Annual Report & Accounts 2022

Alpha
Financial Markets Consulting

The power of our people

Welcome to Alpha's 2022 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 all of the world's top 20 and 76% of the world's top 50 asset managers by AUM, along with a wide range of other buy-side firms. It has the largest dedicated team in the industry, with over 760 consultants globally, operating from 16 client-facing offices spanning the UK, North America, Europe and APAC.

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
£158.0m
(FY 21: £98.1m) +61.1%

Adjusted[2] EBITDA
£33.9m
(FY 21: £21.7m) +56.0%

Operating profit
£17.8m
(FY 21: £10.2m) +74.7%

Profit before tax
£14.9m
(FY 21: £9.0m) +65.9%

Adjusted profit before tax
£31.8m
(FY 21: £19.6m) +62.0%

Basic earnings per share
7.69p
(FY 21: 5.75p) +33.7%

Adjusted earnings per share
21.46p
(FY 21: 14.91p) +43.9%

Adjusted cash conversion
112%
(FY 21: 111%)

Total dividend per share
10.40p
(FY 21: 6.95p)

Operational Highlights

718
Clients[3]
(FY 21: 439)
Includes all of the world's top 20 and 76% of the world's top 50 asset managers by AUM

16
Offices[4]
(FY 21: 12)
Addition of offices in Denver, San Francisco, Sydney and Frankfurt, taking the Group to 16 client-facing offices globally

760
Consultants[5]
(FY 21: 448)
Continued investment in the highest calibre consultants globally

88
Directors[6]
(FY 21: 55)
Increased size and expertise of global director team

1
Acquisitions
(FY 21: –)
Successful acquisition of Lionpoint strengthens alternative capabilities and footprint in North America

[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 certain costs including acquisition and integration costs, earn-out and deferred consideration costs and share-based payments charges. Refer to the Chief Financial Officer's Report and note 4 for further details.
[3] Client numbers are cumulative and have been updated to include all client relationships from acquisitions. "World's top 20" and "world's top 50" refer to Investment & Pensions Europe, "Top 500 Asset Managers 2021".
[4] The Group uses "office" to refer to client-facing office location; that is, if there are multiple offices in one location, they will be counted as one office.
[5] "Consultants" and "headcount" refer to fee-generating consultants at the year end: employed consultants plus utilised contractors in client-facing roles. Total increase of 312, of which 123 was through acquisition.
[6] "Directors" refer to fee-generating directors at the year end. Total increase of 33, of which 13 was through acquisition.

Strategic Report

The power of our people to grow the business

Strategic Report

Chairman's Report

Alpha's blueprint for international expansion has once again been extremely effective. Key growth initiatives have gained momentum and the Group has continued to attract the outstanding consulting talent that underpins its unique market proposition.

Ken Fry
Chairman
23 June 2022

"Alpha's key strategic growth initiatives have all delivered this year. Together with strong client demand, this has enabled the Group to achieve an outcome well ahead of initial market expectations."

I am delighted to present the Annual Report & Accounts for the Group for the year ended 31 March 2022, which demonstrate another year of impressive profitable growth. Having navigated through the pandemic resiliently in FY 21, we approached FY 22 with confidence. This confidence has been well founded as the Group's performance has been excellent. Alongside strong organic progress, the strategic acquisition of Lionpoint has been successfully integrated and delivered a very strong performance. This combination has enabled the Group to achieve an outcome well ahead of initial market expectations. On behalf of the Board[7], I would therefore like to thank all of the Group's employees for their enormous efforts, hard work and contributions to consistently deliver first class service and expertise to our clients.

The Group has made significant progress towards its medium-term goal of doubling in size over the four years to November 2024. Alpha has achieved major advances in the three priority areas of North America, insurance consulting and making acquisitions. The broad-based nature of progress in the past year has reinforced the Board's confidence that the Group is on track to deliver on its medium-term strategy.

The asset management, wealth management and insurance markets are influenced by powerful long-term trends, notably the drive for efficiency, fee compression, regulatory change and the growing focus on ESG[8] and responsible investment. These trends represent a strong tailwind for the Group and are steadily increasing the relevance and value of its proposition: to provide the best specialist consultancy services for clients wherever in the world they need us.

[7] The "Board" is Alpha's Board of Directors, also referred to as the "Board of Directors", the "Alpha Board" and the "Directors".
[8] Environment, Social, Governance ("ESG").

The Alpha Board, supported by the senior management 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.

Overview of the Financial Year

Alpha's performance over the past year has been nothing short of outstanding. Demand for specialist expertise across all areas of the industry's value chain has been very strong, and Alpha's ability to capture this has pushed year-on-year organic[9] growth in Group net fee income to 31.3% and to 62.2% in the key North America market. Notably, we have seen significant growth in all three areas identified as strategic growth initiatives.

The Group's strategic decision to enter the insurance consulting market has been particularly successful. The Pensions & Retail Investments practice in the UK has doubled in size over the past year and continues to forge ahead. The UK launch of Alpha's General Insurance and Specialty client segments, and the hiring of two new directors specifically aligned to these areas, gives us confidence that we will continue to see further material growth from our insurance teams.

Organic growth in North America has also accelerated sharply over the past 12 months. The Group continues to build relationships with the biggest asset and wealth managers and, excluding Lionpoint, now has over 125 consultants based in North America. Given the size of the market and the potential to introduce or scale up the full range of asset and wealth management practices in North America, the Board believes that there continues to be significant potential for further growth in this market.

The acquisition of Lionpoint, with its focus on private-market asset managers, has proved extremely complementary to the public-market focus of the rest of the Group. Since the acquisition in May 2021, Lionpoint has added 75 people to its headcount and won 64 new clients. Many of the world's largest public asset managers are expanding into alternative assets and the Lionpoint acquisition brings deep expertise in these areas. The Group now offers an integrated proposition spanning both public and private markets, unlocking many growth opportunities.

Overall, Group revenues rose 61.1% to £158.0m, including Lionpoint's contribution. Organic net fee income growth accelerated to 31.3% (FY 21: 8.0%) as Alpha successfully captured client demand for its expanding range of high-quality consulting services. Despite increasing costs post the COVID-19 pandemic, the strong revenue growth fed through to record adjusted EBITDA of £33.9m (FY 21: £21.7m) and profit before tax of £14.9m (FY 21: £9.0m). Adjusted earnings per share of 21.46p (FY 21: 14.91p) and basic earnings per share of 7.69p (FY 21: 5.75p) grew 43.9% and 33.7% respectively.

Governance and the Board

The members of Alpha's Board have a wide knowledge of financial services and substantial leadership experience within the industry, and they are committed to the highest standards of corporate governance and ethical behaviour. Alpha benefits from a robust corporate governance framework that ensures the interests of shareholders, employees, clients and wider stakeholders are properly safeguarded. The Board recognises that strong and appropriate governance is essential to reduce risk and secure long-term value for shareholders and therefore the topic remains under continual review.

We have taken steps to further broaden the range of experience at Board level with the appointment of Maeve Byrne as an Independent Non-Executive Director[10] from 16 May 2022. Maeve has more than 30 years' experience in financial services and was a partner in the financial services practice at KPMG from 2002 to 2014. Between 2010 and 2017, first on secondment and then as an executive, she held senior roles at Royal Bank of Scotland and Williams & Glyn. Subsequently, she has worked as an independent board adviser focussing on transformation services. On appointment, Maeve joined the Board's Audit and Risk, Nomination and Remuneration Committees.

The Group regards ESG and sustainability as important elements of Alpha's governance and approach to risk management. The Board recognises that it has an important role in overseeing and progressing these ESG efforts and we are therefore progressing plans to establish an ESG Committee in the coming financial year.

[9] Organic net fee income growth excludes Lionpoint, acquired during the year. Refer to note 4 of the consolidated financial statements for further information on the APMs.

[10] "Director" 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

Internally, we are increasing our focus on issues linked to sustainability, both by preparing the Group to start reporting under the framework set out by the Taskforce on Climate-Related Financial Disclosures, and by developing our own roadmap to net zero greenhouse gas emissions. The Group has hired a full-time Sustainability Manager within its business operations team whose role will include overseeing the development of this work and the implementation of Alpha's emissions reduction targets.

Strategy

The Board, supported by Alpha's executive team, is fully committed to the Group's strategic goal, which is to be recognised as the leading global consultancy to the asset management, wealth management and insurance industries. Alpha therefore aims to attract and train the most talented team of industry specialists available. To do this, the Group provides a highly attractive offering encompassing compensation, career development, high quality work in multiple geographies, recognition and support. This combination of continuing to develop an excellent corporate culture alongside competitive remuneration has resulted in growth in headcount in FY 22 of 189 consultants (FY 21: 12), excluding Lionpoint consultants at the time of acquisition, bringing our total number of consultants at 31 March 2022 to 760.

Alpha also keeps the wellbeing of its employees under constant review and strives to ensure that the workplace culture emphasises mutual support, teamwork and effective communication. Diversity and inclusion are vital elements of the culture that the Group aims to foster. The recent hire of an experienced full-time Diversity & Inclusion Manager, who will join Alpha at the beginning of the new financial year, is intended to ensure that Alpha's culture of inclusivity, governance frameworks and recruitment processes are delivering a sufficiently diverse team through all levels of the organisation.

The specialist nature of Alpha's consulting teams is critical to differentiate the Group's proposition and to create long-term relationships with clients that can broaden to include more practice areas and service offerings. The strong organic growth achieved over the past year in North America provides an illustration of this process. Around 80% of Alpha's organic net fee income in North America last year were generated by three of the Group's more established asset and wealth management practices: Investments, Distribution and M&A[11]. Having reached scale in North America, these practices are now producing opportunities to introduce Alpha's more recently launched practices, such as ESG & Responsible Investment ("ESG & RI").

Acquisition continues to be a key element of the Alpha growth strategy. The addition of Lionpoint in May 2021 built on the success of prior acquisitions enabling Alpha to broaden its proposition. This acquisition is a particularly good example in that it secured entry to the highly complementary area of private-market asset managers, incorporating private equity, private credit, infrastructure, real estate and fund of funds, and also more than doubling the Group's headcount in the key growth market of North America.

Dividend

As a result of Alpha's outstanding performance over the past year, the Board is recommending a 54.6% increase in the final dividend to 7.50p per share, bringing the total for the year to 10.40p (FY 21: 6.95p). Subject to shareholder approval at the Annual General Meeting ("AGM"), to be held on 13 September 2022, the final dividend will be paid on 20 September 2022 to shareholders on the register at close of business on 9 September 2022.

Outlook

Whilst we are mindful of the geopolitical and economic backdrop at present, the Alpha business enjoyed strong momentum through FY 22 and that has continued into FY 23. The Group's business is strongly cash generative and has a record pipeline of potential new business, while the industry tailwinds that underpin demand for its services remain strong. Therefore, we start the year in excellent health.

Once again, I would like to reiterate my thanks to everyone at Alpha for their tremendous efforts. With the combination of industry tailwinds, globalisation of the Group's services and strategic acquisitions, all supported by our enormously talented teams, the Board looks forward to the future with confidence.

[11] Practice name changed to "M&A" practice in the year to better reflect the client proposition.

Global Chief Executive Officer's Report

Thanks to the outstanding performance from our team we have delivered fabulous increases in both revenue and profitability and made excellent progress in all our key growth areas.

Euan Fraser
Global Chief Executive Officer
23 June 2022

> "After a year of very strong growth in every part of Alpha's consulting business, we are well on the way to achieving our medium-term goal of doubling the size of the Group over the four-year period to November 2024."

This past financial year has been one of the most successful in Alpha's history. Despite the continuing impact of COVID-19, which prolonged the challenges that remote working created for our team, they responded magnificently and continued to deliver excellent results servicing Alpha's clients. Their professionalism enabled us to meet buoyant demand for our services among asset and wealth managers and insurers, leading to the outstanding growth and profit performance that we achieved in FY 22.

We had many wonderful client wins over the past year and it is clear that we are constantly gaining market share. The value of our specialist expertise is well recognised and the benefits of this are increasing as we scale and extend our competitive challenge against the generalist consultancy firms.

Alpha ended FY 22 in a stronger position than ever. Whilst the macro-economic outlook for the coming months has some uncertainty, and we remain cautious and vigilant for the potential for further developments, including inflationary pressures, the Group continues to perform very strongly.

Delivering on our Strategy

After a year of very strong growth in every region of Alpha's consulting business, we are well on the way to achieving our medium-term goal of doubling the size of our Group over the four-year period to November 2024. The structural drivers for our sector continue to create significant tailwinds for Alpha. We have previously highlighted the three most significant growth opportunities that would enable Alpha to achieve our

Strategic Report

Global Chief Executive Officer's Report continued

growth target of doubling the business – rapid expansion in insurance consulting, continued strong growth in North America and acquisitions – and FY 22 was a year in which we delivered outstanding progress on all three fronts.

We launched insurance consulting in FY 20 with a Pensions & Retail Investments practice in the UK, subsequently expanded into France and the business doubled its headcount over the past year. Our belief that the insurance industry offers an opportunity for Alpha of comparable scale to our core asset and wealth management market is being rapidly vindicated. During the past year, we have started broadening our proposition for insurance clients with the extension in the UK into General Insurance and Specialty client segments. This team is already harnessing strong demand and we are building a wonderful reputation.

A major part of our growth strategy – scaling our North America business – also made excellent progress. In addition to Lionpoint, we increased our headcount in North America to 259, a 232.1% increase over the course of FY 22. Organic net fee income growth in North America reached 62.2% year on year as we won a string of new clients from the world's top asset management companies. This is the world's largest asset management market with assets under management around eight times greater[12] than in the UK, where we now have 287 consultants in aggregate. This simple comparison offers a good indication of the growth opportunity we see for Alpha in North America over the next few years.

The third pillar of our growth strategy is acquisitions and, with the acquisition of Lionpoint in May 2021, we have transformed our proposition by adding a leading global consultancy specialising in the fast-growing alternatives sector of private equity, private credit, infrastructure, real estate and fund of funds. We had been targeting private markets as a natural area of growth and concluded that Lionpoint would be the perfect partner.

Many of Alpha's core asset and wealth management clients are increasing their exposure to alternatives and, now that Lionpoint is part of the Group, we can propose integrated solutions that span our clients' public and private portfolios, opening up an important growth opportunity. This acquisition also brings us a much-increased presence in the key strategic market of North America and is forecast to continue to deliver a strong performance in the first full year of ownership.

It was pleasing to see the level of support among our shareholders for this important strategic acquisition. We were able to raise £31.1m, before expenses, of new equity to purchase Lionpoint at zero discount to the prevailing share price – the best endorsement we could have hoped for from our investors. We are grateful for the trust they have shown in the Group.

The progress we have made during FY 22 in realising the potential of our three biggest growth opportunities puts us in a strong position to deliver on our pledge in late 2020 to double the size of Alpha's business within four years.

Summary of Financial Performance

The powerful momentum across our priority growth areas and the large number of new client wins have enabled us to announce exceptionally strong financial results, with both revenue and adjusted EBITDA well ahead of initial market expectations. In addition to the 164 new clients that came to us through the acquisition of Lionpoint, Alpha gained 51 new clients during FY 22 (FY 21: 58), excluding Lionpoint additions in the year. Lionpoint continues to trade strongly, winning 64 new clients since the acquisition in May 2021 and delivering strong revenue growth.

Group net fee income, including Lionpoint's contribution, increased by 61.1% to £157.8m (FY 21: £98.0m) and by 31.3% to £128.6m on an organic basis. Adjusted EBITDA increased by 56.0% to £33.9m (FY 21: £21.7m) and adjusted profit before tax by 62.0% to £31.8m (FY 21: £19.6m). Alpha continues to generate strong cash flows and ended the year with net cash of £63.5m (FY 21: £34.0m).

On a statutory basis, revenue increased by 61.1% to £158.0m (FY 21: £98.1m), operating profit by 74.7% to £17.8m (FY 21: £10.2m) and profit before tax by 65.9% to £14.9m (FY 21: £9.0m). The difference between these statutory and adjusted performance measures set out above arise from the adjusting items as explained in the Chief Financial Officer's Report on p. 38 and note 4 to the consolidated financial statements.

Trading has been very positive across all our consulting operations, and our new business pipeline strengthened steadily throughout the year. We are still seeing many clients commit to larger business change projects and technology transformations as they seek operating models that are more

[12] BCG, "Global Asset Management 2021: The $100 Trillion Machine" (July 2021).

robust and better adapted to hybrid working. Our margins are strong, driven in part by above-target consultant utilisation levels. We continue to invest in industry-leading talent at all levels to drive further growth across all parts of the Group.

Alpha's robust financial performance and strong momentum have enabled the Board to announce an increase in the final dividend for FY 22 to 7.50p (FY 21: 4.85p), giving a total of 10.40p for this year, up 49.6% on the FY 21 total dividend of 6.95p.

Operational Review

With the acquisition of Lionpoint in May 2021 we welcomed 123 new consultants to the Group and the integration of Lionpoint's team into the wider Group has been one of the key operational priorities for FY 22. This is now complete and directors across the wider Group meet regularly and collaborate extremely well. Since the year end, in early April we further invested with a team lift-out of 14 real estate investment professionals, mainly based in the US. This additional real estate capability again enhances the Group's offering and adds several new client relationships.

Alpha's established asset and wealth management consulting practices all traded very strongly through FY 22, including Investments, Distribution, M&A and Operations, with newer practices such as Regulatory Compliance & Risk and Digital also showing excellent organic growth. We continue to globalise our consulting practices and add new propositions such as Data Science to meet new client demand.

Our insurance consulting business area, which is focussed on the UK and France, has doubled its headcount over the past year in response to very strong client demand and we have recruited two directors to lead our General Insurance and Specialty segments in the UK. This marks the expansion of our insurance offering from the investment-focussed areas we initially targeted into traditional risk underwriting and reinsurance.

Our technology services business has also been significantly strengthened over the past year thanks to major investments in Axxsys, the software implementation specialist that we acquired in FY 20. Over the past 12 months, Axxsys has broadened its proposition with the launch of technology consulting practices focussed on data and cloud services, front office projects and wealth management. There is huge demand for technology consultancy among asset and wealth managers and we believe that these new practice areas are poised for strong growth in FY 23 and beyond.

The Group's Alpha Data Solutions[13] ("ADS") business, including Obsidian, has made less progress than planned in the year, despite a good opportunity pipeline. We were delighted to welcome a new global head to focus the strategy and gain further traction.

Geographic Overview

Alpha's regional financial performance for the past year demonstrates the strong demand that our teams have encountered in all parts of the world. In regional terms, the major development over the past year is that Alpha has now achieved scale in each of our main regions, thanks to a combination of robust hiring and the addition of Lionpoint's global team, almost 70% of which are based in North America.

By the end of FY 22, we had over 285 consultants in the UK, over 255 in North America and more than 210 in Europe & APAC. Our North America operations are well diversified between East and West coasts, the Mid-west and South, alongside a growing presence in Canada.

	12 months to 31 March 2022	12 months to 31 March 2021	Change
Net Fee Income			
UK	£72.1m	£53.5m	34.9%
North America	£46.9m	£16.5m	184.1%
Europe & APAC	£38.8m	£28.0m	38.6%
Total	**£157.8m**	**£98.0m**	**61.1%**
Gross Profit			
UK	£30.6m	£21.4m	43.2%
North America	£15.4m	£4.4m	242.6%
Europe & APAC	£13.4m	£9.0m	49.5%
Total	**£59.4m**	**£34.8m**	**70.4%**

13 Renamed to Aiviq at beginning of FY 23 to better reflect the proposition for clients.

Strategic Report

Global Chief Executive Officer's Report continued

	UK	North America	Europe & APAC	Year-end totals
Consultant Headcount				
As at 31 March 2021	223	78	147	448
Lionpoint team on acquisition	27	88	8	123
Team additions – Lionpoint	12	45	18	75
Team additions – rest of the Group	25	48	41	114
As at 31 March 2022	**287**	**259**	**214**	**760**
Change	28.7%	232.1%	45.6%	69.6%

We continue to build relationships with the largest asset managers in North America and the Group has now worked with 80% of the top 25 North American asset managers[14]. We also continue to broaden these relationships to include more of our services. Net fee income in North America grew 184.1% over the year and 62.2% organically.

Our businesses in the UK and Europe & APAC also delivered excellent performances, increasing net fee income by 34.9% and 38.6% respectively. Our established offerings in the Operations, Investments and Distribution spaces continue to grow strongly in those regions and we have seen increased industry interest in our most recent offerings around ESG & RI and Insurance.

All our consulting businesses globally have experienced strong client demand, resulting in higher than planned consultant utilisation through the year, which we aim to glide back to more normalised levels with ongoing recruitment through the new financial year. Strong demand has also supported good consultant day rate progression in all regions and is a helpful environment in which to manage inflationary cost pressures.

Our People

Over the past two years, Alpha's employees have had to deal with unprecedented conditions due to the pandemic and their response to the heavy demands placed upon them has been magnificent. The quality of their performance is clear from the outstanding financial results that we have achieved in FY 22. However, we do not take any of this for granted.

Although the most acute phase of the pandemic is behind us, we are still very mindful that many of our people have faced ongoing challenges in working remotely and we have thought very carefully about how we can support them better. We reopened our offices as soon as conditions allowed so that those who wished to return could do so, albeit with relevant precautions in place.

The flexibility to work remotely has advantages for many employees and also for Alpha in terms of our ability to draw on our global talent pool for projects irrespective of where the client is based, and to use our capacity as efficiently as possible. Our clients continue to respond very favourably to our talent and service delivery proposition, which is reflected in consultant utilisation rates for FY 22 that were slightly above target. This should be counteracted to some degree by our ongoing hiring programmes, which bring new talent into the Group at every level to ensure that we have strong foundations for further growth.

Our attrition rate has risen post COVID-19 yet remains well below the average among our peers, and we continue to attract extremely talented people although competition in recruitment remains strong. We are continually looking at ways in which we can attract, develop and reward our people – including reviewing our policies to ensure that they compare favourably with those available elsewhere.

[14] "Top 25" refers to Investment & Pensions Europe, "Top 500 Asset Managers 2021" where the asset manager country is US or Canada, as defined in the report.

Current Trading and Outlook

FY 22 was a remarkable year for Alpha, in which we achieved over 60% revenue growth across the Group and over 30% on an organic basis. We made huge progress in each of our three priority areas for growth – North America, insurance consulting and acquisitions – and gained powerful momentum across the business more generally. We are making excellent progress on our medium-term growth target of doubling the business.

We therefore enter FY 23 in a very strong position. With the addition of Lionpoint, we now have a compelling, specialist proposition across both public and private markets, with significant scale in both. Our regional footprint has been transformed and our newer practices are growing very strongly.

We recognise that there is geopolitical and economic uncertainty at present, and the impact of inflation and the situation in Ukraine is difficult to predict with confidence. Accordingly, we remain vigilant and are watching developments very closely.

However, our current trading and project pipeline to date is very strong, and our revenue visibility is better than ever as our clients commit to longer and more complex business change projects. These factors, coupled with Alpha's robust balance sheet, give us considerable confidence that even if we are heading into more difficult markets, we are doing so from a position of real strength.

Finally, I would like to join Ken in thanking everyone across the Group for their outstanding efforts. 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

255+ Consultants

New York (2009)
Boston (2015)
Toronto (2019)
Denver (2021)
San Francisco (2021)

UK

285+ Consultants

London (2003)
Edinburgh (2016)

Europe

175 Consultants

Luxembourg (2008)
Paris (2010)
Amsterdam (2015)
Geneva (2017)
Zurich (2019)
Copenhagen (2019)
Frankfurt (2021)

APAC

35+ Consultants

Singapore (2017)
Sydney (2021)

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

North America presence is established, with the opening of the New York office.

2011

Creation of the Distribution and Investments practices.

2013

Investment in Alpha by Baird Capital.

2015

Alpha's Diversity & Inclusion programme is launched.

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.

Alpha has been selected #1 Consulting Firm in France by *Décideurs Magazine* 2022 in "asset management"

2017

APAC 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

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

2022

Alpha continues to grow, reporting the most successful financial year to date, with Group revenues of £158.0m.

Timeline depicts calendar years

Strategic Report

Market Overview

Asset and wealth managers and insurance companies turn to Alpha's specialist consultants to help them navigate the major structural trends shaping their markets. Alpha helps them develop and implement strategies to secure long-term growth and profitability.

Market Context

Alpha is a leading consultancy to the asset management, wealth management and insurance industries. The Group delivers its services globally, working with organisations of all kinds, including asset and wealth managers, investment platforms, pension companies, intermediaries and service and infrastructure providers. Clients range from the biggest international groups to boutique firms and, with the acquisition of Lionpoint in May 2021, Alpha has broadened its offering to include coverage of alternatives including private equity, private credit and real estate.

In recent years, Alpha's proposition to the market has been further strengthened with the development of Alpha Data Solutions, which provides data products and services to clients. The ADS offering addresses priority areas for investment and organisational transformation among Alpha's clients including strategic client data, distribution intelligence, data platforms, efficiency and automation, and client experience.

The financial services market that Alpha supports is emerging positively from the COVID-19 pandemic and organisations are now focussing on understanding what headwinds they face and how they succeed in the future. Major themes affecting the whole market – from macro-economic factors and workforce changes to data and technology issues – require firms to re-assess, change and invest. The Group helps them to identify the most important priorities and respond effectively.

Alpha's consulting teams can address almost every part of the value chain (except for advising on investment decisions) and work day-to-day with a range of different buyers and personas within asset management, wealth management and insurance firms including the Chief Executive Officer, Chief Operating Officer, Chief Technology Officer, Chief Data Officer, Head of Compliance and Head of Distribution. The Group covers the full consulting lifecycle – and those key client stakeholders within it – from strategy development to operating model and process design, vendor selection, technology implementation, change delivery and support. Based upon its deep expertise, structured perspectives and strong market view, Alpha is able to work with its clients to grasp the opportunities, adopt the right operational advantages and ensure organisational readiness for future change.

Structural Drivers

A series of long-term themes continue to shape the industries that Alpha serves, notably increasing assets under management ("AUM"), fee pressure, regulatory change and growing emphasis on the ESG agenda. Key priorities include the need to enhance operating efficiency, protect margins and comply with significant regulatory change. Linked to this, firms need to respond to rapidly changing expectations among their clients about the products available and the technology used to access them, as well as demonstrating progress on diversity and ESG-related issues.

Investment in improving operating models remains a priority as organisations seek to position themselves for further growth across AUM and scale across investment strategies to meet a changing investor demographic. However, they also face the challenge of increasing scale while improving their operating margins. This is resulting in simplification of end-to-end operating models, digitisation and automation, and the implementation of data strategies to improve decision-making and oversight. Alpha is able to define, support and implement projects in all these areas through its comprehensive offering across core consulting, technology services and data solutions.

Alongside growth in AUM, the market is moving from a seller-led environment to one where customer demand holds increasing influence. Strong and efficient client servicing is therefore vital, both to capture investment flows and to achieve meaningful economies of scale. Alpha's business practices, including the Distribution and Digital areas, can support the growing focus on client service as organisations adapt to this trend, including supporting the growing usage of data science to develop sales predictive analytics.

Market conditions continue to drive consolidation among asset managers, wealth managers and insurance clients as firms seek increased scale, new capabilities and products, and greater geographic reach. A key objective, particularly for CEOs, is to identify agile, scalable operating models that enable growth, rather than simply reducing or avoiding cost. Alpha has recognised expertise in pre-M&A due diligence and business case development, as well as helping clients to develop and implement integration plans. Alpha's M&A practice remains an important engine of growth globally, having supported on a number of pivotal deals within the industry, and is one of the key pillars of the Group's rapid growth in North America.

After a decade of increasing regulatory complexity, risk and compliance teams are tending to converge as they look to consolidate control frameworks, processes and systems. Global regulations and compliance frameworks are complex and time-consuming to implement, and often differ across jurisdictions. Heads of Compliance and other key stakeholders are assessing how to become more responsive by deploying innovations such as RegTech and automation, improving oversight functions and implementing smarter decision trees.

Strong revenue growth delivered over multiple years.

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

760 fee-generating consultants operating globally.

Strategic Report

Market Overview continued

Similarly, defining and integrating ESG strategies have become key priorities for investment firms, who are increasingly conscious of changing expectations among clients and society at large. Some 60% of firms surveyed recently by Alpha cited ESG as the key factor in winning new clients or mandates in 2021[15]. There is a convergence of regulation and client-driven ESG pressure, with regulators including the Financial Conduct Authority ("FCA") and Securities and Exchange Commission ("SEC") introducing climate-related disclosure rules that require careful planning, coordination and organisational readiness. Alpha's ESG & RI practice, established in FY 21, is working with multiple clients to help them articulate their position within the ESG landscape and integrate ESG into their processes. The Group views ESG as an important long-term growth area that will also enable it to help the industry achieve better outcomes for customers and society.

Organisations must both navigate their competitive environment and address structural changes – finding their own response to industry-wide trends such as active versus passive, falling fees, consolidation, innovations in client engagement and disruption from new entrants. With its focussed proposition, specialist expertise and the industry's best consulting talent, Alpha is ideally positioned to help them understand their environment and respond.

Growth of Alternatives

Ensuring that the asset class meets client demand and delivers the right outcomes for clients is a concern for most asset managers and asset owners. The alternatives investment market is rapidly growing in this context, with the market anticipated to reach $23.21 trillion in AUM in 2026[16] compared to $13.32 trillion today.

Alpha's acquisition of Lionpoint in May 2021 addresses the industry's increasing focus on alternative asset classes such as private equity, real estate and private credit. Many public-market managers are developing private-market offerings and the addition of Lionpoint has brought Alpha a large and well-regarded team of alternative asset specialists, positioning it to support clients across both public and private markets.

The structural drivers shaping the alternatives market are very similar to those in traditional asset and wealth management including cost pressure, changes to operating models and technology in the search for outperformance, increasing regulatory pressure and demands for greater transparency. Firms with both traditional and private-market offerings are seeking to align operating models across asset classes, and it is predicted that data and technology will be a growing priority for alternatives businesses[17]. Lionpoint's highly regarded team of specialists and knowledge of all key platforms and technologies enables it to help clients address these challenges and opportunities with a unique breadth of capability and insight.

EXPERIENCES

Hannah Holt
Manager, UK

I joined Lionpoint in 2019 and since then have been through an incredible journey of growth both personally and as part of a company that has seen huge expansion. We have such a talented team, who are constantly sharing knowledge and ideas, which I've found so important in developing our business. Over the years we've been working hard to shape our methodologies and it's been great to be part of that.

I'm lucky enough to work on a huge variety of projects, from focussed requirements gathering, to full operational reviews and target operating models, and from system selection through to implementation. Although I'm based in London, we have a global view and approach, so I have worked with mid to large investors in EMEA and North America.

I've been in the alternatives space with a focus on real estate for over 12 years, and I love the fact that I am constantly learning in such a vast, complex and ever-changing industry. It's very rewarding to enact real change for clients, and help firms strive for operational excellence. Being part of Lionpoint and Alpha right now is very exciting and I'm looking forward to continuing the journey.

[15] Alpha Outlook 2022, "Powered by Data: Insights from Alpha's research" (January 2022).
[16] Prequin, "Alternatives in 2022" (January 2022).
[17] Alpha Outlook 2022, "Powered by Data: Insights from Alpha's research" (January 2022).

Lionpoint named a "Market Leader" for Anaplan Consulting by FeaturedCustomers (2022)

Workforce Trends

Although the impact of the COVID-19 pandemic gradually receded during FY 22, the transition to remote working that it created has proved more enduring. The likelihood of a long-term shift to a mix of home and office-based working among Alpha's clients has put pressure on their teams and infrastructure, and accelerated investment in hybrid working technology and processes. For business leaders, this requires adjustment in ways of working, both in how teams are managed internally and how they engage with and service clients.

Alpha expects to see continued deployment of new technologies and architectures, alongside optimisation of organisational structures, to maximise the efficiency of hybrid working. The Group is carrying out multiple projects with clients that address this agenda, as well as expanding the specialist technology expertise it provides, for example through the new Data & Cloud Technology and Front Office Technology practices launched by Axxsys.

As well as adapting to hybrid working, clients must upgrade their operating, technology and data models to achieve the operational efficiency, security and resilience that regulators demand and customers expect. This is an important area of work for the Group's Regulatory Compliance & Risk Practice as clients seek to evolve operating models without compromising on risk, resilience or compliance. Companies globally are reviewing oversight structures and investing in training, technology and surveillance programmes to detect new risks from hybrid working, as well as from new products and jurisdictions.

From a project delivery perspective, Alpha itself has been using video conferencing since well before the pandemic and so is used to delivering projects through a combination of on-site and remote working. The ability to draw on teams whose members are geographically dispersed enables the Group to deploy the right specialists for an engagement irrespective of where they are, ensuring the highest quality and the most efficient utilisation of its talented consulting teams.

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 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 sources of knowledge from all over the world.

The Group has made significant progress in strengthening its global presence during FY 22, supported by its rapid growth in North America. North America is the world's largest asset and wealth management market, with over $49tn in assets[18]. The Group is investing to ensure it can service this critical market effectively and provide a robust foundation for the future. Including the Lionpoint team, Alpha now has more than 255 employees in the US and Canada, where it has formed relationships with some of that country's largest asset owners. Alpha has also been named one of "America's Best Management Consulting Firms" by Forbes in 2022, further confirming the strength of Alpha's business model in the North American market.

