24 June 2021

Alpha Financial Markets Consulting plc

("Alpha", the "Company" or the "Group")

Alpha Financial Markets Consulting plc (AIM:AFM), a leading global provider of specialist consultancy services to the asset management, wealth management and insurance industries, is pleased to report its audited results for the 12 months ended 31 March 2021 (FY 21).

ALPHA DELIVERS A STRONG FINANCIAL PERFORMANCE AND FURTHER STRATEGIC PROGRESS, BUILDING MOMENTUM INTO THE NEW FINANCIAL YEAR

Financial Highlights[1]

- Revenue increased by 7.9% to £98.1m (FY 20: £90.9m) and net fee income increased by 10.2% to £98.0m (FY 20: £88.9m)
- Gross profit was £34.8m (FY 20: £34.4m) reflecting continued investment in our people and the business, alongside resilient fee rates and good utilisation overall
- Adjusted[2] EBITDA increased by 7.2% to £21.7m (FY 20: £20.2m)
- Adjusted earnings per share increased to 14.91p (FY 20: 14.21p)
- Profit before tax was £9.0m (FY 20: £9.3m) with basic earnings per share at 5.75p (FY 20: 6.11p)
- Strong adjusted cash conversion of 111% (FY 20: 106%) with adjusted cash generation from operating activities of £22.3m (FY 20: £19.9m)
- Robust balance sheet with a net cash balance as at 31 March 2021 of £34.0m (31 March 2020: £26.0m)
- In view of Alpha's performance and cash position at the year end, the Board is recommending a final dividend of 4.85p (FY 20: nil)

	12 months to **31 March 2021**	*12 months to* **31 March 2020**	**Change**
Revenue	**£98.1m**	£90.9m	7.9%
Gross Profit	**£34.8m**	£34.4m	1.2%
Adjusted EBITDA	**£21.7m**	£20.2m	7.2%
Adjusted Profit before Tax	**£19.6m**	£18.6m	5.3%
Profit before Tax	**£9.0m**	£9.3m	(3.5%)
Adjusted EPS	**14.91p**	14.21p	4.9%
Basic EPS	**5.75p**	6.11p	(5.9%)
Total Dividend per Share	**6.95p**	2.10p	

Operating Highlights

- All the Group's regions performed well and grew in the year

- Given the backdrop of the global COVID-19 pandemic, the Group continued to invest in selective, strategic hires throughout the period:
    - Expansion of the Group's revenue-generating director team through the addition of 11 experienced directors[3] globally
    - Fee-earning headcount[4] rose by 2.8% to 448 (FY 20: 436)
- Following the robust H1 21 results, and strong H2 21 performance, all COVID-19 business protection measures including hiring restrictions have now been removed
- Strong client retention and growth in new clients globally; addition of 58 new client relationships entirely through organic growth (FY 20: 30). Alpha has worked with 90% of world's top 20 asset managers by AUM
- Continued expansion of the service offering with creation of ESG & Responsible Investment practice, meeting a major strategic need across the industry
- Progressing the insurance consulting offering through successful launch of France-based Insurance practice and the UK-based Pensions & Retail Investments practice both performing well
- Successfully completed the acquisition of Lionpoint Holdings, Inc. ("Lionpoint") after the year end; expanding the Group's geographic footprint particularly in North America and strengthening its capabilities for alternatives clients

Outlook

- The structural growth drivers remain in place and the Group has made excellent strategic progress including extension of the service offering into insurance consulting, expansion in North America and via acquisition
- The acquisition of Lionpoint, completed after the year end, materially enhances the Group's service offering and footprint particularly in North America, and is expected to generate growth at attractive margins
- Alpha's diversified, resilient and growing business model, complemented by strong levels of utilisation and an excellent global pipeline, support the Board's confidence in the further growth of the Group

Commenting on the results, Euan Fraser, Global Chief Executive Officer said:

"We are delighted with the performance of the Group over the financial year, with the second half of the year creating further momentum and a very strong pipeline of new business. All the growth drivers for our business continue to add impetus to our performance with AUM in the asset and wealth management industry expected to increase by over 30% by 2025.

Continuing to differentiate ourselves successfully against the big 6 consulting firms on specialism and quality, the Group has made further strategic progress, expanding our services, global footprint and in making our largest acquisition to date. We launched our strategically important ESG & Responsible Investment practice and further built out our new insurance offering. Our recent acquisition of Lionpoint also supplements our strong growth in North America and will help us achieve our target of doubling the size of our business within four years.

The heart of our business is our people and I am extremely grateful to all of my colleagues for adapting to these exceptional times and continuing to support our clients successfully to the highest standards, while expanding the business through the year. We look forward to the future with confidence as the business continues to grow and we explore new revenue streams."

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Analyst Presentation:

A results presentation will take place at 10:30 a.m. today on Zoom. Those wishing to attend should contact AlphaFMC@camarco.co.uk.

A copy of the presentation slides, for those unable to attend, will be available on the company website at: https://alphafmc.com/investors/reports-presentations/.

About Alpha FMC:

Alpha is a leading global provider of specialist consultancy services to the asset management, wealth management and insurance industries. With over 550 consultants across 15 offices[5] spanning the UK, Europe, North America and APAC, Alpha has the largest dedicated team in the industry. Alpha has provided consultancy services to over 550 clients, including 90 per cent of the 20 largest global asset managers by AUM[6] and a range of other buy-side firms.

[1] Except for "About Alpha FMC", all operational and financial highlights relate to the period ending 31 March 2021, and do not take account of Group size and figures following the 21 May 2021 acquisition of Lionpoint Holdings, Inc. ("Lionpoint")

[2] The Group uses alternative performance measures ("APMs") to provide stakeholders further metrics to aid understanding of the underlying trading performance of the Group. These measures exclude non-operational costs including acquisition and integration costs, earn-out and deferred consideration costs and share-based payment charges. Refer to note 3 for further details

[3] "Directors" refers to the executive and non-executive members of the Board; meanwhile, "directors" refers to non-Board directors within the management teams of the Group

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

[5] Group uses "office" to refer to office location; that is, if there are multiple offices in one location, they will be counted as one office

[6] "Top 20" refers to Investment & Pensions Europe, "Top 500 Asset Managers 2021"

Chairman's Report

Introduction

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

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

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

Overview of the Financial Year

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

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

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

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

The Group has achieved annual revenue growth of 7.9% on the previous financial year to £98.1m. I am also pleased to report the Group's highest ever adjusted EBITDA of £21.7m (FY 20: £20.2m) and growth in adjusted earnings per share of 4.9% to 14.91p. Basic earnings per share was 5.75p, after increased adjusting costs as set out in note 3 of the notes to the consolidated financial statements.

