Alpha Financial Markets Consulting

A leading global consultancy to the asset and wealth management industry

Interim Results for the six months ended 30 September 2020

25 November 2020

PRESENTATION TEAM

Euan Fraser

Global Chief Executive Officer

John Paton

Chief Financial Officer

Nick Fienberg

Chief Commercial Officer

Alpha Financial Markets Consulting

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INTERIM RESULTS PRESENTATION

Key Highlights	Euan Fraser
Key Financials	John Paton
Market & Operating Review	Euan Fraser | Nick Fienberg
Outlook & Vision	Euan Fraser

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Key Highlights

H1 21 Overview

A resilient performance in the first half with further progress against our strategic objectives

1. Group has demonstrated the **resilience of the business** and an **ability to grow** during economic uncertainty
2. Achieved **good net fee income** and **adjusted EBITDA growth** despite challenging global markets
3. Pre-emptive financial measures were taken early to **limit the effects of COVID-19** on the business, which are now **being removed and reversed**
4. Remote working remains across most locations – but we continue to **service clients seamlessly** and to the highest standards
5. **Increased size and expertise** of global director team with 8 revenue-generating director additions
6. Continued good progress delivered by **North America** business and strong growth in **Europe & Asia**
7. Newly created Pension & Retail Investments (P&RI) proposition progressing well, and **Insurance practice launched in France** as part of roadmap to move into Insurance vertical
8. Continued to win new projects and over 20 new clients in first half – and there is **good momentum going into the second half**

Key Financial Highlights[1]

We continue to grow successfully our global business

Net Fee Income[2]

↑ 12.0%

H1 21: £47.5m

H1 20: £42.4m

Adjusted EBITDA[3]

↑ 6.1%

H1 21: £10.1m

H1 20: £9.5m

Adjusted Profit before Tax[4]

↑ 3.8%

H1 21: £9.1m

H1 20: £8.8m

Adjusted Cash Conversion[5]

↑

H1 21: 177.5%

H1 20: 70.4%

Adjusted Earnings per Share[6]

↑ 2.5%

H1 21: 6.99p

H1 20: 6.82p

Total Dividend per Share

Re-instated after FY 20 cancellation

H1 21: 2.10p

H1 20: 2.10p

1. "H1 21" refers to 6-month period ended 30-Sep 2020. Comparative period references (H1 20) are to 6-month period ended 30-Sep 2019. All rounding and percentage change calculations are from the basis of the financial statements in £'000s. 2. Net fee income is revenue net of incidental rechargeable expenses 3. Adjusted EBITDA is operating profit before foreign exchange, interest, tax, depreciation, amortisation and other adjusting non-operational costs including acquisition and integration costs, earn-out and deferred consideration costs and share-based payment charges. 4. Adjusted profit before tax is adjusted EBITDA less depreciation, amortisation of capitalised development costs and underlying finance expenses. 5. Adjusted cash conversion is adjusted cash from operating activities divided by adjusted operating profit. Adjusted operating profit is adjusted EBITDA less depreciation and amortisation of capitalised development costs. 6. Adjusted EPS is adjusted PAT over the weighted average number of shares in issue in the period.

