



# The power of our people

Annual Report & Accounts 2023

# Welcome to Alpha's 2023 Annual Report and Accounts

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

It has the largest dedicated team across those industries, with nearly 1,000 consultants globally, operating from 17 client-facing offices spanning the UK, North America, Europe and APAC. Alpha has worked with all of the world's top 20 and 80% of the world's top 50 asset managers by AUM, along with a wide range of insurance and other buy-side firms.

For more information, see the website: [alphafmc.com/investors](http://alphafmc.com/investors)

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



## Highlights

# Financial highlights<sup>2</sup>

|                                                                               |                                                                              |                                                                               |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <b>Revenue</b><br><b>£228.7m</b><br>(FY 22: £158.0m) +44.8%                   | <b>Gross profit</b><br><b>£80.4m</b><br>(FY 22: £59.4m) +35.4%               | <b>Adjusted<sup>3</sup> EBITDA</b><br><b>£46.6m</b><br>(FY 22: £33.9m) +37.5% |
| <b>Profit before tax</b><br><b>£25.8m</b><br>(FY 22: £14.9m) +73.2%           | <b>Adjusted profit before tax</b><br><b>£44.0m</b><br>(FY 22: £31.8m) +38.6% | <b>Basic earnings per share</b><br><b>15.82p</b><br>(FY 22: 7.69p) +105.7%    |
| <b>Adjusted earnings per share</b><br><b>29.27p</b><br>(FY 22: 21.46p) +36.4% | <b>Adjusted cash conversion</b><br><b>74.0%</b><br>(FY 22: 112.1%)           | <b>Total dividend per share</b><br><b>14.20p</b><br>(FY 22: 10.40p) +36.5%    |

# Operational highlights

For more information go to pp 12–17



2 All financial and operating highlights relate to the year ended 31 March 2023 ("FY 23") and the comparative year is to 31 March 2022 ("FY 22") unless otherwise specified. All rounding and percentage change calculations are from the basis of the financial statements in £'000.

3 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 payment charges. Refer to the Chief Financial Officer's report and note 4 for further details.

4 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 2022".

5 The Group uses "office" to refer to a client-facing office location; that is, if there are multiple offices in one location, they will be counted as one office.

6 "Consultants" and "headcount" refer to fee-generating consultants at the year end: employed consultants plus utilised contractors in client-facing roles.

7 "Directors" refers to fee-generating directors at the year end. All director increases are presented as net.

8 "Shoreline" refers to Shoreline Consulting Pty Ltd, Shoreline Consolidated Pty Ltd and subsidiaries acquired by Alpha on 1 May 2023.



Strategic Report

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Strategic Report

# At a glance

## Why we do what we do

### Our purpose

To deliver outstanding outcomes for all our stakeholders: helping our clients to make the most of the opportunities in their markets; providing our people the best corporate experience possible; building a profitable and sustainable business for our investors; and creating a positive impact on our communities.

### Our vision

To be the best consulting firm in all the sectors in which we operate.

## How we do it



## What we do

Alpha is a leading consultancy to the asset management, wealth management and insurance industries. We support the client transformation lifecycle by providing management consulting and complementary technology services that are highly focused on the industries in which we operate.

We bring together the specialist industry knowledge, deep expertise and outstanding focus on delivery excellence of our global teams to help clients think smarter and shape their businesses for the future.

### Management consulting

Our management consulting teams are experts within the asset management, wealth management and insurance industries. Their goal is to help client organisations make the most of the opportunities facing them in a rapidly changing financial services landscape of regulatory change, fee pressure, growth in assets and insurance policies, and client and societal expectations. Our consultants help clients to work more effectively when requirements become more complicated, and to excel against strong competition.

### Technology consulting

Our technology consulting teams have unrivalled knowledge and expertise in the technology platforms and models used in the investment sectors. Our consultants support our clients in leveraging technology breakthroughs, and delivering high quality business value through technology solutions, implementations and software. Against an ever-changing backdrop of new technology, digitisation and automation choices, we help our clients deliver relevant outcomes that protect, optimise and deliver positive results.

### Our strategy

1 Scale up and broaden the Group's client proposition

2 Roll out the client proposition globally

3 Make selective acquisitions



# Our global story

### First, we:

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

### Then we:

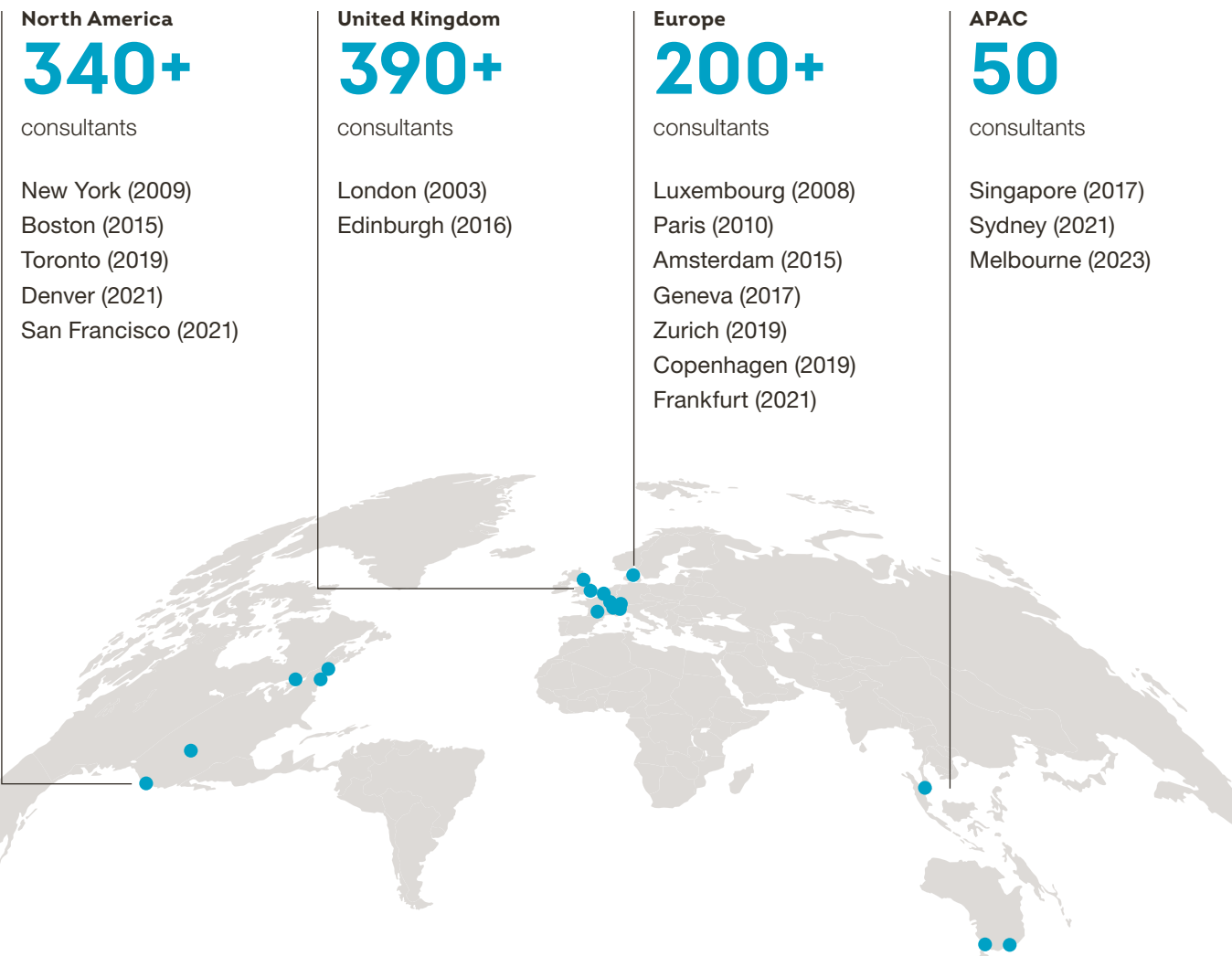
- capitalised on our reputation for market-leading consulting advice; and
- continued to develop consulting solutions across the asset and wealth management chain.

### We have:

- established a global capability and reputation for delivering some of the most challenging and complex projects in the industry; and
- committed to a growth strategy that involves expanding the business organically, including into the insurance sector, and through highly complementary acquisitions.

### Now we will:

- continue to build scale both globally and across a range of existing markets by growing and differentiating the service offering; and
- pursue with momentum our objective to be recognised as the leading consultancy to the asset management, wealth management and insurance industries globally – and, ultimately, across financial services worldwide.

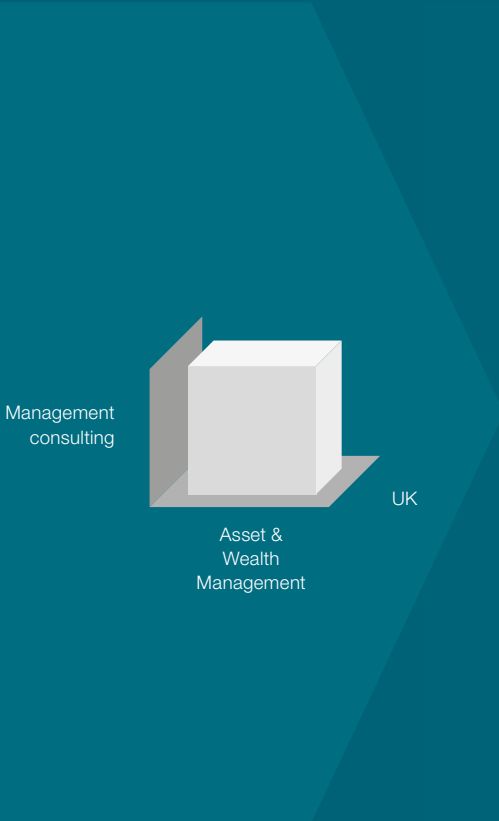




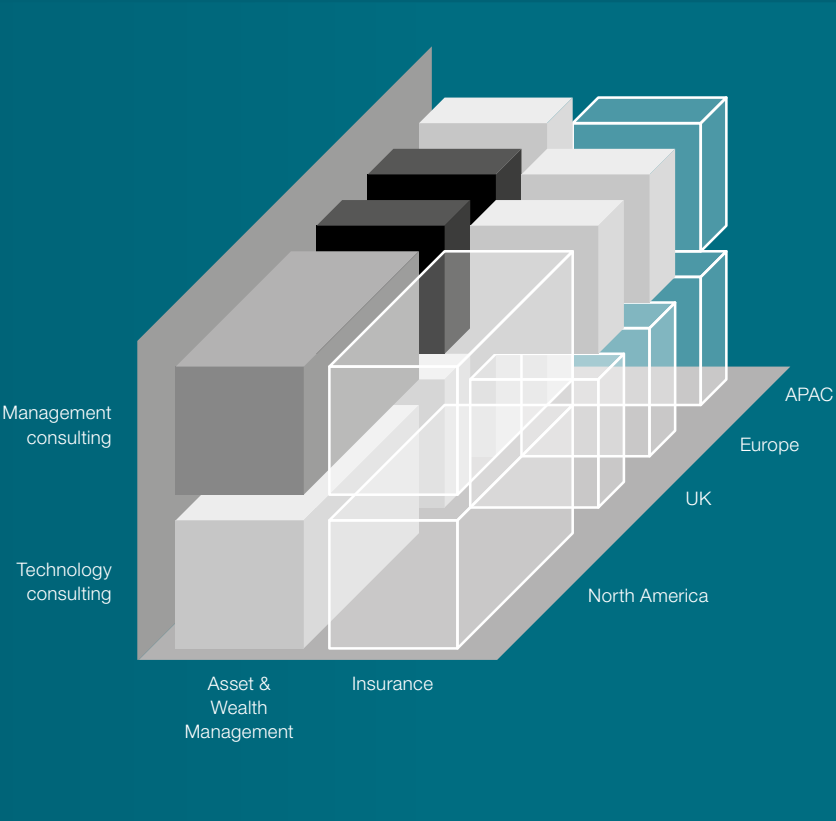
Strategic Report  
At a glance continued

# Building on our success

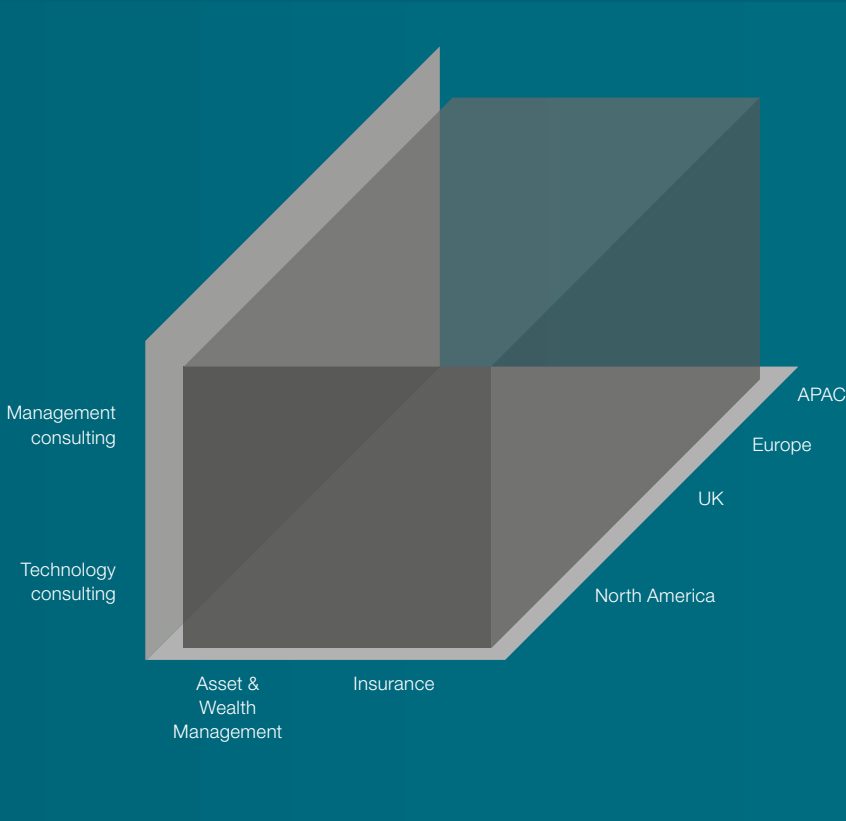
## Alpha is launched, 2003



## Alpha today

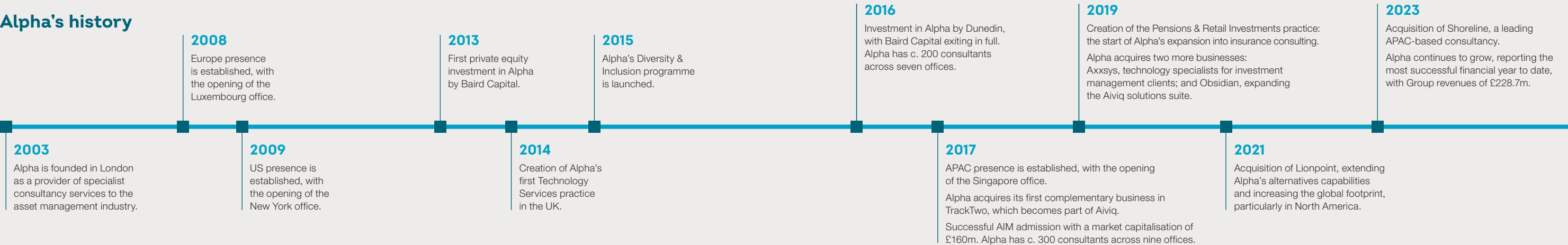


## Our focus for the next five years



Maternity key: Target markets Inception Scale-up Established Leading

## Alpha's history



Since joining London's Alternative Investment Market ("AIM") in October 2017, Alpha has achieved an unbroken record of growth in revenues and profits as a public company."

Ken Fry  
Chairman



# Investment case

|   |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                       |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 1 | <b>A strong track record</b><br>We have a long history of achieving strong growth in net fee income, cash generation and profitability thanks to our market-leading consultancy expertise and successful business model. This has generated attractive returns for our shareholders since the Group's AIM admission in October 2017.                                                                                         | <b>28%</b><br>net fee income CAGR since AIM admission |
| 2 | <b>The best talent</b><br>We attract, develop and retain the highest calibre consultants thanks to our competitive compensation framework, strong corporate culture and commitment to learning and career development. This allows us to achieve rapid organic growth with low rates of attrition.                                                                                                                           | <b>+226%</b><br>consultants since AIM admission       |
| 3 | <b>The best expertise</b><br>We are highly specialised in the financial services sectors that we focus on, unlike many of our competitors. Alpha's experienced, expert director team has demonstrated an incredible track record of anticipating our client needs and developing our proposition to best serve them.                                                                                                         | <b>+274%</b><br>directors since AIM admission         |
| 4 | <b>The best culture</b><br>A very strong people culture creates an environment in which Alpha's employees feel passionate about their work, their colleagues, their communities and serving clients to the best of our collective ability.                                                                                                                                                                                   |                                                       |
| 5 | <b>The best service</b><br>We have a reputation for delivering complex and challenging projects to the highest standards. Our record of delivery brings new client relationships, significant repeat business and cross-selling opportunities, which help drive market share gains.                                                                                                                                          | <b>+263%</b><br>new clients since AIM admission       |
| 6 | <b>The growth opportunity</b><br>The global asset management, wealth management and insurance markets that we service are expected to continue to grow strongly. They remain subject to long-term trends such as fee pressures, regulation, technology breakthrough and changing client and ESG expectations, which underpin clients' needs for support with their advisory, change, implementation and technology projects. | <b>2X</b><br>aim to double the business again by 2028 |



# Chairman's report

Alpha has demonstrated the strength of its strategy and business model over the past year. We have a clear and compelling set of objectives and are laying strong foundations to achieve our ambitious growth plans.



Ken Fry  
Chairman

Since joining London's Alternative Investment Market ("AIM") in October 2017, Alpha has achieved an unbroken record of growth in revenues and profits as a public company. I am therefore delighted to present the Group's Annual Report and Accounts for the year to 31 March 2023, which demonstrates another excellent year across all activities and geographies. This outcome has been delivered by the extraordinary skill and dedication of Alpha's employees all over the world.

But before I proceed to talk about governance, the year in review and outlook, I must thank Euan Fraser for his outstanding performance as Chief Executive Officer. He has presided over another excellent year of growth – across our financial KPIs, client relationships, business proposition and talent base. The last 10 years under Euan's leadership as CEO are a very successful period in Alpha's rich story in which the platform for long-term growth for our investors, clients and Alpha's people has been built and proven. The Board<sup>9</sup> and I are delighted to retain Euan as a strategic adviser. I know that, in Luc Baqué, the Group has chosen a very worthy successor with the vision, skills and capabilities to take the business through its next chapter of growth.

### Strategy

For the next phase of Alpha's growth plan, the Group has set the target of doubling the size of the business again by 2028, leveraging the same growth strategy that has served it well so far: scaling up and broadening the client proposition, rolling out the client proposition globally, and making selective acquisitions.

The objective is to build out a multi-boutique model with a strong culture of cross-selling the Group's services so that it progressively deepens its relationship with each client. The Board believes this approach will deliver outstanding client service and provide the best opportunities for long-term growth.

**“The Group has achieved the strategic goal set in November 2020 to double in size over the four years to November 2024. Reaching this target so quickly underlines the strength and relevance of the Group's proposition.”**

<sup>9</sup> The "Board" is Alpha's Board of Directors, also referred to as the "Board of Directors", the "Alpha Board" and the "Directors".



Strategic Report  
Chairman's report continued



Strategy continued

In delivering this strategy, Alpha's ability to attract and retain the world's best specialist consulting talent remains fundamental to the successful realisation of its ambitions. The Group therefore provides a highly attractive offering encompassing competitive compensation, career development, high-quality work in multiple geographies, recognition and support. These factors, alongside a focus on offering an excellent corporate culture and inclusive working environment for all employees, have helped the Group to increase its consultant numbers by 234 during the year, bringing the total to 994.

Overview of the financial year

The Group has achieved the strategic goal set in November 2020 to double in size over the four years to November 2024. Reaching this target so quickly underlines the strength and relevance of the Group's proposition, the market-leading expertise of its people and the quality of the executive team.

During the past year, Alpha made excellent progress in all three areas of its strategic growth agenda. The Group has further broadened its proposition with particularly strong growth in Insurance Consulting and, through Lionpoint, services for alternatives clients. Geographic expansion is also progressing well, with excellent progress in North America, the Group's key strategic growth region. Alpha's third growth pillar, selective acquisitions, made its latest advance following the year end with the acquisition of Shoreline, an asset and wealth management consultancy based in Sydney. The addition of Shoreline makes Alpha the leading specialist asset and wealth management consultancy in APAC.

The Group delivered an excellent trading performance during FY 23, continuing the progress we reported at the half year and achieving double-digit growth in revenues and profits. Net fee income<sup>10</sup> increased by 43.9% to £227.2m (FY 22: £157.8m), and 39.6% on an organic basis. Revenue also increased 44.8% to £228.7m (FY 22: £158.0m). Adjusted EBITDA increased by 37.5% to £46.6m (FY 22: £33.9m) and operating profit increased by 61.1% to £28.6m (FY 22: £17.8m), which fed through to the Group's healthy net cash position of £59.2m (FY 22: £63.5m)

990+  
consultants globally

at the year end, leaving the Group well positioned to fund its growth initiatives over the coming year and beyond.

Governance and the Board

Strong governance, integrity and business ethics are critical to the Group's long-term success and its ability to generate sustainable value for our investors and other stakeholders. These considerations are fundamental to how the Board manages its discussions and decisions both as a Board and as individual committees, and we continue to improve governance aspects alongside the Group's growth.

The Board also considers ESG<sup>11</sup> as an important aspect of the Group's governance and risk management framework, and recognises its responsibility to guide Alpha's approach, and ensure it complies with regulatory requirements and meets the expectations of its stakeholders. With this in mind, the Board has now established an ESG Committee, which is chaired by Jill May. The Committee oversees all components of Alpha's corporate ESG agenda, and we are delighted to have welcomed both a dedicated Global Sustainability Manager and a Global Diversity & Inclusion Manager to support our planning, progress and reporting linked to this important area. Among the key topics that the Group is currently focussing on are its preparations to start reporting under the framework set out by the Task Force on Climate-Related Financial Disclosures ("TCFD"), and the further development and global roll-out of our Diversity & Inclusion ("D&I") programme and supporting disclosures.

10 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 payment charges. Refer to the Chief Financial Officer's report and note 4 for further details.  
11 Environment, social and governance ("ESG").



“  
For the next phase of Alpha's growth plan, the Group has set the target of doubling the size of the business again by 2028.”

On 1 April 2023, Luc Baqué succeeded Euan Fraser as Chief Executive Officer and joined the Board. On stepping down from the CEO role, Euan became a strategic adviser to the Board and we are delighted to maintain access to his strong industry relationships and knowledge of the Group. Alongside the growth of the Group, to ensure that the Board has suitable support and advice, we are also very pleased to have appointed an internal company secretary to work alongside Prism Cossec.

Dividend

Alpha performed ahead of market expectations in FY 23 and the Board is therefore recommending a 40.0% increase in the final dividend to 10.50p per share, bringing the total for the year to 14.20p, an increase of 36.5% compared with the 10.40p paid in respect of FY 22, in line with the Group's dividend policy. Subject to shareholder approval at the Annual General Meeting ("AGM"), to be held on 6 September 2023, the final dividend will be paid on 19 September 2023 to shareholders on the register at close of business on 8 September 2023.

Aiviq named in the "WealthTech Top 100" (2023)



Alpha ranked as the "14th Best Large Company to Work For in the UK" as well as a "World Class Company to Work For" in the Best Companies 2022



Outlook

The Board is delighted with the Group's performance over the past year. Alpha has delivered a set of excellent results against a backdrop of macro-economic uncertainty, and has entered the current year with both a good pipeline across the Group and clear plans to achieve its strategic ambitions of doubling the business by 2028.

Although we are facing continuing macro-economic uncertainty and some increased competition in the global consulting market, the structural drivers that underpin growth and demand for the Group's services over the medium to long term remain strong. This, together with the Group's market-leading consulting talent and the growing number of client relationships, means the Group remains confident of further progress. On behalf of the Board, I would like to thank everyone at Alpha for their fantastic contributions in another successful year.

Ken Fry  
Chairman  
22 June 2023



Strategic Report

# Chief Executive Officer's report

Letter from Euan Fraser



The Alpha story

This Annual Report, for the year to 31 March 2023, covers the final year of my decade as Chief Executive Officer. The Group that my successor, Luc Baqué, took over at the beginning of April is the leading specialist consultancy in asset and wealth management globally and is on its way to realising that ambition in the adjacent insurance sector.

Since we created the Alpha business almost 20 years ago, we have focused on building a reputation for service delivery excellence in everything we do, underpinned by a global team of the most talented and committed consultants.

Being at Alpha for nearly 20 years and Chief Executive Officer for 10 years has been an incredible journey and a huge honour. When I started my Alpha journey there was literally a handful of us working and socialising together in London. Even from these very early moments the culture, camaraderie and values defined everything we did. It is incredibly humbling to have watched the team prosper, to have seen so many fabulous careers take shape and to become the market-leading consulting firm it is today.

The qualities of passion, commitment and a never-ending focus on achieving excellence for our clients has made this team and this business unstoppable in its drive for success. There are a number of wonderful highlights including two private equity transactions and our AIM admission in the space of a remarkable four-year period. The commercial success and that market-leading reputation have of course been very important but the real success has been creating a fabulous culture that prioritises wellbeing and caring, and looking after one another. That is by far the most important part of the Alpha legacy and has been the undeniable driver of our success.

I am delighted that the Group has again performed so well this year – delivering this level of growth is a fabulous achievement. In November 2020 we set the ambition with our shareholders that we would double the business over a four-year period and to have achieved that target already is yet another testament to the quality and ambition of our people. I am extremely proud of everyone across the Group for reaching that landmark and I am certain many more successes will follow.

I am delighted to be able to hand over the chief executive office of a Group that has delivered another year of growth and an outstanding set of financial results. I know that Alpha is in excellent hands with Luc and the transition from me to him is one of continuity of strategy. Luc is a very talented leader and I count myself lucky to be succeeded in this role by someone so well suited to lead the Group, supported by the Board and such a high-quality management team.

I would like to thank Alpha's clients, shareholders and stakeholders for their fantastic support.

To the wonderful people of Alpha: a huge thank you from the bottom of my heart. It is your talent, passion and values that drive Alpha's business forward in every corner of the world. You define success and I cannot wait to see where your dedication and commitments take Alpha next.

I wish Luc and the fabulous Alpha team every success as they embark on the next chapter.

**Euan Fraser**  
Chief Executive Officer to 31 March 2023



We are delighted with the progress in the year across our three key growth pillars and the wider business and look forward to continuing to progress globally in delivering the next phase of the Group's growth."

**Luc Baqué**  
Chief Executive Officer



Alpha's teams around the world have delivered another outstanding performance and record year of results. I want to start by thanking our people everywhere for their fantastic contribution and, on behalf of us all, to thank Euan Fraser for his vision and leadership throughout the past decade. Euan has successfully steered the Group through 10 years of growth, including the excellent performance of the last financial year.

Since AIM admission, we have made great strides and have doubled the size of the business since 2020. My intention as Chief Executive Officer is to continue building on our successes to date.

As Euan led the Group as Chief Executive Officer during the financial year under review, we have both contributed to this report this year.

Our growth strategy

In meeting the Group's previous target – to double the size of the business by November 2024 – we diversified and strengthened across multiple dimensions, by consulting activity, by client sector and by geography, growing both organically and through complementary acquisitions.

At our capital markets event in March 2023, we announced an evolution of that strategy and a refreshed ambition to double the size of Alpha again over the next five years, while maintaining our record of profitable growth and targeting a consistent adjusted EBITDA margin. The key pillars that will enable us to achieve that strategic ambition are: further expansion in Asset & Wealth Management Consulting, particularly in North America; the global scale-up and roll-out of our Insurance Consulting business; and making selective acquisitions.



Strategic Report  
Chief Executive Officer's report continued

Our growth strategy continued

Over the next five years, growth in these important areas and markets will continue to be our focus and the potential further opportunity is significant.

The year in review

The past year was one of strong performance across all regions and business activities, despite the ongoing macro-economic uncertainty. We saw further excellent progress across the key growth pillars of North America, Insurance Consulting and acquisitions.

We have continued to execute on our strategy of launching new service areas and consulting practices, rolling them out globally and delivering strong organic growth by investing in our people and expertise. We have invested nearly 20 years in creating a leading position as a consultancy and we see continued demand to expand the business and provide an even more comprehensive service to clients globally.

|                        | 12 months to<br>31 March<br>2023 | 12 months to<br>31 March<br>2022 | Change       |
|------------------------|----------------------------------|----------------------------------|--------------|
| <b>Net fee income</b>  |                                  |                                  |              |
| UK                     | £87.1m                           | £72.1m                           | 20.9%        |
| North America          | £91.1m                           | £46.9m                           | 94.2%        |
| Europe & APAC          | £49.0m                           | £38.8m                           | 26.0%        |
| <b>Year-end totals</b> | <b>£227.2m</b>                   | <b>£157.8m</b>                   | <b>43.9%</b> |

|                        | 12 months to<br>31 March<br>2023 | 12 months to<br>31 March<br>2022 | Change       |
|------------------------|----------------------------------|----------------------------------|--------------|
| <b>Gross profit</b>    |                                  |                                  |              |
| UK                     | £35.0m                           | £30.6m                           | 14.3%        |
| North America          | £30.0m                           | £15.4m                           | 95.7%        |
| Europe & APAC          | £15.4m                           | £13.4m                           | 14.6%        |
| <b>Year-end totals</b> | <b>£80.4m</b>                    | <b>£59.4m</b>                    | <b>35.4%</b> |

Regionally, we have achieved meaningful growth in all our geographic regions, fuelled by the excellent reputation and appeal of Alpha's leading client proposition, which we continue to extend. Thanks to the robust structural drivers of demand in the core markets in which we operate, including growth in assets and insurance policies, cost pressure, regulation, technology breakthroughs, and changes in societal expectations, we believe that the Group has the potential and the scope to continue to grow and gain market share.

Continuing on the momentum of the previous year, North America became our largest region by net fee income, achieving net fee income growth of 94.2% overall, mostly organically, and 71.7% on a constant currency basis. This is a key pillar of our growth strategy and we are delighted with our progress in the very sizeable North America market. The strong progress is due to our industry knowledge, deep expertise and highly talented team, which encompasses consultants who are specialists in asset and wealth management, technology and alternatives, through the Lionpoint business.

We successfully grew our North America team by 32.0% to 342 consultants by the year end. We also expanded our North America client base, across the traditional and private markets, adding 72 clients in the year, including a number of the world's largest asset managers. The Group has now worked with 88% of the top 25 North America asset managers<sup>12</sup> and continues to broaden and deepen these relationships. We see significant growth potential in the world's largest asset management market to continue to grow the Group's market share in that region.

Our businesses in the UK and Europe & APAC also delivered excellent performances, increasing net fee income by 20.9% and 26.0% respectively, while continuing to win and deliver market-defining projects. We retain our market-leading position in the UK as consultants to the asset and wealth management industry, with the Group's established practices, including Investments, Operations and Client & Digital<sup>13</sup>, contributing well and adding 47 clients across the region. In Europe & APAC, our best-in-class service offering continues to attract new clients, with 37 new clients added in the year.

Our second key growth pillar, expanding our Insurance Consulting business, also continued its strong momentum and ended FY 23 with 81 people across the UK and Europe, up from 50 in FY 22, and added 10 clients in the year. The General Insurance & Specialty offering launched last year has continued to gain traction this year, and we were delighted to welcome a third director dedicated to this client segment, to drive further growth. The Group also made further progress in building out the Insurance Consulting proposition with the launch of a Retail Distribution & Advice practice, which helps financial advisers, investment platforms and life and pensions providers transform and grow their businesses.

We see significant market potential in the insurance industry and, ultimately, believe that our offering could grow to a similar size to Alpha's Asset & Wealth Management Consulting business in the medium to long term. In FY 24, we will also be progressing the launch of our Insurance Consulting proposition in the US.

Other notable additions to the Group's client proposition during the past year include the Enterprise Transformation practice, which helps asset and wealth management clients address issues and challenges around reconfiguring global operating models and cost structures. Meanwhile, the continued development of Alpha's data science proposition recognises the importance of data-driven insights in differentiating and scaling our clients' businesses.

We have also continued the ongoing development of our technology services proposition, including Axxsys. Almost all the consulting engagements we undertake with asset managers, wealth managers and insurance clients lead to a requirement for technology services and there is strong demand for software solutions and technology experts with deep sector knowledge. Aiviq presents an attractive data solutions and product proposition for asset managers and continues to add clients. We see further potential in this offering, although it remains currently a small part of the Group.



“  
The past year was one of strong performance across all regions and business activities, despite the ongoing macro-economic uncertainty.”

Alongside the Group's organic growth, we are very pleased with the strong contributions from our acquisitions. Lionpoint, the alternative assets consultancy acquired in May 2021, continued to grow very strongly, benefiting from excellent synergies between Lionpoint and our other businesses as alternatives become an increasingly mainstream part of the asset management landscape. Demonstrating this, Lionpoint added 93 new clients globally in the year, including several of the largest alternative investment Managers, and increased its headcount by 43.9% to end the year with 285 consultants globally.

After the year end, we were delighted to acquire Shoreline, a specialist APAC asset and wealth management consultancy headquartered in Sydney. The acquisition, which included a team of nearly 20 people, was completed smoothly after the year end under the oversight of our Asset & Wealth Management Consulting leadership team and the integration is now under way and progressing well. Shoreline's client base, capabilities and company culture are highly complementary to Alpha, strengthening the Group's existing offerings and creating the leading specialist asset and wealth management consulting firm in the region. We look forward to working with the Shoreline team and growing the APAC business further.

Alpha has been selected #1 Consulting Firm by Décideurs Magazine in “asset management” (2023)



We are delighted with the progress in the year across our three key growth pillars and the wider business and look forward to continuing to progress globally in delivering the next phase of the Group's growth.

Financial performance summary

This robust performance across all our business areas produced full-year financial results that were ahead of market expectations. Group net fee income increased 43.9% to £227.2m (FY 22: £157.8m), on a mostly organic basis, and 36.1% on a constant currency basis.

Adjusted EBITDA increased by 37.5% to £46.6m (FY 22: £33.9m) and adjusted profit before tax rose 38.6% to £44.0m (FY 22: £31.8m), while achieving adjusted EBITDA margin at 20.5% (FY 22: 21.5%). As expected, strong demand for our services allowed us to balance rising costs and a gradual reduction in our consultant utilisation towards more normal levels, alongside increases in our day rates. Adjusted earnings per share (“EPS”) also increased by 36.4% to 29.27p (FY 22: 21.46p).

12 “Top 25” refers to Investment & Pensions Europe, “Top 500 Asset Managers 2022” where the asset manager country is US or Canada, as defined in the report.  
13 Practice name changed from Distribution to Client & Digital to better reflect the complete client proposition.



Strategic Report  
Chief Executive Officer's report continued

Financial performance summary continued

On a statutory basis, revenue increased 44.8% to £228.7m (FY 22: £158.0m), operating profit increased 61.1% to £28.6m (FY 22: £17.8m) and profit before tax increased 73.2% to £25.8m (FY 22: £14.9m). Basic EPS more than doubled in the year to 15.82p (FY 22: 7.69p). A reconciliation between these statutory and adjusted performance measures is set out in the Chief Financial Officer's report and note 4 to the consolidated financial statements.

Alpha continues to generate good cash flows and net cash ended the year at £59.2m (FY 22: £63.5m). We are also delighted to recommend a 10.50p full-year dividend in line with our policy to pay out approximately 50% of adjusted profits.

Our people

To oversee the execution of our 2028 growth strategy, we have strengthened our executive team. Joe Morant moves from Head of Asset & Wealth Management Consulting in North America to take global responsibility for this business. Nick Fienberg takes charge of technology services and Lionpoint, which covers both management consulting and technology services to the alternatives sector. Stuart McNulty, who successfully led our UK Asset & Wealth Management Consulting business for many years and oversaw the launch of our Insurance Consulting business there, becomes Global Head of Insurance Consulting.

We have also strengthened our operational capabilities during the past year to support the delivery of our growth targets by appointing a Group Managing Director, a Global Operations Director, a Global Head of Risk and a Group and Divisional Finance Director.



870+  
clients globally



Clients come to us because of the specialist knowledge and experience of our consulting teams and their determination to deliver excellent outcomes that solve clients' problems."

Our consultants are the best in our industry and are the key to the Group's success. Attracting, developing, motivating and celebrating talented people at all levels are among our most important strategic objectives and ones to which we give much thought and attention. Over the past year we increased our global consulting team to 994 (FY 22: 760), adding 234 new consultants (FY 22: 189) and 13 new directors (FY 22: 20), excluding additions as part of the Lionpoint acquisition in the prior year.

|                      | As at<br>31 March<br>2023 | As at<br>31 March<br>2022 | Change |
|----------------------|---------------------------|---------------------------|--------|
| Consultant headcount |                           |                           |        |
| UK                   | 394                       | 287                       | 37.3%  |
| North America        | 342                       | 259                       | 32.0%  |
| Europe & APAC        | 258                       | 214                       | 20.6%  |
| Year-end totals      | 994                       | 760                       | 30.8%  |

Clients come to us because of the specialist knowledge and experience of our consulting teams and their determination to deliver excellent outcomes that solve clients' problems. Thanks to our market-leading talent and reputation for delivery excellence, we build strong client relationships that yield major cross-selling opportunities as we extend our range of practices and services. This enables us to generate consistently strong organic growth – a powerful business model that is the foundation of our plan to achieve the ambitious goals we have set for 2028.

Maintaining our inclusive and meritocratic culture is therefore essential and we are especially pleased that our emphasis on people and culture has helped make the integration of Lionpoint in the prior year, our largest acquisition to date, so successful. We are also delighted to be welcoming 19 new consultants to the Group as part of our recent acquisition of Shoreline.



Lionpoint named "Best Technology Advisory Firm"  
at the Private Equity Wire European Awards (2023)

PRIVATE EQUITY WIRE

ESG focus

We continue to be very excited and supportive of the progress that the asset management, wealth management and insurance industries are making when it comes to both sustainable investing and assessing broader ESG commitments. As a business, we are sharpening our focus on ESG and enhancing our approaches, operations and policies to be able to embrace the necessary changes and report upon them effectively.

The Group adopted the SASB framework in 2019 and we have reported on our adherence to those standards each year since. We are continuing to advance our environmental work and response to climate change. This includes improvements to our data collection and analysis, which will support us in setting out and progressing a journey towards net zero, a key focus of Alpha's ESG roadmap. To support this and ensure progress, we have added responsible business oversight to our global business operations team, including a Global Sustainability Manager and a Global Diversity & Inclusion Manager, who took up their roles during FY 23.

Current trading and outlook

FY 23 was a year of further strong growth globally. Substantial progress was achieved across our three key growth pillars and the business more generally, and we enter FY 24 as a leading global management consultancy of almost 1,000 consultants.

