exceptionally resilient year, demonstrating good revenue and adjusted EBITDA growth, while maintaining a strong pipeline and set of capabilities to take advantage of future opportunities.

The Group finished the year well positioned to achieve our future growth aspirations, further enhanced by the subsequent acquisition of Lionpoint. We look forward to further progress.

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Continuing operations			
Revenue	2	**98,066**	**90,901**
Rechargeable expenses	2	(112)	(1,977)
Net fee income	2	**97,954**	**88,924**
Cost of sales	2	(63,130)	(54,521)
Gross profit	2	**34,824**	**34,403**
Administration expenses		(24,648)	(23,977)
Operating profit	3	**10,176**	**10,426**
Depreciation	7, 14	1,085	1,022
Amortisation of capitalised development costs	12	613	428
Adjusting items	4	9,833	8,372
Adjusted EBITDA	4	**21,707**	**20,248**
Finance income	6	–	1
Finance expense	6	(1,207)	(1,133)
Profit before tax		**8,969**	**9,294**
Taxation	8	(3,142)	(3,127)
Profit for the year		**5,827**	**6,167**
Exchange differences on translation of foreign operations		(3,104)	1,311
Total comprehensive income for the year		**2,723**	**7,478**
Basic earnings per ordinary share (p)	11	5.75	6.11
Diluted earnings per ordinary share (p)	11	5.50	5.85

Consolidated statement of financial position

As at 31 March 2021

	Note	As at 31 March 2021 £'000	Restated[44] as at 31 March 2020 £'000
Assets			
Non–current assets			
Goodwill	12	63,067	64,642
Intangible fixed assets	12	21,648	25,774
Property, plant and equipment	14	415	530
Right-of-use asset	7	1,816	2,611
Capitalised implementation costs		154	–
Total non–current assets		**87,100**	**93,557**
Current assets			
Trade and other receivables	15	17,938	21,212
Cash and cash equivalents	16	34,012	25,996
Total current assets		**51,950**	**47,208**
Current liabilities			
Trade and other payables	17	(27,241)	(26,018)
Corporation tax		(1,792)	(4,150)
Lease liabilities	7	(514)	(791)
Interest bearing loans and borrowings	19	–	(5,000)
Total current liabilities		**(29,547)**	**(35,959)**
Net current assets		**22,403**	**11,249**
Non-current liabilities			
Deferred tax provision	9	(3,022)	(4,438)
Other non-current liabilities	18	(10,737)	(7,104)
Lease liabilities	7	(1,379)	(1,878)
Total non-current liabilities		**(15,138)**	**(13,420)**
Net assets		**94,365**	**91,386**
Equity			
Issued share capital	20	80	78
Share premium		89,396	89,396
Capital redemption reserve		–	–
Foreign exchange reserve		302	3,406
Other reserves		4,044	1,652
Retained earnings		543	(3,146)
Total shareholders' equity		**94,365**	**91,386**

The notes on pp 131-66 form part of these consolidated financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 24 June 2021.

Euan NB Fraser
Global Chief Executive Officer

John C Paton
Chief Financial Officer

[44] For further information on prior period restatements, please refer to the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1.

Consolidated statement of cash flows

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities:			
Operating profit for the year		10,176	10,426
Depreciation of property, plant and equipment	7, 14	1,085	1,022
Loss on disposal of fixed assets		13	11
Amortisation of intangible fixed assets	12	4,130	3,804
Share-based payment charge	21	1,693	917
Operating cash flows before movements in working capital		**17,097**	**16,180**
Working capital adjustments:			
Decrease in trade and other receivables		3,221	30
Increase in trade and other payables		6,424	4,444
Tax paid		(5,707)	(2,446)
Net cash generated from operating activities		**21,035**	**18,208**
Cash flows from investing activities:			
Interest received		–	1
Acquisition of subsidiaries, net of acquired cash		(2,752)	(7,339)
Capitalised development costs	12	–	(1,387)
Purchase of property, plant and equipment, net of disposals		(151)	(349)
Net cash used in investing activities		**(2,903)**	**(9,074)**
Cash flows from financing activities:			
Issue of ordinary share capital		–	(1)
(Repayment)/drawdown of bank borrowings	19	(5,000)	5,000
Interest and bank loan fees		(486)	(47)
Principal lease liability payments		(809)	(706)
Interest on lease liabilities	7	(102)	(129)
Dividends paid	10	(2,136)	(6,256)
Net cash used in financing activities		**(8,533)**	**(2,139)**
Net increase in cash and cash equivalents		**9,599**	**6,995**
Cash and cash equivalents at beginning of the period		25,996	18,581
Effect of exchange rate fluctuations on cash held		(1,583)	420
Cash and cash equivalents at end of the period		**34,012**	**25,996**

Consolidated statement of changes in equity

For the year ended 31 March 2021

	Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 1 April 2019	76	89,396	1	2,095	737	(3,056)	89,249
Comprehensive income							
Profit for the year	–	–	–	–	–	6,167	6,167
Foreign exchange differences on translation of foreign operations	–	–	–	1,311	–	–	1,311
Transactions with owners							
Shares issued (equity)	2	–	(1)	–	–	(1)	–
Share-based payment charge	–	–	–	–	917	–	917
Deferred tax recognised in equity	–	–	–	–	(2)	–	(2)
Dividends	–	–	–	–	–	(6,256)	(6,256)
As at 31 March 2020	**78**	**89,396**	**–**	**3,406**	**1,652**	**(3,146)**	**91,386**
Comprehensive income							
Profit for the year	–	–	–	–	–	5,827	5,827
Foreign exchange differences on translation of foreign operations	–	–	–	(3,104)	–	–	(3,104)
Transactions with owners							
Shares issued (equity)	2	–	–	–	–	(2)	–
Share-based payment charge	–	–	–	–	1,693	–	1,693
Net settlement of vested share options	–	–	–	–	(100)	–	(100)
Current tax recognised in equity	–	–	–	–	374	–	374
Deferred tax recognised in equity	–	–	–	–	425	–	425
Dividends	–	–	–	–	–	(2,136)	(2,136)
As at 31 March 2021	**80**	**89,396**	**–**	**302**	**4,044**	**543**	**94,365**

Share capital
Share capital represents the nominal value of share capital subscribed.

Share premium
The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium, net of associated share issue costs.

Capital redemption reserve
The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

Foreign exchange reserve
The foreign exchange reserve represents exchange differences that arise on consolidation from the translation of the financial statements of foreign subsidiaries, including goodwill.

Other reserves
The other reserves represent the cumulative fair value of the IFRS 2 share-based payment charge to be recognised each year and equity-settled consideration reserves.

Retained earnings
The retained earnings reserve represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Notes to the consolidated financial statements

1. Basis of preparation and significant accounting policies

General information

The principal activity of the Group is the provision of consulting and related services to clients in the asset management, wealth management and insurance industries, principally in the UK, North America, Europe and Asia.

Alpha Financial Markets Consulting plc is incorporated in England and Wales with registered number 09965297. The Company is a public limited company, is listed on the AIM of the London Stock Exchange and its registered office is 60 Gresham Street, London, EC2V 7BB.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 24 June 2021.

Basis of preparation

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

These financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value.

The presentational currency of these financial statements and the functional currency of the Group is Pounds Sterling. All amounts in these financial statements have been rounded to the nearest £1,000.

Going concern

In assessing the Group's and the Company's abilities to continue on a going concern basis for a period of at least 12 months from the approval of these financial statements (the "going concern period"), the Directors considered the Group's projected cash flows, cash liquidity and existing borrowing facilities.

As at 31 March 2021, the Group held considerable financial resources including cash balances of £34.0m. The Group also has access, throughout the going concern period, to a revolving credit facility ("RCF") of £20.0m, which remains undrawn at the date of approval of these financial statements, providing further liquidity. See note 6 for details of the Group's banking facility and also note 22 for details of the financial risks facing the Group.

Subsequent to the year end, in May 2021, the Group announced the acquisition of Lionpoint Holdings, Inc. alongside a share placing. The £31.1m gross proceeds of the share placing exceeded the initial $34.5m (£24.5m) acquisition consideration paid on completion. As a result, the Group added to its cash resources and retains a strong liquidity position following the acquisition. Refer to note 26 for further detail.

The Group prepared cash-flow forecasts covering the going concern period. The base case assumes trading performance over the forecast period in line with average revenue growth in recent years at similar margins, and additionally incorporates future cash flows related to the newly acquired Lionpoint business, including expected payments of deferred and earn-out considerations. The Directors considered the principal risks and mitigants (as set out on pp 46-50) and analysed a range of cash-flow downside scenarios including a "severe but plausible" downside scenario reducing revenue by 20 per cent compared to the base case, while assuming the maximum Lionpoint acquisition payments. The Directors considered this appropriate, noting the Group's continued growth and strong cash conversion and the Group's new business pipeline, while also remaining cognisant of the residual uncertainty in the macro-economic environment arising from the ongoing COVID-19 pandemic. The "severe but plausible" downside scenario does not require the drawdown of the Group's RCF. After careful consideration of these downside scenarios, the Directors are satisfied that the Group's existing resources are adequate to meet its requirements over the going concern period.

Consequently, the Directors have a reasonable expectation that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for a period of at least 12 months from the approval of these financial statements. On this basis, the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

These financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 31 March 2021.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-Group balances, income and expenses and unrealised gains and losses resulting from intra-Group transactions are eliminated in full.

Principal accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Significant judgements and estimates

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

In the process of applying the Group's accounting policies, the Directors have made one judgement (excluding those involving estimations), which is considered to have a significant effect on the amounts recognised in the financial statements for the period ending 31 March 2021.

Employment-linked acquisition payments (note 13)

The contingent and non-contingent consideration related to previous acquisitions are part linked to the ongoing employment of certain of the management vendors and judgement has been applied in determining whether any future payments should be classified as consideration or as remuneration for future services. This apportionment in the financial statements is based on the interpretation of multiple complex clauses within the share purchase agreement ("SPA") of the relevant acquisition.

A number of estimates have been made in the preparation of the financial information. The assumptions underlying the Group's estimates are based on historical experience and various other factors that are deemed to be reasonable under the circumstances. These assumptions form the basis of developing estimates of the carrying values of assets and liabilities that are not apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the year in which the estimate is revised and any future years affected. Actual results can differ from these estimates.

The Directors have identified the following areas as key estimates that are considered to have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Share-based payments (note 21)

Management has estimated the share-based payments expense under IFRS 2. In determining the fair value of share-based payments, management has considered several internal and external factors in order to judge the probability that management and employee share incentives may vest and to assess the fair value of share options at the date of grant. Such assumptions involve estimating a number of future performance and other factors. The fair value calculations have been externally assessed for reasonableness in the current and prior period.

Acquisition earn-outs (note 13)

The Obsidian and Axxsys earn-out expense calculations under IFRS 3 contain estimation uncertainty, as the earn-out potentially payable in each case is linked to the future performance of the acquiree. In order to determine the fair value of the earn-out at the acquisition date, management has assessed the potential future cash flows of the Axxsys and Obsidian businesses respectively, the likelihood of an earn-out payment being made and discounted using an appropriate discount rate. These estimates are also affected by residual market uncertainty due to the current COVID-19 environment and could potentially change as a result of related events over the coming years. Refer to note 22 for sensitivity analysis.

Property, plant and equipment

All property, plant and equipment are stated at historical cost (or deemed historical cost) less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight-line basis at the following annual rates:

Tangible fixed asset	Useful economic life
Leasehold improvements	3–10 years
Fixtures and fittings	4 years
Computer equipment	3–6 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

Business combinations, goodwill and consideration

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date.

Goodwill arises when the fair value of the consideration for a business exceeds the fair value of the net assets acquired.

In determining the fair value of intangible assets arising on business combination, management is required to make judgements regarding the timing and amount of future cash flows applicable to the intangible assets being acquired, discounted using an appropriate discount rate. Such judgements are based on current budgets and forecasts, extrapolated for an appropriate period, taking into account growth rates and expected changes to selling prices and operating costs. Management estimates an appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the businesses being acquired (see note 12).

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually as described below.

Impairment reviews – goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually or, more frequently, when there is an indication that the unit may be impaired.

The Group performs impairment reviews at the reporting period end to identify any goodwill or intangible assets that have a carrying value that is in excess of its recoverable amount. Determining the recoverability of goodwill and intangible assets requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, the carrying value of the asset will be reduced to its recoverable amount with the difference recorded as an impairment charge in the income statement. An impairment loss recognised for goodwill is not reversed.

In accordance with IAS 36, the Group has tested goodwill for impairment at the balance sheet date. No goodwill impairment was deemed necessary at 31 March 2021.

Contingent and non-contingent deferred consideration on acquisition

Contingent and non-contingent deferred consideration may arise on acquisitions. Non-contingent deferred consideration may arise when settlement of all or part of the cost of business combination falls due after the acquisition was completed. Contingent deferred consideration may arise with consideration dependent on the future performance of the acquired company.

Deferred consideration associated with business combinations settled in cash is assessed in line with agreed contractual terms. Consideration payable is discounted for the time value of money and recognised as capital investment cost when the deferred or contingent consideration is not employment-linked. Alternatively, consideration is recognised as remuneration expense over the deferral or contingent performance period, where consideration payable is also contingent upon future employment.

In circumstances where the acquiree has an option to receive consideration in the form of cash or a variable number of shares, the Group has recognised a financial liability for the fair value of the discounted consideration. Where consideration is settled in a fixed number of shares, the consideration is classified as equity, it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the deferred consideration are recognised in the statement of comprehensive income.

At each balance sheet date, consideration liabilities comprise the fair value of the remaining contingent or non-contingent deferred consideration valued at acquisition. Contingent earn-out liabilities for acquisitions under IFRS 3 contain estimation uncertainty, as they relate to future performance. Management has assessed the potential future cash flows of each acquired business, the likelihood of an earn-out payment being made and discounted using an appropriate discount rate (see note 13).

Other intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any impairment losses.

Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset under IAS 38. Such assets are only recognised if either:

- They are capable of being separated or divided from the company and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the company intends to do so; or
- They arise from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.

The cost of such intangible assets is their fair value at the acquisition date. All intangible assets acquired through business combination are amortised over their estimated useful lives. The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of the intangibles acquired in business combinations are as follows:

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

Intangible asset	Useful economic life	Valuation method
Customer relationships	11-17 years	Multi-Period Excess Earnings method
Intellectual property	7 years	Relief from Royalty method
Trade name	10-15 years	Relief from Royalty method
Order backlog	1-2 years	Multi-Period Excess Earnings method

Internally developed intangible assets

Capitalised development costs represent the costs incurred in the development of enhancements to internally-generated software, primarily within the Alpha Data Solutions business.

A useful economic life of 3 years has been deemed appropriate based on the expected project lifecycle in development of new software. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Foreign exchange

Transactions in foreign currencies are translated to the relevant entity's functional currency at the average foreign exchange rate in the month of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the average exchange rate in the month of the date of the transaction. Foreign exchange differences arising on translation to functional currency are recognised in the consolidated statement of income.