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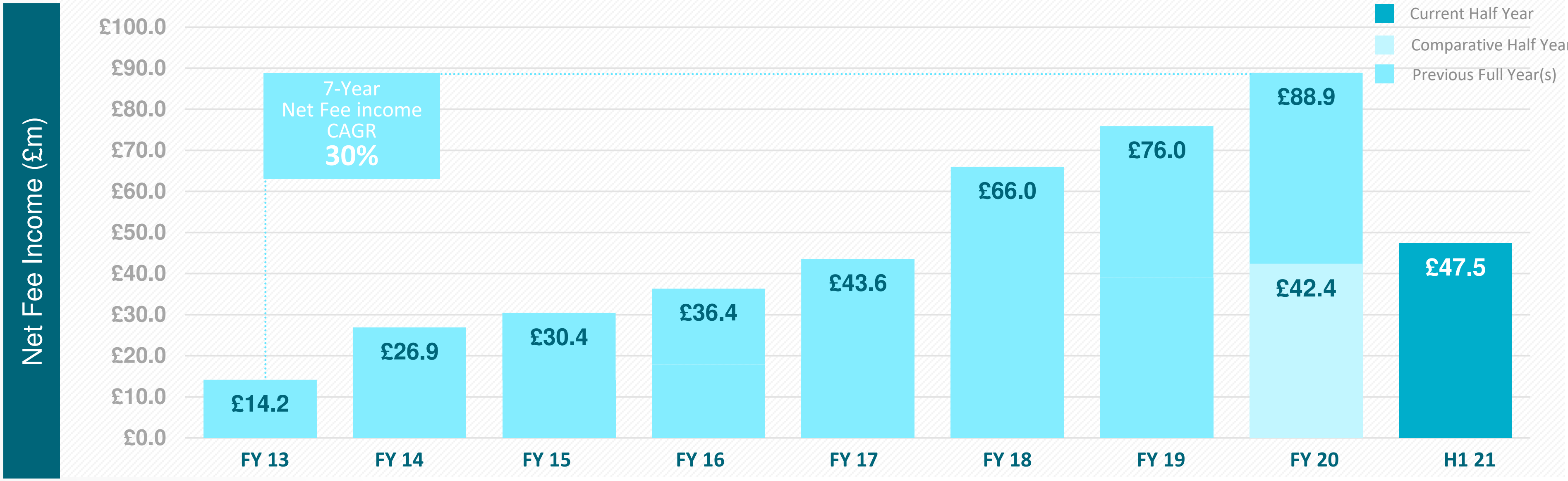
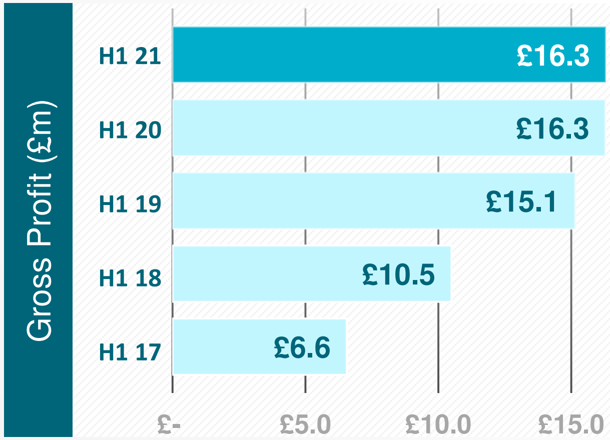
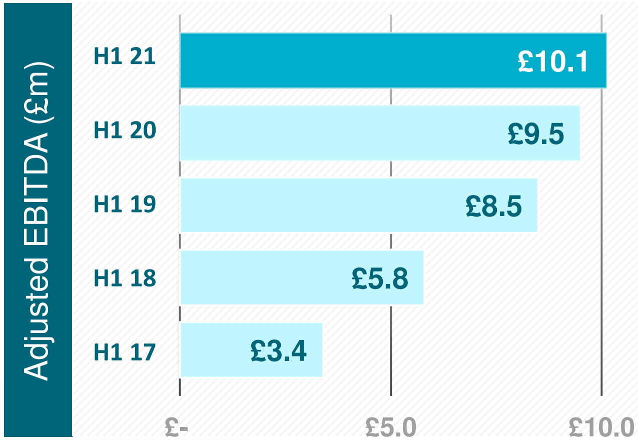
Key Financials