The North America market trends of client growth in assets, fee pressure and competition and cost management are consistent with those that the Group experiences in other markets and there is a strong appetite for change and consulting support. In FY 22, the Group had over 40 active asset manager clients in North America, many of them among the region's largest. Thanks to Alpha's growing consulting team in North America, backed by its global collaboration model, the Group is very well placed to expand further in this strategically vital market.

PRIVATE EQUITY WIRE
Lionpoint named "Best Technology Advisory Firm" at the Private Equity Wire European Awards (2022)

[18] BCG, "Global Asset Management 2021: The $100 Trillion Machine" (July 2021).

Strategic Report

Market Overview continued

The Group is also keenly interested in APAC and in building on its position as the leading consultancy to the asset management, wealth management and insurance industries in the UK and Europe. APAC is experiencing the fastest increase in AUM of any region thanks to rapid economic development and the emergence of a large middle class. It is estimated that APAC's share of global AUM had risen to 30% at the end of 2021[19]. Alpha currently services APAC through its offices in Singapore and Sydney as well as client-led teams in Melbourne and Brisbane.

Alpha continually analyses opportunities to strengthen its regional presence, through its network of 16 client-facing offices in London, Edinburgh, Luxembourg, Paris, Geneva, Zurich, Amsterdam, Copenhagen, Frankfurt, New York, Boston, Denver, San Francisco, Toronto, Singapore and Sydney; further client-led presences globally; and the development team based in Belgrade that was acquired with Obsidian. This network of offices, alongside a wider presence beyond office locations and the flexibility afforded from Alpha's hybrid working practices, allows the Group to adapt to client needs wherever they are in the world.

Competitive Environment

Alpha sees strong client demand in all regions and across all its value propositions. As the market grows, Alpha's clients are embarking on transformation projects that are supported by the market growth drivers of growth in AUM, regulatory demand, fee and cost pressure, and changing client and societal expectations. The Group's focussed expertise and ability to provide an end-to-end offering across all asset classes position it very well to outperform the competition.

With assets under management in Alpha's core markets showing strong, long-term growth[20], there is a sustained demand for consultancy services of all sorts. Alpha's competition includes professional services firms (notably the "Big 6"[21]), specialist global consulting businesses and local boutiques.

Alpha's rapid growth during FY 22, in which revenues globally increased by 61.1%, demonstrates the strength of its proposition and its ongoing success in winning projects ahead of its competitors and increasing its market share. Alpha's key advantages are its specialist focus and excellent reputation among clients based on its industry knowledge and delivery frameworks, its leading data analytics solutions, expertise in technology transformation and industry benchmarking information.

The Group's growth during FY 22 has depended on its continuing ability to attract the most talented people at all levels, from new graduates to seasoned directors. These individuals choose to join Alpha because it can offer them access to the most strategically important and intellectually rewarding projects in the industry. Alpha has also strengthened its proposition as an exciting employer for which to work through acquisitions and the development of new service.

Addressable Market

Alpha's core market comprises asset management, wealth management and insurance companies ranging in size from small firms with less than $1bn of AUM up to the largest multinationals managing assets running into trillions of dollars. Alongside these clients, Alpha also serves the vendors and platforms that support them, as well as asset owners and specialist alternative managers covering areas such as private equity, real assets and hedge funds.

The asset and wealth management market is growing, with a study predicting that it will reach $147.4tn in assets worldwide by 2025[22]. Despite geopolitical shocks including COVID-19 and Russia's war in Ukraine, the outlook remains positive and important structural growth drivers remain in place. While the needs of Alpha's clients continue to evolve, the Group has shown that its industry expertise and global reach provide a powerful advantage in anticipating these shifts and adapting its service proposition to meet them.

In recent years, the Group has increased its addressable market through its continuing expansion into insurance consulting; a process that began in FY 20 and is now gaining traction. Over the past year, Alpha has seen an acceleration in the growth rate of its original insurance practices: a French practice focussing on the European general insurance market and the insurance CFO agenda, and the UK-based Pensions & Retail Investments practice.

19 Bain & Company, "Asia-Pacific Private Equity Report 2022" (March 2022).
20 BCG, "Global Asset Management 2021: The $100 Trillion Machine:" (July 2021).
21 "Big 6" comprises PwC, KPMG, Deloitte, EY, Accenture and IBM.
22 PwC, "Asset and wealth management revolution: The power to shape the future" (December 2020).

Insurance represents a major growth opportunity for the Group, with very attractive global revenue potential. The structural trends in insurance consulting are very similar to those facing asset and wealth managers, including legacy technology and operating models, pressure on fees and costs, and a demanding regulatory environment[23]. Alpha's strategy in addressing this market follows the same blueprint that it has successfully applied in asset and wealth management; it identifies key areas of demand, hires the best specialists in these areas and builds a well differentiated proposition based on quality and niche expertise.

During FY 22, the Group began the next phase of its insurance strategy with its expansion into the General Insurance and Specialty segments. Alpha's insurance teams continue to build an excellent project pipeline that provides strong grounds for optimism about the prospects for FY 23 and beyond.

In May 2021, the Group significantly increased its exposure to alternative assets with the acquisition of the specialist private markets consultancy Lionpoint. This acquisition enlarged Alpha's addressable market to include an estimated 34,000 alternatives fund managers globally[24]. Lionpoint continues to grow quickly. It increased its headcount from 123 in May 2021 to 198 by the end of FY 22, responding to demand for its specialist services. The addition of Lionpoint means that, alongside Alpha's core consulting services, complementary technology services (Axxsys) and data solutions (ADS), the Group can provide a complete, end-to-end consultancy offering that spans the full project lifecycle and covers all major asset classes.

Alpha has demonstrated its ability to identify correctly the opportunities in the market and has accelerated its development through targeted acquisitions and organic growth to provide an end-to-end offering across all asset classes. While the needs of Alpha's asset management, wealth management and insurance clients continue to evolve, the Group has shown that its industry expertise and global reach provide a powerful advantage in anticipating these shifts and adapting its service proposition to meet them.

EXPERIENCES

Michael Tracy

Executive Director, North America

I am an executive director in the Lionpoint team leading our Front & Middle Office practice in North America. I'm based out of our New York office but the clients we work with often have a global presence.

I joined Lionpoint over three years ago and it's been amazing to be a part of the firm's evolution over that time period, including most recently becoming part of the Alpha Group. I originally joined Lionpoint because I was looking for a consulting organisation that focusses on the private markets industry and technology and, after meeting with the team, I knew it would be a great fit immediately.

Throughout my time at Lionpoint I've been lucky enough to work with the largest private equity firms in the world helping design, plan and execute their technology and operational needs in various areas of the business architecture. Each day is both exciting and challenging as we continue to stay at the forefront of technology innovation for the private markets industry while sharing that knowledge with our clients in a meaningful way.

Over the past year our integration into the Alpha Group has unlocked even more opportunities to collaborate with like-minded consulting professionals where we've already been witness to many collaborative successes.

[23] Deloitte, "2021 Insurance Outlook" (December 2020).
[24] Preqin, "The Past, Present, and Future of the Industry" (November 2020).

Strategic Report

Business Model

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

Highlights for FY 22

- Rapid growth in revenues and adjusted EBITDA globally amid robust client demand;
- Successful integration of Lionpoint, bringing global scale in alternative and other private asset classes and cross-collaboration on client projects;
- Acceleration in North America with numerous client wins among the world's largest asset managers;
- Excellent progress in insurance and the addition of a General Insurance and Specialty client offering; and
- Headcount increased by 69.6% to 760, including the appointment of 33 new directors.

Client Focus

Alpha's aim is to be the consultancy of choice for asset managers, wealth managers and insurance clients globally. The Group devotes great effort to understanding its clients' objectives and challenges and uses its specialist knowledge and deep industry insight to ensure that every project is delivered to the highest standards.

The Group's delivery model flexes to meet the client's needs. Its network of offices and robust remote technology model allow Alpha's consultants to work with clients all over the world and its wide range of business practices ensures that Alpha has a proposition to meet the needs of every team and department within client organisations. This is a key advantage for Alpha, given clients' increasing desire to work with consulting firms that can offer an end-to-end service instead of "single-stage" consultancies.

During FY 22, the Group's newer practices, focussed on ESG and responsible investment and the insurance market, have shown increasing momentum. The Group has also invested in Axxsys, the technology consulting and implementation business acquired in FY 20, to expand its specialist technology consulting proposition so that it directly complements more areas of Alpha's core consulting practices. Axxsys has made senior hires for its Data & Cloud Technology and Front Office Technology practices and these business areas are now well positioned for further growth and geographical expansion.

Acquisitions

Acquisitions are an integral part of Alpha's growth strategy. The Group seeks to acquire and integrate businesses that will broaden its proposition and that have strong growth dynamics in their own right. During FY 22, the Group made its largest acquisition to date with the purchase of Lionpoint. This acquisition offers a prime example of the Group's considered approach to inorganic growth. Lionpoint is a company that Alpha knew well and had been tracking for several years, offering a market-leading end-to-end consulting proposition for alternative asset managers.

This acquisition brought Alpha immediate global scale in alternative asset classes, taking it further into an adjacent, fast-growing client segment that is of growing strategic importance for its existing public market clients. Combining Lionpoint and Alpha enables the enlarged Group to offer clients a comprehensive service covering both their public and private market assets, provided by the best consulting teams in the industry. This transaction also more than doubled the Group's headcount in North America, accelerating its growth in the world's largest asset management and private wealth market. The acquisition was funded with an equity placing that raised gross proceeds of £31.1m with no discount to the prevailing share price, illustrating strong investor support for Alpha's strategy and its ability to execute.

Since acquisition, Lionpoint has continued to trade strongly, and has increased its global headcount from 123 at the time of the transaction to 198 at the year end, and added 64 clients during FY 22. Its European team was named Best Technology Advisory Firm in the recent Private Equity Wire European Awards.

Alpha continually evaluates further acquisition opportunities. These are most likely to be complementary product and technology businesses, or specialist consultancies that bring additional expertise, new client opportunities or the potential to enter new countries or regions.

Services and Expertise

Alpha's business practices and verticals are each 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 policy is to hire and develop the best people in the industry, enabling it to meet the full spectrum of client needs and provide the highest quality service in every engagement. Its collaborative culture supports the practice model and facilitates sharing of knowledge and insights between teams.

The Group expands its proposition to match the industry's evolution as it did, for example, during FY 21 with its launch of the ESG & Responsible Investment practice and during FY 22 with the continued expansion of insurance consulting with key senior hires to lead the proposition for general insurance and specialty clients.

Among the Group's established practices, Distribution, Investments, M&A and Operations all performed strongly during FY 22, with particularly robust growth in North America, where Alpha's proposition is rapidly gaining ground on its generalist competitors.

The Group's international expansion follows a proven model whereby it secures an initial engagement with a new client through one of its most established practices, and by delivering excellent results progressively widens the relationship to include other parts of the Alpha offering. Its strengths across a wide range of critical areas for its clients underpin long-term business partnerships that yield multiple cross-selling opportunities and repeat engagements.

Talented People

The Group's success depends crucially on the expertise and dedication of its people. It must, therefore, nurture this vital source of differentiation and competitive advantage by seeking to provide the best corporate experience that its employees will have during their careers. Alpha fosters a collaborative, meritocratic and supportive working environment in which knowledge is shared and excellence is recognised and celebrated. It 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.

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. Last year, Alpha's consultants published more than 60 specialist articles on the Group's website while its "2022 Industry Outlook" whitepapers demonstrated subject matter knowledge across the full breadth of asset and wealth management, alternatives, pension and retail investing segments. The Group further highlights its expertise via its developing research and insights capability; providing more than 250 clients with valuable industry research, peer benchmarking, roundtables and events.

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.

Strategic Report

Business Model continued

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 ability to operate, and taking appropriate steps to manage and mitigate them, are strategic priorities.

Alpha is continuously learning and refining its approach to sustainability and during FY 22 it embarked on the next stage of its development with the decision to hire full-time specialist Sustainability and Diversity & Inclusion Managers to oversee its corporate activities in these vital areas.

Alpha's goal is to build a business that delivers outstanding outcomes for clients and is recognised as the leading global management consultancy to the asset management, wealth management and insurance industries. Achieving this depends, above all, on Alpha's ability to attract and retain the most talented people at all levels, from new graduates to directors. It therefore ensures that its employee proposition remains competitive in all aspects with the best on offer from its peers.

Alpha identifies the most important sustainability metrics based on key risks as well as industry and other trends. These metrics relate to data security, workforce diversity and engagement, professional integrity and environment. However, in view of the changes to working practices prompted by the pandemic, it has also concentrated over the past two years on the wellbeing of its people and on supporting them to adapt to remote and hybrid working.

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.

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 robust and secure information and data handling practices is essential to retain 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: pp 184-85 Risk management p. 47, p. 51
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, overseen by a full-time Diversity & Inclusion Manager, to ensure it fosters an inclusive culture that welcomes people from all backgrounds, recognises excellence and supports employee wellbeing.	SASB metrics: p. 186 Looking after our people: pp 59-63 Diversity and inclusion: pp 64-69
Professional Integrity	Acting, and being seen to act, with the utmost professional integrity is critical to develop trusting relationships with clients. Alpha monitors professional ethics through local governance forums and its oversight framework for client delivery. The Group's CSR initiatives further uphold its commitment to acting with transparency, honesty and personal integrity at all times.	SASB metrics: p. 187 Community and corporate social responsibility: pp 70-74

Reporting the Group's environmental impacts is important since this helps investors to evaluate non-financial risks within their portfolios and, whilst the nature of Alpha's business means that it does not have a major direct impact on the environment, Alpha is committed to minimising its environmental impacts and contributing positively to climate change. Alpha is proud of its environment work and response to climate change and considers itself a climate responsible business that has achieved climate neutrality through the use of offsets (of its unavoidable greenhouse gas emissions) for the last two years, FY 20 and FY 21.

The Group has been making environment-related disclosures since the publication of its FY 20 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 sustainable long-term 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. 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 overseen by 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.

The Group ended FY 22 with a total of 718 clients. During the period the Group added 279 new clients, 115 through its existing practices, and 164 through the acquisition of Lionpoint.

Alpha also offers insight and thought leadership for the asset management, wealth management and insurance industries, based on its leading position in the market. It 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's priorities are to maintain a flexible service offering, reflecting the changing needs of clients, and to provide a superior proposition to its competitors. Alpha works with 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 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.

EXPERIENCES

Gillian Batchelor

Associate Director, UK

I joined Alpha at the start of 2021 having worked in industry for over 20 years primarily in the technology space across asset management, wealth and retail investments for a large corporation. What attracted me to Alpha's Pensions & Retail Investment practice was the unique, once-in-a-career chance to get involved at the early stages of a new practice and be part of its exciting growth opportunity.

Since joining I have been able to use my industry knowledge and develop new skills whilst working with clients on their key initiatives, from delivering market-leading digital customer experiences to driving platform due diligence. I am looking forward to continuing working with our clients and supporting them on upcoming initiatives such as pension dashboards and consumer duty.

Alpha truly is a unique place to work, and I feel a real sense of pride to be part of Alpha's growing insurance proposition. You are surrounded by highly talented colleagues and part of a team that supports you in all aspects. I believe you never stop learning and growing as a person and Alpha perfectly embodies this for me.

Strategic Report

Business Model continued

Key Strengths

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

- A focussed, specialist 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

William Parish

Analyst, UK

I joined ADS in September 2021 having just completed my undergraduate degree. Being part of the company's first graduate intake was daunting, especially after the pandemic. However, the team has not only provided a supportive environment to ensure I adjusted well to life at Alpha, but never ceases to provide opportunities to expand my knowledge and thrive in my role.

Currently, I'm responsible for assisting with sales activity, supporting pre-sales and managing prospecting events. I'm also involved with our analytics as a service offering, providing customers with relevant insights and leveraging the data we provide. In the future, I'll be reinforcing my project management skills as I pivot toward an implementation, as our customer base continues to grow alongside the capabilities of our platform.

It's an exciting time at ADS and the team is embarking on a new chapter, having recently found a new name – Aiviq – that really represents our service offering for our clients. The leadership team is focussed on ensuring that we continue to be "best in class" and, to achieve this, have brought in a talented group of analysts to expand our client-led capabilities, refined our operating model to support our growth and continued to invest in and develop our product suite.

I consider myself fortunate to be surrounded by such talented and dedicated people. I look forward to my future at Aiviq, as it's certainly the place to be.

CONSULTING

Asset & Wealth Management

Insurance

Alpha Insurance Consulting

- Pensions & Retail Investments
- Specialty
- General Insurance

SOLUTIONS

Alpha Data Solutions*

aiviq

- Client AUM, Flow & Revenue
- CRM, Portal & SmartDocs
- Reporting & analytics services

*Alpha Data Solutions (ADS) was renamed to AIVIQ at beginning of FY 23 to better reflect the proposition for clients.

GLOBAL OPERATIONS MODEL

- Finance
- Business management
- IT operations
- Risk
- Legal & corporate affairs
- HR
- Recruitment
- Responsible business

PLATFORM FOR GROWTH

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.

ALPHA'S STRATEGY IN ACTION

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

Strategic Report

Strategy

The Group's goal is to be recognised as the leading global consultancy to the asset management, wealth management and insurance industries. Its strategy to achieve this combines organic growth and complementary acquisitions.

Alpha aims 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. Its key assets in pursuing this objective are the quality of its people, its excellent reputation with clients, its understanding of industry trends and its market-leading suite of services.

Alpha's principal growth driver has been organic expansion in response to the needs of clients. The Group progressively expands the range of services it provides to buy-side institutions, devoting its efforts to building strong, long-term relationships that will generate further engagements and repeat business. However, it also seeks opportunities to grow through acquisition where there is a compelling strategic fit that will significantly strengthen its proposition.

The Group implements its overall strategy in three key ways:

Expand the range of practices

Alpha serves clients in multiple countries through its comprehensive service offering, predicated on a business practices model. The Directors see substantial scope to increase the Group's share within these markets by adding new practice areas that will attract new clients and enable the sale of additional services to existing clients. The Group will continue to evaluate and respond to market demand for new products and services. To achieve this, it will use a combination of internal promotions and senior external hires to ensure it has the most talented people to lead the growth of new service offerings.

Roll out the business practices globally

The Group operates from 16 offices in the UK, North America, Europe and APAC. Its strategy is to extend its business practices and complementary technology and data offerings progressively across all regions to create a global service proposition. This will be achieved by introducing those specialist practices to existing and new clients in each region. The Directors believe that extending the Group's practices globally across North America, Europe and APAC will help to meet evolving client demand and drive future growth globally.

Make selective acquisitions

The Group recognises that it can also use strategic acquisitions to strengthen the service offering and add value for shareholders. It takes a disciplined approach to acquisitions, considering opportunities among consulting businesses, technology and data products, and intellectual property that will support and complement its organic growth. Alpha believes it is well placed to identify acquisition targets 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-selling potential and bring access to new areas of the market. The Directors are confident that Alpha's specialisation and strong culture offer a compelling platform for the owners of any potential acquisition targets.

EXPERIENCES

Stephen Ellul

Financial Controller, UK

Following six years' accounting experience in various roles and industries, I joined Alpha as interim Finance Manager during the pandemic in September 2020. This role suited me as I wanted to work for a fast-paced, listed company. Six months into my contract, I was offered a permanent position, which I accepted without hesitation. Although I started remotely, in the short period of time working for Alpha I was impressed at the opportunities available to employees, while maintaining a unique culture and delivering on its strategic goals.

Currently I manage the day-to-day financials for Europe, APAC and ADS. This has given me great oversight of the business, while managing the complexities of how different geographies operate. During my time at Alpha I have looked to bring new ideas to the team, while adding process improvements to bring greater efficiencies. I have benefitted from getting the opportunity to be involved in project work, while being well supported by the senior management team.

More recently I was promoted to Financial Controller, which will allow me to continue developing my skills, increase my exposure on projects and increase my overall responsibilities. I look forward to continuing my Alpha journey working in an ever-growing talented finance team and being part of its continued success.

Strategic Report

Q&A: Euan Fraser

Global Chief Executive Officer

Where are the biggest growth opportunities for the Alpha business?

We're in the very fortunate position of having a huge number of growth opportunities in front of us, but I'd pick out three that I believe are really significant dial-moving opportunities for Alpha.

The first is asset and wealth management consulting in North America – it's not surprisingly the largest market in the world by some way and is around eight times bigger than the UK where we already have over 285 consultants. The second is insurance consulting as a global proposition – another significant market opportunity with huge potential. We believe that could be as big again as asset management consulting is for the Group. We are seeing strong organic growth in both these areas. The third, of course, is acquisitions where we believe we're extremely well placed to attract fast-growing consulting firms that recognise our unique offering and want to be part of a rapidly growing global consulting firm.

We're also perfectly positioned to deliver on these and other growth opportunities – the combination of the best talent with fabulous consulting skills and strong subject matter expertise equates to a very compelling proposition for rapid growth across the financial services sector.

How would you describe Alpha's unique cultural identity and how do you instil those cultural values across the business?

Alpha's culture and values are based on integrity, fairness, meritocracy and talent recognition. We ensure that we have a clear line of sight to who is making a real difference within the team and delivering excellence to our clients. This enables us to harness the ambition, potential and enthusiasm of the team – and gives everyone the opportunity to feel they have a part to play in the growth and success of Alpha.

We stay true to our values. Treating everyone with respect – from our people to our clients to our vendors – is a central tenet of Alpha's culture and is reflected in our multi-year relationships with clients and low staff attrition rates. It is also a vital factor when acquiring businesses – we look for companies that are culturally well aligned to Alpha.

How is Alpha building on its ESG responsibilities?

We're very excited and supportive of the significant progress that the asset and wealth management industries are making when it comes to both sustainable investing and assessing broader ESG commitments. It's vital for all of us that these changes are embraced, supported and effectively reported upon. Although we already have a number of established processes in place across the Group we intend to bolster these with new hires, relevant actions and increased corporate governance in the coming financial year and beyond.

Alpha adopted the SASB framework in 2019 and we have reported on our adherence to those standards each year since. We have progressed our environment focus and response to climate change, which includes achieving climate neutrality through the use of offsets for the last two years. Maintaining that position – and progressing our journey towards net zero – is very important to us and will be a key focus of our ESG objectives for Alpha in coming years.

To support this and ensure progress, we have added responsible business oversight to our global operations team and this will be supported by the hiring of a Sustainability Manager. We are also in the process of establishing an ESG sub-committee of the Board that will become operational in the coming financial year.

How is Alpha navigating the recent inflationary environment and how is it affecting the business?

Alpha is very aware of the global inflationary environment and some of the wider macro-economic challenges. There is a very sharp focus on inflation this year and we are working hard to ensure costs and salaries increase in line with our rates. The fact that we are experiencing very robust demand in the marketplace is helping create a useful balance against inflationary pressures – and our demand profile gives us the optimal position to help ensure consistency in gross margins.

What are you most proud of in relation to Alpha's growth since it was listed in 2017?

There are so many reasons to be proud of what Alpha has done and achieved. One, for example, is how we have consistently met or exceeded market expectations for investors, whilst providing the very best service to our clients, in the five years since our IPO. Our growth targets have always been high, but we have achieved them, which is testament to the hard work and commitment of our people.

Another is watching our incredibly talented team prosper and grow as we've built a hugely successful global business. It's been extremely rewarding, not to mention humbling, to see so many exceptional consultants who joined as graduates or junior members of the team rapidly progress through the firm to now be in genuine leadership roles. I'm so incredibly proud of them and also of the meritocratic culture that helped foster that success, and I know it bodes very well for the future success of our business.

However, what makes me most proud at Alpha is how we have maintained and nurtured our unique culture as the business has grown, organically and through acquisition. That unique culture underpins everything we do and is the real foundation to our success.

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 and feedback • Reputation • Wellbeing • Health and safety	• Employee success framework • Professional qualification and other training opportunities • Mentoring • Global employee feedback framework • Leadership communications • Monthly company meetings • Competitive remuneration package • Management incentive programme	Role in Society: pp 56-81 Looking after our people: pp 59-63 Community and corporate social responsibility: pp 70-74
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 • Capital markets days	Corporate Governance: pp 82-129 SASB (ESG) disclosure: pp 184-87 Risk management: pp 44-49 Financial statements: pp 130-83

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 projects 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, end-to-end service offering • Accuracy and reliability of knowledge, advice and insights • Subject matter expertise • Continuous development of practices, products and services • Ability and experience to help clients shape their business for the future	• 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 • Alpha Outlook whitepapers	Business model: pp 22-27 Strategy: pp 28-29
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 teams 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 56-81 Community and corporate social responsibility: pp 70-74 Charity of the year: pp 73-74 Environment and sustainability: pp 76-80 Diversity and inclusion: pp 64-69

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 2022:

	Board Decision	Considerations
April	The Board considered and approved the FY 21 pre-close trading update to the market.	To provide transparent and accurate information to the market.
April	The Board considered the continuing impact of COVID-19 and the mitigating measures put in place by the senior management team.	To address the long-term interests of stakeholders and protect the Group's balance sheet.
May	The Board gave final approval for the acquisition of Lionpoint Holdings, Inc. and approved a proposal for a non-pre-emptive placing of shares to raise gross proceeds of £31.1m, which, together with existing cash reserves, was used to fund the acquisition.	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.
June	The Board reviewed and agreed the FY 21 financial statements and Annual Report & Accounts to shareholders.	To provide transparent and accurate information to the market.
June	The Board considered and agreed to recommend a final dividend of 4.85p for FY 21.	To address the interests of shareholders in the context of the long term, whilst maintaining appropriate levels of reserves to run the business effectively.
July	The Board approved the exercise of options that vested in October 2020 under the management incentive plan and equity incentive awards to management and certain employees of the Group.	To reward and to incentivise the management of the Group and ensure the alignment of interests between employees and shareholders.
September	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.
October	The Board considered and approved the FY 22 interim pre-close trading update to the market.	To provide transparent and accurate information to the market.
November	The Board agreed the FY 22 interim report to shareholders and payment of the FY 22 interim dividend of 2.90p to shareholders.	To provide transparent and accurate information to the market and to address the interests of shareholders in the context of the long term, whilst maintaining appropriate levels of reserves to run the business effectively.
February	The Board considered and agreed in principle a three-year plan for the development of business operations and finance functions to enable support for growth in the Group's global operations.	To ensure that there is an appropriate operational framework to support the continued growth of the Group in line with the Board's strategy and ensuring that the Group maintains a reputation for high standards of business conduct.
February	The Directors considered the composition of the Board and approved the appointment of an additional independent Non-Executive Director subject to completion of the Company's Nominated Adviser's procedures.	To continue to improve effectiveness by recruiting a Non-Executive Director with experience of product development, finance and audit, operating in North America and M&A expertise. To recognise and address the interests and requirements of the shareholders and market, including independence. To consider long term succession planning when making a Board appointment.

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 38-43, 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 22: £158.0m FY 21: £98.1m FY 20: £90.9m FY 19: £77.7m FY 18: £67.8m FY 17: £44.5m
Net fee income[25]	
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 22: £157.8m 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 22: £59.4m FY 21: £34.8m FY 20: £34.4m FY 19: £29.1m FY 18: £25.3m FY 17: £15.0m

[25] 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 22: £33.9m 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 22: £31.8m 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 22: 760 FY 21: 448 FY 20: 436 FY 19: 362 FY 18: 305 FY 17: 240

Strategic Report

Chief Financial Officer's Report

Alpha has delivered a remarkably strong year, growing net fee income 61.1% and adjusted EPS 43.9% in FY 22. The Group has delivered superb growth across all geographic regions on an organic basis, particularly in North America, further strengthened by the acquisition of Lionpoint. The Group's balance sheet remains robust, with excellent ongoing cash generation, and the Group ends the year well positioned.

John Paton
Chief Financial Officer
23 June 2022

> **"We are delighted with this year's outstanding growth and performance, and Lionpoint successfully joining the Group."**

IFRS and Alternative Performance Measures ("APMs")

A range of results metrics are set out to demonstrate Alpha's performance. These include IFRS measures presented in accordance with generally accepted accounting principles ("GAAP") and APMs, which are provided to allow further understanding of the underlying operating performance of the Group across financial periods. The difference between IFRS and APMs arises from the adjusting items, as set out in detail in note 4 to the consolidated financial statements. The APMs presented are not considered superior to IFRS measures; these should be considered together for a full understanding of the performance of the Group. The Group's APMs have been presented consistently over time to provide meaningful trend information, and there is no change to their composition in FY 22.

The exclusion of adjusting items in the Group's APMs may result in adjusted profitability being materially higher when compared with the nearest equivalent statutory measures. The total cost of these adjusting items has increased in the year, reflecting a higher share-based payments charge, as well as higher intangible amortisation and acquisition-related costs following the acquisition of Lionpoint in the year. The Board uses adjusted profit measures to assess the performance of the Group because it considers these

Group Results

	12 months to 31 March 2022	12 months to 31 March 2021	Change
Revenue	**£158.0m**	£98.1m	61.1%
Net fee income	**£157.8m**	£98.0m	61.1%
Gross profit	**£59.4m**	£34.8m	70.4%
Operating profit	**£17.8m**	£10.2m	74.7%
Adjusted EBITDA	**£33.9m**	£21.7m	56.0%
Adjusted EBITDA margin	**21.5%**	22.2%	(70 bps)
Adjusted profit before tax	**£31.8m**	£19.6m	62.0%
Profit before tax	**£14.9m**	£9.0m	65.9%
Adjusted earnings per share	**21.46p**	14.91p	43.9%
Adjusted diluted earnings per share	**20.23p**	14.26p	41.8%
Basic earnings per share	**7.69p**	5.75p	33.7%

measures aid understanding of the underlying profitability of the business and allow for comparability between periods. Note 4 to the consolidated financial statements sets out further details of Alpha's APMs and a full reconciliation to the relevant statutory measures.

As noted above, the share-based payments charge and related social security taxes are excluded from adjusted profit measures. The primary reason for this exclusion is to allow for comparability between periods, as the Group's share option plans were established on AIM admission and have not yet settled into a regular cycle of awards and vesting. The accounting treatment of the Group's share-based payments requires the charge for each share option award to be recognised over the vesting period, resulting in significant growth in the charge year on year as the Group's share option plans mature post IPO. A more regular share option award cycle is anticipated in the coming years. If no adjustment was made for the share-based payments charge, adjusted EBITDA for the year would be £27.7m (FY 21: £19.2m). Note 22 to the consolidated financial statements sets out further details of the employee share-based payments expense calculation under IFRS 2.

I am delighted to report that Alpha has delivered another year of strong growth both organically and including Lionpoint, which was acquired in May 2021.

Revenue

The Group delivered 61.1% net fee income growth in the year, including 31.3% organic contribution. Revenue also grew 61.1%, including increased rechargeable client expenses, compared to the prior year.

Across the Group's regions, FY 22 revenue and net fee income grew ahead of the strong average consultant headcount growth, with average consultant utilisation above target levels and up on FY 21 alongside improving consultant day rates overall, continuing the strong trading metrics reported for H1 22[26]. Revenue and net fee income grew in all geographic regions, both overall and on an organic basis.

North America delivered the Group's strongest regional growth with net fee income up 184.1% overall and 62.2% on an organic basis. On a constant currency basis North America net fee income growth was 194.6% overall. The Lionpoint acquisition contributed significantly to North America growth this year, while also adding 45 consultants to its North America team

[26] "H1" refers to the first half of the financial year, that is the six months ended 30 September, while "H2" refers to the second half of the financial year.

Strategic Report

Chief Financial Officer's Report continued

since acquisition. Independently of the Lionpoint business, the North America business still continued to expand its domestic client base, including several longer duration projects, successfully deploying its strongly growing consultant team ahead of Group target utilisation levels and FY 21 comparatives, while also improving consultant day rates.

Europe & APAC also delivered another year of strong growth. The region grew net fee income by 38.6% on the previous year, and on an organic basis the region reported 29.3% growth. This growth was delivered across the region with the Alpha Europe team well deployed, complemented by further progress growing the APAC business.

The UK business, the Group's largest geographic region, grew net fee income 34.9% overall and 22.8% organically. This strong UK organic performance benefitted from consistent and strong demand across the full range of Alpha practices, including significant growth in emerging propositions such as UK Insurance and ESG & RI, alongside substantial contributions from our established Investments, Distribution, M&A and Operations teams. Within the UK results, Alpha's Data Solutions business continued to have less traction than planned in the year. ADS, including Obsidian, while adding new clients and increasing revenue in the year, did not progress as anticipated overall.

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 & RI offerings, launched in September 2019 and October 2020 respectively, also made strong progress in the year by winning a number of projects both with existing and new client relationships.

The Lionpoint business, acquired in May 2021, has performed ahead of initial expectations and contributed £29.2m in net fee income in the year. Lionpoint has continued to enjoy strong client demand, adding 64 new clients and 75 consultants globally since acquisition.

Alpha's growth was supported by further investment in global consultant headcount. The number of consultants reached 760 by the year end (FY 21: 448). Of this 312 consultant team increase, Lionpoint added 123 to the Group when it was acquired and has since added a further 75. While excluding Lionpoint, the Alpha North America region added most to its team size overall.