The revenues and expenses of foreign operations are translated to the Group's functional currency at the average foreign exchange rate in the month of the date of the transactions. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, pound sterling, at foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on retranslation of assets and liabilities relating to foreign operations are recognised in other comprehensive income.

Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, preference shares, loan notes and other short-term instruments, such as trade payables that arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and working capital requirements.

An outline of the accounting policies in respect of financial instruments follows.

Financial assets

Financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Group has not reclassified any financial assets subsequent to initial recognition as at the balance sheet date. Reclassification of classes of financial assets is accounted for prospectively in accordance with IFRS 9, where this is required. Any difference on reclassification from amortised cost to fair value through profit or loss is recognised in the profit and loss at the reclassification date.

Financial assets are assessed at each reporting date to determine a lifetime expected credit loss that reflects the credit risk associated with the portfolio of assets. A financial asset is impaired in line with the simplified approach under IFRS 9, which uses a lifetime expected loss allowance.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impairment asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through statement of comprehensive income.

Refer to note 22 for the disclosure of financial assets measured at amortised cost.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The provision is recognised in the income statement as an operating charge.

The trade receivables balances recorded in the Group's statement of financial position comprise a relatively small number of large balances and are held until realised in cash.

Alpha provides services to customers on credit terms with mainly arrears billing. Certain receivables may not be paid. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit characteristics and the days past due. The Group considers historical loss rates for each ageing category as a starting point for estimating the expected credit loss. This historical loss rate is subsequently adjusted for macro-economic and customer-specific factors of receivables within each ageing category. Characteristics considered by the Group for these purposes include: historical collection experience for each customer; the assessed liquidity of key customers within the receivables balance; and other relevant macro-economic factors such as COVID-19 and Brexit in order to determine a reasonable and supportable assessment of the expected lifetime credit risk in the context of the overall year-end trade receivables due.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are recorded and subsequently measured at amortised cost in line with IFRS 9. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. As at 31 March 2021, the Group had no such financial liabilities.

Refer to note 22 for the disclosure of financial liabilities measured at amortised cost.

Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost. Trade payables due within one year are not discounted.

Current and deferred tax

Taxation expense on the result for the period comprises current and deferred tax. Current and deferred tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

External borrowings

All loans and borrowings are initially recognised at the fair value of consideration received. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the Effective Interest method.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates independent cash inflows (the "cash-generating unit", the "CGU"); that is, cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and, then, to reduce the carrying amounts of other assets in the unit (or group of units) on a pro-rata basis.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

An impairment loss relating to non-financial assets, excluding goodwill, is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Right-of-use assets relating to the Group's leasing activities are recognised on the balance sheet at an amount equal to the lease liability on initial measurement, less any lease incentives, plus any initial direct costs. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For further information refer to the "Leases" section on the accounting treatment for leases under IFRS 16 and note 7.

Leases

The Group leases office premises in various jurisdictions. Leases are negotiated on an individual basis, and for a variety of terms over which rentals are fixed with break clauses and options to extend for a further period at the then prevailing market rate. Rental agreements to which IFRS 16 has been applied, span anywhere from 13 months to 10 years. Contracts may contain both lease and non-lease components. Non-lease components are separately identifiable and excluded from the lease for the purpose of IFRS 16 implementation.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Alongside the rental leases associated with the office spaces, Alpha also hold leases over associated car parking facilities and leases associated with office equipment. These form the population of leases subject to review under IFRS 16.

Measurement of lease liabilities

On initial recognition of a new lease, the lease liability is recognised as the present value of future payments, discounted using the incremental borrowing rate ("IBR"), unless the interest rate implicit to the lease is available for use.

Lease payments to be made subsequent to optional termination options have been included within the lease liability measurement, where it is reasonably certain that such options will be exercised. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be easily determined, the IBR is applied, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group accounts for lease payments by allocating them to a finance cost element and against the lease liability. The finance cost is charged to profit or loss over the lease period.

When the Group revises its estimate of the term of any lease (for example, if the probability of a lessee extension or termination option being exercised is re-assessed), the Group adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. In such cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

In determining the IBR, the Group has:

- Adopted the rate implicit in the lease, where this rate can be readily determined, or used the IBR as assessed for each lease.
- Made adjustments to the IBR for relevant factors such as lease term, lease value, country and asset specific considerations.

The Group has no material exposure to variable lease payments that qualify for accounting treatment under IFRS 16.

Measurement of right-of-use assets

The right-of-use asset for lease agreements entered into after transition date is measured on initial recognition as the amount equal to the lease liability on initial measurement, less any lease incentives, plus any initial direct costs. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group has used the practical expedients permitted by IFRS 16 in relation to accounting for leases with a remaining lease term of less than 12 months as "short-term leases", and those with a low value as "low value leases". Consequently, no lease liability or right-of-use asset was calculated thereon. These leases are expensed in the statement of profit and loss. The Group also applies the practical expedient to combine leases with similar characteristics to a portfolio of leases for the purpose of applying the requirements of IFRS 16.

Revenue recognition

Recognition of revenue and client billing

Revenue consists of the value of work executed for clients during the year and expenses recharged, exclusive of VAT. Revenue is classified into net fee income and recharged expenses. Net fee income represents the Group's personnel, subcontractor and related expertise and services sold to clients. Recharged expenses is the recharge of costs incidental to fulfilling contracts including flights, subsistence and accommodation on which nil or negligible margin is earned by the Group.

The Group delivers services that have no alternative use to Alpha (advice to clients, reports, etc) as the services are specifically tailored to clients' projects and scope of work. The significant majority of Alpha's revenue is contracted on a time and materials basis, where the performance obligation is to provide consultancy resources at agreed day rates. In such contracts, revenue is recognised over time, as the number of consultant days worked are delivered. Modifications or extensions to such projects are recognised as delivered. Significant extensions, where the scope or price of the contract increases, are treated as separate contracts. Contracts accounted for on a time and materials basis are billed incrementally, typically monthly, for incurred time and materials.

Revenue recognition for fixed fee projects is based on the actual service provided to the end of the reporting period as a proportion of total services to be provided either over time or in line with internally or externally identified project milestones, depending on the nature of the performance obligations for the project. Material scope changes are managed via a new agreement with the client. Fixed fee projects are typically billed in accordance with the nature of the performance obligations when a right to payment crystallises.

For fixed fee milestone projects, revenue is recognised at a point in timed upon delivery of each performance obligation. These projects are billed as the contractual milestones are delivered and the right to payment exists.

Revenue relating to right-to-access software licensing fees is recognised over time, as the benefits of the software are consumed by the customer over the licence period. Associated implementation and other services are recognised in line with the underlying performance obligation, either over the contractual licence period where the associated service is not distinct from the licence, or in line with the work performed where the service provided is deemed distinct from the underlying licence. This assessment is made at a contractual level based on the level of interdependency between the promises in each related contract.

Revenue is wholly attributable to the principal activities of the Group. For all revenue types, payment is typically due between 30 and 60 days after the invoice date or receipt of invoice, depending on the client and geography.

Recognition of contract receivables

Activity performance recognised as revenue in excess of invoices raised are contract receivables and are included within accrued income, up to the value of the relevant project delivery milestone, where applicable. On invoicing, the contract receivable is reclassified to trade receivables.

Recognition of contract liabilities

Where amounts have been invoiced in excess of work performed and recognised, the excess is a contract liability and is included within deferred income and valued in line with the nature of the project and related performance obligations as described above and recognised in future periods.

Cost of sales

Cost of sales is defined by management as the direct costs associated with the generation of the Group's revenue, including staff payroll and contractor costs, subsistence and travel that are directly attributable to the delivery of services and supporting growth.

With regard to the Group's software licensing arrangements, costs directly related to non-distinct implementation work that are incurred prior to the commencement of the licence are initially recognised as an asset and are subsequently amortised through cost of sales on a systematic basis, in line with the transfer of goods or services to the customer.

Segmental reporting

An operating segment is a component of the Group:

(i) That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
(ii) Whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to that component and assess its performance; and
(iii) For which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, as required by IFRS 8 "Operating Segments". The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment profit represents the gross profit earned by each segment without allocation of administrative expenses, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

The Board regularly reviews consolidated operating results to make decisions about the financial and organisational resources of the Group and to assess overall performance.

Employee benefits

Defined contribution pension plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have a legal or constructive obligation to pay further amounts. Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions paid are shown as either accruals or pre-payments in the statement of financial position.

Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the statement of profit or loss.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

In determining the fair value of share-based payments under IFRS 2, management has considered a number of internal and external factors in order to judge the probability that management and employee share incentives may vest. Such judgements involve estimating future performance and other non market-based factors.

At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the statement of profit or loss, with a corresponding adjustment to equity. Fair value is measured by the use of a binomial model. The assumptions have been adjusted, based on management's best estimate, for the effects of non-transferability, lack of dividend until vesting and exercise restrictions.

The fair value calculations in both the current and prior periods have been externally assessed and deemed reasonable in the circumstances.

After vesting, the Group satisfies share option exercises either through the issuance of new ordinary shares, or through the transfer of existing shares held in the Company's EBT to the employee. Any share options not exercised upon vesting remain outstanding until the end of the contracted exercise period.

Other benefits

The Group operates a profit share bonus scheme that aims to pay employees a percentage of an individual's salary, subject to country or regional-level corporate performance in the period. The profit share is accrued in the financial year, based on management's best estimates of the staff bonuses to be paid considering the overall financial performance and recognised as an employee benefit expense in the income statement.

Short-term employee benefits including holiday pay are accrued as services are rendered.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share assumes conversion of all potentially dilutive contingently issuable shares, which arise from share options outstanding. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value from the future assumed proceeds of the outstanding share options.

Alternative performance measures

In order to provide further information on the underlying performance of the Group, Alpha uses alternative performance measures ("APMs"). The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but have been included as the Directors consider them to be helpful measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. The disclosure of these measures within the financial statements is designed to provide the user with equivalent information, and to supplement those measures disclosed under IFRS. The Group performs a reconciliation for each APM, which includes disclosure of the most directly reconcilable line item, subtotal or total presented under IFRS within the financial statements. Please also refer to note 4.

Dividend policy
Dividends proposed by the Board are recognised in the financial statements when they have been approved by shareholders at the AGM. Interim dividends are recognised when they are paid.

IFRS 3 adjustment in respect of prior year acquisition – Remeasurement of the fair value of goodwill

In line with IFRS 3 Para. 45, and as noted in the interim results, the Group made a measurement period adjustment to the valuation of goodwill associated with the acquisition of Obsidian Solutions Limited in the comparative period ended 31 March 2020, due to a residual net cash payment made in the period. This resulted in an immaterial £89,000 increase in the value of goodwill and current liabilities, which has been reflected in the restated statement of financial position as at 31 March 2020.

This restatement has had no impact on the Group's net assets and reserves as at 31 March 2020.

New accounting standards and interpretations

The following changes in accounting policies were applied by the Group in these consolidated financial statements for the year ended 31 March 2021. These included the adoption of new standards and interpretations described below.

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards and interpretations which are now effective:

- IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4);
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of material (Amendments to IAS 1 and IAS 8); and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

The following amendments to existing standards have been issued and became effective in the year as a response to the COVID-19 pandemic:

- Covid-19-Related Rent Concessions (Amendment to IFRS 16), effective from 1 June 2020 and endorsed by the UK on 9 October 2020.

The Directors reviewed the nature and effect of these new standards on the Group and noted no material impact on the financial statements for the year ended 31 March 2021.

The following other standards, interpretations and amendments to existing standards have been issued but were not mandatory for accounting periods beginning on 1 April 2020 and are not expected to have a material impact on the Group.

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective from 1 January 2021;
- Business Combinations (Amendments to IFRS 3), effective from 1 January 2022 (not yet endorsed by the UK);
- Property, Plant and Equipment (Amendments to IAS 16), effective from 1 January 2022 (not yet endorsed by the UK);
- Provisions, Contingent Liabilities and Contingent Assets (Amendments to IAS 37), effective from 1 January 2022 (not yet endorsed by the UK);
- Annual Improvements to IFRS Standards 2018-20 Cycle, effective from 1 January 2022 (not yet endorsed by the UK);
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4), effective from 1 January 2023;
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12), effective from 1 January 2023;
- IFRS 17 Insurance Contracts, effective from 1 January 2023 (not yet endorsed by the UK);
- Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2), effective from 1 January 2023 (not yet endorsed by the UK);
- Classification of liabilities as current or non-current – deferral of effective date (amendment to IAS 1), effective from 1 January 2023; and
- Definition of Accounting Estimates (Amendments to IAS8), effective from 1 January 2023.

Notes to the consolidated financial statements continued

2. Segment information

Group management has determined the operating segments by considering the segment information that is reported internally to the chief operating decision maker, the Board of Directors. For management purposes, the Group is currently organised into three geographical operating divisions: UK, North America and Europe & Asia. The Group's operations all consist of one type: consultancy and related services to the asset management, wealth management and insurance industries.

The Directors consider that there is a material level of operational support and linkage provided to the Group's emerging territories in Europe and Asia as they develop their presence locally, and as such, these clusters of territories have been deemed to constitute one operating segment.

Revenues associated with software licensing arrangements were immaterial in both the current and prior years. Therefore, the Directors consider disaggregating revenue by operating segments is most relevant to depict the nature, amount, timing and uncertainty of revenue and cash flows as may be affected by economic factors.

Segmental revenue

FY 21	UK £'000	North America £'000	Europe & Asia[45] £'000	Total £'000
Revenue	**53,471**	**16,531**	**28,064**	**98,066**
Rechargeable expenses	(51)	(17)	(44)	(112)
Net fee income	**53,420**	**16,514**	**28,020**	**97,954**
Cost of sales	(32,022)	(12,040)	(19,068)	(63,130)
Gross profit	**21,398**	**4,474**	**8,952**	**34,824**
Margin on net fee income[46] (%)	40.1%	27.1%	31.9%	35.6%
Non-current assets	**59,181**	**7,766**	**20,153**	**87,100**

FY 20	UK £'000	North America £'000	Europe & Asia £'000	Total £'000
Revenue	**51,391**	**15,222**	**24,288**	**90,901**
Rechargeable expenses	(864)	(786)	(327)	(1,977)
Net fee income	**50,527**	**14,436**	**23,961**	**88,924**
Cost of sales	(28,247)	(9,672)	(16,602)	(54,521)
Gross profit	**22,280**	**4,764**	**7,359**	**34,403**
Margin on net fee income (%)	44.1%	33.0%	30.7%	38.7%
Non-current assets[47]	**62,779**	**9,785**	**20,993**	**93,557**

During the year, the Group had one customer that comprised more than 10% of the Group's revenues, reporting within the UK segment and comprising £11.7m or 12.0% of Group revenue. No customers comprised more than 10% of Group revenues in FY 20.