Governance and the Board

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

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

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

The Group is committed to achieving high levels of transparency on ESG and sustainability issues, building on the ESG metrics first disclosed in last year's Annual Report. It will continue to develop its reporting in these areas in line both with mandatory disclosure frameworks, such as the forthcoming requirements set out by the Taskforce on Climate-Related Financial Disclosures, and with our own determination to provide the most appropriate and helpful non-financial metrics. In making all such disclosures, the Group's intention is to enhance understanding of Alpha's approach to risk management and to demonstrate that it is a business capable of generating sustainable, long-term growth.

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

Strategy

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

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

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

Dividend

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

Outlook

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

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

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

Ken Fry

Chairman

24 June 2021

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

Global Chief Executive Officer's Report

Introduction

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

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

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

COVID-19

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

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

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

Summary of Financial Performance

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

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

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

Operational Review

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

Among our established practices, Distribution, M&A Integration and Operations & Outsourcing continue to perform well in all our key regional markets. Newer practices including Digital and Regulatory Compliance & Risk[9] are showing good growth. Across the business, we were able to agree new projects with resilient consultant fee rates overall and improving margin performance towards the end of the period give us confidence for FY 22 and beyond, as the market continues to normalise.

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

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

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

Geographic Overview

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

	12 months to **31 March 2021**	*12 months to* **31 March 2020**	**Change**
Net Fee Income			
UK	**£53.5m**	£50.5m	5.7%
North America	**£16.5m**	£14.4m	14.4%
Europe & Asia	**£28.0m**	£24.0m	16.9%
Year-end totals	**£98.0m**	£88.9m	**10.2%**

	12 months to **31 March 2021**	*12 months to* **31 March 2020**	**Change**
Gross Profit			
UK	**£21.4m**	£22.2m	(4.0%)
North America	**£4.4m**	£4.8m	(6.1%)
Europe & Asia	**£9.0m**	£7.4m	21.6%
Year-end totals	**£34.8m**	£34.4m	**1.2%**

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

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

North America again delivered strong growth, with net fee income up 14.4%. As well as adding a number of new domestic clients in the region, we have continued to build on recently created client relationships and are delivering large-scale projects. This serves to demonstrate the relevance and strong appeal of our service offering there. We have continued to invest in growing the Alpha team accordingly, to capitalise on the opportunity and demand that we see, as Alpha North America reports the strongest headcount increase in the Group. Our growth in North America has also been recognised by Forbes, who identified Alpha as one of “America’s Best Management Consulting Firms” in 2021. We see the huge scale of the opportunity for Alpha in the world’s biggest asset management market and we are making good progress in building relationships with the largest asset managers there.

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

Our People

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

Although it was smoothly executed, the transition to remote working, without the opportunity to bring our teams together for much of the year, created additional pressures for everyone as they tried to balance professional commitments with the demands of their personal lives. We designed a framework to support our teams based on feedback from employees across the Group. This addressed three main streams of work: wellbeing – to inspire, motivate and support Alpha’s people; productivity – to optimise remote working practices and collaboration; and technology – to ensure a continuous operational framework and effective remote technology solutions. It has been critical to recognise that there has been a wide range of reactions to remote working among our people and that individuals need varying levels of support to help them manage the transition. I believe the efforts we have made in this regard demonstrate the best aspects of Alpha’s culture and we continue to evolve this framework to ensure that we remain as connected and supportive as we can be.

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

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

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

Growth Strategy and Acquisitions

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

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

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

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

Current Trading and Outlook

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

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

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

Euan Fraser

Global Chief Executive Officer

24 June 2021

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

Chief Financial Officer's Report

Group Results

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

	12 months to **31 March 2021**	*12 months to* **31 March 2020**	**Change**
Revenue	**£98.1m**	£90.9m	7.9%
Net Fee Income	**£98.0m**	£88.9m	10.2%
Gross Profit	**£34.8m**	£34.4m	1.2%
Operating Profit	**£10.2m**	£10.4m	(2.4%)
Adjusted EBITDA	**£21.7m**	£20.2m	7.2%
Adjusted EBITDA Margin	***22.2%***	*22.8%*	(2.7%)
Adjusted Profit before Tax	**£19.6m**	£18.6m	5.3%
Profit before Tax	**£9.0m**	£9.3m	(3.5%)
Adjusted EPS	**14.91p**	14.21p	4.9%
Adjusted Diluted EPS	**14.26p**	13.62p	4.7%
Basic EPS	**5.75p**	6.11p	(5.9%)

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

Revenue

The Group was very pleased with net fee income performance of 10.2% growth in the year, including 8.0% organic[10] contribution. Revenue grew 7.9%, including reduced rechargeable client expenses compared to the prior year.

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

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

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

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

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

Alpha's growth was supported by further investment in global consultant headcount. The number of consultants (including contractors) reached 448 by the year end (March 2020: 436), with Alpha North America adding the most to its team overall, while a selective recruitment policy was adopted to best navigate the more uncertain environment during the first part of FY 21.

Group Profitability

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

Adjusted administrative expenses, before charging the adjusting items detailed in note 3 to the consolidated financial statements, reduced 7.3% to £13.1m (FY 19: £14.2m), reflecting lower levels of discretionary spend largely due to the COVID-19 pandemic. This was partly offset by an increase in Group management team resource, higher PLC and professional fee spend and increased technology security and infrastructure expense, as the Group continues to grow. Statutory administrative costs increased 2.8% overall, principally reflecting increased acquisition-related and share-based payment costs, as set out in note 3 and below.

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

Group operating profit was £10.2m (FY 20: £10.4m) after charging all costs, including the adjusting items. These cost adjustments, detailed in note 3 to the consolidated financial statements, increased to £9.8m (FY 20: £8.4m) principally due to increased acquisition-related and share-based payment costs. The fair value of the Axxsys acquisition earn-out liability increased due to Axxsys's strong performance in the year. This resulted in a one-off charge, which lifts the Axxsys earn-out to its maximum pay-out level. This charge is also supplemented by a full-year impact of employment-linked earn-out charges relating to acquisitions made during the prior year. The share-based payment charge, including relevant social security costs, increased in the current year, reflecting new awards granted, updated valuation assumptions and a higher closing share price. These increases in adjusting items were offset by lower acquisition and integration costs compared to the prior year. Further details are set out in notes 3 and 13. Similarly, profit before tax reduced to £9.0m (FY 20: 9.3m) after charging these increased adjusting item costs, increased depreciation and increased finance expenses.