Group Profitability

The Group also delivered strong growth in profits in the year. Group gross profit was £59.4m (FY 21: £34.8m), increasing by £24.6m overall or 70.4% over the previous year, with this increase well balanced between organic and inorganic contributions.

Gross profit margin rose to 37.6% (FY 21: 35.6%), returning closer to pre-pandemic margin levels as anticipated, supported by both the higher than target utilisation level and improved consulting day rates, alongside a strong contribution from Lionpoint. Within the strong results the team profit share bonus cost increased, as did bonus costs for the wider global director team, some of which will be paid on a part-deferred basis in summer 2022 and 2023.

Gross margin improved in all geographical regions compared to last year. The significant improvement in North America was driven by strong utilisation levels and improving consultant day rates. UK and Europe & APAC gross margins also firmed, with good utilisation and consultant day rate progression. Alpha continues to invest in the business, growing its consulting teams in all markets and, therefore, utilisation is expected to progressively normalise towards target levels through FY 23. Alongside this planned easing of utilisation, consultant day rates are anticipated to progress further with strong client demand, balancing gross margin.

Adjusted administration expenses, as detailed in note 4, increased by £12.4m to £25.5m (FY 21: £13.1m) in the year, of which £8.1m represented the increase excluding Lionpoint. Following last year's tighter control of discretionary spend and the impact of COVID-19 on the operating environment, costs increased primarily in recruitment spend as we grew our consulting teams globally, and across staff and client entertainment and travel spend, which continue to return to more normalised levels. We also continued to invest in the Group's central team through the year and following the Lionpoint acquisition, in areas such as finance, HR, risk and legal.

Including the adjusting expense items, which also rose, administrative expenses increased to £41.6m (FY 21: £24.6m) on a statutory basis. The adjusting expense items, set out in note 4, increased in the year to £14.4m (FY 21: £9.8m), reflecting increased acquisition costs, higher acquired intangible asset amortisation and share-based payments costs.

The £0.7m (FY 21: £nil) acquisition costs include diligence and legal fees incurred in connection with the Lionpoint acquisition, with the acquisition consequentially increasing the acquired intangible asset amortisation charge to £4.7m (FY 21: £3.5m). The share-based payments charge of £6.2m (FY 21: £2.5m) continues to develop since Alpha's share incentive plans were established at AIM admission, with Alpha's share price growth and further new annual awards alongside relatively limited award vests at this stage. Further detail of the share-based payments charge is set out in notes 4 and 22.

The earn-out and deferred consideration charge of £1.4m (FY 21: £3.6m) reflects employment-linked expenses and changes to the Lionpoint and Obsidian earn-out assumptions. With Lionpoint's strong performance since acquisition and ongoing positive outlook, the future performance assumptions have been improved closer to the maximum earn-out achievable. This uplift is offset by a scale-back in the future Obsidian projections, in which performance has been flatter since acquisition and reduced future earn-out payments are now anticipated. Axxsys met its earn-out terms in full and the final payment was made in early FY 23. Further detail on the earn-out and deferred consideration charges are set out in note 13.

The foreign exchange loss within adjusting items relates mainly to deferred and contingent payments associated with the acquisition of Lionpoint, payable in US dollars, with the USD:GBP rate experiencing some movement around the completion date. The depreciation charge grows to £1.2m (FY 21: £1.1m) alongside the growth of the Group, while the £0.6m (FY 21: £0.6m) amortisation of capitalised development costs eases slightly as the asset reduces with no further additions in the year.

Adjusted EBITDA grew 56.0% to £33.9m (FY 21: £21.7m) and adjusted EBITDA margin eased to 21.5% (FY 21: 22.2%), reflecting the higher gross profit margins, offset by the higher adjusted administration expenses. Operating profit rose 74.7% to £17.8m (FY 21: £10.2m) after charging increased adjusting expense items, including acquisition costs, earn-out and deferred consideration expenses, and share-based payments charge. Further detail of these adjusting items is set out in note 4.

Currency

Currency translation had a noticeable effect on net fee income and profits during the year. Through the year, British pound sterling averaged $1.37 (FY 21: $1.31) and €1.18 (FY 21: €1.12), which, with other similar currency movements, resulted in an unfavourable net currency effect on net fee income of £3.4m. On this basis, North America net fee income growth would increase to 194.6% and Europe & APAC would report 44.5% total net fee income growth.

Net Finance Expense

Net finance costs increased in the year to £2.9m (FY 21: £1.2m), primarily from increased non-underlying finance expenses relating to acquisition consideration discount unwinding, as set out in note 4 and note 6.

Taxation

Adjusted profit before tax rose 62.0% to £31.8m (FY 21: £19.6m) after charging depreciation, amortisation of capitalised development costs and net underlying finance expenses. Pre-tax profit rose 65.9% to £14.9m (FY 21: £9.0m) after also charging increased adjusting expenses and non-underlying finance expenses.

The Group's taxation charge for the year was £6.4m (FY 21: £3.1m), reflecting the growth in taxable profits, the blended tax rate of the increasingly international jurisdictions in which the Group operates and an increase in the rates applied to the deferred tax liability as set out in note 9. The Group's cash tax payment in the year was £4.8m (FY 21: £5.7m), reflecting payment timings overall and COVID-19 related deferrals paid in the prior 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 on adjusting items as set out in note 4.

Strategic Report

Chief Financial Officer's Report continued

Acquisition Activity

Since the acquisition of Lionpoint in May 2021, the Group has focussed on the successful integration of its service offerings and the team into the Alpha Group, and has begun to deliver the benefits of the increased service offering to the Group's enlarged client base. Lionpoint has integrated into the Group well and grown since acquisition, with strong further expansion of the team. Following the year end, the Group has also supported the lift-out of a team of 14 real estate consultants to further invest in the Lionpoint offering; see note 27 for further detail.

Axxsys has integrated well into the Group, met its earn-out in full and has grown its team size since acquisition to 55 consultants at the year end, including key senior management hires, to take advantage of further opportunities.

As noted above, since acquiring Obsidian, the business has made less progress than anticipated and details of the earn-out consideration fair value adjustment are set out in note 13.

Earnings per Share

Adjusted earnings per share ("EPS") improved 43.9% to 21.46p per share (FY 21: 14.91p) and adjusted diluted EPS increased 41.8% to 20.23p (FY 21: 14.26p). After including the adjusting expense items, the basic earnings per share increased 33.7% to 7.69p (FY 21: 5.75p), while diluted EPS increased 31.8% to 7.25p (FY 21: 5.50p), reflecting the increase in the share options awards outstanding.

As at 31 March 2022, 9,504,379 share options (FY 21: 7,613,969) remained outstanding, with 873,169 share options exercised during the year; see note 22 for further detail.

Cash Flow and Net Funds

The Group again enjoyed strong cash generation with net cash generated from operating activities rising to £33.5m (FY 21: £21.0m) and, after adjusting for employment-linked acquisition payments and acquisition costs, to £36.0m (FY 21: £22.3m). This represents a 112% adjusted cash conversion rate from adjusted operating profit and improves on FY 21's 111% adjusted cash conversion rate.

During the first half, Alpha acquired Lionpoint with completion payments totalling £24.9m, offset by the Group raising £31.1m gross proceeds from the Group's supportive shareholder base in its May equity placing. The final £2.1m deferred non-contingent payment was also made in relation to the Axxsys acquisition, with a further £0.7m payment made in relation to the Lionpoint acquisition. A total £1.8m of the FY 22 acquisition payments were employment-linked.

During the year, the Group funded Alpha's employee benefit trust ("EBT") to purchase 57,006 shares at the prevailing market share price to hold in satisfaction of future award vests. Alpha will likely fund the EBT further in the future to build the shares held in the EBT for the satisfaction of future share option exercises.

The Group's income taxes paid totalled £4.8m (FY 21: £5.7m). Net interest paid was £0.3m (FY 21: £0.5m), reflecting the cost of maintaining and periodically drawing the Group's revolving credit facility ("RCF").

Dividends paid increased in the year to £8.7m (FY 21: £2.1m), reflecting the return to the Group's dividend policy in FY 21, having not declared a final FY 20 dividend at the start of the pandemic.

At the year end, the Group's cash position had strengthened further to £63.5m (FY 21: £34.0m). This strong balance sheet primarily provides Alpha funding flexibility to deliver on its acquisition strategy.

Statement of Financial Position

The Group's net assets at 31 March 2022 totalled £132.7m (FY 21: £94.4m). This increase principally arises from the acquisition of Lionpoint in the first half and the associated £31.1m gross equity capital raising, along with other reserves movements including retained profits. The Group continues to maintain a strong financial position.

The Group's non-current assets movement principally results from the additional intangible assets recognised on the acquisition of Lionpoint partially offset by ongoing amortisation charges for the year.

Working capital remains well managed. Trade and other receivables balances increased in FY 22, both through the addition of Lionpoint and the ongoing growth in the business. Debtor collections continued to improve during the year with debtor days again reducing. The Group ended the year with £63.5m (FY 21: £34.0m) of cash. The Group's £20.0m RCF facility was undrawn at 31 March 2022 and, alongside cash balances, ensures Group funding flexibility. Further details are set out in note 6.

Trade and other payables balances increased, representing an increased level of trade payables and accruals alongside the Group's growth. This includes higher profit share bonus accruals reflecting the enlarged teams and the year's strong performance. Total acquisition-related deferred consideration and earn-out liabilities have also increased, as disclosed in note 13, which results from the acquisition of Lionpoint, the increase in the fair value of the Lionpoint earn-out liability and employment-linked consideration, and the unwinding of discounting in the year, offset by the Lionpoint and Axxsys deferred consideration payments made during the year and by the Obsidian fair value adjustment recognised.

Dividends

The Board is delighted with the performance this year. As a result, the Board is recommending a final dividend of 7.50p per share (FY 21: 4.85p), bringing the total for the year to 10.40p (FY 21: 6.95p), in line with the Group's policy to pay out approximately half of adjusted profit after tax. After approval at the AGM in September, this final dividend should be paid on 20 September 2022 to shareholders on the register at the close of business 9 September 2022.

Total Shareholders' Funds

Total shareholders' funds increased to £132.7m (FY 21: £94.4m). The changes in equity reserves reflect the equity capital raise, profit after tax for the year, currency movements on overseas assets, goodwill and intangible values, the addition of further share-based payments reserves and the payment of dividends.

As at 31 March 2022, the Company had 118,707,336 ordinary shares in issue (FY 21: 106,521,966), of which no shares were held in treasury and 6,216,501 shares were held in the Company's employee benefit trust to satisfy future option exercises (FY 21: 4,413,628).

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 senior leadership 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.

The Board is delighted with the Group's progress in the year, while remaining cognisant of the potential risks and uncertainties ahead. These risks include political and economic uncertainty, as well as market volatility. We are aware of the risk of inflation globally, driven by an uplift in costs, demand for personnel in key areas and the increase in energy costs. Alpha remains alert to inflationary pressures, the risks of which we believe will continue to be balanced by strong structural growth drivers and demand for the Group's services.

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 strongly and is well placed to take advantage of future opportunities.

The Group finished the year well positioned and we look forward to further progress.

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.

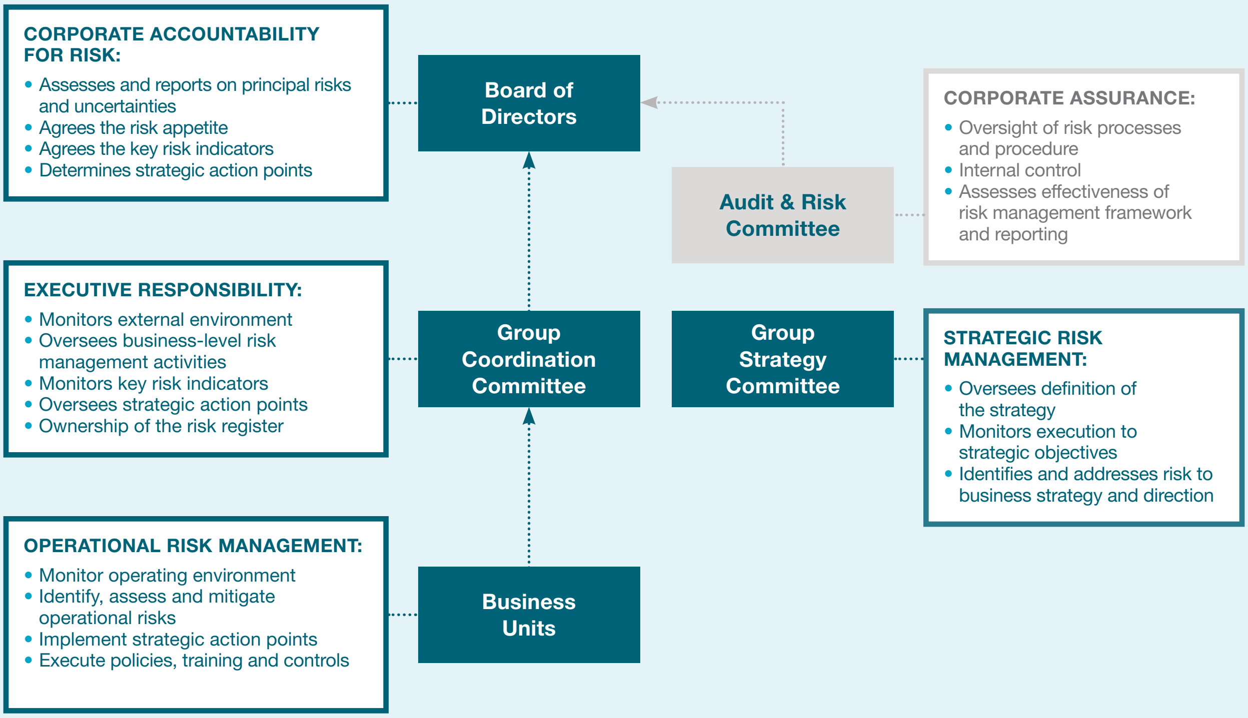
Governance

The Group governs risk through executive oversight and responsibilities that extend across all business areas. As illustrated in the diagram on p. 45, 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



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 and the risk policy further explains that all employees are responsible for managing risks associated with their individual roles and processes.

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 the acquired Lionpoint business into the Group's risk governance framework as well as the recently added Insurance consulting practices;
- Continuing to develop the Group's approach to environmental and social risk, as described below;
- Further assessing the Group's information security policies, governance and controls in light of the backdrop of cyber threats, as described below;
- Developing a summary information pack containing risk framework details and reporting information that all staff will receive and be required to read as part of their induction and attest to annually. 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; and
- Reviewing the scope and objectives of Alpha's data privacy governance and allocating the principal governance forum, the Data Privacy Working Group, responsibility for annual execution of data handling training.

Taking into account the extending size, breadth and operating context of the Alpha business, the Group has also appointed a Global Head of Risk, who began in the role in April 2022. This new role is dedicated to managing the risk framework and providing additional oversight, reporting and monitoring as the Group expands.

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, which will be further supported through the hiring of a full-time corporate Sustainability Manager. 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.

Within the environmental and social category of risks, the Group now also monitors transition risk, which is the risk inherent in any changing strategies, policies or investments as part of the journey towards a "carbon neutral" or "net zero" or industry and society. The Group specifically acknowledges this category and recognises that that the Financial Stability Board ("FSB") puts transition risk on a par with physical climate risk.

In the context of environmental challenges, the main focus for the Group is meeting the requirements of additional regulation and reporting, their respective timelines and the ability to invest in greener technologies. As the Group transitions to meet these challenges, it will pay close attention to risks that may arise; most specifically, to areas where its physical climate and environment priorities may have to be balanced with aspects of the social agenda, for example activities that support employees and wellbeing. The Group also recognises that these factors may impact consumer behaviour and bring potential challenges as well as opportunities, which must be considered and assessed.

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.

With the external threat landscape evolving at pace and heightened sensitivity surrounding cybersecurity, Alpha has taken further steps to maintain, progress, and reinforce its cyber resilience and information security programme. This includes undertaking continual risk-based evaluation of threats across its infrastructure and supply chain, and ensuring proportionate investment in the appropriate risk mitigants.

Across the Group over the last 12 months, Alpha has further developed its multi-layered security architecture through implementation and maintenance of technical and administrative controls, such as:

- Further deployment of cloud security and extended detection and response technologies;
- Enhanced environmental monitoring to correlate and contextualise cyber activity;
- The hiring of an Information Security Lead to further support the IT operations function;
- Achieving ISO27001 certification within Alpha Data Solutions; and
- Building and nurturing a cyber risk-aware culture underpinned by mandatory employee training, awareness and knowledge sharing.

Alpha additionally continues to work with independent and accredited cybersecurity partners to perform annual security assessments and leverage threat intelligence capabilities, in line with industry recognised methodologies such as the National Institute of Standards and Testing ("NIST") framework.

Strategic Report

Risk Management continued

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 auditor 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.

Inflation Risk

The Group is proactively monitoring inflation risk, which it captures and assesses within the macro-economic conditions principal risk. The Group is aware of the risk of inflation globally, driven by an uplift in costs, demand for personnel in key areas and the increase in energy costs.

Alpha's main focus in the context of the global inflationary environment is ensuring that costs, including employee costs, are managed and able to increase in line with client rates. Linked to this, the Group continues to monitor the impact on its employee base and ensures that regular benchmarking of compensation takes places to ensure it remains attractive as an employer, thus aiding retention in a competitive talent market.

While the Directors remain very alert to the inflationary pressures, they believe that those pressures continue to be balanced by strong structural growth drivers and very robust demand in the marketplace for Alpha's services.

War in Ukraine

The Directors, Global Head of Risk and the senior management team are closely monitoring the situation in Ukraine as it evolves. Alpha's operational footprint does not extend to either Russia or the Ukraine, and we do not service clients based in those countries.

From the perspective of its people, Alpha employs people from a range of backgrounds, and a number of countries in Europe, and the entire management team is very mindful of the impact of the conflict on employees who are both directly and indirectly affected. This is being closely monitored with wellbeing and support channels available to the Alpha team during this time.

The principal risk to Alpha is therefore from a macro-economic perspective, and the possible market impacts. Thus far, the Group has observed the mass re-location of people and rising fuel and energy prices and is cognisant that inflation could impact client sentiment. The Group, facilitated through the work and insights of the client account owners, is tracking the developments very closely.

The Group remains well positioned to navigate these risks, and to continue to deliver growth over the long term. The conflict is being monitored closely from a macro-economic perspective but the Directors acknowledge that individual risks and issues may need to be tracked separately as the situation evolves.

"Above all, I have been truly amazed by the subject matter expertise and collaborative attitude of our highly skilled consultants."

Alpha 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 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, manage the delivery of change effectively 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, meritocratic 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 certain 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. • Ongoing monitoring of client satisfaction and fulfilment of agreed delivery criteria through the Alpha engagement lead, in addition to the Alpha client account owner, if also required. • Close attention to client retention, reputation in the market and generation of re-sell and cross-sell opportunities.

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. • Regular 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 checks and requirements. • 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, increasing regulation and an increased client and market focus on ESG. • 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-19). • 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 the particular 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. • Business strategy that focusses on providing a leading market proposition and gaining market share over time. • Monitoring of and continual investment in 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.

The Strategic Report was approved by the Board of Directors on 23 June 2022.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
23 June 2022

“I consider myself fortunate to be surrounded by such talented and dedicated people.”

Alpha graduate employee

Role in Society

The power of our people to achieve our ambitions

Role in Society

In considering Alpha's ESG priorities and how it should fulfil its role in society, we concentrate on four main priorities: our organisation and corporate culture (including professional integrity and data governance), our people (including our role as an employer and our diversity and inclusion initiatives), our communities (including our philanthropic activities) and the Group's environmental impacts.

This section of the Annual Report describes how we are addressing each of these topics. We regard our efforts to play a larger and more constructive role in society as a work in progress that will develop year by year.

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

Looking After Our People

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

Creating the Best Consulting Company

Alpha's people are the reason we succeed.

The Group's reputation in the market rests on their knowledge, skill and professionalism and we therefore regard it as a critical part of our mission to make this an interesting, varied and rewarding place to work for everyone at Alpha. We want the years that people spend working at Alpha to stand out as the best of their careers.

The Group's leadership team fully recognises how fundamental this is in creating a sustainable business model. We believe that providing a positive and inspiring work environment will help to foster a high-performance culture that delivers exceptional outcomes for clients as well as great professional and personal fulfilment for our employees.

Alpha's culture is meritocratic and focusses on talent, entrepreneurial thinking, commitment and aspiration. Our training and mentoring programmes support our employees across all levels and we encourage collaboration across the company to help our people expand their knowledge and deliver the best solutions for clients. Alpha has won awards for its working environment and practices, including a gold Ecovadis sustainability rating in France and being named one of the UK's 100 best large companies to work for in 2021, and we are proud to have earned excellent reviews from present and former employees on Glassdoor.

Given that our business depends on people, promoting ethical conduct and high professional standards is of paramount importance. Alpha publishes its core values so that everyone can understand the standards that we apply in all areas of the business, in our external relationships and our client delivery, and these are set out below. While these remain unchanged, we continue to learn from our most recent acquisitions and our growth, and focus on embedding these values and the surrounding frameworks as described in the Role in Society report globally.

We also have clear policies on anti-bribery, confidentiality, IT security and acceptable use, whistleblowing and anti-tax evasion, and we encourage everyone to question and report anything that raises concerns. Our annual performance reviews include an assessment of professional integrity and compliance with Alpha's policies.

Client Proposition

Asset managers, wealth managers and insurance organisations decide where capital is invested and, therefore, Alpha's clients are at the heart of the global economy, impacting environment and society. We are proud that, through their work in supporting clients, developing new initiatives and strategies, and delivering projects, our consultants help those market players to shape their businesses for the future.

Alpha's consultants display very high levels of commitment to delivery excellence for their clients but, as the world evolves and environment, social and governance considerations become more prominent, we believe that our teams can also make a distinctive and long-term influence at the heart of the economy and, ultimately, support the delivery of positive, sustainable impacts.

Role in Society

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**

> "Alpha truly is a unique place to work. You are surrounded by highly talented colleagues and part of a team that support you in all aspects."
>
> **Alpha employee**

Recruitment

Alpha is seen as one of the most exciting and rewarding companies to work for in our market, thanks to our excellent reputation, impressive track record and the growing opportunities – both in propositions and office locations – that the ongoing expansion of the Group provides. We receive many unsolicited approaches and attract large numbers of applicants.

In hiring, we look for extremely talented individuals from all backgrounds who show strong commitment and the desire to succeed, and we review our recruitment processes continually to ensure that they are thorough and effective. We are integrating diversity considerations more systematically into every stage of our recruitment processes, as described in more detail in the "diversity and inclusion" section that follows this one.

Alpha 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 and Supporting 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, coupled with our mentoring programmes and development framework, 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.

Alpha is a fast-growing company and the rapid increase in our employee numbers requires us to ensure that everyone who joins the company understands and shares our distinctive corporate culture. This is particularly important now that hybrid working has become an established part of the way Alpha operates and a critical part of our value proposition. The Group's management team play a pivotal role in preserving and transmitting our corporate culture.

Mentoring is an important element of the support that we provide for employees to develop their careers at Alpha. We assign everyone a mentor, with whom they are encouraged to formally discuss their aspirations and development needs. Mentors typically speak to their mentees once a month. As part of our feedback system, overseen by the HR team, all employees receive regular feedback from their mentor and project leads, alongside mid-year and annual performance reviews. We have also recently broadened our feedback framework to include 360 feedback touchpoints. This will help us to provide the right support for those managing others to develop their skills.

Training and Development

We consider the investment in annual training and development programmes as absolutely critical 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 that are most tailored to their needs. These include industry-leading certifications such as the Chartered Financial Analyst ("CFA") programme and the certificate in ESG investing from the CFA Institute, certifications from the Chartered Institute of Securities & Investment, and the Chartered Alternative Investment Analyst ("CAIA") charter from the CAIA Association.

Our annual training programmes extend to everyone in the company, from graduate through to director, and includes topics such as communication skills, feedback delivery, stakeholder management, culture and behaviours, proposition and knowledge management, account management, sales and service delivery. We are actively reviewing our training and learning frameworks to understand how we can best tailor them across the different parts of the Group.

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.

Role in Society

Looking After Our People continued

We have an excellent record of developing our people and promoting from within, with many of our current director team having joined Alpha as graduates or early in their careers. Examples such as this demonstrate our commitment to helping our people develop their skills and advance their careers.

Operations, Support and the Working Environment

Our consultants deliver many of the industry's most complex and challenging projects, and they must have access to the tools and support that they need to perform at their best. We operate a robust, secure, cloud-based IT infrastructure that supports our hybrid working practices and enables Alpha employees to collaborate effectively wherever they are.

We regard monitoring our employees' wellbeing and satisfaction levels as an essential part of our role as employer. We review and support our employees' wellbeing from the day they join through regular surveys, an active support framework overseen by our HR team, an external employee advice scheme, our mentoring programme and the work of our internal wellbeing champions, who are trained in mental health first aid, and much more.

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. A key focus from this year has been integrating our new teams onto this platform.

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 by recognising and rewarding the outstanding performance by individuals and teams.

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

- Our reputation as a leading consultancy in our industry;
- A strong corporate culture that places people at the heart of the business;
- A highly competitive compensation and benefits package, including participation in the Group's profit-sharing scheme or cash bonus;
- Opportunities to gain invaluable experience by working in small teams on high-profile 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 and inclusive environment with a strong employee support framework for people of all levels and backgrounds;
- Encouragement to contribute entrepreneurial ideas to develop Alpha's business;
- 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 made by our employees in various ways, with events during the year to celebrate company milestones and the achievements of different groups. These include in-person promotion celebrations, mentor-mentee socials and peer group outings, as well as larger events such as year-end celebration dinners and international summer conferences. Recognising success is an essential part of Alpha's culture: "shout-outs" enable anyone 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 consultants help to manage Alpha's CSR, diversity and inclusion, infrastructure, marketing and business development activities. Alpha consultants also contribute to the delivery of internal change projects, enabling them to share their insights from client engagements and help to design Alpha's infrastructure and processes.

The global consulting teams are also directly involved in recruitment and the interviewing of candidates, involving them directly in the addition of new talent, expertise and ideas to the Group. Candidates give consistently excellent feedback about their experiences during the interview process and regularly report that their interviewers were the deciding factor in convincing them to join Alpha.

Employee Feedback

Good employee engagement depends on regular communication and a free flow of information and feedback throughout the Group. 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, where appropriate, to be able to contribute to these discussions so that they feel informed and involved. 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 allowing people to directly ask questions and contribute.

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 calendar.

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

800+
total headcount including business operations

760
consultants

470+
consultant headcount growth since IPO

Director hires and promotions

4	13	11	33
FY 19	FY 20	FY 21	FY 22

Role in Society

Diversity and Inclusion

Ensuring that our teams reflect the communities in which they operate and that all employees are empowered to thrive in an inclusive environment are the ultimate aims of Diversity & Inclusion at Alpha.

Equity, Diversity and Inclusion ("EDI") Commitment

Alpha is an equal opportunities and inclusive employer. We consider diversity and inclusion as extending from potential hires through all levels of the Group. Our policy is therefore 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 and organisations that raise the profile of under-represented groups in business; and
- Contribute to a positive environment for underrepresented communities at Alpha.

Diversity & Inclusion Programme

Alpha aims to become a more diverse, open and inclusive organisation. We recognise that we operate in a sector with notably low levels of diversity and that our people, investors and wider stakeholders expect us to be proactive in our efforts to improve Alpha's diversity. Making Alpha's teams more representative require us to make a sustained effort over a long period to change our culture, policies, governance aspects and processes. Our work in this area historically has focussed on issues of inclusion through internal awareness raising, building allyship and educational events and programmes. These involve a large number of Alpha colleagues, who contribute voluntarily as outlined in the sections below. Alpha is very proud that our people are passionate about different inclusion agendas and work hard to be effective allies.

However, as the Group grows, so too does the need for Alpha to develop and progress its diversity and inclusion ("D&I") work. A key element of this plan has been our decision to hire a full-time specialist Diversity & Inclusion Manager; our first team member dedicated solely to this group-wide priority. Alpha has worked with a specialist diversity and inclusion advisory firm in the UK (Collective Insight) to assist with the search, selection and onboarding of this role.

The Diversity & Inclusion Manager will be in post early in the current financial year and will oversee the process of setting targets for Alpha, consolidating actions that progress the achievement of those targets and planning further initiatives to promote diversity within Alpha. Our aim is to ensure that our existing and future D&I initiatives lead to a measurable increase in the overall diversity of our team. A key component of this is ensuring that the correct data sets are available to understand the representation of Alpha's candidate pool, new hires and employees, as well as potential shortcomings across talent attraction, retention and development. This data will be used to support the formation of diversity targets, which we aim to set in the subsequent financial year.

We have begun an important new stage of our diversity journey that we hope will accelerate the pace of change towards greater diversity across our Group.

Role in Society

Diversity and Inclusion continued

Recruitment and Training

In preparation for this new phase of our D&I activity, we have worked closely over the past year with our recruitment firms, our external partners including the Sutton Trust in the UK and our internal D&I networks to establish what data we need – and are permitted – to capture during the recruitment process to allow us to measure our progress and focus our actions in becoming more diverse.

In North America, this has included engaging Empowered, an EDI strategy consultancy, to complete an audit of our recruitment processes so that we are aware of, and can then act on, any changes needed to help identify and eliminate any biases. In the UK, we continue to partner with Bright Network for early careers recruitment (across graduate and internship positions), who help us secure quality talent with a focus on diversity, which is critical to our mission.

Alongside our drive to monitor diversity within Alpha's recruitment processes, we have also launched a diversity focussed internship in the UK. While increasing diversity at senior levels of the organisation is a key priority, we believe there is also an immediate opportunity to maximise diversity at the junior levels of our organisation by widening our pool of potential recruits. The two-month summer internship is open to young people who did not attend a fee-paying school and satisfy at least one criteria across being from an ethnic minority background, having a neurodivergent, mental or long term health condition, or being from a group with lower than average income. The purpose of the internship is to provide both an in-depth experience of consulting, but also importantly an additional application route – all interns will be offered a final round interview to join Alpha at the end of the internship. We look forward to welcoming this year's cohort of four interns in July 2022 and continuing to review the programme's success to enable future roll-out and expansion.

As part of our D&I programme, we also engage with our teams through anonymous surveys to help inform our priorities and continue to identify enhancements across all areas of the business. This has led to a greater focus on training and recent examples include unconscious bias training in the UK and a series of coaching and inclusivity training sessions in North America across all managers and above in the region. We are exploring opportunities for relevant training in other parts and regions of Alpha.

Our Focus Areas

Alpha's D&I programme has multiple angles but is predominantly focused on six key areas to establish a culture of inclusivity within Alpha from the bottom up. These include networks and teams championing ethnic and cultural diversity, social mobility, gender equality, wellbeing, disability confidence and pride (LGBTQ+), and are managed by more than 40 members of our team, with representatives in all the regions where Alpha operates.

Building on this culture, we have begun the process of refining our approaches to talent acquisition, development and retention. We are actively considering how our existing governance, internal and recruitment processes need to be modified to reflect and progress our diversity and inclusion aims. Recognising that changes to embed talent management processes necessitate senior representation and support, we began piloting director-level network sponsorship in the UK in the prior year and we are pleased about the opportunities it is creating to increase consideration and dialogue for the perspectives of different networks and teams including at the senior management level. We intend to roll out a similar approach to other areas if the pilot continues to prove successful.

Ethnic and Cultural Diversity

The ethnic and cultural diversity ("ECD") network is committed to ensuring success for Alpha employees across all ethnic, cultural and religious backgrounds through initiatives and activities that drive equity and inclusivity.

The ECD network's central 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.

Over the past year, the ECD team has pursued several initiatives, including our celebrations of Black History Month and South Asian Heritage Month with global webchat conversations and the sharing of events, articles, recipes and music. We are exploring further partnership opportunities that enable us to contribute to increasing the representation of ethnically diverse colleagues in the industry.

Social Mobility

The social mobility network works to create equal opportunities and an inclusive environment in which people can access and advance in 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 four years, taking part in its Pathways to Banking & Finance scheme. The Sutton Trust is a pioneering educational charity dedicated to improving social mobility and access to the most competitive industries for young people from disadvantaged backgrounds. This year we again held our "Consulting 101" masterclass, during which sixth form students from disadvantaged backgrounds were invited to hear more about consulting and learn about Alpha. The students completed case studies as part of the event and were able to network with members of our team.

In France, Alpha 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.

Internally, we continue to focus on raising awareness through "lunch and learn" sessions. The social mobility team collaborates with other internal teams, such as recruitment and training, to ensure that we continually improve Alpha's practices and make them more supportive of social mobility.

Role in Society

Diversity and Inclusion continued

Gender Equality

Over the past year, Alpha's Gender Equality ("GE") committee and its associated GE network, which is open to all Alpha employees, have overseen several important initiatives to strengthen the Group's commitment to gender equality:

- The GE network, in collaboration with HR and the business, completed a review of parental leave, which resulted in improvements to certain policies around paid leave and how it can be taken.
- We have produced regular video interviews with female directors within Alpha in which they talk about their career progression. This helps to create senior role models for women within Alpha's teams; and
- We organised a training session on unconscious bias for Alpha employees, using resources provided by LeanIn.org, which supports inclusion and advancement in the workplace for women.