The Group's central non-current assets have been allocated to the UK operating segment, except for goodwill (see note 12), intangible assets and right-of-use assets, which have been allocated to relevant operating segments.

In the year, the Group received immaterial COVID-19 related government financial support totalling less than £0.1m, all in Europe & Asia. This has been offset against the related cost of sales, in line with IAS 20.

[45] Within Europe & Asia, France is a material entity and generated profits after tax of £1.9m (FY 20: £1.1m) and revenue of £12.5m (FY 20: £11.2m).
[46] Margin on net fee income is gross profit expressed as a percentage of net fee income. Please refer to note 4 for further detail.
[47] Refer to the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1 for further detail on this restatement.

3. Operating profit

Operating profit for the period is stated after charging/(crediting):

	Note	FY 21 £'000	FY 20 £'000
Amortisation of intangible assets	12	4,130	3,804
Depreciation of property, plant and equipment	7, 14	1,085	1,022
Net foreign exchange losses/(gains)		94	(80)
Rental expense	7	293	597
Impairment provision recognised on trade receivables	15	–	76
Defined contribution pension scheme costs	5	924	952
Share-based payments charge	21	2,496	1,307
Earn-out & deferred consideration	13	3,606	2,761
Integration costs		107	509
Acquisition costs		–	488

Auditor's remuneration:

	FY 21 £'000	FY 20 £'000
Audit fees – parent company	54	50
Audit fees – subsidiary companies	194	142
Other assurance services	–	10

All auditor remuneration relates to audit fees and associated assurance services. There were no additional advisory services provided by the auditor to the Group in both the current and prior years.

4. Reconciliations to alternative performance measures ("APMs")

Alpha uses alternative performance measures ("APMs") that are not defined or specific under the requirements of IFRS. The APMs, including net fee income, margin on net fee income, adjusted EBITDA, adjusted profit before tax, adjusted EPS, adjusted cash conversion and organic growth, are provided to allow stakeholders a further understanding of the underlying trading performance of the Group and aid comparability between accounting periods. They are not considered a substitute for, or superior to, IFRS measures.

Net fee income

The Group disaggregates revenue into net fee income and expenses recharged to clients. Net fee income provides insight into the Group's productive output and is used by the Board to set budgets and measure performance. This APM is reconciled on the face of the income statement and net fee income by segment is reconciled to revenue in note 2.

Profit margins

Margin on net fee income and adjusted EBITDA margin are calculated using gross profit and adjusted EBITDA expressed as a percentage of net fee income. These margins represent the margin that the Group earns on its productive output, excluding nil or negligible margin expense recharges to clients over which the Group has limited control, and allows comparability of the business output between periods. Such adjusted margins are used by the management team and the Board to assess the performance of the Group.

Notes to the consolidated financial statements continued

4. Reconciliations to alternative performance measures ("APMs") continued

Reconciliation of adjusted profit before tax, adjusted operating profit and adjusted EBITDA

	Note	FY 21	FY 20
Profit before tax		**8,969**	**9,294**
Amortisation of acquired intangible assets	12	3,517	3,376
Loss on disposal of fixed assets		13	11
Share-based payments charge	21	2,496	1,307
Earn-out and deferred consideration	13	3,606	2,761
Acquisition costs		–	488
Integration costs		107	509
Foreign exchange losses/(gains)		94	(80)
Adjusting items		9,833	8,372
Non-underlying finance expenses	6	803	951
Adjusted profit before tax		**19,605**	**18,617**
Net underlying finance expenses	6	404	181
Adjusted operating profit		**20,009**	**18,798**
Depreciation of property, plant and equipment	7, 14	1,085	1,022
Amortisation of capitalised development costs	12	613	428
Adjusted EBITDA		**21,707**	**20,248**
Adjusted EBITDA margin (%)		22.2%	22.8%

Adjusting items

Certain expense items, which management believes do not reflect the underlying operating performance of the business, are excluded from adjusted profit measures. These items are generally non-cash, acquisition related or are non-recurring by nature.

Amortisation of acquired intangible assets and profit or loss on disposal of fixed assets are treated as adjusting items to better reflect the underlying performance of the business, as they are non-cash items, principally relating to acquisitions.

The share-based payments charge and related social taxes are excluded from adjusted profit measures. This allows comparability between periods as the Group's share option plans were established on AIM admission. It also aligns more closely with the operational activities of the business, as well as accounts for the fact that the charge is a non-cash item and the fact that estimated future social taxes payable fluctuate with the future market value of shares assumed. This approach has been applied consistently across reporting periods. Note 21 sets out further details of the employee share-based payments expense calculation under IFRS 2.

As per note 13, the acquisitions of Axxsys and Obsidian in the prior year involved deferred contingent and non-contingent consideration payments, which, in accordance with IFRS 3, are being expensed annually over several years, dependent on the ongoing employment of the respective vendors or to reflect adjustments made to the fair value of the expected future payment. This cost has been treated as an adjusting item as, whilst it will recur in the short term, it represents additional payments linked to these acquisitions and not underlying operational performance, allowing comparability across reporting periods.

Other acquisition costs expensed in the prior year relating to the Axxsys and Obsidian acquisitions were also treated as an adjusting item as they were not directly attributable to the ongoing trading performance of the Group.

Integration costs incurred in order to align the acquired Obsidian product suite security and to integrate the technology protocols with the ADS 360 SalesVista product directly result from the acquisition of Obsidian in the prior year. Integration was completed in April 2020 and was managed as a discrete short-term project subsequent to the acquisition. These costs are excluded from adjusted profit measures to allow clarity on the underlying operational performance of the Group between periods.

Similarly, the impact of foreign currency volatility in translating local working capital balances to their relevant functional currencies has been excluded from the calculation of adjusted profit measures on the basis that such exchange rate movements do not reflect the underlying trends or operational performance of the Group.

Non-underlying finance expenses

In calculating adjusted profit before tax, unwinding of the discounted contingent and non-contingent acquisition consideration within finance expenses is considered non-underlying as these amounts relate to acquisition consideration, rather than the Group's underlying trading performance.

Adjusted profit before tax

Adjusted profit before tax is an APM calculated as profit before tax stated before the adjusting items above, including amortisation of acquired intangible assets, share-based payment charge, acquisition-related consideration and costs, non-underlying finance expenses and other non-underlying expenses. This measure was introduced in the prior year to allow comparability of the Group's underlying performance after the adoption of IFRS 16. This measure also reflects the underlying amortisation charges arising from capitalised development costs relating to ADS product development. This measure will likely be of increasing importance in allowing comparability across periods as the ADS business grows further in future periods.

Adjusted operating profit

Adjusted operating profit is an APM defined by the Group as adjusted profit before tax before charging underlying finance expenses, including fees on bank loans and interest on lease liabilities. The Directors consider this metric aligned to the defined components of operating profit, adjusted for the adjusting items above, and provides a clearer view of the underlying operating performance of the business. This measure is used as the basis for adjusted cash conversion.

Adjusted EBITDA

Adjusted EBITDA is a commonly used operating measure, which is defined by the Group as adjusted operating profit stated before non-cash items, including amortisation of capitalised development costs and depreciation of property, plant and equipment. Adjusted EBITDA is a measure that is used by management and the Board to assess trading performance across the Group and forms the basis of the performance measures for aspects of remuneration, including consultant profit share.

Adjusted profit after tax

Adjusted profit after tax and adjusted earnings per share metrics are also APMs, similarly used to allow a further understanding of the underlying performance of the Group. Adjusted profit after tax is stated before adjusting items and their associated tax effects. The associated tax effects are calculated by applying the relevant effective tax rate to allowable expenses that have been excluded as adjusting items.

	FY 21 £'000	FY 20 £'000
Adjusted profit before tax	**19,605**	**18,617**
Tax charge	(3,142)	(3,127)
Tax impact of adjusting items	(1,358)	(1,142)
Adjusted profit after tax	**15,105**	**14,348**

Adjusted earnings per share

Adjusted earnings per share ("EPS") is calculated by dividing the adjusted profit after tax for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Adjusted diluted EPS is calculated by dividing adjusted profit after tax by number of shares as above, adjusted for the impact of potential ordinary shares. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share). Refer to note 11 for further detail.

	FY 21 £'000	FY 20 £'000
Adjusted EPS		
Adjusted EPS (p)	14.91	14.21
Adjusted diluted EPS (p)	14.26	13.62

Notes to the consolidated financial statements continued

4. Reconciliations to alternative performance measures ("APMs") continued

Reconciliation of underlying administrative expenses

	Note	FY 21 £'000	FY 20 £'000
Administrative expenses		24,648	23,977
Adjusting items		(9,833)	(8,372)
Depreciation of property, plant and equipment	7, 14	(1,085)	(1,022)
Amortisation of capitalised development costs	12	(613)	(428)
Adjusted administrative expenses		**13,117**	**14,155**

To express on the same basis as the APMs described above, adjusted administration expenses are stated before adjusting items, depreciation and amortisation of capitalised development costs and are used by the Board to monitor the underlying administration expenses of the business in calculating adjusted EBITDA.

Adjusted cash generated from operating activities

Adjusted cash generated from operating activities excludes any employment-linked acquisition payments and other acquisition costs expensed in the year, treated as operating cash flows under IFRS, to reflect the Group's underlying operating cash flows, exclusive of cash payments relating to acquisitions.

	FY 21 £'000	FY 20 £'000
Net cash generated from operating activities	**21,035**	**18,208**
Employment-linked acquisition payments[48]	1,246	1,200
Acquisition costs	–	488
Adjusted cash generated from operating activities	**22,281**	**19,896**

Adjusted cash conversion

Cash conversion is stated as net cash generated from operating activities expressed as a percentage of operating profit.

Adjusted cash conversion is stated as adjusted cash generated from operating activities expressed as a percentage of adjusted operating profit.

	FY 21	FY 20
Cash conversion	207%	175%
Adjusted cash conversion	111%	106%

Organic net fee income growth

Organic net fee income growth of 8.0% (FY 20: 7.7%) for the current period represents FY 21 net fee income less £1.9m net fee income attributable to the acquisitions completed during the prior period.

Organic net fee income growth excludes net fee income from acquisitions in the 12 months following acquisition. Net fee income from any acquisition made in the period is excluded from organic growth. For acquisitions made part way through the comparative period, the current period's net fee income contribution is reduced to include only net fee income for the period following the acquisition anniversary, in order to compare organic growth on a like-for-like basis.

[48] Total acquisition payments made in the year were £4.0m, comprising £1.2m relating to employment-linked acquisition payments, treated as operating under IFRS, and a further £2.8m considered to be capital in nature and included within investing activities in the Group's consolidated statement of cash flows. Please see note 13 for further details.

Constant currency growth

The Group operates in multiple jurisdictions and generates revenues and profits in various currencies. Those results are translated on consolidation at the foreign exchange rates prevailing in that period. These exchange rates vary from year to year, so the Group presents some of its results on a "constant currency" basis. This means that the current year's results have been retranslated using the average exchange rates from the prior year to allow for comparison of year-on-year results, eliminating the effects of volatility in exchange rates.

Currency translation had a minimal impact on both net fee income and profits in FY 21, as a result of a strengthening Sterling through the period against the US Dollar being offset by weakening against the Euro. In the year, sterling averaged $1.31 (FY 20: $1.28) and €1.12 (FY 20: €1.15). Currency translation immaterially increased FY 21 net fee income by £0.2m or 0.2% (FY 20: £0.3m or 0.4%), albeit the individual geographic regional results were more affected. On a constant currency basis, North America net fee income growth would increase to 16.9% and Europe & Asia would report 14.5% total net fee income growth.

5. Staff costs

The average number of employees employed by the Group, where "employees" includes Executive Directors but excludes contractors, was:

	FY 21 Number	FY 20 Number
UK	197	174
North America	66	53
Europe & Asia	125	128
Administration	48	42
	436	**397**

	FY 21 £'000	FY 20 £'000
Wages and salaries	51,205	42,178
Social security costs	6,069	5,076
Pension costs	924	952
Share-based payment charge	2,496	1,307
	60,694	**49,513**

The Directors are considered to be the key management personnel and details of the Directors' remuneration, including salary, share option awards, pension and other benefits, are included in the tables within the "summary of the Directors' remuneration" and "Directors' share interests and awards" sections of the Remuneration Report on pp 104-08.

The share-based payment charge, including social security taxes, in respect of key management personnel was £353,000 (FY 20: £136,000).

Notes to the consolidated financial statements continued
6. Finance income and expenses

	Note	FY 21 £'000	FY 20 £'000
Bank interest receivable		–	1
Total finance income		**–**	**1**
Interest and fees payable on bank loans		(302)	(53)
Interest on lease liabilities		(102)	(129)
Total underlying finance expenses		**(404)**	**(182)**
Non-underlying finance expenses	4	(803)	(951)
Total finance expenses		**(1,207)**	**(1,133)**
Net underlying finance expenses	4	**(404)**	**(181)**
Net finance expenses		**(1,207)**	**(1,132)**

As at 31 March 2020, the Group had one principal bank facility, which comprised a £5.0m committed RCF facility with Lloyds Bank plc. The RCF was fully drawn in the first half of the year as a protective measure in the light of the business uncertainty brought about by the COVID-19 pandemic and was repaid in full on 30 September 2020.

As previously noted, in June 2020 the Group signed an extension to and upscaling of its RCF with Lloyds Bank plc to provide further funding flexibility. There was no change to the outstanding drawn balance, and no penalties or charges incurred in relation to upscaling the RCF. This amended RCF totals £20.0m and an arrangement fee of £0.3m was paid on signing. This fee has been capitalised and is being amortised over the initial term of the facility through finance expenses. As at 31 March 2021 the £20.0m RCF remains fully undrawn.

7. Leases
Right-of-use assets

	Buildings £'000	Equipment under lease £'000	Total £'000
Cost			
At 1 April 2020	3,364	11	3,375
Additions	149	–	149
Disposals and other movements	(47)	–	(47)
Exchange adjustments	(67)	–	(67)
At 31 March 2021	**3,399**	**11**	**3,410**
Depreciation			
At 1 April 2020	(760)	(4)	(764)
Charge for the period	(826)	(4)	(830)
At 31 March 2021	(1,586)	(8)	(1,594)
Net book value at 31 March 2021	**1,813**	**3**	**1,816**
Net book value at 31 March 2020	2,604	7	2,611

Lease liabilities

A summary of the Group's undiscounted lease liabilities as at 31 March 2021 is presented below:

	FY 21 £'000	FY 20 £'000
Due within 1 year	551	880
Due between 1 and 5 years	1,381	1,741
Due after 5 years	120	310
Total lease liabilities – undiscounted	**2,052**	**2,931**
Impact of discounting	(159)	(262)
Total lease liabilities – discounted	**1,893**	**2,669**

Amounts recognised in the Group's consolidated statement of comprehensive income

Amounts recognised in the income statement in relation to the Group's leases are shown below:

	FY 21 £'000	FY 20 £'000
Depreciation of right-of-use asset	(830)	(764)
Short-term lease expense	(293)	(597)
Low-value lease expense	–	–
Variable service charges	(96)	(89)
Included in administration expenses	**(1,219)**	**(1,450)**
Interest expense on lease liabilities	(102)	(129)
Included in finance expenses	**(102)**	**(129)**

The income statement records, within operating profit, £0.3m relating to leases not within the scope of IFRS 16, such as leases with a lease term of less than 12 months as at the commencement of the lease and therefore treated as "short-term leases". There were no leases with a lease term of more than 12 months that were designated as low value leases in the year.