Currency

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

Net Finance Expense

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

Taxation

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

For further taxation details, see note 5 to the consolidated financial statements. Adjusted profit after tax is shown after adjustments for the applicable tax rates on adjusting items as set out in note 3.

Acquisition Activity

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

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

After the year end, on 20 May 2021, the Group announced the acquisition of Lionpoint for a maximum payable amount of $90.0m. Lionpoint represents a highly complementary business within the alternatives investments segment and provides an attractive opportunity to expand the range of services provided to the combined client base. Please refer to note 14 for further detail.

Earnings per Share

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

Cash Flow and Net Funds

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

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

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

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

Statement of Financial Position

The Group continues to maintain a strong financial position. The Group's non-current assets movement is driven by intangible assets, which continue to amortise, with no new additions in the year. A key change to the Group's statement of financial position relates to the recognition in the year of £0.3m capitalised implementation costs arising from ADS software implementations, in which certain client contracts extend over a period of greater than one year. Expenditure incurred ahead of the satisfaction of the relevant contractual performance obligations is capitalised and amortised across the expected life of the contract. See note 9 for further detail.

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

Trade and other payables balances increased, representing an increased level of accruals, including the directors' salary sacrifices, which were fully accrued for repayment after the year end and higher profit share accruals owing to the enlarged team size and good performance. Total acquisition related deferred consideration and earn-out liabilities have also increased slightly, as disclosed in note 8, which relates to the increase in the fair value of the Axxsys earn-out liability and employment-linked consideration, and the unwinding of discounting, offset by deferred consideration payments made during the year.

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

Dividends

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

Total Shareholders' Funds

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

Risk Management and the Year Ahead

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

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

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

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

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

John Paton

Chief Financial Officer

24 June 2021

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[10] Please see note 3 for further detail on organic net fee income growth

Consolidated statement of comprehensive income
For the year ended 31 March 2021

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

Consolidated statement of financial position
As at 31 March 2021

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

[11] Prior period restatement relates to a measurement period adjustment to the value of goodwill on the acquisition of Obsidian in FY 20. This has resulted in an immaterial increase in goodwill and current liabilities of £89,000, which has had no impact on the Group's brought forward net assets

Consolidated statement of cash flows

For the year ended 31 March 2021

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

Consolidated statement of changes in equity

For the year ended 31 March 2021

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

Share capital

Share capital represents the nominal value of share capital subscribed.

Share premium

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

Capital redemption reserve

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

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

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

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

Notes to the consolidated financial statements

1. Basis of preparation and significant accounting policies

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 March 2021 or 2020 but is derived from those accounts. Statutory accounts for the year ended 31 March 2020 have been delivered to the registrar of companies, and those for the year ended 31 March 2021 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These condensed preliminary financial statements have been prepared in accordance with the recognition and measurement requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, in line with the Group's statutory accounts.

Going concern

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

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

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

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

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

2. Segment information

Group management has determined the operating segments by considering the segment information that is reported internally to the chief operating decision maker, the Board of Directors. For management purposes, the Group is currently organised into three geographical operating divisions: UK, North America and Europe & Asia. The Group's operations all consist of one type: consultancy and related services to the asset management, wealth management and insurance industries.

The Directors consider that there is a material level of operational support and linkage provided to the Group's emerging territories in Europe and Asia as they develop their presence locally and, as such, these clusters of territories have been deemed to constitute one operating segment.

Revenues associated with software licensing arrangements were immaterial in both the current and prior years. Therefore, the Directors consider disaggregating revenue by operating segments is most relevant to depict the nature, amount, timing and uncertainty of revenue and cash flows as may be affected by economic factors.

Segmental revenue

FY 21	**UK**	**North America**	**Europe & Asia**[13]	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	53,471	16,531	28,064	98,066
Rechargeable expenses	(51)	(17)	(44)	(112)
Net fee income	**53,420**	**16,514**	**28,020**	**97,954**
Cost of sales	(32,022)	(12,040)	(19,068)	(63,130)
Gross profit	**21,398**	**4,474**	**8,952**	**34,824**
Margin on net fee income[12] (%)	*40.1%*	*27.1%*	*31.9%*	*35.6%*
Non-current assets	**59,181**	**7,766**	**20,153**	**87,100**

FY 20	**UK**	**North America**	**Europe & Asia**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	51,391	15,222	24,288	90,901
Rechargeable expenses	(864)	(786)	(327)	(1,977)
Net fee income	**50,527**	**14,436**	**23,961**	**88,924**
Cost of sales	(28,247)	(9,672)	(16,602)	(54,521)
Gross profit	**22,280**	**4,764**	**7,359**	**34,403**
Margin on net fee income (%)	*44.1%*	*33.0%*	*30.7%*	*38.7%*
Non-current assets	**62,779**	**9,785**	**20,993**	**93,557**

During the year, the Group had one customer that comprised more than 10% of the Group's revenues, reporting within the UK segment and comprising £11.7m or 12.0% of Group revenue. No customers comprised more than 10% of Group revenues in FY 20.

The Group's central non-current assets have been allocated to the UK operating segment, except for goodwill, intangible assets and right-of-use assets, which have been allocated to relevant operating segments.

In the year, the Group received immaterial COVID-19 related government financial support totalling less than £0.1m, all in Europe & Asia. This has been offset against the related cost of sales, in line with IAS 20.

[12] Margin on net fee income is gross profit expressed as a percentage of net fee income. Please refer to note 3 for further detail
[13] Within Europe & Asia, France is a material entity and generated profits after tax of £1.9m (FY 20: £1.1m) and revenue of £12.5m (FY 20: £11.2m)

3. Reconciliations to alternative performance measures

Alpha uses alternative performance measures ("APMs") that are not defined or specific under the requirements of IFRS. The APMs, including net fee income, margin on net fee income, adjusted EBITDA, adjusted profit before tax, adjusted EPS, adjusted cash conversion and organic growth, are provided to allow stakeholders a further understanding of the underlying trading performance of the Group and aid comparability between accounting periods. They are not considered a substitute for, or superior to, IFRS measures.