We are mindful of the uncertainties presented by the global macro picture, including the war in Ukraine and the recessionary outlook in many economies. We have also recently seen a lengthening sales cycle and increased competition as a result of the current overcapacity in the global consulting market. This is expected to be a short-term backdrop, while the consulting market balances supply with overall demand. The medium to long-term outlook for our key client markets is positive, with the structural drivers of demand and growth remaining strong.

Against this backdrop, the Group enters FY 24 with resilient current trading and a good pipeline of new business opportunities. These factors, coupled with the Group's compelling proposition to clients, give us confidence in delivering full year results in line with current market expectations and progressing towards our 2028 strategic goals.

We have a clear growth strategy, excellent client relationships and the most talented group of consultants in our industry. We therefore look to the future with great optimism.

Luc Baqué  
Chief Executive Officer  
22 June 2023



Strategic Report

Business model

Our resources

The best talent

We draw on the market-leading experience, knowledge and highest delivery standards of our people to solve our clients' problems and meet their objectives.

Client relationships

We cultivate strong, long-term relationships with clients, leading to high levels of repeat business and opportunities to cross-sell multiple service offerings.

Industry networks

We maintain close contacts with vendors, industry bodies, regulatory authorities and competitors to inform our understanding of the markets in which we operate and support our work for clients.

Expertise

Our consultants specialise exclusively in particular sectors, meaning we are fully focused on each of the client segments we address. We offer insight, methodologies and thought leadership based on our leading position in the market.

Financial strength

We are a consistently profitable and cash-generative Group with the financial resources to invest in expanding our activities globally and to new client types and consulting areas.

Our competitive advantages

- Ability to identify, attract and retain the best talent
- A strong culture that fosters excellence, collaboration and ethical conduct
- A focused, specialist proposition for the asset management, wealth management and insurance industries

- Ability to apply best practice, differentiating intellectual property and data, technology solutions and market-leading knowledge developed over 20 years
- A multi-boutique structure with an extremely solid cross-selling framework and culture of collaboration

- Continuous development of the proposition to anticipate client needs
- An emphasis on providing the highest quality of service and, wherever possible, exceeding clients' expectations

How value is shared

Clients

We help asset and wealth managers, insurance companies, private market firms, service providers, platforms, intermediaries, technology partners and a range of other buy-side firms solve their most pressing strategic problems and become more successful.

Shareholders

We deliver long-term capital appreciation for our investors through share price growth and regular dividend payments, supported by the Group's continued growth. We preserve the value of their investment by managing risks appropriately.

Our people

We enable our people to develop their careers by working on high-impact projects with the leading companies in their specialist area. We offer a meritocratic and enjoyable corporate culture alongside incentive schemes, training and support to facilitate individual development and career progression.

Community

We promote ethical conduct and a corporate culture that gives back to the wider community and values diversity and inclusion in its broadest sense. We contribute by supporting charitable initiatives including our Charity of the Year programme, and region-specific volunteering and mentoring.

Environment

We prioritise evaluating meaningfully our impact on the environment by understanding our energy usage and our carbon footprint. We will contribute to its protection by seeking to reduce our greenhouse gas emissions wherever possible and continuing to offset those that we cannot reduce.

156

new clients in the last financial year

36.4%

Adjusted EPS growth over the last financial year

Over 75%

of director additions in FY 23 were promoted from within

£30,000+

raised for our Charity of the Year in FY 23

100%

We have offset 100% of our calculated carbon emissions in line with our Annual Report SECR statement for the last three years



How we create value

Management consulting

Technology consulting

Asset and wealth management consulting

Technology consulting and implementations

Alternatives asset class

Insurance consulting

Data solutions and products

Platform for growth

Alpha grows in three dimensions

Sector

Consulting activity

Geography

Management philosophy

Alpha's mantra supports strategic and management decisions

Best talent

Best expertise

Best culture

Best service

Strategy in action

1 Scale up and broaden the client proposition by adding services and consulting activities

2 Enhance and diversify our offering in our existing geographical markets

3 Make selective acquisitions

Global operations model

Finance

Business management and change

IT operations

Risk

Legal and corporate affairs

Human resources

Recruitment

Responsible business



Strategic Report

# Market overview

Long-term structural drivers are shaping the asset management, wealth management and insurance markets that we address. They include growth in AUM, growth in insurance policies, cost pressures, regulatory demand, and client and societal expectations. Linked to this, the organisations we work with are facing rapidly changing expectations among their clients, driving them to focus on operational and technological efficiency and prioritise the use of data in decision making.

Against this backdrop, the Group's specialist consultants can provide deep expertise, structured perspectives and market experience to help clients grasp opportunities and adopt the right operational advantages. We remain extremely well placed to address and navigate these long-term structural trends by developing effective solutions from operating model design, to technology selections and implementations, to change delivery and support; and implementing strategies to secure long-term growth and profitability.



Trend: Growing client markets

Impact and scale:

Today, the Group's main client market is the asset and wealth management industry, which has proven resilient in the face of successive economic cycles and has doubled in size (as measured by AUM) over the past decade. Multiple sources agree that the industry continues to demonstrate strong long-term drivers of global growth<sup>14</sup>. Growth has been particularly strong in North America and the Asia Pacific region, which have both experienced annual growth of 13% between 2020 and 2021 and now account for \$54tn and \$25.4tn respectively<sup>15</sup>.

The Group has also begun to provide consultancy to the insurance industry, where it serves the Life, Pensions & Retail Investments as well as the General Insurance and Specialty lines segments. The insurance industry is forecast to grow from \$6.1 tn in gross written premium at the start of 2020 to \$7.5 tn by the end of 2025<sup>16</sup>. Alpha already has a notable presence in some of the industry's most mature markets, including the UK, Europe and, more recently, the US and we are supporting a range of clients with their most complex change initiatives, including operations, technology, M&A integration, platforms and more.

**Alpha's response:**

With growth forecast to be sustained in the Group's core client markets, demand for consulting services is expected to expand commensurately over the long term. This positive outlook for growth across the Group's main addressable markets offers strong underlying prospects for the Alpha business globally.

To address this, Alpha continues to build out its competitive strengths for the asset management, wealth management and insurance sectors, including its sector specialism, regional presence and excellent reputation based on deep expertise and knowledge, proven delivery frameworks, expertise in technology transformation and industry benchmarking information.

The Group's consulting offering for asset management, wealth management and insurance client markets, today and as it continues to prepare for and respond in line with client demand, is described throughout the Strategic Report. The Group's strong growth, in which net fee income has increased by £159.4m since AIM admission alone, demonstrates its ongoing progress and success in developing its brand, winning projects and increasing market share.

14 BCG, "Double-Digit Growth Prolongs Winning Streak in Asset Management" (May 2022); Bain & Company, "In a New World: Time for Wealth Management Firms to Shift Course" (July 2022).  
15 BCG, "Global Asset Management 2022" (May 2022).  
16 Accenture, "Insurance Revenue Landscape" (April 2021).



Trend: Rise of alternatives

Impact and scale:

Alongside growth in traditional assets, global allocation to alternative assets such as private equity, private credit, infrastructure, real estate and fund of funds continues to grow as investors seek additional ways to achieve their investment performance objectives and asset managers increasingly seek to provide diversification and risk mitigation for their clients' portfolios. Linked to this, alternatives AUM are expected to rise from \$13.7tn, as of year end 2021, to \$23.3tn in 2027<sup>17</sup>, a compound annual growth rate of 9.3%.

Specialist alternatives asset managers are growing, and alongside growth comes a need to invest in technology to manage and scale their businesses. Traditional asset managers are seeking to expand their book of alternative investments, which also brings a need for technology investment and operating model consolidation.

**Alpha's response:**

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. Alpha's acquisition of Lionpoint in May 2021 added the leading global alternatives investment consultancy to the Alpha Group. Since then, we have increased the Lionpoint team's headcount by 131.7% to address growing demand among both alternative and multi-asset managers. Furthermore, it has won 158 new clients.

Lionpoint's team of specialists offers experience and knowledge of cutting-edge operating models, and all key platforms and technologies that service the sector. This positions Lionpoint as the leading advisory and technology implementation partner to alternatives managers globally. By deploying expertise from Lionpoint and our Asset & Wealth Management Consulting team, the Group can also offer deep expertise to large institutional managers seeking optimised operating models that span traditional and alternatives asset classes.

17 Prequin, "Global Report 2023: Alternative Assets" (January 2023).

Our business:  
Insurance Consulting

**Stuart McNulty**  
Global Head of Insurance Consulting

From a standing start in 2021, when we formally launched a full Insurance Consulting offering, we have built a team of over 80 consultants in the UK and France, supporting insurance clients with a wide range of change initiatives across all major parts of the value chain. Our early successes came through a combination of leveraging the relationships we already held with the asset management arms of insurance companies, as well as developing relationships with new firms, but increasingly we are seeing demand coming from all corners of the insurance industry. As a result, we are now developing successful relationships with a wide range of clients that are brand new to Alpha. Our work spans all segments of the insurance industry, from pensions and retail investment firms (those closest to the asset and wealth management space), through life and health insurers, and into the general and specialty markets. We have been delighted by the traction we have achieved in a relatively short period of time, and are excited by the significant opportunities ahead – especially as we turn our attention to other global insurance markets.

Our business:  
Asset & Wealth  
Management Consulting

**Joe Morant**  
Global Head of Asset & Wealth Management Consulting

We continue to enjoy strong growth in the asset and wealth management markets across all of our regions. In particular, as the largest financial services market in the world, North America has been the fastest-growing part of the Group's management consulting business for the past two years. Our more established businesses in the UK and Europe are also performing very strongly and grew around 20% last year. In addition, our offering in APAC has been further enhanced through our recent acquisition of Shoreline, which we welcome warmly to the team!

Alpha named "Best Performing Company – IT Consulting" at the Megabyte Quoted 25 Awards (2023)





Strategic Report  
Market overview continued



Trend: Addressing structural drivers of cost

**Impact and scale:**

Our clients operate in competitive markets and face ongoing cost pressures and potential margin erosion as their fees are squeezed. Many companies continue to run legacy technology systems that are fragmented, expensive to maintain and require users to complete many operations manually. Some incumbent insurers are currently spending 70%–80% of their IT budget on maintaining legacy systems<sup>18</sup>. Addressing their cost challenges requires clients to automate manual processes and update technology to increase productivity and accelerate growth.

**Alpha's response:**

We have built a reputation among clients for market-leading specialist management consultancy to support projects that address structural cost drivers in their business. We expect to see more clients laser focused on fund and client profitability, rethinking their cost base front to back and accelerating the streamlining of non-core capabilities.

Within Alpha's comprehensive client proposition, we have launched an Enterprise Transformation practice to help clients consider and reconfigure operating models and address cost structures across their organisations. Our technology consulting services and data propositions provide end-to-end solutions that our clients require when considering how to optimise their operating models and processes, and invest in solutions that derive greater value and efficiency.

Alpha received Bronze in the "UK's Leading Management Consultancies" by the Financial Times and Statista (2022)



Trend: Regulatory change

**Impact and scale:**

Global regulators continue to drive forward an aggressive agenda of regulatory change, which is placing pressure on all parts of our clients' businesses to ensure timely compliance. ESG regulation, in particular, is becoming more complex and with divergence in regulatory approaches across jurisdictions, clients with a global footprint face a challenge to ensure consistency in approach to such regulations. Emerging regulation is also accompanying a growing appetite for crypto assets and for innovation-driven transformation. Alongside this, operational resilience continues to be a global theme and the focus on consumer outcomes and experience is enhanced. Heads of Risk and Compliance need to ensure the skillsets within their teams are keeping pace with not only the actions of the business, but also the complexity of the regulations. The use of fintech is becoming more pronounced within the second line of defence.

**Alpha's response:**

Alpha continues to support some of the world's leading asset and wealth managers and insurers to develop their compliance, operational resilience and risk management frameworks, with a particular focus on the efficient implementation of regulatory change and, when things have gone wrong, supporting our clients in their remediation efforts. Looking forward, we expect these same trends to apply to insurance clients.

Alpha's Regulatory Risk & Compliance practice covers most financial hubs and is led by six directors, working across the UK, Europe and with strong capabilities in North America to support our clients in regulatory impact assessment, operational implementation and other regulatory-driven transformation. That team also works closely with other areas of the Alpha proposition, such as Alpha's ESG & Responsible Business practice and – in the case of leveraging fintech – Alpha's technology teams, to combine knowledge and expertise in addressing our clients' complex regulatory challenges and obligations.



Trend: An emphasis on the ESG agenda

**Impact and scale:**

Despite the past year's challenging economic conditions, we have seen ESG and responsible investment remaining a core priority for asset managers. Several impending regulatory deadlines, including SFDR reporting for European fund ranges and mandatory TCFD reporting for UK-based asset managers, has driven significant operational and delivery activity for clients.

ESG and responsible investment has remained a top strategic priority and commercial opportunity for asset managers to capture new asset flows and retain mandates by aligning new product offerings with their clients' goals. Asset managers that are doing this well continue to clearly differentiate themselves from their competitors. We also see ESG and responsible investment rising on the agenda of insurers, wealth managers and asset owners, as regulation and client pressures increase.

**Alpha's response:**

Since the launch of our dedicated ESG & Responsible Investment practice in 2020, we have retained a busy and varied portfolio of projects. To date, we have worked with over 30 clients in multiple geographies to deliver ESG and responsible investment projects, across public and private assets, and across asset manager, asset owner, wealth and insurance clients.

The consulting work we offer in this area remains complementary to our core consulting capabilities, with work across sustainability regulation, climate and TCFD, client and product strategy, data and technology scalability, and client reporting. New propositions such as sustainability risk and greenwashing have also been launched in response to meaningful client demand. These capabilities underpin our core strategic offering of supporting clients to define their ESG and responsible investment vision, strategy and roadmap with market-leading assessments and peer insights.



Trend: Data-driven decision making

**Impact and scale:**

Investment in improving operating models and processes remains a priority as organisations seek to maintain a competitive advantage in the face of further growth across AUM, increasing disclosure requirements and ever-changing investor expectations. This is resulting in the focus on simplification of end-to-end operating models, digitisation and automation, and the implementation of data strategies to improve decision making and oversight.

In industries that are data rich, but where insight can be poor, the opportunity to leverage data and technology to generate meaningful insights is endless, and data can be used to drive forward the next generation of decision making in asset management and parts of the value chain. Most managers, big and small, have invested in data platforms that range in maturity. The time is now for all managers to refocus their attention on their target operating models and increase investment to leverage data for insight.

The trend of investing in data-driven decision making is likely to continue in the future. As the amount of data available to investment and insurance firms grows and the cost of collecting and analysing data falls, our clients will be able to use data to make better investment decisions. This will lead to improved performance for investors and increased competition among asset managers, wealth managers and other sectors.

**Alpha's response:**

Through a combination of well-structured propositions across management and technology consulting and data solutions, Alpha is able to support clients in adapting to this trend and support the growing uses of data in investment and business processes.

Our Iviq business offers a data-driven fintech platform that turns disparate client investment information into enterprise-wide data sets that help asset management clients define relevant sales and marketing strategies. We also continue to scale up and globalise other relevant practices such as data and cloud services within our technology consulting business, Axxsys, and expand our data science proposition to meet new client demand to make data and analytics a key business tool in delivering operational efficiency gains and supporting strategic decision making.

18 InsurTech, "Digital Transformation and the Legacy of Insurance" (March 2023).



# Strategy



The principal activity of the Group is the provision of professional consultancy services to the asset management, wealth management and insurance industries. The Group's goal is to cover the full transformation lifecycle for its clients from strategy and roadmap initiation to the delivery of change programmes and the technology that supports them – and to provide its expertise and services to a broader range of clients within financial services. We will achieve this through organic growth and complementary acquisitions.

To continue to develop and succeed as a leading consulting services group, our strategy for growth includes the following objectives:

Alpha ranked in "America's Best Management Consulting Firms" by Forbes and Statista (2023)

1

Scale up and broaden the Group's client proposition by adding services and consulting activities that together present a differentiated and more comprehensive offering

**Key progress in FY 23**

- Growth in overall consulting headcount by 234 to 994 at 31 March 2023
- Further progress in Insurance Consulting, with Alpha's dedicated team growing by 62.0% in the year. Expansion of the General Insurance & Specialty team with the addition of another experienced director in the UK
- Continued to expand the alternatives capability across management consulting and technology through the Lionpoint team
- Further development of the Group's technology services proposition – with Axxsys delivering across a range of asset management focused practices
- Launched the Enterprise Transformation practice in the UK, which focuses on supporting asset and wealth management clients to map where transformation is needed and address issues across their end-to-end businesses and operating models

**Areas of focus**

- Continue to evaluate and respond to market demand for new products and services – and add new propositions that will attract new clients and enable the sale of additional services to existing clients
- Continue to ensure enhanced cross-selling opportunities through collaborative working across all our business teams and sectors
- Continue to develop and extend the Group's Insurance Consulting and emerging Technology Consulting capability, alongside providing dedicated software solutions to the asset management sector through the Aiviq business
- Continue to attract and appoint experienced directors that can support and grow the Group's client proposition further



2

Roll out the client proposition globally and progress opportunities to grow further within our markets

**Key progress in FY 23**

- Continued to roll out Alpha's consulting proposition and activities globally – including strong progress from Investments, Operations and Client & Digital practices
- Global leads in place for the Group's key service areas covering asset and wealth management, insurance and technology consulting to oversee delivery excellence, cross-selling and further growth across regions
- Double-digit organic growth in the world's largest asset management market, North America, with strong contributions from the Asset & Wealth Management Consulting and Lionpoint teams in the region
- Continued focus on developing the proposition, winning new clients and growing market share in existing markets, resulting in strong organic growth in the UK, Europe and APAC

**Areas of focus**

- Roll out the Group's existing business practices and complementary offerings progressively across all regions
- Enhance opportunities from the acquisition of Shoreline to extend local market presence reputation and grow Alpha's APAC business further
- Continue Alpha's rapid growth in North America where there is still significant opportunity to gain further market share through the ongoing development and roll-out of the Group's service offering
- Continue to build on the momentum of Insurance Consulting in France and extend into wider Europe, and launch into new markets where there is demand such as the US

3

Make selective acquisitions

**Key progress in FY 23**

- The Lionpoint business was fully integrated and continues to grow rapidly – experiencing strong client demand for its alternatives proposition and providing cross-selling opportunities for the Group
- Alpha continues to review acquisitions that can complement organic growth and maintains a healthy acquisition pipeline

**Areas of focus**

- Integrate the Shoreline business with Alpha's Asset & Wealth Management Consulting team in APAC, following the post-balance sheet acquisition of Shoreline in May 2023
- Continue to review acquisition opportunities to complement and grow the Group's service offering to deliver client and shareholder value

**Our business:**

**Technology Consulting**

**Nick Fienberg**  
Global Head, Lionpoint and Axxsys

We are further expanding our technology consulting business to complement our management consulting offering in all of our client sectors across the Group. We have established propositions that correspond to key services including data and cloud, investment services technology and investment management technology. The industries that we service are going through continual technological renewal, developing the platforms they operate on and optimising their data architecture, so there is a huge amount of work to do. We are unique in providing technologically capable people who also have a deep understanding of the business.



Strategic Report

# Looking after our people



The success of the Group’s business model depends on the expertise and dedication of our people and their delivery of high-quality consulting projects to our clients. We therefore nurture this vital source of differentiation and competitive advantage by doing all we can to attract and retain the most talented people. We want the years they spend working at Alpha to be the best of their career, and 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.

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



What we offer

- The talented graduates and experienced consultants that we target to join Alpha benefit from our distinctive and highly attractive proposition, which is built on:
- a strong corporate culture that places people at the heart of the business;
  - our reputation as the leading consultancy in our sectors;
  - opportunities to gain invaluable experience by working in small teams on high-profile, industry defining projects;
  - comprehensive training, development and feedback to build consulting skills and specialist knowledge;
  - career progression based on merit, with no fixed period 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;
  - a highly competitive compensation and benefits package, including participation in the Group’s profit-sharing or cash bonus schemes; and
  - management incentives that recognise and celebrate the Group’s success.

Emphasis on culture and inclusion

We maintain an inclusive corporate culture based on integrity, fairness, meritocracy and giving everyone the opportunity to feel they have a part to play in the growth and success of the Group. Championing diversity and fostering an inclusive culture in our workplace are key elements of our approach to looking after our people and, as part of these efforts, we have enhanced our global equal opportunities survey so that we can better understand our people and identify relevant actions. We operate a number of employee-managed networks globally that champion ethnic and cultural diversity, social mobility, gender equality, wellbeing, disability confidence – including our accreditation as a Disability Confident Level 2 employer – and pride (LGBTQ+).

Career progression

We do not believe in “fixed time” at each level, instead taking a fully meritocratic approach where each person has the opportunity to progress based on their performance and meritocratic considerations alone. We are also strong believers in developing our people and promoting from within – and we continue to focus on creating opportunities for staff at all levels of the Group. Many of our current director team joined Alpha as graduates or early in their careers. The ability to take on responsibilities early and achieve rapid progression is important in attracting the most talented consultants to join us.

More recently, we were delighted to broaden our global consulting leadership structures this year by adding four regional management committees to work alongside the heads of region for our Asset & Wealth Management Consulting business. Organisationally and culturally, it aligns to our aims of ensuring a broad range of progression paths at Alpha, and in creating the management committee structures, we have been able to ensure long-term access to a wide pool of Alpha talent for leadership roles.

Recognising that everyone’s career path is individual, we place great importance on mentoring and feedback. Everyone is assigned a mentor who helps guide their development, alongside formal

mid-year and annual performance reviews and regular feedback touchpoints with project leads. We are also rolling out “360 feedback” across the Group from direct reports as well as managers.

Training and development

We have training programmes that extend across all grades, from analyst to director, and include topics such as coaching, communication skills, feedback delivery, stakeholder management, account management, sales and delivery excellence. During FY 23 we have invested in providing LinkedIn Learning to everyone in the Group, to support their continued professional development.

In addition to internal training resources and curricula, employees receive an annual allowance relevant to business role for external training. Employees may use this to progress towards industry leading certifications – examples include the Chartered Financial Analyst (“CFA”) programme, 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.

We encourage all employees to take an entrepreneurial approach to their career development by identifying the training that they feel will be most relevant and useful. 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.

A strong record of recruitment and retention

Alpha is sought after as an employer in our industry thanks to its excellent reputation, prestigious client relationships and the increasing range of opportunities that our growth provides for ambitious professionals. 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 and integrate diversity considerations at every stage.

It is not easy to get a role at Alpha as we focus on the best talent in the market but, once on board, our employees are provided with the specialist knowledge, support and training that they need to thrive. Our efforts to ensure an excellent working environment, exciting opportunities for career development and highly competitive compensation packages have been a critical factor in the Group’s rapid growth.

Over the past five years our headcount has grown by 26.7% a year on average while maintaining low attrition rates for our industry.

Employee feedback

Maintaining a meritocratic, inclusive and supportive environment depends on regular communication and a free flow of information and feedback throughout the Group. We want everyone to be aware of the Group’s progress and we organise monthly company meetings for all our regions to ensure our employees are aware of the Group’s progress, issues under consideration and key decisions and can ask questions directly and contribute to the discussions.

We also provide a range of anonymised channels to facilitate employee engagement, understand the team’s opinions about working at Alpha and receive feedback on where change may be required. Employee feedback has led to many new initiatives that include changes to internal policy and communications, technology and productivity improvements, and proposals to create a more varied social calendar for teams across the Group.

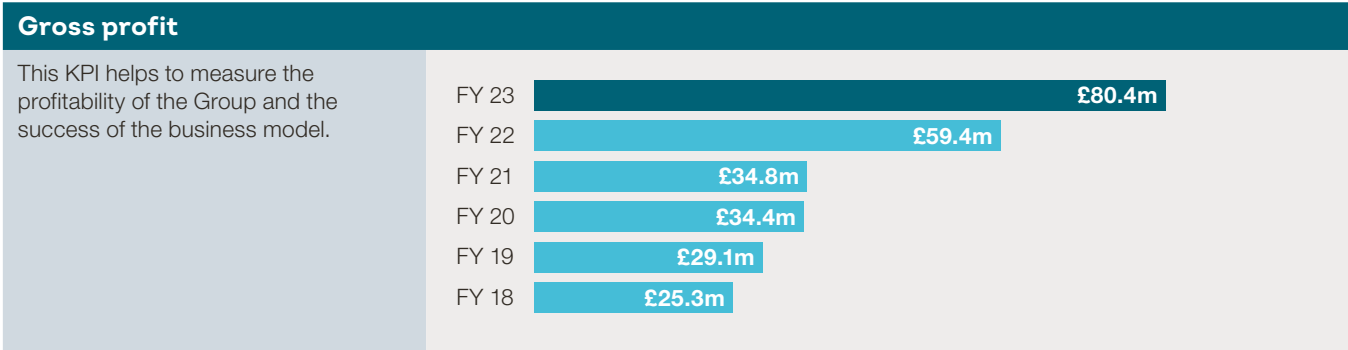
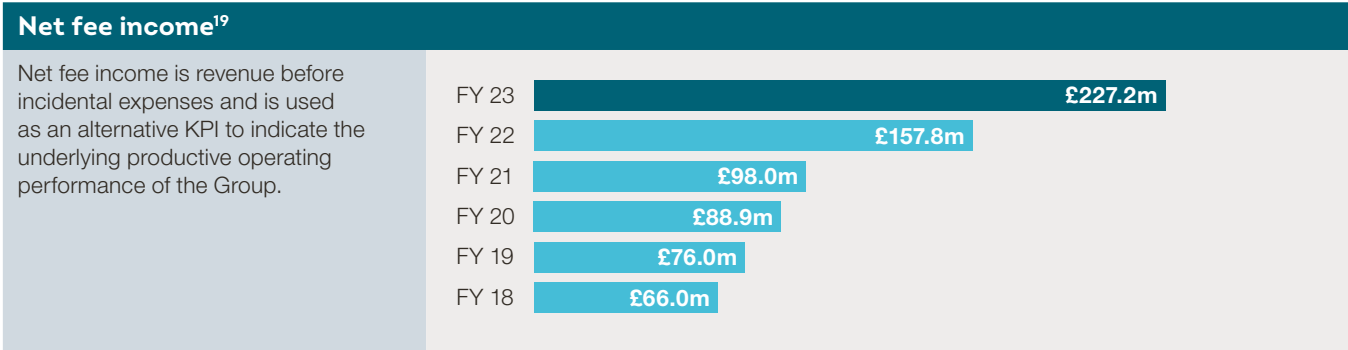
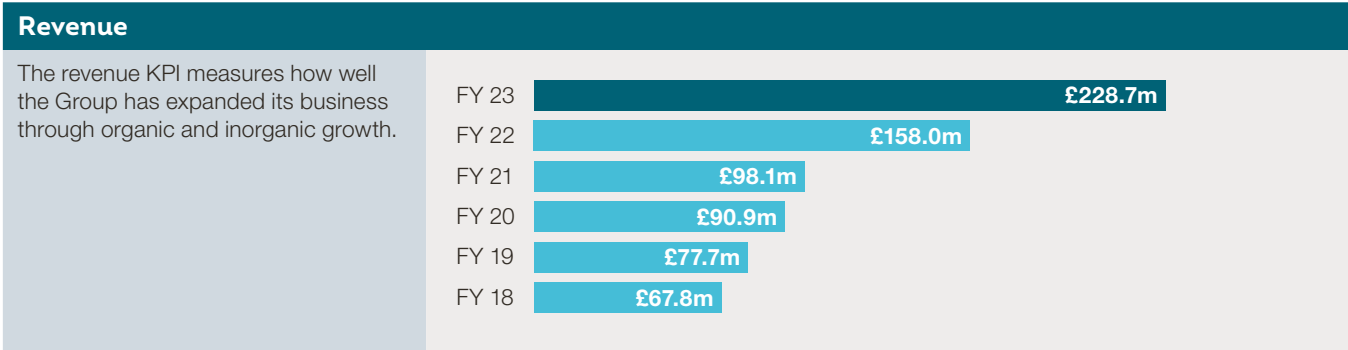


Strategic Report

# 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 42–46 which forms part of this Strategic Report.

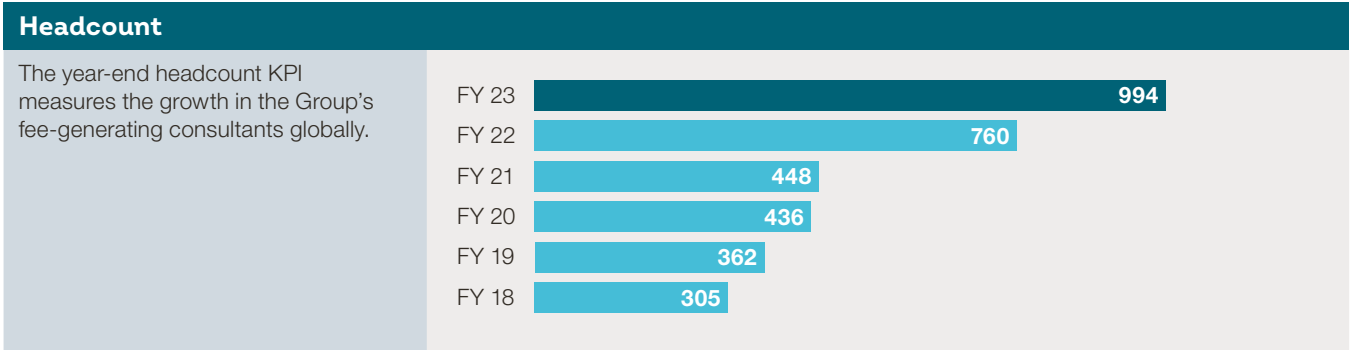
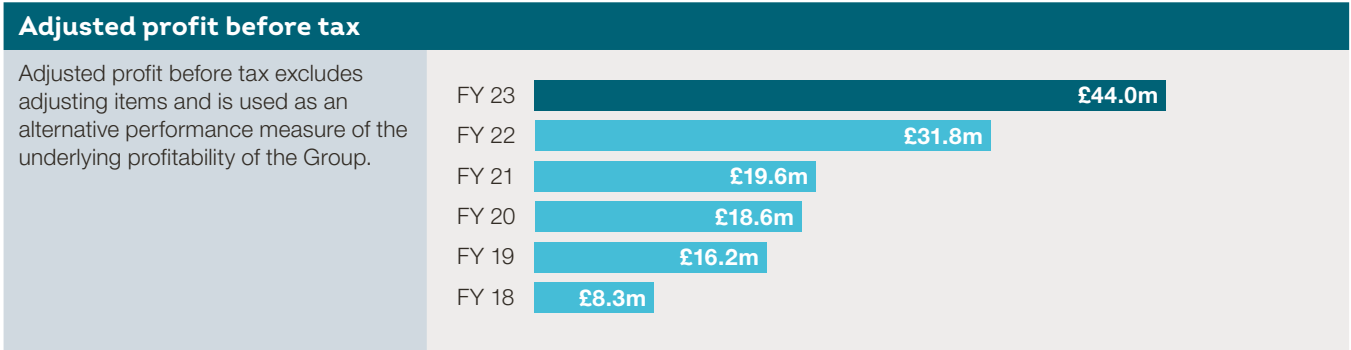
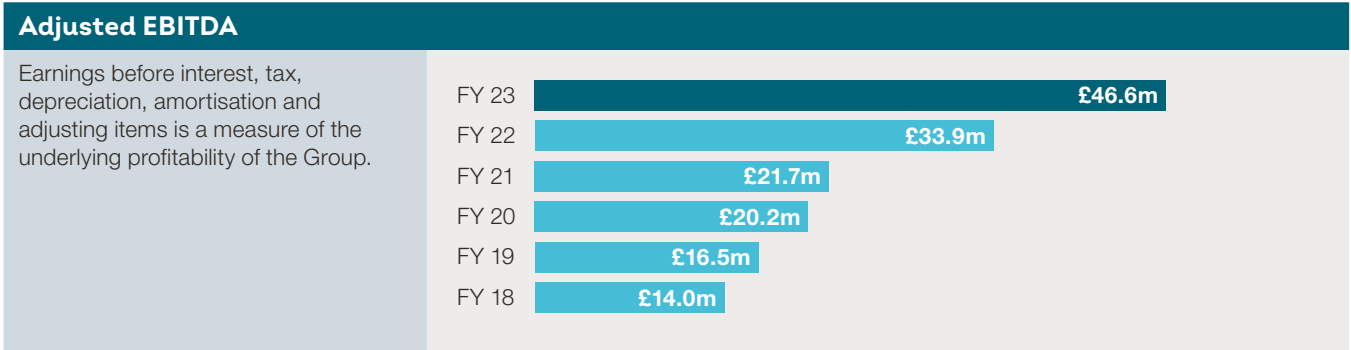


<sup>19</sup> Refer to the Chief Financial Officer’s report and to note 4 of the consolidated financial statements for further information on the adjusted performance measures: net fee income, adjusted EBITDA and adjusted profit before tax.



“The Group delivered an excellent trading performance during FY 23, continuing the progress we reported at the half year and achieving double-digit growth in revenues and profits.”

Luc Baqué  
Chief Executive Officer

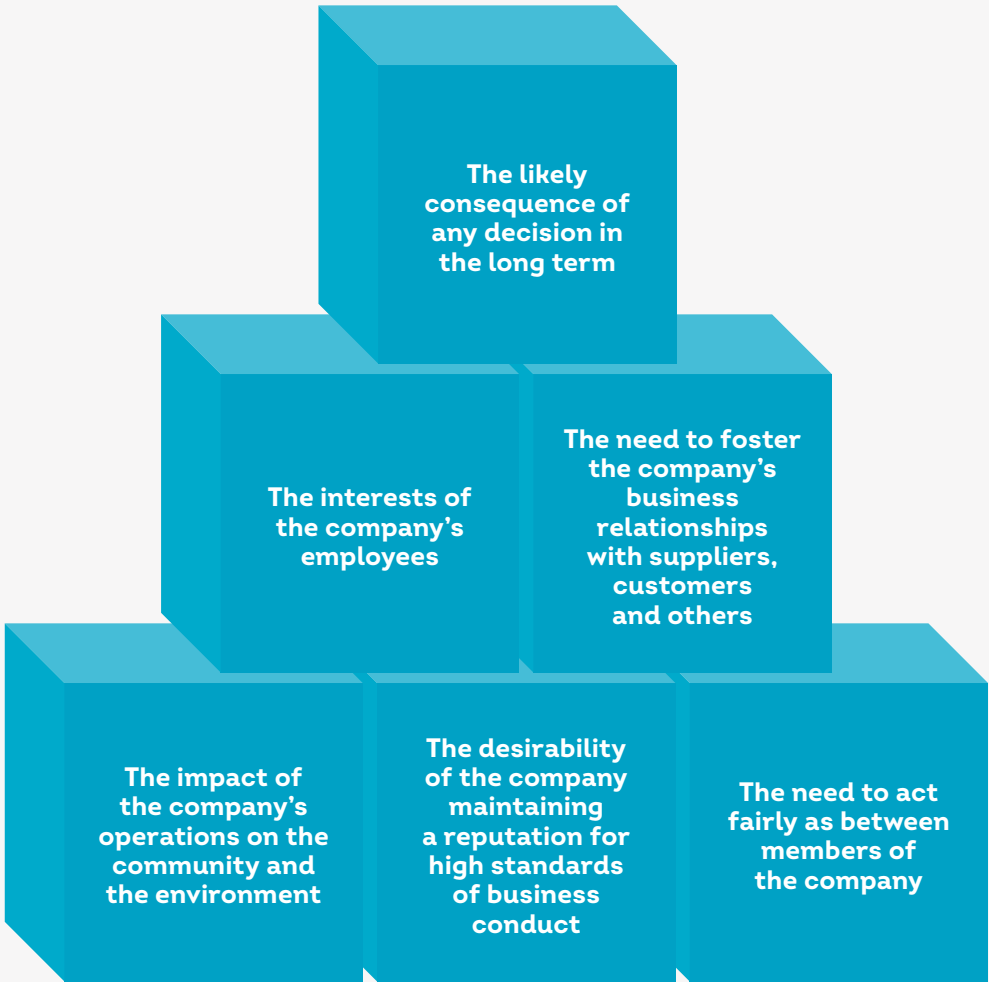




Strategic Report

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 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.



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 2023:

|           | Board decision                                                                                                                                                                                                  | Considerations                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April     | The Directors considered the composition of the Board and approved the appointment of an additional independent Non-Executive Director.                                                                         | <ul style="list-style-type: none"><li>— To continue to improve effectiveness by recruiting a Non-Executive Director to add further experience across a number of categories, including product development, finance and audit, North America and M&amp;A expertise.</li><li>— To recognise and address the interests and requirements of the shareholders and market, including independence.</li><li>— To consider long-term succession planning when making a Board appointment.</li></ul> |
|           | The Board considered and approved the FY 22 pre-close trading update to the market.                                                                                                                             | <ul style="list-style-type: none"><li>— To provide transparent, accurate and timely information to the market.</li></ul>                                                                                                                                                                                                                                                                                                                                                                     |
| June      | The Board reviewed and approved the FY 22 Full Year Results and the Annual Report and Accounts.                                                                                                                 | <ul style="list-style-type: none"><li>— To provide transparent and accurate information to the market.</li></ul>                                                                                                                                                                                                                                                                                                                                                                             |
|           | The Board considered and agreed to recommend a final dividend of 7.50p for FY 22.                                                                                                                               | <ul style="list-style-type: none"><li>— To address the interests of shareholders in the context of the long term, whilst maintaining the Group's policy of paying approximately 50% of adjusted profits.</li></ul>                                                                                                                                                                                                                                                                           |
|           | The Board approved the FY 23 equity incentive awards to management and certain employees of the Group.                                                                                                          | <ul style="list-style-type: none"><li>— To reward and to incentivise the management of the Group and ensure the alignment of interests between employees and shareholders.</li></ul>                                                                                                                                                                                                                                                                                                         |
| September | The Board considered the Group's strategic priorities at a dedicated strategy session.                                                                                                                          | <ul style="list-style-type: none"><li>— To ensure the ongoing review of the Group's strategy and progress against strategic goals.</li></ul>                                                                                                                                                                                                                                                                                                                                                 |
| October   | The Board considered and approved the FY 23 interim pre-close trading update to the market.                                                                                                                     | <ul style="list-style-type: none"><li>— To provide transparent, accurate and timely information to the market.</li></ul>                                                                                                                                                                                                                                                                                                                                                                     |
| November  | The Board reviewed and approved the FY 23 Interim Report and payment of the FY 23 interim dividend of 3.70p to shareholders.                                                                                    | <ul style="list-style-type: none"><li>— 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.</li></ul>                                                                                                                                                                                                             |
|           | The Board approved the announcement of the formal resignation of Euan Fraser with effect from 31 March 2023 and approved the appointment of Luc Baqué as Chief Executive Officer with effect from 1 April 2023. | <ul style="list-style-type: none"><li>— To address the interests of clients, employees and shareholders in providing effective leadership to ensure the sustainable, long-term success of the Group.</li><li>— To provide transparent and accurate information to the market.</li></ul>                                                                                                                                                                                                      |
| February  | The Board approved the exercise of options that had vested under the management incentive plan and employee incentive plan to management and certain employees of the Group.                                    | <ul style="list-style-type: none"><li>— To reward and to incentivise the management and employees of the Group and ensure the alignment of interests between employees and shareholders.</li></ul>                                                                                                                                                                                                                                                                                           |
|           | The Board reviewed the results of the global employee engagement survey and initiatives carried out by the HR team to implement positive changes to ensure the ongoing engagement of Alpha's employees.         | <ul style="list-style-type: none"><li>— To understand the feedback provided by employees, to take appropriate actions and to ensure the ongoing engagement of Alpha's employees in respect of implementing positive changes. When reviewing the actions to be implemented, the Board considered the financial consequences and the impact on long-term value and growth for the shareholders.</li></ul>                                                                                      |

At each meeting, the Chief Executive Officer updated the Board on the Group's businesses, geographies, progress of key client relationships and engagements across the Group.