Total rental payments made in the year on all lease tenors amounted to £1.2m (FY 20: £1.4m). Variable service charge costs associated with the Group's property leases represent future outflows relating to the lease arrangements are also not included within the IFRS 16 lease liability. These currently amount to £0.1m per annum and are expensed as incurred. The Group had no leases committed to but not yet commenced as at 31 March 2021, and any extension options with reasonable certainty at the date of signing these financial statements have been included within the lease liability.

The Group had no income associated with sub-leasing arrangements, or gains/losses associated with sale-and-leaseback transactions in the year ended 31 March 2021.

8. Taxation

	FY 21 £'000	FY 20 £'000
Current tax		
In respect of the current year – UK	2,058	2,473
Foreign taxation	2,282	1,243
Adjustment in respect of prior periods	(242)	(372)
Deferred tax		
In respect of the current year	(959)	(829)
Change in tax rate	–	426
Adjustment in respect of prior periods	3	186
Total tax expense for the year	**3,142**	**3,127**

Notes to the consolidated financial statements continued

8. Taxation continued

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	FY 21 £'000	FY 20 £'000
Profit before taxation	8,969	9,294
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (FY 20: 19%)	1,704	1,766
Effects of:		
Fixed asset differences	(4)	(1)
Expenses not deductible for taxation	463	1,042
Differences due to overseas tax rates	856	74
Adjustments in respect of prior periods	(242)	(372)
Adjustments in respect of prior periods – deferred tax	3	186
Change in deferred tax rate	(13)	406
Current tax charged to equity (share option exercise)	374	–
Deferred tax not recognised	1	26
Total tax expense for the year	**3,142**	**3,127**

Expenses not deductible for taxation relate mainly to employment-linked acquisition consideration, treated as capital for tax purposes, with non-deductible share-based payment charges being offset by current tax credits on share option exercises in the year.

9. Deferred tax

	FY 21 £'000	FY 20 £'000
Net deferred tax liability – at 1 April	4,438	3,193
Prior period transfer	(35)	–
Arising on business combinations	–	1,467
Charged to the statement of comprehensive income	(956)	(217)
Effect of changes in accounting standards	–	(7)
Charged directly to equity	(425)	2
Net deferred tax liability – at 31 March	**3,022**	**4,438**

The UK corporation tax rate legislation announced is set to hold the corporation tax rate at 19% (FY 20: 19%) for the 2020/21 and 2021/22 tax years. This rate has been reflected in the calculation of deferred tax for the year ended 31 March 2021.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. An initial assessment is that this change would increase the Group's future current tax charge accordingly and increase the Group's existing deferred tax liability by £0.6m, reflecting an increased liability recognised on acquired intangible assets partially offset by the increased carrying value of deferred tax assets relating to share options. A detailed analysis of the impact of these changes on the Group's UK tax position will be undertaken in due course.

Movements in deferred tax during the year

	1 April 2020 £'000	Prior period transfer £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2021 £'000
Accelerated capital allowances	40	–	(18)	–	22
Short-term timing differences	(14)	(35)	38	–	(11)
Share options	(517)	–	(259)	(425)	(1,201)
Arising on business combinations	4,929	–	(717)	–	4,212
	4,438	**(35)**	**(956)**	**(425)**	**3,022**

The below table sets out the reconciliation of the net deferred tax liability:

	FY 21 £'000	FY 20 £'000
Deferred tax liabilities	4,239	4,984
Deferred tax assets	(1,217)	(546)
Net deferred tax liabilities	**3,022**	**4,438**

Deferred tax assets recognised within these consolidated financial statements represent the future tax effect of share-based payment charges in respect of awards that have yet to vest and similarly on the initial recognition of right-of-use lease assets under IFRS 16. Deductions in excess of the cumulative share-based payment charge recognised in the statement of profit and loss are recognised in equity.

Deferred tax liabilities represent the future tax impact arising from temporary timing differences between accounting and tax treatments including of the initial recognition of acquired intangible assets and changes in tax rates as the liability is settled. The closing deferred tax liability arising on business combinations reflects the tax effect of these temporary differences at 31 March 2021.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to do so and when the deferred taxes relate to the same fiscal authority.

10. Dividends

Amounts recognised as distributions to equity holders:

	FY 21 £'000	FY 20 £'000
Interim dividend for the year ended 31 March 2021 of 2.10p (FY 20: 2.10p) per share	2,136	2,121
Proposed final dividend for the year ended 31 March 2021 of 4.85p (FY 20: nil) per share	5,416	–
Total dividend for the year ended 31 March 2021 of 6.95p (FY 20: 2.10p) per share	**7,552**	**2,121**

The proposed final FY 21 dividend is subject to approval by shareholders at the AGM and has, therefore, not been included as a liability in these consolidated financial statements.

Notes to the consolidated financial statements continued

11. Earnings per share and adjusted earnings per share

The Group presents basic and diluted earnings per share ("EPS") data, both adjusted and non-adjusted for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares fully outstanding during the period. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share).

In order to reconcile to the adjusted profit for the financial period, the same adjustments as in note 4 have been made to the Group's profit for the financial period. The profits and weighted average number of shares used in the calculations are set out below:

	Note	FY 21	FY 20
Basic and diluted EPS			
Profit for the financial year used in calculating basic and diluted EPS (£'000)		5,827	6,167
Weighted average number of ordinary shares in issue ('000)		101,312	101,003
Number of dilutive shares ('000)		4,590	4,341
Weighted average number of ordinary shares, including potentially dilutive shares ('000)		105,902	105,344
Basic EPS (p)		5.75	6.11
Diluted EPS (p)		5.50	5.85
Adjusted EPS and adjusted diluted EPS			
Adjusted profit for the financial year used in calculating adjusted basic and diluted EPS (£'000)	4	15,105	14,348
Weighted average number of ordinary shares in issue ('000)		101,312	101,003
Number of dilutive shares ('000)		4,590	4,341
Weighted average number of ordinary shares, including potentially dilutive shares ('000)		105,902	105,344
Adjusted EPS (p)		14.91	14.21
Adjusted diluted EPS (p)		14.26	13.62

Earnings per share is calculated based on the share capital of the Company and the earnings of the Group.

12. Goodwill and intangible fixed assets

Goodwill

	FY 21 £'000	Restated[49] FY 20 £'000
Cost at beginning of the year	64,642	55,162
Additions	–	8,558
(Losses)/gains from foreign exchange	(1,575)	922
Cost at end of the year	**63,067**	**64,642**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is represented by assets that do not qualify for separate recognition and includes the potential synergy benefits of combining the intellectual property and talents of the teams into the Group. In line with IAS 21 para 47, goodwill arising on the acquisition of a foreign operation is held in local currency and is retranslated into the Group's presentational currency at each reporting date using the closing foreign exchange rate.

In prior years, goodwill was recognised upon the acquisitions of Alpha FMC Group Holdings Limited in February 2016, TrackTwo GmbH in July 2017 and, in the prior year, the acquisitions of Obsidian Solutions Ltd and Axxsys Ltd.

[49] Refer to the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1 for further detail on this restatement.

In line with IAS 36 para 96, the carrying value of goodwill is not subject to systematic amortisation but is reviewed at least annually for impairment. The review assesses each CGU to which goodwill has been allocated for impairment by comparing the carrying value of the unit, including the goodwill, with the recoverable amount of the unit. The carrying values of goodwill have been assessed by reference to value in use. These have been estimated using cash flows from forecasts prepared by management around the balance sheet date.

The CGUs have been classified in line with our operating segments, driven by shared senior management at a strategic and local operational level. Therefore, the CGUs considered for impairment testing are UK, North America and Europe & Asia, in line with the Group's operating segments. The Directors consider that there is also a material level of operational support and linkage provided to the Group's emerging territories in Asia and Europe as they develop their presence locally and, as such these clusters of territories have been assessed as constituting one CGU for impairment purposes. The prior year restatement relates to a £0.1m measurement period addition to goodwill relating to the acquisition of Obsidian and details are set out in the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1. Goodwill is allocated to CGUs as follows:

Goodwill by cash generating unit	FY 21 £'000	Restated[50] FY 20 £'000
UK	38,991	38,991
North America	7,642	8,487
Europe & Asia	16,434	17,164
At end of the year	**63,067**	**64,642**

Key assumptions – impairment testing

The principal assumptions considered to be individually significant for the purposes of calculating the value in use of goodwill for each CGU include the assumed underlying trading used to estimate the future CGU cash flows, taking into account future CGU growth rates and margins, and the pre-tax discount rate used to convert these estimated cash flows to present value.

In all cases, the budget for the following financial year forms the basis for the cash flow projections for a CGU. These near-term FY 22 budget assumptions were sensitised to account for the inherent uncertainty associated with forward-looking cash flow projections.

The cash-flow projections for the four years subsequent to the budget year reflect the Directors' expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, reflecting a range of factors to the specific circumstances associated with each CGU. Underlying revenue growth assumptions for the period FY 23 to FY 26 range from an average annual growth of 5.9% to one of 9.5% over the medium term, and is assessed on a period-by-period basis reflecting market conditions. They include the relative size of each CGU and the maturity level of operations in the territory in the determination of the future estimated cash flows for value in use.

Thereafter, a perpetuity long-term growth rate is applied ranging between 1.3% and 1.8% depending on the CGU, based on longer-term economic outlooks of those economies and the Directors' longer-term assessment of the prospects of those businesses.

To discount these cash flows to present value, CGU specific pre-tax discount rates have been applied to reflect the market assessment of the time value of money and the specific risk profile of each CGU, including consideration of the relative size of each CGU, the maturity level of operations in the territory and local market risk metrics. The Group bases its estimate for the pre-tax discount rate on its weighted average cost of capital. The weighted average pre-tax discount rate for the Group was determined to be 12.4% (FY 20: 14.2%). CGU specific discount rates have been applied to reflect CGU specific risks.

[50] Refer to the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1 for further detail on this restatement.

Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets continued

The table below summarises the assumptions used for each CGU:

	Pre-tax discount rate		Medium-term growth rate		Long-term growth rate	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
UK	12.1%	13.7%	8.0%	5.7%	1.3%	1.0%
North America	13.6%	15.7%	9.5%	15.0%	1.8%	1.1%
Europe & Asia	12.2%	14.6%	5.9%	7.2%	1.4%	1.0%

Sensitivity

The Group has considered a range of factors on the value in use estimate for each CGU.

In assessing goodwill impairment review, discount rates applied would have to increase to between 19.1% and 51.1% dependent on the CGU to result in value in use headroom falling to nil for any CGU. The Directors consider that no reasonably possible change to the long-term growth rates could result in impairment of goodwill for any CGU given the prudent assumptions, summarised in the table above.

Management does not expect a material change to the discount rate in any of its CGUs as presented for the year ended 31 March 2021. As such, in order to address inherent uncertainty surrounding forward-looking cash-flow assumptions and the ongoing residual uncertainty regarding COVID-19, the Group has applied prudent sensitivity analysis to identify the point to which growth would have to fall in order to reduce headroom to nil. As such, the assumed medium-term growth rate for the period from FY 23 to FY 26 would need to reduce to between (11.2%) and (32.7%), depending on the CGU, for the value in use headroom to fall to nil.

The Directors have considered whether a reasonably possible change in the assumptions would erode the headroom or give rise to a material adjustment to any carrying value in the next 12 months. The Directors do not consider that a reasonably possible change in assumptions could result in a reduction in headroom to nil for any CGU.

Intangible fixed assets

As at 31 March 2021

	Order Backlog £'000	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Capitalised development costs £'000	Total £'000
Cost						
At the start of the year	1,308	24,279	3,388	6,232	1,828	37,035
Additions	–	–	–	–	–	–
Exchange difference	–	–	–	–	(9)	(9)
At the end of the year – total	1,308	24,279	3,388	6,232	1,819	37,026
Amortisation						
At the start of the year	(635)	(7,201)	(1,148)	(1,799)	(478)	(11,261)
Charge for the year	(583)	(2,030)	(497)	(407)	(613)	(4,130)
Exchange difference	–	–	–	–	13	13
At the end of the year – total	(1,218)	(9,231)	(1,645)	(2,206)	(1,078)	(15,378)
Net book value	**90**	**15,048**	**1,743**	**4,026**	**741**	**21,648**

As at 31 March 2020

	Order Backlog £'000	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Capitalised development costs £'000	Total £'000
Cost						
At the start of the year	–	20,068	2,086	5,630	441	28,225
Recognised on acquisitions (see note 13)	1,308	4,211	1,302	602	–	7,423
Additions	–	–	–	–	1,387	1,387
At the end of the year – total	1,308	24,279	3,388	6,232	1,828	37,035
Amortisation						
At the start of the year	–	(5,234)	(759)	(1,414)	(50)	(7,457)
Charge for the year	(635)	(1,967)	(389)	(385)	(428)	(3,804)
At the end of the year – total	(635)	(7,201)	(1,148)	(1,799)	(478)	(11,261)
Net book value	**673**	**17,078**	**2,240**	**4,433**	**1,350**	**25,774**

Customer relationships

Customer relationships at the start of the period represent the fair value at the 3 February 2016 acquisition date of the customer relationships that were owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited and customer relationships acquired as part of the TrackTwo GmbH acquisition in July 2017, and the fair value of the customer relationships acquired from the acquisitions of Obsidian Solutions Limited and Axxsys Limited in FY 20.

The fair value has been determined by applying the Multi-Period Excess Earnings method to the cash flows expected to be earned from customer relationships. The key management assumptions are around forecast revenues, operating margins and discount factors. The value is given by the present value of the earnings the customer relationships generate, net of a reasonable return on other assets also contributing to that stream of earnings (contributory asset charges).

A useful economic life of 11–17 years has been deemed appropriate based on the average realisation rate of cumulative cash flows and benchmarked data for each respective acquisition. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Intellectual property

Intellectual property at the start of the period represents the fair value at the 3 February 2016 acquisition date of the intellectual property that was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited, intellectual property acquired as part of the TrackTwo GmbH acquisition in July 2017, and those acquired on the acquisition of Axxsys and Obsidian in FY 20.