Wellbeing

Alpha is committed to providing an open, supportive, and collaborative environment for all our people. We believe their health and wellbeing is a crucial factor in delivering consistently strong results to our clients, developing and retaining talented employees and meeting the challenges of a fast-growing business.

We offer employees a range of formal and informal support channels including support from mentors, support from HR and a confidential employee assistance programme that can provide free counselling sessions and have carried out regular "wellbeing pulse" surveys over the past year to monitor the team's wellbeing. We have a team of trained mental health first aiders drawn from the consulting team, who are able to support colleagues in times of difficulty, and we encourage open dialogue about wellbeing, through organised panel events and more informally via wellbeing coffee meetings and online forums. For "time to talk" day this year, we organised a lunch and learn session during which several leaders from the Group, including our Global Chief Executive Officer, talked about their personal experiences of mental ill-health and how they dealt with it. This was followed by a group discussion during which the team shared their experiences.

Since the onset of the pandemic, we have been particularly conscious of the pressures some colleagues face as a result of remote working. We have continued to look for ways to support people working remotely and those managing them, with guidelines and training, including external training provided by Orbit on building personal resilience.

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. The main activities for the Disability Confidence network over the past year were:

- A global webchat to mark International Day for People with Disabilities in December, including contributions from colleagues and leaders across the business
- Providing the team with information about neurodivergence as well as resources to help with self-diagnosis;
- In the UK, providing the recruitment team with training on disability inclusive recruitment as well as recording a best practice recruitment video with our partner Employability, which is now part of interviewer mandatory training; and
- Continuing our partnership with Employability in the UK to ensure that staff have an independent channel through which to discuss disability-related challenges and concerns. We also subscribe to their Adjustments@Work service, as part of which, both Alpha and employees can seek guidance about adjustments required by team members with disabilities.

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. Pride attempts this by unapologetically celebrating and advocating for LBGTQ+ employees and providing education and perspectives on LGBTQ+ issues in the workplace to all employees to help them in their interactions with colleagues and clients.

In the past year, Pride:

- Increased representation of identities within the Pride Committee;
- Grew the Pride network, hosting social and networking events;
- Held a companywide in-house celebration event in lieu of physical pride parades; and
- Collated and shared companywide resources to help Ukrainian LGBTQ+ refugees who face unique challenges at country borders.

This year Pride will be:

- Extending our regional presence;
- Ensuring a presence at the London Pride Parade, with LGBTQ+, allied colleagues and their loved ones;
- Exploring the employee onboarding and training experience, including making a Pride education curriculum available to all employees on demand;
- Exploring membership of professional LGBTQ+ networks in the financial sector to ensure that we stay at the forefront of LGBTQ+ thought leadership and employee experiences; and
- Exploring and coordinating a more visible presence on Alpha's social media and website as an external display of Alpha's commitment to LGBTQ+ issues.

Role in Society

Community & Corporate Social Responsibility

We take seriously our social responsibilities to the communities in which we operate and our obligation to protect the environment. We promote ethical conduct and a corporate culture that values environmental awareness and human rights.

Corporate Social Responsibility Objectives

A key component of the role we play within society are our corporate social responsibility ("CSR") objectives. Our vision is to be a socially and ethically responsible firm that gives back to the wider community and minimises the negative impacts of its activities for the environment.

Our internal CSR team, with members in the UK, North America, Europe & APAC ensures that we achieve our vision and that all Alpha employees are aware of opportunities to contribute to our global CSR efforts. As part of our commitment to CSR, we expanded our CSR team over the past year in all regions and we look forward to welcoming an experienced full-time corporate Sustainability Manager in early FY 23.

The chosen priorities of the CSR policy are:

- Minimising our impact on the environment;
- Promoting a good work/life balance: encouraging flexible working patterns, 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;
- 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 managed through two areas: community and sustainability. Both are overseen by our global CSR team of consultants on a voluntary basis, including Alpha's CSR Steering Committee.

The community pillar focusses on making 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, and support for local businesses and employees. In response to the crisis in Ukraine, Alpha's global CSR team, with the support of wider employees, has been providing resources and highlighting initiatives that can provide support, including sharing charities and arranging donation points.

The sustainability pillar prioritises creating awareness of threats to the environment 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.

Suppliers

As part of our role as a responsible firm it is our duty to make sure that all our supplier relationships are in line with legislation and best practices. We started work during FY 22 on a framework to assess the policies of our suppliers in areas such as social policies, employee wellbeing and, in the UK, payment of the Living Wage. This will help to ensure that the companies who provide the staff and sub-contractors at our UK premises to carry out cleaning, maintenance and security are all Living Wage-accredited.

We are a Living Wage Employer

Modern Slavery

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

Role in Society

Community & Corporate Social Responsibility continued

Governance

The Group Coordination Committee oversees Alpha's cultural framework and is responsible for reviewing operational processes for managing social, environmental and ethical risk in conjunction with the Head of 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. The 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, supporting the wide-ranging interests of the global CSR teams and the appointment of dedicated staff within Alpha's business operations to work on these initiatives and programmes.

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 ensuring 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

Mathivadhani Harikrishnan

Consultant, North America

I joined Alpha's Boston office in 2019 through the graduate programme. It was a very easy decision to choose Alpha as the place to begin my professional career because I was highly impressed at each step of the interview process by the company's culture, meritocratic structure, and entrepreneurial spirit.

Since joining Alpha, I have been able to be part of projects that cover a wide variety of our practice areas, from Distribution to Investments to M&A to ESG. This has given me the opportunity to grow my subject matter knowledge and gain important industry experience through the early stages of my career. Currently, I am part of the growing North American ESG & RI practice – working with clients to make the North American investment process more ethical and globally aligned. ESG has been a subject that I've been passionate about, and Alpha has provided me with the flexibility to explore that passion while I'm still at the early stages of my career.

My journey at Alpha has been fast paced and exhilarating. To be part of a company that embodies the entrepreneurial spirit in its culture and everyday practices enables fantastic personal development and career growth opportunities. I can't wait to continue to be a part of Alpha's growing future as we take the North American asset and wealth management industry by storm.

Charity of the Year

In FY 22 we partnered with Rainforest Trust as our Charity of the Year. Every year, our employees nominate charities to become our official partner for the new financial year and vote to choose the winner from a shortlist drawn up by our CSR team. We believe that by focussing our efforts on one charity per year we can maximise our collective impact, but also make donations to the shortlisted charities that do not win our employee ballot in recognition of their efforts.

During the past year we raised more than £13,000 for Rainforest Trust, slightly below the total of previous years because of pandemic-related restrictions on our in-person fundraising activities such as quizzes and wine-tastings.

We were delighted by the support of our people with the majority of the money that we raised coming through our company-wide payroll giving scheme, “One Hour, One Day”. This allows employees to donate the equivalent of either one hour’s or one day’s worth of their salary to the Charity of the Year.

Alongside our direct donations, Alpha consultants from around the world completed a number of pro bono projects for Rainforest Trust, delivering significant value to:

- Create an ESG due diligence framework for evaluating donations. Conservation charities often receive offers of donations from organisations seeking to improve their environmental profile, such as oil companies. Our growing ESG practice and our wide experience of addressing ESG issues with our clients enabled our project team to draw up a framework that helps Rainforest Trust determine whether it should accept donations from organisations that may have a compromised ESG profile; and
- Develop a strategy for engaging with wealth managers and the high-net-worth individuals that they represent to help Rainforest Trust expand its donor base and make its future fundraising efforts more effective.

Both these projects allowed Alpha to use our consulting skills and expertise for the benefit of society at large.

In North America, our team also carried out a local initiative to support Rainforest Trust with students from several universities. Alpha employees ran a “case competition” in which students proposed solutions to real issues that the charity was facing. Alpha supported the students in preparing their project proposals, which were presented to the charity’s leadership, giving the charity the benefit of fresh insights from a group of younger supporters and allowing the students to gain hands-on experience of consulting projects.

Rainforest Trust is the second environmentally focussed charity that we have worked with recently, following our partnership in FY 21 with Ocean Generation (formerly known as Plastic Oceans UK), a UK-based organisation aiming to tackle threats to the oceans through science and storytelling. Prior to that, we partnered with the Lucy Faithfull Foundation, which acts to prevent child sex abuse; SOS Children’s Villages, which protects orphaned and abandoned children in 125 countries; AfriKids, which supports children’s rights in Ghana; and Médecins Sans Frontières, the international non-governmental organisation best known for its work in conflict zones and countries affected by endemic diseases.

For FY 23, we are delighted to announce that Cities for Children, which supports children living in poverty and without education in Pakistan’s cities, will be Alpha’s Charity of the Year.

Role in Society

Community & Corporate Social Responsibility continued

"Our relationship with Alpha has helped spread Rainforest Trust's mission across the globe to generations of individuals who are passionate about saving our planet. We are grateful to partner with an organisation that believes in sustainability, saving rainforests and species, and helping fight climate change so future generations can thrive.

The pro bono work Alpha performed on behalf of Rainforest Trust was absolutely amazing. The teams were able to quickly understand our pain points and put a structure to processes with which our organisation had been struggling. Their recommendations were spot on – they took the time to listen, understand, and create frameworks that were relevant and will help push our organisation forward.

We are so thankful to the leadership and every single employee of Alpha for the relationships we built over the last year. Being chosen as Alpha's Charity of the Year was an incredible opportunity for Rainforest Trust! The fundraising and pro bono work they did on our behalf, far exceeded our expectations!"

EXPERIENCES

Nataliya Yakobson

Senior Consultant, Europe

I joined Alpha's Luxembourg office in March 2021 as an analyst and – regardless of the pandemic situation – my onboarding was very smooth. I got a very warm welcome from everyone in the team. One year later, I can only confirm that changing job during the pandemic and joining Alpha was the right decision for many reasons.

Career wise, Alpha provides the opportunity to work on challenging projects, which is essential for one's professional growth. Since joining Alpha, I have been fortunate to work with some pivotal clients in our local market, including two implementation projects, and had the chance to work with very talented people.

There is also room for personal growth and development at Alpha, which is supported through the mentorship programme. I find it a really valuable framework, based on regular feedback, that provides me with lots of good practices to follow.

Apart from being consultants, we all participate in internal business management. I decided to join the CSR and D&I networks and I now represent the Luxembourg office. I am very proud of all the actions that we undertake at the global and local levels to contribute to the development of these two areas. In Luxembourg, we have recently joined an industry working group linked to the Diversity Charter Lëtzebuerg, which aims to create awareness, provide a platform for the exchange of best practices and support the implementation of relevant actions in support of the important topic of diversity. We are very excited to be contributing to its evolution and having the ability to impact positively on our wider industry.

EXPERIENCES

Tim Pringuer

Information Security Lead, UK

I joined Alpha as the Group's Information Security Lead in December 2021. Previously I had served 17 years in the British Army's Intelligence Corps as a counterintelligence and protective security specialist. I served operationally in many countries including Iraq, Afghanistan, Cyprus, Kenya, Norway and Guyana.

From the get-go, I have been extremely impressed by the down to earth, generous and friendly culture which is instilled throughout the organisation. With the nature of my global role, I have been given a great deal of responsibility.

I work within the Global IT team and am responsible for ensuring that Alpha remains compliant with all aspects of information security. I am also heavily involved in third-party due diligence activity, as well as facilitating security education and training for the company. Currently, much of my time is taken up ensuring that Alpha Data Solutions are in good shape for the upcoming ISO 27001 Surveillance Audit which will take place in the latter part of this calendar year, having achieved ISO 27001 certification in the course of FY 22.

I am honoured and excited to be a part of Alpha and look forward to positively contributing to its perpetual success!

Role in Society

Environment and Sustainability

Reducing and mitigating our impact on the environment is a priority for Alpha. We are reinforcing that priority with our decision to hire a full-time corporate sustainability specialist to oversee our response to climate change.

Environmental Focus

The Group recognises that our employees, clients, investors and wider stakeholders expect us to consider the impacts of the way we run our business on climate change. Operating in an environmentally sustainable fashion is essential to mitigate risk and ensure that Alpha remains viable in the long term. We focus our corporate social responsibility activities on areas that help to create a sustainable future, while protecting the Group's long-term growth and stability.

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 the environmental effects of our activities, such as plastic waste, 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
- **Emissions offsetting:** offsetting our unavoidable greenhouse gas ("GHG") emissions globally using recognised and certified offsetting projects as part of our commitment to be a climate responsible business.

We recognise that the environment and climate change is a significant, long-term challenge and that, as an organisation, we must provide a sustained focus on developing, improving and executing on our responses to it – including formalising a net zero pledge and plan. Our environmental work and focus will therefore change and evolve; however, in FY 22, the main achievements of our environmental work and focus included:

- Completion of Alpha's inaugural disclosure to CDP (a global disclosure system for investors, companies and states to manage their environmental impacts);
- Development of Alpha's hybrid working practices to support remote working where appropriate to avoid unnecessary travel and commuting; and
- Offsetting our global Scope 1, 2, and 3 emissions for FY 21 using Gold Standard certified offsets to obtain climate neutrality.

Alpha awarded a "Gold" Ecovadis rating in France (2022).

In addition, we took a major step forward during FY 22 in our approach to addressing sustainability issues at the Group level. Sustainability has historically been overseen by a senior member of the Alpha team, working alongside consultant colleagues with interest and experience in the topic while providing support on a volunteer and non-dedicated basis. Having considered the Group's growing size, profile and international reach, the senior management team, supported by the Board, has hired Alpha's first full-time corporate sustainability specialist to oversee the definition and implementation of our strategy and accelerate progress in this vital area. The Sustainability Manager will be in post early in the current financial year.

Whilst we have made significant progress in the last few years, we are aware that continual improvements are needed to minimise our environmental impact. Following our inaugural disclosure to CDP in 2021, we will continue to complete their assessment annually to objectively measure our progress. We have also updated Alpha's risk framework to incorporate the physical, transition and regulatory risks associated with climate change, and we are tracking each of these categories closely. Part of the remit of the corporate Sustainability Manager will be to begin to formalise a net zero plan for the Group, which will include short and long-term emission reduction targets and the potential to sign up to suitable industry pledges to signify our commitment, which the Group has already begun discussions on internally. We are also examining the most material issues for the Group itself and hope to widen this conversation during FY 23 and consult a broader group of stakeholders on the issues that are most material from their perspective. We believe that a wider set of inputs will help us arrive at more effective answers.

In making the transition to net zero, we are most focussed on transition risks and we will pay close attention to areas where our environmental priorities may have to be balanced with aspects of our social agenda, for example, activities to support the wellbeing of our employees. We will strive to reach solutions in these situations that do not compromise either of these priorities, and that support our ability to deliver the highest quality services to our clients.

Due to the nature and geographical locations of the Alpha business, Alpha is relatively less directly affected by physical climate risks in comparison to transition risk. However, we recognise the significance of this risk to the planet and continue to support efforts to reduce physical risks such as via our charitable work. Alpha remains mindful of the risks of "greenwashing" our activities, and we take great care to present our environmental performance objectively and avoid making excessive claims. We are mindful of the debate around terminology such as "carbon neutral", "climate neutral" and "net zero", which is why we have consciously decided to define ourselves a climate responsible business that has achieved climate neutrality through the use of offsets.

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;
- Supporting remote working where appropriate to avoid unnecessary travel and commuting;
- Recycling where possible and encouraging paper re-use and recycling;
- Re-use and recycling processes for our electronic devices;
- Adding green criteria to our supplier selection process;
- 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.

As a result of the widespread move to hybrid working following the COVID-19 pandemic, we have seen a reduction in business travel and a sustained increase in the use of video and digital conferencing tools. We are very enthusiastic about the conversations that this is subsequently allowing, in particular around minimising unnecessary travel and commuting. We will also continue to consider and implement practical energy efficiency, reduction and waste minimisation measures across the Group's global operations.

Role in Society

Environment and Sustainability continued

Energy Consumption and GHG Emissions

Due to Alpha's business model and services, our GHG emissions are lower than for some sectors, however we take our environmental and community level responsibilities seriously.

In FY 20, we began annual assessments of our climate footprint and now offset Alpha's calculated Scope 1, 2 and 3 GHG emissions through Gold Standard certified projects around the world. We will continue to work on energy efficiency, pursue our goal of moving to 100% renewable energy throughout the Group's offices and offset any emissions that we cannot otherwise eliminate.

Alpha's GHG emissions for FY 21 and FY 22 from travel and energy consumption are on p. 79. This year, given the likely long-term continuation of a hybrid environment that includes remote working and our desire to continually improve the completeness of our calculations, we have also incorporated the emissions associated with working from home, and have restated the FY 21 figures to include the working from home emissions.

We use frameworks such as the GHG protocol and Streamlined Energy and Carbon Reporting ("SECR") requirements to refine our calculation methodology. For FY 21 and FY 22, we calculated our scope 2 emissions using energy consumption figures provided from our office suppliers. For FY 22 we have improved on the accuracy of our scope 2 calculations by replacing the usage of the UK Government's published GHG conversion factors with location-based factors where possible. For emissions associated with working from home, we have based the calculations on the Homeworking Emissions Whitepaper produced by EcoAct. We recognise that this is the first year of reporting these emissions and, as such, there will be gaps in the calculation as well as assumptions made, however we aim to address these points across future disclosures through improvements in data collection. For scope 3 emissions, we used expense data for business travel and commuting to identify passenger kilometres and the mode of transport. We applied assumptions and reasonable estimates where specific data points were not available.

We will continue to improve the quality and completeness of our calculations. To date, we have identified the most material elements of our emissions and aligned ourselves as closely as possible to the GHG protocol, adding emission sources when appropriate; but we are cognisant of other immaterial sources of emissions that are not currently accounted for, such as waste generated from operations, and we will work with our suppliers to incorporate such emission sources on a best efforts basis. We will also look to ensure that our environmental objectives are reflected in our supply chain by engaging with our suppliers, and we will also consider appointing external providers where appropriate to audit our broader methodology and approach.

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.
Scope 2	Indirect energy emissions including purchased electricity and heat throughout the Group's operations. For FY 22 this includes emissions associated with employees working from home. FY 21 figures have been restated to include working from home emissions.
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 relate to business travel and remain at a materially lower-level post-pandemic as a result of the migration to hybrid working and video conferencing.

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 22 tCO_2e			FY 21 tCO_2e (restated)			FY 20 tCO_2e		
Scope	Activity	Total	UK	Global exc. UK	Total	UK	Global exc. UK	Total	UK	Global exc. UK
2	Purchased Heat	4.8	1.8	3.0	2.9	0.6	2.3	61.3	1.1	58.9
2	Purchased Electricity	15.5	3.1	12.4	10.5	2.3	8.2		1.3	
3	Flights	333.7	150.5	183.2	19.1	6.7	12.4	983.1	476.7	506.4
3	Public Transport	12.3	9.4	2.9	0.6	0.1	0.5	27.3	14.5	12.8
3	Taxis/Car Mileage	22.3	10.7	11.6	1.4	0.2	1.2	45.8	20.7	25.1
3	Working from home	164.8	68.1	96.7	107.3	54.7	52.6	–	–	–
Total		**553.4**	**243.6**	**309.8**	**141.8**	**64.6**	**77.2**	**1,117.5**	**514.3**	**603.2**

		FY 22 mWh			FY 21 mWh (restated)			FY 20 mWh		
Scope	Activity	Total	UK	Global exc. UK	Total	UK	Global exc. UK	Total	UK	Global exc. UK
2	Purchased Heat	65.8	50.1	15.7	88.2	74.2	14.0	380.6	92.9	84.5
2	Purchased Electricity	158.7	104.9	53.8	157.8	117.5	40.3		203.3	
3	Flights	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3	Public Transport	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3	Taxis/Car Mileage	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3	Working from home	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total		**224.5**	**155.0**	**69.5**	**246.0**	**191.7**	**54.3**	**380.6**	**296.2**	**84.5**

	FY 22			FY 21 (restated)			FY 20		
Intensity metrics	Total	UK	Global exc. UK	Total	UK	Global exc. UK	Total	UK	Global exc. UK
£m revenue	158.0	72.1	85.9	98.1	53.5	44.6	90.9	51.4	39.5
tCO_2e per £m revenue	**3.5**	**3.4**	**3.6**	**1.4**	**1.2**	**1.7**	**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 22, the UK government’s published conversion factors for 2021 were used (gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021). Similarly, for FY 21 the 2020 conversion factors were used.

(3) Location based conversion factors for electricity consumption sourced from carbonfootprint.com have been used for FY 22. For previous years the UK government’s published conversion factor for electricity was used for all locations.

(4) Emissions associated with working from home have been added to more accurately reflect the Group’s Scope 3 emissions. The FY 21 figures have been restated with working from home emissions now incorporated.

Role in Society

Environment and Sustainability continued

FY21 Emissions Offsetting

After calculating Alpha's GHG emissions for the financial year ending 31 March 2022, we chose to offset by purchasing carbon credits in a Gold Standard certified wind power project in Madhya Pradesh, India. This 100.5 MW project will not only play a vital role in reducing GHG emissions but will also have significant positive externalities in the local community.

Given the recent completion of the FY 22 GHG calculations, these emissions will be offset in due course and we will share details once financing of the offsets is complete.

Alpha has now achieved climate neutrality through its offsetting strategy in respect to scope 1, 2 and 3 emissions for the past two years and Alpha is committed to sustaining this position.

As part of our transition to net zero, the pledge for which we will set out during FY 23, we intend to reduce Alpha's GHG emissions progressively and thereby place less emphasis on carbon offsetting to achieve our environmental targets. We believe this is the optimal solution under our expanded environment and sustainability approach and will align Alpha with the expectations of our investors, clients and employees.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
23 June 2022

CASE STUDY

Gaurav Jangid

Axxsys – Head of Data and Cloud Services, North America

After working over 18 years in asset and wealth management technology consulting, I joined Axxsys in September 2021 as Head of Data and Cloud. The role is a perfect fit as it aligns my experience and passion for helping clients to use data more strategically to deliver better business outcomes.

At Axxsys, we have expanded our services to help clients in selecting and implementing cloud data platforms, developing modern data pipelines and cloud migration projects. Combined with Alpha's market-leading advisory services, we are able to support our clients end to end in their data and cloud journey – creating a very strong value proposition that is unmatched in the industry. Above all, I have been truly amazed by the subject matter expertise and collaborative attitude of our highly skilled consultants. I believe at Axxsys, and Alpha more widely, we have the best team in the industry and I'm grateful to be a part of it.

We are at an inflection point in the industry where digitisation is driving clients to modernise their operating model and technology, and I look forward to continuing to grow our Data & Cloud practice globally.

"I joined in 2019 and since then have been through an incredible journey of growth both personally and as part of a company that has seen huge expansion."

Alpha employee

Corporate Governance

The power of our people to demonstrate integrity

Corporate Governance

Board of Directors

Ken Fry
Independent Non-Executive Chairman

Committee Membership

A N† R†

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† N R

Jill May
Independent Non-Executive Director

Committee Membership

A N R

Maeve Byrne
Independent Non-Executive Director

Committee Membership

A N R

Committee Membership Key:

A Member of the Audit and Risk Committee
† Chair

N Member of the Nomination Committee
† Chair

R Member of the Remuneration Committee
† Chair

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 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 plc.

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 and Operations 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 started his career at KPMG, working across financial services audit, risk management, financial reporting governance, risk and internal controls, and systems implementations. 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. During his tenure, John has managed the financial aspects of the acquisitions and integrations of Axxsys Limited and Obsidian Solutions Limited in 2019 and Lionpoint Holdings in 2021.

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 joined the Alpha Board as a Non-Executive Director in 2018, having 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. She was previously Non-Executive Chair of Plus500 Limited.

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 of LendInvest plc, Trufin plc and Team17 Group plc.

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.

During the year, she was appointed as a Non Executive Board Member of the Council of the Duchy of Lancaster and a trustee of Tusk, a charity supporting progressive conservation initiatives across Africa.

Maeve Byrne
Independent Non-Executive Director

Term of office: Maeve joined the Alpha Board as a Non-Executive Director on 16 May 2022.

Skills and experience: Maeve is a Fellow of the Institute of Chartered Accountants in Ireland and has over 30 years' experience in Financial Services. She started her career as an auditor with KPMG Ireland and worked in several other KPMG international offices in Europe and North America. Within KPMG, Maeve moved from audit to transaction services where she was a Financial Services Partner from 2002 to 2014. From 2010 to 2013, Maeve was seconded to Royal Bank of Scotland and the Non-Core Division where she was Chief Financial Officer and a member of the Group Finance Board and Risk & Control Committee. From 2014 to 2017, she held senior executive roles at the Royal Bank of Scotland in Capital Resolutions Group and Williams & Glyn.

Since 2017, Maeve has focused on transformation services, offering Board advisory services as an independent consultant. She has worked with financial services companies including Santander and clients in the Fintech/Neo bank space.

External appointments: None.

Corporate Governance

Meet the Director: Maeve Byrne

How did you get involved with Alpha?

After spending over 30 years in the professional services and financial services space, I was looking for the next step in my career. A non-executive director ("NED") role appealed to me and I had very specific criteria that I was looking for. I wanted to partner with a company aligned to my beliefs and values, had a global presence and with growth ambitions, organically and through acquisition.

Alpha's values and ethics truly resonated with me – its culture is collaborative, inclusive and nurturing. It seems to have won the culture battle prevalent in too many firms, where people work against – rather than with – each other. A lot of professional services firms have the mantra "our people are our asset". At Alpha, that's genuinely the case but many pay only lip service.

How has the role of a NED changed in recent years?

Historically, NEDs performed little more than a box ticking exercises. But following the financial crisis and corporate failures, the role of the NED has become crucial. Today's role is much more professional – NEDs provide independent oversight and constructive challenge to the executive directors.

Ultimately, investors and shareholders expect NEDs to ensure the corporate strategy is adhered to and robust corporate governance is in place. It's a big responsibility.

How has financial services changed since you started your career?

Financial services has changed beyond all recognition since I started work 30 years ago and this has predominantly been down to regulation and technology.

The global financial crisis was a game changer. Regulation became key to rebuilding confidence in the financial system. In financial services today, everything is now considered through a regulatory lens.

It goes without saying that technology has completely changed the landscape. Now it's all about digital, electronic payments, apps for managing savings accounts, investment portfolios, or pensions – the days of arranging an appointment with your bank manager are long gone.

What advice do you have for individuals aiming for leadership positions?

Kindness is an underrated quality in business leaders. The leadership legacy in too many organisations is autocratic and the mindset is to divide and conquer. But being collaborative, thoughtful and kind encourages the right kind of culture throughout the organisation.

I have had fantastic bosses throughout my career, who knew how to lead people and bring them on the journey. They were excellent mentors and most importantly grateful to people for the contribution they made to the business. I think this is a great standard for leadership – being aware of everyone in the business and the contribution they make, regardless of their position.

Resilience is important and the ability to weather the downs as well as the ups. You also need to be able to take a risk, but a measured one. And it's vital for leaders to take care of themselves personally – getting the work life balance right and looking after their health. You're nothing without your health.

What do you like doing outside of work?

I love adventure and the great outdoors. I've travelled in every continent and trekked to Everest Base Camp, climbed Kilimanjaro, followed the Inca Trail and camped in Yosemite. I have recently returned from a canoe safari through the Grand Canyon, where we pitched camp on the banks of the Colorado River as night fell. Downtime and holidays are so important – they leave you feeling vital, recharged and ready for the next work challenge.

"Alpha's values and ethics truly resonated with me – its culture is collaborative, inclusive and nurturing."

Maeve Byrne

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 pp 96-97.

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 on pp 90-91. Alpha's Corporate Governance Report on pp 92-99 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 22 in Focus

During the year, the Nomination Committee considered the composition of the Board and recommended to the Board that it would be advantageous to appoint an additional independent Non-Executive Director to add further strategic and commercial focus. Following a selection process, I am pleased to welcome Maeve Byrne, who joined the Board on 16 May 2022. Further details of the selection process are set out in the Nomination Committee Report on p. 101.

We recognise that the geopolitical and economic environment remains uncertain at present, including the impact of inflation and the situation in Ukraine, which remains difficult to predict. We also recognise that we are emerging from the COVID-19 pandemic. However, the Group's positive culture, robust governance framework and strong financial health enables 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 32-34.

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 and this is beginning to return now that travel and group meeting restrictions are fully lifted and the Alpha offices are again open.

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, which the Board monitors, are described in the Role in Society report on pp 58-63.

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
23 June 2022

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 22-29.
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 pp 92-99. 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 70-74. The Group's engagement model with clients and wider stakeholders is described in the **Strategic Report** on pp 32-35.
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 44-48 and in the **Corporate Governance Report** on pp 98-99.

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 92-99.
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 pp 84-85 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. 98., and in the Nomination Committee Report on p. 102.
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 58-63.
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 pp 96-97 and processes are described on pp 92-99 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 92-99. 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

Corporate Governance Report

Board Composition

The Board comprises six Directors: the independent Non-Executive Chairman, three independent Non-Executive Directors and two Executive Directors. Maeve Byrne joined the Board as an independent Non-Executive Director after the year end on 16 May 2022.

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 84-85.

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. A Board performance evaluation was undertaken in March 2021, which assessed the Board's composition and skills, in addition to other factors such as strategy, performance and Board functioning and dynamics. The results of Board performance evaluations are used to inform the Company's succession planning process. Further details of the 2021 Board evaluation process can be found on p. 98.

Roles of the Directors

The Group operates an effective, streamlined governance framework. The Board has a collective and ultimate responsibility for establishing a strategy and business model that promotes long-term value for shareholders. The Board is supported by the Group Strategy Committee in developing and executing the Group's strategy; this committee consists of members of the Group's executive team.

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, Jill May and Maeve Byrne, who was appointed on 16 May 2022. They were selected with the objective of increasing the breadth of skills and experience of the Board, bringing constructive and independent challenge to the Executive Directors and monitoring their performance. 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.

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 of Directors Responsible for establishing the Company's strategic direction and overseeing a robust framework of governance.	Ken Fry	Independent Non-Executive Chair
Executive Directors Responsible for day-to-day management of the Company's operations and delivery of Group strategy.	Euan Fraser	Global Chief Executive Officer
	John Paton	Chief Financial Officer
Non-Executive Directors Responsible for providing independent challenge to, and oversight of the performance of, the Executive Directors.	Penny Judd	Senior Independent Non-Executive Director
	Jill May	Independent Non-Executive Director
	Maeve Byrne	Independent Non-Executive Director

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. Decisions regarding the appointment and removal of Directors are reserved for the full Board. Further details are set out in the Nomination Committee Report on pp 100-02.

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 is obliged to retire and offer themselves for re-election. Accordingly, Maeve Byrne will offer herself for election at the 2022 AGM. Furthermore, the remaining Directors are obliged to offer themselves for re-election every three years. Accordingly, Ken Fry and Euan Fraser will offer themselves for re-election at the 2023 AGM. The Board considers that the Director offering themself up for election makes a valuable contribution to the Board and demonstrates commitment to the Group.

Corporate Governance

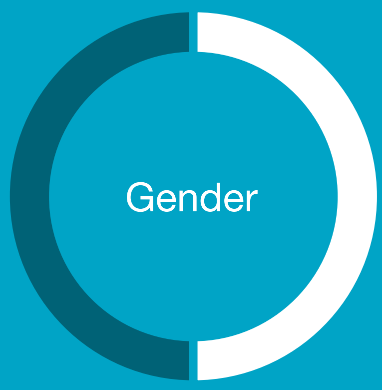
Corporate Governance Report continued

Diversity

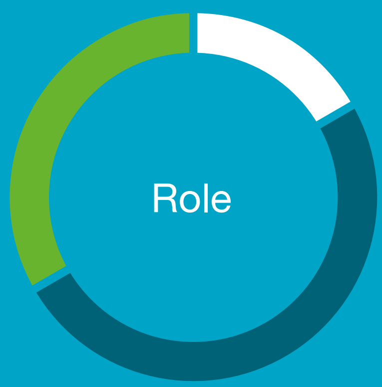
The Board values diversity in its broadest sense and is committed to creating an inclusive culture, free from discrimination of any kind. When assessing new Director appointments, the Nomination Committee considers gender, age, ethnicity, region and experience, in addition to looking at how to maintain 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 and the FTSE Women Leaders review[27], women currently represent 50% of Alpha's Board, following Maeve Byrne's appointment on 16 May 2022[28].

The Group has a well-established Diversity & Inclusion programme, which has been 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 a regular update on the programme. The Board was very pleased to support the recent appointment of a full-time Global Diversity Manager to ensure that Alpha's governance, recruitment and internal processes are delivering a sufficiently diverse group of candidates, hires and employees.

Further details on the Group's approach to diversity and inclusion, including its programme and policy, can be found on pp 64-69.

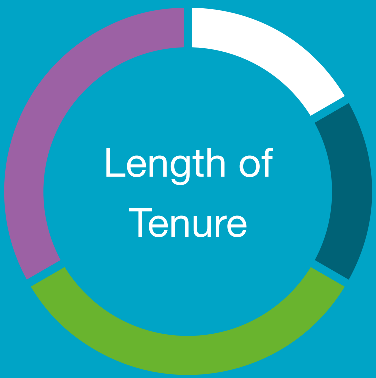


Male	3
Female	3



Independent Non-Executive Chair	1
Independent Non-Executive Directors	3
Executive Directors	2

[27] Refers to the Hampton-Alexander review and FTSE Women Leaders review (UK) into increasing the number of women on boards and in senior leadership positions. The final report of the Hampton-Alexander review was published in February 2021; the first report of the FTSE Women Leaders review was published in February 2022.
[28] For further information on gender representation across the Group, please see the SASB report pp 184-87.