Further details on the Group's strategy and long-term decisions are set out in the Chairman's report on pp 9-11, the Chief Executive Officer's report on pp 12-17 and in Strategy on pp 24-25.



Strategic Report  
Section 172 statement continued

Engagement with key stakeholders

The Board considers its key stakeholders to be its employees, shareholders, clients and the communities in which it operates. The Board also recognises other stakeholder groups including vendors and suppliers, industry bodies and competitors with which Alpha works or associates in the marketplace.

Engaging effectively with these stakeholders strengthens the Group’s business relationships and decision making and therefore supports its long-term success.

| Stakeholder group                                                                                                                                                                                                                                                                                                    | Stakeholder key interests                       | How we engage                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------|
| Employees                                                                                                                                                                                                                                                                                                            |                                                 |                                                               |
| Attracting, retaining and developing the best talent is essential to Alpha's business success. The Group is committed to providing a highly rewarding place to work, and to maintaining a strong, meritocratic and inclusive culture that recognises the importance of our people and encourages open communication. | — Career progression                            | — Global employee feedback framework                          |
|                                                                                                                                                                                                                                                                                                                      | — Recognition                                   | — Leadership communications                                   |
|                                                                                                                                                                                                                                                                                                                      | — Training and development                      | — Monthly company meetings                                    |
|                                                                                                                                                                                                                                                                                                                      | — Morale and motivation                         | — Competitive remuneration package                            |
|                                                                                                                                                                                                                                                                                                                      | — Engagement and feedback                       | — Professional qualification and other training opportunities |
|                                                                                                                                                                                                                                                                                                                      | — Reputation                                    | — Employee success framework                                  |
|                                                                                                                                                                                                                                                                                                                      | — Wellbeing                                     | — Mentoring                                                   |
|                                                                                                                                                                                                                                                                                                                      | — Health and safety                             | — Management incentive programme                              |
|                                                                                                                                                                                                                                                                                                                      | — Diversity and inclusion                       | — D&I programme and networks                                  |
|                                                                                                                                                                                                                                                                                                                      | — Sustainability                                | — CSR networks                                                |
| Shareholders                                                                                                                                                                                                                                                                                                         |                                                 |                                                               |
| The Group prioritises open communication and effective engagement with its shareholders, whose support it considers to be integral to long-term growth and success.                                                                                                                                                  | — Financial performance                         | — Dedicated investor section on the website                   |
|                                                                                                                                                                                                                                                                                                                      | — Governance and transparency                   | — Investor strategy updates                                   |
|                                                                                                                                                                                                                                                                                                                      | — Operating and financial information           | — Capital markets days                                        |
|                                                                                                                                                                                                                                                                                                                      | — Confidence and trust in the Group's Directors | — Interim and preliminary results announcements               |
|                                                                                                                                                                                                                                                                                                                      | — Dividends                                     | — Annual Report                                               |
|                                                                                                                                                                                                                                                                                                                      |                                                 | — Annual General Meeting                                      |
|                                                                                                                                                                                                                                                                                                                      |                                                 | — One-to-one meetings                                         |
|                                                                                                                                                                                                                                                                                                                      | — Investor conferences/roadshows                |                                                               |



| Stakeholder group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Stakeholder key interests                                                                                  | How we engage                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clients                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                            |                                                                                                                                                                 |
| The Group's success is based on delivering a proposition that helps its clients address their challenges and capitalise on their opportunities. The Group works hard at developing and sustaining long-term client relationships, which it supports through its global team of consultants and by extending the range of services it offers and the types of projects it carries out.                                                                                                                                                 | — Specialist industry proposition                                                                          | — Senior level client relationship management                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Integrated end-to-end service offering                                                                   | — Continuous client satisfaction monitoring                                                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Excellent service delivery                                                                               | — Regular assessment of client demand and interests                                                                                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Continuous development of practices, products and services                                               | — Industry round table discussions                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Subject matter expertise                                                                                 | — Dialogue with vendors, regulators and industry bodies                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Emphasis on client satisfaction                                                                          | — Publication of market and industry insights                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Ability and experience to help clients shape their business for the future                               | — Alpha Outlook whitepapers and thought leadership                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            |                                                                                                                                                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            |                                                                                                                                                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            |                                                                                                                                                                 |
| Communities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                            |                                                                                                                                                                 |
| The Group is a growing, profitable business, committed to fostering the same growth and success within the communities in which it operates, which includes supporting organisations that are relevant to or active in those communities. As part of this engagement, the Group also considers how to maximise our corporate responsibility and the positive environmental and social impacts of its activities, and to minimise the downsides, which will give us a solid baseline for developing relevant action plans and targets. | — Effective and transparent engagement with local communities                                              | — D&I networks and initiatives; developing and empowering our people with knowledge, toolkits and training that are shared                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Available ESG reporting and disclosures                                                                  | — Work on climate change and carbon offsetting                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Working closely with charities, corporate social responsibility ("CSR") partners and other organisations | — Sustainability Accounting Standards Board ESG reporting                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Contributing to awareness of diversity, inclusion and other sustainability-related topics                | — Relevant sections within the Annual Report, such as sustainable business                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Taking effective action on climate change                                                                | — Energy usage and emissions reporting                                                                                                                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | — Pursuing a positive impact on local and global environments                                              | — Charity of the Year programme                                                                                                                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            | — Taking appropriate steps where regulations are introduced by establishing new policies                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            | — Modern Slavery Statement and Living Wage accreditation                                                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            | — Tax evasion and anti-bribery policies, supported by whistleblowing policy                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            | — CSR schemes and initiatives, including mentoring schemes for young people from lower socioeconomic backgrounds and team coordinated fundraising for charities |



Strategic Report



# Sustainable business

We are excited to be supporting the significant progress in the asset management, wealth management and insurance industries around ESG and responsible investing. Internally, we are progressing our own ESG commitments and ensuring that we have in place the right governance, objectives and actions to support this important agenda and to report on it effectively and transparently.

We have established an internal Responsible Business function within Alpha’s business operations and are developing an ESG roadmap that will reflect the objectives of the ESG Committee of the Board and the most material priorities of our investors, employees, clients and wider stakeholder group.

The past year represents a pivotal moment in Alpha’s corporate ESG journey. Our Group has a longstanding commitment to the environment, community and social matters through our CSR and Diversity & Inclusion programmes, and a history of related team-based initiatives that reflect Alpha’s culture and values.

However, as a fast-growing, quoted company that aims to be strong in corporate citizenship, enhance its reputation and continue to build trust with stakeholders, we have reached a point where our size and global reach require an ESG strategy that reflects both the growing body of ESG regulation that applies to our business and the views and expectations of our key stakeholder groups. These include investors and their advisers, our clients, employees and potential recruits, our supply chain and industry bodies.

ESG is an increasingly regulated and data-driven domain and one of our initial priorities is to ensure we have access to comprehensive data sets for the major areas we intend to focus on, notably diversity and inclusion and greenhouse gas emissions. Our data gathering programmes are well advanced and we are assembling detailed information relating to FY 23 that will give us a solid baseline for developing our action plans and, in due course, proposed targets.

“  
The past year represents a pivotal moment in Alpha’s corporate ESG journey.”



## 1 Governance

We have updated our Board and business governance to support our commitment to embed and progress a successful ESG strategy.



As a Group, we are committed to the highest standards of corporate governance, and we have extended our frameworks in the year to formalise and oversee Alpha’s ESG efforts.

During the year, we focused on putting in place the foundations of Alpha’s corporate ESG strategy. In September 2022, the Alpha Board formed an ESG Committee, chaired by Jill May, to oversee the development and execution of our ESG strategy and formalise the governance around Alpha’s corporate ESG objectives, decisions and actions. We intend to publish Alpha’s first standalone Sustainability Report later in the financial year to detail our initiatives, ambitions and performance in this area.

We have also formed a Responsible Business function within Alpha’s business operations to work in conjunction with the ESG Committee and Alpha’s executive team on these priorities. Overseen by Eloise Lipkin, a director in our Operations team, the team includes a recently appointed Global Sustainability Manager, who is focussing on our environmental roadmap and sustainability disclosures, and a Global Diversity & Inclusion Manager, who is responsible for defining and executing on our social plan. We are delighted that these dedicated Responsible Business roles can provide subject matter expertise and work with our engaged local teams to define and deliver meaningful changes as part of our ESG agenda.

Two major considerations inform our ESG strategy. Firstly, existing and forthcoming regulation inevitably shapes our approach: we fully comply with all mandatory requirements that apply to Alpha and are preparing to start making disclosures as we come within the scope of additional regulation. Secondly, we must implement a set of strategic ESG objectives that reflect Alpha’s culture, the views and expectations of our people and our wider group of stakeholders.

We are conducting a materiality assessment to understand the range of stakeholder views and the developing consensus about what constitutes best practice for companies such as Alpha. This will help us to identify the key issues and opportunities that we should prioritise in our roadmap and the practical steps required to achieve these objectives. It will also help us form stronger long-term relationships with our stakeholders.

Alpha awarded a “Gold” EcoVadis rating in France (2022)



2 Social

Diversity and inclusion

Diversity and inclusion  
are at the centre of our  
social agenda.

As a professional services company that depends on its ability to attract and retain talented people, we regard our standing on issues of diversity and social inclusion as critical to our long-term success. Ensuring that our teams reflect the communities in which we operate and that all employees are empowered to thrive in an inclusive environment are the ultimate aims of Diversity & Inclusion (“D&I”) at Alpha.

Alpha is an equal opportunities employer that is committed to providing a diverse, open and inclusive workplace. Our policy is therefore to ensure that all job applicants and employees are treated fairly and on merit regardless of background, experience and any structural disadvantages an individual may have faced. We consider the benefits of diversity and inclusion from potential hires through all levels of the Group.

Core principles of Alpha's D&I policy:

- educate and involve people from all backgrounds to understand and promote gender, sexual orientation, disability, cultural, ethnic and socioeconomic diversity through the organisation;
- retain Alpha's meritocratic culture of rewarding talent regardless of what makes them unique, while continuously challenging our understanding of meritocracy;
- improve the diversity of both our applicant pool and 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 under-represented communities at Alpha.



Achieving greater diversity across Alpha's teams requires us to make a sustained effort over a long period to change our culture, policies, governance aspects and processes where appropriate. Our work in this area historically has focused 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 across six networks:

1. Ethnic and cultural diversity
2. Social mobility
3. Gender equality
4. Wellbeing
5. Disability confidence
6. Pride

Alpha is proud that our people are passionate about different inclusion agendas and work hard to be effective allies. However, as the Group has grown, so too has the need for Alpha to develop and progress its D&I work. A key element of this plan has been our decision to hire a full-time Global Diversity & Inclusion Manager to structure our initiatives, provide further awareness and subject matter expertise and focus on impactful changes across the business.

As we continue to recognise the importance of a fairer and equal society, we have focused on data collation and are in the process of rolling out an enhanced global equal opportunities survey, which we have worked on with a specialist third party, Empowered. The results of this updated data collection exercise will enable us to assess the Group's diversity profile now and on an ongoing basis, both to identify relevant strategies and approaches and to support reporting requirements (including our SASB disclosure) across different social indicators. In continuing to improve our D&I initiatives, and creating relevant goals and reporting on this, we intend to begin setting diversity targets for the Group during the course of FY 24 and report our gender pay gap data.

The key focuses of our corporate D&I agenda are:

1. Data collection: to identify priority areas, inform updates to policies and practices, and enable reporting.
2. Diversity and inclusion initiatives and approaches: to ensure we have the right governance, actions and tracking processes to assess how we hire, retain and develop our employees. In preparing to set targets, we are ensuring we understand best practices and promote awareness and engagement globally.
3. Reporting: to comply with required reporting and to provide disclosures, such as the SASB report, that explain our intentions and actions.



Community and social responsibility

We prioritise community and  
our social responsibilities in  
all places that we operate.

We take very seriously our social responsibilities and the impact we have in the communities in which we operate. We promote ethical conduct, social responsibility and a corporate culture that values fairness and human rights at all times.

Alpha's vision and activities in this area are executed mainly through the work of our internal CSR team, which is made up of employees from the UK, North America, Europe and APAC, working on a voluntary basis, while supported by the Responsible Business team.

Our community focused activities include fundraising, pro bono consulting, volunteering and networking, and our main Group-wide CSR initiative under this heading is our Charity of the Year programme.

In FY 23, Alpha's Charity of the Year was Cities for Children, which helps children living in poverty and without education in Pakistan's cities.

In FY 24, aware of our growing size and structure we have updated our approach. Instead of one global charity of the year, Alpha's regional businesses will select charities with which to work in the year ahead, enabling the teams to focus their efforts locally and maximise their collective impact on organisations and initiatives that have a strong local resonance. We look forward to providing more information about our FY 24 Charity of the Year programme as part of the Sustainability Report later this year.

Alpha's CSR policy and priorities:

- understanding and reducing our emissions;
- seeking to minimise our impact on the environment over the long term;
- promoting a good work/life balance: encouraging flexible working patterns and parental leave allowance;
- working with ethical suppliers and local businesses which have strong social and environmental values;
- 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.

Suppliers

As part of our role as a responsible firm we ensure that our supplier relationships are in line with legislation and best practices. We assess the policies of our suppliers in areas such as social policies, employee wellbeing and, in the UK, payment of the Living Wage.

Modern slavery

We are committed to combating 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.



Strategic Report  
Sustainable business continued



3 Environment

We are committed to understanding our environmental impact and combatting climate change.

Alpha is proud of its environmental work and is committed to minimising our environmental impacts over the long term. Enhancing data collection about our energy usage and emissions is an important first step as we prepare to make more climate-related disclosures and develop Alpha's climate transition roadmap.

As a professional services firm, Alpha's business model does not have a major impact on the environment, compared to higher emitting sectors. However, as an environmentally responsible business, Alpha is committed to minimising its environmental impacts and combatting climate change. Moreover, we recognise the importance of reporting the Group's environmental impacts to help investors evaluate non-financial risks within their portfolios – and we therefore keep our reporting outputs and approaches under continual review.



We continue to report our energy usage and greenhouse gas ("GHG") emissions. In the year, we have reviewed how we best position ourselves to create emissions baselines and analyse our GHG emissions globally. We are now working with a third party (Normative) to support our GHG data collection methodology, analysis and understanding.

Alpha's Global Sustainability Manager oversees our environment and climate-related initiatives, notably our work on carbon reporting and reduction. Through this work, we continue to report our energy usage and GHG emissions, which we have done since our FY 20 Annual Report. Our Streamlined Energy and Carbon Reporting ("SECR") Statement can be found on pp 40-41

As we develop our data collection and analysis methodologies to support TCFD reporting and plan for setting a net zero target, we will review and where necessary update and enhance our emissions calculation and disclosure. This may include bringing new categories into scope that we consider appropriate for assessing the impacts of our business model, geographic reach and professional services profile. The most likely area of change is in our scope 3 emissions as we review the materiality of our supply chain, which could increase the total emissions on which we report. We will transparently report and explain any changes.

While we intend to continue offsetting for the foreseeable future, we will work to set out our overall reduction plan. Our enhanced processes will facilitate validations and enable us to move towards setting science-based targets under SBTi. Our intention is to set a net zero timeline during the course of FY 24.

The key focuses of our environmental agenda are:

- 1. 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;
- 2. improving data capture processes and analysis methodologies to enhance our climate-related reporting and disclosures, and support our decision making on climate-related actions;
- 3. reducing our footprint: developing and implementing measures to reduce our carbon footprint, whilst considering our commitments to fulfilling client relationships and service delivery; and
- 4. emissions offsetting: offsetting our unavoidable GHG emissions globally using recognised and certified offsetting projects, with a long-term net zero vision in mind.

Our people: case study

Chris Govier  
Global Sustainability Manager

I joined Alpha in August 2022 as our first Global Sustainability Manager in the Responsible Business function, with a mandate to help implement the core sustainability initiatives of an ESG roadmap that ensures a positive impact over the long term. There has already been some fantastic existing sustainability work by consultants in the Alpha Group, which continues with my support, and we are ensuring that there are exciting opportunities for the teams to be involved in meaningful sustainability projects. In our first Sustainability Report, which will be released later in FY 24, we will set out the direction of travel for Alpha and share the Group's ESG strategy pillars.

As a subject matter expert in ESG, sustainability and climate change, Alpha has been a receptive and engaged organisation to work for. Across the Group, I have been warmly welcomed and empowered by senior leaders to educate and engage people on what sustainability means to them.





Strategic Report  
Sustainable business continued



4 ESG disclosure frameworks and approaches

We have been making ESG-related disclosures since Alpha’s FY 20 Annual Report.

Alpha complies fully with all current applicable ESG regulation, which includes providing the following ESG reporting and disclosures:

- energy use (GHG) reporting (UK);
- Modern Slavery Act;
- UK Companies Act and Climate Change Act; and
- governance, risk and compliance (“GRC”) requirement for a reporting framework – Alpha has deemed the Sustainability Accounting Standards Board (“SASB”) to be the most appropriate disclosure framework for our organisation and industry.

To provide further structure to its information sharing about ESG matters, Alpha also aligns with the Carbon Disclosure Project when engaged by clients.

Looking ahead, we will continue to evolve our governance and disclosures to facilitate transparency around our objectives, targets and progress. Linked to this, we intend to provide a separate Sustainability Report during the course of FY 24, which will create further transparency and confidence about Alpha’s ESG agenda, targets and performance.

We are focussing on readiness to adopt the TCFD framework and we are in the process of signing the UN Global Compact, which openly commits us to continuing to integrate sustainable practices into our Group operations.

SECR

Alpha has made significant efforts to improve the quality and accuracy of data related to its carbon emissions, both to support transparency for its stakeholders and to ensure a strong foundation from which to base and measure its net zero progress in the future. Each year, Alpha aims to have a more comprehensive approach to measuring its environmental impact, seeking to reduce assumptions and align our approach with the GHG Protocol Corporate Reporting Standard methodologies.

For FY 23, Group emissions across scope 2 and scope 3 are 3,156.3 tCO<sub>2</sub>e, with an intensity of 13.8 tCO<sub>2</sub>e per £m revenue. This larger increase than in previous years highlights a combination of factors that include:

- the considerable growth of our business as we expanded in headcount along with strengthening our client relationships in all regions;



- the macro-environment and the influence of the pandemic significantly reducing and limiting travel in FY 21 and FY 22;
- FY 23 client and Group operations in regards to travel rebounding; and
- our ongoing efforts to improve the quality of our emissions data analysis and reporting.

In anticipation of the next reporting period, we are in the process of adopting the recommendations of the TCFD, which requires alignment with the GHG Protocol methodologies. To facilitate this, we have used a third-party platform, Normative, to calculate and confirm our emissions. Spend-based emissions factors have been applied while we are still improving our activity data, which has increased the amount of data we can report on and, consequently, the emissions reported for the year.

We are dedicated to our sustainability goals and will continue to identify and implement measures to mitigate and offset our environmental impact in the coming years. We will continue to work on energy efficiency and pursue a focus on using renewable energy throughout the Group’s offices wherever possible. We will also look to ensure that our environmental objectives are reflected in our supply chain, by engaging with our suppliers, and we will consider appointing external providers where appropriate to audit our broader methodology and approach. While we confirm an intention to reduce our carbon footprint overall, the increase in emissions reflects our commitment to transparent and accurate reporting while continuing to improve methodologies.

Also, in line with GHG protocol, travel includes client travel where it has been purchased by Alpha but charged back to the client. We therefore remain mindful of the potential impact of our clients’ intentions around travel in this context and ensuring that we estimate reasonably how this may evolve as we continue to deliver client projects across our regions.

| 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.            |
| Scope 3 | Other indirect energy emissions that occur in the Group’s value chain through business travel and transportation. |

SECR table

| Scope | Activity              | FY 23 tCO <sub>2</sub> e |         |                 | FY 22 tCO <sub>2</sub> e |       |                 | FY 21 tCO <sub>2</sub> e |      |                 |
|-------|-----------------------|--------------------------|---------|-----------------|--------------------------|-------|-----------------|--------------------------|------|-----------------|
|       |                       | Total                    | UK      | Global excl. UK | Total                    | UK    | Global excl. UK | Total                    | UK   | Global excl. UK |
| 2     | Purchased heat        | 67.7                     | 25.0    | 42.7            | 4.8                      | 1.8   | 3.0             | 2.9                      | 0.6  | 2.3             |
|       | Purchased electricity | 32.5                     | 1.8     | 30.7            | 15.5                     | 3.1   | 12.4            | 10.5                     | 2.3  | 8.2             |
| 3     | Flights               | 1,125.7                  | 369.8   | 755.9           | 333.7                    | 150.5 | 183.2           | 19.1                     | 6.7  | 12.4            |
|       | Public transport      | 1,566.7                  | 655.8   | 910.8           | 12.3                     | 9.4   | 2.9             | 0.6                      | 0.1  | 0.5             |
|       | Taxis/car mileage     | 89.1                     | 36.3    | 52.8            | 22.3                     | 10.7  | 11.6            | 1.4                      | 0.2  | 1.2             |
|       | Working from home     | 274.7                    | 111.4   | 163.3           | 164.8                    | 68.1  | 96.7            | 107.3                    | 54.7 | 52.6            |
| Total |                       | 3,156.3                  | 1,200.0 | 1,956.3         | 553.4                    | 243.6 | 309.8           | 141.8                    | 64.6 | 77.2            |

| Scope | Activity              | FY 23 MWh |       |                 | FY 22 MWh |       |                 | FY 21 MWh |       |                 |
|-------|-----------------------|-----------|-------|-----------------|-----------|-------|-----------------|-----------|-------|-----------------|
|       |                       | Total     | UK    | Global excl. UK | Total     | UK    | Global excl. UK | Total     | UK    | Global excl. UK |
| 2     | Purchased heat        | 358.6     | 122.5 | 236.1           | 65.8      | 50.1  | 15.7            | 88.2      | 74.2  | 14.0            |
|       | Purchased electricity | 221.5     | 80.2  | 141.3           | 158.7     | 104.9 | 53.8            | 157.8     | 117.5 | 40.3            |
| Total |                       | 580.1     | 202.7 | 377.4           | 224.5     | 155.0 | 69.5            | 246.0     | 191.7 | 54.3            |

Intensity metrics

| Scope | Activity                          | FY 23 |      |                 | FY 22 |      |                 | FY 21 |      |                 |
|-------|-----------------------------------|-------|------|-----------------|-------|------|-----------------|-------|------|-----------------|
|       |                                   | Total | UK   | Global excl. UK | Total | UK   | Global excl. UK | Total | UK   | Global excl. UK |
| 3     | £m of revenue                     | 228.7 | 87.4 | 141.3           | 158.0 | 72.1 | 85.9            | 98.1  | 53.5 | 44.6            |
|       | tCO <sub>2</sub> e per £m revenue | 13.8  | 13.7 | 13.8            | 3.5   | 3.4  | 3.6             | 1.4   | 1.2  | 1.7             |

Notes

- Alpha does not have any offices where it owns or controls the boilers, but rather purchases heat from each building’s management; hence the consumption of grid-supplied gas is classed as scope 2 emissions and the associated conversion factor has been used.
- Normative, our third-party provider, has used Exiobase, BEIS, Defra, Ecoinvent and other sources for emissions factors. Alpha FMC plc supplied the working from home calculation following the EcoAct Homeworking Emissions Whitepaper (2020).
- Where we have not been able to obtain activity data we have used the floor space of our offices to calculate energy usage in line with the GHG Corporate Reporting Methodology.
- Where km travelled have not been recorded in our expense systems for travel receipts, we have used a spend-based methodology in line with the GHG Corporate Reporting Methodology.



Strategic Report

# Chief Financial Officer’s report

Alpha has delivered another year of strong growth, with net fee income up by 43.9% and adjusted EPS increasing by 36.4% in FY 23. The Group has delivered double-digit growth across all geographic regions on an organic basis, with the strongest growth in our key North America region. The balance sheet remains robust, with good cash generation, and the Group ends the year well positioned.

**John Paton**  
Chief Financial  
Officer



### IFRS and alternative performance measures (“APMs”)

A range of results metrics are set out to demonstrate the Group’s performance. These include measures presented in accordance with International Accounting Standards (“IFRS”) 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 23.

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 Board uses adjusted profit measures to assess the performance of the Group because it considers these 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. These adjusting items increased

in the year, albeit by less than the underlying profits, reflecting an increased earn-out and deferred consideration expense and a higher share-based payment charge, partially offset by lower intangible amortisation and acquisition-related costs.

As noted above, the share-based payment 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 fully 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, although the charge is also subject to external factors, such as the Group’s share price, over which the Directors have less day-to-day control. If no adjustment was made for the share-based payment charge, adjusted EBITDA would grow by 39.7% to £38.6m (FY 22: £27.7m), at a margin of 17.0% (FY 22: 17.5%). Note 22 to the consolidated financial statements sets out further details of the employee share-based payment expense calculation under IFRS 2.



“We are delighted with this year’s strong growth and performance across all of the Group’s geographic regions, mostly on an organic basis.”

|                                     | 12 months to<br>31 March<br>2023 | 12 months to<br>31 March<br>2022 | Change    |
|-------------------------------------|----------------------------------|----------------------------------|-----------|
| Revenue                             | £228.7m                          | £158.0m                          | 44.8%     |
| Net fee income                      | £227.2m                          | £157.8m                          | 43.9%     |
| Gross profit                        | £80.4m                           | £59.4m                           | 35.4%     |
| Operating profit                    | £28.6m                           | £17.8m                           | 61.1%     |
| Adjusted EBITDA                     | £46.6m                           | £33.9m                           | 37.5%     |
| Adjusted EBITDA margin              | 20.5%                            | 21.5%                            | (100 bps) |
| Adjusted profit before tax          | £44.0m                           | £31.8m                           | 38.6%     |
| Profit before tax                   | £25.8m                           | £14.9m                           | 73.2%     |
| Adjusted earnings per share         | 29.27p                           | 21.46p                           | 36.4%     |
| Adjusted diluted earnings per share | 27.37p                           | 20.23p                           | 35.3%     |
| Basic earnings per share            | 15.82p                           | 7.69p                            | 105.7%    |

**Group results**

I am delighted to report another strong year of growth for the Group across all regions, both organically and including Lionpoint, which was acquired in the previous year.

**Revenue**

The Group delivered 43.9% net fee income growth in the year, including a 39.6% organic contribution. Revenue also grew 44.8%, including increased rechargeable client expenses, compared to the prior year.

Overall, the Group’s revenue and net fee income growth reflects average consultant headcount growth and average consultant utilisation returning to target levels as planned, alongside improving consultant day rates overall and some assistance from currency translation. Revenue and net fee income grew in all geographic regions, mostly on an organic basis with the remaining inorganic contribution from the acquisition of Lionpoint in the prior year.

North America delivered the strongest regional growth, ending the year as the largest geographic region in the Group by net fee income. In the year, net fee income grew 94.2% overall and 83.3% on an organic basis. On a constant currency basis North America net fee income growth was 71.7% overall. Lionpoint continued to perform well in the year and contributed significantly to North America net fee income, adding a further 51 consultants to its North America team in the year. The North America business overall continued to expand its domestic client base, as well as successfully capturing client demand through a number of cross-selling opportunities with its existing clients. The strongly growing consultant team was well deployed, while also improving consultant day rates.

Europe & APAC also delivered another year of strong growth. The region grew net fee income by 26.0% on the previous year, 24.4% on an organic basis and, on a constant currency basis, the region reported

21.3% growth overall. This growth was delivered across the region with the Europe team generally well deployed, complemented by further good progress growing the APAC business.

The UK business grew net fee income 20.9% overall and 19.3% organically. This strong UK organic performance benefited from solid client demand across the full range of Alpha practices, including substantial contributions from our established Investments, Client & Digital and Operations teams. Within the UK results, Alpha’s data solutions business, Aiviq, increased its client base and revenue in the year, and continues to focus on building further scale.

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 Insurance and Technology Consulting businesses also made good progress in the year by winning a number of projects both with existing and new client relationships.

Alpha’s growth was supported by further investment in global consultant headcount. The number of consultants reached 994 by the year end (FY 22: 760). Of this 234 consultant team increase, Lionpoint added 87 to the Group globally.

**Group profitability**

Group profits also grew strongly. Group gross profit was £80.4m (FY 22: £59.4m), increasing by 35.4% over the previous year, and 28.7% on a constant currency basis.

Gross profit margin was 35.4% (FY 22: 37.6%), mainly reflecting the easing of utilisation to target levels, alongside continued investment in our consultants while maintaining competitive remuneration packages, partially offset by improving consultant day rates across all regions.



Strategic Report  
Chief Financial Officer's report continued



Group profitability continued

North America maintained a consistent gross profit margin of 32.9% (FY 22: 32.7%) as the North America team grew substantially and successfully normalised average utilisation back to target levels, while balancing costs and consultant rates progress. The UK business grew gross profit well and its 40.2% gross margin (FY 22: 42.5%) similarly reflects utilisation returned to target levels and further rates progress ongoing. Europe & APAC also experienced good gross profit growth, with a margin of 31.4% (FY 22: 34.5%) reflecting utilisation and continued investment in the business, partially offset by consultant day rate progression.

Adjusted administration expenses, as detailed in note 4, increased by 32.5% or £8.3m to £33.8m (FY 22: £25.5m) in the year. Discretionary spend returned to normalised levels following COVID-19, for example across staff and client entertainment and travel spend, and in recruitment spend as we grew our consulting teams globally. We also continued to invest in the Group's central team through the year in areas such as finance, HR, legal, risk and responsible business, alongside the Group's expansion.

Including the adjusting expense items, which also rose, administration expenses increased to £51.7m (FY 22: £41.6m) on a statutory basis. The adjusting expense items, set out in note 4, increased in the year to £15.8m (FY 22: £14.4m), reflecting increased earn-out and deferred consideration and share-based payment charges, partially offset by lower foreign exchange loss and acquisition costs, which, in the prior year, mainly related to the acquisition of Lionpoint.

The £0.3m (FY 22: £0.7m) acquisition costs include diligence and legal fees incurred in connection with the Shoreline acquisition, which completed after the year end in May 2023. The acquired intangible asset amortisation charge was £4.6m (FY 22: £4.7m). The share-based payment charge of £8.0m (FY 22: £6.2m) 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 lower award vests at this stage. Further detail of the share-based payment charge is set out in notes 4 and 22.

The earn-out and deferred consideration charge of £2.5m (FY 22: £1.4m) reflects employment-linked acquisition expenses and two fair value adjustments. With Lionpoint's continued strong performance since acquisition and ongoing positive outlook, the future performance assumptions have been uplifted to the maximum earn-out payment for the final earn-out year in FY 24. This uplift is partially offset by a scale-back fair value reduction in the liability held for Obsidian as a lower, mutually agreed position was reached with the original vendors, which was paid in full in the year. Further details on the earn-out and deferred consideration charges are set out in note 13.

The depreciation charge grew to £1.9m (FY 22: £1.2m) alongside the growth of the Group, while the £0.2m (FY 22: £0.6m) amortisation of capitalised development costs eased as the asset was fully amortised in the year.

Adjusted EBITDA grew 37.5% to £46.6m (FY 22: £33.9m) and adjusted EBITDA margin eased to 20.5% (FY 22: 21.5%), reflecting the gross profit margin and the adjusted administration expenses. Operating profit rose 61.1% to £28.6m (FY 22: £17.8m) after charging the adjusting expense items, including earn-out and



deferred consideration expenses and share-based payment charges. Further detail of these adjusting items is set out in note 4. If no adjustment had been made for the share-based payment charge, adjusted EBITDA would have grown by 39.7% to £38.6m (FY 22: £27.7m), at a margin of 17.0% (FY 22: 17.5%).

Currency

Currency translation had a noticeable effect on net fee income and profits during the year. Through the year, British pound sterling averaged \$1.21 (FY 22: \$1.37) and €1.16 (FY 22: €1.18), which, with other similar currency movements, resulted in an overall favourable net currency effect on net fee income of £12.4m. On this basis, North America net fee income growth would have been 71.7% and Europe & APAC would have reported 21.3% total net fee income growth.

Overall, the Group's net fee income would have grown 36.1% to £214.8m on this constant currency basis. On a similar basis the Group's gross profit would have been £76.4m and would have grown 28.7% on a constant currency basis. With British pound sterling strengthening towards the end of the second half, this currency benefit has begun to unwind and continues to do so into FY 24.

Net finance expense

Net finance costs remained flat in the year at £2.9m (FY 22: £2.9m), primarily comprising 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 38.6% to £44.0m (FY 22: £31.8m) after charging depreciation, amortisation of capitalised development costs and net underlying finance expenses. Statutory pre-tax profit rose 73.2% to £25.8m (FY 22: £14.9m) after charging adjusting items and non-underlying finance expenses.

The Group's taxation charge for the year was £7.8m (FY 22: £6.4m), reflecting the growth in taxable profits and the blended tax rate of the increasingly international jurisdictions in which the Group operates, as set out in note 8. The Group's cash tax payment in the year was £13.3m (FY 22: £4.8m), reflecting the growth in profits and the Group moving to a quarterly tax payment cycle in North America.

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.

Acquisition activity

Since the acquisition of Lionpoint in May 2021, the Group has focused on the successful integration of its services and the team into the Alpha Group, and has seen 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.

After the year end, on 1 May 2023, the Group announced the acquisition of Shoreline for a maximum consideration of AUD

13.0m (£6.8m). Shoreline enables Alpha to build upon a robust platform in APAC and ensures that the Group can take advantage of opportunities in one of the fastest growing regions in the asset and wealth management sector. We are pleased to welcome Shoreline into the Group and look forward to further regional growth. Please refer to note 27 for further detail.

Earnings per share

Adjusted EPS improved 36.4% to 29.27p per share (FY 22: 21.46p) and adjusted diluted EPS increased 35.3% to 27.37p (FY 22: 20.23p). After including the adjusting expense items, both basic and diluted EPS more than doubled to 15.82p (FY 22: 7.69p) and 14.79p (FY 22: 7.25p), respectively.

As at 31 March 2023, 9,996,040 share options (FY 22: 9,504,379) remained outstanding, with 2,108,886 share options exercised during the year, as share option awards begin to settle into a normal cycle of awards and vests. See note 22 for further detail.

Cash flow and net funds

Net cash generated from operating activities was £30.6m (FY 22: £33.5m) and, after adjusting for employment-linked acquisition payments and acquisition costs, was £32.9m (FY 22: £36.0m). Working capital remains well managed with debtor days reducing again this year. Operating cash generation in the year reflected the payment of last year's increased profit share, given the strong FY 22 performance, as well as additional North America tax payments as that business grows and moved to quarterly payments in that region. The 74.0% adjusted cash conversion rate from adjusted operating profit (FY 22: 112.1%) reflects these specific cash outflows.

During the year, the Group made further payments of £22.6m relating to deferred and contingent acquisition consideration, including £1.8m of employment-linked amounts. Final Axsys and Obsidian payments were settled in full in the year. Please see note 13 for further details.

The Group also provided £1.1m funding to Alpha's employee benefit trust ("EBT") to purchase 266,922 shares at the prevailing market share price, to hold for the 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 £13.3m (FY 22: £4.8m), reflecting the Group's profit growth, as well as the move to quarterly tax payments in North America. Net interest paid was £0.1m (FY 22: £0.3m), reflecting the cost of maintaining and periodically drawing the Group's revolving credit facility ("RCF") in the year to manage the Group's ongoing currency requirements, offset by interest income from cash balances held.

Dividends paid increased in the year to £12.8m (FY 22: £8.7m), reflecting the Group's dividend policy and the increase in the Group's adjusted profit after tax.

At the year end, the Group's cash position was £59.2m (FY 22: £63.5m). This strong balance sheet provides Alpha funding flexibility to continue to deliver on its acquisition strategy.



Strategic Report  
Chief Financial Officer's report continued

Statement of financial position

The Group's net assets at 31 March 2023 totalled £149.3m (FY 22: £132.7m). This increase principally arises from other reserves movements including retained profits, foreign exchange gains on overseas assets and additional share-based payment reserves. The Group continues to maintain a strong financial position.

The Group's non-current assets movement principally results from foreign exchange gains on goodwill balances and increased right-of-use assets on new leases entered into by the Group, partially offset by ongoing amortisation charges for the year.

Working capital remains well managed. Trade and other receivables balances increased in FY 23 through the ongoing growth in the business. Debtor collections continued to be strong during the year with debtor days falling again from the prior year. The Group ended the year with £59.2m (FY 22: £63.5m) of cash. The Group's £20.0m RCF was undrawn at 31 March 2023 and, alongside cash balances, ensures the Group's funding flexibility. Further details are set out in note 6. Following the year end, the Group refinanced and upscaled its RCF to a £50.0m facility to provide funding flexibility in line with the Group's growth, as set out in note 27.

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 team and the year's strong performance. Total acquisition-related deferred consideration and earn-out liabilities decreased in the year, reflecting Lionpoint deferred consideration payments and final Axxsys and Obsidian payments, partially offset by the increase in the fair value of the Lionpoint earn-out liability and employment-linked consideration as well as the unwinding of discounting in the year, as disclosed in note 13.

Dividends

The Board is very pleased with FY 23 performance. As a result, the Board is recommending a final dividend of 10.50p per share (FY 22: 7.50p), bringing the total for the year to 14.20p (FY 22: 10.40p), 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 19 September 2023 to shareholders on the register at the close of business on 8 September 2023.

Total shareholders' funds

Total shareholders' funds increased to £149.3m (FY 22: £132.7m). The changes in equity reserves reflect profit after tax for the year, currency movements on net assets held overseas, goodwill and intangible assets, the addition of further share-based payment reserves and the payment of dividends.

As at 31 March 2023, the Company had 120,509,736 ordinary shares in issue (FY 22: 118,707,336), of which no shares were held in treasury and 6,274,380 shares were held in the Company's employee benefit trust to satisfy future option exercises (FY 22: 6,216,501).

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 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. The structural drivers in the asset management, wealth management and insurance industries, which will drive ongoing demand for Alpha's services, remain prevalent. We are confident that with the quality of our people, our excellent market reputation, and business opportunities to extend the service offering, we are in a good position to navigate further challenges ahead.