The fair value has been determined by applying the Relief from Royalty method to the cash flows earned from the intellectual property. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 7 years has been deemed appropriate based on previous acquisitions and benchmarking data. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Trade name

Trade name intangible assets at the start of the period represent the fair value at the 3 February 2016 acquisition date of the trade name, which was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited, the acquired intangible asset associated with the TrackTwo GmbH acquisition in July 2017, and those acquired on the acquisition of Axxsys and Obsidian in FY 20.

The fair value has been determined by applying the Relief from Royalty method to the cash flows earned from the trade name. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 10-15 years has been deemed appropriate based on previous acquisitions and benchmarking data. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets continued

Order backlog

The order backlog intangible at the start of the period relates to the fair value of the order backlog acquired with Axxsys. The fair value has been determined by applying the Multi-Period Excess Earnings method to the cash flows earned from the order backlog. The key management assumptions are around growth forecasts and the discount factors applied.

A useful economic life of 1–2 years has been deemed appropriate based on benchmarking reviews. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

The remaining useful economic lives of each of the respective asset classes acquired on acquisition above are summarised in the table below.

Acquired entity	Customer relationships (years)	Intellectual property (years)	Trade name (years)	Order backlog (years)
Alpha FMC Group Holdings Limited	6.8	1.8	9.8	–
TrackTwo GmbH	7.3	3.3	13.2	–
Axxsys Limited – UK	9.2	–	13.2	–
Axxsys Limited – North America/Nordics	10.2	–	13.2	0.2
Obsidian Solutions Limited	15.6	5.6	8.6	–

Capitalised development costs

Capitalised development costs represent the costs incurred in the development enhancements to the 360 SalesVista software product within ADS.

A useful economic life of 3 years has been deemed appropriate based on expected project lifecycle in development of new software.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There is an average of 1.6 years remaining to be amortised for the capitalised development costs in relation to the development of new software.

13. Acquisition of business

Acquisitions in the prior year

As part of the acquisition of Axxsys Limited and Obsidian Solutions Limited in previous periods, the Group agreed earn-out arrangements and a final ownership consideration based on the financial performance of the respective acquired entities over an agreed period of time, subject to continuous employment of the respective vendors, as previously disclosed.

Obsidian

On 9 November 2019, the Group acquired 100% of the share capital of Obsidian Solutions Limited. Obsidian provides specialised software products to the investment management industry.

Obsidian Solutions Limited (restated)[51]

	Note	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:				
Tangible fixed assets		6	–	6
Customer relationships		–	146	146
Trade name		–	318	318
Intellectual property		–	1,302	1,302
Trade and other debtors		501	–	501
Cash		155	–	155
Trade and other creditors		(149)	–	(149)
Deferred tax liability		–	(300)	(300)
Net identifiable assets and liabilities acquired		**513**	**1,466**	**1,979**
Cash consideration relating to business combination				7,896
Goodwill on acquisition	12			**5,917**

The remaining £1.8m base consideration outstanding from the acquisition of Obsidian as at 31 March 2020 was paid in the period. Including the contingent earn-out and unwinding of discounting, a total £4.4m estimated consideration is recorded within liabilities. In the period, £1.7m was expensed as a non-underlying cost relating to employment-linked consideration, with an offsetting £0.1m recognised in respect of a fair value adjustment arising from a re-assessment of the profile of the future earn-out payments, weighted towards the later earn-out years. The earn-out payments have been estimated by the Directors based on anticipated future earnings and discounted to present value.

The unwinding of this earn-out discount each period will be recognised as a finance cost. During the period, £0.3m of this discount unwinding was expensed as a non-underlying cost in relation to Obsidian. Any remaining employment-linked balance will be expensed through the income statement in line with IFRS 3, proportionately until 2023.

Axxsys

On 5 June 2019, the Group acquired 100% of the share capital and voting interests of Axxsys Limited and subsidiaries. Axxsys has provided specialised consultancy and technology implementation services to the investment management industry since 2003.

Axxsys Limited

	Note	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:				
Tangible fixed assets		30	–	30
Customer relationships		–	4,067	4,067
Order backlog		–	1,308	1,308
Trade name		–	284	284
Trade and other debtors		1,572	–	1,572
Cash		374	–	374
Trade and other creditors		(1,220)	–	(1,220)
Deferred tax liability		–	(1,166)	(1,166)
Net identifiable assets and liabilities acquired		**756**	**4,493**	**5,249**
Cash consideration relating to business combination				7,890
Goodwill on acquisition	12			**2,641**

[51] Refer to the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1 for further detail on this restatement.

Notes to the consolidated financial statements continued

13. Acquisition of business continued

Of the remaining £4.2m base consideration due on the acquisition of Axxsys as at 31 March 2020, £2.1m was paid during the period, of which £1.1m was employment linked. The remaining £2.1m base consideration is payable in June 2021.

Given Axxsys's strong ongoing performance, the Directors have revised their initial estimate in relation to the earn-out and expect that Axxsys is likely to meet its full £5.0m undiscounted earn-out payment, payable in June 2022. In addition, management has revised the initial discount rate applied at the time of acquisition downwards given most of the earn-out period has now elapsed. Therefore, in the period, a fair value adjustment of £1.2m was expensed to reflect the higher estimated earn-out payment and the lower level of discounting.

A further £0.9m was expensed in the year in relation to employment-linked base and earn-out consideration. These result in a total £2.1m of earn-out and deferred consideration costs expensed in the period relating to the acquisition of Axxsys, treated as non-underlying costs.

Both the earn-out payments, which have been estimated by the Directors based on anticipated future earnings, and the deferred consideration, are discounted to present value. The unwinding of this discount each period shall be recognised as a finance cost.

During the period, £0.5m of this discount unwinding was expensed as a non-underlying cost in relation to Axxsys. Including the contingent earn-out and unwinding of discounting, a total £6.7m estimated consideration is recorded within liabilities. Any remaining employment-linked balance will be expensed through the income statement in line with IFRS 3, proportionately until 2022.

TrackTwo

As part of the acquisition of TrackTwo GmbH in 2017, the Group agreed an earn-out arrangement and a final ownership consideration based on the financial performance of TrackTwo over the 3-year period to July 2020, subject to continuous employment of the vendor until July 2020, as previously disclosed. During the year the Group has settled the outstanding liability in relation to TrackTwo through a payment of £0.1m. No residual liability remains.

The below table summarises the movements in the deferred and contingent consideration balances in relation to liabilities held at 31 March 2021.

	Axxsys £'000	Obsidian £'000	TrackTwo £'000	Total £'000
Balance at 1 April 2020 (restated)[52]	**6,184**	**4,368**	**100**	**10,652**
Fair value adjustment to existing provision	1,195	(138)	–	1,057
Employment-linked consideration	891	1,658	–	2,549
Payments in the year	(2,100)	(1,798)	(100)	(3,998)
Unwinding of discounting	536	267	–	803
Balance as at 31 March 2021	**6,706**	**4,357**	**–**	**11,063**

The above liabilities are reflected in non-current and current liabilities as shown in the following table:

	Axxsys £'000	Obsidian £'000	TrackTwo £'000	Total £'000
Current	1,992	–	–	1,992
Non-current	4,714	4,357	–	9,071
Balance as at 31 March 2021	**6,706**	**4,357**	**–**	**11,063**

[52] Refer to the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1 for further detail on this restatement.

14. Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2019	206	315	1,163	1,684
Acquired through business combinations	–	–	199	199
Additions	95	30	254	379
Disposals	–	(110)	(55)	(165)
At 31 March 2020	301	235	1,561	2,097
Additions	–	–	224	224
Disposals	(65)	–	(65)	(130)
Exchange difference	–	–	(8)	(8)
At 31 March 2021	**236**	**235**	**1,712**	**2,183**
Depreciation				
At 1 April 2019	(187)	(253)	(830)	(1,270)
Acquired through business combinations	–	–	(163)	(163)
Charge for the period	(26)	(24)	(208)	(258)
Disposals	–	109	15	124
At 31 March 2020	(213)	(168)	(1,186)	(1,567)
Charge for the period	(6)	(20)	(229)	(255)
Disposals	–	–	44	44
Exchange difference	–	2	8	10
At 31 March 2021	**(219)**	**(186)**	**(1,363)**	**(1,768)**
Net book value at 31 March 2021	**17**	**49**	**349**	**415**
Net book value at 31 March 2020	88	67	375	530

15. Trade and other receivables

	FY 21 £'000	FY 20 £'000
Amounts due within 1 year:		
Trade receivables	16,497	19,420
Less: allowance for expected credit losses	(378)	(523)
Trade receivables - net	**16,119**	**18,897**
Other debtors	319	101
Capitalised implementation costs	182	–
Prepayments	798	926
Accrued income	520	1,288
Total amounts due within 1 year	**17,938**	**21,212**

Trade receivables are non-interest bearing and generally have a 30- to 60-day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

An expected credit loss attributable to trade receivables is established after consideration of historical loss rates in preceding periods and relevant current circumstances. The Group has determined historical loss rates for each aging category of trade receivables by performing an in-depth analysis of historical losses.

The Group has considered a number of factors in determining appropriate expected credit loss rates, including macro-economic factors and asset-specific indicators such as customer correspondence, default or delinquency in payment and significant financial difficulties of the customer.

Notes to the consolidated financial statements continued

15. Trade and other receivables continued

	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	1.17%	9,813	(115)	9,698
31-60 days	1.84%	4,080	(75)	4,005
61-90 days	3.87%	1,671	(65)	1,606
91-120 days	7.87%	321	(25)	296
121+ days	16.06%	612	(98)	514
At 31 March 2021		**16,497**	**(378)**	**16,119**

	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	1.60%	11,787	(189)	11,598
31-60 days	2.08%	5,332	(111)	5,221
61-90 days	4.16%	913	(38)	875
91-120 days	7.59%	293	(22)	271
121+ days	14.91%	1,095	(163)	932
At 31 March 2020		**19,420**	**(523)**	**18,897**

The movement in the Group's allowance for expected credit losses in the year is summarised below:

Allowance for expected credit losses:	FY 21 £'000	FY 20 £'000
At 1 April	523	447
Charge for the period	–	76
Uncollected amounts written off, net of recoveries	(145)	–
At 31 March	**378**	**523**

During the current year, the Group has released an amount in relation to a historic balance from FY 16, which was fully provided for in prior years. Alpha continues to work with the related client.

Amounts relating to the capitalisation of non-distinct software implementation costs, incurred in advance of the commencement of the client's licence period, are recognised in current and non-current assets. Non-current capitalised implementation costs are presented on the face of the consolidated statement of financial position. These current and non-current implementation assets are primarily in relation to ADS contracts within the UK segment, and total £0.3m as at 31 March 2021 to be amortised over an expected life equivalent to the contracted licence period. Amortisation recognised in the period in respect of these costs amounted to £0.2m. No impairment was deemed necessary in the period. No significant judgements have been made in determining the amount of costs to be capitalised, which primarily comprise costs within scope of IAS 19 Employee Benefits.

Contract receivables are recognised in accrued income and relate to satisfied performance obligations recognised and not invoiced at the year end. All such contract receivables are expected to be realised within one year and classified within current assets. Contract receivables are recorded on a time spent basis and as performance obligations are met on agreed fees and day rates, billed in arrears. These are typically short-term timing differences that are administrative in nature at each year end date. Contract receivable payments are due on standard terms once the invoices are raised. The contract receivables movement in the year represents these timing differences across contracts at each year end.

The expected credit loss calculated on accrued income and contract receivables was not material at the current or prior year ends. For analysis of the maximum exposure to credit risk at 31 March 2021, refer to note 22.

16. Cash and cash equivalents

	FY 21 £'000	FY 20 £'000
Cash and cash equivalents	34,012	25,996
Revolving credit facility	–	(5,000)
Net cash	**34,012**	**20,996**

17. Trade and other payables

	Note	FY 21 £'000	Restated[53] FY 20 £'000
Trade payables		1,780	2,329
Accruals		16,215	12,863
Deferred income		1,692	1,336
Taxation and social security		4,352	4,213
Other creditors		1,210	1,578
Earn out and deferred consideration	13	1,992	3,699
Total amounts owed within 1 year		**27,241**	**26,018**

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

Accruals included a balance for the employee profit share bonus accrued through the year and paid after the year end. FY 21 accruals also include amounts due to senior management in lieu of COVID-19 related salary sacrifices, which were repaid shortly after the year end.

Deferred income recognises contract liabilities arising from the Group's revenue generating activities relating to payments received in advance of performance delivered under a contract. These contract liabilities typically arise on short-term timing differences between performance obligations in some milestone or fixed fee contracts and their respective contracted payment schedules. The contract liability movement in the year represents these timing differences across contracts at each year end. The following table sets out the revenue recognised in the current year that relates to carry-forward contract liabilities, and the current and non-current liabilities recognised in the current year that have been deferred to future reporting periods. All current deferred income is expected to be recognised through revenue within one year. Movements in the year predominantly relate to the underlying operations of the business, and no material contract liabilities were recognised in relation to changes in estimates or contract modifications. There were no contract modifications in the year that resulted in the recognition of revenue from performance obligations satisfied in previous periods.

	Note	FY 21 £'000	FY 20 £'000
Contract liabilities relating to contracts with customers at the start of the year	17, 18	1,336	662
Increase in contract liabilities during the year		2,046	1,336
(Gains)/losses from foreign exchange		(50)	–
Contract liabilities released during the year		(1,336)	(662)
Balance at the end of the year	17, 18	**1,996**	**1,336**

Unperformed balances represent the revenue that the Group will earn from customers when the Group satisfies the remaining performance obligations in certain contracts. These mainly relate to ADS's multi-year contracts that range between 1 and 5 years, in which software access revenue is recognised over the access period.

[53] Refer to the "IFRS 3 adjustment in respect of prior year acquisition" section of note 1 for further detail on this restatement.

Notes to the consolidated financial statements continued

17. Trade and other payables continued

The following table sets out the aggregate amount of the contracted transaction price allocated to performance obligations that are unsatisfied or partly satisfied at the year-end date. Unperformed balances relating to contracts with an expected original life of less than 1 year are not disclosed. Similarly, the Group has adopted the practical expedient not to disclose amounts under longer-term contracts in which the revenue is to be invoiced on agreed day rates. Revenue from unperformed performance obligations is expected to be recognised in the following timeframes.

	FY 21 £'000	FY 20 £'000
To be undertaken and recognised within 1 year	1,676	1,513
To be undertaken and recognised between 1 and 3 years	1,205	1,752
To be undertaken and recognised after 3 years	5	67
Total unperformed performance obligations	**2,886**	**3,332**

Within taxation and social security, in the current and prior year, is an existing £1.4m provision relating to historic pre-AIM admission potential tax treatments. The amount of this tax provision is subject to significant uncertainty. A final position agreed with a tax authority or through the expiry of a tax audit period could differ from the estimated provision. Currently there are no significant ongoing tax audits. Whilst a range of outcomes is reasonably possible, the extent of the range is a potential liability of between £1.2m and £2.2m.