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

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 scheduled Board meetings took place and a number of ad hoc calls were held to discuss current issues and approve financial results announcements and trading updates. The Board also held a dedicated strategy session in September 2021, as part of a regular update schedule. The Directors attend all meetings of the Board, and the committees on which they sit, and ensure that they 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)	6	6
Euan Fraser	6	6
Penny Judd	6	6
Jill May	6	6
John Paton	6	6

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

Strategic	Discussed and reviewed the progress of strategic priorities.
	Discussed the Group's capital structure and financial strategy.
	Approved and oversaw the acquisition of Lionpoint Holdings, Inc.
	Approved and oversaw the successful completion of a placing to raise gross proceeds of £31.1m.
Performance	Approved the financial reporting, including interim and full-year results.
	Discussed the ongoing impact of the COVID-19 pandemic on business operations and trading.
	Reviewed the dividend policy and approved a final dividend of 4.85p per share in relation to the year ended 31 March 2021.
	Considered and declared an interim dividend of 2.90p per share for FY 22.

Corporate Governance

Corporate Governance Report continued

Governance and risk	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.
	Approved the appointment of a new Non-Executive Director to the Board.
Stakeholders	Continued an open dialogue with the investor community.
	Reviewed the progress of key client relationships and engagements across the Group.
	Reviewed the actions taken by senior management to review and support employee wellbeing.

Audit and Risk Committee	Responsible for monitoring the integrity of the Company's financial statements and overseeing the effectiveness of the Company's systems of risk management and internal control. The Audit and Risk Committee Report can be found on pp 104-07.
Nomination Committee	Responsible for the structure, size, composition and succession planning of the Board. The Nomination Committee Report can be found on pp 100-02.
Remuneration Committee	Responsible for setting fixed and variable Executive Director remuneration and monitoring senior management remuneration levels. The Remuneration Committee Report can be found on pp 108-13.

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 set out formally within terms of reference. 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 100-18. 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.

Following Maeve Byrne's appointment as an independent Non-Executive Director after the year end, and in line with the recommendations of the QCA Code, the Board has reviewed the structure and composition of the Board committees and has agreed that, following a period of induction, Maeve Byrne will take on the role of Chair of the Audit and Risk Committee and Penny Judd will chair the Remuneration Committee. It is intended that these changes will take effect following the Company's Annual General Meeting in September 2022. The Board also intends to establish an ESG Committee during FY 23 and it is proposed that Jill May will chair the ESG Committee.

External Advisers

The Board members may seek the advice of the Group's legal advisers, external auditor 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.

Investec Bank plc is appointed as the Company's NOMAD, as well as its joint broker alongside Berenberg. The Directors have direct access to the advice and services of Prism Cosec, which acts as Company Secretary for the Group.

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

A Audit and Risk

N Nomination

R Remuneration

Corporate Governance

Corporate Governance Report continued

Development, Information and Support

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's other advisers where appropriate. Executive Directors are subject to the Company's performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. Non-Executive Directors are encouraged to raise any personal development or training needs with the Chair or Company Secretary.

Board Effectiveness

The objectives of the Board are to review, formulate and approve the Group's strategy, to review, discuss and agree 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.

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. During the year, each of the areas identified in the March 2021 Board evaluation were considered and the Board monitored progress. Actions arising from the process included a review of the format and frequency of meetings and the introduction of twice yearly dedicated strategy and management presentation sessions.

During the current year, the Chairman will hold one-to-one meetings with each Director and it is intended that a further formal Board evaluation process will arranged in early 2023.

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.

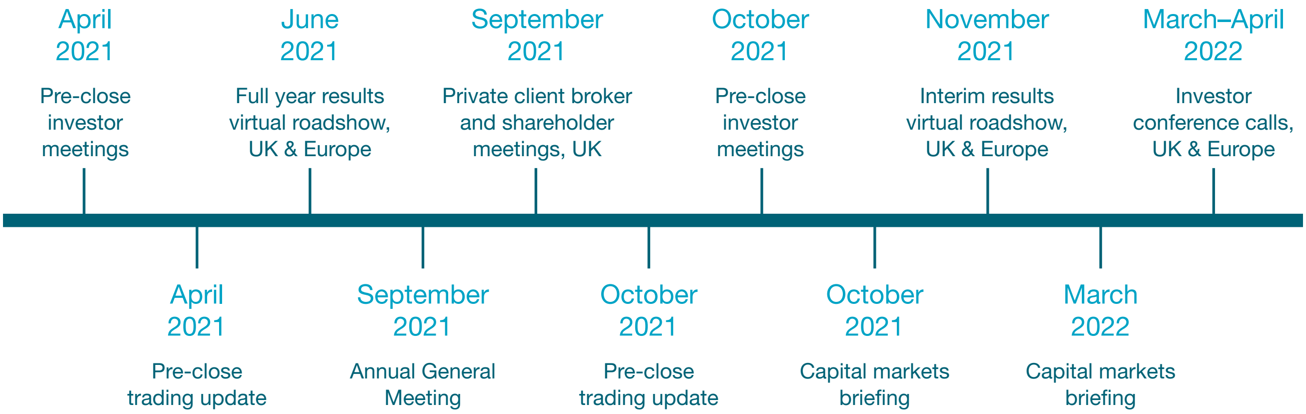
As part of that duty, the Board determines the Group's risk management objectives and policies. In this respect, the objective of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. The Board believes 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. In light of the growing size, profile and geographic reach

Engagement Calendar FY 22



of the Group, it was also decided to appoint a full-time Head of Risk within Alpha's business operations, to reinforce oversight of Alpha's risk framework and processes.

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 investment analysts to ensure that the Group's corporate objectives, strategies and operational developments are clear and understood. This would normally include in-person investor roadshows, attending investor conferences and ad-hoc meetings that are part of the building of relationships with existing and future shareholders. As a result of the COVID-19 related restrictions in place for part of the year, meetings and roadshows continued to be held mainly by video conference. Alpha also held two further virtual capital markets events in October 2021 and March 2022, 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 fifth AGM is scheduled to take place on Tuesday 13 September 2022. Further details of the arrangements for the AGM and voting procedures can be found in the Notice of the 2022 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 and, at the time of this report, all pandemic-related restrictions have been lifted in the UK. However, in light of the continuing uncertainty, the Board will continue to closely monitor 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
23 June 2022

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 2022.

Committee Composition and Governance

The Committee is comprised wholly of independent Non-Executive Directors. It is chaired by the Chairman of the Board, Ken Fry and its other members during the year were Penny Judd and Jill May. Maeve Byrne joined the Committee after the year end, on her appointment to the Board, on 16 May 2022.

The Nomination Committee meets as and when necessary, but at least twice a year. The Nomination Committee met formally three times during FY 22 and the table below sets out the attendance record of each member of the Committee.

Committee member	Eligible to attend	Attendance
Ken Fry (Chair)	3	3
Penny Judd	3	3
Jill May	3	3

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 Group's Company Secretary, Prism Cosec Limited, attends each meeting and the Global Chief Executive Officer and Chief Financial Officer are invited to join the meeting as appropriate.

Key Responsibilities

The main duties of the Committee are set out in its terms of reference, which are reviewed annually and are available on the Company's investor website (alphafmc.com/investors/board-committees).

The purpose of the 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.

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 to develop 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.

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

Non-Executive Selection and Appointment

During the year, the Committee considered the composition of the Board and concluded that it would be advantageous to appoint a new Non-Executive Director to strengthen its Board with an additional strategic and commercial focus.

The Committee approved the appointment of an executive search advisory firm, Nurole Ltd, to assist the Committee with the selection of an additional Non-Executive Director. The role profile included a requirement for the candidate to have served at partner level in a professional services firm, with experience of driving the digitalisation of the service offering or digital product development in a corporate or a client organisation, experience in finance or audit and operating in North America and M&A expertise.

After a detailed selection process, involving consideration of a short list of candidates, interviews and due diligence checks, the Committee recommended the appointment of Maeve Byrne to the Board and she was appointed with effect from 16 May 2022. An induction process for Maeve is underway and further details can be found below.

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.

Maeve Byrne's induction has included one-to-one meetings with other Directors, senior management of the Group and external advisers.

Board Committee Structure

Following Maeve Byrne's appointment after the year end, and in line with the recommendations of the QCA Code, the Committee has reviewed the structure and composition of the Board committees. Following this review, the Committee recommended to the Board that, following a period of induction, Maeve Byrne takes over the role of Chair of the Audit and Risk Committee from Penny Judd and that Penny Judd replaces Ken Fry as Chair of the Remuneration Committee. The Committee also recommended that the Board establishes an ESG Committee during FY 23 and that Jill May chairs the ESG Committee.

The Board has approved these recommendations and it is proposed that these changes will take effect following the Company's Annual General Meeting in September 2022.

All Board committees are composed of independent Non-Executive Directors.

Corporate Governance

Nomination Committee Report continued

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 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 Penny Judd's appointment, following her three-year initial term, and recommended to the Board that her appointment be renewed for a further three-year term from the conclusion of the 2021 AGM. The Board approved the recommendation and her appointment was renewed for three years to expire at the conclusion of the 2024 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.

As reported in the Annual Report & Accounts 2021, 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 of areas of focus.

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. Actions arising from the process included a review of the format and frequency of meetings and the introduction of twice yearly dedicated strategy and management presentation sessions.

During the course of FY 23, the Chairman will hold one-to-one meetings with each Director and it is intended that a further formal Board evaluation process will be arranged in early 2023.

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

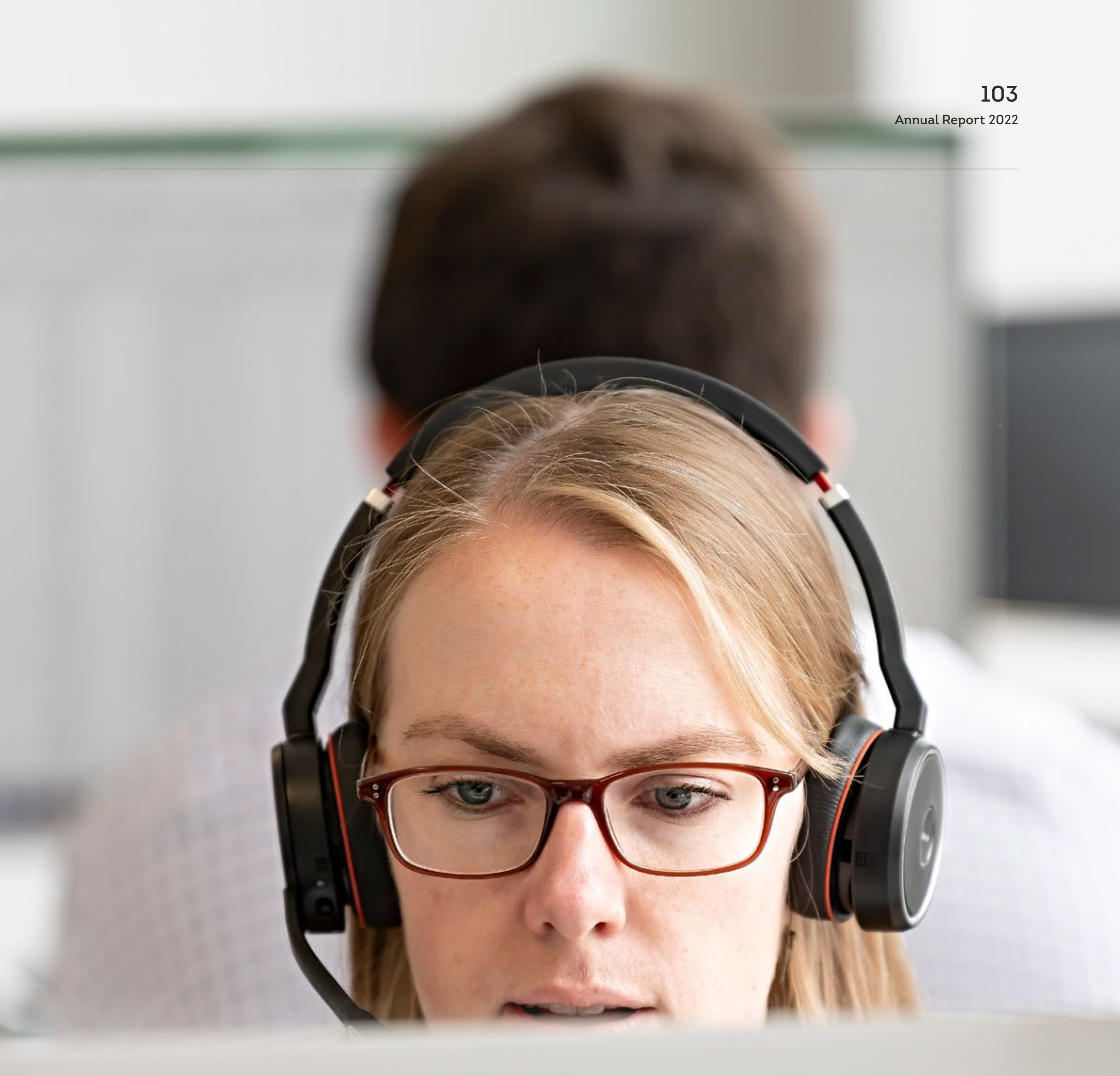
In executing its duties, the Nomination Committee objectively considers candidates on merit and with due regard for the benefits of diversity, including gender and ethnic diversity, on the Board.

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. Further information about Alpha's diversity and inclusion policy is provided in the Role in Society report on p. 64.

Following the appointment of Maeve Byrne, the Board exceeds the gender diversity target set by the Hampton-Alexander review, with women now representing 50% of the Board. 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 receives updates on the programme and a presentation on the Group's diversity and inclusion policy and strategy is included with the annual Board presentation schedule. Further information about Alpha's D&I programme, including Alpha's Disability Confident accreditation, is provided in the Role in Society report on pp 64-69.

Ken Fry
Chair of the Nomination Committee
23 June 2022



"It was a very easy decision to choose Alpha as the place to begin my professional career because I was highly impressed by the company's culture, meritocratic structure, and entrepreneurial spirit."

Alpha employee

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 2022.

Committee Composition and Governance

The Audit and Risk Committee is chaired by Penny Judd and is comprised wholly of independent Non-Executive Directors. Its other members are Ken Fry and Jill May. Maeve Byrne joined the Committee after the year end, on her appointment to the Board on 16 May 2022. Penny Judd and Maeve Byrne have recent and relevant financial experience with competence in accounting or auditing. Following Maeve's appointment, the Board has reviewed the structure of its committees and it is intended that, following a period of induction, Maeve will take on the role of Chair of the Committee after the Company's Annual General Meeting in September 2022. More information on the Committee members' skills and experience is provided on pp 84-87.

The Audit and Risk Committee meets as and when necessary, but at least three times a year. The Committee met three times during FY 22 and the table below sets out the attendance record of each member of the Committee.

Committee member	Eligible to attend	Attendance
Penny Judd (Chair)	3	3
Ken Fry	3	3
Jill May	3	3

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 22.

The Group's Company Secretary, Prism Cosec Limited, attends each meeting and the lead audit partner and members of the team from the Group's auditor, KPMG LLP, are invited to attend meetings of the Committee regularly. The Committee has unrestricted access to the Company Secretary and to the lead audit partner and other members of the KPMG team.

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.

Key Responsibilities

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.

The main duties of the Committee are set out in its terms of reference, which are reviewed annually and are available on the Company's investor website (alphafmc.com/investors/board-committees).

The Committee's key responsibilities include the following:

- Monitoring the integrity of the Group's financial statements, including the full-year 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.

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

Activities During the Year

During FY 22, the Committee reviewed and approved the Group's FY 21 preliminary and FY 22 interim results including consideration of the significant accounting issues relating to the financial statements and the going concern review. The Committee considered the continuing impact and risks 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.

In its responsibility to assure the Group's financial control and risk management environment, the Committee continued its focus on risk and financial controls, monitoring progress against the plan to implement refinements to systems and processes, to further improve the financial control environment and to enhance team operations. An update report was reviewed and discussed at the Committee's meeting in November 2021. This included a review of resourcing of the Group finance team and subsequent additions to the finance team, a programme to upgrade key accounting systems, an update on progress with the integration of the Lionpoint finance team and finance processes, and a progress report on financial control improvements implemented during the year. 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. A focussed risk session was included at the Committee's meeting in February 2022 and the Chief Operating Officer and the incoming Head of Risk also attended the meeting. The Committee reviewed and discussed updates to the risk policy, the risk management framework and the risk report, which includes key risks identified across 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 50-54.

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 and updated its terms of reference and these were approved by the Board.

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 auditor 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

Corporate Governance

Audit and Risk Committee Report continued

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 or estimation 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 22 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 auditor 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 120-28 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 significant income statement caption and, by its nature, revenue recognition is a key accounting policy. Whilst the majority of Group revenue is contracted on a time and materials basis, the Group also has some fixed-priced milestone contracts. The recognition of revenue on such contracts in progress at the year end involves consideration of the detailed contractual terms against the requirements of IFRS 15 and an assessment of whether performance obligations under the contract have been met at the balance sheet date.	Detailed revenue year end cut-off procedures have been performed internally, including a detailed review of relevant contractual client terms. The Committee has discussed the design and application of the revenue cut-off procedures performed and considered the appropriateness of the disclosures in respect of revenue recognition in the financial statements.
Acquisition accounting In determining the fair value of intangible assets arising in a business combination, management is required to make significant estimates regarding the timing and amount of future cash flows applicable to the intangible assets being acquired, discounted using an appropriate discount rate. Contingent consideration liabilities arising from earn-out arrangements are initially measured at fair value on the acquisition date and are subsequently re-measured at fair value at each balance sheet date. The fair value calculations contain estimation uncertainty linked to the future performance of the acquired businesses and the determination of an appropriate discount rate.	The valuation of acquired identifiable intangible assets has been formally assessed by external professional experts in the year of acquisition. The fair value of contingent earn-out consideration is based on management's best estimate of cash flows arising from the future performance of the acquired businesses, discounted to present value using an appropriate discount rate. The key assumptions and acquisition disclosures have been reviewed by the Committee for appropriateness.

Area of Focus	How It Was Addressed
Alternative performance measures To assist in understanding the underlying performance of the Group and to aid comparability between accounting periods, some alternative performance measures ("APM"s) are presented, which differ from measures presented in accordance with International Financial Reporting Standards ("IFRS"). These APMs exclude certain adjusting items. Judgement is required to identify those adjusting items that are deemed to warrant exclusion from the calculation of the Group's adjusted measures due to either their nature or size.	The Committee has considered the appropriateness of each of the adjusting items, ensuring that sufficient explanations are provided and that each APM is clearly reconciled to the nearest IFRS measure. The Committee has reviewed the balance of APMs and IFRS measures presented in the Annual Report and Accounts and considered whether APMs have been appropriately balanced with IFRS measures.
Share-based payments Significant estimates are required in relation to the calculation of the share-based payments expense under IFRS 2 and the associated social security costs. These estimates include 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 calculation of the fair value of share options at each grant date has been assisted by external professional experts. The probability that share options will vest is assessed at each reporting date by considering forecast staff attrition, time until vesting and achievement of performance conditions. These key assumptions have been discussed with the Committee.

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 p. 105.

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 in place a whistleblowing policy and anti-bribery policy, which set out the formal processes to be followed by employees and the procedures for reporting incidents. These policies are provided to every employee of the Group, principally through the Employee Handbook, and their review is an annual item on the Committee's agenda. Any reported incidents will be notified to the Committee. During FY 21, there were no reported incidents.

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
23 June 2022

Corporate Governance

Remuneration Committee Report

The Remuneration Committee makes recommendations on matters relating to performance, remuneration and terms of service 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 2022.

Committee Composition and Governance

The Committee is comprised wholly of independent Non-Executive Directors. Its members during the year were Ken Fry, Penny Judd and Jill May. Maeve Byrne joined the Committee after the year end, on her appointment to the Board on 16 May 2022. Ken Fry took on the role of Chair of the Committee on an interim basis in FY 21. Following Maeve's appointment, the Board has reviewed the structure of its committees and it is intended that Penny Judd will take on the role of Chair of the Committee after the Company's Annual General Meeting in September 2022.

The Committee meets as and when necessary, but at least twice a year. The Committee met formally four times during FY 22 and the table below sets out the attendance record of each member of the Committee. Additional calls were scheduled during the year to discuss the review of remuneration.

Committee member	Eligible to attend	Attendance
Ken Fry (Chair)	4	4
Penny Judd	4	4
Jill May	4	4

The Group's Company Secretary, Prism Cosec Limited, attends each meeting and the Chief Executive Officer and Chief Financial Officer are invited to join the meeting as appropriate. The Committee has unrestricted access to the Company Secretary throughout the year and has sought advice from remuneration advisers as set out on p. 110.

Key Responsibilities

The main duties of the Committee are set out in its terms of reference, which are reviewed annually and are available on the Company's investor website (alphafmc.com/investors/board-committees).

The Committee formulates and recommends to the Board the remuneration policies for the Executive Directors, the Chairman of the Board and senior management of the Group, having regard to pay and employment conditions across the Group. The objective of these policies are 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 determines the total remuneration package of the Executive Directors and the Group's senior management team. The Committee also reviews and approves the design of all annual and long-term incentive awards to Executive Directors and the Group's senior management team. It determines the targets and performance conditions and monitors performance against those conditions, approving the vesting and payment outcomes where appropriate. It also reviews the performance-related pay and share incentive schemes in use across 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 of the financial statements sets out further details of the share-based payments schemes of the Group.

Activities During the Year

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

- Assessing the effectiveness and application of the remuneration policy in light of the overall performance of the business in FY 22 and future growth plans;
- Review of the remuneration structure for the Group's senior management including the Executive Directors, further details of which are set out under the "remuneration policy review" section on p. 110;
- Approval of performance criteria for the management incentive plan ("MIP") for Executive Directors and senior management of the Group for FY 22;
- Review of the Remuneration Committee Report in the Annual Report & Accounts 2021;
- Recommendation to the Board to approve of the purchase of shares by the Company's employee benefit trust to be used to satisfy the exercise of share options by employees;
- Approval of amendments to update the rules of the Group's share incentive schemes;
- Approval of grant of share incentive awards for the Executive Directors and senior management in July 2021;
- Approval of vesting of MIP share awards granted to the Chief Financial Officer in March 2018 after he joined Alpha and in December 2018 after his probationary period, and confirmation that the related performance conditions had been met;
- Vesting of MIP options from prior periods; and
- Review and approval of revised terms of reference for the Remuneration Committee.

Further to the above, there were a number of year-end related activities that were concluded in the period after 31 March 2022 due to the need to have visibility of final figures; these included:

- Approval of the remuneration review proposal to move towards a principally variable remuneration model for Executive Directors and senior management;
- Confirmation that the initial first-year performance conditions had been met for the option grants under the MIP for Executive Directors and senior management in respect of FY 22 performance;
- Approval of performance criteria for the MIP for Executive Directors and senior management for FY 23 awards; and
- Approval of an annual increase in Non-Executive Director fees in line with the Group-wide annual pay review from 1 April 2022.

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 on p. 111.
Bonus Scheme	The Committee introduced a performance-related cash bonus scheme for Executive Directors and senior management of the Group in FY 22. The performance criteria are described on pp 110-11.

Corporate Governance

Remuneration Committee Report continued

Remuneration Policy Review

As disclosed in last year's Annual Report & Accounts the Committee felt it was appropriate to undertake a formal review of remuneration policy for Executive Directors and senior management, given that over three years had elapsed since AIM admission. The Committee completed the review during the year, with the assistance and advice of expert external remuneration advisers together with global benchmarking analysis.

The key objective of the Committee's review was to ensure that the Executive Directors and senior management have market-competitive remuneration packages and that their incentives are aligned with shareholder interests and Group profitability, while being mindful of shareholder dilution. The Committee introduced a performance-related cash bonus in FY 22 for Executive Directors and senior management, and intends to build on this to transition to a more cash-based approach over time with cash bonuses representing an increasingly higher proportion of overall remuneration. As this transition to performance-related cash bonuses is made, it is anticipated that the maximum 10 per cent management incentive plan dilution limit of issued share capital over a three-year period, set at the time of AIM admission, will decrease over time.

These bonuses will be subject to achieving annual regional and Group financial performance targets and personal objectives. Bonuses will be calculated as a percentage of base salary, with opportunity for increases in the event of significant financial outperformance. The Committee will retain its discretion to approve the overall bonus levels and will operate key safeguards to balance incentivising Executive Directors and senior management while maintaining margins and ensuring affordability for the Group. To encourage ongoing retention, an element of the bonus payments for Executive Directors and senior management may be spread over two years, subject to ongoing employment or meeting other contractual requirements.

The existing MIP for FY 23 will operate in line with previous years with performance criteria as set out on p. 111. The Committee believes that the substantial equity awards available under the MIP 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. As the balance of remuneration is intended to progress over time towards a more cash-based variable remuneration model, the Committee expects that shareholder dilution from MIP awards will also reduce over time, alongside further Group growth. FY 23 MIP awards to Executive Directors and senior management will continue to be subject to the Group achieving a mix of stretching targets, including adjusted EPS growth in the award year, total shareholder return targets over a three-year period, and specific personal and behavioural targets.

The Committee retains 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 below.

Remuneration Consultants

PwC was appointed in October 2021 to review and comment on the proposal to change the remuneration structure of the senior management team. PwC is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. PwC does not have any other association with the Company and is considered independent by the Committee.

Fees paid to PwC for the year ended 31 March 2022, charged on a time and expenses basis, amounted to £22,200 and relate to a review of proposed changes to the remuneration structure for senior management.

Executive Directors' Remuneration

Last year, the Committee gave its initial approval for an up to 10 per cent profit share bonus for the Executive Directors and senior management, subject to a review of remuneration policy to be undertaken in FY 22. In light of this review, and given the significant financial outperformance of the Group in FY 22, the Committee exercised its discretion in awarding the Executive Directors FY 22 bonuses equivalent to 45 per cent of their respective base salaries, as set out in the single-figure table on p. 113. In line with the deferral policy described above, these amounts are payable over two years, half payable in July 2022 and half deferred to July 2023, subject to ongoing employment.

The Committee has approved FY 23 remuneration for the Executive Directors and the senior management team. The Committee has agreed that the base salaries of the Chief Executive Officer and Chief Financial Officer shall increase from 1 April 2022 to £631,000 and £300,000, respectively. In reviewing and setting these increases, the Committee considered the wider inflationary salary increases across the Group and benchmarking data of similarly sized companies.

The transition of remuneration toward more variable cash-based remuneration will also apply to the Executive Directors. In FY 23, both of the Executive Directors will be able to earn a bonus up to 20 per cent of base salary, subject to delivering against a range of performance criteria including Group FY 23 EPS growth, strategic delivery and ongoing good stewardship of the Group, with the opportunity for higher bonuses in the event of significant financial outperformance.

In line with previous years, MIP share option awards will form part of the remuneration of the Executive Directors, alongside their base salary and bonus components.

Share Incentive Plan

The Committee approved the grant of awards under its management incentive plan to its management team globally, including the Executive Directors, in July 2021, comprising UK joint share ownership plan awards (“JSOP” shares) and MIP share options. Details of the awards granted to the Executive Directors are set out on p. 113.

In November 2021, the Committee considered the share awards granted to the Chief Financial Officer in two tranches, firstly in March 2018 after he joined Alpha and secondly in December 2018 after his probationary period. The awards’ performance conditions, relating to EPS growth and total shareholder return exceeding a basket of comparable companies over three years, were met in full and the Chief Financial Officer’s awards vested and were exercised in full on 12 December 2021 and 2 March 2022.

Performance Criteria

The criteria for FY 23 share incentive awards to the Executive Directors and senior management of the Group were four-fold, depending on the individual and their role:

- The Group achieving adjusted EPS growth of 11.0% or more to trigger a maximum award, or 7.0% 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; and
- Specific business unit EBITDA, or other personal targets and goals.

As part of the remuneration review during the year, the FY 23 adjusted EPS growth range was modified to reflect the growth of the Group since AIM Admission. The Committee considers the combinations of the above performance criteria to continue to represent a stretching set of targets against which to measure performance for the Group’s MIP share option awards. The Committee considers that the performance criteria selected relate closely to the Group’s key performance indicators.

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.

Corporate Governance

Remuneration Committee Report continued

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	23 September 2021	2024 AGM	3 months
Jill May	30 June 2020	2023 AGM	3 months
Maeve Byrne	16 May 2022	2025 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 in April to ensure they are in line with similarly sized companies and the sector and take account of inflationary pressures.

From 1 April 2021, the annual fees payable to Ken Fry, Penny Judd and Jill May were increased to £90,000, £60,000 and £60,000, respectively. Maeve Byrne will receive an annual fee of £60,000, in line with the fee paid to the other Non-Executive Directors, which will be pro-rated from her date of appointment. Following the proposed changes to the committees after the Company's Annual General Meeting in September 2022, as set out on p. 101 of the Nomination Committee Report, the Board has agreed that the Chair of each Board committee will receive an additional annual fee of £5,000.

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 management 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.

Statutory Information

The following information includes disclosures required by the AIM Rules and UK company law in respect of Directors who served during the year to 31 March 2022.

Directors' Remuneration

The single-figure table on p. 113 summarises the remuneration of the Directors who served for the years ended 31 March 2022 and 2021. The totals disclosed in the table and the aggregate information in respect of the highest paid director have been audited and represent the disclosures required under Schedule 5 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008:

	Salary and fees FY 22 £'000s	Salary and fees[29] FY 21 £'000s	Pension FY 22 £'000s	Pension FY 21 £'000s	Bonus[30] FY 22 £'000s	Bonus FY 21 £'000s	Share options vested FY 22 £'000s	Share options vested FY 21 £'000s	FY 22 £'000s	Restated FY 21[29] £'000s
Executive Directors										
Euan Fraser	587	587	17	17	264	–	–	528	868	1,132
John Paton[31]	275	240	–	–	124	–	205	–	604	240
Non-Executive Directors										
Ken Fry	90	65	–	–	–	–	–	–	90	65
Penny Judd	60	50	–	–	–	–	–	–	60	50
Jill May[32]	60	38	–	–	–	–	–	–	60	38
Nick Kent[33]	–	21	–	–	–	–	–	–	–	21
Total	**1,072**	**1,001**	**17**	**17**	**388**	**–**	**205**	**528**	**1,682**	**1,546**

Directors' Share Interests and Awards

The Directors' interests in the share capital of the Company as at 31 March 2022 and the movements during the year are set out below:

	Number of ordinary shares as at 31 March 2021	Acquired/(disposed of) during the year	Number of ordinary shares as at 31 March 2022	Percentage of total voting rights as at 31 March 2022
Euan Fraser	563,485	–	563,485	0.50%
John Paton	37,639	54,133	91,772	0.08%
Ken Fry	184,070	–	184,070	0.16%
Penny Judd	–	–	–	0.00%
Jill May	–	12,307	12,307	0.01%

There were no changes in the Directors' interests in shares between 31 March 2022 and 23 June 2022.

Details of Executive Directors' share awards are set out below:

	Number of share options held as at 31 March 2021	Share options exercised in the year[34]	Share options granted in the year[35]	Date of grant	Price on date of grant	Number of share options held as at 31 March 2022
Euan Fraser	615,637	–	239,735	6 July 2021	£3.40	855,372
John Paton	268,890	54,133	83,823	6 July 2021	£3.40	298,580

Ken Fry
Chair of the Remuneration Committee
23 June 2022

[29] Euan Fraser's salary for FY 21 has been restated to show the full gross amount. In the prior year, his salary was disclosed as £565,000, which was net of additional holidays purchased in the year via a salary sacrifice arrangement. Euan Fraser's salary for FY 22 has also been presented gross for consistency.
[30] As explained above, and in light of the Committee's review of remuneration policy and significant financial outperformance of the Group in the year, the Committee exercised its discretion in awarding each Executive Director FY 22 bonuses equivalent to 45 per cent of their respective base salaries.
[31] A total of 54,133 options granted to John Paton under the MIP in March and December 2018 vested and were exercised during the year. 22,883 options vested on 13 December 2021; the closing price of the Company's shares on the date of vesting was £4.12. The price at award on 12 December 2018 was £2.25. 31,250 options vested on 2 March 2022; the closing price of the Company's shares on the date of vesting was £3.55. The price at award on 2 March 2018 was £1.61.
[32] Jill May was appointed on 20 July 2020; her annual fee for FY 21 was pro-rated accordingly.
[33] Nick Kent resigned as a director on 1 September 2020; his annual fee for FY 21 was pro-rated accordingly.
[34] A total of 54,133 options granted to John Paton under the MIP in March 2018 and December 2018 vested and were exercised during the year. 22,883 options vested on 13 December 2021 and 31,250 options vested on 2 March 2022.
[35] Share options granted in the year comprise JSOP awards under the MIP. Refer to note 22 to the consolidated financial statements for further details.

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 2022.

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.