It is unclear how long the current macro uncertainty and recessionary environment, which include a lengthening sales cycle and higher levels of competition, may prevail and how precisely they may affect local and global markets. However, Alpha continues to enjoy a good pipeline of new business opportunities and resilient current trading and, therefore, the Board looks forward to further progress ahead.

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 more competitive environment currently, the Group's talented people, widening range of service offerings and international footprint, and long-term structural drivers of growth position the Group well.

John Paton  
Chief Financial Officer  
22 June 2023



# Risk management

The Group continually strengthens its risk management to reflect its growing scale and the changing external environment. Its risk management framework combines clear governance, robust processes and controls, and a strong culture of risk awareness among all employees.

Overview

Alpha is exposed to a range of risks through its business activities that could negatively affect its ability to execute its strategy, impair its financial performance and damage the interests of its shareholders. We categorise these risks under four broad headings – operational; industry; financial; and environmental and social – and manage them by ensuring we have a solid risk management framework in place to identify, assess and govern risks.

The main objectives of the 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.

Risk governance

Overall responsibility for risk monitoring and management within Alpha's risk management governance framework rests with the Board, with assurance provided by the Audit and Risk Committee.

In conjunction with the Audit and Risk Committee, the Board reviews the key risks facing the business at least once a quarter and decides whether they should be avoided, mitigated or tolerated. The Group follows a "top-down" and "bottom-up" approach to monitoring and managing risks. 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.

At the beginning of FY 23, the Group appointed a Global Head of Risk to further enhance the management of its risk framework, and provide additional oversight, reporting and monitoring as the Group continues to pursue its growth strategy, diversify and expand.

Risk assessment

The Group reviews and closely monitors risk exposures, considering their probability, potential impact and any management actions required to mitigate them. The Group's main tools for managing risks are its Risk Register and its Statement of Risk Appetite.

Alpha's Risk Register details risks that could have a material impact on the Group's performance, financial strength or reputation. It is overseen by the Group Coordination Committee and maintained using updated inputs from the core business functions. Risks are assessed using a scoring system that captures the likelihood of their occurrence and the impact that would have on the Group. This approach allows the Group to review risks, identify trends and respond.

The Statement of Risk Appetite defines the type and amount of risk the Group is willing to tolerate in order to achieve its strategic objectives. The Group assesses whether it is operating in line with its stated risk appetite by monitoring movements in its key risk indicators, which are incorporated in the Board's risk reports.

Group risks are reviewed, discussed and challenged first by the executive team through the Group Coordination Committee. The risks that the Group Coordination Committee agrees are most material are then escalated to the Board, with reporting decisions 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, where the risk is of a sensitive business nature, it may be raised on an individual basis with the Chief Executive Officer, who can present that risk directly to the Board.

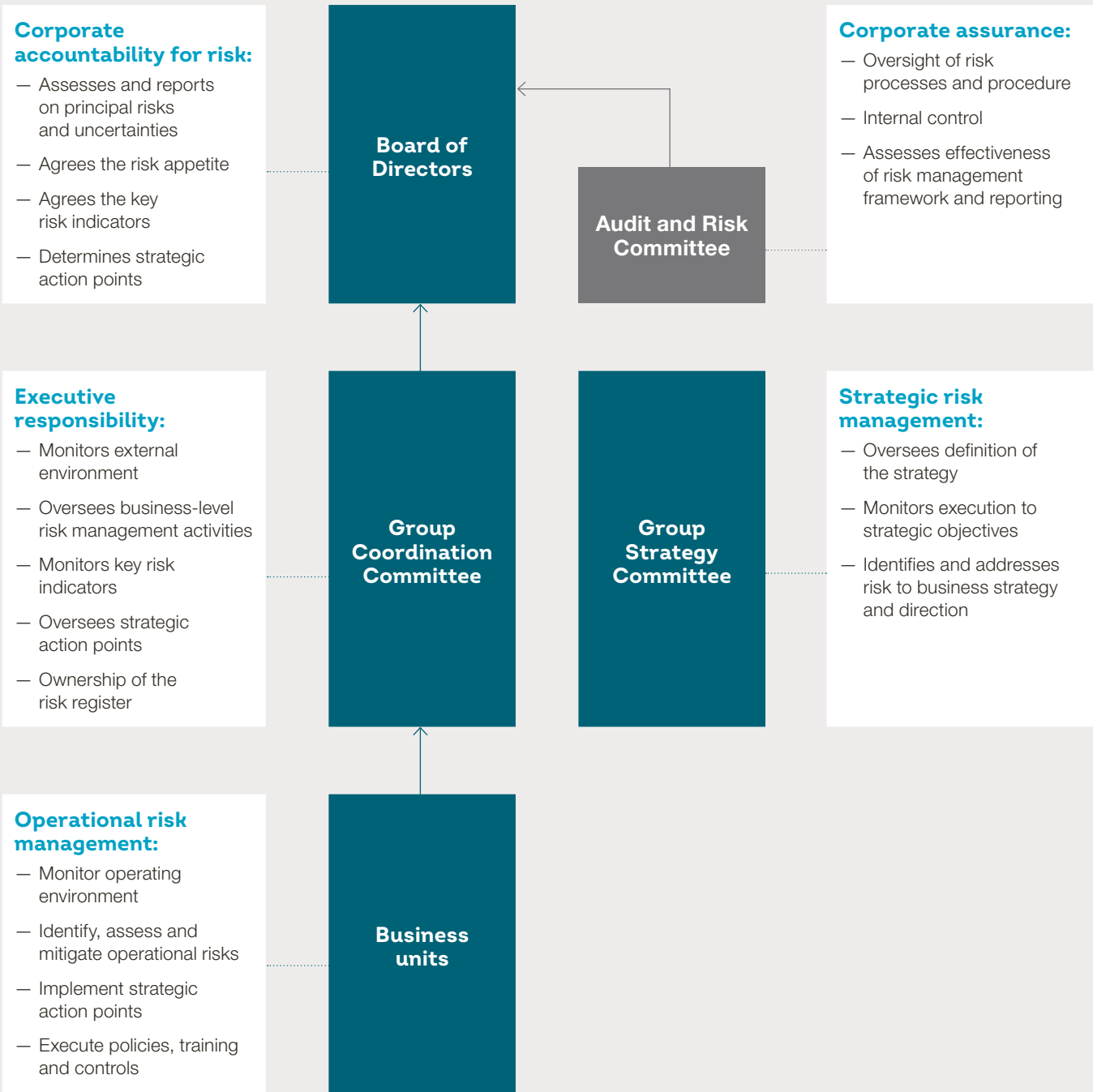
While the Group Strategy Committee considers the strategy and direction of the Group in conjunction with the Board, the Group Coordination Committee encompasses all the areas in which business-level risk may arise or apply, including finance, IT & infrastructure, HR, business development and service delivery. The executive teams of these committees have a direct reporting line into the Board, principally via the 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.

The most material current risks to the Group are presented in the Annual Report as the principal risks and uncertainties (see pp 50–53). The Board confirms that, having applied the approach described above, a robust assessment of the principal risks and uncertainties has been carried out.



Strategic Report  
Risk management continued

Risk management governance



Improvements to the risk management approach

The Group continues to review its risk management framework every year and updates it to reflect changes in the Group's risk profile and its operating environment. During the past year, a number of enhancements were introduced to Alpha's risk management framework. These include:

- appointment of a Global Head of Risk to support the management and evolution of the Group's risk management framework and associated policies, training and awareness;
- following a number of business governance changes and enhancements, the risk function has focused on inducting new individuals in key roles into Alpha's risk framework and responsibilities, including the Chief Executive Officer, global heads of Insurance Consulting, Technology Consulting and Asset & Wealth Management Consulting, and incoming management committee members;
- continuing to build positive engagement and nurture a risk aware culture across the Alpha business through relevant communications, attending Company meetings to spotlight and support risk topics, and knowledge sharing on business-related matters, including client service delivery and new location due diligence;
- based upon the Group's geographic expansion and commitment to work with clients globally, selection and implementation of a third-party risk tool to support risk assessment, awareness and location training for consultants' travel; and
- further development of governance with key operational teams such as Legal & Corporate Affairs, IT Operations and Responsible Business to ensure regular touchpoints, proactive risk-based discussions and a consistent approach to business support that successfully balances corporate growth and development with the consideration and management of key risks.

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 accounting estimates and other pertinent matters relating to the consolidated financial statements; and
- the annual financial statements are subject to external audit.

Environmental and social risk

The Group recognises the growing concerns and risks related to climate change, and is committed to doing its part in addressing this challenge. This focus includes monitoring, improving and acting upon Alpha's carbon footprint and the Group's wider impact on the environment. The Group is also committed to social risk management as it aims to be strong in corporate citizenship, to enhance its reputation, to impact positively the communities in which it operates and to continue to build trust with its stakeholders.

Within the environmental and social risk category, the Group monitors a number of individual risks including transition risk, which is the risk inherent in any changing strategies, policies or investments as part of the journey towards "net zero" or other societal targets. The Group specifically acknowledges this area and recognises 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.

Market-related and inflation risk

Continuing shifts in the macro-economic environment, including elevated inflation, rapid increases in interest rates and the possibility of economic downturn, are closely and proactively monitored by the Group. Macro-economic conditions are captured as a principal risk.

Inflation risk remains a material consideration and the Group carefully considers the situation to ensure that costs, including employee costs, are managed and offset by increases in client rates. It continually benchmarks Alpha's compensation levels against the industry to ensure it can reliably attract and retain the best talent.

Alpha's global and regional heads of business, and the entire executive team, monitor the markets closely with a view to identifying and understanding any factors that might lead to different levels of demand or competition in the market, and to be able to respond accordingly. At the start of FY 24, we are cognisant of increased levels of competition in the global consulting market and a lengthening sales cycle, which we expect to be the market backdrop in the short term. Against this backdrop, Alpha continues to manage appropriately its discretionary spend and hire selectively.

Unstable financial markets and deteriorating economic conditions can have negative effects on Alpha's clients and potential clients. The Board and Alpha's executive team therefore remain very alert and monitor the market environment – globally and in all regions – closely. However, they are confident that demand for Alpha's services and the long-term structural growth drivers in its markets remain very strong.



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 Group Managing Director, and global leads from Operations, IT & Infrastructure, HR, Responsible Business, Legal & Corporate Affairs 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 regard to people and quality of service.

| Risk                                                                                                                      | Mitigating factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. People and resourcing                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Failure to attract, incentivise and retain the best people with the right capabilities across all levels and geographies. | <ul style="list-style-type: none"><li>— Uniquely attractive, meritocratic culture that places people at the heart of the business.</li><li>— Competitive, regularly benchmarked remuneration package including differentiating profit share or cash bonus scheme.</li><li>— Equity participation offering through the management incentive plan for certain directors and senior management.</li><li>— In-house recruitment process, targeting top university graduates and experienced professionals.</li><li>— Comprehensive training and development programme, building consulting skills and industry knowledge.</li><li>— Broad and reactive support structure, including HR, individual mentors and external advice scheme.</li></ul>                                                                                                                                                                                                                                                                                                                                                          |
| 2. Quality of service                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Failure to maintain quality of service on client delivery engagements.                                                    | <ul style="list-style-type: none"><li>— Clearly defined terms agreed up front, ensuring that each delivery framework is appropriate and the delivery objectives are achievable.</li><li>— Clear senior individual responsibility and accountability for delivery on every engagement, with review from heads of region.</li><li>— Internal service delivery function overseen by the Group Managing Director provides strong oversight and enables early risk identification.</li><li>— 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.</li><li>— Close attention to client retention, reputation in the market and generation of re-sell and cross-sell opportunities.</li></ul>                                                                                                                                                                                                                                                                            |
| 3. Data security                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Risk of a security breach leading to loss of integrity or availability of core data.                                      | <ul style="list-style-type: none"><li>— Comprehensive suite of information security policies and procedural controls to complement technical defences, based upon best practices from the NIST framework.</li><li>— Adoption of industry-leading cloud security tools, with multi-layered controls around encryption, threat sandboxing, data leak prevention, and social engineering protection.</li><li>— Intelligence and expertise led system monitoring and threat analytics function through a security operations centre ("SOC"), for which Alpha leverages a qualified third party.</li><li>— Proactive annual testing of technical defences through external team exercises and internal phishing assessments.</li><li>— Regular promotion of good cyber hygiene across the global Alpha workforce with annual mandatory learning, regular training campaigns and assessments.</li><li>— Appropriate due diligence, vetting and annual auditing of cloud providers to validate information security and risk posture.</li><li>— Extensive cybersecurity insurance policy coverage.</li></ul> |



| Risk                                                                                                                        | Mitigating factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. Acquisition risk                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Risk of failure of the Group to select, complete and integrate businesses that contribute positively to the business model. | <ul style="list-style-type: none"><li>— Full acquisition due diligence and integration framework.</li><li>— Full business case required and built for every acquisition, subject to a number of checks and requirements.</li><li>— Detailed due diligence, analysis, planning and mitigation as part of the acquisition process, wherein a wide range of factors are taken into consideration.</li><li>— 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.</li><li>— Dedicated integration project with workstreams across people, finance, IT and operations, products and commercials for each acquisition.</li><li>— Continuous monitoring of business alignment, client satisfaction, performance and other KPIs.</li><li>— Clear and effective internal and external communications regarding acquisition and integration topics, overseen by a member of the Group Coordination Committee.</li></ul> |

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 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. Market strategy                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Risk that the Group responds inadequately to changing market factors.     | <ul style="list-style-type: none"><li>— Heads of region and business practice leads are responsible for monitoring markets and client demand locally.</li><li>— Deep understanding of the markets is used to inform annual cycle of business planning and budgets, and is tracked accordingly.</li><li>— Regular monitoring of the structural drivers within the marketplace, which include industry cost pressures, growth in AUM and insurance policies, increasing regulation, technology breakthroughs, and an increased client and market focus on ESG.</li><li>— 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.</li></ul> |
| 6. Strategic objectives                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Risk that the Group fails to meet its strategic aim to grow the business. | <ul style="list-style-type: none"><li>— Business strategy review is assigned to the Group Strategy Committee to define, oversee and implement through the heads of regions and practices.</li><li>— Business strategy is reviewed regularly (at least semi-annually) by the Group Strategy Committee and the Board of Directors.</li><li>— Strategy informs annual business planning and budget, and is tracked accordingly.</li><li>— Strong visibility of growth opportunities and a roadmap to increase the business both organically and inorganically.</li><li>— Regular consideration of downside scenarios and readiness to apply relevant protective measures.</li></ul>                                                                                                                     |



Strategic Report  
Principal risks and uncertainties continued

Industry risk *continued*

| Risk                                                                                                                                                                                                 | Mitigating factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>7. Macro-economic conditions</b>                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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. | <ul style="list-style-type: none"><li>— Monitoring of the market to identify, and plan around, potential change in market conditions and volatility.</li><li>— Ensuring an effective, coordinated response to any macro-economic challenges that emerge.</li><li>— Flexible business model that is responsive to change and regularly reviewed.</li><li>— Record of identifying opportunities to provide consulting services and delivering successful projects in challenging change conditions.</li><li>— Global nature of the business and range of business practices should reduce the risk of impact from volatility in specific markets.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>8. Political/regulatory environment</b>                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Risk that the Group's business model and strategy are materially impacted by legal, political or regulatory changes that restrict service offering or access to markets.                             | <ul style="list-style-type: none"><li>— Diversification and expansion of service offering should reduce the particular impact of restrictions.</li><li>— Strategic geographical extension of business, overseen by the Board of Directors and executed by the Group Coordination Committee.</li><li>— Regulatory, political and legal change horizon scanning, led by the Chief Executive Officer, in order to foresee and plan appropriate responses.</li><li>— Dialogue with regulators, legal advisers and industry bodies.</li><li>— Regular review of the business model to ensure that it remains flexible and responsive to change.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>9. Competitors</b>                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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.                                                     | <ul style="list-style-type: none"><li>— Monitoring of competitor positioning including Group client win/loss ratios.</li><li>— Proven ability to understand the structural drivers of the market, to innovate and develop the service offering accordingly.</li><li>— Monitoring of the consulting market to assess any drivers of increased competition, including growth rates and the link between demand and supply overall.</li><li>— Business strategy that focuses on providing a leading market proposition and gaining market share over time.</li><li>— Monitoring of and continual investment in key competitive differentiators:<ul style="list-style-type: none"><li>— highly focused industry proposition, working exclusively in asset management, wealth management and insurance industries;</li><li>— strong, increasingly global reputation amongst clients, with the very high quality of the team as a key differentiator;</li><li>— complementary technology and data solutions; and</li><li>— differentiating intellectual property and benchmarking data.</li></ul></li></ul> |



| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Mitigating factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>10. Client concentration</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 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.                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"><li>— Globally expanding team of consultants, able to attract new market entrants and new entities within existing client structures.</li><li>— 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).</li><li>— Regular monitoring of client concentration by revenues.</li><li>— Acquisition strategy that targets businesses with strong addressable client bases and cross-sell opportunity.</li><li>— Business strategy that includes extending the Group's offering with new services and products, in order to cater for different client segments.</li></ul>                                                                                                                                                        |
| <b>11. Skills and subject matter expertise</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 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.                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"><li>— In-house recruitment process, targeting top university graduates and experienced professionals.</li><li>— Comprehensive training and development programme, which builds consulting skills and industry knowledge.</li><li>— Deep specialised industry expertise equips the Group to win and complete projects of all sizes and complexity.</li><li>— Proposition and delivery model structured around business practices and client segments, enabling any gaps or weaknesses to be identified early.</li><li>— 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.</li><li>— Continual review of win/loss rates as well as client satisfaction in delivery.</li></ul> |
| <b>Financial risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 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 client projects to be chargeable mainly 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>12. Utilisation rates</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Risk that utilisation rates, which drive Group profitability, may be adversely impacted by poorly timed headcount growth or an unexpected decline in client projects.                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"><li>— Target utilisation rates agreed annually per region through the budget process.</li><li>— Oversight of delivery against resource utilisation by heads of region.</li><li>— Ongoing review of global utilisation by Chief Financial Officer, in conjunction with visibility of the pipeline of potential new business and recruitment plans.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>13. Cash collection</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Failure to collect cash on client invoices on a timely basis.                                                                                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"><li>— Group-wide aim to sell consulting services mainly on a time and materials basis.</li><li>— 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.</li><li>— The Group's standard policy is for settlement of client invoices within 30–60 days.</li><li>— The Group Finance Director and the Chief Financial Officer assess the Group's cash and debtors position on a regular basis and escalate where necessary. This is also discussed with heads of region and at Board meetings.</li></ul>                                                                                                                                                                                    |



Strategic Report

# Non-financial information statement

The Group has complied with the requirements of Sections 414CA and 414CB of the Companies Act 2006 by including certain non-financial information within the Strategic Report. The following table constitutes our non-financial information statement, and includes cross-references to where more detailed disclosures of non-financial information can be found.

| Reporting requirement                          | Principal locations in this Annual Report              | Page    | Summary of business application                                                                                                                                                                                                                                                               |
|------------------------------------------------|--------------------------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business model                                 | Business model – Strategic Report                      | 18–19   | An explanation of the Group’s business model is given in the business model section of the Strategic Report.                                                                                                                                                                                  |
| Principal risks                                | Risk management and principal risks – Strategic Report | 47–49   | The Board’s process for considering and reviewing principal risks is outlined in the risk management and principal risks section of the Strategic Report.                                                                                                                                     |
| Non-financial KPIs                             | Key performance indicators – Strategic Report          | 28–29   | The Board approves non-financial KPIs, such as headcount and clients. More information on these can be found in the key performance indicators section of the Strategic Report.                                                                                                               |
| Environmental matters                          | Sustainable business – Strategic Report                | 34–41   | Information on our corporate social responsibility objectives, policy and the Group’s environmental focus, including its climate-related disclosures, is provided in the sustainable business section of the Strategic Report.                                                                |
| Employees                                      | Looking after our people – Strategic Report            | 26–27   | Our employee-related policies and procedures are available to all employees – this includes policies around wellbeing, 360 feedback, parental leave, etc.<br><br>More information on how we look after our people is provided in the sustainable business and Section 172 statement sections. |
| Human rights, anti-corruption and anti-bribery | Sustainable business – Strategic Report                | 34–41   | Our anti-bribery and whistleblowing review processes are set out in the Annual Report. The policies are available to all employees.<br><br>Our human rights approach is detailed in our sustainable business section in the Strategic Report.                                                 |
|                                                | Audit and Risk Committee report – Corporate Governance | 70–72   |                                                                                                                                                                                                                                                                                               |
| Social matters                                 | SASB Disclosure                                        | 139–142 | Details around our corporate social responsibility approach are explained in the sustainable business section.                                                                                                                                                                                |
|                                                | Looking after our people – Strategic Report            | 26–27   |                                                                                                                                                                                                                                                                                               |
|                                                | Sustainable business – Strategic Report                | 34–41   |                                                                                                                                                                                                                                                                                               |

The Strategic Report was approved by the Board of Directors on 22 June 2023.

By order of the Board.

**Luc Baqué**  
Chief Executive Officer  
22 June 2023



## Corporate Governance

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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.



Ken Fry  
Chairman

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, a Nomination Committee and, newly, an ESG Committee, each with formally delegated duties and responsibilities. The structure of the Board and its committees, together with the executive management of the Group, is set out in the corporate governance report on pp 62–67.

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 60–61. The corporate governance report on pp 62–67 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 23 in focus

As reported last year, following an external selection process, Maeve Byrne joined the Board as an independent Non-Executive Director on 16 May 2022. Following her appointment, the Board considered the composition of the Board committees and agreed that, following a period of induction, Maeve would become Chair of the Audit and Risk Committee and Penny Judd would move to Chair of the Remuneration Committee. These changes took effect after the Company's Annual General Meeting in September 2022.

In November, we announced that Euan Fraser would step down as a Director and Chief Executive Officer on 31 March 2023 and that Luc Baqué would succeed Euan on 1 April 2023. In line with the QCA Code, the Committee has been closely monitoring succession plans and identifying possible internal candidates for future Board roles. Further details on Luc's background and considerable experience as a member of Alpha's senior management team are set out in the Nomination Committee report on p. 68. We are pleased that Euan Fraser will continue to work with the Board as a strategic adviser.

As a Board, we are fully aware that corporate governance needs to evolve in line with the regulatory landscape and the expectations of our stakeholders. We understand that the topics of environment and sustainability, social and governance are closely linked to how we develop our frameworks and decision-making approaches, which we have recognised with the establishment of an ESG Committee in the second half of the financial year. The Committee will be responsible for ensuring the effective development and implementation of the Group's ESG strategy. The ESG Committee held its first meeting in April 2023, based on the Committee's agreed terms of reference, and will release the first ESG Committee report in the 2024 Annual Report and Accounts.

In prioritising strong corporate governance, and considering the ongoing growth of the Group, the Board has concluded that the resources and skills of a full-time in-house Company Secretary would be appropriate. We are delighted to welcome an experienced Company Secretary professional, who joins the Group from June 2023 and will work closely with Prism Cossec for a period of extended transition.

Looking ahead, we also recognise the uncertainty of the geopolitical and economic environment, including the ongoing situation in Ukraine and the recessionary outlook in many places. We are also monitoring a lengthening sales cycle and increased competition in the global consultancy market. However, the Group's positive culture, robust governance framework and strong financial health continue to give the Board confidence and provide a very strong basis to support the executive team in assessing the ongoing position of the business and making effective decisions about the strategy and business model.

Stakeholders

The Board considers its key stakeholders to be its employees, its shareholders, its clients and the communities in which the Group operates, and that understanding these relationships facilitates its decision making at an executive level. Our statement setting out how the Directors have discharged their duties under Section 172 of the Companies Act 2006, including a description of how the Group has engaged with its key stakeholders, is set out on pp 32–33.

Corporate culture

The Directors believe that the Group's culture, together with a strong emphasis on integrity, business ethics and good corporate governance, ensures 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.

The Board is able to promote and monitor the desired corporate culture across the Group through its engagement with employee representatives, review of relevant policies and decision making at an executive level. The Group's culture and values are described in the looking after our people section on pp 26–27.

Ken Fry  
Chairman  
22 June 2023



Corporate Governance

Board of Directors



**Ken Fry**  
Independent  
Non-Executive Chairman

Committee membership  
A E N R

**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.

**Committee membership:** Ken is Chair of the Nomination Committee, and a member of the Audit and Risk Committee, the ESG Committee and the Remuneration Committee.

**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 keeps the skills to support and deliver the Group's strategy up to date by maintaining 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.



**Luc Baqué**  
Chief Executive Officer

**Term of office:** Luc was appointed as Chief Executive Officer of Alpha on 1 April 2023.

**Committee membership:** Luc attends meetings of the Audit and Risk, ESG, Nomination and Remuneration Committees by invitation.

**Skills and experience:** Luc joined Alpha in 2010 as Head of Asset & Wealth Management Consulting – France from 2010 to 2015, Head of Asset & Wealth Management Consulting – Europe from 2015 to 2020 and Global Head of Asset & Wealth Management Consulting from 2020 until his appointment as Chief Executive Officer of the Group. Luc has over 20 years of experience in the industry. Prior to joining Alpha, he was Head of Change Management at UBS Wealth Management in Paris for five years and spent six years specialising in financial services with Solving International, a strategy management consultancy.

Luc holds a Master's degree in Engineering from École Centrale de Marseille and completed an Executive Program at the Stanford University Graduate School of Business.

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

**External appointments:** None.



**John Paton**  
Chief Financial Officer

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

**Committee membership:** John regularly attends meetings of the Audit and Risk Committee. He is invited to join meetings of the Nomination and Remuneration Committees when appropriate.

**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. John joined Alpha from HSBC where he was a Director in both the Global Banking & Markets and Commercial Banking divisions in London. Over his 11-year tenure at HSBC, he advised on a variety of M&A transactions and led loan financings for UK corporates. Prior to this, he focused on capital raisings, including AIM IPOs. During his Alpha tenure, John has managed the financial aspects of the acquisitions and integrations of Axsys and Obsidian Solutions in 2019, Lionpoint in 2021 and Shoreline in May 2023.

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 and 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. He 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

Committee membership  
A E N R

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

**Committee membership:** Penny is Chair of the Remuneration Committee and a member of the Audit and Risk, ESG and Nomination Committees.

**Skills and experience:** Penny has a strong public markets and financial services background, with over 30 years' experience in compliance, regulation, corporate finance and audit and is a qualified chartered accountant. Prior to joining Alpha, Penny held the roles of Managing Director and EMEA Head of Compliance at both Nomura International plc and UBS AG. She was Non-Executive Chair of Plus500 Limited from 2016 to 2021.

Penny maintains the skills to support and deliver the Group's strategy through her experience gained on other listed company boards and has 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 and Risk Committee of LendInvest plc, Trufin plc and Team17 Group plc.



**Jill May**  
Independent  
Non-Executive Director

Committee membership  
A E N R

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

**Committee membership:** Jill is Chair of the ESG Committee and a member of the Audit and Risk, Nomination and Remuneration Committees.

**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. She attends various conferences and events covering relevant industry and ESG matters and stays updated on developments in ESG regulation and reporting practice.

**External appointments:** Jill is currently an External Member of the Prudential Regulation Committee at the Bank of England and a Non-Executive Director of abrdn Property Income Trust Limited and JP Morgan Claverhouse Investment Trust plc. She is also 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

Committee membership  
A E N R

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

**Committee membership:** Maeve is Chair of the Audit and Risk Committee and a member of the ESG, Nomination and Remuneration Committees.

**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, she 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/neobank space.

She maintains the skills to support and deliver the Group's strategy by attending events covering relevant industry and governance matters, particularly in relation to her role as Chair of the Audit and Risk Committee.

**External appointments:** None.



**Euan Fraser**  
Strategic Adviser  
to the Board

Euan was Chief Executive Officer of Alpha from 2013. He stepped down from the Board on 31 March 2023 and now acts as a strategic adviser to the Board.



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, [alphafmc.com/investors](https://alphafmc.com/investors), 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.                        | <p>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.</p> <p>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.</p>                                                                                            | <p>The Group’s business model and strategy are described in the <b>Strategic Report</b> on pp 18–19.</p>                                                                                                                                                                                                                                 |
| Principle 2: Seek to understand and meet shareholder needs and expectations.                                               | <p>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 and Accounts, the interim and full-year results announcements, the Annual General Meeting (“AGM”) and the Group’s website, <a href="https://alphafmc.com/investors">alphafmc.com/investors</a>.</p> <p>The Chairman and Non-Executive Directors are available to meet with shareholders, if required, to discuss any items of importance.</p> | <p>The Group’s approach to shareholder communications is described in the <b>corporate governance report</b> on pp 62–67.</p> <p>The Chief Executive Officer and the Chief Financial Officer act as the main point of contact for shareholders (<a href="mailto:company.secretary@alphafmc.com">company.secretary@alphafmc.com</a>).</p> |
| Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success. | <p>The Board, supported by the executive team, upholds a commitment to operating a socially and ethically responsible company.</p> <p>Engagement with stakeholders and wider communities ensures alignment of interests and facilitates good decision making.</p>                                                                                                                                                                                                                                                                                                                                               | <p>The Group’s community and corporate social responsibility disclosure is provided as part of the <b>sustainable business</b> section on pp 34–41.</p> <p>The Group’s engagement model with clients and wider stakeholders is described in the <b>Strategic Report</b> on pp 32–33.</p>                                                 |
| Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.     | <p>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.</p> <p>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.</p>                                                                                                                                                                      | <p>The Group’s risk management framework is described in the <b>Strategic Report</b> on pp 47–49 and in the <b>corporate governance report</b> on pp 66–67.</p>                                                                                                                                                                          |



| 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.                                                               | <p>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.</p>                                | <p>The Board’s composition and operating framework are described in the <b>corporate governance report</b> on pp 62–67.</p>                                                                                                                                                                                                                    |
| Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.                               | <p>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.</p> | <p>Biographical details of the Directors, including relevant experiences and how skill sets are kept up to date, are provided on pp 58–59.</p>                                                                                                                                                                                                 |
| Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.                                      | <p>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.</p>                                                  | <p>The Board’s evaluation framework and FY 23 evaluation process are described in the <b>corporate governance report</b> on p. 65 and in the <b>Nomination Committee report</b> on p. 69.</p>                                                                                                                                                  |
| Principle 8: Promote a corporate culture that is based on ethical values and behaviours.                                                             | <p>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.</p>                                                                                                                                          | <p>The Group’s culture and values are discussed in the <b>looking after our people</b> section on pp 26–27.</p>                                                                                                                                                                                                                                |
| Principle 9: Maintain governance structures and processes that are fit for purpose and good decision making by the Board.                            | <p>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.</p>                                                                                                          | <p>A governance chart is provided on p. 66 and processes are described on pp 62–67 of the <b>corporate governance report</b>.</p>                                                                                                                                                                                                              |
| 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. | <p>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 and Accounts, the website is updated regularly with information regarding the Group’s activities and performance.</p>                                             | <p>The governance of the Company, which is led by the Board, is described in the <b>corporate governance report</b> on pp 62–67.</p> <p>The website, <a href="https://alphafmc.com/investors">alphafmc.com/investors</a>, provides the Group’s reports and presentations, notices of AGM and results of voting on all resolutions at AGMs.</p> |



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 on 16 May 2022. Euan Fraser stepped down as a Director and Chief Executive Officer on 31 March 2023. Luc Baqué succeeded Euan as Group Chief Executive Officer on 1 April 2023.

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 58–59.

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. It considered the succession plan and process for the new Chief Executive Officer during the year and will continue its focus in this area as the Board and senior leadership team develops.

A Board performance evaluation was undertaken in March 2023, 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 2023 Board evaluation process can be found on p. 65.

Roles of the Directors

The Group operates an effective, streamlined governance framework. The Board has collective and ultimate responsibility for establishing a strategy and business model that promote long-term value for shareholders. The Board is supported by the Group’s executive team, led by the Chief Executive Officer, in developing and executing the Group’s strategy.

The Executive Directors that served on the Board during the year were Euan Fraser, as Chief Executive Officer, and John Paton, the Chief Financial Officer. Luc Baqué succeeded Euan Fraser as Chief Executive Officer on 1 April 2023. 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. 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, 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 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 Chief Executive Officer is responsible for the day-to-day management of the Group’s global operations, for proposing the strategic plan and focuses to the Board, and for implementing the strategic goals agreed by the Board.

|                                                                                                                                                     |                                      |                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------|
| <b>Board of Directors</b><br>Responsible for establishing the Company’s strategic direction and overseeing a robust framework of governance.        | Ken Fry                              | Independent Non-Executive Chairman        |
| <b>Executive Directors</b><br>Responsible for day-to-day management of the Company’s business operations and delivery of Group strategy.            | Euan Fraser – resigned 31 March 2023 | Chief Executive Officer                   |
|                                                                                                                                                     | Luc Baqué – appointed 1 April 2023   |                                           |
|                                                                                                                                                     | John Paton                           | Chief Financial Officer                   |
| <b>Non-Executive Directors</b><br>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 68–69.

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, Luc Baqué will offer himself for election at the 2023 AGM. Furthermore, in accordance with recommended best practice, all Directors will offer themselves for re-election at the 2023 AGM. The Board considers that each of the Directors offering themselves for election or re-election makes a valuable contribution to the Board and demonstrates commitment to the Group.

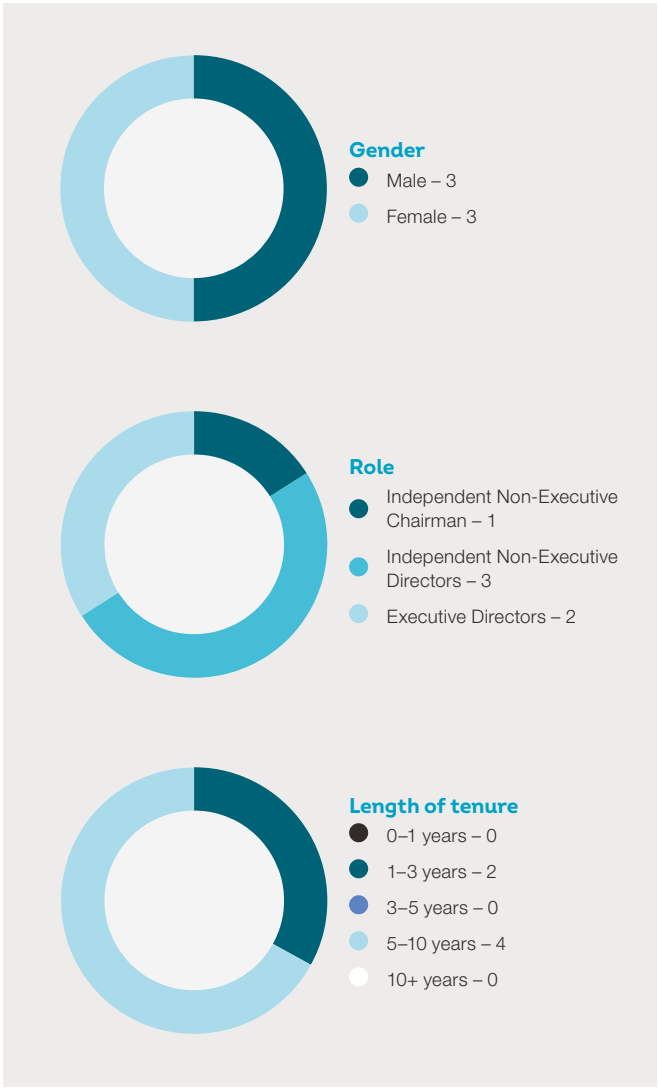
Diversity

The Board values diversity in its broadest sense and is committed to creating an inclusive culture, free from discrimination of any kind. When assessing new Director appointments, the Nomination Committee considers the benefits of diversity for better decision making and diversity of thought, 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<sup>20</sup>, women currently represent 50% of Alpha’s Board.

The Group has a well-established Diversity & Inclusion programme, which has been run voluntarily by members of the global consulting team and is focused 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 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 Group has hired a Global Diversity Manager to help ensure that Alpha’s governance, recruitment and internal processes are managed and evolving appropriately to deliver 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 in the sustainable business section of this report.



<sup>20</sup> 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 latest report of the FTSE Women Leaders review was published in February 2023.



Corporate Governance  
Corporate governance report continued

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, seven formal scheduled Board meetings took place and a number of ad-hoc calls were held to discuss current matters and approve financial results announcements and trading updates. The Board also held dedicated strategy sessions in April and September 2022, in line with the schedule of annual Board activity. The Directors serving in the year attended 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 23, and the attendance by each Board member is provided below:

| Board member       | Eligible to attend | Attendance |
|--------------------|--------------------|------------|
| Ken Fry (Chairman) | 7                  | 7          |
| Maeve Byrne*       | 6                  | 6          |
| Euan Fraser        | 7                  | 7          |
| Penny Judd         | 7                  | 7          |
| Jill May           | 7                  | 7          |
| John Paton         | 7                  | 7          |

\* Maeve Byrne was appointed during the year on 16 May 2022 and attended all meetings which she was eligible to attend.

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 the strategy and reviewed the progress of strategic priorities.                                                     |
|                     | Discussed the Group’s capital structure and financial strategy.                                                               |
|                     | Consideration of succession planning for the Chief Executive Officer.                                                         |
|                     | Discussed the acquisition of Shoreline after the year end.                                                                    |
| Performance         | Approved the financial reporting, including interim and full-year results.                                                    |
|                     | Reviewed the dividend policy and approved a final dividend of 7.50p per share in relation to the year ended 31 March 2022.    |
|                     | Considered and declared an interim dividend of 3.70p per share for FY 23.                                                     |
| Governance and risk | Considered financial and non-financial policies, including the risk policy.                                                   |
|                     | Reviewed the Group’s risk assessments and risk management framework.                                                          |
|                     | Discussed and monitored the regulatory and compliance landscape and reviewed corporate governance requirements and processes. |
|                     | Approved the appointment of a new Executive Director to the Board.                                                            |
| Stakeholders        | Established a new ESG Committee with effect from the beginning of the second half.                                            |
|                     | 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.                                     |

The Chairman, aided by the Company Secretary (a role fulfilled by Prism Cosec), is responsible for ensuring that the Directors receive accurate and timely information for Board meetings. 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, Nomination and ESG 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.

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.

**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 70–72.

**Nomination Committee**  
Responsible for the structure, size, composition and succession planning of the Board. Further information can be found on pp 68–69.

**Remuneration Committee**  
Responsible for setting fixed and variable Executive Director remuneration and monitoring senior management remuneration levels. Further information can be found on pp 73–77.

**ESG Committee**  
Responsible for the effective development and implementation of the Group’s ESG strategy and was established in the second half of FY 23. An inaugural ESG Committee report will be included in the Group’s 2024 Annual Report and Accounts, after a full year of operation. Further information about the Group’s corporate ESG priorities, efforts and progress can be found in the sustainable business section on pp 34–41.

In line with the recommendations of the QCA Code, the Board reviewed the structure and composition of the Board committees and, after the AGM in September 2022, Maeve Byrne took on the role of Chair of the Audit and Risk Committee and Penny Judd is now the Chair of the Remuneration Committee.