Earn-out and deferred consideration comprise £2.0m relating to deferred consideration payments arising from the acquisition of Axxsys Limited at the balance sheet date.

18. Other non-current liabilities

	Note	FY 21 £'000	FY 20 £'000
Earn-out and deferred consideration	13	9,071	6,864
Deferred income		304	–
Other non-current liabilities		1,362	240
Total amounts owed after 1 year		**10,737**	**7,104**

Within non-current liabilities is £4.4m associated with the potential earn-out payments linked to the acquisition of Obsidian Solutions Limited, contingent on performance and falling due over 12 months from the balance sheet date. In addition, £4.7m of costs are included within non-current liabilities relating to deferred consideration and earn-out payments from the Axxsys Limited acquisition falling due over 12 months from the balance sheet date. Refer to note 13 for further detail.

Deferred income recognises contract liabilities arising from the Group's revenue generating activities relating to payments received in advance of performance delivered under a contract. Deferred income recognised as non-current entirely relates to contracts held within the ADS business, where revenue is sometimes recognised over a contractual licence period of greater than 1 year. For further details refer to note 17.

Other non-current liabilities include an estimate of the social security costs that may become due on future vesting of share options. Refer to note 21.

19. Note to the cash flow statement

			Non-cash changes				
	1 April 2020 £'000	Cash flow £'000	Other changes £'000	Pre-paid arrangement fees £'000	Lease accounting adjustments £'000	Foreign exchange £'000	31 March 2021 £'000
Cash and cash equivalents	25,996	9,599	–	–	–	(1,583)	34,012
Bank borrowings	(5,000)	5,000	–	–	–	–	–
Net cash	**20,996**	**14,599**	**–**	**–**	**–**	**(1,583)**	**34,012**
Less: cash and cash equivalents	(25,996)	(9,599)	–	–	–	1,583	(34,012)
Leases	(2,669)	911	–	–	(203)	68	(1,893)
Interest and bank loan fees	(14)	486	(217)	(307)	–	–	(52)
Liabilities arising from financing	**(7,683)**	**6,397**	**(217)**	**(307)**	**(203)**	**68**	**(1,945)**

20. Called up share capital

	FY 21 Number	FY 20 Number
Alloted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	106,521,966	103,607,638

	FY 21 £	FY 20 £
Alloted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	79,891	77,706

Movements in share capital during the year ended 31 March 2021:

		£
Balance at 1 April 2020 103,607,638 ordinary shares of 0.075p each		77,706
Issued shares	(i)	2,185
Balance at 31 March 2021 **106,521,966 ordinary shares of 0.075p each**		**79,891**

(i) During the year, the Group issued 2,914,328 ordinary shares of 0.075p each.

Alpha employee benefit trust

The Group held 4,413,628 (FY 20: 2,669,429) shares in the employee benefit trust ("EBT") comprising shares held to satisfy share options granted under its joint share ownership plan ("JSOP") or unallocated ordinary shares to satisfy share options granted under the Group's other share option plans. Ordinary shares held within the EBT have no dividend or voting rights.

During the year, 2,156,511 ordinary shares were transferred by the Company to the EBT for potential future satisfaction of share incentive plans, either through the issuance of new shares or the transfer of shares bought back from prior employees at nominal value. Of these, the Company bought back a total of 226,130 ordinary shares from prior employees for nominal value. All of the reclaimed shares will be held in the EBT for the satisfaction of future employee awards.

In the period 412,312 shares held in the EBT were utilised for employee share option exercises.

Treasury shares

The Group held nil (FY 20: nil) shares in treasury from prior employees for nominal value.

Notes to the consolidated financial statements continued
21. Share-based payments

The Group has adopted a globally consistent share incentive plan approach, which is implemented using efficient jurisdiction specific plans, as appropriate.

The Management Incentive Plan

The Group has a management incentive plan (“MIP”) to retain and incentivise the directors and senior management. The MIP consists of four parts: part A of which will enable the granting of enterprise management incentive and non-tax advantaged options to acquire shares; part B of which will enable the awarding of JSOPs; part C of which will enable the awarding of restricted stock units (“RSUs”) for participants in the US; and Part D of which will enable the awarding of RSUs in France (together the “options”).

Options granted in prior years to the directors and senior management of the Group were subject to the fulfilment of two or more of the following performance conditions: (a) a specific business unit’s budgetary EBITDA, or other personal targets and goals; (b) the Group achieving a total shareholder return for the 3 years from date of award in excess of the average total shareholder return of a peer group of comparable companies; and (c) the Group achieving at least 10% EPS growth against the comparative financial year.

As disclosed in the prior year, responding to the impact of COVID-19, options granted to senior management in the current period were subject to more flexible performance criteria. For most participants these include local budget targets and a variety of stretching personal sales or other targets. Awards made in the period to the Executive Directors’ of the Board are, as before, also subject to the Group achieving a total shareholder return for the 3 years from the date of grant, in excess of the average total shareholder return of a peer group of comparable companies.

MIP awards have either nil exercise price payable (or no more than a nominal purchase price payable) in order to acquire shares pursuant to options. MIP awards have either 3- or 4-year vesting periods from the date of grant and can be equity settled only.

The Employee Incentive Plan

In addition to the MIP, the Board has previously put in place a medium-term employee incentive plan (“EIP”). Under the EIP, a broad base of the Group’s employees has been granted share options or share awards over a small number of shares. The EIP is structured as is most appropriate under the local tax, legal and regulatory rules in the key jurisdictions and therefore varies between those jurisdictions.

During the year ended 31 March 2021, a total of 3,376,744 share option and award grants were made to employees and senior management (FY 20: 3,374,881).

On 12 October 2020, certain of the MIP awards granted at the time of the October 2017 AIM admission partially vested, following satisfaction of performance conditions. The awards’ performance conditions relating to EPS growth and total shareholder return exceeding a basket of comparable companies over 3 years to the vesting date were met in full and the relevant local country or divisional budgetary performance conditions were met in full or part, dependent on Alpha location. As a result, 1,818,562 nil or nominal cost awards over ordinary shares of 0.075 pence per share vested and 164,360 share awards were forfeited under performance conditions or as a result of leavers before vesting.

Subsequently, a number of these share options and a small number of EIP awards were exercised in the year. Of the vested awards, 1,443,562 awards have been exercised. The Company settled these exercised awards by issuing 983,947 ordinary shares and an additional 412,312 from shares held in the EBT, with 47,303 additional share options retained for net tax settlement. The weighted average share price at the date of these exercises was £2.23. The remaining vested award holders have a further 7-year period in which to exercise their vested awards.

Details of the share option awards made are as follows:

	FY 21	
	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	6,490,661	–
Granted during the year	3,376,744	–
Exercised during the year	(1,443,562)	–
Forfeited during the year	(809,874)	–
Expired during the year	–	–
Outstanding at the year end	**7,613,969**	**–**
Exercisable at the year end	**375,000**	**–**

The options outstanding at 31 March 2021 had a weighted average remaining contractual life of 2 years and a nil or nominal exercise price. The weighted average of the estimated fair values of the options outstanding is £1.23 per share (FY 20: £0.77).

During the year ended 31 March 2021, options were granted on 22 July 2020, 14 August 2020 and 13 January 2021 to employees and certain senior management.

MIP share options awarded in prior years and to Executive Directors in FY 21 were valued at award using the Monte Carlo option pricing model. The model simulates a variety of possible results, across 10,000 iterations for each of the options, by substituting a range of values for any factor that has inherent uncertainty over a number of scenarios using a different set of random values from the probability functions. The model takes any market-based performance conditions into account and adjusts the fair value of the options based on the likelihood of meeting the stated vesting conditions.

The inputs into the model were as follows:

	FY 21
Weighted average share price at grant date	£1.94
Exercise price	–
Volatility	22.00%
Weighted average vesting period	4 years
Risk free rate	0.44%
Expected dividend yield	3.00%

Expected volatility was determined by calculating the historic volatility of the market in which the Group operates. The expected expense calculated in the model has been adjusted, based on management's best estimate, for the effects of non market-based performance conditions and employee attrition.

MIP share options without market-based conditions granted to senior management in FY 21 and EIP share options outstanding were valued using a Black-Scholes model, using the same inputs as above for FY 21 awards.

The Group recognised a total expense of £2.5m (FY 20: £1.3m) in the current year, comprising £1.7m (FY 20: £0.9m) in relation to equity settled share-based payments, and £0.8m (FY 20: £0.4m) relating to relevant social security taxes. Given the estimation, were the future conditions for all outstanding share options assumed to be met at the end of the reporting period, the charge in the year would increase by £1.0m.

Other assumptions associated with the calculation of the social security tax liability due on vesting of share options include an estimation of the forward-looking share price at the vesting date based on applicable analyst research and applicable future tax rates. For these purposes, share price is assumed to grow in line with the estimated future performance of the business. Accelerating the future share price growth estimate could increase the social security costs by a further £0.3m.

Notes to the consolidated financial statements continued

22. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

		FY 21 £'000	Restated[54] FY 20 £'000
Financial assets measured at amortised cost			
Cash and cash equivalents		34,012	25,996
Trade and other receivables	(i)	16,639	20,185
Total financial assets		**50,651**	**46,181**
Financial liabilities measured at amortised cost			
Interest bearing loans and borrowings		–	(5,000)
Trade and other payables	(ii)	(25,549)	(24,682)
Lease liabilities		(1,893)	(2,669)
Other non-current liabilities	(ii)	(10,433)	(7,104)
Total financial liabilities		**(37,875)**	**(39,455)**

(i) Trade and other receivables includes contract receivables but excludes other debtors and prepayments.
(ii) Trade and other payables and other non-current liabilities exclude contract liabilities.

The book value of the financial instruments is deemed to be approximate to fair value. There has been no impairment loss recognised in the current or prior years in respect of financial assets.

The Group's financial instruments comprise cash and cash equivalents, items such as trade payables and trade receivables that arise directly from its operations, and bank borrowings. These financial instruments arise in the ordinary course of business and their main purpose is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including market risk, credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. The Board has overall responsibility for internal control and risk management by the Group. In this structure, the Audit and Risk Committee manages the processes of reviewing the quality of internal controls that are related to the financial performance of the Group, as delegated by the Board. The policies set by the Board of Directors are implemented by the Company's finance team.

Market risk

Market risk is the risk that changes in market prices, including foreign exchange and interest rates, will affect the Group's income or the value of financial instruments held at the year end. The Directors do not consider this to be a significant risk to the Group.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has policies that require appropriate credit checks on potential customers before sales are made. The Group has provided for a lifetime expected credit loss against the trade receivables balance at the balance sheet date. Refer to note 15 for further details.

Were the expected credit loss rates applied to receivables by the Group to increase by 1% for each aging category, the resulting additional credit loss to the Group would be £0.2m.

[54] Refer to the 'IFRS 3 adjustment in respect of prior year acquisition' section of note 1 for further detail on this restatement.

Interest rate risk

The Group has interest-bearing assets and interest-bearing liabilities. Interest-bearing assets comprise only cash and cash equivalents that earn interest at a variable rate. The Group's revolving credit facility attracts a variable rate of interest. Given the Group's limited indebtedness, the Directors do not currently engage in hedging transactions and will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no derivative transactions outstanding at 31 March 2021.

As at 31 March 2021, given the low levels of interest charged on these balances, if LIBOR had increased or decreased by 0.5%, the effect on post-tax profit and equity would have been minimal.

Liquidity risk

The Group maintains a committed revolving credit facility ("RCF") alongside its cash balances, designed to ensure that it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

Financial risk

The Group is liable for contingent earn-out payments on the acquisitions of Axxsys and Obsidian in the prior year and, as at 31 March 2021, holds a liability that represents the fair value of amounts that may become payable.

The fair value is determined by estimating the expected payment, discounted to present value, using a risk-adjusted discount rate. The expected payment is determined separately in respect of each individual earn-out agreement, taking into consideration the expected level of financial performance of each acquisition. To address the associated estimation uncertainty, the Group has applied the following sensitivities:

- If the discount rates to the acquisitions were to be 5% higher or lower than that assumed by management, the fair value of the liability recognised within the Group would change by £0.2m.
- Were the financial performance achieved by the Group's acquisitions in the remaining earn-out period to decrease or increase by 5%, there would be no change to the fair value of the recognised liability for either acquisition.

The Directors have also considered a reasonable range of circumstances, including the ongoing residual market uncertainty resulting from the COVID-19 pandemic, to sensitise the forecast cash flows to calculate reasonable estimated earn-out pay-out ranges. The Axxsys undiscounted earn-out payment could reasonably be expected to range from £4.2m to £5.0m, reflecting the good performance of Axxsys to date, current Axxsys trading expectations alongside the earn-out mechanics. The Directors consider the Obsidian undiscounted earn-out payment could reasonably be expected to range from £5.3m to £9.3m. This estimated range reflects the stretching growth targets required through the earn-out period, the profile of potential earn-out payments weighted toward the later earn-out years and the structure of the Obsidian earn-out arrangement.

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk mainly as a result of trade receivables and payables that will be settled in Euros and US Dollars. During the year, the Group did not enter into any arrangements to hedge this risk, as the Directors did not consider the exposure to be significant given the short-term nature of the balances. The Group will review this policy as appropriate in the future.

The impact on the Group's net fee income arising from a 5% adverse movement in all foreign exchange rates relevant to the Group has been calculated as being £1.0m (1.0%) in FY 21. The same sensitivity would also result in a decrease in the Group's net assets of £0.8m.

	GBP '000	EUR '000	USD '000	CHF '000	SGD '000	NOK '000	DKK '000	AUD '000	CAD '000	RSD '000	HKD '000
Trade receivables	7,972	3,948	3,184	931	46	381	2,166	741	1,820	–	–
Cash	7,786	12,463	11,636	468	402	8	26,007	3,144	3,139	11,818	28
Trade payables	(1,069)	(154)	(393)	(18)	(22)	(188)	(220)	(361)	(49)	(1)	–
Total	**14,689**	**16,257**	**14,427**	**1,381**	**426**	**201**	**27,953**	**3,524**	**4,910**	**11,817**	**28**

Notes to the consolidated financial statements continued

23. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus all reserves, which amounted to £94.4m as at 31 March 2021 (FY 20: £91.4m). The Board of Directors monitors the level of capital as compared to the Group's long-term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders. The Group is not subject to any externally imposed capital requirements.

24. Related party disclosures

Related parties, following the definitions within IAS 24, are the Group's subsidiary companies, members of the Board, key management personnel and their families, and shareholders who have control or significant influence over the Group.

The Group considers the Directors to be the key management personnel. There were no transactions within the year in which the Directors had any interest. The Remuneration Report contains details of Board emoluments (refer to p. 106).

Transactions between the Company and its subsidiaries are on an arm's length basis and have been eliminated on consolidation and are not disclosed in this note. None of the Group's shareholders are deemed to have control or significant influence and therefore are not classified as related parties for the purposes of this note.