Business Performance	
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 38-43 respectively.
Results	The financial results for the year ended 31 March 2022 are set out in the Chief Financial Officer's Report on pp 38-43, in the consolidated statement of comprehensive income on p. 132 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 2.90p per share was paid in December 2021 (FY 20: 2.10p). The Board is recommending a final dividend of 7.50p per share (FY 21: 4.85p). Subject to shareholder approval at the AGM to be held on Tuesday 13 September 2022, the final dividend will be paid on 20 September 2022 to shareholders whose names are on the Register of Members at close of business on Friday 9 September 2022. Information regarding dividend payments can also be found in note 10 to the consolidated financial statements.
Strategic Report	The Strategic Report can be found on pp 2-55.
Activities in Research and Development	The Company did not engage in any material research and development activities in the year.
Future Developments	Details about the Company's future developments can be found in the Strategic Report on pp 28-29.

Post Balance Sheet Events	Post balance sheet events are disclosed in note 27 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.
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 38-43.
Directors	
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 pp 84-85. Maeve Byrne was appointed as an independent Non-Executive Director on 16 May 2022.
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 Committee Report on p. 113.
Directors' and Officers' 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.
Constitution	
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/ 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.
Stakeholders and Policies	
Section 172 Statement	The Company's Section 172 Statement and key Board decisions can be found on pp 32-35.
Employee engagement	Details of how the Group engages with Alpha employees are set out in the Section 172 statement the Strategic Report on pp 32-35 and further described in the Role in Society report on pp 59-63.
Employees with Disabilities	Alpha is a Disability Confident Employer and further details of Alpha's commitment to being a disability-friendly organisation are set under "diversity and inclusion" in the Role in Society report on pp 64-69.
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 pp 32-35.

Corporate Governance

Directors' Report continued

Modern Slavery Statement	The Company has approved and published on its website its Modern Slavery Statement in accordance with the Modern Slavery Act 2015.
Political Donations	The Company made no political donations during the year to 31 March 2022.
Streamlined Energy and Carbon Reporting ("SECR")	Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we are mandated to disclose our 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 76-80.
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 44-48 and in note 23 to the consolidated financial statements.
Shareholders and Share Capital	
Share Capital	The Company's issued share capital as at 31 March 2022 was 118,707,336 ordinary shares of 0.075p each ("Ordinary Shares"), none of which none were held in treasury and 6,216,501 of which were held in the Company's employee benefit trust. On 20 May 2021, the Company announced a proposed non pre-emptive placing and on 21 May 2021, a total of 9,557,532 Ordinary Shares in the capital of the Company were successfully placed with existing and new institutional investors (the "Placing") by Joh. Berenberg, Gossler & Co. KG ("Berenberg") and Investec. In addition to the Placing, a Director of Alpha FMC has subscribed for a total of 12,307 new Ordinary Shares (the "Subscription Shares" and, together with the Placing Shares, the "New Ordinary Shares"). The New Ordinary Shares were issued at a price of 325p per share (the "Placing Price"), together raising gross proceeds of £31.1 million for the Company. The Placing Price represented a nil discount to the closing middle market price of an Ordinary Share on 20 May 2021. In aggregate, the New Ordinary Shares represented approximately 9.0 per cent of the issued share capital of the Company at the date of issue. During the year, the EBT purchased a total of 57,006 Ordinary Shares in the Company. The shares are held in the EBT, a discretionary trust, and are intended to be used to satisfy the exercise of share options by employees, including the Executive Directors of the Company. Ordinary Shares held by the EBT have no dividend or voting rights. 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 21 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.

Authority to Purchase Own Shares

The Company was authorised by a shareholders' resolution passed at the Annual General Meeting held on 23 September 2021 to purchase up to 10% of its issued share capital. This authority will expire at the forthcoming Annual General Meeting and a resolution to renew the authority for a further year will be proposed. No shares were purchased by the Company during the year. During the year, the EBT purchased a total of 57,006 Ordinary Shares in the Company.

Major Interests in Shares

As at 23 June 2022, 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
Aberdeen Standard Investments	10.12
Invesco	8.17
Janus Henderson Investors	7.59
M&G Investment Management	6.49
Gresham House Asset Management	5.15
Fidelity International	4.23
NFU Mutual	4.00
Nordea Asset Management	3.90
Chelverton Asset Management	3.38
Royal London Asset Management	3.10
River and Mercantile Asset Management	3.02

Annual General Meeting

The 2022 AGM will be held on Tuesday 13 September 2022. The Notice of Annual General Meeting, including the resolutions to be proposed, is available on the Company's website investors.alphafmc.com.

Auditors and Audit

Disclosure of Information to Auditor

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.

Corporate Governance

Directors' Report continued

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 UK-adopted international accounting standards 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 UK-adopted international accounting standards;
- 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 complies 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
23 June 2022

"From the get-go, I have been extremely impressed by the down to earth, generous and friendly culture which is instilled throughout the organisation."

Alpha employee

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 2022, 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.

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 2022 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the 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 on p. 128. 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	£0.9m (2021: £0.67m) 4.6% (2021: 5.0%) of Group profit before tax adjusted for acquisition costs, employment-linked and contingent consideration.	
Coverage	83% (2021: 95%) of Group absolute profit before tax	
Key audit matters		**vs 2021**
Recurring risks	Revenue recognition on contracts in progress at year end, and recognition of deferred and accrued income	◀▶
	Recoverability of parent company's investments in subsidiaries and receivables due from group entities (parent company only)	◀▶
	New: Presentation and disclosure of adjusting items (alternative performance measures)	▲
Event driven	**New:** Valuation of intangible assets acquired and contingent consideration in relation to the acquisition accounting of Lionpoint	▲

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 and recognition of deferred and accrued income (Revenue £158.0m, 2021: £98.1m; Deferred income £2.1m, 2021: £2.0m; Accrued income £2.7m, 2021: £0.5m) Refer to pp 142-43 (accounting policy) and pp 163-66 (financial disclosures).	**Inappropriate recognition of revenue on contracts in progress at year end by error or fraud, and impact on resulting deferred and accrued income** Billing of contracts is either on a time and materials or milestone basis. There is a risk that revenue transactions around the year end, including the associated deferred and accrued income, might be incorrectly recorded, either in error or fraudulently, such that it does not reflect hours worked or the services provided.	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 2022 and agreeing 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 agreeing 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 2022 and agreeing 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 deferred income at 31 March 2022 and agreeing that the amounts billed per the invoice are in advance of the work being completed as specified in the contract. – Selecting a sample of items included in accrued income at 31 March 2022 and agreeing: 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. We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design of these 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, deferred income and accrued income.

Corporate Governance

Independent Auditor's Report continued

	The risk	Our response
Valuation of intangible assets acquired and contingent consideration in relation to the acquisition accounting of Lionpoint (Intangible assets £50.2m; Contingent consideration £14.5m) Refer to pp 138-39 (accounting policy) and pp 156-62 (financial disclosures).	**Inappropriate valuation of intangible assets acquired by error, and inappropriate valuation of the contingent consideration by error or fraud, resulting from the acquisition of Lionpoint** The valuation of intangible assets involves significant judgement as it requires management's use of assumptions including revenue growth, theoretical royalty rates used to value trade names, customer churn rates and the application of a discount rate that is reflective of the risks of the business. The estimation of the fair value of the contingent consideration at the acquisition date is subjective and involves significant judgement as it is dependent upon the future performance of the acquired entity. The effect of these matters is that, as part of our risk assessment, we determined that the fair value of the intangible assets acquired and the contingent consideration (as determined at the acquisition date) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our procedures included: • **Test of detail:** we assessed the appropriateness of the valuation of intangible assets and contingent consideration recognised by: – Reviewing the Group's calculation of the valuation of intangible assets and challenging the appropriateness of assumptions, including the discount rate, royalty rates and customer attrition rates with reference to the due diligence providers report and post acquisition trading. – Evaluating the historical performance of the acquired business and accuracy of the Group's budgets and forecasts in order to assess whether the forecast cash flows are a reasonable basis on which to value the intangible assets and contingent consideration. – Considering the completeness of the identified intangible assets and assessing whether the measurement bases used to estimate the fair values of the intangible assets were reasonable, taking account of our experience of similar assets in other comparable situations and our assessment of the work performed by the third party expert. – Considering whether there are indicators of bias in either alignment to existing Alpha FMC plc accounting policies or in the preparation of forecasts in order to achieve certain post-acquisition outcomes. – Considering the Directors' justification for the amount of residual goodwill based on the nature of the business acquired, in the context of consideration and the fair value adjustments applied. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. • **Assessment of third party experts:** assessing the competence and objectivity of the third party valuation experts engaged by the Group. • **Assessing transparency:** assessing the completeness and appropriateness of disclosures.

	The risk	Our response
Presentation and disclosure of adjusting items (alternative performance measures) (Adjusting items £14.4m, 2021: £9.8m) Refer to p. 137 accounting policy) and pp 147-50 (financial disclosures).	**Inappropriate identification of adjusting items, and inappropriate presentation and disclosure of alternative performance measures by error** The disclosure of adjusting items and alternative performance measures ("APMs") is subjective. There is a risk that items are inappropriately identified as adjusting items and / or classified as adjusting on an inconsistent basis (both within the period and between periods), and that clear and accurate explanation of adjusting items is not given in order to manipulate the presentation of performance of the business. There is also a risk that undue prominence is given to non-GAAP measures. The risk has increased compared to the prior year as a result in the increase in value of adjusting items.	Our procedures included: • **Tests of detail:** we assessed the appropriateness of the presentation of alternative performance measures and adjusting items by: – Challenging the Group's classification of adjusting items and assessing whether the adjusting items met the Group's definition of adjusting items and whether that presentation is on a consistent basis with prior periods. – Reviewing the Group's calculations of alternative performance measures to validate the accuracy of the disclosures. – Agreeing items separately disclosed to supporting invoice or Group's calculation and verifying that they have been captured accurately. – We performed an assessment of whether an overstatement of adjusting items identified through these procedures was material. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. • **Assessing transparency:** reviewing the disclosure in the annual report and considering whether appropriate prominence has been given to GAAP measures, and whether explanations of adjusting items and reconciliations of alternative performance measures and GAAP measures are clear and accurate.
Recoverability of parent company's investments in subsidiaries and receivables due from group entities (parent company only) (Investment carrying value £1.3m, 2021: £1.3m; Receivables due from group entities £144.6m, 2021: £121.6m) Refer to p. 177 (accounting policy) and pp 179-80 (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 100% (2021: 99%) 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 investments in subsidiaries and intra-Group debtors with reference to the relevant subsidiaries' draft balance sheets to identify whether they have net assets and whether those subsidiaries have historically been profit-making, and comparing to the market capitalisation of the group. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. • **Assessing transparency:** assessing the adequacy of the parent company's disclosures in respect of investments in subsidiaries and group debtor balances.

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 £0.90m (2021: £0.67m), determined with reference to a benchmark Group profit before tax normalised to exclude acquisition costs, employment-linked and contingent consideration as disclosed in note 4, of which it represents 4.6% (2021: 5.0%).

Materiality for the parent company financial statements as a whole was set at £0.30m (2021: £0.26m), which is the component materiality for the parent company determined by the group audit engagement team. This is lower than the materiality we would otherwise have determined with reference to a benchmark of parent company total assets, of which it represents 0.2% (2021: 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 75% (2021: 65%) of materiality for the financial statements as a whole, which equates to £0.68m (2021: £0.43m) for the Group and £0.23m (2021: £0.17m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.05m (2021: £0.03m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 30 (2021: 25) reporting components, we subjected 6 (2021: 4) to full scope audits for Group purposes and 2 (2021: 6) 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 1 (2021: 4) component to specified risk-focussed audit procedures over revenue, accrued income and deferred income, 1 (2021: 1) component to specified risk-focussed audit procedures over accruals for employee profit share and associated tax provisions, and 0 (2021: 1) component to specified risk-focussed audit procedures over the contingent consideration and respective charge.

For the residual 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 £0.3m to £0.6m (2021: £0.06m to £0.53m), having regard to the mix of size and risk profile of the Group across the components.

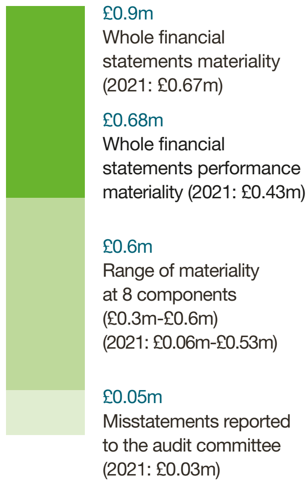
The work on all of the components (2021: all of the components), including the audit of the parent company, was performed by the group team. The group team performed procedures on the items excluded from normalised Group profit before tax. The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

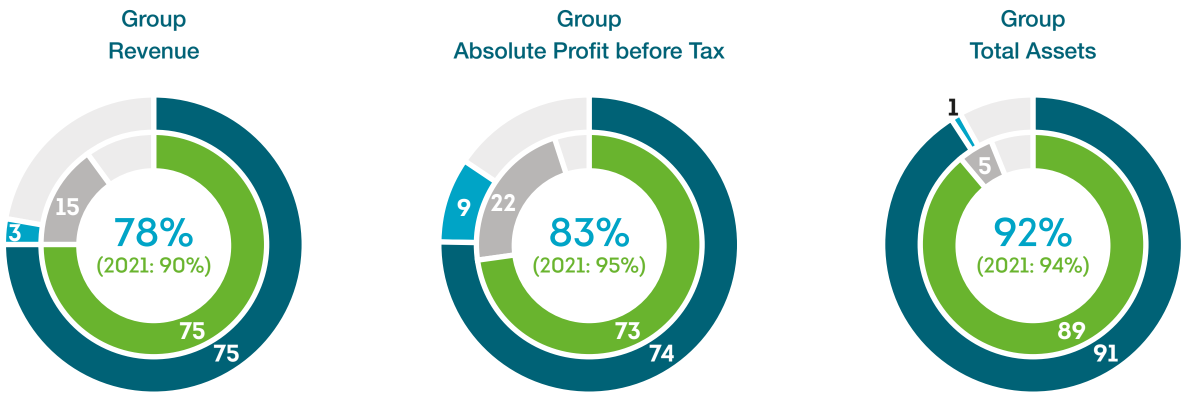
The components within the scope of our work accounted for the percentages as illustrated below:

	2022 £m	2021 £m
Group profit before tax adjusted for acquisition costs, employment-linked and contingent consideration	19.5	13.4
Group Materiality	0.9	0.67

Profit before tax adjusted for acquisition costs, employment-linked and contingent consideration

Group materiality





Full scope for Group audit purposes 2022

Specified risk-focussed audit procedures 2022

Full scope for Group audit purposes 2022

Specified scope for Group audit purposes 2022

Residual components

Corporate Governance

Independent Auditor's Report continued

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 in year and previous acquisitions.

We considered whether these risks could plausibly affect the liquidity 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; and
- 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.

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 Group management may be in a position to make inappropriate accounting entries;
- The risk of bias in accounting estimates and judgements such as employment-linked acquisition payments, share based payments and contingent consideration; and
- The risk that revenue is recorded in the wrong period.

Further detail in respect of revenue recognition and contingent consideration 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 above Earnings before interest, tax, depreciation and amortisation, ("EBITDA"), with the opposite entry below EBITDA, unusual journals with a credit or debit entry to cash, and journal entries posted to accruals which contain certain key words within the description.
- Identifying revenue transactions to test for all full scope components based on unusual pairings with a credit or debit to revenue
- Assessing whether the judgements made in making accounting estimates are indicative of a potential 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 on p. 128, any form of assurance conclusion thereon.

Corporate Governance

Independent Auditor's Report continued

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. 118, 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
31 Park Row
Nottingham
NG1 6FQ

23 June 2022

Financial Statements

The power of our people to create value

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Continuing operations			
Revenue	2	**158,005**	**98,066**
Rechargeable expenses	2	(196)	(112)
Net fee income	2	**157,809**	**97,954**
Cost of sales	2	(98,452)	(63,130)
Gross profit	2	**59,357**	**34,824**
Administration expenses		(41,582)	(24,648)
Operating profit	3	**17,775**	**10,176**
Depreciation	7,14	1,155	1,085
Amortisation of capitalised development costs	12	556	613
Adjusting items	4	14,382	9,833
Adjusted EBITDA	4	**33,868**	**21,707**
Finance income	6	1	–
Finance expense	6	(2,894)	(1,207)
Profit before tax		**14,882**	**8,969**
Taxation	8	(6,370)	(3,142)
Profit for the year		**8,512**	**5,827**
Exchange differences on translation of foreign operations		3,180	(3,104)
Total comprehensive income for the year		**11,692**	**2,723**
Basic earnings per ordinary share (p)	11	7.69	5.75
Diluted earnings per ordinary share (p)	11	7.25	5.50

Consolidated statement of financial position

As at 31 March 2022

	Note	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Assets			
Non–current assets			
Goodwill	12	100,991	63,067
Intangible fixed assets	12	31,333	21,648
Property, plant and equipment	14	806	415
Right-of-use asset	7	2,304	1,816
Deferred tax asset	9	671	–
Capitalised contract fulfilment costs		131	154
Total non–current assets		**136,236**	**87,100**
Current assets			
Trade and other receivables	15	29,569	17,938
Cash and cash equivalents	16	63,516	34,012
Total current assets		**93,085**	**51,950**
Current liabilities			
Trade and other payables	17	(56,671)	(27,241)
Provisions	18	(3,277)	–
Corporation tax		(4,788)	(1,792)
Lease liabilities	7	(1,134)	(514)
Total current liabilities		**(65,870)**	**(29,547)**
Net current assets		**27,215**	**22,403**
Non-current liabilities			
Deferred tax provision	9	(4,331)	(3,022)
Other non-current liabilities	19	(25,100)	(10,737)
Lease liabilities	7	(1,275)	(1,379)
Total non-current liabilities		**(30,706)**	**(15,138)**
Net assets		**132,745**	**94,365**
Equity			
Issued share capital	21	89	80
Share premium		119,438	89,396
Foreign exchange reserve		3,482	302
Other reserves		9,361	4,044
Retained earnings		375	543
Total shareholders' equity		**132,745**	**94,365**

The notes on pp 136-73 form part of these consolidated financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 23 June 2022.

They were signed on its behalf by:

Euan NB Fraser
Global Chief Executive Officer

John C Paton
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Restated[36] year ended 31 March 2021 £'000
Cash flows from operating activities:			
Profit for the year		8,512	5,827
Taxation	8	6,370	3,142
Finance income	6	(1)	–
Finance expenses	6	2,894	1,207
Depreciation of property, plant and equipment	7,14	1,155	1,085
Loss on disposal of fixed assets		32	13
Amortisation of intangible fixed assets	12	5,272	4,130
Share-based payments charge	22	4,075	1,693
Increase in provisions	18	1,302	–
Operating cash flows before movements in working capital		**29,611**	**17,097**
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(7,066)	3,221
Increase in trade and other payables		15,729	6,424
Tax paid		(4,767)	(5,707)
Net cash generated from operating activities		**33,507**	**21,035**
Cash flows from investing activities:			
Interest received		1	–
Acquisition of subsidiaries, net of acquired cash		(23,796)	(2,752)
Purchase of property, plant and equipment, net of disposals		(684)	(151)
Net cash used in investing activities		**(24,479)**	**(2,903)**
Cash flows from financing activities:			
Issue of ordinary share capital		31,102	–
Share issuance costs		(1,053)	–
EBT purchase of Company's own shares		(205)	–
Repayment of bank borrowings	20	–	(5,000)
Interest and bank loan fees		(285)	(486)
Principal lease liability payments		(814)	(809)
Interest on lease liabilities	7	(111)	(102)
Dividends paid	10	(8,678)	(2,136)
Net cash generated from/(used in) financing activities		**19,956**	**(8,533)**
Net increase in cash and cash equivalents		**28,984**	**9,599**
Cash and cash equivalents at beginning of the period		34,012	25,996
Effect of exchange rate fluctuations on cash held		520	(1,583)
Cash and cash equivalents at end of the period		**63,516**	**34,012**

[36] The Group has re-presented the consolidated statement of cash flows in the comparative year to reconcile from "profit for the year" rather than "operating profit" to align with the requirements of IAS 7.

Consolidated statement of changes in equity

For the year ended 31 March 2022

	Share capital £'000	Share premium £'000	Foreign exchange reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 1 April 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 payments 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**
Comprehensive income						
Profit for the year	–	–	–	–	8,512	8,512
Foreign exchange differences on translation of foreign operations	–	–	3,180	–	–	3,180
Transactions with owners						
Shares issued (equity)	9	30,042	–	–	(2)	30,049
Purchase of own shares by the EBT	–	–	–	(205)	–	(205)
Share-based payments charge	–	–	–	4,075	–	4,075
Net settlement of vested share options	–	–	–	(12)	–	(12)
Current tax recognised in equity	–	–	–	220	–	220
Deferred tax recognised in equity	–	–	–	1,239	–	1,239
Dividends	–	–	–	–	(8,678)	(8,678)
As at 31 March 2022	**89**	**119,438**	**3,482**	**9,361**	**375**	**132,745**

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.

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 payments charge recognised each year and equity-settled acquisition consideration reserves.

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

Notes to the consolidated financial statements

1. Summary of 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 & APAC.

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 23 June 2022.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRS) 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 is pound sterling. All amounts in these financial statements have been rounded to the nearest £1,000, except where otherwise stated.

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 undrawn borrowing facilities.

As at 31 March 2022, the Group held considerable financial resources including cash balances of £63.5m. 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 23 for details of the financial risks facing the Group.

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 deferred consideration and earn-out payments due. The Directors considered the principal risks and mitigants (as set out on pp 50-54) and analysed a range of cash flow downside scenarios including a "reverse-stress test" scenario. This models the decline in sales that the Group would be able to absorb over the going concern period before utilising all of the existing cash reserves available, while assuming the maximum Lionpoint acquisition payments. The Directors consider this scenario, and the sequence of events that could lead to it, to be remote as it would require annualised revenue reductions of close to 40% compared to the base case, before modelling any mitigating actions, such as cost reductions. The Group's RCF remains fully undrawn in the going concern scenarios.

The Directors have considered the Group's continued growth, strong cash conversion and the Group's new business pipeline, while also remaining cognisant of the potential macro-economic uncertainty resulting from recent events in Ukraine, which the Directors do not consider to be a material uncertainty for going concern purposes.

After careful consideration of these scenarios, the Directors have a reasonable expectation that the Group's existing resources are adequate to meet its requirements over the going concern period. 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 2022.

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.

Judgements

In the process of applying the Group's accounting policies, the Directors have made two judgements (excluding those involving estimations), which are considered to have a significant effect on the financial statements for the year ending 31 March 2022.

Employment-linked acquisition payments (note 13)

The contingent consideration related to the Group's acquisition of Obsidian in 2019 was part linked to the ongoing employment of a member of the vendor's management team and some judgement has been applied in determining the extent to which these future payments should be classified as consideration or as remuneration for future employment services. The classification of these amounts in the financial statements is based on the interpretation of complex clauses within the share purchase agreement ("SPA"). The proportion of future payments that are forfeited in the event of the employment condition lapsing varies depending on several factors, including the length of employment. At the point of acquisition, judgement was applied in determining that £6.5m of the possible total £9.3m of contingent consideration was classified as remuneration for future employment services, and this amount was to be recognised in profit or loss over the earn-out period. Further details are provided in note 13.

Alternative performance measures

To assist in understanding the underlying performance of the Group, management presents various alternative performance measures ("APMs"), which exclude certain adjusting items. APMs are provided to allow stakeholders a further understanding of the underlying trading performance of the Group and aid comparability between accounting periods. Management applies judgement to identify those income or expense items that are deemed to warrant exclusion from the calculation of the Group's adjusted measures to allow stakeholders a further understanding of the underlying performance of the business. These adjusting items have been applied consistently across reporting periods. A reconciliation to IFRS measures, and explanation of each adjusting item excluded is provided in note 4.

All adjusting items are considered individually for exclusion by virtue of their nature or size. In the year ended 31 March 2022, these items totalled £14.4m recognised in administration expenses. A further £2.5m was recognised within finance expenses.

Estimates

A number of estimates have been made in the preparation of the financial statements. The underlying assumptions in 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 22)

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 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 future performance and other factors. The fair value calculations have been externally assessed for reasonableness in the current and prior years. Refer to note 23 for sensitivity analysis.

Acquisition earn-outs (note 13)

Alpha's acquisition earn-out liability 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. To determine the fair value of the earn-out liability at the balance sheet date, management has assessed the potential future cash flows of the acquired businesses respectively, the likelihood of an earn-out payment being made and discounted using an appropriate discount rate. These estimates could potentially change because of events over the coming years. Refer to note 23 for sensitivity analysis.

The following additional estimate is a significant accounting estimate made during the year, which is not considered to have a significant risk of material adjustment to the carrying amount of the related assets within the next financial year.

Business combinations – valuation and asset lives of separately identifiable intangible assets

In determining the fair value of intangible assets arising in a business combination, management is required to make estimates regarding the timing and amount of future cash flows applicable to the intangible assets being acquired, discounted using an appropriate discount rate. Such estimates are based on current budgets and forecasts, extrapolated for an appropriate period, considering growth rates and expected

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

changes to selling prices and operating costs. Management estimates the appropriate discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the businesses being acquired. The Directors consider that the assumptions applied by the Group in developing an estimate of the valuation of acquired intangible assets at the acquisition date represent the Directors' best estimate of circumstances on the date of acquisition, and an independent accountancy firm was used to assess and advise on these estimates.

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
Fixture 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 identifiable 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, considering growth rates and expected changes to selling prices and operating costs. Management estimates an appropriate discount rate using post-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).

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.

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 2022.

Contingent and deferred consideration on acquisition

Contingent and deferred consideration may arise on acquisitions. Deferred consideration may arise when settlement of all or part of the cost of business combination falls due after the acquisition was completed. Contingent consideration may arise where consideration is dependent on the future performance of the acquired company.

Deferred and contingent 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 at fair value when the deferred or contingent consideration is not employment-linked. Alternatively, where amounts payable are contingent upon future employment, these amounts are recognised as a remuneration expense over the deferral or contingent performance period.

In circumstances where there is an option to settle in the form of cash or a variable number of shares, the Group recognises 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 and contingent 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 deferred consideration valued at acquisition, and the cumulative value of the employment-linked amounts recognised through Group's statement of comprehensive income since acquisition.

At each balance sheet date, the fair value of the liabilities initially recognised at the acquisition date are measured using level 3 inputs in accordance with the fair value hierarchy and as such these calculations contain estimation uncertainty, as they relate to future performance. The key inputs associated with the valuation of these liabilities include the potential future cash flows of each acquired business, the likelihood of an earn-out payment being made and developing an appropriate discount rate to apply to these future cash flows. Changes in the carrying value of these liabilities associated with the passage of time are recognised as a finance cost, whereas changes in the underlying forecasts supporting the fair value are recognised within administrative expenses as an adjusting item. For further detail see note 13.

Cash flows in relation to employment-linked amounts are recorded within operating activities. All other consideration payments, including any movements in contingent consideration in the year, are recorded within investing activities.

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). After 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. These useful economic lives are re-assessed at each reporting date:

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 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 transaction and are not retranslated. Foreign exchange differences arising on translation to functional currency are recognised in administration expenses.

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 total comprehensive income. Exchange differences on translation of foreign operations may be reclassified subsequently to profit or loss when specific conditions are met.

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, borrowings, 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.

Accounting policies in respect of financial instruments are outlined below.

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 23 for the disclosure of financial assets measured at amortised cost.

Trade and other receivables

Trade and other receivables are recognised initially at fair value, equal to the transaction price, and subsequently measured at amortised cost less provision for impairment. The trade receivables balances recorded in the Group's statement of financial position 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 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 of the cash flow statement only.

Financial liabilities

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured 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 IFRS 9. As at 31 March 2022, the Group had no such financial liabilities.

Trade and other payables

Trade and other payables are initially recognised at fair value, equal to the transaction price, and are subsequently measured at amortised cost. Trade payables due within one year are not discounted.

Refer to note 23 for the disclosure of financial liabilities measured at amortised cost.

Provisions

Provisions are distinct from other liabilities as there is uncertainty over the timing or amount of the cash outflow required to settle the liability. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

These are discounted to present value using an appropriate pre-tax discount rate, where the time value of money is material. Refer to note 18 for detail of classes of provisions and further detail on material assumptions.

Current and deferred tax

Taxation expense on the result for the year 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 year, 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 approach, 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 fair value, equal to the value of amounts 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.

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 years 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 are accounted for in line with the "leases" section below.

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 holds leases over associated car parking facilities and leases associated with office equipment. These form the population of leases subject to IFRS 16 accounting.

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

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. In determining the IBR, the Group has made adjustments for relevant factors such as lease term, lease value, country and asset specific considerations.

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.

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, 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 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 is 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. See note 7 for further details.

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 services are 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 satisfaction of performance obligations in line with contractual 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 these fixed fee milestone projects, revenue is recognised at a point in time upon delivery of each performance obligation and these projects are typically billed as 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 revenue recognised, the excess is a contract liability and is included within deferred income, valued in line with the nature of the project and related performance obligations as described on p. 142 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.

Capitalised contract fulfilment costs

Costs directly attributable to the fulfilment of unsatisfied or partially unsatisfied performance obligations on customer contracts are recognised as an asset where these costs generate or enhance resources of the Group and the costs are expected to be recovered. These costs principally relate to partially completed milestones on fixed-fee contracts and non-distinct software implementation costs incurred in advance of the commencement of the client's licence period on ADS contracts. These costs are recognised in the consolidated income statement at the point of revenue recognition for fixed-fee milestone projects, or are amortised to the consolidated income statement over the licence period for non-distinct software implementation costs.

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 Group);
(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.

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 consolidated 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 consolidated statement of comprehensive income.

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

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

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 years 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 and other bonus schemes that aim 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 is recognised as an employee benefit expense in the consolidated statement of comprehensive income.

Short-term employee benefits, including holiday pay and medical care, 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 year.

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. For further details please 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.

Transfer of liabilities to provisions

During the year, the Directors have re-assessed the appropriateness of the Group's presentation of certain liabilities in the consolidated statement of financial position. This has resulted in the re-presentation in the year of a balance of £1.7m from the Group's trade and other payables and into provisions, a new liability category. This is deemed to provide further detail and relevant understanding of the Group's exposure to potential future cash outflows that involve estimation at the balance sheet date and contain uncertainty around future timing or amount.

This change is presentational and has no impact on the Group's consolidated statement of comprehensive income or the Group's net assets in either the current or comparative period. Comparatives have not been restated as this presentational change is not considered to have a material effect on the statement of financial position in the comparative period. The impact of the change in the prior year is summarised below:

- A transfer into current provisions of £1.7m; and;
- A transfer from trade and other payables of £1.7m.

Refer to the "provisions" section on p. 140 for the Group's accounting policy on provisions, and to note 18 for further detail on the Group's provisions.

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 2022. 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, amendments and interpretations which are now effective:

- Interest Rate Benchmark Reform – Phase 2 - (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective from 1 January 2021;
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16), effective from 1 January 2021;

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 2022.

The following other standards, interpretations and amendments to existing standards have been issued but were not mandatory for accounting periods beginning on 1 April 2021 and are not expected to have a material impact on the Group.

- Reference to the conceptual framework (amendments to IFRS 3), effective from 1 January 2022;
- Property, Plant and Equipment – proceeds before intended use (amendments to IAS 16, effective from 1 January 2022;
- Onerous Contracts – Cost of fulfilling a contract (amendments to IAS 37), effective from 1 January 2022;
- Annual improvements to IFRS standards 2018-2020, effective from 1 January 2022;
- Classification of liabilities as current or non-current (amendment to IAS 1), effective from 1 January 2023 (not yet endorsed by the UK);
- IFRS 17 (Insurance Contracts), effective from 1 January 2023 (not yet endorsed by the UK);
- Extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4), 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);
- Definition of accounting estimates (amendments to IAS 8), effective from 1 January 2023 (not yet endorsed by the UK);
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12), effective from 1 January 2023 (not yet endorsed by the UK); and
- Initial application of IFRS 17 and IFRS 9 – comparative information (amendment to IFRS 17), effective from 1 January 2023 (not yet endorsed by the UK).

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 & APAC, which allows the Board to evaluate the nature and financial effects of the business activities of the Group and the economic environments in which it operates. 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 APAC, as they develop their presence locally, and as such have been deemed to constitute one operating segment ("Europe & APAC").

Revenues associated with software licensing arrangements were immaterial in both the current and prior years. Therefore, the Directors consider that 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 information

FY 22	UK £'000	North America £'000	Europe & APAC[37] £'000	Total £'000
Revenue	**72,134**	**47,001**	**38,870**	**158,005**
Rechargeable expenses	(71)	(80)	(45)	(196)
Net fee income	**72,063**	**46,921**	**38,825**	**157,809**
Cost of sales	(41,419)	(31,594)	(25,439)	(98,452)
Gross profit	**30,644**	**15,327**	**13,386**	**59,357**
Margin on net fee income[38] (%)	42.5%	32.7%	34.5%	37.6%
Non-current assets	**71,110**	**42,808**	**22,318**	**136,236**

[37] Within Europe & APAC, France is a material country and generated profits after tax of £3.0m (FY 21: £1.9m) and revenue of £17.8m (FY 21: £12.5m).
[38] Margin on net fee income is gross profit expressed as a percentage of net fee income. Please refer to note 4 for further detail.