During the year, the Board established the ESG Committee, which is chaired by Jill May. The Committee will assist the Board on the progression and development of the ESG strategy, agreeing objectives and focus areas for, and receiving progress updates from, the Group’s executive team and dedicated responsible business roles.

External advisers

The Board members may seek the advice of the Group’s legal advisers, corporate brokers, 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. Following his resignation as Chief Executive Officer on 31 March 2023, Euan Fraser is now a strategic adviser to the Board.

Investec is the Group’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.

**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 Group’s other advisers where appropriate. Executive Directors are subject to the Group’s performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs are considered. Non-Executive Directors are encouraged to raise any personal development or training needs with the Chairman 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.

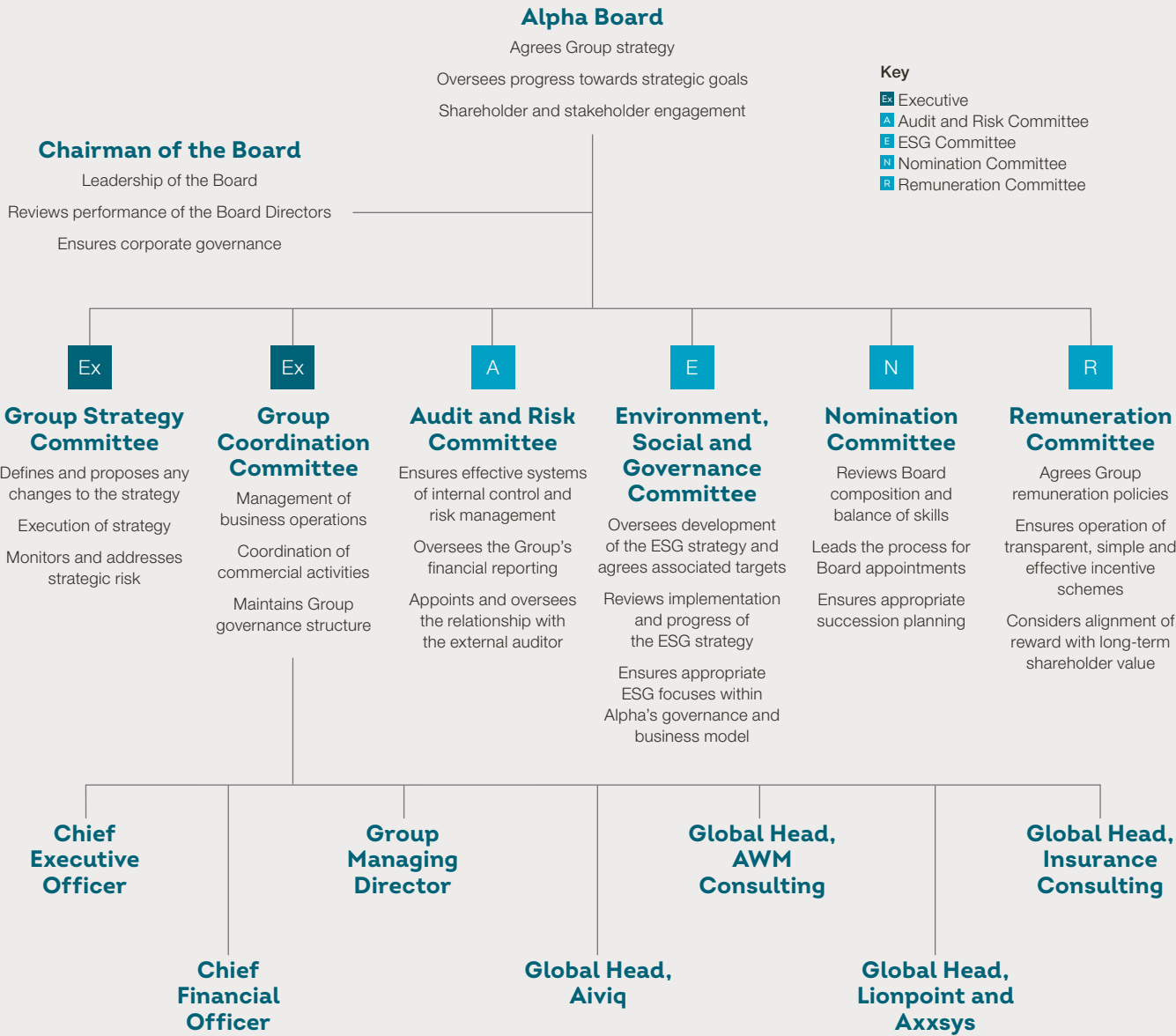
A formal Board evaluation process was conducted in March 2023 by Prism Cosec, employing a detailed questionnaire completed by members of the Board. The aim of the evaluation was to obtain actionable views on the effectiveness of the Board, its committees and key governance areas. The questionnaire focused on Board and committee composition and skills, strategy and performance, governance and organisation, Board functioning and dynamics, stakeholder engagement and Director self-evaluation. A summary of the results was presented to the Board for agreement on focus areas and related actions.

The conclusions from the March 2023 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. Some actions for further improvements in FY 24 were identified including a review of the format and content of key Board reports.



Corporate Governance  
Corporate governance report continued

Board structure



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 appetite 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.



Engagement calendar FY 23



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, industry, financial, and environmental and social 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 and uncertainties section of the Strategic Report. The Board formally reviews, agrees and documents the principal risks to the business at least annually.

Alpha appointed a full-time Global Head of Risk within Alpha's business operations at the start of the financial year to reinforce oversight of Alpha's risk framework and processes. 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. Processes to embed risk management throughout the Group, and opportunities to introduce further enhancements, continue to be reviewed and changes are implemented as appropriate.

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 and Accounts, the interim and full-year results announcements, the AGM and the Group's investor website, [alphafmc.com/investors](http://alphafmc.com/investors). 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 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. Alpha held its annual virtual capital markets day in March 2023, where the members of Alpha's senior team shared with shareholders

its five-year strategic plan and key business updates including North America and Insurance Consulting growth.

In-person and virtual investor roadshows are held following the announcement of the final and interim results, attended by the Chief Executive Officer and Chief Financial Officer, and there are also ad-hoc investor meetings that are part of the building of relationships with existing and future shareholders. Details of investor relations activity and a review of the shareholder register are shared with the Board on a regular basis during the year.

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 Chief Executive Officer and Chief Financial Officer. This includes information provided by the Group's joint corporate brokers, Berenberg and Investec, 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 sixth AGM is scheduled to take place on Wednesday 6 September 2023 at the offices of Investec Bank plc, 30 Gresham Street, London EC2V 7QN. Further details of the arrangements for the AGM and voting procedures can be found in the Notice of the 2023 Annual General Meeting, which is available on the Group's investor website, [alphafmc.com/investors](http://alphafmc.com/investors).

Voting results will be announced through the Regulatory News Service and made available on the Group's investor website, [alphafmc.com/investors](http://alphafmc.com/investors).

By order of the Board.

**Ken Fry**  
Chairman  
22 June 2023



Corporate Governance

# Nomination Committee report



**Ken Fry**  
Chair of the Nomination Committee

On behalf of the Board, I am pleased to present the Nomination Committee's report for the year ended 31 March 2023.

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

Committee composition and governance

The Committee is composed wholly of independent Non-Executive Directors. It is chaired by the Chairman of the Board, Ken Fry, and its other members are Penny Judd, Jill May and Maeve Byrne. All members served throughout the year, with the exception of Maeve Byrne, who joined the Committee 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 23 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          |
| Maeve Byrne*     | 2                  | 2          |
| Penny Judd       | 3                  | 3          |
| Jill May         | 3                  | 3          |

\* Maeve Byrne was appointed during the year and attended all meetings that she was eligible to attend.

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.

Alpha's representative from Prism Cossec Limited, the Group's Company Secretary, attends each meeting and the Chief Executive Officer and Chief Financial Officer are invited to join meetings as appropriate.

Key responsibilities

The Committee's main duties 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 follows a robust process 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.

Chief Executive Officer succession

On 22 November 2022, we announced that Luc Baqué would succeed Euan Fraser as Chief Executive Officer at the end of the financial year. In line with the QCA Code, the Committee closely monitors succession plans and identifies possible internal candidates for future Board roles. In respect of Euan's successor, the Committee agreed that an external search process would not be necessary as Luc Baqué had been identified, through the Committee's succession planning considerations, to succeed Euan.

Luc joined Alpha in 2010 to establish the Paris office and, after successive promotions, became Global Head of Asset & Wealth Management Consulting from 2020. He has been a key member of the executive team and has made a significant contribution to Alpha's success. Luc became Chief Executive Officer and joined the Board as an Executive Director on 1 April 2023.



Non-Executive selection and appointment

In the 2022 Annual Report and Accounts, we reported in detail on the Committee's work to identify and recruit a new Non-Executive Director. This work culminated in the appointment of Maeve Byrne to the Board with effect from 16 May 2022.

Board induction

In common with all new Director appointments, Maeve Byrne benefited from a tailored induction programme that was designed to ensure she developed an understanding of the business and of the role and responsibilities of a Non-Executive Director. Maeve's induction included one-to-one meetings with other Directors, members of the Group's senior management team and external advisers. It is planned that Luc Baqué will also go through a detailed and tailored induction programme, which is ongoing through FY 24.

Board committee structure

In the previous financial year, the Committee recommended various changes to the composition of the Board's committees. These changes were approved by the Board and were implemented following the Company's AGM in September 2022. They included Maeve Byrne becoming Chair of the Audit and Risk Committee and Penny Judd becoming Chair of the Remuneration Committee.

The Committee also recommended the establishment of an ESG Committee, to be chaired by Jill May. This recommendation has been implemented and the ESG Committee was established in the second half of FY 23 and held its first meeting as a full committee on 27 April 2023.

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

Succession planning

A key role of the Committee is to ensure that the Group has appropriate succession planning in place. During the year, the Committee reviewed and approved contingency and succession plans for each member of the Board. Following the appointment of Luc Baqué on 1 April, the succession plan for the role of Chief Executive Officer will be refreshed.

Succession plans are reviewed by the Committee each year.

Renewal of appointment letter

The Committee considered the renewal of the appointments of Jill May and Ken Fry, whose current terms of office are due to expire at the 2023 AGM. The Committee recommended to the Board that each appointment be renewed for a further three-year term from the conclusion of the 2023 AGM. The Board approved the recommendation and each appointment was renewed for three years to expire at the conclusion of the 2026 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.

A formal Board evaluation process was conducted by Prism Cossec in March 2023 by way of a detailed questionnaire completed by the Directors. 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 and reviewed by the Chairman and a summary of the results was presented to the Board in April 2023.

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 content of certain Board reports.

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, disability and educational or socioeconomic background.

Following the appointment of Maeve Byrne, and the succession of Luc Baqué to the role of Chief Executive Officer, the Board continues to exceed the gender diversity target set by the Hampton-Alexander review and the FTSE Women Leaders review 2022, with women 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 as part of the Board presentation schedule. Following the establishment of the ESG Committee, review of the Group's diversity and inclusion strategy, policies and initiatives will be covered within the scope of its meetings and discussions. Further information about Alpha's Diversity & Inclusion programme, including Alpha's Disability Confident accreditation, is provided in both the looking after our people and the sustainable business sections of the Annual Report.

**Ken Fry**  
Chair of the Nomination Committee  
22 June 2023



Corporate Governance

# Audit and Risk Committee report



**Maeve Byrne**  
Chair of the Audit and Risk Committee

On behalf of the Board, I am pleased to present my first Audit and Risk Committee report as Chair of the Committee for the year ended 31 March 2023.

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.

Committee composition and governance

The Audit and Risk Committee is composed wholly of independent Non-Executive Directors. It is chaired by Maeve Byrne and its other members are Ken Fry, Penny Judd and Jill May. Maeve Byrne joined the Committee on her appointment to the Board on 16 May 2022 and took over the role of Chair of the Committee from Penny Judd after the AGM on 13 September 2022. Penny Judd and Maeve Byrne have recent and relevant financial experience with competence in accounting or auditing. More information on the Committee members' skills and experience is provided in the Board of Directors section on pp 58–59.

The Audit and Risk Committee meets as and when necessary, but at least three times a year. The Committee met three times during FY 23 and the table below sets out the attendance record of each member of the Committee.

| Committee member    | Eligible to attend | Attendance |
|---------------------|--------------------|------------|
| Maeve Byrne (Chair) | 3                  | 3          |
| Penny Judd          | 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 23.

Alpha's representative from Prism Cosec Limited, the Group's Company Secretary, attends each meeting and the recently appointed Global Head of Risk and Group Finance Director, and the lead audit partner and members of the team from the Group's auditor, KPMG LLP, are invited to attend some meetings of the Committee. 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](http://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 the risk management framework;
- 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 23, the Committee reviewed and approved the Group's FY 22 preliminary and FY 23 interim results including consideration of the significant accounting issues relating to the financial statements and the going concern review.



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. Status reports were reviewed and discussed at the Committee's meetings in November 2022 and February 2023.

Following a review of resourcing of the Group finance team in FY 22, the finance team has been further strengthened in line with the Group's increasing complexity and accounting requirements as it grows, including the appointment of a Group Finance Director in FY 23. The Committee was kept updated on the progress of the successful implementation of an upgrade to the Group's key accounting system and 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, assess and manage the risks faced by the Group across a broad range of relevant topics that includes industry, operational, financial, social and environmental risk. As part of the annual agenda of risk review, a focused risk session took place at the Committee's meeting in February 2023 and the Group Managing Director and the Global Head of Risk were invited to attend 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 and uncertainties section of the Strategic Report on pp 50–53.

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

The Committee 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 work and 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 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 and significant judgements and estimates in relation to the Group's FY 23 financial statements. These matters 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 it had performed to arrive at its conclusions and discussed any material findings contained within that report. The information contained in the table on p. 72 should be considered together with KPMG's independent auditor's report on pp 82–88 and the accounting policies disclosed in the notes to the financial statements as referenced in the table.



Corporate Governance  
Audit and Risk Committee report continued

Significant accounting matters continued

| Area of focus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How it was addressed                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue recognition</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                               |
| Revenue is the most significant caption in the statement of comprehensive income 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.<br><br>The Committee has discussed the design and application of the revenue cut-off procedures performed and considered and agreed the appropriateness of the disclosures in respect of revenue recognition in the financial statements.                      |
| <b>Alternative performance measures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                               |
| To assist in understanding the underlying performance of the Group and to aid comparability between accounting periods, some alternative performance measures ("APMs") 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.<br><br>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. |
| <b>Share-based payments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                               |
| Significant estimates are required in relation to the calculation of the share-based payment 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, the probability that share options will vest in the future and the future share price at the vesting date.                                                                                                                                                                                                                  | The calculation of the fair value of share options at each grant date has been assisted by external professional experts.<br><br>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.                         |
| <b>Contingent consideration</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                               |
| Contingent consideration liabilities arising from earn-out arrangements are initially measured at fair value on the acquisition date and are subsequently remeasured 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 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.<br><br>The key assumptions and acquisition disclosures have been reviewed by the Committee for appropriateness.                                                      |

Internal audit

The Committee has considered the need for an internal audit function during the year and continues to be of the view that, given the size and nature of the Group's operations and finance team, there is no current requirement to establish a separate internal audit function. Internal assurance is obtained through the Group's review of risks and controls as detailed on pp 70–72. As part of this ongoing review of controls, it is planned that the Group will engage an external, independent, third-party internal audit firm to conduct an assessment of the Group's current internal control environment and a review report will be presented to the Committee for its review in due course.

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-corruption and 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. The Audit and Risk Committee reviews the policy to ensure that it remains fit for purpose and provides guidance and support on any whistleblowing related matters. In the event of a whistleblowing event the Board would also be informed and kept up to date on all developments as appropriate.

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.

**Maeve Byrne**  
Chair of the Audit and Risk Committee  
22 June 2023



Remuneration Committee report



**Penny Judd**  
Chair of the Remuneration Committee  
On behalf of the Board, I am pleased to present my first Remuneration Committee report as Chair of the Committee for the year ended 31 March 2023.

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

Committee composition and governance

The Committee is composed wholly of independent Non-Executive Directors. As reported in last year's report, Penny Judd took over as Chair of the Committee after the Company's AGM in September 2022, and her fellow Committee members are Ken Fry, Jill May and Maeve Byrne. All members served throughout the year, with the exception of Maeve Byrne who joined the Committee on her appointment to the Board on 16 May 2022.

The Committee meets as and when necessary, but at least twice a year. The Committee met formally four times during FY 23 and the table below sets out the attendance record of each member of the Committee.

| Committee member   | Eligible to attend | Attendance |
|--------------------|--------------------|------------|
| Penny Judd (Chair) | 4                  | 4          |
| Maeve Byrne*       | 3                  | 3          |
| Ken Fry            | 4                  | 4          |
| Jill May           | 4                  | 4          |

\* Maeve Byrne was appointed during the year and attended all meetings which she was eligible to attend.

Alpha's representative from Prism Cosec Limited, the Group's Company Secretary, 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. 77.

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 is to:

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

The Committee determines the total remuneration package of the Executive Directors and the Group's senior management team. The Board as whole sets the remuneration for the Non-Executive Directors, including the Chairman. 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 maximum 10% management incentive plan ("MIP") share incentive dilution limit defined at the point of the Group's admission to AIM.

Note 22 to the financial statements sets out further details of the share-based payment schemes of the Group.



Corporate Governance  
Remuneration Committee report continued

Company performance in FY 23

As noted previously in this report, the Board was pleased with the continuing strong performance of the Group in FY 23. Net fee income grew by 43.9% to £227.2m (FY 22: £157.8m) and adjusted EBITDA grew by 37.5% to £46.6m (FY 22: £33.9m) at largely consistent margins.

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 23 and future growth plans;
- approval of performance criteria for the MIP for Executive Directors and senior management of the Group for FY 23;
- review of the Remuneration Committee report in the Annual Report and Accounts 2022;
- approval of vesting of MIP share awards granted to the Chief Executive Officer and Chief Financial Officer in July 2019 and confirmation that the related performance conditions had been met;
- approval of vesting of MIP share awards granted to certain senior management in prior periods and confirmation that the related performance conditions had been met;

- recommendation to the Board to approve the purchase of shares by the Company's employee benefit trust to satisfy the future exercises of share options by senior management and employees;
- approval of grant of share incentive awards for the Executive Directors and senior management in July 2022;
- approval of the remuneration package for the new Chief Executive Officer appointed on 1 April 2023;
- consideration of the post-employment conditions in respect of outstanding incentive equity awards granted to Euan Fraser as outgoing Chief Executive Officer;
- approval of amendments to update the rules of the Group's share incentive schemes; and
- annual 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 2023 due to the need to have visibility of final figures; these included:

- confirmation that the initial performance conditions had been met for the share options awarded under the MIP for Executive Directors and senior management in respect of FY 23 performance; and
- approval of performance criteria for the MIP for Executive Directors and senior management for FY 24 awards.

Remuneration policy

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

| Key remuneration elements summary                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Base salary                                      | Base salary is reviewed annually and takes account of the responsibilities, experience and performance of the individual and competitive pressures. It is reviewed each year with any changes effective 1 April.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Pensions and benefits                            | Benefits cover country-specific contributions, which may include contributions to a defined contribution pension scheme, private medical expenses cover and life insurance cover, maternity/paternity pay and other ancillary benefits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Annual bonus                                     | <p>The purpose of annual bonus is to incentivise and reward performance, to align the interests of the Executive Directors, certain senior management, the Group and shareholders in the short and medium term, and to promote retention.</p> <p>The Committee introduced a performance-related cash bonus for Executive Directors and certain senior management of the Group in FY 22, with the intention 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% MIP share incentive dilution limit of issued share capital, set at the time of AIM admission, will decrease over time.</p> <p>Cash bonus is subject to achieving annual regional and Group financial performance targets and personal objectives that are reviewed annually. It is calculated as a percentage of base salary, normally 10% of base salary, although this may be exceeded in the event of financial outperformance.</p> <p>To encourage ongoing retention, an element of the bonus payments for Executive Directors and certain senior management may be spread over two years, subject to ongoing employment or meeting other contractual requirements. The Committee deferred a portion of bonus paid in respect of FY 22.</p> |
| Share incentives                                 | <p>The purpose of share incentives is to incentivise and reward long-term performance and value creation, to align the interests of the Executive Directors, certain senior management, the Group and shareholders in the long term and to promote retention.</p> <p>Awards under the MIP are made each year, subject to achieving specified performance criteria. 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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Chairman and Non-Executive Director remuneration | The Chairman of the Board and the Non-Executive Directors receive cash fees for their roles which are reflective of their level of experience, knowledge, responsibility and expected time commitment. Fees are reviewed periodically and, from September 2022, Non-Executive Directors have received additional fees for chairing Board committees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



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

Directors' service agreements

The Executive Directors as at the date of this report entered into service agreements with the Company on the following dates:

| Director   | Date of service agreement | Term       | Notice period by Company and by Director |
|------------|---------------------------|------------|------------------------------------------|
| Luc Baqué  | 29 March 2023             | 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 service agreement | 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                                 |

The Board confirmed that Ken Fry's appointment as independent Non-Executive Chairman will be renewed for an additional period of up to three years. It also confirmed that Jill May's appointment as an independent Non-Executive Director will be renewed for a further three years. Both appointments will be renewed, subject to re-election by shareholders at the AGM, with effect from the date of the 2023 AGM.

Policy for the remuneration of employees

The Board recognises the vital importance of attracting and retaining the highest calibre of consultants, and strongly supports management's remuneration policy for employees. Below the senior management team, all employees receive a fixed salary that is competitive with the market, and a profit share or cash bonus scheme that is team or personal performance based, linked to achieving financial targets, alongside 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.

FY 23 Executive Directors' remuneration

The single figure table below summarises the remuneration of the Directors who served for the years ended 31 March 2023 and 2022. 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 <sup>22</sup><br>£'000<br>FY 23 | Salary and fees<br>£'000<br>FY 22 | Pension<br>£'000<br>FY 23 | Pension<br>£'000<br>FY 22 | Bonus <sup>23</sup><br>£'000<br>FY 23 | Bonus<br>£'000<br>FY 22 | Gain on share options exercised <sup>24</sup><br>£'000<br>FY 23 | Gain on share options exercised<br>£'000<br>FY 22 | FY 23<br>£'000 | FY 22<br>£'000 |
|--------------------------------|-------------------------------------------------|-----------------------------------|---------------------------|---------------------------|---------------------------------------|-------------------------|-----------------------------------------------------------------|---------------------------------------------------|----------------|----------------|
| <b>Executive Directors</b>     |                                                 |                                   |                           |                           |                                       |                         |                                                                 |                                                   |                |                |
| Euan Fraser                    | 631                                             | 587                               | 19                        | 17                        | 63                                    | 264                     | 1,260                                                           | –                                                 | 1,973          | 868            |
| John Paton                     | 300                                             | 275                               | –                         | –                         | 30                                    | 124                     | 388                                                             | 205                                               | 718            | 604            |
| <b>Non-Executive Directors</b> |                                                 |                                   |                           |                           |                                       |                         |                                                                 |                                                   |                |                |
| Maeve Byrne <sup>21</sup>      | 56                                              | –                                 | –                         | –                         | –                                     | –                       | –                                                               | –                                                 | 56             | –              |
| Ken Fry                        | 93                                              | 90                                | –                         | –                         | –                                     | –                       | –                                                               | –                                                 | 93             | 90             |
| Penny Judd                     | 63                                              | 60                                | –                         | –                         | –                                     | –                       | –                                                               | –                                                 | 63             | 60             |
| Jill May                       | 63                                              | 60                                | –                         | –                         | –                                     | –                       | –                                                               | –                                                 | 63             | 60             |
| <b>Total</b>                   | <b>1,206</b>                                    | <b>1,072</b>                      | <b>19</b>                 | <b>17</b>                 | <b>93</b>                             | <b>388</b>              | <b>1,648</b>                                                    | <b>205</b>                                        | <b>2,966</b>   | <b>1,682</b>   |

21 Maeve Byrne was appointed on 16 May 2022; her annual fee for FY 22 of £60,000 was pro-rated accordingly.  
22 From 13 September 2022, a fee of £5,000 per annum was paid to each Non-Executive Director for their work chairing a Board committee; this fee has been pro-rated accordingly.  
23 The Committee approved the award of Executive Director bonuses for FY 23 at the equivalent of 10% of their respective base salaries. For FY 22, the Committee exercised its discretion in awarding each Executive Director bonuses equivalent to 45% of their respective base salaries due to significant financial outperformance.  
24 A total of 286,343 and 88,105 options granted to Euan Fraser and John Paton respectively under the MIP in July 2019 vested and were exercised during the year as set out on p. 76.



Corporate Governance  
Remuneration Committee report continued

FY 23 Executive Directors' remuneration continued

Salary, benefits and pension

For FY 23, Euan Fraser's salary was £631,000 and John Paton's salary was £300,000. Euan also received a pension contribution of £18,930.

Annual bonus

Given the strong performance of the Group in the year, the Committee awarded the Executive Directors FY 23 bonuses equivalent to 10% of their respective base salaries paid in cash as set out in the single figure table on p. 75.

Share incentive plan

The Committee approved the grant of annual incentive awards to the senior management team globally, including the Executive Directors, in July 2022, 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 below.

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

- the Group achieving adjusted EPS growth of 11.25% or more to trigger a maximum award, or 7.5% 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;

Euan Fraser

| Grant date   | Options as at 1 April 2022 | Granted during the year | Share price at award (p) | Exercise price (p) | Exercised during the year | Lapsed during the year | Options as at 31 March 2023 | Vesting date |
|--------------|----------------------------|-------------------------|--------------------------|--------------------|---------------------------|------------------------|-----------------------------|--------------|
| 18/06/2019   | 286,343                    | –                       | 228                      | 100                | (286,343)                 | –                      | –                           | 18/06/2022   |
| 22/07/2020   | 329,294                    | –                       | 185                      | –                  | –                         | –                      | 329,294                     | 22/07/2023   |
| 06/07/2021   | 239,735                    | –                       | 353                      | –                  | –                         | –                      | 239,735                     | 06/07/2024   |
| 01/07/2022   | –                          | 209,000                 | 390                      | –                  | –                         | –                      | 209,000                     | 01/07/2025   |
| <b>Total</b> | <b>855,372</b>             | <b>209,000</b>          |                          |                    | <b>(286,343)</b>          | <b>–</b>               | <b>778,029</b>              |              |

John Paton

| Grant date   | Options as at 1 April 2022 | Granted during the year | Share price at award (p) | Exercise price (p) | Exercised during the year | Lapsed during the year | Options as at 31 March 2023 | Vesting date |
|--------------|----------------------------|-------------------------|--------------------------|--------------------|---------------------------|------------------------|-----------------------------|--------------|
| 18/06/2019   | 88,105                     | –                       | 228                      | 100                | (88,105)                  | –                      | –                           | 18/06/2022   |
| 22/07/2020   | 126,652                    | –                       | 185                      | –                  | –                         | –                      | 126,652                     | 22/07/2023   |
| 06/07/2021   | 83,823                     | –                       | 353                      | –                  | –                         | –                      | 83,823                      | 06/07/2024   |
| 01/07/2022   | –                          | 76,923                  | 390                      | –                  | –                         | –                      | 76,923                      | 01/07/2025   |
| <b>Total</b> | <b>298,580</b>             | <b>76,963</b>           |                          |                    | <b>(88,105)</b>           | <b>–</b>               | <b>287,398</b>              |              |

Non-Executive Directors' fees

The Chairman of the Board received a fee of £90,000 and the base fee for the three other Non-Executive Directors was set at £60,000 during the year.

Following the changes to the composition of the Board committees in September 2022, as set out in the Nomination Committee report, the Board agreed that the Chair of each committee of the Board would receive an additional annual fee of £5,000 from 13 September 2022.

- personal adherence to corporate values and risk policy; and
- specific business unit EBITDA, or other personal targets and goals.

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 also considers that the performance criteria selected relate closely to the Group's key performance indicators. Refer to note 22 to the consolidated financial statements for further details.

Vesting during FY 23

In June 2022, the Committee considered the MIP share awards granted to Euan Fraser and John Paton in July 2019. The awards' performance conditions, relating to EPS growth, total shareholder return and financial and behavioural targets, were met in full. These awards vested in July 2022 and were exercised in full on 24 August 2022.

286,343 options awarded to Euan Fraser under the MIP on 19 July 2019 vested on 19 July 2022, as did 88,105 options awarded to John Paton under the MIP. The closing price of the Company's shares on the date of vesting was £4.15. The price at award on 19 July 2019 was £2.03. Following the vesting, John Paton sold 21,136 shares to cover the related tax liability arising on exercise.

Details of Executive Directors' share awards held as at 31 March 2023 are set out below:

Payments for loss of office

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

Euan Fraser stepped down from the role of Chief Executive Officer and from the Board on 31 March 2023 and, as announced, remains with the Group as a strategic adviser on a part-time basis. The Group deems him a good leaver and, as such, he retains his outstanding share awards, which will vest at the end of their vesting periods subject to performance and other conditions.



Remuneration consultants

As previously disclosed, PwC and FIT Remuneration Consultants advised the Group on certain remuneration policy matters in FY 22. No fees were paid in relation to advice in FY 23. It is proposed that another formal review of the Group's remuneration policy is performed in FY 24.

Directors' share interests

The Directors' interests in the share capital of the Company as at 31 March 2023 and the movements during the year are set out below:



|             | Number of ordinary shares as at 31 March 2022 (or date of appointment) | Disposed of during the year | Acquired during the year | Number of ordinary shares as at 31 March 2023 | Percentage of total voting rights as at 31 March 2023 |
|-------------|------------------------------------------------------------------------|-----------------------------|--------------------------|-----------------------------------------------|-------------------------------------------------------|
| Euan Fraser | 563,485                                                                | (563,485)                   | 286,343                  | 286,343                                       | 0.24%                                                 |
| John Paton  | 91,772                                                                 | (21,136)                    | 88,105                   | 158,741                                       | 0.13%                                                 |
| Maeve Byrne | –                                                                      | –                           | –                        | –                                             | 0.00%                                                 |
| Ken Fry     | 184,070                                                                | –                           | –                        | 184,070                                       | 0.15%                                                 |
| 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 2023 and 22 June 2023.

Luc Baqué held 1,068,929 shares on his appointment to the Board on 1 April 2023.

Remuneration in FY 24

The Committee has approved FY 24 remuneration for the Executive Directors and the senior management team.

Salaries

For the newly appointed Chief Executive Officer, Luc Baqué, from 1 April 2023, the Committee approved a base salary of €600,000 (£530,000). The salary of the Chief Financial Officer increased from 1 April 2023 to £325,000. In setting this remuneration, the Committee considered the average salary increases across the wider Group and benchmarking data of similarly sized quoted companies.

Luc also participates in the Group's French personal pension plan, which applies to all French employees and includes an employer's contribution of approximately 10% of salary per annum.

Annual bonus

The transition of remuneration towards more variable cash-based remuneration will also apply to the Executive Directors. In FY 24, both of the Executive Directors will be able to earn a performance-related cash bonus of 10% of base salary, with the opportunity for higher bonuses in the event of financial outperformance.

MIP

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.

FY 24 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.

In addition, Luc Baqué will receive a further 179,487 MIP awards in FY 24 in relation to deferred FY 23 share option awards. These awards were simply deferred from FY 23 to comply with the requirements of the French MIP rules, to which he was previously subject.

Chairman and Non-Executive Director fees

The Board approved annual increases in Non-Executive Director fees, taking into account the Group's annual pay review.

The Chairman's base fee from 1 April 2023 will be £95,400, with Non-Executive Directors' base fees at £63,600. Each Non-Executive Director also chairs a Board committee and receives an additional fee of £5,300 per annum.

**Penny Judd**  
Chair of the Remuneration Committee  
22 June 2023



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 2023.

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 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, [alpha-fmc.com/investors](https://www.alpha-fmc.com/investors). 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.<br><br>A review of the performance and future development of the Group’s business is contained in the Chairman’s, the Chief Executive Officer’s and the Chief Financial Officer’s reports on pp 9–11, pp 12–17 and pp 42–46 respectively.                                |
| Results                                | The financial results for the year ended 31 March 2023 are set out in the Chief Financial Officer’s report on pp 42–46 and in the consolidated statement of comprehensive income on p. 90 and further commented upon in the Chief Executive Officer’s report on pp 12–17.<br><br>The Directors consider the current state of affairs of the Group to be satisfactory.                                                                                                                                                                       |
| Dividends                              | An interim dividend of 3.70p per share was paid in December 2022 (FY 22: 2.90p). The Board is recommending a final dividend of 10.50p per share (FY 22: 7.50p). Subject to shareholder approval at the AGM to be held on Wednesday 6 September 2023, the final dividend will be paid on 19 September 2023 to shareholders whose names are on the Register of Members at close of business on Friday 8 September 2023.<br><br>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 2–54.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 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 24–25.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Post-balance sheet events              | Post-balance sheet events are disclosed in note 27 to the consolidated financial statements. The reports of the Chief Executive Officer and Chief Financial Officer also update on 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 42–46.                                                                                                                                                                                                                   |

| 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 section on pp 58–59.<br><br>Maeve Byrne was appointed as an independent Non-Executive Director on 16 May 2022.<br><br>Euan Fraser stepped down as Chief Executive Officer and from the Board on 31 March 2023. Luc Baqué was appointed as Chief Executive Officer on 1 April 2023. |
| 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. 77.                                                                                                                                                                                                                                                                                                                               |
| 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: <a href="https://www.alpha-fmc.com/investors/aim-rule-26">alpha-fmc.com/investors/aim-rule-26</a> .<br><br>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 in the Strategic Report on pp 30–33.                                                                                                                                                                                                                                                                                                                                                                          |
| Employee engagement                              | Details of how the Group engages with Alpha employees are set out in the Section 172 statement in the Strategic Report on pp 30–33 and further described in the looking after our people section on pp 26–27.                                                                                                                                                                                                                                                                          |
| Employees with disabilities                      | Alpha is a Disability Confident Employer and further details of Alpha’s commitment to being an inclusive and disability friendly organisation are set out under the looking after our people section on pp 26–27.                                                                                                                                                                                                                                                                      |
| 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 30–33.                                                                                                                                                                                                                                                                           |
| 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 2023.                                                                                                                                                                                                                                                                                                                                                                                                              |
| 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, 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 Sustainable Business section on pp 34–41. |
| 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 47–49 and in note 23 to the consolidated financial statements.                                                                                                                                                 |

| Stakeholders and share capital   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Share capital                    | The Company’s issued share capital as at 31 March 2023 was 120,509,736 ordinary shares of 0.075p each (“Ordinary Shares”), none of which were held in treasury and 6,274,380 of which were held in the Company’s employee benefit trust (“EBT”).<br><br>During the year, the EBT purchased a total of 266,922 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. A total of 6,274,380 Ordinary Shares were held by the EBT on 31 March 2023. These Ordinary Shares hold voting rights, albeit the EBT does not exercise these voting rights, nor receive dividends in respect of these shares.<br><br>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.<br><br>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 13 September 2022 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 266,922 Ordinary Shares in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



| Stakeholders and share capital continued  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------|-------|------|---------|------|---------------------------|------|-----------|------|------------------------------|------|------------|------|---------------------------|------|
| Major interests in shares                 | <div>As at 22 June 2023, 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:</div> <table><tr><th>Name of person(s) subject of notification</th><th>Percentage of voting rights and issued share capital</th></tr><tr><td>abrdn</td><td>9.91</td></tr><tr><td>Invesco</td><td>8.62</td></tr><tr><td>Janus Henderson Investors</td><td>7.12</td></tr><tr><td>BlackRock</td><td>5.01</td></tr><tr><td>Investec Wealth &amp; Investment</td><td>4.56</td></tr><tr><td>NFU Mutual</td><td>3.77</td></tr><tr><td>M&amp;G Investment Management</td><td>3.31</td></tr></table> | Name of person(s) subject of notification | Percentage of voting rights and issued share capital | abrdn | 9.91 | Invesco | 8.62 | Janus Henderson Investors | 7.12 | BlackRock | 5.01 | Investec Wealth & Investment | 4.56 | NFU Mutual | 3.77 | M&G Investment Management | 3.31 |
| Name of person(s) subject of notification | Percentage of voting rights and issued share capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| abrdn                                     | 9.91                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| Invesco                                   | 8.62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| Janus Henderson Investors                 | 7.12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| BlackRock                                 | 5.01                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| Investec Wealth & Investment              | 4.56                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| NFU Mutual                                | 3.77                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| M&G Investment Management                 | 3.31                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |
| Annual General Meeting                    | The 2023 AGM will be held on Wednesday 6 September 2023. The Notice of Annual General Meeting, including the resolutions to be proposed, is available on the Company's website, alphafmc.com/investors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                           |                                                      |       |      |         |      |                           |      |           |      |                              |      |            |      |                           |      |

| Auditor and audit                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disclosure of information to auditor | <div>In the case of each of the persons who are Directors of the Company at the date when this report was approved:</div> <div><div>— 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</div><div>— each of the Directors has 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.</div></div> |
| 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.                                                                                                                                                                                                                                                                                                                                                                      |



# 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 in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

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 comply with that law and those regulations.

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

By order of the Board.