25. Ultimate controlling party

As at 31 March 2021 there is no ultimate controlling party of the Group.

26. Events after the reporting period

Acquisition of Lionpoint Holdings, Inc.

On 20 May 2021, the Group reached an agreement to acquire 100% of the issued share capital of Lionpoint Holdings, Inc. ("Lionpoint"), a US-based provider of specialist consultancy services to the alternatives investments industry, on a cash free, debt free basis for a total amount (payable over 4 years) of up to US$90.0m (£63.8m) in a combination of cash and ordinary shares.

The maximum total cash payable by Alpha under the acquisition is US$73.6m (£52.2m), of which US$34.5m (£24.5m) was paid on completion. The total cash payable will be funded from the Group's cash reserves and the proceeds of a May 2021 placing of 9,569,839 new ordinary shares of the Company, issued at a price of 325 pence per share raising gross proceeds of approximately £31.1m (the "placing"). The new ordinary shares issued represented approximately 9.0% of the issued share capital of the Company.

As at the date of signing these financial statements, given the proximity to the announcement date, the accounting is incomplete in respect of the valuation of the fair value of the acquiree's assets and liabilities, and the associated goodwill for this acquisition.

Total voting rights

Following the placing, the Company has a total of 116,091,805 ordinary shares in issue, of which none are held in treasury and 4,413,628 are held in the Company's EBT. The total number of voting rights in the Company is 111,678,177.

This figure of 111,678,177 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company, under the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

Company statement of financial position

As at 31 March 2021

	Note	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Assets			
Non–current assets			
Investments	2	1,344	9,234
Deferred tax asset		1,201	517
Amounts owed by group undertakings[55]		121,645	–
Total non–current assets		**124,190**	**9,751**
Current assets			
Trade and other receivables	3	232	111,881
Cash and cash equivalents	4	92	–
Total current assets		**324**	**111,881**
Current liabilities			
Corporation tax		–	(370)
Trade and other payables	5	(13,529)	(16,468)
Total current liabilities		**(13,529)**	**(16,838)**
Net current (liabilities)/assets		**(13,205)**	**95,043**
Non-current liabilities			
Other non-current liabilities	6	(128)	(76)
Total non-current liabilities		**(128)**	**(76)**
Net assets		**110,857**	**104,718**
Equity			
Issued share capital		80	78
Share premium		89,396	89,396
Capital redemption reserve		–	–
Other reserves		3,907	1,517
Retained earnings		17,474	13,727
Total shareholders' equity		**110,857**	**104,718**

As permitted by section 408 of the Companies Act 2006, a separate statement of comprehensive income of the parent company has not been presented. The parent company's profit for the year was £5.9m.

The notes on pp 170-71 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 24 June 2021. They were signed on its behalf by:

Euan NB Fraser
Global Chief Executive Officer

John C Paton
Chief Financial Officer

[55] Amounts owed by subsidiary undertakings were previously presented within current receivables in FY 20. The Group believes that it is more representative to present these items within non-current receivables as they are not expected to be settled within the Group's normal operating cycle, therefore £121.6m has been presented within non-current assets in FY 21.

Company statement of cash flows

For the year ended 31 March 2021

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities:		
Operating loss for the year	(258)	(137)
Acquisition related costs	–	–
Share-based payment charge	220	93
Operating cashflows before movements in working capital	**(38)**	**(44)**
Working capital adjustments:		
Increase in trade and other receivables	(3,253)	(6,912)
Increase in trade and other payables	5,674	6,956
Tax paid	(1)	–
Net cash generated from operating activities	**2,382**	**–**
Cash flows from investing activities:		
Acquisition of subsidiary	–	–
Net cash used in investing activities	**–**	**–**
Cash flows from financing activities:		
Issue of ordinary share capital	–	–
Interest paid[56]	(154)	–
Dividends paid[57]	(2,136)	–
Net cash used in financing activities	**(2,290)**	**–**
Net increase in cash and cash equivalents	**92**	**–**
Cash and cash equivalents at beginning of the period	–	–
Effect of exchange rate fluctuations on cash held	–	–
Cash and cash equivalents at end of the period	**92**	**–**

[56] The "interest paid" balance in the current period relates to interest paid on the Company's revolving credit facility that was drawn down in the first half of the period.

[57] The "dividends paid" in the current period are reflected in financing activities as they were paid out of the Company's bank account. In the previous period, the dividends paid amount is included in the "increase in trade and other payables" balance as the Company did not have a bank account and therefore the payment was made through intercompany.

Company statement of changes in equity

For the year ended 31 March 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 1 April 2019	76	89,396	1	600	13,039	103,112
Comprehensive income						
Profit for the period	–	–	–	–	6,945	6,945
Transactions with owners						
Shares issued (equity)	2	–	(1)	–	(1)	–
Share-based payment charge	–	–	–	917	–	917
Dividends	–	–	–	–	(6,256)	(6,256)
As at 31 March 2020	**78**	**89,396**	**–**	**1,517**	**13,727**	**104,718**
Comprehensive income						
Profit for the period	–	–	–	–	5,885	5,885
Transactions with owners						
Shares issued (equity)	2	–	–	–	(2)	–
Share-based payment charge	–	–	–	1,693	–	1,693
Net settlement of vested share options	–	–	–	(100)	–	(100)
Current tax recognised in equity	–	–	–	374	–	374
Deferred tax recognised in equity	–	–	–	423	–	423
Dividends	–	–	–	–	(2,136)	(2,136)
As at 31 March 2021	**80**	**89,396**	**–**	**3,907**	**17,474**	**110,857**

Share capital
Share capital represents the nominal value of share capital subscribed for.

Share premium
The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium, net of associated share issue costs.

Capital redemption reserve
The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

Other reserves
The other reserves represent the cumulative fair value of the IFRS 2 share-based payment charge to be recognised each year and equity-settled consideration reserves.

Retained earnings
The retained earnings reserve represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Notes to the Company financial statements

1. Summary of significant accounting policies

General information

Alpha Financial Markets Consulting plc (the "Company") is a public company incorporated, domiciled and registered in England, in the UK. The registered number is 09965927 and the registered address is 60 Gresham Street, London, EC2V 7BB.

The parent company financial statements present information about the Company as a separate entity and not about the consolidated Group.

Basis of preparation

The parent company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

The presentational currency of these financial statements and the functional currency of the Company is pounds sterling. All amounts in these financial statements have been rounded to the nearest £1,000.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. For further details please refer to note 1 of the Group's consolidated financial statements.

Principal accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements.

Significant judgements and estimates

The Directors have not made any judgements, apart from those involving estimations, in the process of applying the Company's accounting policies that are considered to have a significant effect on the amounts recognised in the financial statements for the period ending 31 March 2021.

The Directors have identified one key area of estimation considered to have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Share-based payments

Management have estimated the share-based payments expense under IFRS 2. In determining the fair value of share-based payments, management have considered several internal and external factors in judging the probability that management and employee share incentives may vest and in assessing the fair value of share options at the date of grant. Such assumptions involve estimating a number of future performance and other factors. The fair value calculations have been externally assessed for reasonableness in the current and prior period.

Share-based payment charges recorded in the period are in respect of the share incentives awarded to the Directors of the Company, as while they are employed by another Group entity, their services are considered to benefit the Group and the Company directly.

Shares held in Treasury or by Alpha's employee benefit trust (EBT)

Shares held in Treasury or by Alpha's EBT represent the shares of Alpha Financial Markets Consulting plc. These shares are recorded at cost and are deducted from equity.

Investments in subsidiaries

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment. The Company monitor for indicators of impairment at each reporting period, and a full impairment assessment is performed on an annual basis.

The Directors have deemed that no impairment was required in both the current and prior years.

Common control transactions

The Company applies a book-value method of transferring control of subsidiaries between the Company and its wholly owned subsidiaries. All entities involved in the transfer are part of a wider economic group, are related parties within the Group, and are transferred at a value equal to the book value of the investment held relating to the transferred company at the date of transfer.

Dividend policy

Group dividends proposed by the Board are recognised in the financial statements when they have been approved by shareholders at the AGM. Interim dividends are recognised when they are paid.

Amounts owed by Group undertakings

Amounts owed by Group undertakings are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of intercompany receivables is established using an expected credit loss model.

Employee benefits

Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the statement of profit or loss.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

In determining the fair value of share-based payments under IFRS 2, management has considered a number of internal and external factors in order to judge the probability that management and employee share incentives may vest. Such judgements involve estimating future performance and other non market-based factors.

At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the statement of profit or loss, with a corresponding adjustment to equity. Fair value is measured by the use of a binomial model. The assumptions have been adjusted, based on management's best estimate, for the effects of non-transferability, lack of dividend until vesting and exercise restrictions.

The fair value calculations have been externally assessed as reasonable in the circumstances.

The Company applies an intra-Group recharge arrangement to the share-based payments charge relating to employees of other entities within the wider Group, to reflect the benefits received by the respective entity in relation to employees granted share options.

The Company is deemed to be the settling entity in the intra-Group arrangement, as share options granted are in relation to ordinary shares of the Company, and recognises the share-based payments charge for the full Group in other reserves. The Company's subsidiaries are considered to be the receiving entities in the arrangement, in line with the benefit received for services provided through ongoing employment.

Amounts relating to employees who provide services directly to the Company are recorded as an equity settled share-based payment charge through the Company's statement of comprehensive income and are not recharged. The remaining charge in relation to employees who provide services to other Group entities is recharged through amounts owed to Group undertakings, with a charge recognised within the profit and loss of the respective entities.

Other significant accounting policies

Other significant accounting policies are consistent with those presented within the notes to the Group's consolidated financial statements.

Changes in accounting policy

Several standards, interpretations and amendments to existing standards became effective for the year ended 31 March, and that will become effective in subsequent periods, as detailed on p. 139 of the Group accounts, none of which had a material impact on the Company.

2. Fixed asset investments

	£'000
Cost	
At 1 April 2019	1,344
Additions	7,890
At 31 March 2020	**9,234**
Disposals	(7,890)
At 31 March 2021	**1,344**

The Company's fixed asset investments are all in relation to investments in subsidiaries. The Company held no tangible fixed assets in the current and prior year.

Disposals in the year relate to the transfer of the ownership of 100% of the share capital of Axxsys Limited to the Company's subsidiary, Alpha Financial Markets Consulting Group Limited, on 25 February 2021. Ownership has been transferred at a consideration of £7,890,000, which represents the carrying amount of the investment held by the Company at the acquisition date, and at the date of transfer. Therefore, no gain or loss has been recognised in the period in relation to the transfer of Axxsys ownership.

Notes to the consolidated financial statements continued

2. Fixed asset investments continued

The undertakings in which the Group and Company had interest at the period end of more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class and percentage of shares held 31 March 2021	Class and percentage of shares held 31 March 2020
Alpha FMC Trustee Limited	UK	1	Dormant	100% ordinary	100% ordinary
Alpha FMC Midco Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Midco 2 Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Bidco Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Group Holdings Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Group Nominees Limited	UK	1	Group services	100% ordinary	100% ordinary
Alpha FMC Group Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Group Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha Financial Markets Consulting UK Limited	UK	1	Consultancy services	100% ordinary	100% ordinary
Alpha Technology Services Consulting Limited	UK	1	Dormant	100% ordinary	100% ordinary
Alpha Data Solutions Limited	UK	1	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting, Inc.	USA	2	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting S.A.S.	France	3	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting (Luxembourg) S.A.	Luxembourg	4	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Netherlands B.V.	Netherlands	5	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Switzerland S.A.	Switzerland	6	Consultancy services	100% ordinary	100% ordinary
Track Two GmbH	Germany	7	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Singapore Pte. Ltd.	Singapore	8	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Hong Kong Limited	Hong Kong	9	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Australia PTY Limited	Australia	10	Consultancy services	100% ordinary	100% ordinary
Axxsys Limited	UK	11	Consultancy services	100% ordinary	100% ordinary
Axxsys Financial Software Consulting Canada Limited	Canada	11	Consultancy services	100% ordinary	100% ordinary
Axxsys Consulting USA Inc	USA	12	Consultancy services	100% ordinary	100% ordinary
Axxsys Danmark ApS	Denmark	13	Consultancy services	100% ordinary	100% ordinary
Obsidian Solutions Limited	UK	1	Consultancy services	100% ordinary	100% ordinary
Alpha Technology Services Consulting S.A.S.	France	3	Consultancy services	100% ordinary	100% ordinary
Obsidian Alpha Data Solutions LLC	Serbia	14	Consultancy services	100% ordinary	100% ordinary
Alpha FM Consulting Canada Inc.	Canada	15	Consultancy services	100% ordinary	N/A

1 60 Gresham Street, London, EC2V 7BB
2 12 East 49th Street, New York, NY 10017, USA
3 6 Square de L'Opéra Louis Jouvet, 75009 Paris, France
4 19/21 Route d'Arlon – bloc B, L-8009 Strassen, Luxembourg
5 Spaces Zuidas, Barbara Strozzilaan 101, 1083 HN, Amsterdam, The Netherlands
6 Bleicherweg 10, 8002 Zürich, Switzerland
7 Mergenthaleralle 73-75, 65760 Eschborn, Germany

8 6 Raffles Quay #16-01, Singapore 048580
9 22/F Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
10 383-385 George Street, Sydney NSW 2000
11 New Broad Street House, 35 New Broad Street, London, EC2M 1NH
12 Incorp Services, Inc., One Commerce Center, 1201 Orange Street #600, Wilmington, Delaware 19899
13 Flaesketorvet 68, DK-1711 Copenhagen, V Denmark
14 Belgrade, Serbia at Bulevar Kralja Aleksandra no.52
15 Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C2X8, Canada

Subsidiary undertakings	Share capital and reserves £'000	Profit/(loss) for the period £'000
Alpha FMC Trustee Limited	–	–
Alpha FMC Midco Limited	270	6,000
Alpha FMC Midco 2 Limited	20	6,000
Alpha FMC Bidco Limited	719	5,443
Alpha FMC Group Holdings Limited	29,425	6,000
Alpha FMC Group Nominees Limited	–	–
Alpha FMC Group Limited	2	6,000
Alpha Financial Markets Consulting Group Limited	7,946	5,468
Alpha Financial Markets Consulting UK Limited	19,023	10,979
Alpha Technology Services Consulting Limited	–	–
Alpha Data Solutions Limited	(2,664)	(1,852)
Alpha Financial Markets Consulting, Inc.	1,564	908
Alpha Financial Markets Consulting S.A.S.	8,862	1,545
Alpha Financial Markets Consulting (Luxembourg) S.A.	1,966	499
Alpha Financial Markets Consulting Netherlands B.V.	(839)	(471)
Alpha Financial Markets Consulting Switzerland S.A.	(216)	(162)
Track Two GmbH	(444)	(99)
Alpha Financial Markets Consulting Singapore Pte. Ltd.	1,253	235
Alpha Financial Markets Consulting Hong Kong Limited	(8)	2
Alpha Financial Markets Consulting Australia PTY Limited	340	309
Axxsys Limited	1,487	679
Axxsys Financial Software Consulting Canada Limited	240	11
Axxsys Consulting USA Inc	–	–
Axxsys Danmark ApS	2,234	1,260
Obsidian Solutions Limited	293	17
Alpha Technology Services Consulting S.A.S.	37	(5)
Obsidian Alpha Data Solutions LLC	32	33
Alpha FM Consulting Canada Inc.	247	243

Notes to the consolidated financial statements continued

3. Trade and other receivables

	FY 21 £'000	FY 20 £'000
Amounts owed by Group undertakings[58]	–	111,878
Other debtors	232	3
Total amounts due within 1 year	**232**	**111,881**

The Directors are satisfied that all outstanding amounts from subsidiary group undertakings are recoverable. Expected credit loss in relation to non-current and current amounts owed by Group undertakings were immaterial in both the current and prior year.