Net fee income

The Group disaggregates revenue into net fee income and expenses recharged to clients. Net fee income provides insight into the Group's productive output and is used by the Board to set budgets and measure performance. This APM is reconciled on the face of the income statement and net fee income by segment is reconciled to revenue in note 2.

Profit margins

Margin on net fee income and adjusted EBITDA margins are calculated using gross profit and adjusted EBITDA expressed as a percentage of net fee income. These margins represent the margin that the Group earns on its productive output, excluding nil or negligible margin expense recharges to clients over which the Group has limited control, and allows comparability of the business output between periods. Such adjusted margins are used by the management team and the Board to assess the performance of the Group.

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

	Note	FY 21 £'000	FY 20 £'000
Profit before tax		**8,969**	**9,294**
Amortisation of acquired intangible assets		3,517	3,376
Loss on disposal of fixed assets		13	11
Share-based payments charge	13	2,496	1,307
Earn-out & deferred consideration	8	3,606	2,761
Acquisition costs		-	488
Integration costs		107	509
Foreign exchange losses/(gains)		94	(80)
Adjusting items		9,833	8,372
Non-underlying finance expenses		803	951
Adjusted profit before tax		**19,605**	**18,617**
Net underlying finance expenses		404	181
Adjusted operating profit		**20,009**	**18,798**
Depreciation of property, plant and equipment		1,085	1,022
Amortisation of capitalised development costs		613	428

Adjusted EBITDA	**21,707**	**20,248**
Adjusted EBITDA margin (%)	*22.2%*	*22.8%*

Adjusting items

Certain expense items, which management believe do not reflect the underlying operating performance of the business, are excluded from adjusted profit measures. These items are generally non-cash, acquisition related or are non-recurring by nature.

Amortisation of acquired intangible assets and profit or loss on disposal of fixed assets are treated as adjusting items to better reflect the underlying performance of the business, as they are non-cash items, principally relating to acquisitions.

The share-based payments charge and related social taxes are excluded from adjusted profit measures. This allows comparability between periods as the Group's share option plans were established on AIM admission. It also aligns more closely with the operational activities of the business, as well as accounts for the fact that the charge is a non-cash item and the fact that estimated future social taxes payable fluctuate with the future market value of shares assumed. This approach has been applied consistently across reporting periods. Note 13 sets out further details of the employee share-based payments expense calculation under IFRS 2.

As per note 8, the acquisitions of Axxsys and Obsidian in the prior year involved deferred contingent and non-contingent consideration payments, which, in accordance with IFRS 3, are being expensed annually over several years, dependent on the ongoing employment of the respective vendors or to reflect adjustments made to the fair value of the expected future payment. This cost has been treated as an adjusting item as, whilst it will recur in the short term, it represents additional payments linked to these acquisitions and not underlying operational performance, allowing comparability across reporting periods.

Other acquisition costs expensed in the prior year relating to the Axxsys and Obsidian acquisitions were also treated as an adjusting item as they were not directly attributable to the ongoing trading performance of the Group.

Integration costs incurred in order to align the acquired Obsidian product suite security and to integrate the technology protocols with the ADS 360 SalesVista product directly result from the acquisition of Obsidian in the prior year. Integration was completed in April 2020 and was managed as a discrete short-term project subsequent to the acquisition. These costs are excluded from adjusted profit measures to allow clarity on the underlying operational performance of the Group between periods.

Similarly, the impact of foreign currency volatility in translating local working capital balances to their relevant functional currencies has been excluded from the calculation of adjusted profit measures on the basis that such exchange rate movements do not reflect the underlying trends or operational performance of the Group.

Non-underlying finance expenses

In calculating adjusted profit before tax, unwinding of the discounted contingent and non-contingent acquisition consideration within finance expenses is considered non-underlying as these amounts relate to acquisition consideration, rather than the Group's underlying trading performance.

Adjusted profit before tax

Adjusted profit before tax is an APM calculated as profit before tax stated before the adjusting items above, including amortisation of acquired intangible assets, share-based payment charge, acquisition-related consideration and costs, non-underlying finance expenses and other non-underlying expenses. This measure was introduced in the prior year to allow comparability of the Group's underlying performance after the adoption of IFRS 16. This measure also reflects the underlying amortisation charges arising from capitalised development costs relating to ADS product development. This measure will likely be of increasing importance in allowing comparability across periods as the ADS business grows further in future periods.

Adjusted operating profit

Adjusted operating profit is an APM defined by the Group as adjusted profit before tax before charging underlying finance expenses, including fees on bank loans and interest on lease liabilities. The Directors consider this metric aligned to the defined components of operating profit, adjusted for the adjusting items above, and provides a clearer view of the underlying operating performance of the business. This measure is used as the basis for adjusted cash conversion.

Adjusted EBITDA

Adjusted EBITDA is a commonly used operating measure, which is defined by the Group as adjusted operating profit stated before non-cash items, including amortisation of capitalised development costs and depreciation of property, plant and equipment. Adjusted EBITDA is a measure that is used by management and the Board to assess trading performance across the Group and forms the basis of the performance measures for aspects of remuneration, including consultant profit share.

Adjusted profit after tax

Adjusted profit after tax and adjusted earnings per share metrics are also APMs, similarly used to allow a further understanding of the underlying performance of the Group. Adjusted profit after tax is stated before adjusting items and their associated tax effects. The associated tax effects are calculated by applying the relevant effective tax rate to allowable expenses that have been excluded as adjusting items.

	FY 21 £'000	FY 20 £'000
Adjusted profit before tax	**19,605**	**18,617**
Tax charge	(3,142)	(3,127)
Tax impact of adjusting items	(1,358)	(1,142)
Adjusted profit after tax	**15,105**	**14,348**

Adjusted earnings per share

Adjusted earnings per share ("EPS") is calculated by dividing the adjusted profit after tax for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Adjusted diluted EPS is calculated by dividing adjusted profit after tax by number of shares as above, adjusted for the impact of potential ordinary shares. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share). Refer to note 7 for further detail.

Adjusted EPS	**FY 21**	**FY 20**
Adjusted EPS (p)	14.91	14.21
Adjusted diluted EPS (p)	14.26	13.62

Reconciliation of adjusted administrative expenses

	FY 21	FY 20

	£'000	£'000
Administrative expenses	24,648	23,977
Adjusting items	(9,833)	(8,372)
Depreciation of property, plant and equipment	(1,085)	(1,022)
Amortisation of capitalised development costs	(613)	(428)
Adjusted administrative expenses	**13,117**	**14,155**

To express on the same basis as the APMs described above, adjusted administration expenses are stated before adjusting items, depreciation and amortisation of capitalised development costs and are used by the Board to monitor the underlying administration expenses of the business in calculating adjusted EBITDA.