John Paton  
Chief Financial Officer  
22 June 2023



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 2023, 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 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 2023 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 accounting standards, including FRS 101 Reduced Disclosure Framework; 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. 88. 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 | £1.5m (2022: £0.9m); 4.8% (2022: 4.6%) of Group profit before tax adjusted for acquisition costs, employment-linked and contingent consideration. |    |
| Coverage                                           | 84% (2022: 83%) of Group absolute profit before tax.                                                                                              |    |
| Key audit matters                                  | vs 2022                                                                                                                                           |    |
| Recurring risks                                    | Revenue recognition on contracts in progress at year end, and recognition of deferred and accrued income                                          | ◀▶ |
|                                                    | Presentation and disclosure of adjusting items (alternative performance measures)                                                                 | ◀▶ |
|                                                    | Recoverability of parent company's investments in subsidiaries and receivables due from Group entities (parent company only)                      | ◀▶ |



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

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion on p. 82, the key audit matters, in decreasing order of audit significance, were as follows:

| The risk                                                                                                                                                                                                                                                                                                   | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue recognition on contracts in progress at year end and recognition of deferred and accrued income</b><br><br>(Revenue £228.7m, 2022: £158.0m; Deferred income £1.0m, 2022: £2.1m; Accrued income £3.7m, 2022: £2.7m)<br><br>Refer to p. 99 (accounting policy) and p. 102 (financial disclosures) | <b>Inappropriate recognition of revenue on contracts in progress at year end by error or fraud, and impact on resulting deferred and accrued income.</b><br><br>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.<br><br>Our procedures included:<br><br>— <b>Tests of detail (tracing and agreeing):</b> we assessed the appropriateness of revenue recognised by: <ul style="list-style-type: none"><li>selecting a sample of revenue transactions recognised in March 2023 and April 2023 and obtaining the contract to determine if time and expense or milestone;</li><li>for time and expense engagements, agree to the invoice and hours recorded on timesheet records to confirm that the revenue has been recognised in the correct financial year;</li><li>for milestone contracts, agree to the invoice and deliverable specified in the contract to assess whether revenue has been recognised in the correct financial year;</li><li>selecting a sample of items included in deferred income at 31 March 2023 and agreeing that the amounts billed per the invoice are in advance of the work being completed as specified in the contract; and</li><li>selecting a sample of items included in accrued income at 31 March 2023 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.</li></ul><br>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.<br><br>— <b>Assessing transparency:</b> 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Presentation and disclosure of adjusting items (alternative performance measures)</b></p> <p>(Adjusting items £15.8m, 2022: £14.4m)</p> <p>Refer to p. 101 (accounting policy) and pp 103–107 (financial disclosures)</p>                                                                                                                 | <p><b>Inappropriate identification of adjusting items, and inappropriate presentation and disclosure of alternative performance measures by error.</b></p> <p>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 items classified as adjusting items or APMs are disclosed 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 the performance of the business. There is also a risk that undue prominence is given to APMs.</p> |
| <p><b>Recoverability of parent company's investments in subsidiaries and receivables due from Group entities (parent Company only)</b></p> <p>(Investment carrying value £1.3m, 2022: £1.3m; Receivables due from Group entities £165.0m, 2022: £144.6m)</p> <p>Refer to p. 132 (accounting policy) and pp 133–135 (financial disclosures).</p> | <p><b>Recoverability of parent company's investments in subsidiaries and receivables due from Group entities.</b></p> <p>The carrying amount of the parent company's investments in subsidiaries and of the intra-Group debtor balance together represents 99% (2022: 100%) of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.</p>                                                                     |

In the prior year, we reported a key audit matter in respect of the valuation of intangible assets acquired and contingent consideration in relation to the acquisition accounting of Lionpoint. As there have been no material acquisitions in the current year, we do not consider there to be a key audit matter in relation to the valuation of intangible assets acquired for the current year audit. We do continue to perform procedures over the contingent consideration in relation to Lionpoint. However, as the uncertainty around the contingent consideration potentially due upon the future performance of the acquired entity has reduced, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.



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 £1.5m (2022: £0.9m), determined with reference to a benchmark of Group profit before tax normalised to exclude acquisition costs, employment-linked and contingent consideration as disclosed in note 4, of which it represents 4.8% (2022: 4.6%).

Materiality for the parent Company financial statements as a whole was set at £0.7m (2022: £0.3m), 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 0.3% (2022: 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% (2022: 75%) of materiality for the financial statements as a whole, which equates to £1.13m (2022: £0.68m) for the Group and £0.53m (2022: £0.23m) 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.

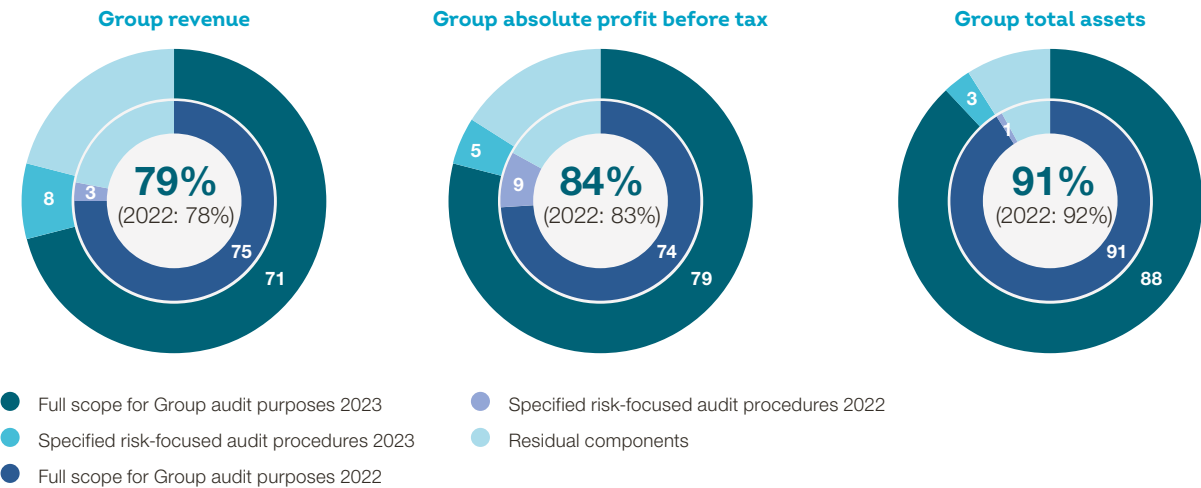
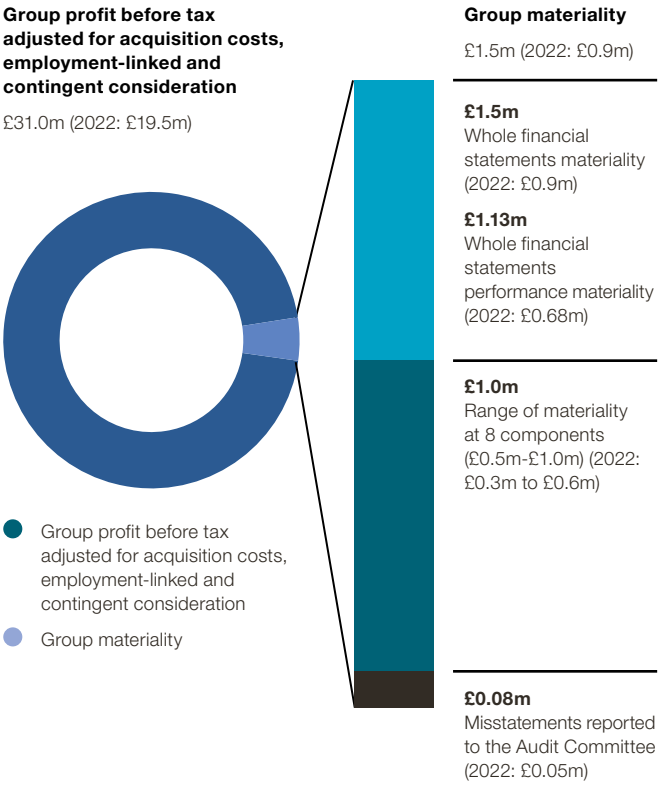
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.08m (2022: £0.05m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 34 (2022: 30) reporting components, we subjected 7 (2022: 6) to full scope audits for Group purposes and 1 (2022: 2) to specified risk-focused 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 (2022: 1) component to specified risk-focused audit procedures over revenue, accrued income and deferred income.

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 £0.5m to £1.0m (2022: £0.3m to £0.6m), having regard to the mix of size and risk profile of the Group across the components.

The work on all of the components (2022: 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 illustrated below.





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 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 risk 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 was:

- The impact of future cash payments in relation to previous acquisitions.

We considered whether this risk 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 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 and unusual journals with a credit or debit entry to cash;
- identifying revenue transactions to test for all full scope components based on unusual pairings with a credit or debit to revenue; and
- assessing 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, data protection and employment law recognising the financial nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

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

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

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

Strategic report and Directors' report

Based solely on our work on the other information:

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

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on p. 81, 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.



Corporate Governance  
Independent auditor’s report continued

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](http://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  
Nottingham  
22 June 2023



Financial Statements

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Consolidated statement of comprehensive income

For the year ended 31 March 2023

|                                                           | Note | Year ended<br>31 March 2023<br>£'000 | Year ended<br>31 March 2022<br>£'000 |
|-----------------------------------------------------------|------|--------------------------------------|--------------------------------------|
| Continuing operations                                     |      |                                      |                                      |
| Revenue                                                   | 2    | 228,717                              | 158,005                              |
| Rechargeable expenses                                     | 2    | (1,562)                              | (196)                                |
| Net fee income <sup>25</sup>                              | 2    | 227,155                              | 157,809                              |
| Cost of sales                                             | 2    | (146,796)                            | (98,452)                             |
| Gross profit                                              | 2    | 80,359                               | 59,357                               |
| Administration expenses                                   |      | (51,723)                             | (41,582)                             |
| Operating profit                                          | 3    | 28,636                               | 17,775                               |
| Finance income                                            | 6    | 364                                  | 1                                    |
| Finance expense                                           | 6    | (3,229)                              | (2,894)                              |
| Profit before tax                                         |      | 25,771                               | 14,882                               |
| Taxation                                                  | 8    | (7,810)                              | (6,370)                              |
| Profit for the year                                       |      | 17,961                               | 8,512                                |
| Exchange differences on translation of foreign operations |      | 3,510                                | 3,180                                |
| Total other comprehensive income                          |      | 3,510                                | 3,180                                |
| Total comprehensive income for the year                   |      | 21,471                               | 11,692                               |
| Basic earnings per ordinary share (p)                     | 11   | 15.82                                | 7.69                                 |
| Diluted earnings per ordinary share (p)                   | 11   | 14.79                                | 7.25                                 |

25 Net fee income, adjusted EBITDA and other alternative performance measures are defined and reconciled in note 4.



Consolidated statement of financial position

As at 31 March 2023

|                                       | Note | As at<br>31 March 2023<br>£'000 | As at<br>31 March 2022<br>£'000 |
|---------------------------------------|------|---------------------------------|---------------------------------|
| Assets                                |      |                                 |                                 |
| Non-current assets                    |      |                                 |                                 |
| Goodwill                              | 12   | 103,676                         | 100,991                         |
| Intangible fixed assets               | 12   | 27,588                          | 31,333                          |
| Property, plant and equipment         | 14   | 1,113                           | 806                             |
| Right-of-use asset                    | 7    | 4,008                           | 2,304                           |
| Deferred tax asset                    | 9    | 3,033                           | 671                             |
| Capitalised contract fulfilment costs | 15   | 108                             | 131                             |
| Total non-current assets              |      | 139,526                         | 136,236                         |
| Current assets                        |      |                                 |                                 |
| Trade and other receivables           | 15   | 34,128                          | 29,569                          |
| Cash and cash equivalents             | 16   | 59,215                          | 63,516                          |
| Total current assets                  |      | 93,343                          | 93,085                          |
| Current liabilities                   |      |                                 |                                 |
| Trade and other payables              | 17   | (60,539)                        | (56,671)                        |
| Provisions                            | 18   | (3,326)                         | (3,277)                         |
| Corporation tax                       |      | (1,321)                         | (4,788)                         |
| Lease liabilities                     | 7    | (2,104)                         | (1,134)                         |
| Total current liabilities             |      | (67,290)                        | (65,870)                        |
| Net current assets                    |      | 26,053                          | 27,215                          |
| Non-current liabilities               |      |                                 |                                 |
| Deferred tax liability                | 9    | (2,783)                         | (4,331)                         |
| Other non-current liabilities         | 19   | (11,400)                        | (25,100)                        |
| Lease liabilities                     | 7    | (2,057)                         | (1,275)                         |
| Total non-current liabilities         |      | (16,240)                        | (30,706)                        |
| Net assets                            |      | 149,339                         | 132,745                         |
| Equity                                |      |                                 |                                 |
| Issued share capital                  | 21   | 90                              | 89                              |
| Share premium                         |      | 119,438                         | 119,438                         |
| Foreign exchange reserve              |      | 6,992                           | 3,482                           |
| Other reserves                        |      | 17,258                          | 9,361                           |
| Retained earnings                     |      | 5,561                           | 375                             |
| Total shareholders' equity            |      | 149,339                         | 132,745                         |

The notes on pp 94–128 form part of these consolidated financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 22 June 2023.

They were signed on its behalf by:

Luc MJ Baqué  
Chief Executive Officer

John C Paton  
Chief Financial Officer



Consolidated statement of cash flows

For the year ended 31 March 2023

|                                                                       | Note | Year ended<br>31 March 2023<br>£'000 | Year ended<br>31 March 2022<br>£'000 |
|-----------------------------------------------------------------------|------|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities:</b>                          |      |                                      |                                      |
| Profit for the year                                                   |      | 17,961                               | 8,512                                |
| Taxation                                                              | 8    | 7,810                                | 6,370                                |
| Finance income                                                        | 6    | (364)                                | (1)                                  |
| Finance expenses                                                      | 6    | 3,229                                | 2,894                                |
| Profit from exchange rate movements on cash held                      |      | (2,364)                              | –                                    |
| Depreciation charge                                                   | 7,14 | 1,933                                | 1,155                                |
| (Gain)/loss on disposal of fixed assets                               |      | (14)                                 | 32                                   |
| Amortisation of intangible fixed assets                               | 12   | 4,762                                | 5,272                                |
| Share-based payment charge                                            | 22   | 7,023                                | 4,075                                |
| (Decrease)/increase in provisions                                     | 18   | (19)                                 | 1,302                                |
| <b>Operating cash flows before movements in working capital</b>       |      | <b>39,957</b>                        | <b>29,611</b>                        |
| <b>Working capital adjustments:</b>                                   |      |                                      |                                      |
| Increase in trade and other receivables                               |      | (3,834)                              | (7,066)                              |
| Increase in trade and other payables                                  |      | 7,752                                | 15,729                               |
| Tax paid                                                              |      | (13,285)                             | (4,767)                              |
| <b>Net cash generated from operating activities</b>                   |      | <b>30,590</b>                        | <b>33,507</b>                        |
| <b>Cash flows from investing activities:</b>                          |      |                                      |                                      |
| Interest received                                                     | 6    | 364                                  | 1                                    |
| Acquisition consideration payments, including deferred and contingent | 13   | (20,829)                             | (23,796)                             |
| Purchase of intangible assets                                         | 12   | (319)                                | –                                    |
| Purchase of property, plant and equipment, net of disposals           | 14   | (860)                                | (684)                                |
| <b>Net cash used in investing activities</b>                          |      | <b>(21,644)</b>                      | <b>(24,479)</b>                      |
| <b>Cash flows from financing activities:</b>                          |      |                                      |                                      |
| Issue of ordinary share capital                                       |      | –                                    | 31,102                               |
| Share issuance costs                                                  |      | –                                    | (1,053)                              |
| Net settlement of vested share options                                |      | (343)                                | –                                    |
| EBT purchase of Company's own shares                                  |      | (1,139)                              | (205)                                |
| Drawdown of revolving credit facility                                 | 6    | 12,500                               | –                                    |
| Repayment of revolving credit facility                                | 6    | (12,500)                             | –                                    |
| Interest and bank loan fees                                           |      | (482)                                | (285)                                |
| Principal lease liability payments                                    | 7    | (1,315)                              | (814)                                |
| Interest on lease liabilities                                         | 7    | (216)                                | (111)                                |
| Dividends paid                                                        | 10   | (12,774)                             | (8,678)                              |
| <b>Net cash (used in)/generated from financing activities</b>         |      | <b>(16,269)</b>                      | <b>19,956</b>                        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>           |      | <b>(7,323)</b>                       | <b>28,984</b>                        |
| Cash and cash equivalents at beginning of the year                    |      | 63,516                               | 34,012                               |
| Effect of exchange rate movements on cash held                        |      | 3,022                                | 520                                  |
| <b>Cash and cash equivalents at end of the year</b>                   |      | <b>59,215</b>                        | <b>63,516</b>                        |



Consolidated statement of changes in equity

For the year ended 31 March 2023

|                                                                   | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Foreign<br>exchange<br>reserve<br>£'000 | Other<br>reserves<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|-------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------------------|----------------------------|-------------------------------|----------------|
| As at 1 April 2021                                                | 80                        | 89,396                    | 302                                     | 4,044                      | 543                           | 94,365         |
| <b>Comprehensive income</b>                                       |                           |                           |                                         |                            |                               |                |
| Profit for the year                                               | –                         | –                         | –                                       | –                          | 8,512                         | 8,512          |
| Foreign exchange differences on translation of foreign operations | –                         | –                         | 3,180                                   | –                          | –                             | 3,180          |
| <b>Transactions with owners</b>                                   |                           |                           |                                         |                            |                               |                |
| Shares issued (equity)                                            | 9                         | 30,042                    | –                                       | –                          | (2)                           | 30,049         |
| Purchase of own shares by the EBT                                 | –                         | –                         | –                                       | (205)                      | –                             | (205)          |
| Share-based payment 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)        |
| <b>As at 31 March 2022</b>                                        | <b>89</b>                 | <b>119,438</b>            | <b>3,482</b>                            | <b>9,361</b>               | <b>375</b>                    | <b>132,745</b> |
| <b>Comprehensive income</b>                                       |                           |                           |                                         |                            |                               |                |
| Profit for the year                                               | –                         | –                         | –                                       | –                          | 17,961                        | 17,961         |
| Foreign exchange differences on translation of foreign operations | –                         | –                         | 3,510                                   | –                          | –                             | 3,510          |
| <b>Transactions with owners</b>                                   |                           |                           |                                         |                            |                               |                |
| Shares issued (equity)                                            | 1                         | –                         | –                                       | –                          | (1)                           | –              |
| Purchase of own shares by the EBT                                 | –                         | –                         | –                                       | (1,139)                    | –                             | (1,139)        |
| Share-based payment charge                                        | –                         | –                         | –                                       | 7,023                      | –                             | 7,023          |
| Net settlement of vested share options                            | –                         | –                         | –                                       | (343)                      | –                             | (343)          |
| Current tax recognised in equity                                  | –                         | –                         | –                                       | 1,486                      | –                             | 1,486          |
| Deferred tax recognised in equity                                 | –                         | –                         | –                                       | 870                        | –                             | 870            |
| Dividends                                                         | –                         | –                         | –                                       | –                          | (12,774)                      | (12,774)       |
| <b>As at 31 March 2023</b>                                        | <b>90</b>                 | <b>119,438</b>            | <b>6,992</b>                            | <b>17,258</b>              | <b>5,561</b>                  | <b>149,339</b> |

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 issuance 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 payment charge recognised each year, associated current tax and deferred tax, equity-settled acquisition consideration reserves, and purchases of the Company's own shares by the employee benefit trust ("EBT").

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 and Europe & APAC.

Alpha Financial Markets Consulting plc is incorporated in England and Wales with registered number 09965297. The Company is a public limited company and is listed on the AIM of the London Stock Exchange. 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 22 June 2023.

Basis of preparation

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

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

The presentational currency of these financial statements 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 2023, the Group held considerable financial resources including cash balances of £59.2m. The Group also has access, throughout the going concern period, to a revolving credit facility ("RCF") of £50.0m, providing further liquidity. See notes 6 and 27 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 the Board-approved budget, below average revenue growth in recent years, at similar margins, whilst incorporating 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 50–53) 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 and Shoreline acquisition payments. The Directors consider this scenario and the sequence of events that could lead to it to be remote, as it requires annualised revenue reductions of close to 40% compared to the base case, before modelling any mitigating actions, including 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 new business pipeline, while also remaining cognisant of the potential ongoing macro-economic uncertainty.

After careful consideration of the 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 (the "Group") as at 31 March 2023.

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 ended 31 March 2023.

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 are 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 2023, these items totalled £15.8m (FY 22: £14.4m) recognised in administration expenses. A further £2.4m (FY 22: £2.5m) was recognised within finance expenses.



Revenue recognition

Revenue is the Group's most significant caption on the statement of comprehensive income. Whilst the majority of the Group's revenue is contracted on a time and materials basis, the Group also has some fixed-price milestone contracts. The recognition of revenue on such contracts involves consideration of the detailed contractual terms against the requirements of IFRS 15. The key judgements include assessment of whether revenue should be recognised over time or at a point in time, and whether the performance obligations under the contract have been met at the balance sheet date, to best reflect the transfer of services through the life of each contract.

Further information regarding the methods used to recognise revenue for both time and materials and milestone contracts is provided in the Group's accounting policy, as detailed on p. 99.

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 payment expense under IFRS 2. In determining the share-based payment expense and the associated social security tax thereon, 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, share price and other factors. The fair value calculations have been externally assessed for reasonableness in the current and prior years. Refer to note 22 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 and 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.

Property, plant and equipment

All property, plant and equipment are stated at historical cost (or deemed historical cost) less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight-line basis at the following annual rates:

| Tangible fixed asset   | Useful economic life |
|------------------------|----------------------|
| Leasehold improvements | 3–10 years           |
| Fixtures and fittings  | 3–4 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 a business combination, management assesses the timing and amount of future cash flows applicable to the intangible assets being acquired, discounted using an appropriate discount rate. The estimated cash flows 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 business 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.



Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

Impairment reviews – goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (“CGUs”) or groups of cash-generating units expected to benefit from the synergies of the combination. Goodwill is tested for impairment annually or, more frequently, when there is an indication of impairment.

The Group performs impairment reviews at the reporting period end to identify any goodwill assets that have a carrying value that is in excess of its recoverable amount. Determining the recoverability of goodwill requires judgement in both the methodology applied and the key variables within that methodology. If it is determined that an impairment is required, the carrying value of the goodwill is 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 2023.

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 remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the deferred and contingent consideration are recognised in the consolidated 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 the consolidated statement of comprehensive income since acquisition.

At each balance sheet date, the fair value of the liabilities initially recognised at the acquisition date is 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 administration 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 Group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Group 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 reassessed 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 Aiviq business.

A useful economic life of three years has been deemed appropriate based on the expected project lifecycle in development of new software. The amortisation charge is recognised in administration 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.

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 statement of comprehensive income 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.

The Group recognises an expected credit loss provision in relation to financial assets. The simplified method is applied to the Group’s trade receivables as described below. The Group’s expected credit loss provision on all other financial assets is immaterial as the probability of default is low. Movements in the expected credit loss provision are recognised in profit or loss. Refer to note 15 for further details.

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.

The Group 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 that 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 2023, the Group had no derivative financial instruments or designated hedge relationships.

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 and fair value.



Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

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 comprehensive income 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 cash-generating unit ("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 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 the statement of comprehensive income. 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 between 12 months and 10 years. Contracts may contain both lease and non-lease components. Non-lease components are separately identifiable and excluded from the recognition of the lease under IFRS 16.

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, the Group 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.

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 and 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 the statement of comprehensive income over the lease period.

When the Group revises its estimate of the term of any lease (for example, if a significant change in circumstances within the Group's control indicates a reassessment is appropriate), 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 the statement of comprehensive income.

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 comprehensive income. 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 on the Group's leasing arrangements.

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 are 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 the Group's revenue is contracted on a time and materials basis, where the performance obligation is to provide consultancy resources at agreed day rates. For such contracts, revenue is recognised over time, as 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 most 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. Contractual milestones are only treated as separate performance obligations by the Group when they are distinct from the other elements in the contract and could provide a benefit to the customer without further work being completed. In limited circumstances, revenue from fixed fee milestone projects is recognised over time where the Group has an enforceable right to payment for performance completed to date, before the contractual milestone has been fully delivered.

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 results in the recognition of a contract receivable, which is included with accrued income, up to the value of the relevant project delivery milestone where applicable.

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 above and recognised in future periods.

Cost of sales

Cost of sales is defined by management as the direct costs associated with the generation of the Group's revenue, including staff payroll and contractor costs that are directly attributable to the delivery of services and supporting growth.

Rechargeable expenses, including travel and subsistence directly recharged to the Group's clients as part of revenue generation, are presented within the "rechargeable expenses" line within the Group's statement of comprehensive income.



Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

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 Aiviq 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.

Administration expenses

Administration expenses are defined by management as costs incurred by the Group that are not directly associated with the generation of revenue. This includes items such as head office staff costs, recruitment and professional fees and IT services, which are expensed as incurred. Administration expenses exclude finance income and expenses and taxation, which are presented separately in the income statement.

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 administration 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 prepayments 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 comprehensive income, with a corresponding adjustment to equity. Fair value is measured by the use of a binomial model. The assumptions have been adjusted, based on management’s best estimate, for the effects of non-transferability, lack of dividend until vesting and exercise restrictions.

The fair value calculations in both the current and prior 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 at each reporting date, 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

The Group presents basic and diluted earnings per share (“EPS”), on both a statutory and 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 outstanding during the year.

The Group applies the “treasury share method” in calculating the weighted average number of dilutive ordinary shares used in the calculation of diluted EPS, under which only the bonus element of potentially dilutive shares is reflected in the denominator. Bonus shares represent the number of shares that could be issued to satisfy share option awards granted to employees under the Group’s management incentive plan (“MIP”) and employee incentive plan (“EIP”), net of shares covered by the assumed proceeds to be received for these awards in the future. For further detail on these plans, please see note 22.

These share options are only included in the calculation of dilutive shares where the performance conditions, excluding employment conditions, are deemed to be satisfied at the balance sheet date. The inclusion of such potentially dilutive shares is weighted based on the period in which the share options were outstanding in the year. Potentially dilutive shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share).

For the purpose of calculating adjusted EPS the same adjustments as set out in note 4 are made to the Group’s profit for the financial year.

Alternative performance measures

In order to provide further information on the underlying performance of the Group, the Group 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.

Dividends

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.

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 2023. 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:

- 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; and
- Annual Improvements to IFRS Standards 2018–20 Cycle, effective from 1 January 2022.

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 2023.

The following other standards, interpretations and amendments to existing standards have been issued but were not mandatory for accounting periods beginning on 1 April 2022 and are not expected to have a material impact on the Group:

- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4), effective from 1 January 2023;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), effective from 1 January 2023;
- IFRS 17 Insurance Contracts, effective from 1 January 2023;
- Amendments to IFRS 17, effective from 1 January 2023;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective from 1 January 2023 (not yet endorsed by the UK);
- Classification of Liabilities as Current or Non-Current – Deferral of Effective Date (Amendments to IAS 1), effective from 1 January 2023;
- Definition of Accounting Estimates (Amendments to IAS 8), effective from 1 January 2023;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16), effective from 1 January 2024 (not yet endorsed by the UK); and
- Non-Current Liabilities with Covenants (Amendments to IAS 1), effective from 1 January 2024 (not yet endorsed by the UK).



Notes to the consolidated financial statements continued

2. Segment information

Group management has determined the operating segments by considering the segment information that is reported internally to the chief operating decision maker, the Board of Directors. For management purposes, the Group is currently organised into three geographical operating divisions: UK, North America and Europe & 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 not significant 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

|                                            | UK<br>£'000   | North<br>America <sup>27</sup><br>£'000 | Europe &<br>APAC <sup>28</sup><br>£'000 | Total<br>£'000 |
|--------------------------------------------|---------------|-----------------------------------------|-----------------------------------------|----------------|
| <b>FY 23</b>                               |               |                                         |                                         |                |
| <b>Revenue</b>                             | <b>87,467</b> | <b>91,815</b>                           | <b>49,435</b>                           | <b>228,717</b> |
| Rechargeable expenses                      | (327)         | (717)                                   | (518)                                   | (1,562)        |
| <b>Net fee income</b>                      | <b>87,140</b> | <b>91,098</b>                           | <b>48,917</b>                           | <b>227,155</b> |
| Cost of sales                              | (52,117)      | (61,104)                                | (33,575)                                | (146,796)      |
| <b>Gross profit</b>                        | <b>35,023</b> | <b>29,994</b>                           | <b>15,342</b>                           | <b>80,359</b>  |
| Margin on net fee income <sup>26</sup> (%) | 40.2%         | 32.9%                                   | 31.4%                                   | 35.4%          |
| <b>Non-current assets</b>                  | <b>69,445</b> | <b>46,721</b>                           | <b>23,360</b>                           | <b>139,526</b> |

|                                            | UK<br>£'000   | North<br>America<br>£'000 | Europe &<br>APAC<br>£'000 | Total<br>£'000 |
|--------------------------------------------|---------------|---------------------------|---------------------------|----------------|
| <b>FY 22</b>                               |               |                           |                           |                |
| <b>Revenue</b>                             | <b>72,134</b> | <b>47,001</b>             | <b>38,870</b>             | <b>158,005</b> |
| Rechargeable expenses                      | (71)          | (80)                      | (45)                      | (196)          |
| <b>Net fee income</b>                      | <b>72,063</b> | <b>46,921</b>             | <b>38,825</b>             | <b>157,809</b> |
| Cost of sales                              | (41,419)      | (31,594)                  | (25,439)                  | (98,452)       |
| <b>Gross profit</b>                        | <b>30,644</b> | <b>15,327</b>             | <b>13,386</b>             | <b>59,357</b>  |
| Margin on net fee income <sup>26</sup> (%) | 42.5%         | 32.7%                     | 34.5%                     | 37.6%          |
| <b>Non-current assets</b>                  | <b>71,110</b> | <b>42,808</b>             | <b>22,318</b>             | <b>136,236</b> |

During the year, the Group did not have any customers that comprised more than 10% of the Group's revenues (FY 22: nil).

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.

26 Margin on net fee income is gross profit expressed as a percentage of net fee income. Please refer to note 4 for further detail.  
27 Within North America, the United States is a material country and generated revenue of £77.1m (FY 22: £40.8m) and gross profit of £23.6m (FY 22: £12.9m).  
28 Within Europe & APAC, France is a material country and generated revenue of £18.7m (FY 22: £17.8m) and gross profit of £7.0m (FY 22: £7.0m).



3. Operating profit

Operating profit for the year is stated after charging:

|                                                      | Note | FY 23<br>£'000 | FY 22<br>£'000 |
|------------------------------------------------------|------|----------------|----------------|
| Amortisation of intangible assets                    | 12   | 4,762          | 5,272          |
| Depreciation charge                                  | 7,14 | 1,933          | 1,155          |
| Foreign exchange losses <sup>29</sup>                |      | 459            | 1,310          |
| Rental expense                                       | 7    | 1,096          | 600            |
| Impairment provision recognised on trade receivables | 15   | 109            | 163            |
| Defined contribution pension scheme costs            | 5    | 2,791          | 1,519          |
| Share-based payment charge                           | 22   | 7,950          | 6,218          |
| Earn-out and deferred consideration <sup>30</sup>    | 13   | 2,525          | 1,423          |
| Acquisition costs                                    |      | 331            | 683            |

Auditor's remuneration:

|                                   | FY 23<br>£'000 | FY 22<br>£'000 |
|-----------------------------------|----------------|----------------|
| Audit fees – parent company       | 123            | 112            |
| Audit fees – subsidiary companies | 370            | 284            |
| Other assurance services          | –              | –              |

All auditor remuneration relates to audit fees. There were no additional advisory services provided by the auditor to the Group in both the current and prior years.

4. Reconciliations to alternative performance measures

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, organic net fee income growth and constant currency 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 consolidated statement of comprehensive income 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.

29 Foreign exchange losses of £0.5m in the year include £2.5m on the retranslation of the Lionpoint earn-out and deferred consideration liability, denominated in US dollars, which is included within the trade and other payables increase in the consolidated statement of cash flows. This is largely offset by a gain of £2.4m on the retranslation of foreign currency cash balances, primarily US dollar balances held by UK subsidiaries, which is shown separately in the consolidated statement of cash flows. The residual loss of £0.4m relates to other foreign currency working capital balances.  
30 The earn-out and deferred consideration expense in the period comprises a fair value adjustment of £0.7m and an employment-linked consideration charge of £1.7m as set out in note 13, as well as an associated social security charge of £0.1m.



Notes to the consolidated financial statements continued

4. Reconciliations to alternative performance measures *continued*

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

|                                                   | Note | FY 23<br>£'000 | FY 22<br>£'000 |
|---------------------------------------------------|------|----------------|----------------|
| <b>Profit before tax</b>                          |      | <b>25,771</b>  | <b>14,882</b>  |
| Amortisation of acquired intangible assets        | 12   | 4,576          | 4,716          |
| (Profit)/loss on disposal of fixed assets         |      | (14)           | 32             |
| Share-based payment charge                        | 22   | 7,950          | 6,218          |
| Earn-out and deferred consideration <sup>31</sup> | 13   | 2,525          | 1,423          |
| Acquisition costs                                 |      | 331            | 683            |
| Foreign exchange losses                           |      | 459            | 1,310          |
| Adjusting items                                   |      | 15,827         | 14,382         |
| Non-underlying finance expenses                   | 13   | 2,417          | 2,487          |
| <b>Adjusted profit before tax</b>                 |      | <b>44,015</b>  | <b>31,751</b>  |
| Net underlying finance expenses                   | 6    | 448            | 406            |
| <b>Adjusted operating profit</b>                  |      | <b>44,463</b>  | <b>32,157</b>  |
| Depreciation charge                               | 7,14 | 1,933          | 1,155          |
| Amortisation of capitalised development costs     | 12   | 186            | 556            |
| <b>Adjusted EBITDA</b>                            |      | <b>46,582</b>  | <b>33,868</b>  |
| Adjusted EBITDA margin (%)                        |      | 20.5%          | 21.5%          |

Adjusting items

To assist in understanding the underlying performance of the Group and aid comparability between periods, management applies judgement to exclude certain expense items from the Group's APMs, which are deemed to warrant separate disclosure due to either their nature or size. Such adjusting items as described below 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 payment charge and related social security 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 fully settled into a regular cycle of awards and vesting. The share-based payment charge is also subject to external factors, such as the Group's share price, over which the Directors have less day-to-day influence as compared to other more directly controllable factors. 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 in recent years as the Group matured post-AIM admission. The associated estimate of future employer's social security taxes payable on these options is closely linked to the share-based payment charge, and fluctuates with the assumed future market value of shares, and has therefore also been treated as an adjusting item. This approach has been applied consistently across reporting periods. Note 22 sets out further details of the employee share-based payment charge calculation under IFRS 2.

This cycle of share option awards and vesting is now beginning to settle following the vesting of substantially all the remaining options issued at IPO, and as such this charge is expected to become more comparable year on year in future periods. The Group will continue to assess the status of this charge as an adjusting item in the Group's financial statements. If no adjustment was made for the share-based payment charge, adjusted EBITDA for the year would be £38.6m (FY 22: £27.7m) and adjusted EBITDA margin would be 17.0% (FY 22: 17.5%).

As per note 13, the acquisition of Lionpoint in the prior year involved both deferred and contingent payments. Part of the Lionpoint acquisition payments is 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 considered to be part of the purchase price of the acquisition, rather than an ongoing expense item, and reflect 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.

<sup>31</sup> The earn-out and deferred consideration expense in the year comprises a fair value adjustment of £0.7m and an employment-linked consideration charge of £1.7m as set out in note 13, as well as an associated social security charge of £0.1m.



Acquisition costs expensed in the year relate to the acquisition of Shoreline, which completed shortly after the reporting period as disclosed in note 27. These costs include diligence and legal fees. In the prior year the acquisition costs related to the purchase of Lionpoint. 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. There were no integration costs in the current or prior year.

The impact of foreign currency volatility in translating local working capital and cash 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. The foreign exchange movements primarily relate to acquisition liabilities denominated in US dollars and associated US dollar cash balances. The other foreign exchange gains and losses on foreign currency working capital and cash balances across the Group are immaterial in both the current and prior year.

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 adjusting items, including amortisation of acquired intangible assets, share-based payment charge, acquisition-related payments and costs, non-underlying finance expenses and other non-underlying expenses. This measure allows comparability of the Group's underlying performance, reflecting depreciation, amortisation of capitalised development costs and underlying finance expenses.

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. An effective tax rate of 0% has been applied to earn-out and deferred consideration, acquisition costs and non-underlying finance expenses totalling £5.3m as these items are treated as capital in nature and are therefore non-deductible for tax purposes. An overall effective tax rate of 23% has been applied to all other adjusting items totalling £13.0m, reflecting the tax rates in the geographical locations to which the items relate.

|                                   | FY 23<br>£'000 | FY 22<br>£'000 |
|-----------------------------------|----------------|----------------|
| <b>Adjusted profit before tax</b> | <b>44,015</b>  | <b>31,751</b>  |
| Tax charge                        | (7,810)        | (6,370)        |
| Tax impact of adjusting items     | (2,976)        | (1,624)        |
| <b>Adjusted profit after tax</b>  | <b>33,229</b>  | <b>23,757</b>  |



Notes to the consolidated financial statements continued

4. Reconciliations to alternative performance measures continued

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 23 | FY 22 |
|--------------------------|-------|-------|
| Adjusted EPS (p)         | 29.27 | 21.46 |
| Adjusted diluted EPS (p) | 27.37 | 20.23 |

Reconciliation of adjusted administration 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 23<br>£'000 | FY 22<br>£'000 |
|-----------------------------------------------|------|----------------|----------------|
| Administration expenses                       |      | 51,723         | 41,582         |
| Adjusting items                               |      | (15,827)       | (14,382)       |
| Depreciation charge                           | 7,14 | (1,933)        | (1,155)        |
| Amortisation of capitalised development costs | 12   | (186)          | (556)          |
| Adjusted administration expenses              |      | 33,777         | 25,489         |

Adjusted cash generated from operating activities

Adjusted cash generated from operating activities excludes any employment-linked acquisition payments and associated social security taxes, as well as 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 23<br>£'000 | FY 22<br>£'000 |
|------------------------------------------------------|----------------|----------------|
| Net cash generated from operating activities         | 30,590         | 33,507         |
| Employment-linked acquisition payments <sup>32</sup> | 1,981          | 1,848          |
| Acquisition costs                                    | 331            | 683            |
| Adjusted cash generated from operating activities    | 32,902         | 36,038         |

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 23 | FY 22 |
|--------------------------|-------|-------|
| Cash conversion          | 107%  | 189%  |
| Adjusted cash conversion | 74%   | 112%  |

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 39.6% (FY 22: 31.3%) for the current period represents FY 23 net fee income less £6.9m net fee income attributable to Lionpoint, treated as inorganic as the portion of net fee income preceded the acquisition anniversary.

32 Of the £22.6m total deferred and contingent acquisition payments in the year as set out in note 13, £1.8m is classified as employment linked and is included within net cash generated from operating activities. The associated social security payments of £0.2m are also included within net cash generated from operating activities.



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 weakening British pound sterling through the year against both the US dollar and against the euro. In the year, British pound sterling averaged \$1.21 (FY 22: \$1.37) and €1.16 (FY 22: €1.18).

On a constant currency basis, Group net fee income would be £214.8m which is growth of 36.1% overall. Similarly, North America net fee income would be £80.6m and Europe & APAC would be £47.1m which would be growth of 71.7% and 21.3% respectively.

On a similar basis the Group's gross profit would have been £76.4m and would have grown 28.7% on a constant currency basis.