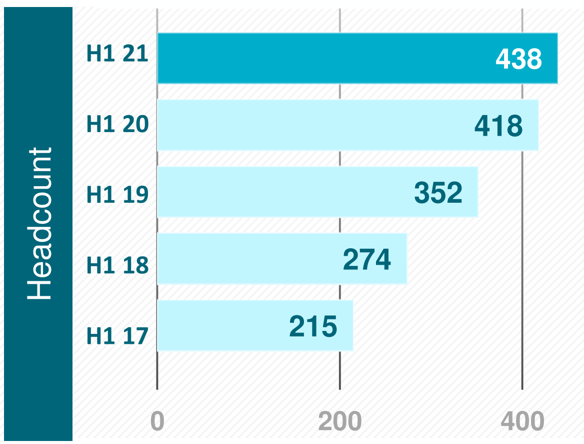
Key Performance Indicators

Historic track record









Group Income Statement

Six months ended 30 September 2020

£'000	H1 21	H1 20	% change
Net fee income[1]	**47,516**	**42,440**	**12.0%**
Cost of sales	(31,210)	(26,160)	
Gross profit	**16,306**	**16,280**	
Gross profit margin[2] *%*	*34.3%*	*38.4%*	
Administration expenses[3]	(6,185)	(6,739)	
Adjusted EBITDA	**10,121**	**9,541**	**6.1%**
Adjusted EBITDA margin[2] *%*	*21.3%*	*22.5%*	
Depreciation	(558)	(522)	
Amortisation of capitalised development costs	(306)	(156)	
Adjusted operating profit	**9,257**	**8,863**	**4.4%**
Net underlying interest	(159)	(94)	
Adjusted profit before tax	**9,098**	**8,769**	**3.8%**
Adjusting expense items	(4,233)	(3,659)	
Non-underlying interest	(409)	(192)	
Profit before tax	**4,456**	**4,918**	
Adjusted profit after tax	**7,055**	**6,891**	**2.4%**
Adjusted earnings per share (p)	**6.99**	**6.82**	**2.5%**
Adjusted diluted earnings per share (p)	6.67	6.58	
Total dividend per share	2.10p	2.10p	

Key highlights:

- Good 12.0% net fee income growth; 7.5% organic growth; negligible FX effect
- Maintained £16.3m gross profit, reflecting investment in our people and the business with resilient fee rates overall
- Cost of sales increase reflects investment in the team:
  - Headcount growth on H1 20
  - Promotion-related pay increases
  - Ongoing profit share accruals
  - Accrued part reversal of salary sacrifices
- Administration expenses fell 8.2%, reflecting tighter discretionary spend
- 21.3% adjusted EBITDA margin
- 2.5% increase in adjusted EPS

1. Net fee income is an APM that excludes nil margin client rechargeable expenses to represent the productive output of the Group. 2. Margins are calculated on net fee income. 3. Administration expenses are stated before non-operating costs including depreciation, foreign exchange movements, acquisition and integration costs, earn-out and deferred consideration costs, share-based payment charges and intangibles amortisation costs.

Regional Performance

Six months ended 30 September 2020

UK

Net Fee Income:
£26.5m ↑ 6.9%

Gross Profit:
£10.3m ↓ (4.8%)

Gross Profit Margin:
39.0%

UK highlights:

- Solid UK demand, assisted by increased Axxsys contribution
- Good performances from M&A Integrations and P&RI practices
- Margins reflect ongoing investment in the team alongside resilient fee rates
- Good H1 21 win rates and good pipeline going into H2 21

North America

Net Fee Income:
£7.7m ↑ 12.9%

Gross Profit:
£2.2m ↓ (5.2%)

Gross Profit Margin:
28.7%

North American highlights:

- North America grew well, almost entirely on an organic basis
- At target utilisation levels across a larger team
- Margins reflect ongoing investment in the team, milestone project timings and some fee rate discounting on certain longer-term engagements
- Good H2 21 visibility

Europe & Asia

Net Fee Income:
£13.3m ↑ 23.0%

Gross Profit:
£3.8m ↑ 21.5%

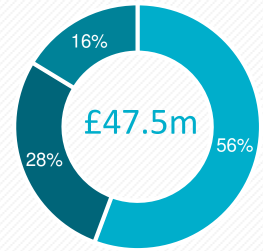
Gross Profit Margin:
28.4%

Europe & Asia highlights:

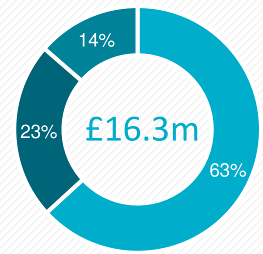
- Europe & Asia growth strongest in the Group; with good performance across the region
- Utilisation improved across a larger team
- Gross profit increased with resilient margins
- Continuing good pipeline going into H2 21

Regional Overview

Net Fee Income



Gross Profit



- UK
- North America
- Europe & Asia

Group Balance Sheet

As at 30 September 2020

£'000	H1 21	FY 20	H1 20
Non-current assets	91,167	93,557	87,848
Trade receivables	17,927	18,897	19,625
Other receivables	1,879	2,315	3,837
Cash	32,536	25,996	17,144
Trade payables	(1,669)	(2,329)	(2,210)
Deferred income	(1,674)	(1,336)	(1,051)
Other payables	(32,158)	(26,503)	(23,657)
Bank loan	-	(5,000)	-
Deferred tax provision	(3,453)	(4,438)	(4,703)
Lease liabilities	(2,341)	(2,669)	(2,945)
Other non-current liabilities	(6,755)	(7,104)	(3,171)
Net assets	**95,459**	**91,386**	**90,717**
Issued share capital	79	78	78
Other reserves	92,165	91,048	90,531
Retained earnings	(171)	(3,146)	(3,611)
Foreign exchange reserve	3,386	3,406	3,719
Shareholders' equity	**95,459**	**91,386**	**90,717**

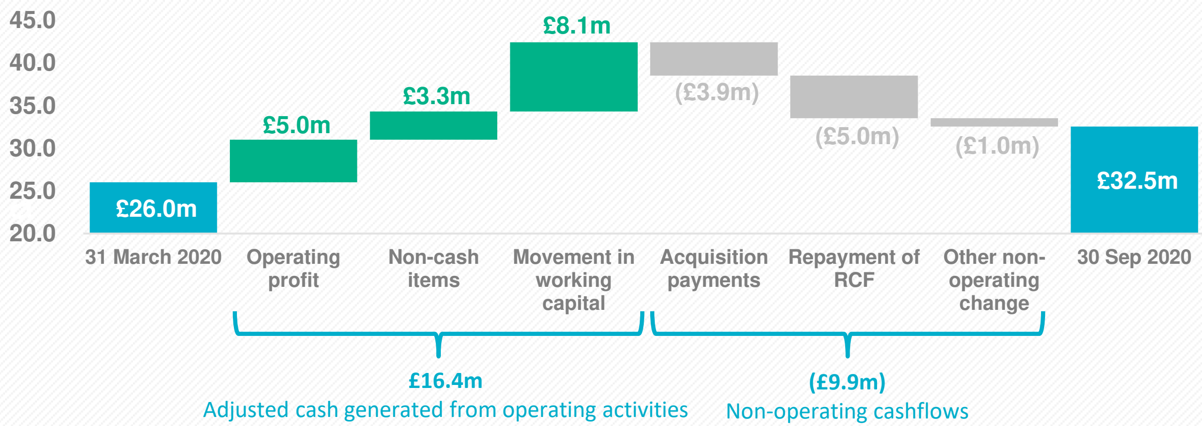
Key highlights:

- Strong balance sheet
- Intangible assets, right-of-use assets and lease liabilities amortise, depreciate and unwind
- Trade receivables improvements continue; debtor days fall
- Higher net cash of £32.5m, after repaying £5.0m RCF; increased by the deferral of FY 20 profit share and some COVID-19 tax deferrals
- Other payables increased principally due to FY 20 profit share deferral and accruals, part reversal of salary sacrifices and tax liabilities deferrals
- Non-current liabilities includes £6.3m of acquisition-related consideration
- £20.0m RCF now undrawn