Adjusted cash generated from operating activities

Adjusted cash generated from operating activities excludes any employment-linked acquisition payments and other acquisition costs expensed in the year, treated as operating cash flows under IFRS, to reflect the Group's underlying operating cash flows, exclusive of cash payments relating to acquisitions.

	FY 21 £'000	FY 20 £'000
Net cash generated from operating activities	**21,035**	**18,208**
Employment-linked acquisition payments[14]	1,246	1,200
Acquisition costs	-	488
Adjusted cash generated from operating activities	**22,281**	**19,896**

Adjusted cash conversion

Cash conversion is stated as net cash generated from operating activities expressed as a percentage of operating profit.

Adjusted cash conversion is stated as adjusted cash generated from operating activities expressed as a percentage of adjusted operating profit.

	FY 21	FY 20
Cash conversion	207%	175%
Adjusted cash conversion	111%	106%

Organic net fee income growth

Organic net fee income growth of 8.0% (FY 20: 7.7%) for the current period represents FY 21 net fee income less £1.9m net fee income attributable to the acquisitions completed during the prior period.

Organic net fee income growth excludes net fee income from acquisitions in the 12 months following acquisition. Net fee income from any acquisition made in the period is excluded from organic growth. For acquisitions made part way through the comparative period, the current period's net fee income contribution is reduced to include only net fee income for the period following the acquisition anniversary, in order to compare organic growth on a like-for-like basis.

Constant currency growth

The Group operates in multiple jurisdictions and generates revenues and profits in various currencies. Those results are translated on consolidation at the foreign exchange rates prevailing in that period. These exchange rates vary from year to year, so the Group presents some of its results on a "constant currency" basis. This means that the current year's results have been retranslated using the average exchange rates from the prior year to allow for comparison of year-on-year results, eliminating the effects of volatility in exchange rates.

Currency translation had a minimal impact on both net fee income and profits in FY 21, as a result of a strengthening sterling through the period against the US Dollar being offset by weakening against the Euro. In the year, sterling averaged $1.31 (FY 20: $1.28) and €1.12 (FY 20: €1.15). Currency translation immaterially increased FY 21 net fee income by £0.2m or 0.2% (FY 20: £0.3m or 0.4%), albeit the individual geographic regional results were more affected. On a constant currency basis, North America net fee income growth would increase to 16.9% and Europe & Asia would report 14.5% total net fee income growth.

[14] Total acquisition payments made in the year were £4.0m, comprising £1.2m relating to employment-linked acquisition payments, treated as operating under IFRS, and a further £2.8m considered to be capital in nature and included within investing activities in the Group's consolidated statement of cash flows. Please see note 8 for further details

4. Staff costs

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

	FY 21 Number	FY 20 Number
UK	197	174
North America	66	53
Europe & Asia	125	128
Administration	48	42
	436	**397**

	FY 21 £'000	FY 20 £'000
Wages and salaries	51,205	42,178
Social security costs	6,069	5,076
Pension costs	924	952
Share-based payment charge	2,496	1,307
	60,694	**49,513**

The Directors are considered to be the key management personnel. The share-based payment charge, including social security taxes, in respect of key management personnel was £353,000 (FY 20: £136,000).

5. Taxation

	FY 21	FY 20
	£'000	**£'000**
Current tax		
In respect of the current year - UK	2,058	2,473
Foreign taxation	2,282	1,243
Adjustment in respect of prior periods	(242)	(372)
Deferred tax		
In respect of the current year	(959)	(829)
Change in tax rate	-	426
Adjustment in respect of prior periods	3	186
Total tax expense for the year	**3,142**	**3,127**

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

	FY 21	FY 20
	£'000	**£'000**
Profit before taxation	8,969	9,294
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (FY 20: 19%)	1,704	1,766
Effects of:		
Fixed asset differences	(4)	(1)
Expenses not deductible for taxation	463	1,042
Differences due to overseas tax rates	856	74
Adjustments in respect of prior periods	(242)	(372)
Adjustments in respect of prior periods – deferred tax	3	186
Change in deferred tax rate	(13)	406
Current tax charged to equity (share option exercise)	374	-
Deferred tax not recognised	1	26
Total tax expense for the year	**3,142**	**3,127**

Expenses not deductible for taxation relate mainly to employment-linked acquisition consideration, treated as capital for tax purposes, with non-deductible share-based payment charges being offset by current tax credits on share option exercises in the year.

6. Dividends

	FY 21	FY 20
	£'000	**£'000**
Amounts recognised as distributions to equity holders:		
Interim dividend for the year ended 31 March 2021 of 2.10p (FY 20: 2.10p) per share	2,136	2,121

Proposed final dividend for the year ended 31 March 2021 of 4.85p (FY 20: nil) per share	5,416	-
Total dividend for the year ended 31 March 2021 of 6.95p (FY 20: 2.10p) per share	**7,552**	**2,121**

The proposed final FY 21 dividend is subject to approval by shareholders at the AGM and has, therefore, not been included as a liability in these consolidated financial statements.

7. Earnings per share and adjusted earnings per share

The Group presents basic and diluted earnings per share ("EPS") data, both adjusted and non-adjusted for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares fully outstanding during the period. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share).

In order to reconcile to the adjusted profit for the financial period, the same adjustments as in note 3 have been made to the Group's profit for the financial period. The profits and weighted average number of shares used in the calculations are set out below:

	Note	FY 21	FY 20
Basic & diluted EPS			
Profit for the financial year used in calculating basic and diluted EPS (£'000)		5,827	6,167
Weighted average number of ordinary shares in issue ('000)		101,312	101,003
Number of dilutive shares ('000)		4,590	4,341
Weighted average number of ordinary shares, including potentially dilutive shares ('000)		105,902	105,344
Basic EPS (p)		5.75	6.11
Diluted EPS (p)		5.50	5.85
Adjusted EPS and adjusted diluted EPS			
Adjusted profit for the financial year used in calculating adjusted basic and diluted EPS (£'000)	3	15,105	14,348
Weighted average number of ordinary shares in issue ('000)		101,312	101,003
Number of dilutive shares ('000)		4,590	4,341
Weighted average number of ordinary shares, including potentially dilutive shares ('000)		105,902	105,344
Adjusted EPS (p)		14.91	14.21
Adjusted diluted EPS (p)		14.26	13.62

Earnings per share is calculated based on the share capital of the Company and the earnings of the Group.