Notes to the consolidated financial statements continued

2. Segment information continued

FY 21	UK £'000	North America £'000	Europe & APAC £'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[39] (%)	40.1%	27.1%	31.9%	35.6%
Non-current assets	**59,181**	**7,766**	**20,153**	**87,100**

During the year, the Group did not have any customers that comprised more than 10% of the Group's revenues. One customer within the UK segment comprised more than 10% of Group revenues in FY 21 comprising £11.7m or 12.0% of Group revenue.

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.

Following the acquisition of Lionpoint in the year, the Group has recognised the relevant amounts within the segments based upon the different territories in which Lionpoint operates.

3. Operating profit

Operating profit for the period is stated after charging/(crediting):

	Note	FY 22 £'000	FY 21 £'000
Amortisation of intangible assets	12	5,272	4,130
Depreciation of property, plant and equipment	7,14	1,155	1,085
Net foreign exchange losses		1,310	94
Rental expense	7	600	293
Impairment provision recognised on trade receivables	15	163	(145)
Defined contribution pension scheme costs	5	1,519	924
Share-based payments charge	22	6,218	2,496
Earn-out and deferred consideration	13	1,423	3,606
Acquisition costs		683	–
Integration costs		–	107

Auditor's remuneration:

	FY 22 £'000	FY 21 £'000
Audit fees – parent company	112	54
Audit fees – subsidiary companies	284	194
Other assurance services	–	–

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.

[39] Margin on net fee income is gross profit expressed as a percentage of net fee income. Please refer to note 4 for further detail.

4. Reconciliations to alternative performance measures

Alpha uses alternative performance measures ("APMs") that are not defined 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 net fee income growth, are provided to allow stakeholders a further understanding of the underlying trading performance of the Group and aid comparability between accounting periods. These measures have been applied consistently across reporting 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 by segment to revenue in note 2.

Profit margins

Margin on net fee income and adjusted EBITDA margin are calculated using gross profit and adjusted EBITDA, and are 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.

Reconciliation of adjusted profit before tax, adjusted operating profit and adjusted EBITDA

	Note	FY 22 £'000	FY 21 £'000
Profit before tax		**14,882**	**8,969**
Amortisation of acquired intangible assets	12	4,716	3,517
Loss on disposal of fixed assets		32	13
Share-based payments charge	22	6,218	2,496
Earn-out and deferred consideration	13	1,423	3,606
Acquisition costs		683	–
Integration costs		–	107
Foreign exchange losses		1,310	94
Adjusting items		14,382	9,833
Non-underlying finance expenses	6	2,487	803
Adjusted profit before tax		**31,751**	**19,605**
Net underlying finance expenses	6	406	404
Adjusted operating profit		**32,157**	**20,009**
Depreciation of property, plant and equipment	7,14	1,155	1,085
Amortisation of capitalised development costs	12	556	613
Adjusted EBITDA		**33,868**	**21,707**
Adjusted EBITDA margin (%)		21.5%	22.2%

Notes to the consolidated financial statements continued

4. Reconciliations to alternative performance measures continued

Adjusting items

The Group's APMs exclude certain expense items in order to aid understanding of the comparable underlying performance of the business. These items are generally non-cash, non-recurring by nature or are acquisition related.

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 and have not yet settled into a regular cycle of awards and vesting. The accounting treatment of the Group's share options requires the charge for each share option award to be recognised over the vesting period, resulting in significant growth in the charge year on year as the Group matures post-IPO. The estimated future social taxes payable are closely linked to the share-based payments charge and fluctuate with the assumed future market value of shares. This approach has been applied consistently across reporting periods. Note 22 sets out further details of the employee share-based payments expense calculation under IFRS 2. A more regular share option award cycle is anticipated in the coming years. If no adjustment was made for the share-based payments charge, adjusted EBITDA for the year would be £27.7m (FY 21: £19.2m).

As per note 13, the acquisition of Lionpoint in the year involved both deferred and contingent payments. Part of the Lionpoint acquisition payments are dependent on the ongoing employment of certain members of the senior Lionpoint management team, and this element is expensed annually over several years until the date of payment. In prior years, the Group similarly recognised employment-linked costs through the income statement relating to payments for the previous acquisitions of Axxsys and Obsidian, or to reflect adjustments made to the fair value of the expected future payment. These costs have been treated as adjusting items as they are acquisition related, reflecting the acquisition terms rather than Group trading performance. Whilst these acquisition-related costs will recur in the short term through the earn-out period, the adjustment allows comparability of underlying productive output and operating performance across reporting periods.

Other acquisition costs expensed in the year in relation to the acquisition of Lionpoint, including diligence and legal fees. Whilst further similar acquisition costs could be incurred in the future, these costs are not directly attributable to the ongoing operational trading performance of the Group, the timing and amount of such costs may vary year to year and treating these as an adjusting item allows comparability of the operating performance across reporting periods.

Integration costs in the previous year were in relation to the acquired Obsidian product suite, including security and its integration with the technology protocols within the ADS 360 SalesVista product. Those costs directly resulted from the acquisition of Obsidian in previous years. Integration of Obsidian was completed in April 2020 and was managed as a discrete short-term project subsequent to the acquisition.

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. This year the foreign exchange loss is predominantly acquisition related with Lionpoint's deferred consideration payable in US dollars and the USD:GBP rate experiencing some movement around the completion date.

Non-underlying finance expenses

In calculating adjusted profit before tax, unwinding of the discounted contingent and deferred 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 payments charge, acquisition-related payments and costs, non-underlying finance expenses and other non-underlying expenses. This measure was introduced 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.

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 alongside statutory operating profit to allow further understanding and comparability of the underlying operating performance of the Group between periods. This measure has been consistently 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 underlying trading performance across the Group, and forms the basis of the performance measures for aspects of remuneration, including consultant profit share and bonuses.

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 22 £'000	FY 21 £'000
Adjusted profit before tax	**31,751**	**19,605**
Tax charge	(6,370)	(3,142)
Tax impact of adjusting items	(1,624)	(1,358)
Adjusted profit after tax	**23,757**	**15,105**

Adjusted earnings per share

Adjusted earnings per share ("EPS") is calculated by dividing the adjusted profit after tax for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Adjusted diluted EPS is calculated by dividing adjusted profit after tax by number of shares as above, adjusted for the impact of potentially dilutive ordinary shares. Potentially dilutive 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 22	FY 21
Adjusted EPS		
Adjusted EPS (p)	21.46	14.91
Adjusted diluted EPS (p)	20.23	14.26

Reconciliation of adjusted administrative expenses

To express them 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.

	Note	FY 22 £'000	FY 21 £'000
Administrative expenses		41,582	24,648
Adjusting items		(14,382)	(9,833)
Depreciation of property, plant and equipment	7,14	(1,155)	(1,085)
Amortisation of capitalised development costs	12	(556)	(613)
Adjusted administrative expenses		**25,489**	**13,117**

Notes to the consolidated financial statements continued

4. Reconciliations to alternative performance measures continued

Adjusted cash generated from operating activities

Adjusted cash generated from operating activities excludes any employment-linked acquisition payments and other acquisition costs paid 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 22 £'000	FY 21 £'000
Net cash generated from operating activities	**33,507**	**21,035**
Employment-linked acquisition payments[40]	1,848	1,246
Acquisition costs	683	–
Adjusted cash generated from operating activities	**36,038**	**22,281**

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 22	FY 21
Cash conversion	189%	207%
Adjusted cash conversion	112%	111%

Organic net fee income growth

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.

Organic net fee income growth of 31.3% (FY 21: 8.0%) for the current period represents FY 22 net fee income less £29.2m net fee income attributable to the Lionpoint acquisition completed during the year.

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 noticeable impact on both net fee income and gross profit in the year, as a result of a strengthening British pound sterling through the year against both the US dollar and against the Euro. In the year, British pound sterling averaged $1.37 (FY 21: $1.31) and €1.18 (FY 21: €1.12). On a constant currency basis, the Group's net fee income for the year would be £3.4m higher (2.1%) and, similarly, gross profit would be £1.4m higher.

[40] Total gross acquisition payments made in the year were £25.6m, excluding £2.1m of cash acquired. £24.9m of initial Lionpoint consideration was paid in May 2021, with a further £2.8m of deferred and contingent payments made during the year. Please see note 13 for further details. Of the £25.6m, £1.8m related to employment-linked acquisition payments, treated as operating under IFRS, and a further £23.8m is considered to be capital in nature and included within investing activities in the Group's consolidated statement of cash flows.

5. Staff costs

The average number of employees employed by the Group, where "employees" includes Executive Directors but excludes contractors, was:

	FY 22 Number	FY 21 Number
UK	244	197
North America	170	66
Europe & APAC	162	125
Administration	70	48
Average employees in the year	**646**	**436**

	FY 22 £'000	FY 21 £'000
Wages and salaries	79,395	51,205
Social security costs	8,431	6,069
Pension costs	1,519	924
Share-based payments charge	6,218	2,496
Total staff costs for the year	**95,563**	**60,694**

The Group considers key management personnel, as defined under IAS 24 Related Party Disclosures, to be the Company's Directors and certain members of the Group's senior management team that report into the Group Coordination Committee as detailed on p. 97. Further disclosures relating to the remuneration of the Directors of the Company are set out in the Remuneration Committee Report on pp 108-13. Total emoluments for key management personnel charged to the consolidated income statement were:

	FY 22 £'000	FY 21 £'000
Wages and salaries	3,913	2,716
Social security costs	640	398
Pension costs	54	59
Share-based payments charge	2,543	1,052
Total emoluments for key management personnel for the year	**7,150**	**4,225**

6. Finance income and expenses

	Note	FY 22 £'000	FY 21 £'000
Bank interest receivable		1	–
Total finance income		**1**	**–**
Interest and fees payable on bank loans		(296)	(302)
Interest on lease liabilities	7	(111)	(102)
Total underlying finance expenses		**(407)**	**(404)**
Non-underlying finance expenses	13	(2,487)	(803)
Total finance expenses		**(2,894)**	**(1,207)**
Net underlying finance expenses	4	**(406)**	**(404)**
Net finance expenses		**(2,893)**	**(1,207)**

The Group holds one principal bank facility comprising a £20.0m undrawn committed RCF facility with Lloyds Bank Plc with a current tenor to June 2024. The Group has utilised up to £7.0m of the facility, drawn down occasionally through the year to meet short-term liquidity requirements, and has repaid these drawings within three months in each instance. These drawdowns and repayments are presented net in the consolidated statement of cash flows. The facility is undrawn as at 31 March 2022, and the Group remains in a strong cash position of £63.5m.

Notes to the consolidated financial statements continued

7. Leases

Right-of-use assets

	Buildings £'000	Equipment under lease £'000	Total £'000
Cost			
At 1 April 2021	3,399	11	3,410
Additions	1,299	5	1,304
Disposals and other movements	–	–	–
Exchange adjustments	25	–	25
At 31 March 2022	4,723	16	4,739
Depreciation			
At 1 April 2021	(1,586)	(8)	(1,594)
Charge for the period	(836)	(5)	(841)
At 31 March 2022	(2,422)	(13)	(2,435)
Net book value at 31 March 2022	**2,301**	**3**	**2,304**
Net book value at 31 March 2021	1,813	3	1,816

Lease liabilities

A summary of the Group's undiscounted lease liabilities as at 31 March 2022 is presented below:

	FY 22 £'000	FY 21 £'000
Due within 1 year	1,243	551
Due between 1 and 5 years	1,285	1,381
Due after 5 years	48	120
Total lease liabilities - undiscounted	**2,576**	**2,052**
Impact of discounting	(167)	(159)
Total lease liabilities - discounted	**2,409**	**1,893**

Amounts recognised in the Group's consolidated statement of comprehensive income

	FY 22 £'000	FY 21 £'000
Depreciation of right-of-use asset	(841)	(830)
Short-term lease expense	(598)	(293)
Low-value lease expense	(2)	–
Variable service charges	(72)	(96)
Included in administration expenses	**(1,513)**	**(1,219)**
Interest expense on lease liabilities	(111)	(102)
Included in finance expenses	**(111)**	**(102)**

The income statement records £0.6m within operating profit 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", or leases with a lease term of more than 12 months but that have been designated as low-value leases.

Total rental payments made in the year on all lease tenors amounted to £1.5m (FY 21: £1.2m). Variable service charge costs associated with the Group's property leases representing potential future outflows relating to the lease arrangements are not included within the IFRS 16 lease liability. These currently amount to £0.1m (FY 21: £0.1m) per annum and are expensed as incurred.

Following the end of the financial year, the Group has commenced new leases in several locations. These lease agreements were signed in the year ended 31 March 2022 with a commencement date in FY 23, and as such are not reflected on the Group's consolidated statement of financial position as at 31 March 2022. The value of minimum lease payments relating to these leases amounts to £0.1m. These leases will be recognised upon their commencement in FY 23.

The Group has given consideration to any extension options and early termination options with reasonable certainty at the date of signing these financial statements, and these have been reflected within the lease liability where appropriate.

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 2022.

8. Taxation

	FY 22 £'000	FY 21 £'000
Current tax		
In respect of the current year - UK	2,763	2,058
Foreign taxation	5,321	2,282
Adjustment in respect of prior periods	(168)	(242)
Deferred tax		
In respect of the current year - UK	(2,241)	(959)
Foreign taxation	(671)	–
Change in tax rate on opening balance	1,186	–
Adjustment in respect of prior periods	180	3
Total tax expense for the year	**6,370**	**3,142**

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Once effective, this change will increase the Group's future current tax charge accordingly. In relation to this tax rate change, the Group has recognised a net increase to its existing deferred tax liability of £1.2m, reflecting an increased liability recognised on acquired intangible assets partially offset by the increased carrying value of deferred tax assets relating to share options outstanding.

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 22 £'000	FY 21 £'000
Profit before taxation	14,882	8,969
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (FY 21: 19%)	2,828	1,704
Effects of:		
Fixed asset differences	(23)	(4)
Expenses not deductible for taxation	1,078	463
Differences due to overseas tax rates	1,651	856
Adjustments in respect of prior periods – current tax	(168)	(242)
Adjustments in respect of prior periods – deferred tax	180	3
Change in deferred tax rate	831	(13)
Permanent differences (share option exercise)	–	374
Deferred tax not recognised	(7)	1
Total tax expense for the year	**6,370**	**3,142**

Expenses not deductible for taxation relate mainly to employment-linked acquisition consideration, associated discount unwinding and other acquisition related costs, treated as capital for tax purposes.

Notes to the consolidated financial statements continued

9. Deferred tax

	FY 22 £'000	FY 21 £'000
Net deferred tax liability at the start of the year	3,022	4,438
Prior period transfer	–	(35)
Arising on business combinations	3,423	–
Credited to the statement of comprehensive income	(1,546)	(956)
Credited directly to equity	(1,239)	(425)
Net deferred tax liability at the end of the year	**3,660**	**3,022**

During the year, the Group recognised a deferred tax liability of £3.4m in relation to the acquisition of Lionpoint through goodwill. Refer to note 13 for further details.

In addition, for the period ended 31 March 2022, the Group has recognised a total of £1.4m of tax through equity, of which £0.2m relates to current tax on the exercise of share options and £1.2m relates to deferred tax on share options outstanding.

Movements in deferred tax during the year

	1 April 2021 £'000	Recognised on business combinations £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2022 £'000
Accelerated capital allowances	22	–	88	–	110
Short-term timing differences	(11)	–	(679)	–	(690)
Share options	(1,201)	–	(773)	(1,239)	(3,213)
Arising on business combinations	4,212	3,423	(182)	–	7,453
Net deferred tax liability	**3,022**	**3,423**	**(1,546)**	**(1,239)**	**3,660**

Deferred tax assets recognised within these consolidated financial statements represent the future tax effect of share-based payments charges in respect of awards that have yet to vest. Deductions in excess of the cumulative share-based payments charge recognised in the statement of profit and loss are recognised in equity. Other deferred tax assets recognised relate to timing differences on deductions for tax purposes and as such there is no restriction on recoverability.

Deferred tax liabilities represent the future tax impact arising from temporary timing differences between accounting and tax treatments including from 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 2022.

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. The below table sets out the deferred tax asset and the net deferred tax liability, as presented in the consolidated statement of financial position:

	FY 22 £'000	FY 21 £'000
Net deferred tax liabilities	4,331	3,022
Deferred tax assets	(671)	–
Net deferred tax liability at the end of the year	**3,660**	**3,022**

10. Dividends

Amounts recognised as distributions to equity holders

	FY 22 £'000	FY 21 £'000
Final dividend for the year ended 31 March 2021 of 4.85p (FY 20: nil) per share (restated)	5,431	–
Interim dividend for the year ended 31 March 2022 of 2.90p (FY 21: 2.10p) per share	3,247	2,136
Total dividends paid in the year	**8,678**	**2,136**

After the balance sheet date, the Directors proposed a final dividend of 7.50p per ordinary share, totalling approximately £8.6m based on the estimated eligible shares in issue at the payment date. The proposed final FY 22 dividend is subject to approval by shareholders at the AGM and has, therefore, not been included as a liability in these consolidated financial statements. Subject to approval, the dividend will be paid on 20 September 2022 to shareholders on the register at close of business on 9 September 2022.

The total final dividend for the year ended 31 March 2021 of 4.85p per share was previously disclosed as an estimated £5,416,000 in the prior year. This has been updated to reflect the actual dividend paid in the table above.

11. Earnings per share and adjusted earnings per share

The Group presents basic and diluted EPS, on both an adjusted and non-adjusted basis. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares fully outstanding during the year.

The weighted average number of diluted ordinary shares used in the calculation of diluted EPS includes the number of shares that could be issued to satisfy share incentive awards granted to employees as they fall due, adjusted for the likelihood of meeting performance criteria, if any. 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 year, the same adjustments as set out in note 4 have been made to the Group's profit for the financial year. The profits and weighted average number of shares used in the calculations are set out below:

	Note	FY 22	FY 21
Basic & Diluted EPS			
Profit for the financial year used in calculating basic and diluted EPS (£'000)		8,512	5,827
Weighted average number of ordinary shares in issue ('000)		110,689	101,312
Number of dilutive shares ('000)		6,748	4,590
Weighted average number of ordinary shares, including potentially dilutive shares ('000)		117,437	105,902
Basic EPS (p)		7.69	5.75
Diluted EPS (p)		7.25	5.50
Adjusted EPS & Adjusted Diluted EPS			
Adjusted profit for the financial year used in calculating adjusted basic and diluted EPS (£'000)	4	23,757	15,105
Weighted average number of ordinary shares in issue ('000)		110,689	101,312
Number of dilutive shares ('000)		6,748	4,590
Weighted average number of ordinary shares, including potentially dilutive shares ('000)		117,437	105,902
Adjusted EPS (p)		21.46	14.91
Adjusted diluted EPS (p)		20.23	14.26

Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets

Goodwill

	Note	FY 22 £'000	FY 21 £'000
Cost at beginning of the year		63,067	64,642
Additions	13	36,038	–
Gains/(losses) from foreign exchange		1,886	(1,575)
Cost at end of the year		**100,991**	**63,067**

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.

During the year, the Group has recognised goodwill on the acquisition of Lionpoint. The goodwill recognised is reflective of the potential value of the consulting skillset and market coverage, as well as the potential synergies and market opportunities that the acquisition provides, over and above that which has been recognised through the identifiable intangible assets described in note 13. None of the goodwill recognised is expected to be deductible for tax purposes.

In prior years, goodwill was recognised upon the acquisitions of Alpha FMC Group Holdings Limited in February 2016, TrackTwo GmbH in July 2017 and the acquisitions of Obsidian Solutions Ltd in November 2019 and Axxsys Ltd in June 2019.

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 group of CGUs to which goodwill has been allocated for impairment by comparing the carrying value of the units, including the goodwill, with the recoverable amount of the units. 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 grouped in line with the Group's operating segments as this is the level at which goodwill is monitored by management. Therefore, the groups of CGUs considered for impairment testing are UK, North America and Europe & APAC. Goodwill is allocated to these groups of CGUs as below:

	FY 22 £'000	FY 21 £'000
UK	52,082	38,991
North America	30,703	7,642
Europe & APAC	18,206	16,434
At end of the year	**100,991**	**63,067**

Key assumptions – impairment testing

The principal assumptions considered to be individually significant for the purposes of calculating the value in use 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 23 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 24 to FY 27 range from an average annual growth of 5% to 12% over the medium term and are 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 1.0% and 1.6% 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 12.8% (FY 21: 12.4%). CGU specific discount rates have been applied to reflect CGU specific risks.

The table below summarises the assumptions used for each CGU:

	Pre–tax discount rate		Medium–term growth rate		Long–term growth rate	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
UK	13.1%	12.1%	5.5%	8.0%	1.0%	1.3%
North America	13.4%	13.6%	11.5%	9.5%	1.6%	1.8%
Europe & APAC	11.7%	12.2%	7.1%	5.9%	1.5%	1.4%

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 23.9% and 37.5% 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 2022. As such, in order to address inherent uncertainty surrounding forward-looking cash-flow assumptions, 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 24 to FY 27 would need to reduce to between (19.5%) and (39.6%), 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 2022

	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	1,819	37,026
Additions	829	10,752	–	2,602	–	14,183
Exchange difference	55	621	–	148	–	824
At the end of the year – total	2,192	35,652	3,388	8,982	1,819	52,033
Amortisation						
At the start of the year	(1,218)	(9,231)	(1,645)	(2,206)	(1,078)	(15,378)
Charge for the year	(831)	(2,828)	(496)	(561)	(556)	(5,272)
Exchange difference	(23)	(24)	–	(4)	1	(50)
At the end of the year – total	(2,072)	(12,083)	(2,141)	(2,771)	(1,633)	(20,700)
Net book value	**120**	**23,569**	**1,247**	**6,211**	**186**	**31,333**

Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets continued

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**

Customer relationships

Customer relationships at the start of the year 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, customer relationships acquired as part of the TrackTwo GmbH acquisition in July 2017, the fair value of the customer relationships acquired from the acquisitions of Obsidian Solutions Limited and Axxsys Limited in FY 20, and the fair value of customer relationships acquired through the acquisition of Lionpoint in the current year.

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 year. The amortisation charge is recognised in administrative expenses within the consolidated statement of comprehensive income.

Intellectual property

Intellectual property at the start of the year represents the fair value at the 3 February 2016 acquisition date of the intellectual property which 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 year. The amortisation charge is recognised in administrative expenses within the consolidated statement of comprehensive income.

Trade name

Trade name intangible assets at the start of the year 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, those acquired on the acquisition of Axxsys and Obsidian in FY 20, and those acquired from Lionpoint in the current year.

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 consolidated statement of comprehensive income.

Order backlog

The order backlog intangible at the start of the year relates to the fair value of the order backlog acquired with Axxsys in FY 20 and Lionpoint in the current year. 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 the relevant contractual period. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the consolidated 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	5.8	0.8	8.8	–
TrackTwo GmbH	6.3	2.3	–	–
Axxsys Limited – UK	8.2	–	12.2	–
Axxsys Limited – North America/Nordics	9.2	–	12.2	–
Obsidian Solutions Limited	14.6	4.6	7.6	–
Lionpoint – UK	11.2	–	14.2	0.1
Lionpoint – North America	11.2	–	14.2	0.1
Lionpoint – Europe & APAC	11.2	–	14.2	0.1

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 consolidated statement of comprehensive income. There is an average of 0.6 years remaining to be amortised for the capitalised development costs in relation to the development of new software.

Notes to the consolidated financial statements continued

13. Acquisition of businesses

Acquisition in the current year

On 20 May 2021, the Group reached an agreement to acquire 100% of the issued share capital of Lionpoint Holdings, Inc. ("Lionpoint"), a provider of specialist consultancy services to the alternatives investments industry, on a cash free, debt free basis. The Directors consider that the acquisition is in line with the Group's stated growth strategy, significantly increasing both the Group's exposure to the attractive and fast-growing alternatives investments market and its footprint in the large and strategically important North America segment.

A summary of the purchase consideration, net assets acquired, identifiable intangible assets and goodwill is set out below. These fair values are determined by using established estimation techniques such as discounted cash flow and option valuation models. Since the provisional amounts disclosed within the Group's Interim Report & Accounts 2022, the Directors have made a measurement period adjustment to reflect an additional social security tax provision as at the acquisition date relating to Lionpoint. This resulted in an additional £0.3m provision reducing the recognised net assets in the table below and has resulted in an increase in goodwill of £0.3m. For further detail on this provision, please refer to note 18. Further, the Group have made a reclassification of £0.1m of tangible fixed assets to trade and other debtors due to obtaining further clarity on the nature of these amounts.

Lionpoint

	Note	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:				
Trade name		–	2,602	2,602
Order backlog		–	829	829
Customer relationships		–	10,752	10,752
Tangible fixed assets		53	–	53
Right-of-use assets		478	–	478
Trade and other receivables		4,588	–	4,588
Cash and cash equivalents		2,148	–	2,148
Trade and other payables		(2,380)	–	(2,380)
Provisions		(291)		(291)
Lease liabilities		(478)	–	(478)
Corporation tax liability		(67)	–	(67)
Deferred tax liability		–	(3,423)	(3,423)
Net identifiable assets acquired		**4,051**	**10,760**	**14,811**
Cash consideration relating to business combination				50,849
Goodwill on acquisition	12			**36,038**

The maximum amount payable for the acquisition (over four years) is $90.0m (£63.8m) alongside an additional $2.1m (£1.4m) in relation to completion working capital to be settled in cash, with the option to settle a portion of the deferred and contingent amounts in the Group's ordinary shares. Of this maximum amount payable, $7.5m (£5.3m) is employment-linked. The fair value of consideration recognised on the date of acquisition amounted to $72.3m (£50.8m), of which $33.5m (£23.5m) was paid on completion, together with the additional $2.1m (£1.4m) completion working capital payment. A balancing $0.5m (£0.3m) receivable is held at 31 March 2022, which will be deducted from future consideration payments to the management vendors.

Of the remaining maximum consideration payable, deferred consideration of $17.0m (£12.0m) is payable across the first and second anniversaries of the acquisition and contingent earn-out consideration of up to a maximum of $32.0m (£22.6m) is payable in three instalments across FY 23 to FY 25. The FY 23 to FY 25 earn-out consideration payments are contingent on Lionpoint meeting certain profitability targets over the earn-out period. The total fair value of future consideration payable recognised on the date of acquisition was $37.3m (£26.2m), of which $20.6m (£14.5m) related to contingent consideration and $16.7m (£11.7m) related to deferred consideration.

The total cash payable on completion was funded from the Group's cash reserves and the proceeds of the May 2021 share placing, raising net proceeds of £30.0m. During the year, a further $1.0m (£0.7m) employment-linked deferred payments were made.

Employment-linked deferred and contingent payments will be expensed through the income statement proportionately until FY 26. During the year, the Group has expensed £2.8m in relation to these employment-linked payments through the consolidated statement of comprehensive income.

The remaining deferred and contingent consideration is discounted to fair value. Discount unwinding is recognised in finance costs proportionately across the periods until final payment. During the year, £2.0m of discount unwinding was expensed as a non-underlying finance cost in relation to the Lionpoint acquisition consideration.

As consideration for the acquisition of Lionpoint is payable in US dollars, foreign exchange differences are recognised at each reporting date in relation to translating these liabilities into British pound sterling. In the year, the Group recognised a foreign exchange loss of £2.3m in the income statement arising from acquisition-related currency movements, particularly relating to movements around the acquisition date.

Following a strong performance of Lionpoint in the 10 months following acquisition, and reflective of a healthy pipeline of opportunities as at the balance sheet date, the Group has uplifted the Lionpoint forward projections, and in turn the total undiscounted expected earn-out payment to £22.3m from £21.0m, closer to the maximum payable. These values are inclusive of employment-linked amounts. After taking into account the impact of discounting, the Group has recognised a fair value adjustment relating to the valuation of the Lionpoint earnout liability as at 31 March 2022, reflecting this uplift. This adjustment has resulted in an additional charge through the Group's consolidated statement of comprehensive income of £1.1m.

As at 31 March 2022, a £33.7m liability is recorded, of which £15.5m is a current and £18.2m is a non-current liability. Of this liability at the balance sheet date, £14.0m relates to deferred consideration and the remaining £19.7m relates to contingent consideration.

Lionpoint contributed £29.2m to the Group's revenue and £3.7m to the Group's profit after tax for the year from the date of acquisition to 31 March 2022. If the acquisition of Lionpoint had been completed on 1 April 2021, Group revenues for the year would have been £161.3m and Group profits after tax would have been £7.8m, without adjustment to amortisation assumptions.

Acquisitions in previous years

As part of the acquisition of Axxsys Limited and Obsidian Solutions Limited in previous periods, the Group agreed earn-out arrangements 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.

Employment-linked payments associated with the acquisition of Obsidian have been expensed through the Group's consolidated statement of comprehensive income proportionately from the acquisition date. During the year, the Group has expensed £1.1m in relation to these employment-linked payments through the consolidated statement of comprehensive income.

The earn-out payments have been estimated by the Directors based on anticipated future earnings, discounted to current values. The unwinding of this earn-out discount is recognised as a finance cost. During the year, £0.3m of this discount unwinding was expensed as a non-underlying cost in relation to Obsidian.

Notes to the consolidated financial statements continued

13. Acquisition of businesses continued

During the year, the Directors have revised their previous estimate in relation to the undiscounted value of the Obsidian earn-out based on the lower profitability achieved to date, and reduced projections for the remainder of the earn-out period, alongside the lapsing of an ongoing employment condition attached to the Obsidian earn-out agreement. The Directors have revised their estimate of the projected cash flows in relation to potential earn-out scenarios. The Directors have re-assessed the fair value of the earn-out liability based on several plausible scenarios, leading to a reduction in the assumed undiscounted earn-out from £9.3m to £1.9m. This resulted in a fair value adjustment of £3.8m to the liability as at 31 March 2022, which has been credited to the Group's consolidated statement of comprehensive income in the year. As at 31 March 2022, none of the remaining liability is being accounted for as employment-linked, given the lapsing of the ongoing employment condition referred to above.

Including the contingent earn-out and unwinding of discounting, and the above fair value adjustment, a total £1.9m estimated consideration is recorded within non-current liabilities.

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.

Of the remaining deferred and contingent consideration amounts that were outstanding at 31 March 2021 in relation to the acquisition of Axxsys, £2.1m was paid during the year, of which £1.1m was employment-linked. £5.0m of contingent consideration remained outstanding at 31 March 2022 and was paid shortly after the year end. In the year, £0.2m was expensed relating to employment-linked amounts, and £0.2m of discount unwinding was expensed as a non-underlying finance cost in relation to Axxsys up to the final payment dates.

The below table summarises the movements in the deferred and contingent consideration liabilities held at 31 March 2022:

	Axxsys £'000	Obsidian £'000	Lionpoint £'000	Total £'000
Balance at 1 April 2021	6,706	4,357	–	11,063
Additions	–	–	26,210	26,210
Fair value adjustment	–	(3,815)	1,138	(2,677)
Employment-linked consideration	219	1,087	2,794	4,100
Payments in the year	(2,100)	–	(707)	(2,807)
Unwinding of discounting	175	269	2,043	2,487
Foreign exchange loss	–	–	2,270	2,270
Balance as at 31 March 2022	**5,000**	**1,898**	**33,748**	**40,646**

The £40.6m liability held at 31 March 2022 comprised £14.0m related to deferred consideration and £26.6m related to contingent consideration. Within these deferred and contingent consideration liabilities, £2.2m relates to employment-linked amounts.

The above liabilities are reflected in non-current and current liabilities as shown in the following table:

	Axxsys £'000	Obsidian £'000	Lionpoint £'000	Total £'000
Current	5,000	–	15,500	20,500
Non-current	–	1,898	18,248	20,146
Balance as at 31 March 2022	**5,000**	**1,898**	**33,748**	**40,646**

14. Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 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
Acquired through business combinations	31	1	21	53
Additions	–	–	684	684
Disposals	(29)	(6)	(123)	(158)
Exchange difference	3	2	17	22
At 31 March 2022	**241**	**232**	**2,311**	**2,784**
Depreciation				
At 1 April 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)
Charge for the period	(3)	(16)	(295)	(314)
Disposals	13	6	104	123
Exchange difference	(1)	(1)	(17)	(19)
At 31 March 2022	**(210)**	**(197)**	**(1,571)**	**(1,978)**
Net book value at 31 March 2022	**31**	**35**	**740**	**806**
Net book value at 31 March 2021	17	49	349	415

15. Trade and other receivables

	FY 22 £'000	FY 21 £'000
Amounts due within 1 year:		
Trade receivables	24,182	16,497
Less: allowance for expected credit losses	(541)	(378)
Trade receivables – net	**23,641**	**16,119**
Other debtors	539	319
Capitalised contract fulfilment costs	1,548	182
Prepayments	1,113	798
Accrued income	2,728	520
Total amounts due within 1 year	**29,569**	**17,938**

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. Trade receivables have grown in the year reflecting the overall growth of the Group, with debtor days reducing to 55 days (FY 21: 60 days).

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 ageing category of trade receivables by performing an in-depth analysis of historical losses.

Notes to the consolidated financial statements continued

15. Trade and other receivables continued

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.