4. Cash and cash equivalents

	FY 21 £'000	FY 20 £'000
Cash in bank and at hand	92	–
Cash and cash equivalents	**92**	**–**

5. Trade and other payables

	FY 21 £'000	FY 20 £'000
Amounts owed to Group undertakings	12,872	15,496
Other creditors	593	563
Accruals and deferred income	64	409
Total amounts owed within 1 year	**13,529**	**16,468**

6. Other non-current liabilities

	FY 21 £'000	FY 20 £'000
Other non-current liabilities	128	76
Total amounts owed after 1 year	**128**	**76**

7. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	FY 21 £'000	FY 20 £'000
Financial assets measured at amortised cost	121,969	111,881
Financial assets held at historical cost	1,344	9,234
Financial liabilities measured at amortised cost	(13,657)	(16,544)

The book value of the financial instruments is deemed to be approximate to fair value.

58 Amounts owed by subsidiary undertakings were previously presented within current receivables in FY 20. The Group believes that it is more representative to present these items within non-current receivables as they are not expected to be settled within the Group's normal operating cycle.

The Company's financial instruments comprise intercompany receivables and trade and other payables. These financial instruments arise in the ordinary course of business and their main purpose is to provide finance for the Group's operations.

The Group's operations expose it to credit risk arising from intercompany receivables. Management has overall responsibility for internal control and risk management by the Company. The policies set by management are implemented by the Company's finance team.

Credit risk

The Company's credit risk is primarily attributable to its intercompany receivables. The Company provides financing to other entities within the Group on an unsecured and typically interest-free basis, repayable on demand. There is no collateral held on these receivable balances. The expected credit loss on the Company's financial assets is measured annually based on historical datapoints and an assessment of the forward-looking probability of default. The expected credit loss on the Company's intercompany receivables is immaterial in the year ended 31 March 2021.

The Directors consider the intercompany receivables to represent a low credit risk and credit risk is not considered to have increased significantly since initial recognition. The wider Group has a strong liquidity position and there is no current expectation by the Directors for repayment of the intercompany balances.

8. Related parties

None of the Directors were paid any remuneration from the Company during the year, other than dividends. Remuneration, as detailed in the Remuneration Report on p. 106, was paid to the Directors via another Group company and therefore is not recognised in the Company's statement of comprehensive income.

SASB Disclosure

The mission of the Sustainability Accounting Standards Board ("SASB") is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. The Group is supportive of the SASB framework as it allows organisations to provide comparable and consistent ESG-related data.

As a "professional and commercial services" organisation under SASB, the material factors according to the SASB framework are as follows:

- Data security;
- Workforce diversity & engagement; and
- Professional integrity.

The below tables provide the numeric metrics relating to these factors over the past 12 months where applicable, in addition to the internal frameworks used to manage these risks on an ongoing basis. Further qualitative data for each of the material factors is provided throughout the Annual Report. The Group also recognises the increasing importance of the environment to its investors, employees and other stakeholders, which it describes in addition to the required disclosure.

Topic	
Data Security	Risk Management: p. 43, p. 47
Workforce Diversity & Engagement	Diversity and Inclusion: pp 62-67
Professional Integrity	Community and Corporate Social Responsibility: pp 68-73
Environment (additional to SASB requirements)	Environment and Sustainability: pp 74-77

ESG metrics:

Topic: Data Security

Measurement	FY 21	FY 20	SASB Code
Number of data breaches	–	1[59]	SV-PS-230a.3

Description of approach to identifying and addressing data security risks: SV-PS-230a.1

Alpha references a comprehensive global framework for managing the dynamic and evolving risks surrounding cyber and data security. Protecting the confidentiality, integrity and availability of information across all systems remains paramount within Alpha's IT and data security strategy. Alpha's approach is regularly assessed and updated as global data protection regulations evolve further.

As part of this framework, Alpha has identified a number of key risk areas that are regularly monitored and considered including: the misuse of data; accidental or intentional dissemination of data; loss, theft or compromise of data and/or information; incorrect data being used for internal or external purposes; and unauthorised access of equipment and/or physical resources.

Internal Policies and Governance

Alpha maintains a suite of information security policies, which are reviewed, updated and approved by the Global Coordination Committee on an annual basis.

These policies are based upon best practice from the National Institute of Standards and Technology ("NIST") framework. Policies include but are not limited to:

- Acceptable Use
- Access Control
- Antivirus and threat management
- Asset Management
- Data Privacy
- Data Encryption
- Information Security Training
- Password Management
- Secure Development
- Business Continuity and Disaster Recovery.

The information security policies attest to the responsibility, governance and business practices that Alpha applies to the topics surrounding IT and data security, and enable the Group to validate information security and risk posture on a constant basis.

[59] Further details: A cyber security event (a social engineer attack) occurred, which was contained within an hour of it being identified, and all impacted individuals were notified. The security event was notified to the ICO, however investigation concluded that no further action was required given the facts of the event and the remedial measures undertaken. The incident was reported to the Action Fraud Police. A number of responsive actions also took place, including: emphasis on user awareness training; enhancement of email protection and anti-spoofing controls; global application of multi-factor authentication ("MFA"); development of security operations centre for enhanced monitoring and threat analytics.

Senior Oversight and Executive Sponsorship

The Group Technology Steering Committee met seven times during the year. Chaired by the Global IT & Infrastructure Manager, supported by the Group's Information Security Lead, it is the primary governance forum for the oversight and management of incidents, risks, and remedial activities pertaining to Alpha's IT, infrastructure, and information security function. Membership of the forum includes the Chief Operating Officer, Chief Financial Officer and management representation from across the global offices.

The standing meeting agenda for discussion includes: global technology updates, operational IT reports and dashboards, security operations, strategy and workload discussion.

Workforce Training and Awareness

All global Alpha employees are trained and empowered to take responsibility for data security across the organisation. Mandatory data handling and cybersecurity training is issued annually with a positive pass required of each employee. This mandatory annual training is supplemented throughout the year through "AlphaAware": a series of internally developed user awareness training modules.

Social engineering assessments are additionally undertaken no less than twice a year, with analysis and benchmarking against industry average statistics. Technical safeguards such as multifactor authentication ("MFA"), secure email gateway, and phishing reporting are also implemented.

Cloud Security and Monitoring

Alpha continued to invest in market-leading cloud technologies to ensure a multi-layered approach in defending its infrastructure, people and data from emerging cyber threats. Using these platforms, Alpha had deployed a broad range of technical controls around encryption, intrusion detection and prevention, data leak prevention, traffic inspection, and threat scanning. Additionally, new technologies are regularly evaluated as Alpha continues to assess the security landscape and identifies potential changes in risk.

Proactive monitoring across Alpha's core infrastructure is undertaken by the security operations centre ("SOC"), for which Alpha leverages a qualified third party (Commissum Cybersecurity). The SOC enables the organisation to assess robustly alerts and events, correlate with threat intelligence and take the appropriate course of investigation.

Robust Incident and Breach Response

Alpha's protection and privacy governance is overseen by the Chief Operating Officer and comprises representation from the IT infrastructure, operations, legal and client delivery teams.

As part of this governance, Alpha operates a cohesive global incident response and breach management function, which ensures that the business is able to assess appropriately the impact of any data security incidents, and ensure that the right remedial actions take place. The response function manages timely containment of any incident(s), impact assessment, and handles both internal and external notifications (if and when required).

During the previous 12 months, there were zero (0) reportable data breaches.

Alpha fully understands its important custodial obligations around protecting internal, employee and client information. In line with this, Alpha has implemented and annually reviews a global data protection policy and a privacy statement, which comprises relevant privacy notices relating to different areas of the business. Alpha's privacy statement explains the types of information collected and processed, governance of the usage attributed to this data collection, and outlines the appropriate data retention schedules.

In accordance with the privacy statement, Alpha collects and processes contact and organisational information for legitimate business purposes, safeguarded by a suite of technical controls to mitigate the risk of data breaches arising from external threats.

Description of policies and practices relating to collection, usage, and retention of customer information: SV-PS-230a.2

All systems and applications are configured on a least-privilege basis, ensuring access to data is appropriate by job function. All cloud platforms are assessed at the point of implementation and annually thereafter to assess data residency and ongoing compliance with the appropriate regional legislations.

To further mitigate risks associated with data handling, Alpha has deployed several risk controls including:

- Annual review and approval of global information security policies by the Global Coordination Committee;
- Clear lines of responsibility and engagement across the global data protection governance, overseen by the Chief Operating Officer;
- Training and awareness to promote good cyber hygiene and build a security aware culture;
- Social engineering assessments across the global workforce, robustly analysed to benchmark attack susceptibility against industry averages;
- SOC performaning real-time infrastructure monitoring, correlating events and alerts with threat analytic feeds and other sources of intelligence;
- Adoption of a cloud-first IT architecture model, built upon zero-trust security principles;
- Due diligence, vetting and annual auditing of cloud providers is undertaken to validate information security and risk posture around these applications;
- Regular external collaboration with cybersecurity specialists.

SASB Disclosure continued

Topic: Workforce Diversity & Engagement[60]

Measurement	SASB Code
Percentage of gender representation	SV-PS-330a.1

	Male		Female		Other		NA[61]	
Level	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Directors and equivalent	91.2%	90.0%	8.8%	10.0%	0.0%	0.0%	0.0%	0.0%
Managers, senior managers, associate directors and equivalent	73.9%	73.2%	26.1%	26.8%	0.0%	0.0%	0.0%	0.0%
Analysts, consultants and equivalent	56.7%	61.5%	42.1%	38.5%	0.0%	0.0%	1.2%	0.0%
Overall split	69.8%	70.4%	29.8%	29.6%	0.0%	0.0%	0.5%	0.0%

Measurement	SASB Code
Percentage of racial/ethnic group representation (UK)[62]	SV-PS-330a.1

	Asian or Asian British		Black or Black British		Mixed Background		White or White British		Other		NA	
Level	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Directors and equivalent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	90.6%	88.0%	0.0%	0.0%	9.4%	12.0%
Managers, senior managers, associate directors and equivalent	11.3%	8.0%	1.7%	2.0%	5.2%	3.0%	75.7%	81.0%	1.7%	2.0%	4.3%	3.0%
Analysts, consultants and equivalent	26.8%	20.0%	5.6%	6.0%	1.4%	3.0%	64.8%	69.0%	0.0%	1.0%	1.4%	0.0%
Overall split	14.7%	11.0%	2.8%	3.0%	3.2%	3.0%	74.3%	78.0%	0.9%	2.0%	4.1%	3.0%

Measurement	SASB Code
Percentage of racial/ethnic group representation (NA)	SV-PS-330a.1

	Asian		Black or African American		Hispanic or Latino		White		Other		NA	
Level	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Directors and equivalent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%
All other employees	20.6%	19.6%	1.6%	0.0%	3.2%	1.8%	60.3%	71.4%	7.9%	1.8%	6.3%	5.4%
Overall split	18.8%	18.0%	1.4%	0.0%	2.9%	1.6%	63.8%	73.8%	7.2%	1.6%	5.8%	4.9%

Measurement	FY 21	FY 20	SASB Code
Voluntary turnover rate for employees	8.0%	8.3%	SV-PS-330a.2
Employee engagement as a percentage[63]	70.4%	63.5%	SV-PS-330a.3

[60] Given the nature of the metrics, the percentages used as part of the SASB disclosure refer to total global headcount, i.e. fee-generating consultants as well as business operations teams.
[61] "NA" refers to unknown, undisclosed or prefer not to say.
[62] Percentage of racial/ethnic group representation does not include the Axxsys business in UK and NA; the Group will review how it can expand the data group to provide a more global view of how it is performing against the topic.
[63] In FY 20 employee engagement was a blended rate taken from anonymous engagement surveys and global peer group feedback sessions. In FY 21, as the COVID-19 pandemic emerged, the Group quickly implemented regular pulse surveys to assess and respond to employees' health and wellbeing. Hence, global peer group feedback sessions were postponed. As such, the FY 20 figure is restated to only included the anonymous engagement surveys to provide a comparable basis for FY 21. In FY 22, the Group will look to adjust and if appropriate restate this figure to reflect the comprehensive nature of its engagement framework.

Topic: Professional Integrity

Measurement	FY 21 £	FY 20 £	SASB Code
Total amount of monetary losses as a result of legal proceedings associated with professional integrity[64]	–	–	SV-PS-510a.2

Description of approach to ensuring professional integrity: SV-PS-510a.1

Acting with integrity is subscribed into Alpha's core values. To support this, Alpha maintains clear policies for its employees on such topics as anti-bribery, confidentiality, IT security and acceptable use, whistleblowing and tax evasion. The Group will continue to review its adherence to high professional standards, business ethics and introduce new policies for its teams as appropriate for the Group's business model and range of services. Annual performance reviews include an assessment of professional integrity and compliance with company policies. Operating according to strong standards of transparency, honesty, business ethics and professional integrity means that Alpha is able to identify, understand and meet consistently the high expectations of its clients and wider stakeholders.

Alpha is committed to delivering the highest relationship and delivery standards to all clients and prospective clients. As part of this commitment, the professional conduct of the Group is at all times fair and professional, premised upon:

- Promoting Alpha's services honestly and fairly;
- Preserving the confidentiality and privacy of client businesses;
- Acting lawfully and ethically at all times; and
- Delivering projects in line with the terms of the engagement as well as any wider services agreements.

It is the responsibility of the Alpha engagement lead, supported by the client account owner, to ensure that client expectations are met on each client project. The Chief Commercial Officer then oversees the engagement and satisfaction of clients with the Group's products and service offering, ensuring that they are aligned to the Group's high professional standards.

[64] This covers losses arising out of legal proceedings against Alpha in connection with its relationship with clients and the delivery of professional services to its clients.

The power of our people

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Photography

Inside back cover, pp 2-3 11, 13, 14, 20, 21, 26, 30, 31, 33, 39 (right), 41, 45, 51, 52-53, 61, 62, 87 (left), 99, 180 by davebrownphoto.com

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