8. Acquisition of business

Acquisitions in the prior year

As part of the acquisition of Axxsys Limited and Obsidian Solutions Limited in previous periods, the Group agreed earn-out arrangements and a final ownership consideration based on the financial performance of the respective acquired entities over an agreed period of time, subject to continuous employment of the respective vendors, as previously disclosed.

Obsidian

On 9 November 2019, the Group acquired 100% of the share capital of Obsidian Solutions Limited. Obsidian provides specialised software products to the investment management industry.

Obsidian Solutions Limited (restated)	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	6	-	6
Customer relationships	-	146	146
Trade name	-	318	318
Intellectual property	-	1,302	1,302
Trade and other debtors	501	-	501
Cash	155	-	155
Trade and other creditors	(149)	-	(149)
Deferred tax liability	-	(300)	(300)
Net identifiable assets and liabilities acquired	**513**	**1,466**	**1,979**
Cash consideration relating to business combination			7,896
Goodwill on acquisition			**5,917**

The remaining £1.8m base consideration outstanding from the acquisition of Obsidian as at 31 March 2020 was paid in the period. Including the contingent earn-out and unwinding of discounting, a total £4.4m estimated consideration is recorded within liabilities. In the period, £1.7m was expensed as a non-underlying cost relating to employment-linked consideration, with an offsetting £0.1m recognised in respect of a fair value adjustment arising from a re-assessment of the profile of the future earn-out payments, weighted towards the later earn-out years. The earn-out payments have been estimated by the Directors based on anticipated future earnings and discounted to present value.

The unwinding of this earn-out discount in each period will be recognised as a finance cost. During the period, £0.3m of this discount unwinding was expensed as a non-underlying cost in relation to Obsidian. Any remaining employment-linked balance will be expensed through the income statement in line with IFRS 3, proportionately until 2023.

Axxsys

On 5 June 2019, the Group acquired 100% of the share capital and voting interests of Axxsys Limited and subsidiaries. Axxsys has provided specialised consultancy and technology implementation services to the investment management industry since 2003.

Axxsys Limited	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	30	-	30
Customer relationships	-	4,067	4,067
Order backlog	-	1,308	1,308
Trade name	-	284	284
Trade and other debtors	1,572	-	1,572
Cash	374	-	374
Trade and other creditors	(1,220)	-	(1,220)
Deferred tax liability	-	(1,166)	(1,166)
Net identifiable assets and liabilities acquired	**756**	**4,493**	**5,249**

Cash consideration relating to business combination	7,890
Goodwill on acquisition	**2,641**

Of the remaining £4.2m base consideration due on the acquisition of Axxsys as at 31 March 2020, £2.1m was paid during the period, of which £1.1m was employment linked. The remaining £2.1m base consideration is payable in June 2021.

Given Axxsys's strong ongoing performance, the Directors have revised their initial estimate in relation to the earn-out and expect that Axxsys is likely to meet its full £5.0m undiscounted earn-out payment, payable in June 2022. In addition, management has revised the initial discount rate applied at the time of acquisition downwards given most of the earn-out period has now elapsed. Therefore, in the period, a fair value adjustment of £1.2m was expensed to reflect the higher estimated earn-out payment and the lower level of discounting.

A further £0.9m was expensed in the year in relation to employment-linked base and earn-out consideration. These result in a total £2.1m of earn-out and deferred consideration costs expensed in the period relating to the acquisition of Axxsys, treated as non-underlying costs.

Both the earn-out payments, which have been estimated by the Directors based on anticipated future earnings, and the deferred consideration, are discounted to present value. The unwinding of this discount in each period shall be recognised as a finance cost.

During the period, £0.5m of this discount unwinding was expensed as a non-underlying cost in relation to Axxsys. Including the contingent earn-out and unwinding of discounting, a total £6.7m estimated consideration is recorded within liabilities. Any remaining employment-linked balance will be expensed through the income statement in line with IFRS 3, proportionately until 2022.

TrackTwo

As part of the acquisition of TrackTwo GmbH in 2017, the Group agreed an earn-out arrangement and a final ownership consideration based on the financial performance of TrackTwo over the 3-year period to July 2020, subject to continuous employment of the vendor until July 2020, as previously disclosed. During the year, the Group has settled the outstanding liability in relation to TrackTwo through a payment of £0.1m. No residual liability remains.

The below table summarises the movements in the deferred and contingent consideration balances in relation to liabilities held at 31 March 2021.

	Axxsys	**Obsidian**	**TrackTwo**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Balance at 1 April 2020 (restated)	6,184	4,368	100	**10,652**
Fair value adjustment to existing provision	1,195	(138)	-	**1,057**
Employment-linked consideration	891	1,658	-	**2,549**
Payments in the year	(2,100)	(1,798)	(100)	**(3,998)**
Unwinding of discounting	536	267	-	**803**
Balance as at 31 March 2021	6,706	4,357	-	**11,063**

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

	Axxsys	**Obsidian**	**TrackTwo**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Current	1,992	-	-	**1,992**
Non-current	4,714	4,357	-	**9,071**

Balance as at 31 March 2021	6,706	4,357	-	**11,063**

9. Trade and other receivables

	FY 21 £'000	**FY 20 £'000**
Amounts due within 1 year:		
Trade receivables	16,497	19,420
Less: allowance for expected credit losses	(378)	(523)
Trade receivables - net	**16,119**	**18,897**
Other debtors	319	101
Capitalised implementation costs	182	-
Prepayments	798	926
Accrued income	520	1,288
Total amounts due within 1 year	**17,938**	**21,212**

Trade receivables are non-interest bearing and generally have a 30- to 60-day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

An expected credit loss attributable to trade receivables is established after consideration of historical loss rates in preceding periods and relevant current circumstances. The Group has determined historical loss rates for each aging category of trade receivables by performing an in-depth analysis of historical losses.

The Group has considered a number of factors in determining appropriate expected credit loss rates, including macro-economic factors and asset-specific indicators such as customer correspondence, default or delinquency in payment and significant financial difficulties of the customer.