5. Staff costs

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

|                                         | FY 23<br>Number | FY 22<br>Number |
|-----------------------------------------|-----------------|-----------------|
| UK                                      | 320             | 244             |
| North America                           | 272             | 170             |
| Europe & APAC                           | 210             | 162             |
| Administration                          | 107             | 70              |
| Average number of employees in the year | 909             | 646             |

Total staff costs included in the consolidated statement of comprehensive income were:

|                                         | FY 23<br>£'000 | FY 22<br>£'000 |
|-----------------------------------------|----------------|----------------|
| Wages, salaries and short-term benefits | 119,432        | 79,395         |
| Social security costs                   | 11,144         | 8,431          |
| Pension costs                           | 2,791          | 1,519          |
| Share-based payment charge              | 7,950          | 6,218          |
| Total staff costs for the year          | 141,317        | 95,563         |

Staff costs in relation to key management personnel, as defined in note 25, were:

|                                                             | FY 23<br>£'000 | FY 22<br>£'000 |
|-------------------------------------------------------------|----------------|----------------|
| Wages, salaries and short-term benefits                     | 3,468          | 3,913          |
| Social security costs                                       | 504            | 640            |
| Pension costs                                               | 105            | 54             |
| Share-based payment charge                                  | 2,991          | 2,543          |
| Total staff costs for key management personnel for the year | 7,068          | 7,150          |



Notes to the consolidated financial statements continued

6. Finance income and expenses

|                                          | Note | FY 23<br>£'000 | FY 22<br>£'000 |
|------------------------------------------|------|----------------|----------------|
| Bank interest receivable                 |      | 364            | 1              |
| <b>Total finance income</b>              |      | <b>364</b>     | <b>1</b>       |
| Interest and fees payable on bank loans  |      | (596)          | (296)          |
| Interest on lease liabilities            | 7    | (216)          | (111)          |
| <b>Total underlying finance expenses</b> |      | <b>(812)</b>   | <b>(407)</b>   |
| Non-underlying finance expenses          | 13   | (2,417)        | (2,487)        |
| <b>Total finance expenses</b>            |      | <b>(3,229)</b> | <b>(2,894)</b> |
| <b>Net underlying finance expenses</b>   | 4    | <b>(448)</b>   | <b>(406)</b>   |
| <b>Net finance expenses</b>              |      | <b>(2,865)</b> | <b>(2,893)</b> |

As at 31 March 2023, the Group held one principal bank facility comprising a £20.0m undrawn committed RCF with Lloyds Bank plc with a tenor to June 2024. The Group has utilised up to £12.5m of the facility, drawn down occasionally through the year to meet short-term liquidity requirements. The facility was undrawn as at 31 March 2023, and the Group remains in a strong cash position of £59.2m. After the reporting period, the Group has extended the facility to June 2026 and increased the committed amount to £50.0m; refer to note 27 for more information.

7. Leases

Right-of-use assets

|                                       | Buildings<br>£'000 | Equipment<br>under lease<br>£'000 | Total<br>£'000 |
|---------------------------------------|--------------------|-----------------------------------|----------------|
| <b>Net book value</b>                 |                    |                                   |                |
| As at 1 April 2022                    | 2,301              | 3                                 | 2,304          |
| Additions                             | 2,671              | –                                 | 2,671          |
| Effect of modification to lease terms | 209                | –                                 | 209            |
| Depreciation charge                   | (1,386)            | (3)                               | (1,389)        |
| Foreign exchange adjustments          | 213                | –                                 | 213            |
| <b>As at 31 March 2023</b>            | <b>4,008</b>       | <b>–</b>                          | <b>4,008</b>   |

During the year the Group had £2.7m (FY 22: £1.3m) of additions to right-of-use assets, primarily in relation to two significant new office leases in the UK and Luxembourg.

Lease liabilities

A summary of the Group's undiscounted lease liabilities as at 31 March 2023 is presented below:

|                                               | FY 23<br>£'000 | FY 22<br>£'000 |
|-----------------------------------------------|----------------|----------------|
| Due within one year                           | 2,158          | 1,243          |
| Due between one and five years                | 2,391          | 1,285          |
| Due after five years                          | 60             | 48             |
| <b>Total lease liabilities – undiscounted</b> | <b>4,609</b>   | <b>2,576</b>   |
| Impact of discounting                         | (448)          | (167)          |
| <b>Total lease liabilities – discounted</b>   | <b>4,161</b>   | <b>2,409</b>   |



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

|                                            | FY 23<br>£'000 | FY 22<br>£'000 |
|--------------------------------------------|----------------|----------------|
| Depreciation of right-of-use asset         | (1,389)        | (841)          |
| Short-term lease expense                   | (1,096)        | (598)          |
| Low-value lease expense                    | –              | (2)            |
| Variable service charges                   | (54)           | (72)           |
| <b>Included in administration expenses</b> | <b>(2,539)</b> | <b>(1,513)</b> |
| Interest expense on lease liabilities      | (216)          | (111)          |
| <b>Included in finance expenses</b>        | <b>(216)</b>   | <b>(111)</b>   |

Total cash rental payments made in the year on all lease tenors amounted to £2.6m (FY 22: £1.5m), of which £1.5m (FY 22: £0.9m) related to lease liabilities and £1.1m (FY 22: £0.6m) related to short-term leases.

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 has no material income or expenses associated with sub-leasing arrangements, sale-and-leaseback transactions, or variable lease payments.

8. Taxation

|                                        | FY 23<br>£'000 | FY 22<br>£'000 |
|----------------------------------------|----------------|----------------|
| <b>Current tax</b>                     |                |                |
| In respect of the current period – UK  | 3,660          | 2,763          |
| Foreign taxation                       | 8,059          | 5,321          |
| Adjustment in respect of prior periods | (442)          | (168)          |
| <b>Deferred tax</b>                    |                |                |
| In respect of the current period – UK  | (1,995)        | (2,241)        |
| Foreign taxation                       | (1,380)        | (671)          |
| Change in tax rate on opening balance  | 8              | 1,186          |
| Adjustment in respect of prior periods | (100)          | 180            |
| <b>Total tax expense for the year</b>  | <b>7,810</b>   | <b>6,370</b>   |

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted during the prior year on 24 May 2021. In FY 24, this change will increase the Group's current tax charge accordingly. The UK deferred tax balances as disclosed in note 9 reflect this substantively enacted rate.

In addition to the tax expense for the year ended 31 March 2023, the Group has also recognised a total of £2.4m (FY 22: £1.4m) of tax through equity, of which £1.5m (FY 22: £0.2m) relates to current tax on the exercise of share options in the year and £0.9m (FY 22: £1.2m) relates to deferred tax on share options outstanding. Additionally, a £0.4m credit (FY 22: £nil) was recognised through other comprehensive income, relating to the deferred tax impact of foreign exchange fluctuations on acquired intangible assets.



Notes to the consolidated financial statements continued

8. Taxation continued

The difference between the total tax expense shown on p. 109 and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

|                                                                                              | FY 23<br>£'000 | FY 22<br>£'000 |
|----------------------------------------------------------------------------------------------|----------------|----------------|
| Profit before taxation                                                                       | 25,771         | 14,882         |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (FY 22: 19%) | 4,896          | 2,828          |
| Effects of:                                                                                  |                |                |
| Fixed asset differences                                                                      | (24)           | (23)           |
| Expenses not deductible for taxation                                                         | 1,252          | 1,078          |
| Differences due to overseas tax rates                                                        | 2,202          | 1,651          |
| Adjustments in respect of prior periods – current tax                                        | (442)          | (168)          |
| Adjustments in respect of prior periods – deferred tax                                       | (100)          | 180            |
| Change in deferred tax rate                                                                  | 26             | 831            |
| Deferred tax not recognised                                                                  | –              | (7)            |
| Total tax expense for the year                                                               | 7,810          | 6,370          |

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.

9. Deferred tax

Movements in deferred tax

As at 31 March 2023

|                                    | 1 April 2022<br>£'000 | Impact of foreign<br>exchange<br>revaluation<br>£'000 | Recognised<br>in income<br>£'000 | Recognised<br>in equity<br>£'000 | 31 March 2023<br>£'000 |
|------------------------------------|-----------------------|-------------------------------------------------------|----------------------------------|----------------------------------|------------------------|
| Accelerated capital allowances     | 110                   | –                                                     | 18                               | –                                | 128                    |
| Short-term timing differences      | (690)                 | 53                                                    | (1,381)                          | –                                | (2,018)                |
| Share options                      | (3,213)               | –                                                     | (1,215)                          | (870)                            | (5,298)                |
| Arising on business combinations   | 7,453                 | 374                                                   | (889)                            | –                                | 6,938                  |
| Net deferred tax liability/(asset) | 3,660                 | 427                                                   | (3,467)                          | (870)                            | (250)                  |

As at 31 March 2022

|                                  | 1 April 2021<br>£'000 | Recognised<br>on business<br>combinations<br>£'000 | Recognised<br>in income<br>£'000 | Recognised<br>in equity<br>£'000 | 31 March 2022<br>£'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 payment charges in respect of awards that have yet to vest. Deductions in excess of the cumulative share-based payment charge recognised in the consolidated statement of comprehensive income are recognised in equity. Other deferred tax assets recognised primarily 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 2023.



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 23<br>£'000 | FY 22<br>£'000 |
|------------------------------------|----------------|----------------|
| Deferred tax liabilities           | 2,783          | 4,331          |
| Deferred tax assets                | (3,033)        | (671)          |
| Net deferred tax (asset)/liability | (250)          | 3,660          |

10. Dividends

Amounts recognised as distributions to equity holders

|                                                                                     | FY 23<br>£'000 | FY 22<br>£'000 |
|-------------------------------------------------------------------------------------|----------------|----------------|
| Final dividend for the year ended 31 March 2022 of 7.50p (FY 21: 4.85p) per share   | 8,547          | 5,431          |
| Interim dividend for the year ended 31 March 2023 of 3.70p (FY 22: 2.90p) per share | 4,227          | 3,247          |
| Total dividends paid in the year                                                    | 12,774         | 8,678          |

After the balance sheet date, the Directors proposed a final dividend of 10.50p per ordinary share, totalling approximately £12.4m based on the estimated eligible shares in issue at the payment date. The proposed final FY 23 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 19 September 2023 to shareholders on the register at close of business on 8 September 2023.

11. Earnings per share and adjusted earnings per share

The Group presents basic and diluted earnings per share ("EPS") on both a statutory and 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 outstanding during the year. In the calculation of diluted EPS the Group applies the treasury share method to include the impact of potentially dilutive shares arising from the Group's share option plans. For further detail on the Group's accounting policy see note 1.

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 23   | FY 22   |
|---------------------------------------------------------------------------------------------------|------|---------|---------|
| Basic and diluted EPS                                                                             |      |         |         |
| Profit for the financial year used in calculating basic and diluted EPS (£'000)                   |      | 17,961  | 8,512   |
| Weighted average number of ordinary shares in issue ('000)                                        |      | 113,531 | 110,689 |
| Number of dilutive shares ('000)                                                                  |      | 7,883   | 6,748   |
| Weighted average number of ordinary shares, including dilutive shares ('000)                      |      | 121,414 | 117,437 |
| Basic EPS (p)                                                                                     |      | 15.82   | 7.69    |
| Diluted EPS (p)                                                                                   |      | 14.79   | 7.25    |
| Adjusted EPS and adjusted diluted EPS                                                             |      |         |         |
| Adjusted profit for the financial year used in calculating adjusted basic and diluted EPS (£'000) | 4    | 33,229  | 23,757  |
| Weighted average number of ordinary shares in issue ('000)                                        |      | 113,531 | 110,689 |
| Number of dilutive shares ('000)                                                                  |      | 7,883   | 6,748   |
| Weighted average number of ordinary shares, including dilutive shares ('000)                      |      | 121,414 | 117,437 |
| Adjusted EPS (p)                                                                                  |      | 29.27   | 21.46   |
| Adjusted diluted EPS (p)                                                                          |      | 27.37   | 20.23   |



Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets

Goodwill

| Movements in the year          | Note | FY 23<br>£'000 | FY 22<br>£'000 |
|--------------------------------|------|----------------|----------------|
| Cost at beginning of the year  |      | 100,991        | 63,067         |
| Additions                      | 13   | –              | 36,038         |
| Gains from foreign exchange    |      | 2,685          | 1,886          |
| <b>Cost at end of the year</b> |      | <b>103,676</b> | <b>100,991</b> |

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is represented by assets that do not qualify for separate recognition and includes the potential synergy benefits of combining the intellectual property and talents of the teams into the Group. In line with IAS 21 para 47, goodwill arising on the acquisition of a foreign operation is held in local currency and is retranslated into the Group's presentational currency at each reporting date using the closing foreign exchange rate.

In prior years, goodwill was recognised upon the acquisitions of Alpha FMC Group Holdings Ltd in February 2016, TrackTwo GmbH in July 2017, Obsidian Solutions Ltd in November 2019, Axxsys Ltd in June 2019 and Lionpoint Holdings, Inc. in May 2021.

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.

| Allocation of goodwill    | FY 23<br>£'000 | FY 22<br>£'000 |
|---------------------------|----------------|----------------|
| UK                        | 52,082         | 52,082         |
| North America             | 32,626         | 30,703         |
| Europe & APAC             | 18,968         | 18,206         |
| <b>At end of the year</b> | <b>103,676</b> | <b>100,991</b> |

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 24 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 relevant to the specific circumstances of each CGU. Underlying revenue growth assumptions for the period FY 25 to FY 28 range from an average annual growth of 5.5% to 11.5% 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 0.8% 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 14.7% (FY 22: 12.8%). CGU-specific discount rates have been applied to reflect CGU-specific risks.

The Group has considered associated costs of climate change and decarbonisation when forecasting future cash flows.



The table below summarises the assumptions used for each CGU:

|               | Pre-tax discount rate |       | Medium-term growth rate |       | Long-term growth rate |       |
|---------------|-----------------------|-------|-------------------------|-------|-----------------------|-------|
|               | FY 23                 | FY 22 | FY 23                   | FY 22 | FY 23                 | FY 22 |
| UK            | 14.8%                 | 13.1% | 5.5%                    | 5.5%  | 0.8%                  | 1.0%  |
| North America | 15.3%                 | 13.4% | 11.5%                   | 11.5% | 1.6%                  | 1.6%  |
| Europe & APAC | 12.8%                 | 11.7% | 7.1%                    | 7.1%  | 1.4%                  | 1.5%  |

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 33.2% and 49.0% 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 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 2023. As such, in order to address inherent uncertainty surrounding forward-looking cash-flow assumptions, the Group has applied 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 25 to FY 28 would need to reduce to between (21.2%) and (31.3%), 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 2023

|                                | Order backlog<br>£'000 | Customer relationships<br>£'000 | Intellectual property<br>£'000 | Trade name<br>£'000 | Capitalised development costs<br>£'000 | Total<br>£'000 |
|--------------------------------|------------------------|---------------------------------|--------------------------------|---------------------|----------------------------------------|----------------|
| <b>Cost</b>                    |                        |                                 |                                |                     |                                        |                |
| At the start of the year       | 2,192                  | 35,652                          | 3,388                          | 8,982               | 1,819                                  | 52,033         |
| Additions                      | 319                    | –                               | –                              | –                   | –                                      | 319            |
| Exchange difference            | 69                     | 553                             | –                              | 138                 | –                                      | 760            |
| At the end of the year – total | 2,580                  | 36,205                          | 3,388                          | 9,120               | 1,819                                  | 53,112         |
| <b>Amortisation</b>            |                        |                                 |                                |                     |                                        |                |
| At the start of the year       | (2,072)                | (12,083)                        | (2,141)                        | (2,771)             | (1,633)                                | (20,700)       |
| Charge for the year            | (468)                  | (3,044)                         | (461)                          | (603)               | (186)                                  | (4,762)        |
| Exchange difference            | (40)                   | (18)                            | –                              | (4)                 | –                                      | (62)           |
| At the end of the year – total | (2,580)                | (15,145)                        | (2,602)                        | (3,378)             | (1,819)                                | (25,524)       |
| <b>Net book value</b>          | <b>–</b>               | <b>21,060</b>                   | <b>786</b>                     | <b>5,742</b>        | <b>–</b>                               | <b>27,588</b>  |



Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets continued

As at 31 March 2022

|                                | Order<br>backlog<br>£'000 | Customer<br>relationships<br>£'000 | Intellectual<br>property<br>£'000 | Trade<br>name<br>£'000 | Capitalised<br>development<br>costs<br>£'000 | Total<br>£'000 |
|--------------------------------|---------------------------|------------------------------------|-----------------------------------|------------------------|----------------------------------------------|----------------|
| <b>Cost</b>                    |                           |                                    |                                   |                        |                                              |                |
| 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         |
| <b>Amortisation</b>            |                           |                                    |                                   |                        |                                              |                |
| 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)       |
| <b>Net book value</b>          | <b>120</b>                | <b>23,569</b>                      | <b>1,247</b>                      | <b>6,211</b>           | <b>186</b>                                   | <b>31,333</b>  |

Customer relationships

Customer relationships at the start of the year represent the total of the fair value at the acquisition dates of the customer relationships that were owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Ltd in FY 16, TrackTwo GmbH in FY 18, Obsidian Solutions Ltd and Axxsys Ltd in FY 20, and Lionpoint Holdings, Inc. in FY 22.

The fair value has been determined by applying the multi-period excess earnings method to the cash flows expected to be earned from customer relationships. The key management assumptions are around forecast revenues, operating margins and discount factors. The value is given by the present value of the earnings the customer relationships generate, net of a reasonable return on other assets also contributing to that stream of earnings (contributory asset charges).

A useful economic life of 11–17 years has been deemed appropriate based on the average realisation rate of cumulative cash flows and benchmarked data for each respective acquisition. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administration 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 Ltd, intellectual property acquired as part of the TrackTwo GmbH acquisition in FY 18, and those acquired on the acquisition of Axxsys Ltd and Obsidian Solutions Ltd 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 seven 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 administration 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 Ltd, and those acquired on the acquisition of Axxsys Ltd and Obsidian Solutions Ltd in FY 20 and Lionpoint Holdings, Inc. in FY 22.

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 administration 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 Ltd in FY 20 and Lionpoint Holdings, Inc. in FY 22. These assets were fully amortised in the year with the amortisation charge being recognised in administration expenses within the consolidated statement of comprehensive income.

Additions in the period of £0.3m relate to the purchase by the Group of several contracts from the management enterprise technology solutions practice of CohnReznick LLP, a leading advisory, assurance and tax firm primarily based in the United States. These were also fully amortised in the year.

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<br>relationships<br>(years) | Intellectual<br>property<br>(years) | Trade name<br>(years) |
|--------------------------------|--------------------------------------|-------------------------------------|-----------------------|
| Alpha FMC Group Holdings       | 4.8                                  | –                                   | 7.8                   |
| TrackTwo GmbH                  | 5.3                                  | 1.3                                 | –                     |
| Axxsys – UK                    | 7.2                                  | –                                   | 11.2                  |
| Axxsys – North America/Nordics | 8.2                                  | –                                   | 11.2                  |
| Obsidian Solutions             | 13.6                                 | 3.6                                 | 6.6                   |
| Lionpoint – UK                 | 10.2                                 | –                                   | 13.2                  |
| Lionpoint – North America      | 10.2                                 | –                                   | 13.2                  |
| Lionpoint – Europe & APAC      | 10.2                                 | –                                   | 13.2                  |

Capitalised development costs

Capitalised development costs represent the costs incurred in the development enhancements to the 360 SalesVista software product within Aiviq. The asset was fully amortised in the year with the amortisation charge recognised in administration expenses within the consolidated statement of comprehensive income.



Notes to the consolidated financial statements continued

13. Acquisition of businesses

Acquisitions in previous years

As part of the acquisition of Lionpoint Holdings, Inc. in FY 22, as well as Axxsys Ltd and Obsidian Ltd in FY 20, the Group agreed deferred consideration payments as well as contingent earn-out arrangements which were based on the financial performance of the respective acquired entities over an agreed period of time. An update on the activity in the year and the outstanding balance in relation to each of these acquisitions is provided below.

Lionpoint

In the prior year, the Group acquired 100% of the issued share capital of Lionpoint Holdings, Inc. ("Lionpoint"), a provider of specialist consultancy services to the alternative investments industry, on a cash-free, debt-free basis.

A summary of the purchase consideration, net assets acquired, identifiable intangible assets and goodwill is set out below. These fair values were determined by using established estimation techniques such as discounted cash flow and option valuation models.

|                                                     | Note | Book values<br>£'000 | Fair value<br>adjustments<br>£'000 | Values on<br>acquisition<br>£'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                                                |      | 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)                           |
| <b>Net identifiable assets acquired</b>             |      | <b>4,051</b>         | <b>10,760</b>                      | <b>14,811</b>                     |
| Cash consideration relating to business combination |      |                      |                                    | 50,849                            |
| <b>Goodwill on acquisition</b>                      | 12   |                      |                                    | <b>36,038</b>                     |

The maximum payable for the acquisition (over four years) is \$90.0m (£63.8m), 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, alongside an additional net cash payment of \$2.1m (£1.4m) in relation to completion working capital. A balancing \$0.5m (£0.3m) receivable was held at 31 March 2022.

Deferred consideration of \$17.0m (£12.0m) was payable across the first and second anniversaries of the acquisition and contingent earn-out consideration up to a maximum of \$32.0m (£22.6m) was 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 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. In the opening consolidated statement of financial position as at 31 March 2022, the Group held a liability of £33.7m in relation to future deferred and contingent consideration payable for this acquisition.

Employment-linked acquisition payments are expensed through the consolidated income statement proportionately until FY 26. During the year, the Group has expensed £1.7m (FY 22: £2.8m) in relation to these employment-linked payments.

The deferred and contingent consideration is discounted to fair value. Discount unwinding is recognised as a finance cost proportionately across the periods until final payment. During the year, £2.4m (FY 22: £2.0m) of discount unwinding was expensed as a non-underlying finance cost in relation to the Lionpoint acquisition consideration.

In FY 23, the Group made payments of £17.3m net of a £0.4m receivable that was due back from the sellers. Of these payments, £1.5m relates to employment-linked consideration, and is presented within cash generated from operating activities, with the remaining £15.8m presented within cash used in investing activities in the consolidated statement of cash flows.



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 period, the Group recognised a foreign exchange loss of £2.5m in the income statement arising from acquisition-related currency movements, arising from this retranslation. However, this loss was mostly offset by a foreign exchange gain on US dollar cash held by the Group.

Following the strong performance of Lionpoint in FY 23 and reflective of a healthy pipeline of opportunities, the Group has reassessed the fair value of the Lionpoint contingent consideration liability at the balance sheet date. The Group has updated its projections for the remainder of the earn-out period and has therefore uplifted the total undiscounted expected earn-out payment from £17.7m to £20.0m, assuming the maximum amount payable. These values are inclusive of employment-linked amounts. Additionally, at the reporting date, the Group remeasured the discount rate applied to the expected future contingent consideration payments from 14.6% to 11.0%, reflecting market conditions and the risk profile of the Lionpoint business. Accordingly, a fair value adjustment has been recognised through the Group's consolidated statement of comprehensive income, which has increased the liability by £2.3m.

As at 31 March 2023, the Group held a liability of £24.9m (FY 22: £33.7m) in relation to future deferred and contingent consideration payable for this acquisition. Of this liability at the balance sheet date, £7.2m (FY 22: £14.0m) relates to deferred consideration and the remaining £17.7m (FY 22: £19.7m) relates to contingent consideration. Within these deferred and contingent consideration liabilities, £2.6m relates to employment-linked amounts.

Obsidian

As at 31 March 2022, the Obsidian earn-out liability of £1.9m reflected a balanced assessment of the Directors' best estimate of projected cash flows in relation to several plausible scenarios. During the year, a lower mutually agreed position was reached with the original vendors. As a result, a fair value adjustment of £1.6m has been credited to the Group's consolidated statement of comprehensive income in the period. A final payment of £0.3m was made in the year, none of which was employment-linked.

Axxsys

The remaining £5.0m liability due on the acquisition of Axxsys as at 31 March 2022 was paid during the year, of which £0.3m was employment-linked.

The below table summarises the movements in the deferred and contingent consideration liabilities held at 31 March 2023:

|                                                         | Axxsys<br>£'000 | Obsidian<br>£'000 | Lionpoint<br>£'000 | Total<br>£'000 |
|---------------------------------------------------------|-----------------|-------------------|--------------------|----------------|
| Balance as at 1 April 2022                              | 5,000           | 1,898             | 33,748             | 40,646         |
| Additions                                               | –               | –                 | –                  | –              |
| Employment-linked consideration                         | –               | –                 | 1,658              | 1,658          |
| Payments in the year <sup>33</sup>                      | (5,000)         | (314)             | (17,315)           | (22,629)       |
| Amounts receivable deducted from payments in the period | –               | –                 | (350)              | (350)          |
| Unwinding of discounting                                | –               | –                 | 2,417              | 2,417          |
| Fair value adjustment                                   | –               | (1,584)           | 2,251              | 667            |
| Foreign exchange loss                                   | –               | –                 | 2,540              | 2,540          |
| <b>Balance as at 31 March 2023</b>                      | <b>–</b>        | <b>–</b>          | <b>24,949</b>      | <b>24,949</b>  |
| Represented by:                                         |                 |                   |                    |                |
| Current                                                 | –               | –                 | 16,027             | 16,027         |
| Non-current                                             | –               | –                 | 8,922              | 8,922          |
| <b>Balance as at 31 March 2023</b>                      | <b>–</b>        | <b>–</b>          | <b>24,949</b>      | <b>24,949</b>  |

33 Payments in the year of £22.6m comprise £1.8m of employment-linked payments included within cash generated from operating activities in the consolidated statement of cash flows and £20.8m included within cash used in investing activities.



Notes to the consolidated financial statements continued

14. Property, plant and equipment

|                                        | Leasehold improvements<br>£'000 | Fixtures and fittings<br>£'000 | Computer equipment<br>£'000 | Total<br>£'000 |
|----------------------------------------|---------------------------------|--------------------------------|-----------------------------|----------------|
| <b>Cost</b>                            |                                 |                                |                             |                |
| As at 1 April 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             |
| As at 31 March 2022                    | 241                             | 232                            | 2,311                       | 2,784          |
| Additions                              | –                               | 87                             | 773                         | 860            |
| Disposals                              | (6)                             | (42)                           | (281)                       | (329)          |
| Exchange difference                    | 3                               | 6                              | 38                          | 47             |
| As at 31 March 2023                    | 238                             | 283                            | 2,841                       | 3,362          |
| <b>Depreciation</b>                    |                                 |                                |                             |                |
| As at 1 April 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)           |
| As at 31 March 2022                    | (210)                           | (197)                          | (1,571)                     | (1,978)        |
| Charge for the period                  | (35)                            | (17)                           | (492)                       | (544)          |
| Disposals                              | 6                               | 42                             | 256                         | 304            |
| Exchange difference                    | 1                               | (4)                            | (28)                        | (31)           |
| As at 31 March 2023                    | (238)                           | (176)                          | (1,835)                     | (2,249)        |
| Net book value as at 31 March 2023     | –                               | 107                            | 1,006                       | 1,113          |
| Net book value as at 31 March 2022     | 31                              | 35                             | 740                         | 806            |

15. Trade and other receivables

|                                                          | FY 23<br>£'000 | FY 22<br>£'000 |
|----------------------------------------------------------|----------------|----------------|
| Amounts due within one year:                             |                |                |
| Trade receivables                                        | 26,781         | 24,182         |
| Less: allowance for expected credit losses <sup>34</sup> | (657)          | (541)          |
| <b>Trade receivables – net</b>                           | <b>26,124</b>  | <b>23,641</b>  |
| Other debtors                                            | 1,194          | 539            |
| Capitalised contract fulfilment costs                    | 1,101          | 1,548          |
| Prepayments                                              | 1,999          | 1,113          |
| Accrued income                                           | 3,710          | 2,728          |
| <b>Total amounts due within one year</b>                 | <b>34,128</b>  | <b>29,569</b>  |

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 43 days (FY 22: 55 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 in conjunction with other factors in key Alpha territories.

34 The movement in the allowance for expected credit losses comprises a charge to the statement of comprehensive income of £109,000 and foreign exchange movements of £7,000.



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.

Allowance for expected credit losses

|                     | Expected loss rate<br>% | Gross carrying amount<br>£'000 | Loss allowance<br>£'000 | Net carrying amount<br>£'000 |
|---------------------|-------------------------|--------------------------------|-------------------------|------------------------------|
| Not overdue         | 1.98%                   | 19,295                         | (382)                   | 18,913                       |
| Overdue 1–30 days   | 3.15%                   | 6,652                          | (209)                   | 6,443                        |
| Overdue 31–60 days  | 5.01%                   | 602                            | (30)                    | 572                          |
| Overdue 61–90 days  | 10.82%                  | 69                             | (7)                     | 62                           |
| Overdue 90+ days    | 17.60%                  | 163                            | (29)                    | 134                          |
| As at 31 March 2023 |                         | 26,781                         | (657)                   | 26,124                       |

|                     | Expected loss rate<br>% | Gross carrying amount<br>£'000 | Loss allowance<br>£'000 | Net carrying amount<br>£'000 |
|---------------------|-------------------------|--------------------------------|-------------------------|------------------------------|
| Not overdue         | 1.79%                   | 17,865                         | (320)                   | 17,545                       |
| Overdue 1–30 days   | 2.50%                   | 5,007                          | (125)                   | 4,882                        |
| Overdue 31–60 days  | 4.31%                   | 773                            | (33)                    | 740                          |
| Overdue 61–90 days  | 8.06%                   | 303                            | (24)                    | 279                          |
| Overdue 90+ days    | 16.58%                  | 234                            | (39)                    | 195                          |
| As at 31 March 2022 |                         | 24,182                         | (541)                   | 23,641                       |

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 Aiviq contracts. As at 31 March 2023, total capitalised contract fulfilment costs were £1.2m (FY 22: £1.7m), of which £0.1m (FY 22: £0.1m) was presented within non-current assets on the face of the consolidated statement of financial position. These costs are recognised in the consolidated statement of comprehensive income 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. An expense of £1.5m has been recognised in the consolidated statement of comprehensive income in relation to capitalised contract fulfilment costs. 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 administration 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 was not material at the current or prior year ends. For analysis of the exposure to credit risk at 31 March 2023, refer to note 23.

16. Cash and cash equivalents

|                                  | FY 23<br>£'000 | FY 22<br>£'000 |
|----------------------------------|----------------|----------------|
| Cash at bank                     | 59,215         | 63,516         |
| <b>Cash and cash equivalents</b> | <b>59,215</b>  | <b>63,516</b>  |

All cash and cash equivalents held by the Group are available for use by the Group with no restrictions.



Notes to the consolidated financial statements continued

17. Trade and other payables

|                                           | Note | FY 23<br>£'000 | FY 22<br>£'000 |
|-------------------------------------------|------|----------------|----------------|
| Trade payables                            |      | 5,156          | 5,114          |
| Accruals                                  |      | 29,880         | 23,898         |
| Deferred income                           |      | 796            | 1,865          |
| Social security tax on share options      | 22   | 1,669          | 1,050          |
| Taxation and social security              |      | 4,734          | 2,964          |
| Other creditors                           |      | 2,277          | 1,280          |
| Earn-out and deferred consideration       | 13   | 16,027         | 20,500         |
| <b>Total amounts owed within one year</b> |      | <b>60,539</b>  | <b>56,671</b>  |

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 Group's trade payables payment policy is to provide payment within the agreed terms, which is generally 30 days from the date of receipt of invoice.

The majority of the accruals balance is the profit share bonus accrual, which has increased in the year, reflecting the enlarged team size, the strong performance of the Group and the timing of some payments.

Earn-out and deferred consideration relates to the second deferred and contingent earn-out payments in relation to the acquisition of Lionpoint. 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. 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 23<br>£'000 | Restated <sup>35</sup><br>FY 22<br>£'000 |
|------------------------------------------------------------|-------|----------------|------------------------------------------|
| Contract liabilities at the start of the year              | 17,19 | 2,098          | 1,996                                    |
| Foreign exchange movements                                 |       | 104            | 71                                       |
| Contract liabilities recognised in revenue during the year |       | (1,969)        | (1,692)                                  |
| Acquired through a business combination                    |       | –              | 34                                       |
| Increase in contract liabilities during the year           |       | 776            | 1,689                                    |
| <b>Balance at the end of the year</b>                      | 17,19 | <b>1,009</b>   | <b>2,098</b>                             |

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 Aiviq's multi-year contracts that range between one and ten 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 partially satisfied at the year-end date. Unperformed balances relating to contracts with an expected original life of less than one 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 23<br>£'000 | FY 22<br>£'000 |
|-------------------------------------------------------------|----------------|----------------|
| To be undertaken and recognised within one year             | 1,373          | 1,178          |
| To be undertaken and recognised between one and three years | 2,257          | 1,674          |
| To be undertaken and recognised after three years           | 1,614          | 918            |
| <b>Total unperformed performance obligations</b>            | <b>5,244</b>   | <b>3,770</b>   |

35 FY 22 reconciliation of deferred income has been restated to include the non-current portion of deferred income. This has resulted in £0.2m of additional deferred income being disclosed for FY 22. This restatement is presentational and has no impact on the consolidated statement of financial position or consolidated statement of comprehensive income.



18. Provisions

|                                    | Social security<br>tax provisions<br>£'000 | Legal and<br>other provisions<br>£'000 | Total<br>£'000 |
|------------------------------------|--------------------------------------------|----------------------------------------|----------------|
| Balance as at 1 April 2022         | 2,590                                      | 687                                    | 3,277          |
| Utilised                           | –                                          | (138)                                  | (138)          |
| Released                           | –                                          | (100)                                  | (100)          |
| Additional provisions              | 219                                        | –                                      | 219            |
| Foreign exchange movements         | 67                                         | 1                                      | 68             |
| <b>Balance as at 31 March 2023</b> | <b>2,876</b>                               | <b>450</b>                             | <b>3,326</b>   |

Within social security tax provisions is a £1.4m (FY 22: £1.4m) provision relating to historical pre-AIM admission potential tax treatments. An additional amount of £1.5m (FY 22: £1.2m) is included relating to further potential social security tax exposures and the balance increased in the year following reviewing and updating the input assumptions. The amount and timing of these social security tax provisions are subject to 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.

Legal and other provisions comprise £0.3m (FY 22: £0.3m) of dilapidation provisions in respect of the Group's leased offices and £0.2m (FY 22: £0.4m) relating to ongoing legal claims. The movements in the year reflect satisfactory conclusions to certain matters. The balance of legal and other provisions at 31 March 2023 represents the most probable outcome of these claims at the balance sheet date.

Given the uncertainty, a range of outcomes is possible in relation to these provisions. The Directors consider the cash outflows in relation to recognised provisions could reasonably range between £1.2m and £5.4m. The carrying value of the provisions disclosed above is a reasonable approximation of their fair value.

19. Other non-current liabilities

|                                          | Note | FY 23<br>£'000 | FY 22<br>£'000 |
|------------------------------------------|------|----------------|----------------|
| Earn-out and deferred consideration      | 13   | 8,922          | 20,146         |
| Deferred income                          |      | 213            | 233            |
| Social security tax on share options     | 22   | 1,640          | 1,953          |
| Other non-current liabilities            |      | 625            | 2,768          |
| <b>Total amounts owed after one year</b> |      | <b>11,400</b>  | <b>25,100</b>  |

Earn-out and deferred consideration relates to future deferred and contingent earn-out payments to be made for the acquisition of Lionpoint. Given the passage of time, the second deferred and contingent consideration payments now fall due within 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 Aiviq business, where revenue is sometimes recognised over a contractual licence period of greater than one year. For further details refer to note 17.

Other non-current liabilities decreased in the year as the remaining deferred element of FY 22 bonuses for certain directors and senior management globally now falls due within 12 months from the reporting date, partially offset by FY 23 bonuses awarded in the year, payable in summer 2024.



Notes to the consolidated financial statements continued

20. Note to the cash flow statement

|                                           | 1 April<br>2022<br>£'000 | Cash flow<br>£'000 | Non-cash changes                                               |                           |                              | 31 March<br>2023<br>£'000 |
|-------------------------------------------|--------------------------|--------------------|----------------------------------------------------------------|---------------------------|------------------------------|---------------------------|
|                                           |                          |                    | Lease<br>accounting<br>additions and<br>modifications<br>£'000 | Other<br>changes<br>£'000 | Foreign<br>exchange<br>£'000 |                           |
| Cash and cash equivalents                 | 63,516                   | (7,323)            | –                                                              | –                         | 3,022                        | 59,215                    |
| Bank borrowings                           | –                        | –                  | –                                                              | –                         | –                            | –                         |
| <b>Net cash</b>                           | <b>63,516</b>            | <b>(7,323)</b>     | <b>–</b>                                                       | <b>–</b>                  | <b>3,022</b>                 | <b>59,215</b>             |
| Less: cash and cash equivalents           | (63,516)                 | 7,323              | –                                                              | –                         | (3,022)                      | (59,215)                  |
| Leases                                    | (2,409)                  | 1,531              | (2,854)                                                        | (216)                     | (213)                        | (4,161)                   |
| Interest and bank loan fees               | –                        | 482                | –                                                              | (482)                     | –                            | –                         |
| <b>Liabilities arising from financing</b> | <b>(2,409)</b>           | <b>2,013</b>       | <b>(2,854)</b>                                                 | <b>(698)</b>              | <b>(213)</b>                 | <b>(4,161)</b>            |

|                                           | 1 April<br>2021<br>£'000 | Cash flow<br>£'000 | Acquisition<br>of subsidiary<br>£'000 | Non-cash changes                                                             |                           |                              | 31 March<br>2022<br>£'000 |
|-------------------------------------------|--------------------------|--------------------|---------------------------------------|------------------------------------------------------------------------------|---------------------------|------------------------------|---------------------------|
|                                           |                          |                    |                                       | Lease<br>accounting<br>additions and<br>modifications <sup>36</sup><br>£'000 | Other<br>changes<br>£'000 | Foreign<br>exchange<br>£'000 |                           |
| Cash and cash equivalents                 | 34,012                   | 26,836             | 2,148                                 | –                                                                            | –                         | 520                          | 63,516                    |
| Bank borrowings                           | –                        | –                  | –                                     | –                                                                            | –                         | –                            | –                         |
| <b>Net cash</b>                           | <b>34,012</b>            | <b>26,836</b>      | <b>2,148</b>                          | <b>–</b>                                                                     | <b>–</b>                  | <b>520</b>                   | <b>63,516</b>             |
| Less: cash and cash equivalents           | (34,012)                 | (26,836)           | (2,148)                               | –                                                                            | –                         | (520)                        | (63,516)                  |
| Leases                                    | (1,893)                  | 925                | (478)                                 | (827)                                                                        | (111)                     | (25)                         | (2,409)                   |
| Interest and bank loan fees               | (52)                     | 285                | –                                     | –                                                                            | (233)                     | –                            | –                         |
| <b>Liabilities arising from financing</b> | <b>(1,945)</b>           | <b>1,210</b>       | <b>(478)</b>                          | <b>(827)</b>                                                                 | <b>(344)</b>              | <b>(25)</b>                  | <b>(2,409)</b>            |

21. Called up share capital

|                                           | FY 23<br>Number | FY 22<br>Number |
|-------------------------------------------|-----------------|-----------------|
| <b>Allotted, called up and fully paid</b> |                 |                 |
| Ordinary 0.075p shares (1 vote per share) | 120,509,736     | 118,707,336     |

|                                           | FY 23<br>£ | FY 22<br>£ |
|-------------------------------------------|------------|------------|
| <b>Allotted, called up and fully paid</b> |            |            |
| Ordinary 0.075p shares (1 vote per share) | 90,382     | 89,031     |

Movements in share capital during the year ended 31 March 2023:

|                                                   | £             |
|---------------------------------------------------|---------------|
| Balance as at 1 April 2022                        | 89,031        |
| 118,707,336 ordinary shares of 0.075p each        |               |
| Issued shares                                     | (i)           |
| <b>Balance as at 31 March 2023</b>                | <b>90,382</b> |
| <b>120,509,736 ordinary shares of 0.075p each</b> |               |

(i) During the year, a total of 1,800,000 ordinary shares were issued by the Group, all of which were issued to the employee benefit trust (“EBT”) for future satisfaction of share incentive plans. A further 2,400 ordinary shares were issued by the Group, to satisfy exercises under the employee incentive plan (“EIP”).