Group Cash Flow

Six months ended 30 September 2020

Cash flow bridge:



Reconciliation to adjusted cash generated from operating activities:

£'000	H1 21	H1 20
Net cash generated from operating activities	15,285	6,239
Employment-linked consideration	1,146	-
Adjusted cash generated from operating activities	**16,431**	**6,239**
Cash conversion	304.2%	119.9%
Adjusted cash conversion[1]	**177.5%**	**70.4%**

Key highlights:

- Strong 177.5% adjusted cash conversion
- Good underlying cash conversion increased further by c. £7.0m of deferrals, including FY 20 profit share and certain tax payments
- No capitalised development costs as ADS product enhancement now complete
- £3.9m deferred acquisition payments in respect of Axxsys and Obsidian, including £1.1m of employment-linked payments
- £5.0m RCF repaid in the period
- Significantly improved £32.5m net cash, before deferred payments

1. Adjusted cash conversion is adjusted cash from operating activities divided by adjusted operating profit. Adjusted cash generated from operating activities excludes any employment-linked acquisition payments, treated as operating cashflows under IFRS.

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Market and Operating Review

Alpha Financial Markets Consulting

Regulatory Compliance Practice Spotlight

Leveraging a deep understanding of the regulatory environment and proven compliance and risk expertise, Alpha is supporting the industry as it continues to face regulatory changes

Compliance Roadmap

Regulatory change continues to be prevalent within the industry – driving opportunity and demand for Alpha's tailored services

Operational Resilience January 2020

Value for Money: recommendations from ESMA on EU Funds June 2020

SEC/FINRA: Regulation Best Interest and Form CRS updates & reforms June 2020

SFTR Reporting July 2020

Brexit December 2020

SMCR conduct rules and assessment for certified individuals March 2021

ESG: Sustainable Finance Disclosure Regulation & EU Taxonomy Framework for Sustainable Finance March 2021

EU Commission Stage 2 MiFID II: Review and recommendations Q3/Q4 2021

LIBOR Transition December 2021

Governance: EU and FCA emphasis on 'substance' and conflict management December 2021

New Capital Regime for Investment Firms (IFPR) January 2022

SEC/FINRA Examination & Priorities January (annual)

ERISA - DOL Final Rule April 2022

Regulatory Demand

Regulatory scrutiny is expected to remain high as a result of regulatory change, use of new technologies and a continued focus on pricing and quality of investment products:

1 | The regulatory and legislative landscape continues to evolve

2 | Creating ongoing demand for Alpha's skills and subject matter expertise

3 | Alpha sees significant opportunities across all regions to support priority and strategic projects

4 | Representing an area of key growth potential

Alpha Approach & Focus

Alpha has helped some of the **world's leading asset and wealth managers** to develop their compliance and risk management frameworks

Supporting their needs to **reduce regulatory risk** and deliver **appropriate customer outcomes**

We have hired experienced consultants to ensure deep **subject matter expertise**

Complemented by an **unrivalled knowledge** of vendors and proprietary accelerators including best practice methodologies, impact and maturity assessment scoring

Insurance Practice Spotlight

Extending the Alpha brand and proposition into an adjacent market with significant growth opportunity

Insurance (France) market at a glance:

France is the **largest insurance market** in Continental Europe

€ 3.0 t of total assets in France, growing 8.2% in 2019

IFRS transformation budget ranging from € 10 to € 150 m

Strong momentum since launch

- New practice based out of France provides Alpha **access to a growing insurance sector** – which has the potential to be as large as asset management
- Initially focussing on finance transformation and the "CFO agenda", the practice offers **deep relevant expertise**
- Newly hired team of **five experienced consultants**, including a director, is already staffed on projects and further recruitment is planned to reinforce the proposition
- **More than € 1.0 m** of new business signed in the first three months
- Strong opportunity pipeline as **major transformation factors** unfold in the Insurance sector that will drive ongoing demand – including the regulatory agenda and technological advancements