At 31 March 2021	**Expected loss rate** %	**Gross carrying amount** £'000	**Loss allowance** £'000	**Net carrying amount** £'000
<31 days	1.17%	9,813	(115)	9,698
31-60 days	1.84%	4,080	(75)	4,005
61-90 days	3.87%	1,671	(65)	1,606
91-120 days	7.87%	321	(25)	296
121+ days	16.06%	612	(98)	514
		16,497	(378)	16,119

At 31 March 2020	**Expected Loss Rate** %	**Gross carrying amount** £'000	**Loss allowance** £'000	**Net carrying amount** £'000
<31 days	1.60%	11,787	(189)	11,598
31-60 days	2.08%	5,332	(111)	5,221
61-90 days	4.16%	913	(38)	875
91-120 days	7.59%	293	(22)	271
121+ days	14.91%	1,095	(163)	932
		19,420	(523)	18,897

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

Allowance for expected credit losses:	FY 21 £'000	FY 20 £'000
At 1 April	523	447
Charge for the period	-	76
Uncollected amounts written off, net of recoveries	(145)	-
As at 31 March	**378**	**523**

During the current year, the Group has released an amount in relation to a historic balance from FY 16, which was fully provided for in prior years. Alpha continues to work with the related client.

Amounts relating to the capitalisation of non-distinct software implementation costs, incurred in advance of the commencement of the client's licence period, are recognised in current and non-current assets. Non-current capitalised implementation costs are presented on the face of the consolidated statement of financial position. These current and non-current implementation assets are primarily in relation to ADS contracts within the UK segment, and total £0.3m as at 31 March 2021 to be amortised over an expected life equivalent to the contracted licence period. Amortisation recognised in the period in respect of these costs amounted to £0.2m. No impairment was deemed necessary in the period. No significant judgements have been made in determining the amount of costs to be capitalised, which primarily comprise costs within scope of IAS 19 Employee Benefits.

Contract receivables are recognised in accrued income and relate to satisfied performance obligations recognised and not invoiced at the year end. All such contract receivables are expected to be realised within one year and classified within current assets. Contract receivables are recorded on a time spent basis and as performance obligations are met on agreed fees and day rates, billed in arrears. These are typically short-term timing differences that are administrative in nature at each year end date. Contract receivable payments are due on standard terms once the invoices are raised. The contract receivables movement in the year represents these timing differences across contracts at each year end.

The expected credit loss calculated on accrued income and contract receivables was not material at the current or prior year ends.

10. Trade and other payables

	Note	FY 21 £'000	Restated FY 20 £'000
Trade payables		1,780	2,329
Accruals		16,215	12,863
Deferred income		1,692	1,336
Taxation and social security		4,352	4,213
Other creditors		1,210	1,578
Earn-out and deferred consideration	8	1,992	3,699
Total amounts owed within 1 year		**27,241**	**26,018**

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

Accruals included a balance for the employee profit share bonus accrued through the year and paid after the year end. FY 21 accruals also include amounts due to senior management in lieu of COVID-19 related salary sacrifices, which were repaid shortly after the year end.

Deferred income recognises contract liabilities arising from the Group's revenue generating activities relating to payments received in advance of performance delivered under a contract. These contract liabilities typically arise on short-term timing differences between performance obligations in some milestone or fixed fee contracts and their respective contracted payment schedules. The contract liability movement in the year represents these timing differences across contracts at each year end.

Within taxation and social security, in the current and prior year, is an existing £1.4m provision relating to historic pre-AIM admission potential tax treatments. The amount of this tax provision is subject to significant uncertainty. A final position agreed with a tax authority or through the expiry of a tax audit period could differ from the estimated provision. Currently there are no significant ongoing tax audits. Whilst a range of outcomes is reasonably possible, the extent of the range is a potential liability of between £1.2m and £2.2m.

Earn-out and deferred consideration comprise £2.0m relating to deferred consideration payments arising from the acquisition of Axxsys Limited at the balance sheet date.

11. Other non-current liabilities

	Note	FY 21 £'000	FY 20 £'000
Earn-out and deferred consideration	8	9,071	6,864
Deferred income		304	-
Other non-current liabilities		1,362	240
Total amounts owed after 1 year		**10,737**	**7,104**

Within non-current liabilities is £4.4m associated with the potential earn-out payments linked to the acquisition of Obsidian Solutions Limited, contingent on performance and falling due over 12 months from the balance sheet date. In addition, £4.7m of costs are included within non-current liabilities relating to deferred consideration and earn-out payments from the Axxsys Limited acquisition falling due over 12 months from the balance sheet date. Refer to note 8 for further detail.

Deferred income recognises contract liabilities arising from the Group's revenue generating activities relating to payments received in advance of performance delivered under a contract. Deferred income recognised as non-current entirely relates to contracts held within the ADS business, where revenue is sometimes recognised over a contractual licence period of greater than 1 year. For further details refer to note 9.

Other non-current liabilities include an estimate of the social security costs that may become due on future vesting of share options. Refer to note 13.

12. Called up share capital

	FY 21 Number	FY 20 Number
Allotted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	106,521,966	103,607,638

	FY 21 £	FY 20 £

Allotted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	79,891	77,706

Movements in share capital during the year ended 31 March 2021:

		£
Balance at 1 April 2020 103,607,638 ordinary shares of 0.075p each		77,706
Issued shares	(i)	2,185
Balance at 31 March 2021 **106,521,966 ordinary shares of 0.075p each**		**79,891**

(i) During the year, the Group issued 2,914,328 ordinary shares of 0.075p each.

Alpha Employee Benefit Trust

The Group held 4,413,628 (FY 20: 2,669,429) shares in the employee benefit trust ("EBT") comprising shares held to satisfy share options granted under its joint share ownership plan ("JSOP") or unallocated ordinary shares to satisfy share options granted under the Group's other share option plans. Ordinary shares held within the EBT have no dividend or voting rights.

During the year, 2,156,511 ordinary shares were transferred by the Company to the EBT for potential future satisfaction of share incentive plans, either through the issuance of new shares or the transfer of shares bought back from prior employees at nominal value. Of these, the Company bought back a total of 226,130 ordinary shares from prior employees for nominal value. All of the reclaimed shares will be held in the EBT for the satisfaction of future employee awards.

In the period 412,312 shares held in the EBT were utilised for employee share option exercises.

Treasury shares

The Group held nil (FY 20: nil) shares in treasury from prior employees for nominal value.

13. Share-based payments

The Group has adopted a globally consistent share incentive plan approach, which is implemented using efficient jurisdiction specific plans, as appropriate.