	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	1.79%	17,865	(320)	17,545
31-60 days	2.50%	5,007	(125)	4,882
61-90 days	4.31%	773	(33)	740
91-120 days	8.06%	303	(24)	279
121+ days	16.58%	234	(39)	195
At 31 March 2022		**24,182**	**(541)**	**23,641**

	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**

The movement in the Group's allowance for expected credit losses in the year is summarised below:

	FY 22 £'000	FY 21 £'000
As at 1 April	378	523
Charge for the period	163	–
Uncollected amounts written off, net of recoveries	–	(145)
As at 31 March	**541**	**378**

During the year the Group has recognised a £0.2m increase in the allowance for expected credit loss. This is reflective of the overall growth of the Group during the year and the acquisition of Lionpoint.

Capitalised contract fulfilment costs comprise amounts incurred in relation to unsatisfied performance obligations on fixed-fee milestone projects, and non-distinct software implementation costs incurred in advance of the commencement of the client's licence period on ADS contracts. Non-current capitalised contract fulfilment costs are presented on the face of the consolidated statement of financial position. Total capitalised contract fulfilment costs, including non-current and current, were £1.7m as at 31 March 2022. These costs are recognised in the consolidated income statement at the point of revenue recognition for fixed-fee milestone projects or are amortised to the consolidated income statement over the licence period for non-distinct software implementation costs. Amortisation recognised in the year in respect of these costs amounted to £0.2m. 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 are 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 reporting 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 respective contract deliverables 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 2022, refer to note 23.

16. Cash and cash equivalents

	FY 22 £'000	FY 21 £'000
Cash and cash equivalents	63,516	34,012
Cash and cash equivalents	**63,516**	**34,012**

17. Trade and other payables

	Note	FY 22 £'000	Restated[41] FY 21 £'000
Trade payables		5,114	1,780
Accruals		23,898	15,948
Deferred income		1,865	1,692
Social security tax on share options	22	1,050	267
Taxation and social security		2,964	4,352
Other creditors		1,280	1,210
Earn-out and deferred consideration	13	20,500	1,992
Total amounts owed within 1 year		**56,671**	**27,241**

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. The trade payables balance has grown in the year reflecting the overall growth of the Group and the timing of payments made around the balance sheet date.

The accruals balance has grown in the year reflecting the overall growth of the Group and higher balances for the employee profit share bonuses and director bonuses, reflecting the enlarged team headcount and strong performance. These are accrued through the year and paid 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 22 £'000	FY 21 £'000
Contract liabilities relating to contracts with customers at the start of the year	17,19	1,996	1,336
Acquired through a business combination		34	–
Increase in contract liabilities during the year		1,760	2,046
(Gains)/losses from foreign exchange		71	(50)
Contract liabilities released during the year		(1,996)	(1,336)
Balance at the end of the year	17,19	**1,865**	**1,996**

Unperformed balances shown in the table below, 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

[41] Trade and other payables in the FY 21 comparative period have been re-presented within this note to separately disclose social security tax on share options from other tax and social security liabilities.

Notes to the consolidated financial statements continued

17. Trade and other payables continued

between 1 and 5 years, in which software access revenue is recognised over the access period.

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 22 £'000	FY 21 £'000
To be undertaken and recognised within 1 year	1,178	1,676
To be undertaken and recognised between 1 and 3 years	1,674	1,205
To be undertaken and recognised after 3 years	918	5
Total unperformed performance obligations	**3,770**	**2,886**

Earn-out and deferred consideration comprises £15.5m relating to the deferred and contingent consideration due on the acquisition of Lionpoint in the next twelve months, and £5.0m relating to the remaining contingent consideration payment arising from the acquisition of Axxsys Limited at the balance sheet date, which was paid shortly after year end.

18. Provisions

	Note	Social security tax provisions £'000	Legal and other provisions £'000	Total £'000
Balance at 1 April 2021		–	–	–
Transfers from trade and other payables[42]		1,400	284	1,684
Acquired through business combinations	13	291	–	291
Additional provisions made in the year		899	403	1,302
Balance as at 31 March 2022		**2,590**	**687**	**3,277**

The carrying value of the provisions disclosed above is a reasonable approximation of their fair value. Within social security tax provisions is an existing £1.4m (FY 21: £1.4m) provision relating to historic pre-AIM admission potential tax treatments. A further £0.3m of existing amounts related to several dilapidation provisions on the Group's leased offices. These were reported in the prior year within trade and other payables.

During the year, a further £0.9m provision was recognised relating to potential social security tax exposures, with an additional £0.3m acquired through business combinations. The amount of these tax provisions 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 ongoing tax audits.

The Group has also recognised several immaterial provisions in the year totalling £0.4m (FY 21: £nil) relating to various ongoing legal claims, representing the most probable outcome at the balance sheet date.

Whilst a range of outcomes is possible, these total potential liabilities could reasonably range between £1.2m and £5.2m.

[42] Refer to the "transfer of liabilities to provisions" section in note 1 for further detail on transfers from trade and other payables.

19. Other non-current liabilities

	Note	FY 22 £'000	FY 21 £'000
Earn-out and deferred consideration	13	20,146	9,071
Deferred income		233	304
Social security tax on share options	22	1,953	1,362
Other non-current liabilities		2,768	–
Total amounts owed after 1 year		**25,100**	**10,737**

Within earn-out and deferred consideration is £1.9m associated with the potential earn-out payments linked to the acquisition of Obsidian Solutions Limited and £18.2m associated with deferred and contingent earn-out payments relating to the Lionpoint acquisition. These amounts are expected to fall 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 of £2.8m (FY 21: £nil) represents the deferred element of FY 22 bonuses, due to be paid in summer 2023 to senior management and certain directors globally.

20. Note to the cash flow statement

				Non–cash changes			
	1 April 2021 £'000	Cash flow £'000	Acquisition of subsidiary £'000	Other changes £'000	Lease accounting adjustments £'000	Foreign exchange £'000	31 March 2022 £'000
Cash and cash equivalents	34,012	26,836	2,148	–	–	520	63,516
Bank borrowings	–	–	–	–	–	–	–
Net cash	**34,012**	**26,836**	**2,148**	**–**	**–**	**520**	**63,516**
Less: cash and cash equivalents	(34,012)	(26,836)	(2,148)	–	–	(520)	(63,516)
Leases	(1,893)	925	(478)		(938)	(25)	(2,409)
Interest and bank loan fees	(52)	285	–	(233)	–	–	–
Liabilities arising from financing	**(1,945)**	**1,210**	**(478)**	**(233)**	**(938)**	**(25)**	**(2,409)**

				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)**

Notes to the consolidated financial statements continued

21. Called up share capital

	FY 22 Number	FY 21 Number
Alloted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	118,707,336	106,521,966

	FY 22 £	FY 21 £
Alloted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	89,031	79,891

Movements in share capital during the year ended 31 March 2022:

		£
Balance at 1 April 2021 106,521,966 ordinary shares of 0.075p each		79,891
Issued shares	(i)	9,140
Balance at 31 March 2022 **118,707,336 ordinary shares of 0.075p each**		**89,031**

(i) During the year, the Group issued 12,185,370 ordinary shares of 0.075p each, of which 9,569,839 shares were issued as part of the Group's May 2021 share placing for net proceeds of £30.0m, net of transaction costs of £1.1m, 815,531 shares relate to the exercise of some vested share options and 1,800,000 shares were issued to the employee benefit trust ("EBT") for future satisfaction of share incentive plans.

Alpha Employee Benefit Trust

The Group held 6,216,501 (FY 21: 4,413,628) 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, 1,800,000 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. In the year, the EBT purchased 57,006 shares at market value. Ordinary shares held within the EBT have no dividend or voting rights.

In the year, 54,133 shares held in the EBT were utilised for employee share option exercises.

Treasury shares

The Group held nil (FY 21: nil) shares in treasury.

22. 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 up to FY 20 to certain 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 the year 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 last year, responding to the impact of COVID-19, options granted to senior management in FY 21 were subject to more flexible performance criteria, including local budget targets and a variety of stretching personal sales or other targets. FY 21 awards made to Executive Directors, as in prior years, were also subject to the Group achieving a total shareholder return ("TSR") in excess of the average total shareholder return of a peer group of comparable companies, for a period of 3 years from the year of grant.

This year, the Remuneration 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, depending on the individual and their role, include: (a) 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; (b) the Group achieving a TSR over three years in excess of the mean TSR delivered by a peer group of comparable companies; (c) personal adherence to corporate values and risk policy; and (d) specific business unit EBITDA, or other personal targets and goals.

MIP awards have either nominal or minimal exercise 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. A limited number of EIP awards were made in the year.

During the year ended 31 March 2022, a total of 2,959,429 share option and award grants were made to employees and senior management (FY 21: 3,376,744). The weighted average of the estimated fair values of these options awarded in the year is £2.68 per share (FY 21: £1.68).

On 12 August 2021, 13 December 2021, 18 December 2021 and 3 March 2022, certain MIP awards 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, 529,419 nominal cost awards over ordinary shares of 0.075 pence per share vested and 195,850 share awards were forfeited under performance conditions or as a result of leavers before vesting.

All of these vested awards were exercised, with an additional 343,750 share options that vested in FY 21 also exercised on 2 July 2021. Of these total 873,169 share options exercised, the Company settled 815,531 through the issuance of ordinary shares, with 3,505 additional share options retained for net tax settlement. A further 54,133 share options were settled through the issuance of existing shares from the EBT. The weighted average share price at the date of these exercises was £3.90. The remaining vested award holders have a further 6-year period in which to exercise their vested awards.

Notes to the consolidated financial statements continued

22. Share-based payments continued

Details of the share option awards made are as follows:

	FY 22 Number of share options
Outstanding at the beginning of the year	7,613,969
Granted during the year	2,959,429
Exercised during the year	(873,169)
Forfeited during the year	(195,850)
Expired during the year	–
Outstanding at the year end	**9,504,379**
Exercisable at the year end	**194,168**

The weighted average exercise price for all options outstanding in both the current and prior years was nominal. The options outstanding as at 31 March 2022 had a weighted average remaining contractual life of 2 years.

During the year ended 31 March 2022, options were granted on 6 July 2021 and 20 July 2021 to employees and certain senior management.

MIP share options with an external market condition 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.

MIP share options without external market conditions and EIP share options were valued at award using a Black-Scholes model using the following inputs:

	FY 22
Weighted average share price at grant date	£3.53
Exercise price	Nominal
Volatility	17.80%
Weighted average vesting period	4 years
Risk free rate	0.12%
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.

The Group recognised a total expense of £6.2m (FY 21: £2.5m) in the current year, comprising £4.1m (FY 21: £1.7m) in relation to equity settled share-based payments, and £2.1m (FY 21: £0.8m) 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 £1.7m.

The carrying value of amounts relating to social security tax on share options as at 31 March 2022 is £3.0m (FY 21: £1.3m), with £2.1m recognised in the P&L and payments amounting to £0.7m made in the year. 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 updated at each reporting period to reflect historic levels, and is assumed to grow in line with the estimated future performance of the business. If the estimated future share price growth assumption were to double, the social security costs in the year could increase by £0.3m. Were the share price to remain flat the charge would reduce by £0.4m.

23. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

		FY 22 £'000	FY 21 £'000
Financial assets measured at amortised cost			
Cash and cash equivalents		63,516	34,012
Trade and other receivables	(i)	26,369	16,639
Total financial assets		**89,885**	**50,651**
Financial liabilities measured at amortised cost			
Trade and other payables	(ii)	(54,806)	(25,549)
Lease liabilities		(2,409)	(1,893)
Other non-current liabilities	(ii)	(24,867)	(10,433)
Total financial liabilities		**(82,082)**	**(37,875)**

(i) Trade and other receivables include contract receivables but exclude other debtors, prepayments and capitalised contract fulfilment costs.
(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.

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 2022.

As at 31 March 2022, 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.

Notes to the consolidated financial statements continued

23. Financial instruments continued

Liquidity risk

The Group maintains a committed 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 liabilities as they fall due.

The concentration of liquidity risk is primarily around acquisition related payments the Group is committed to make over the next several years. The Group's cash and RCF facility are expected to be more than sufficient to cover these liabilities as they fall due. Refer to note 13 for further detail of these liabilities.

Financial risk

The Group is liable for contingent earn-out payments on the acquisitions of Axxsys, Obsidian and Lionpoint and, as at 31 March 2022, 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. The Group has assessed the estimation uncertainty of the liability held in relation to contingent consideration, inclusive of employment-linked amounts. This provides a single sensitivity for each acquisition at the balance sheet date, as sensitivities applied to common underlying assumptions affect both elements of the liability.

Lionpoint

If the discount rates used for the Lionpoint acquisition were to be 5% higher or lower than that assumed by management, the fair value of the liability recognised within the Group would not change by a material amount.

Were the financial performance achieved by Lionpoint in the remaining earn-out period to increase by 5%, there would be a £0.9m increase to the earn-out while a decrease of 5% would cause a £2.3m fall in the undiscounted earn-out. Additionally there would be a £1.4m decrease in the liability as at 31 March 2022, should the financial performance fall by 5%. While a 5% increase would result in a £0.5m increase in the liability.

The Directors have also considered a reasonable range of circumstances to sensitise the forecast cash flows to calculate reasonable estimated earn-out pay-out ranges for the Lionpoint acquisition. The directors have determined that the reasonable range of undiscounted earn-out payments is between £14.5m and £24.4m.

Axxsys

The Axxsys undiscounted earn-out payment has been made following the end of the year to a value of £5.0m, therefore there was a high degree of certainty regarding this amount at the balance sheet date.

Obsidian

The Directors have revised the range from the prior year of the total undiscounted cash outflows in relation to the Obsidian earn-out given the profitability of Obsidian to date and the Group's latest forecasts. The Directors consider the Obsidian undiscounted earn-out payments could reasonably be expected to be a minimum of £nil (FY 21: £5.3m), while the total undiscounted cash outflows in relation to the earn-out could reasonably reach a maximum of £5.6m (FY 21: £9.3m).

The Directors have considered that if financial performance or the discount rate were to be 5% higher or lower, this would not have a material impact on liability recognised nor the undiscounted earn-out.

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, as well as Lionpoint acquisition liabilities that are recorded in USD. 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 uses available currency resources to help mitigate exposures. 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 £4.6m (3%) in FY 22. The same sensitivity would also result in a decrease in the Group's net assets of £2.0m.

	GBP '000	Euro '000	USD '000	CHF '000	SGD '000	NOK '000	DKK '000	AUD '000	CAD '000	RSD '000	ZAR '000	HKD '000
Trade receivables	8,224	5,110	11,733	958	168	680	2,624	945	665	–	–	–
Cash	8,123	10,099	54,232	1,446	355	2,131	4,449	2,998	2,747	14,472	–	28
Trade payables	(2,545)	(728)	(1,996)	(86)	(62)	(191)	(266)	(292)	(105)	(7)	(945)	(10)
Total	**13,802**	**14,481**	**63,969**	**2,318**	**461**	**2,620**	**6,807**	**3,651**	**3,307**	**14,465**	**(945)**	**18**

24. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, 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 £132.7m as at 31 March 2022 (FY 21: £94.4m). 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.

25. 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 key management personnel, as defined under IAS 24 Related Party Disclosures, to be the Company's Directors and certain members of the Group's senior management team that report into the Group Coordination Committee as detailed on p 100. Further disclosures relating to the remuneration of the Directors of the Company are set out in the Remuneration Committee Report on p 112 - 120 and in note 5. There were no transactions within the year in which the Directors had any interest.

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.

26. Ultimate controlling party

As at 31 March 2022 there is no ultimate controlling party of the Group.

27. Events after the reporting period

Purchase of investment management enterprise technology solutions practice

On 8 April 2022, the Group reached an agreement to onboard the investment management enterprise technology solutions practice of CohnReznick LLP, a leading advisory, assurance and tax firm primarily based in the United States, for £0.3m.

Based on initial assessment, this is considered to be an asset purchase, not the acquisition of a business in line with IFRS 3 para B5-B12D.

Company statement of financial position

As at 31 March 2022

	Note	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Assets			
Non–current assets			
Investments	2	1,344	1,344
Deferred tax asset	4	3,213	1,201
Amounts owed by group undertakings		144,639	121,645
Total non–current assets		**149,196**	**124,190**
Current assets			
Trade and other receivables	5	205	232
Corporation tax		548	–
Cash and cash equivalents	6	68	92
Total current assets		**821**	**324**
Current liabilities			
Trade and other payables	7	(3,635)	(13,529)
Total current liabilities		**(3,635)**	**(13,529)**
Net current liabilities		**(2,814)**	**(13,205)**
Non-current liabilities			
Other non-current liabilities	8	(211)	(128)
Total non-current liabilities		**(211)**	**(128)**
Net assets		**146,171**	**110,857**
Equity			
Issued share capital		89	80
Share premium		119,438	89,396
Capital redemption reserve		–	–
Other reserves		9,224	3,907
Retained earnings		17,420	17,474
Total shareholders' equity		**146,171**	**110,857**

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 £8.6m.

The notes on pp 177-83 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 23 June 2022. They were signed on its behalf by:

Euan NB Fraser
Global Chief Executive Officer

John C Paton
Chief Financial Officer

Company statement of cash flows

For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Restated[43] year ended 31 March 2021 £'000
Cash flows from operating activities:			
Profit for the year		8,626	5,885
Taxation	3	(1,194)	(361)
Dividend income		(8,500)	(6,000)
Finance expenses		284	218
Acquisition related costs		–	–
Share-based payments charge		405	220
Operating cash flows before movements in working capital		**(379)**	**(38)**
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		10,843	(3,253)
Increase/(decrease) in trade and other payables		(1,321)	5,674
Tax paid		–	(1)
Net cash generated by operating activities		**9,143**	**2,382**
Cash flows from investing activities:			
Acquisition of subsidiary		–	–
Amounts transferred to subsidiaries		(30,049)	–
Net cash used in investing activities		**(30,049)**	**–**
Cash flows from financing activities:			
Issue of ordinary share capital		30,049	–
EBT purchase of Company's own shares		(205)	–
Interest paid		(284)	(154)
Dividend Income		–	–
Dividends paid		(8,678)	(2,136)
Net cash generated/(used) in financing activities		**20,882**	**(2,290)**
Net increase in cash and cash equivalents		**(24)**	**92**
Cash and cash equivalents at beginning of the period		92	–
Effect of exchange rate fluctuations on cash held		–	–
Cash and cash equivalents at end of the period		**68**	**92**

[43] The Group has re-presented the statement of cash flows in the comparative year to start from 'profit for the year' rather than 'operating profit' to align with the requirements of IAS 7.

Company statement of changes in equity

For the year ended 31 March 2022

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 1 April 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 payments 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**
Comprehensive income					
Profit for the period	–	–	–	8,626	8,626
Transactions with owners					
Shares issued (equity)	9	30,042	–	(2)	30,049
Share-based payments charge	–	–	4,075	–	4,075
Net settlement of vested share options	–	–	(12)	–	(12)
Purchase of own shares by the EBT	–	–	(205)	–	(205)
Current tax recognised in equity	–	–	220	–	220
Deferred tax recognised in equity	–	–	1,239	–	1,239
Dividends	–	–	–	(8,678)	(8,678)
As at 31 March 2022	**89**	**119,438**	**9,224**	**17,420**	**146,171**

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 payments 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 Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions 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 British pound 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 has 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 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 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 payments 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 monitors 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.

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

Dividends 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. Amounts owed by Group undertakings are presented within non-current receivables where they are not expected to be settled within the Group's normal operating cycle.

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 payments 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 initially recognised as an investment in subsidiaries and is simultaneously reversed upon the recharge of this cost to the receiving entity through amounts owed by Group undertakings. This charge is recognised within the profit & loss of the relevant receiving entities. The Company presents these movements in investments on a net basis within note 2.

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 2022, and that will become effective in subsequent periods, as detailed on page 155 of the Group accounts, none of which had a material impact on the Company.

2. Fixed asset investment

	£'000
Cost	
At 1 April 2020	9,234
Disposals	(7,890)
At 31 March 2021	**1,344**
Additions/disposals	–
At 31 March 2022	**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 prior 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 was transferred at 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 prior period in relation to the transfer of Axxsys ownership.

During the year, amounts recognised and subsequently reversed through intra-group recharge arrangements were £3.7m. These are presented net in the table above in line with the Company's accounting policies.

The undertakings in which the Group and Company had interest at the year 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 2022	Class and percentage of shares held – 31 March 2021
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

Notes to the consolidated financial statements continued

2. Fixed asset investment continued

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class and percentage of shares held – 31 March 2022	Class and percentage of shares held – 31 March 2021
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	12	Consultancy services	100% ordinary	100% ordinary
Axxsys Consulting USA Inc	USA	13	Consultancy services	100% ordinary	100% ordinary
Axxsys Danmark ApS	Denmark	14	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	15	Consultancy services	100% ordinary	100% ordinary
Alpha FM Consulting Canada Inc.	Canada	16	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting (Insurance) France S.A.S.	France	3	Consultancy services	100% ordinary	n/a
Lionpoint Holdings, Inc.	USA	17	Consultancy services	100% ordinary	n/a
Lionpoint Group, LLC	USA	18	Consultancy services	100% ordinary	n/a
Lionpoint Group (UK) Limited	UK	19	Consultancy services	100% ordinary	n/a
Lionpoint Group SA	Switzerland	20	Consultancy services	100% ordinary	n/a
Lionpoint Group Pty Limited	Australia	21	Consultancy services	100% ordinary	n/a
Lionpoint GmbH	Germany	22	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 Kurt – Blaum – Platz 8, 63450 Hanau, Germany
8 3A Conway Circle, 558288, Singapore
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 1800-13401 108th Avenue, Surrey, British Columbia V3T 5T3, Canada
13 Incorp Services, Inc., One Commerce Center, 1201 Orange Street #600, Wilmington, Delaware 19899, USA
14 Flaesketorvet 68, DK-1711 Copenhagen, V Denmark
15 Belgrade, Serbia at Bulevar Kralja Aleksandra no.52
16 Suite 1700, Park Place , 666 Burrard Street, Vancouver, BC V6C2X8, Canada
17 251 Little Falls Drive, Wilmington, DE 19808-1674, USA
18 8 The Green, Suite A, Dover, Delaware 19901, USA
19 5 Upper St. Martin's Lane, London, WC2H 9EA
20 Rue d'Italie 11, 1204, Geneva, Switzerland
21 Ground Floor, 123 Walker Street, North Sydney NSW, 2060, Australia
22 c/o KUNZ Rechtsanwälte, Antoniterstraße 14-16, Köln, 50667, Germany

3. Taxation

	FY 22 £'000	FY 21 £'000
Current tax		
In respect of the current year	(328)	374
Adjustment in respect of prior periods	(93)	(474)
Deferred tax		
In respect of the current year	(813)	(261)
Adjustments in respect of prior periods	96	–
Change in tax rate	(56)	–
Total tax credit for the year	**(1,194)**	**(361)**

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Once effective, this change will increase the Company's future current tax charge accordingly. In relation to this tax rate change, the Company has recognised a net increase to its existing deferred tax liability of £0.1m, reflecting an increased carrying value of deferred tax assets relating to share options outstanding.

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 22 £'000	FY 21 £'000
Profit before taxation	7,432	5,885
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (FY 21: 19%)	1,412	1,118
Effects of:		
Income not subject to tax	(2,271)	(1,140)
Adjustments in respect of prior periods	96	(475)
Group relief surrendered/(claimed)	–	576
Permanent differences	(375)	(814)
Current tax charged to equity (share option exercise)	–	374
Remeasurement of deferred tax for changes in tax rates	(56)	–
Total tax credit for the year	**(1,194)**	**(361)**

Income not subject to tax relates to dividend income which was received from UK subsidiaries.

Notes to the consolidated financial statements continued

4. Deferred tax

	FY 22 £'000	FY 21 £'000
Net deferred tax asset at the start of the year	1,201	517
Credited to the statement of comprehensive income	773	261
Credited directly to equity	1,239	423
At the end of the year	**3,213**	**1,201**

For the period ended 31 March 2022, the Company has recognised a total of £1.4m of tax through equity, of which £0.2m relates to current tax on the exercise of share options and £1.2m relates to deferred tax on share options outstanding.

Movements in deferred tax during the year

	1 April 2021 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2022 £'000
Share options	1,201	773	1,239	3,213
	1,201	**773**	**1,239**	**3,213**

5. Trade and other receivables

	FY 22 £'000	FY 21 £'000
Other debtors	205	232
Total amounts due within one year	**205**	**232**

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.

6. Cash and cash equivalents

	FY 22 £'000	FY 21 £'000
Cash in bank and at hand	68	92
Cash and cash equivalents	**68**	**92**

7. Trade and other payables

	FY 22 £'000	FY 21 £'000
Amounts owed to Group undertakings	2,809	12,872
Other creditors	560	593
Accruals and deferred income	266	64
Total amounts owed within one year	**3,635**	**13,529**

8. Other non-current liabilities

	FY 22 £'000	FY 21 £'000
Other non-current liabilities	211	128
Total amounts owed after 1 year	**211**	**128**

9. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	FY 22 £'000	FY 21 £'000
Financial assets measured at amortised cost	144,912	121,969
Financial assets measured at fair value	1,344	1,344
Financial liabilities measured at amortised cost	(3,846)	(13,657)
	142,410	**109,656**

The book value of the financial instruments is deemed to be approximate to fair value.

The Group'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 2022.

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.

10. Related party disclosures

None of the Directors were paid any remuneration from the Company during the year, other than dividends. Remuneration, as detailed in the Remuneration Committee Report on pp 108-13, was paid to the Directors via another Group company, and therefore, is not recognised in the Company's statement of profit or loss.

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. 47, p. 51
Workforce Diversity & Engagement	Diversity and Inclusion: pp 64-69
Professional Integrity	Community and Corporate Social Responsibility: pp 70-74
Environment (additional to SASB requirements)	Environment and Sustainability: pp 76-80

ESG metrics:

Topic: Data Security

Measurement	FY 22	FY 21	SASB Code
Number of data breaches	–	–	SV-PS-230a.3

Description of approach to identifying and addressing data security risks: SV-PS-230a.1

Alpha continues to invest heavily in maintaining a robust security posture across the organisation. Alpha seeks to continually improve security controls and adapt to the ever-evolving cyber threat landscape.

The Group's IT and data security strategy ensures that the confidentiality, integrity and availability of data is maintained and is frequently assessed and updated to remain aligned with global data protection frameworks and regulations.

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.

Over the past 12 months, Alpha has continued to evolve its internal governance and controls surrounding this topic. This activity has included supporting the Alpha Data Solutions business to achieve ISO27001:2013 certification.

Internal Policies and Governance

Alpha maintains a suite of information security policies, which are reviewed, updated and approved by the Group 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
- Wireless network policy
- 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.

Senior Oversight and Executive Sponsorship

Reporting to the Chief Operating Officer, the Global Head of IT Operations is responsible for the oversight and management of incidents, risks, and remedial activities pertaining to Alpha's IT, infrastructure and information security function. Day-today oversight is the responsibility of the Information Security Lead.

Alpha operates an internal Information Security Management Forum (“ISMF”), chaired by the Information Security Lead. The ISMF meets regularly to review incidents, risk and mitigation activities across the group. This includes managing activities pertaining to Alpha Data Solutions ISO27001 certification.

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 with security awareness training modules, delivered electronically.

Social engineering assessments are additionally undertaken with analysis and benchmarking against industry average statistics. Further mandatory training is issued as a follow up following completion of these assessments. Technical safeguards such as multifactor authentication (“MFA”), secure email gateway, secure cloud access gateway, DMARC anti-spoofing controls and phishing reporting are also implemented.

Cloud Security and Monitoring

Alpha continues to adopt 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. Given the continuation of hybrid working, further investment has also been made in the Group’s Endpoint protection and detection suite, leveraging industry-best, AI-driven local analysis.

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

The Global Head of Legal & Corporate Affairs oversees Alpha’s protection and privacy framework, including compliance with all relevant regulations. The Chief Operating Officer oversees operational procedures aligned to that framework with support from the IT infrastructure, operations and client delivery teams.

Alpha operates a unified global incident response and breach management process, which ensures that it is able to appropriately assess and triage all data security incidents, and ensure that the most effective remediation is applied. The response function ensures the 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.

Description of policies and practices relating to collection, usage, and retention of customer information: SV-PS-230a.2

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 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.

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 Group Coordination Committee;
- Clear oversight of and responsibility for the data protection and privacy framework in the Global Head of Legal & Corporate Affairs;
- Clear lines of operational 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;
- Security operations centre performing 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[44]

Measurement	SASB Code
Percentage of gender representation	SV-PS-330a.1

Level	Male FY 22	Male FY 21	Female FY 22	Female FY 21	Other FY 22	Other FY 21	NA[45] FY 22	NA[45] FY 21
Directors and equivalent	84.4%	91.2%	11.5%	8.8%	0.0%	0.0%	4.2%	0.0%
Managers, senior managers, associate directors and equivalent	71.1%	73.9%	26.4%	26.1%	0.0%	0.0%	2.4%	0.0%
Analysts, consultants and equivalent	63.5%	56.7%	34.8%	42.1%	0.0%	0.0%	1.6%	1.2%
Overall split	69.7%	69.8%	28.0%	29.8%	0.0%	0.0%	2.3%	0.5%

Measurement	SASB Code
Percentage of racial/ethnic group representation (UK)[46]	SV-PS-330a.1

Level	Asian or Asian British FY 22	Asian or Asian British FY 21	Black or Black British FY 22	Black or Black British FY 21	Mixed Background FY 22	Mixed Background FY 21	White or White British FY 22	White or White British FY 21	Other FY 22	Other FY 21	NA FY 22	NA FY 21
Directors and equivalent	0.0%	0.0%	2.1%	0.0%	2.1%	0.0%	83.3%	90.6%	2.1%	0.0%	10.4%	9.4%
Managers, senior managers, associate directors and equivalent	10.7%	11.3%	2.7%	1.7%	6.0%	5.2%	76.5%	75.7%	1.3%	1.7%	2.7%	4.3%
Analysts, consultants and equivalent	24.4%	26.8%	4.9%	5.6%	6.5%	1.4%	57.7%	64.8%	2.4%	0.0%	4.1%	1.4%
Overall split	14.4%	14.7%	3.4%	2.8%	5.6%	3.2%	70.3%	74.3%	1.9%	0.9%	4.4%	4.1%

Measurement	SASB Code
Percentage of racial/ethnic group representation (NA)	SV-PS-330a.1

Level	Asian FY 22	Asian FY 21	Black or African American FY 22	Black or African American FY 21	Hispanic or Latino FY 22	Hispanic or Latino FY 21	White FY 22	White FY 21	Other FY 22	Other FY 21	NA FY 22	NA FY 21
Directors and equivalent	9.1%	0.0%	0.0%	0.0%	0.0%	0.0%	81.8%	100.0%	0.0%	0.0%	9.1%	0.0%
All other employees	15.6%	20.6%	4.3%	1.6%	5.4%	3.2%	60.8%	60.3%	4.8%	7.9%	9.1%	6.3%
Overall split	14.9%	18.8%	3.8%	1.4%	4.8%	2.9%	63.0%	63.8%	4.3%	7.2%	9.1%	5.8%

Measurement	FY 22	FY 21	SASB Code
Voluntary turnover rate for employees	12.4%	8.0%	SV-PS-330a.2
Employee engagement as a percentage[47]	69.3%	70.4%	SV-PS-330a.3

[44] 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.

[45] "NA" refers to unknown, undisclosed or prefer not to say. An important part of the on-going diversity and inclusion initiatives at Alpha is to endeavour to reduce the number of "NA" (where appropriate) and to expand the data groups on which it is reporting so as to provide a wider view of how it is performing against the topic. Please see the diversity and inclusion section of the report for more information.

[46] Percentage of racial/ethnic group representation for FY 21 did not include Axxsys or Lionpoint in the UK and NA. These data groups have been included for FY 22.

[47] Employee engagement data for FY 21 and FY 22 was based on anonymous engagement surveys conducted during the year and excludes Axxsys or Lionpoint. These data groups will be included from FY 23 onwards.

Topic: Professional Integrity

Measurement	FY 22 £	FY 21 £	SASB Code
Total amount of monetary losses as a result of legal proceedings associated with professional integrity[48]	–	–	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. Annual performance reviews include an assessment of professional integrity and compliance with company policies. The Group will continue to review its adherence to high professional standards, business ethics and introduce new policies and training for its teams as appropriate for the Group's business model and range of services.

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 also cognisant of its wider relationships and is developing its approach to managing business and supplier relationships in respect of human rights and ethical standards, such as through its Living Wage application.

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.

[48] 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

Company Information

Directors and Advisers

Directors
Euan Fraser
John Paton
Ken Fry
Penny Judd
Jill May
Maeve Byrne

Company Number
09965297

Registered Office
Alpha Financial Markets
Consulting plc
60 Gresham Street
London EC2V 7BB

Auditor
KPMG LLP
St Nicholas House
Park Row
Nottingham NG1 6FQ

Registrar
Computershare
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Nominated Adviser
Investec Bank plc
30 Gresham Street
London EC2V 7QP

Joint Brokers
Joh. Berenberg, Gossler & Co.
60 Threadneedle Street
London EC2R 8HP

Investec Bank plc
30 Gresham Street
London EC2V 7QP

Company Secretary
Prism Cosec Limited
company.secretary@alphafmc.com

Corporate and Investors' Website
investors.alphafmc.com

Client Website
alphafmc.com

Design: Graphical graphicalagency.com

Photography

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Alpha FMC

60 Gresham Street
London EC2V 7BB

+44 (0) 207 796 9300
enquiries@alphafmc.com