36 The FY 22 comparative has been re-presented to show the split between lease accounting additions and modifications from the discount unwinding associated with leases.



Alpha employee benefit trust

The Group held 6,274,380 (FY 22: 6,216,501) 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. The EBT has waived all dividend and voting rights in respect of these shares.

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. Further, the EBT purchased 266,922 shares in the year at market value for £1.1m, which was funded by the Group and is accounted for as a deduction from other reserves.

In the year, 2,009,043 shares held in the EBT were utilised for employee share option exercises.

Treasury shares

The Group held nil (FY 22: 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 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”).

In prior periods, the majority of options granted to certain directors and senior management of the Group were subject to the fulfilment of three or more of the following performance conditions: (a) the Group achieving adjusted EPS growth of 15.0% or more to trigger a maximum award, or 10.0% 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 total shareholder return (“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. In FY 21, in response to COVID-19, options granted were subject to more flexible performance criteria, including local budget targets and a variety of stretching personal sales or other targets. In FY 22, the performance conditions of options granted in that year returned to the previous award criteria.

As disclosed last year, the Remuneration Committee approved performance conditions for FY 23 awards, which further modified the adjusted EPS growth range set out above to reflect the growth of the Group since AIM admission. The criteria for these share incentive awards to certain directors and senior management of the Group, depending on the individual and their role, include: (a) the Group achieving adjusted EPS growth of 11.25% or more to trigger a maximum award, or 7.5% to trigger a 66% award, with a linear application of awards between these levels; (b) personal adherence to corporate values and risk policy; and (c) specific business unit EBITDA, or other personal targets and goals.

Some of these share incentive awards also contain a market condition requiring the Group to achieve a TSR over three years in excess of the mean TSR delivered by a peer group of comparable companies.

MIP awards have either nominal or minimal exercise price payable in order to acquire shares pursuant to options. MIP awards have either three- or four-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. No EIP awards were made in the current or prior years.

During the year ended 31 March 2023, a total of 3,153,014 share option and award grants were made to employees and senior management (FY 22: 2,959,429). The weighted average of the estimated fair values of these options awarded in the year is £3.14 per share (FY 22: £2.68).

During the year 2,191,024 MIP and EIP awards vested following the satisfaction of performance conditions. The performance conditions relating to EPS growth and total shareholder return exceeding a basket of comparable companies over three years to the vesting date were met in full and the relevant local regional or individual budgetary performance conditions were met in full or part. Of these vested awards, 1,853,088 have been exercised, with a further 158,355 awards that vested in previous periods also exercised in the year. Of these total 2,108,886 options exercised, the Group settled 2,011,443 either through the issuance of new shares, or shares transferred from the



Notes to the consolidated financial statements continued

22. Share-based payments continued

Group's EBT with a further 97,443 options retained for net tax settlement. The weighted average share price at the date of these exercises was £4.27.

During the year, 552,467 share options were forfeited under performance conditions or as a result of leavers before vesting.

Of the 276,306 share options exercisable at the year end, 240,493 share options vested in the year. The remaining vested award holders have a further six-year to seven-year period, from the date of vesting, in which to exercise their vested awards.

Details of the share option awards made are as follows:

|                                          | FY 23<br>Number of<br>share options |
|------------------------------------------|-------------------------------------|
| Outstanding at the beginning of the year | 9,504,379                           |
| Granted during the year                  | 3,153,014                           |
| Exercised during the year                | (2,108,886)                         |
| Forfeited during the year                | (552,467)                           |
| Expired during the year                  | –                                   |
| <b>Outstanding at the year end</b>       | <b>9,996,040</b>                    |
| <b>Exercisable at the year end</b>       | <b>276,306</b>                      |

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 2023 had a weighted average remaining contractual life of 1.7 years.

During the year ended 31 March 2023, options were granted in July 2022 and January 2023 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.

The inputs to these models in the period were as follows:

|                                            | FY 23   |
|--------------------------------------------|---------|
| Weighted average share price at grant date | £3.99   |
| Exercise price                             | Nominal |
| Volatility                                 | 20.10%  |
| Weighted average share option life         | 4 years |
| Risk-free rate                             | 1.65%   |
| Expected dividend yield                    | 3.00%   |

Expected volatility was determined by calculating the historical 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 £8.0m (FY 22: £6.2m) in the current year, comprising £7.0m (FY 22: £4.1m) in relation to equity-settled share-based payments, and £1.0m (FY 22: £2.1m) relating to relevant social security taxes. As disclosed on p. 76 of the Remuneration Committee report, Euan Fraser stepped down from the role of Chief Executive Officer and from the Board on 31 March 2023 and, as announced, remains with the Group as a strategic adviser on a part-time basis. This has resulted in an acceleration of the share-based payment charge in relation to Euan's share options, as all employment-linked conditions attached to these share options have been removed.

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 £0.8m.



The combined carrying value of current and non-current liabilities relating to social security tax on share options as at 31 March 2023 is £3.3m (FY 22: £3.0m). A £1.0m charge was recognised in the consolidated statement of comprehensive income in the year, offset by £0.7m of payments. 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, the share price is updated at each reporting period to reflect historical 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 period could increase by £0.3m. Were the share price to remain flat the charge would reduce by £0.3m.

23. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

|                                                               | FY 23<br>£'000  | Restated <sup>37</sup><br>FY 22<br>£'000 |
|---------------------------------------------------------------|-----------------|------------------------------------------|
| Financial assets measured at amortised cost                   |                 |                                          |
| Cash and cash equivalents                                     | 59,215          | 63,516                                   |
| Trade and other receivables (i)                               | 31,028          | 26,908                                   |
| <b>Total financial assets measured at amortised cost</b>      | <b>90,243</b>   | <b>90,424</b>                            |
| Financial liabilities measured at amortised cost              |                 |                                          |
| Trade and other payables (ii)                                 | (37,313)        | (30,292)                                 |
| Lease liabilities                                             | (4,161)         | (2,409)                                  |
| Other non-current liabilities (ii)                            | (625)           | (2,768)                                  |
| <b>Total financial liabilities measured at amortised cost</b> | <b>(42,099)</b> | <b>(35,469)</b>                          |
| Financial liabilities measured at fair value                  |                 |                                          |
| Earn-out and deferred consideration                           | (24,949)        | (40,646)                                 |
| <b>Total financial liabilities measured at fair value</b>     | <b>(24,949)</b> | <b>(40,646)</b>                          |

- (i) Trade and other receivables (note 15) as presented in the table above exclude capitalised contract fulfilment costs and prepayments as these are non-financial assets.
- (ii) Trade and other payables (note 17) and other non-current liabilities (note 19) in the table above exclude deferred income, social security tax on share options, and taxation and other social security as these are non-financial liabilities. Earn-out and deferred consideration liabilities are presented as a separate line item in the table above.

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.

<sup>37</sup> The FY 22 comparative has been restated to disclose earn-out and deferred consideration liabilities of £40.6m as financial liabilities measured at fair value, previously disclosed as financial liabilities measured at amortised cost. Additionally, the FY 22 comparative has been restated to include other debtors of £0.5m within financial assets measured at amortised cost as these financial assets were previously excluded, and to exclude tax and social security liabilities of £6.0m from financial liabilities measured at amortised cost as these non-financial liabilities were previously included. These restatements are presentational only and have had no impact on the consolidated statement of financial position or the consolidated statement of comprehensive income.



Notes to the consolidated financial statements continued

23. Financial instruments continued

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.

Inflation risk is the risk that the increased rate of inflation in the market will have a material impact on the Group's forecasted cash flows. The Group has therefore considered current and plausible inflation levels when forecasting future cash flows. The Group does not believe that inflationary pressures represent a material risk to the Group's financial position at the balance sheet date.

Credit risk

The Group's credit risk is primarily attributable to potential default on its trade receivables. The Group considers a default to have occurred when a balance is over 90 days overdue and there is no realistic prospect of payment. 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. The likelihood of default is assessed by reference to the ageing category of the receivables. 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 ageing category, the resulting additional credit loss to the Group would be £0.3m.

Interest rate risk

The Group has interest-bearing assets and 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 2023.

If the variable interest rate applicable to the Group's revolving credit facility had been 500 bps higher in the year ended 31 March 2023, finance expenses would have increased by £0.3m.

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 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.

The Group's current trade payables, accruals and other creditors totalling £37.3m are expected to be paid within six months of the balance sheet date. Other non-current liabilities of £0.6m are expected to be settled between 12 and 18 months from the balance sheet date. Of the gross undiscounted amounts payable in relation to earn-out and deferred consideration, £16.7m is expected to be paid within six months of the balance sheet date, with the remaining £11.1m to be materially settled between 12 and 18 months of the balance sheet date. A separate maturity analysis of the Group's lease liabilities is disclosed in note 7.

Financial risk

The Group is liable for contingent earn-out payments on the acquisition of Lionpoint and, as at 31 March 2023, 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. As a result, the Group has provided a single sensitivity for the Lionpoint acquisition at the balance sheet date, as sensitivities applied to common underlying assumptions affect both elements of the liability.

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 FY 24 to decrease by 30% from the Board-approved budget, the undiscounted amount to be paid for the third earn-out would remain unchanged at £10.0m. Were the financial performance achieved by Lionpoint in FY 24 to decrease by 40% from the Board-approved budget, the undiscounted amount to be paid for the third earn-out would be £2.8m lower at an amount of £7.2m and the discounted liability as at 31 March 2023 would decrease by £2.3m.

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 contingent earn-out payments is between £17.7m and £20.0m.



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 US dollars. The Group uses available currency resources to help mitigate exposures. During the year, the Group did not enter into any arrangements to hedge this risk, as the Directors did not consider the exposure to be significant given the short-term nature of the balances. The Group will review this policy as appropriate in the future.

The impact on the Group's net fee income arising from a 5% adverse movement in all foreign exchange rates relevant to the Group has been calculated as being £7.2m (3.2%) in FY 23. The same sensitivity would also result in a decrease in the Group's net assets of £1.5m.

|                   | GBP<br>'000   | EUR<br>'000   | USD<br>'000   | CHF<br>'000  | SGD<br>'000  | NOK<br>'000  | DKK<br>'000  | AUD<br>'000  | CAD<br>'000 | RSD<br>'000  | HKD<br>'000 |
|-------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|
| Trade receivables | 9,192         | 4,559         | 13,362        | 1,344        | 504          | 5            | 1,824        | 1,229        | 316         | –            | –           |
| Cash              | 6,881         | 11,432        | 47,344        | 769          | 1,806        | 1,368        | 911          | 3,368        | 257         | 4,513        | 14          |
| Trade payables    | (2,861)       | (791)         | (1,774)       | (48)         | (2)          | –            | (17)         | (90)         | (48)        | (435)        | (12)        |
| <b>Total</b>      | <b>13,212</b> | <b>15,200</b> | <b>58,932</b> | <b>2,065</b> | <b>2,308</b> | <b>1,373</b> | <b>2,718</b> | <b>4,507</b> | <b>525</b>  | <b>4,078</b> | <b>2</b>    |

24. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, 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 £149.3m as at 31 March 2023 (FY 22: £132.7m). 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. 66. Further disclosures relating to the remuneration of the Directors of the Company are set out in the Remuneration Committee report on pp 73–77 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 2023 there is no ultimate controlling party of the Group. The largest shareholders in the Group are set out in the Directors' report and are also published at [alphafmc.com/investors/aim-rule-26](https://alphafmc.com/investors/aim-rule-26).



Notes to the consolidated financial statements continued

27. Events after the reporting period

Acquisition of Shoreline

On 1 May 2023, the Group reached an agreement to acquire 100% of the issued share capital of Shoreline Consulting Pty Ltd and Shoreline Consolidated Pty Ltd (together, “Shoreline”), a boutique consultancy that provides services to the asset and wealth management industry in APAC, on a cash and debt-free basis, for AUD 8.0m (£4.2m) initial cash consideration plus a performance-driven earn-out of up to AUD 5.0m (£2.6m). The initial cash consideration is payable in instalments, with AUD 4.9m (£2.6m) paid on completion, and AUD 1.7m (£0.9m) and AUD 1.4m (£0.7m) payable on the first and second anniversaries of completion respectively. Any contingent earn-out tranches are payable by July 2025, 2026 and 2027 respectively. The maximum potential cash consideration payable by the Group pursuant to the acquisition, assuming full payment of the earn-out, would be AUD 13.0m (£6.8m). The initial consideration was funded from the Group’s cash resources.

As at the date of signing these financial statements, given the proximity of the acquisition to the announcement date, the accounting is incomplete in respect of the valuation of the fair value of the acquiree’s assets and liabilities, and the associated goodwill for this acquisition.

Renewal of the Group’s revolving credit facility

The Group has one principal bank facility which, as at 31 March 2023, comprised a £20.0m committed revolving credit facility (“RCF”) with Lloyds Bank.

Subsequent to the year end, the Group has increased the amount of its committed RCF to £50.0m, with both Lloyds Bank and HSBC, to provide funding flexibility in line with the Group’s growth. The facility tenor now runs until June 2026.



Company statement of financial position

As at 31 March 2023

|                                      | Note | As at<br>31 March 2023<br>£'000 | As at<br>31 March 2022<br>£'000 |
|--------------------------------------|------|---------------------------------|---------------------------------|
| <b>Assets</b>                        |      |                                 |                                 |
| <b>Non-current assets</b>            |      |                                 |                                 |
| Investments                          | 2    | 1,344                           | 1,344                           |
| Deferred tax asset                   | 4    | 1,028                           | 3,213                           |
| Amounts owed by Group undertakings   |      | 165,012                         | 144,639                         |
| <b>Total non-current assets</b>      |      | <b>167,384</b>                  | <b>149,196</b>                  |
| <b>Current assets</b>                |      |                                 |                                 |
| Trade and other receivables          | 5    | 68                              | 205                             |
| Corporation tax                      |      | 363                             | 548                             |
| Cash and cash equivalents            | 6    | 205                             | 68                              |
| <b>Total current assets</b>          |      | <b>636</b>                      | <b>821</b>                      |
| <b>Current liabilities</b>           |      |                                 |                                 |
| Trade and other payables             | 7    | (14,407)                        | (3,635)                         |
| <b>Total current liabilities</b>     |      | <b>(14,407)</b>                 | <b>(3,635)</b>                  |
| <b>Net current liabilities</b>       |      | <b>(13,771)</b>                 | <b>(2,814)</b>                  |
| <b>Non-current liabilities</b>       |      |                                 |                                 |
| Other non-current liabilities        | 8    | (57)                            | (211)                           |
| <b>Total non-current liabilities</b> |      | <b>(57)</b>                     | <b>(211)</b>                    |
| <b>Net assets</b>                    |      | <b>153,556</b>                  | <b>146,171</b>                  |
| <b>Equity</b>                        |      |                                 |                                 |
| Issued share capital                 |      | 90                              | 89                              |
| Share premium                        |      | 119,438                         | 119,438                         |
| Capital redemption reserve           |      | –                               | –                               |
| Other reserves                       |      | 13,946                          | 9,224                           |
| Retained earnings                    |      | 20,082                          | 17,420                          |
| <b>Total shareholders’ equity</b>    |      | <b>153,556</b>                  | <b>146,171</b>                  |

As permitted by Section 408 of the Companies Act 2006, a separate statement of comprehensive income of the Company has not been presented. The Company’s profit for the year was £15.4m (FY 22: £8.6m).

The notes on pp 131–138 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 22 June 2023. They were signed on its behalf by:

Luc MJ Baqué  
Chief Executive Officer

John C Paton  
Chief Financial Officer

Company registered number: 09965297



Company statement of changes in equity

For the year ended 31 March 2023

|                                                      | Share capital<br>£'000 | Share premium<br>£'000 | Other reserves<br>£'000 | Retained earnings<br>£'000 | Total<br>£'000 |
|------------------------------------------------------|------------------------|------------------------|-------------------------|----------------------------|----------------|
| As at 1 April 2021                                   | 80                     | 89,396                 | 3,907                   | 17,474                     | 110,857        |
| Comprehensive income                                 |                        |                        |                         |                            |                |
| Profit for the year                                  | –                      | –                      | –                       | 8,626                      | 8,626          |
| Transactions with owners                             |                        |                        |                         |                            |                |
| Shares issued (equity)                               | 9                      | 30,042                 | –                       | (2)                        | 30,049         |
| Share-based payment charge                           | –                      | –                      | 4,075                   | –                          | 4,075          |
| Net settlement of vested share options               | –                      | –                      | (12)                    | –                          | (12)           |
| Purchase of own shares by the employee benefit trust | –                      | –                      | (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        |
| Comprehensive income                                 |                        |                        |                         |                            |                |
| Profit for the year                                  | –                      | –                      | –                       | 15,437                     | 15,437         |
| Transactions with owners                             |                        |                        |                         |                            |                |
| Shares issued (equity)                               | 1                      | –                      | –                       | (1)                        | –              |
| Share-based payment charge                           | –                      | –                      | 7,023                   | –                          | 7,023          |
| Net settlement of vested share options               | –                      | –                      | (343)                   | –                          | (343)          |
| Purchase of own shares by the employee benefit trust | –                      | –                      | (1,139)                 | –                          | (1,139)        |
| Current tax recognised in equity                     | –                      | –                      | 276                     | –                          | 276            |
| Deferred tax recognised in equity                    | –                      | –                      | (1,095)                 | –                          | (1,095)        |
| Dividends                                            | –                      | –                      | –                       | (12,774)                   | (12,774)       |
| As at 31 March 2023                                  | 90                     | 119,438                | 13,946                  | 20,082                     | 153,556        |

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 issuance costs.

Other reserves

The other reserves represent the cumulative fair value of the IFRS 2 share-based payment charge recognised each year, associated current tax and deferred tax, equity-settled acquisition consideration reserves, and purchases of the Company's own shares by the employee benefit trust ("EBT").

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 09965297 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.

Transition to FRS 101

During the year, the Company has revised the basis of preparation of these financial statements, transitioning from UK-adopted International Financial Reporting Standards ("IFRS") to Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). This transition has not resulted in any change to the Company's financial position at the transition date.

Basis of preparation

These financial statements were prepared in accordance with FRS 101.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("Adopted IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRS;
- disclosures in respect of the compensation of key management personnel;
- disclosures of transactions with a management entity that provides key management personnel services to the Company; and
- disclosures of related party transactions.

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-based Payment in respect of Group-settled share-based payments; and
- certain disclosures required by IFRS 16 Leases in relation to disclosure of the Company's leasing activities.

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 the carrying amount and fair value less costs to sell.

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

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the going concern period. For further details please refer to note 1 of the Group's consolidated financial statements.

Principal accounting policies

The accounting policies set out on pp 132–133 have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements.



Notes to the Company financial statements continued

1. Summary of significant accounting policies continued

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 and liabilities, income and expenses.

The Directors have made no judgements, excluding 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 ended 31 March 2023.

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

Management has estimated the share-based payment 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 payment charges recorded in the period are in respect of the share incentives awarded to the Directors of the Company, as while they are employed by another Group entity, their services are considered to benefit the Group and the Company directly. Refer to note 10 for further details.

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.

Dividends

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 payment 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 payment charge for the full Group in other reserves. The Company’s subsidiaries are considered to be the receiving entities in the arrangement, in line with the benefit received for services provided through ongoing employment.

Amounts relating to employees who provide services directly to the Company are recorded as an equity-settled share-based payment charge through the Company’s statement of comprehensive income and are not recharged.

The remaining charge in relation to employees who provide services to other Group entities is 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 and loss of the relevant receiving entities. The Company presents these movements in investments on a net basis within note 2.

For further details on the background to share-based payment plans and disclosures, please refer to note 22 of the Group’s consolidated financial statements.

Shares held in treasury or by Alpha’s employee benefit trust

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.

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 2023, and that will become effective in subsequent periods, as detailed on p. 101 of the Group accounts, none of which had a material impact on the Company.

2. Fixed asset investment

|                            | £'000        |
|----------------------------|--------------|
| <b>Cost</b>                |              |
| As at 1 April 2021         | 1,344        |
| Disposals                  | –            |
| As at 31 March 2022        | 1,344        |
| Disposals                  | –            |
| <b>As at 31 March 2023</b> | <b>1,344</b> |

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.

During the year, amounts recognised and subsequently reversed through intra-group recharge arrangements were £5.8m. 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 2023 | Class and percentage of shares held – 31 March 2022 |
|---------------------------|--------------------------|--------------------|------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| 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                                       |



Notes to the Company 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 2023 | Class and percentage of shares held – 31 March 2022 |
|---------------------------------------------------------------|--------------------------|--------------------|------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| 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                                       |
| Aiviq Limited <sup>38</sup>                                   | 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                                       |
| Alpha Financial Markets Consulting Germany GmbH <sup>39</sup> | Germany                  | 7                  | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Alpha Financial Markets Consulting Singapore Pte. Ltd.        | Singapore                | 8                  | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Alpha Financial Markets Consulting Hong Kong Limited          | Hong Kong                | 9                  | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Alpha Financial Markets Consulting Australia PTY Limited      | Australia                | 10                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Axxsys Limited                                                | UK                       | 11                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Axxsys Financial Software Consulting Canada Limited           | Canada                   | 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                                       | 100% ordinary                                       |
| Lionpoint Holdings, Inc.                                      | USA                      | 17                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Lionpoint Group, LLC                                          | USA                      | 18                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Lionpoint Group (UK) Limited                                  | UK                       | 19                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Lionpoint Group SA                                            | Switzerland              | 20                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Lionpoint Group Pty Limited                                   | Australia                | 21                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Lionpoint GmbH                                                | Germany                  | 22                 | Consultancy services         | 100% ordinary                                       | 100% ordinary                                       |
| Alpha Data Solutions Limited                                  | UK                       | 1                  | Dormant                      | 100% ordinary                                       | N/A                                                 |
| Alpha Financial Markets Group Spain S.L.U.                    | Spain                    | 23                 | Consultancy services         | 100% ordinary                                       | N/A                                                 |
| Alpha FMC (Newco) Limited                                     | UK                       | 1                  | Dormant                      | 100% ordinary                                       | N/A                                                 |

38 Aiviq Limited (formerly Alpha Data Solutions Limited) changed its name in FY 23.  
39 TrackTwo GmbH changed its name to Alpha Financial Markets Consulting Germany GmbH.



Registered addresses

- 60 Gresham Street, London EC2V 7BB, UK
- 12 East 49<sup>th</sup> Street, New York, NY 10017, USA
- 6 Square de L'Opéra Louis Jouvet, 75009 Paris, France
- 19/21 Route d'Arlon – bloc B, L-8009 Strassen, Luxembourg
- Strozzilaan 101, Amsterdam, 1083 HN, The Netherlands
- Stockerstrasse 55, 8002 Zürich, Switzerland
- Kurt – Blaum – Platz 8, 63450 Hanau, Germany
- 6A Shenton Way #04-01 Downtown Gallery, Singapore 068815
- 22/F Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
- Quay Quarter Tower, 50 Bridge Street, Sydney NSW 2000, Australia
- New Broad Street House, 35 New Broad Street, London EC2M 1NH, UK
- 1800-13401 108th Avenue, Surrey, British Columbia V3T 5T3, Canada
- Incorp Services, Inc., One Commerce Center, 1201 Orange Street #600, Wilmington, Delaware 19899, USA
- Flaesketorvet 68, DK-1711 Copenhagen, Denmark
- Dvadesetsedmog marta 6-6a, 11060 Palilula, Belgrade, Serbia
- Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C2X8, Canada
- 251 Little Falls Drive, Wilmington, Delaware 19808-1674, USA
- 8 The Green, Suite A, Dover, Delaware 19901, USA
- 5 Upper St. Martin's Lane, London WC2H 9EA, UK
- Rue d'Italie 11, 1204, Geneva, Switzerland
- Ground Floor, 123 Walker Street, North Sydney NSW, 2060, Australia
- c/o KUNZ Rechtsanwälte, Antoniterstraße 14-16, Köln, 50667, Germany
- PP/DE LA CASTELLANA número 18 7º, 28046, Madrid, Spain



Notes to the Company financial statements continued

3. Taxation

|                                               | FY 23<br>£'000 | FY 22<br>£'000 |
|-----------------------------------------------|----------------|----------------|
| <b>Current tax</b>                            |                |                |
| In respect of the current year                | (184)          | (328)          |
| Adjustment in respect of prior periods        | 476            | (93)           |
| <b>Deferred tax</b>                           |                |                |
| In respect of the current year                | (256)          | (813)          |
| Adjustments in respect of prior periods       | 1,345          | 96             |
| Change in tax rate                            | –              | (56)           |
| <b>Total tax charge/(credit) for the year</b> | <b>1,381</b>   | <b>(1,194)</b> |

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. In FY 24, this change will increase the Group's current tax charge accordingly.

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 23<br>£'000 | FY 22<br>£'000 |
|----------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Profit before taxation</b>                                                                | <b>16,818</b>  | <b>7,432</b>   |
| Tax on profit of ordinary activities at standard UK corporation tax rate of 19% (FY 22: 19%) | 3,195          | 1,412          |
| Effects of:                                                                                  |                |                |
| Income not subject to tax                                                                    | (3,635)        | (2,271)        |
| Adjustments in respect of prior periods                                                      | 1,821          | 96             |
| Permanent differences                                                                        | –              | (375)          |
| Remeasurement of deferred tax for changes in tax rates                                       | –              | (56)           |
| <b>Total tax credit/(charge) for the year</b>                                                | <b>1,381</b>   | <b>(1,194)</b> |

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

Adjustments in respect of prior periods comprise £0.4m in relation to current tax and £1.4m relating to deferred tax, which primarily relates to tax on share options. Please refer to note 4 for further details on the deferred tax charge in the year.

4. Deferred tax

Movements in deferred tax

As at 31 March 2023

|                           | 1 April 2022<br>£'000 | Recognised<br>in income<br>£'000 | Recognised<br>in equity<br>£'000 | 31 March 2023<br>£'000 |
|---------------------------|-----------------------|----------------------------------|----------------------------------|------------------------|
| Share options             | 3,213                 | (1,090)                          | (1,095)                          | 1,028                  |
| <b>Deferred tax asset</b> | <b>3,213</b>          | <b>(1,090)</b>                   | <b>(1,095)</b>                   | <b>1,028</b>           |

As at 31 March 2022

|                           | 1 April 2021<br>£'000 | Recognised<br>in income<br>£'000 | Recognised<br>in equity<br>£'000 | 31 March 2022<br>£'000 |
|---------------------------|-----------------------|----------------------------------|----------------------------------|------------------------|
| Share options             | 1,201                 | 773                              | 1,239                            | 3,213                  |
| <b>Deferred tax asset</b> | <b>1,201</b>          | <b>773</b>                       | <b>1,239</b>                     | <b>3,213</b>           |

For the period ended 31 March 2023, the Company has recognised a total of £0.8m (FY 22: £1.4m) of tax through equity, of which a £0.3m credit (FY 22: £0.2m) relates to current tax on the exercise of share options and an offsetting £1.1m (FY 22: £1.2m) debit relates to deferred tax on share options outstanding.



The decrease in the deferred tax asset during the year relates to a reallocation of the Group's deferred tax asset, in relation to share options, from the parent company to other Group entities. The portion of these assets that relate to employees of other Group entities should previously have been recognised in those entities, given that they will benefit from a tax deduction available upon exercise, rather than in the accounts of the Company. Therefore, in the Company accounts the Directors have determined that a reallocation of these assets to the employing entities is required. The impact of this reallocation has resulted in a £1.3m deferred tax asset release in the statement of comprehensive income, and a £1.4m release recognised through equity. The Directors do not consider this reallocation to be material to the user's understanding of the prior period financial statements and therefore have not restated the prior period. There is no impact on the Group financial statements.

5. Trade and other receivables

|                                          | FY 23<br>£'000 | FY 22<br>£'000 |
|------------------------------------------|----------------|----------------|
| Other debtors                            | 68             | 205            |
| <b>Total amounts due within one year</b> | <b>68</b>      | <b>205</b>     |

All amounts receivable from Group undertakings are included as non-current assets in the Company statement of financial position. 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 was immaterial in both the current and prior year.

6. Cash and equivalents

|                                  | FY 23<br>£'000 | FY 22<br>£'000 |
|----------------------------------|----------------|----------------|
| Cash in bank and at hand         | 205            | 68             |
| <b>Cash and cash equivalents</b> | <b>205</b>     | <b>68</b>      |

7. Trade and other payables

|                                           | FY 23<br>£'000 | FY 22<br>£'000 |
|-------------------------------------------|----------------|----------------|
| Amounts owed to Group undertakings        | 13,332         | 2,809          |
| Other creditors                           | 574            | 560            |
| Social security tax on share options      | 501            | 266            |
| <b>Total amounts owed within one year</b> | <b>14,407</b>  | <b>3,635</b>   |

8. Other non-current liabilities

|                                          | FY 23<br>£'000 | FY 22<br>£'000 |
|------------------------------------------|----------------|----------------|
| Social security tax on share options     | 57             | 211            |
| <b>Total amounts owed after one year</b> | <b>57</b>      | <b>211</b>     |

9. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the Company's financial assets and liabilities are as follows:

|                                                  | FY 23<br>£'000 | FY 22<br>£'000 |
|--------------------------------------------------|----------------|----------------|
| Financial assets measured at amortised cost      | 165,285        | 144,912        |
| Financial assets measured at historical cost     | 1,344          | 1,344          |
| Financial liabilities measured at amortised cost | (14,464)       | (3,846)        |
| <b>Net financial assets</b>                      | <b>152,165</b> | <b>142,410</b> |

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

The Group's financial instruments comprise intercompany receivables, investments in subsidiaries 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.



Notes to the Company financial statements continued

9. Financial instruments continued

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 as at 31 March 2023.

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 in the short term.

10. Share-based payments

Options under the Group’s “MIP” share option schemes have been granted to employees of the Company. For further information, including the terms and conditions of these awards, please refer to note 22 of the Group’s consolidated financial statements.

The Company’s weighted average exercise price for all options outstanding in both the current and prior years was nominal. The options outstanding as at 31 March 2023 had a weighted average contractual life of 1.1 years (FY 22: 1.3 years).

The Company’s weighted average share price at the date of exercised awards in the year was £4.40.

The Company recognised a total expense of £1.5m (FY 22: £0.7m) in the current year. As disclosed on p. 76 of the Remuneration Committee report, Euan Fraser stepped down from the role of Chief Executive Officer and from the Board on 31 March 2023 and, as announced, remains with the Group as a strategic adviser on a part-time basis. This has resulted in an acceleration of the share-based payment charge in relation to Euan’s share options, as all employment-linked conditions attached to these options have been removed.

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 £0.1m.

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 historical 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 £0.1m. Were the share price to remain flat the charge would reduce by £0.1m.

11. Related parties

Identity of related parties with which the Company has transacted

The Company has not engaged in any transactions with any related parties other than with wholly owned subsidiaries, and remuneration of the Company’s key management personnel. These transactions have not been disclosed as the Company has taken advantage of exemptions under FRS 101.

12. Events after the reporting period

Renewal of the Group’s revolving credit facility

Subsequent to the year end, the Company has increased the amount of its committed RCF to £50.0m, with both Lloyds Bank and HSBC, to provide funding flexibility in line with the Group’s growth. The facility tenor now runs until June 2026. Refer to note 27 of the notes to the consolidated financial statements.



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 and 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.

| Material factors                   | Principal locations in this Annual Report                                                                        |
|------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Data security                      | Risk management pp 47–49                                                                                         |
| Workforce diversity and engagement | Looking after our people: emphasis on culture and inclusion pp 26–27<br>Social: diversity and inclusion pp 36–37 |
| Professional integrity             | Sustainable business: governance p. 35; and community and social responsibility pp 38–41                         |

ESG metrics:

Topic: Data security

| Measurement             | FY 23 | FY 22 | 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 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 are 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 continuing to support Aiviq (formerly Alpha Data Solutions) in maintaining ISO 27001:2013 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; and
- 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.



SASB Disclosure continued

ESG metrics: continued

Senior oversight and executive sponsorship

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. Executive sponsorship of IT and data security in the leadership team is provided by the Group Managing Director and day-to-day 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, risks and mitigation activities across the Group. This includes managing activities pertaining to Aiviq’s ISO 27001 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 (BDO Digital). The SOC enables the organisation to robustly assess 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 Global Head of Operations 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 we are 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) and impact assessment, and handles both internal and external notifications (if and when required).

During the previous 12 months, there were no 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, and 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 legislation.

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 by the Global Head of Legal & Corporate Affairs;
- clear lines of operational responsibility and engagement across the global data protection governance, overseen by the Global Head of Operations;
- 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; and
- regular external collaboration with cybersecurity specialists.



Topic: Workforce diversity and engagement<sup>40</sup>

| Measurement                         | SASB Code    |
|-------------------------------------|--------------|
| Percentage of gender representation | SV-PS-330a.1 |

| Level                                                         | Male  |       | Female |       | Other |       | N/A <sup>41</sup> |       |
|---------------------------------------------------------------|-------|-------|--------|-------|-------|-------|-------------------|-------|
|                                                               | FY 23 | FY 22 | FY 23  | FY 22 | FY 23 | FY 22 | FY 23             | FY 22 |
| Directors and equivalent                                      | 85.8% | 84.4% | 13.3%  | 11.5% | 0.0%  | 0.0%  | 0.9%              | 4.2%  |
| Managers, senior managers, associate directors and equivalent | 69.3% | 71.1% | 30.5%  | 26.4% | 0.0%  | 0.0%  | 0.2%              | 2.4%  |
| Analysts, consultants and equivalent                          | 62.9% | 63.5% | 36.4%  | 34.8% | 0.0%  | 0.0%  | 0.7%              | 1.6%  |
| Overall split                                                 | 68.5% | 69.7% | 31.0%  | 28.0% | 0.0%  | 0.0%  | 0.5%              | 2.3%  |

| Measurement                                           | SASB Code    |
|-------------------------------------------------------|--------------|
| Percentage of racial/ethnic group representation (UK) | SV-PS-330a.1 |

| Level                                                         | Asian or Asian British |       | Black or Black British |       | Mixed background |       | White or White British |       | Other |       | N/A   |       |
|---------------------------------------------------------------|------------------------|-------|------------------------|-------|------------------|-------|------------------------|-------|-------|-------|-------|-------|
|                                                               | FY 23                  | FY 22 | FY 23                  | FY 22 | FY 23            | FY 22 | FY 23                  | FY 22 | FY 23 | FY 22 | FY 23 | FY 22 |
| Directors and equivalent                                      | 1.8%                   | 0.0%  | 1.8%                   | 2.1%  | 1.8%             | 2.1%  | 89.5%                  | 83.3% | 0.0%  | 2.1%  | 5.3%  | 10.4% |
| Managers, senior managers, associate directors and equivalent | 15.6%                  | 10.7% | 3.1%                   | 2.7%  | 3.1%             | 6.0%  | 67.6%                  | 76.5% | 1.3%  | 1.3%  | 9.3%  | 2.7%  |
| Analysts, consultants and equivalent                          | 17.5%                  | 24.4% | 5.3%                   | 4.9%  | 3.5%             | 6.5%  | 62.6%                  | 57.7% | 3.5%  | 2.4%  | 7.6%  | 4.1%  |
| Overall split                                                 | 14.6%                  | 14.4% | 3.8%                   | 3.4%  | 3.1%             | 5.6%  | 68.4%                  | 70.3% | 2.0%  | 1.9%  | 8.2%  | 4.4%  |

| Measurement                                                      | SASB Code    |
|------------------------------------------------------------------|--------------|
| Percentage of racial/ethnic group representation (North America) | SV-PS-330a.1 |

| Level                    | Asian |       | Black or African American |       | Hispanic or Latino |       | White |       | Other |       | N/A   |       |
|--------------------------|-------|-------|---------------------------|-------|--------------------|-------|-------|-------|-------|-------|-------|-------|
|                          | FY 23 | FY 22 | FY 23                     | FY 22 | FY 23              | FY 22 | FY 23 | FY 22 | FY 23 | FY 22 | FY 23 | FY 22 |
| Directors and equivalent | 11.1% | 9.1%  | 0.0%                      | 0.0%  | 0.0%               | 0.0%  | 77.8% | 81.8% | 3.7%  | 0.0%  | 7.4%  | 9.1%  |
| All other employees      | 15.3% | 15.6% | 3.6%                      | 4.3%  | 3.6%               | 5.4%  | 49.1% | 60.8% | 4.6%  | 4.8%  | 23.8% | 9.1%  |
| Overall split            | 14.9% | 14.9% | 3.2%                      | 3.8%  | 3.2%               | 4.8%  | 51.6% | 63.0% | 4.5%  | 4.3%  | 22.4% | 9.1%  |

| Measurement                                        | FY 23 | FY 22 | SASB Code    |
|----------------------------------------------------|-------|-------|--------------|
| Voluntary turnover rate of employees <sup>42</sup> | 12.2% | 12.4% | SV-PS-330a.2 |
| Employee engagement as a percentage <sup>43</sup>  | 73.5% | 69.3% | SV-PS-330a.3 |

40 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.

41 "N/A" refers to unknown, undisclosed or prefer not to say. An important part of the ongoing diversity and inclusion initiatives at Alpha is to endeavour to reduce the number of "N/A" (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 social section of the sustainable business report for more information.

42 Voluntary turnover data for FY 21 and FY 22 was based on fee-generating consultants. As part of our ongoing developments of this reporting, figures for FY 23 include fee-generating consultants as well as business operations teams. Voluntary turnover rate for fee-generating consultants only for FY 23 was 12.7%.

43 Employee engagement data for FY 23 was based on anonymous engagement surveys conducted during the year. FY 22 did not include Axxsys and Lionpoint.



SASB Disclosure continued

ESG metrics: *continued*

Topic: Professional integrity

| Measurement                                                                                                           | FY 23 | FY 22 | SASB Code    |
|-----------------------------------------------------------------------------------------------------------------------|-------|-------|--------------|
| Total amount of monetary losses as a result of legal proceedings associated with professional integrity <sup>44</sup> | –     | –     | SV-PS-510a.2 |

Description of approach to ensuring professional integrity:  
SV-PS-330a.1

Acting with integrity is embedded 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 and 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 heads of each business then oversee 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.



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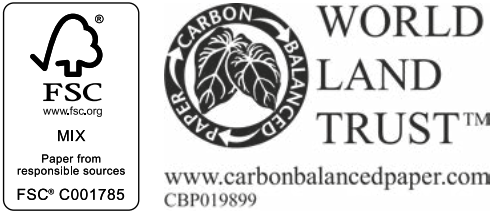
Corporate and investor website

alphafmc.com/investors

Client website

alphafmc.com

44 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.



Alpha Financial Markets Consulting plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Magno Satin, an FSC® certified material. This document was printed by Park Communications using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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