The Management Incentive Plan

The Group has a management incentive plan ("MIP") to retain and incentivise the directors and senior management. The MIP consists of four parts: part A of which will enable the granting of enterprise management incentive and non-tax advantaged options to acquire shares; part B of which will enable the awarding of JSOPs; part C of which will enable the awarding of restricted stock units ("RSUs") for participants in the US; and Part D of which will enable the awarding of RSUs in France (together the "options").

Options granted in prior years to the directors and senior management of the Group were subject to the fulfilment of two or more of the following performance conditions: (a) a specific business unit's budgetary EBITDA, or other personal targets and goals; (b) the Group achieving a total shareholder return for the 3 years from date of award in excess of the average total shareholder return of a peer group of comparable companies; and (c) the Group achieving at least 10% EPS growth against the comparative financial year.

As disclosed in the prior year, responding to the impact of COVID-19, options granted to senior management in the current period were subject to more flexible performance criteria. For most participants these include local budget targets and a variety of stretching personal sales or other targets. Awards made in the period to the Executive Directors' of the Board are, as before, also subject to the Group achieving a total shareholder return for the 3 years from the date of grant, in excess of the average total shareholder return of a peer group of comparable companies.

MIP awards have either nil exercise price payable (or no more than a nominal purchase price payable) in order to acquire shares pursuant to options. MIP awards have either 3- or 4-year vesting periods from the date of grant and can be equity settled only.

The Employee Incentive Plan

In addition to the MIP, the Board has previously put in place a medium-term employee incentive plan ("EIP"). Under the EIP, a broad base of the Group's employees has been granted share options or share awards over a small number of shares. The EIP is structured as is most appropriate under the local tax, legal and regulatory rules in the key jurisdictions and therefore varies between those jurisdictions.

During the year ended 31 March 2021, a total of 3,376,744 share option and award grants were made to employees and senior management (FY 20: 3,374,881).

On 12 October 2020 certain of the MIP awards granted at the time of the October 2017 AIM admission partially vested, following satisfaction of performance conditions. The awards' performance conditions relating to EPS growth and total shareholder return exceeding a basket of comparable companies over three years to the vesting date were met in full and the relevant local country or divisional budgetary performance conditions were met in full or part dependent on Alpha location. As a result, 1,818,562 nil or nominal cost awards over ordinary shares of 0.075 pence per share vested and 164,360 share awards were forfeited under performance conditions or as a result of leavers before vesting.

Subsequently, a number of these share options, and a small number of EIP awards were exercised in the year. Of the vested awards, 1,443,562 awards have been exercised. The Company settled these exercised awards by issuing 983,947 ordinary shares and an additional 412,312 from shares held in the EBT, with 47,303 additional share options retained for net tax settlement. The weighted average share price at the date of these exercises was £2.23. The remaining vested award holders have a further 7-year period in which to exercise their vested awards.

Details of the share option awards made are as follows:

	FY 21 Number of share options	FY 21 Weighted average exercise price
Outstanding at the beginning of the year	6,490,661	-
Granted during the year	3,376,744	-
Exercised during the year	(1,443,562)	-
Forfeited during the year	(809,874)	-
Expired during the year	-	-
Outstanding at the year end	**7,613,969**	**-**
Exercisable at the year end	**375,000**	**-**

The options outstanding at 31 March 2021 had a weighted average remaining contractual life of 2 years and a nil or nominal exercise price. The weighted average of the estimated fair values of the options outstanding is £1.23 per share (FY 20: £0.77).

During the year ended 31 March 2021, options were granted on 22 July 2020, 14 August 2020 and 13 January 2021 to employees and certain senior management.

MIP share options awarded in prior years and to Executive Directors in FY 21 were valued at award using the Monte Carlo option pricing model. The model simulates a variety of possible results, across 10,000 iterations for each of the options, by substituting a range of values for any factor that has inherent uncertainty over a number of scenarios using a different set of random values from the probability functions. The model takes any market-based performance conditions into account and adjusts the fair value of the options based on the likelihood of meeting the stated vesting conditions.

The inputs into the model were as follows:

	FY 21
Weighted average share price at grant date	1.94
Exercise price	-
Volatility	22.00%
Weighted average vesting period	4
Risk free rate	0.44%
Expected dividend yield	3.00%

Expected volatility was determined by calculating the historic volatility of the market in which the Group operates. The expected expense calculated in the model has been adjusted, based on management's best estimate, for the effects of non market-based performance conditions and employee attrition.

MIP share options without market-based conditions granted to senior management in FY 21 and EIP share options outstanding were valued using a Black-Scholes model, using the same inputs as above for FY 21 awards.

The Group recognised a total expense of £2.5m (FY 20: £1.3m) in the current year, comprising £1.7m (FY 20: £0.9m) in relation to equity settled share-based payments, and £0.8m (FY 20: £0.4m) relating to relevant social security taxes. Given the estimation, were the future conditions for all outstanding share options assumed to be met at the end of the reporting period, the charge in the year would increase by £1.0m.

Other assumptions associated with the calculation of the social security tax liability due on vesting of share options include an estimation of the forward-looking share price at the vesting date based on applicable analyst research and applicable future tax rates. For these purposes, share price is assumed to grow in line with the estimated future performance of the business. Accelerating the future share price growth estimate could increase the social security costs by a further £0.3m.

14. Events after the reporting period

Acquisition of Lionpoint Holdings, Inc.

On 20 May 2021, the Group reached an agreement to acquire 100% of the issued share capital of Lionpoint Holdings, Inc. ("Lionpoint"), a US-based provider of specialist consultancy services to the alternative investments industry, on a cash free, debt free basis for a total amount (payable over four years) of up to US$90.0 million (£63.8 million) in a combination of cash and ordinary shares.

The maximum total cash payable by Alpha under the acquisition is US$73.6 million (£52.2 million), of which US$34.5 million (£24.5 million) was paid on completion. The total cash payable will be funded from the Group's cash reserves and the proceeds of a May 2021 placing of 9,569,839 new ordinary shares of the Company, issued at a price of 325 pence per share raising gross proceeds of approximately £31.1 million (the "placing"). The new ordinary shares issued represented approximately 9.0% of the issued share capital of the Company.

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

Total voting rights

Following the placing, the Company has a total of 116,091,805 ordinary shares in issue, of which none are held in treasury and 4,413,628 are held in the Company's EBT. The total number of voting rights in the Company is 111,678,177.

This figure of 111,678,177 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company, under the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

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