Key topics driving growth

- **Regulatory agenda** including significant finance transformation demands from IFRS
- **Low interest rates and cost pressures** driving insurance entities to re-consider operating models
- **NeoInsurers and Fintechs** challenging existing players with innovation and increased competition
- **Stakeholder expectations** demanding more flexibility, transparency and forward thinking
- Alpha is well positioned to support the **breadth of client challenges and opportunities**, including:

- IFRS adoption
- Data strategy
- Asset liability management
- Innovation & business transformation
- Insurance technology (InsurTech)
- Cost management
- Artificial intelligence (AI)
- Operating model design

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Outlook and Vision

A resilient business performance in H1 21

Demonstrating momentum for continued success and confidence in achieving full-year market expectations

Demonstrating business resilience

- **Positive performance** with increase in both net fee income and adjusted EBITDA compared to H1 20
- Demonstrating good **business development capability** in the most challenging conditions
- Delivering projects remotely but continuing to service clients to the **highest standards**
- Financially well positioned with a **strong balance sheet**

Delivering on our strategic objectives

- Further momentum in **roadmap to move into insurance** with strong first year for P&RI practice in the UK and launch of Insurance practice in France
- Increased the **size and expertise** of global director team through key hires and promotions
- Achieving **good growth across all regions** with continued progress in **North America**

A market-leading reputation

- Winning new projects and new clients, and **growing market share**
- Continuing to build on a global reputation for **project delivery excellence**
- Reputation for subject matter expertise has **delivered good resilience** compared to competitors
- Creating **strong momentum** for H2 21 and beyond

CONFIDENCE IN THE GROUP'S GROWTH PROSPECTS AND MEETING CURRENT MARKET EXPECATIONS FOR FULL YEAR

Strategic Aim

Our strategic aim is to double the business over the medium term

The strategic aim is to double the business over the next 4 years

Underpinned by structural drivers creating strong tailwinds in the industry

GROWTH IN AUM

There is long-term growth in global AUM and the scale of the Group addressable market is forecast to expand further

REGULATORY DEMAND

Our clients are navigating an increasingly complicated regulatory and legislative landscape

COST PRESSURES

Continued focus on costs and drive to maintain operating margins

Strategic Growth Drivers

Whilst cognisant of the potential for market uncertainty, the Group has significant growth opportunities and a roadmap to achieve its strategic ambition

GEOGRAPHIC EXPANSION

- Market opportunity for dynamic expansion in **NORTH AMERICA**
- Grow and consolidate **EUROPE** and **the UK**
- Strategic expansion across **ASIA**

STRATEGIC ACQUISITIONS

- Successfully integrated **AXXSYS and OBSIDIAN**
- Healthy **ACQUISITION PIPELINE** to complement organic growth

PRACTICES & VERTICALS

- Roadmap to move into new **INSURANCE** vertical
- Further **EXPANSION and GEOGRAPHIC ROLL-OUT** of business practices globally

PRODUCT & TECHNOLOGY OFFERINGS

- **ALPHA DATA SOLUTIONS** (ADS)
- **ALPHA TECHNOLOGY SERVICES** (ATS)

VISION

1. INCREASE THE OFFERING
2. STRONG MARGINS
3. DOUBLE THE BUSINESS

DOUBLE THE BUSINESS OVER THE NEXT FOUR YEARS

Interim Results Presentation for the six months ended 30 September 2020

Q&A

Alpha Financial Markets Consulting

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Appendices

Alpha Financial Markets Consulting

Presentation Team Bios

Euan Fraser
Global Chief Executive Officer

- Has led Alpha as CEO since 2013
- During this period, the business has increased EBITDA ten-fold
- Led the business through two successful private equity transactions and a public listing
- Alpha UK CEO from 2011 to 2015
- Over 20 years' financial services experience in both consulting and industry at Merrill Lynch
- Qualified as a chartered accountant with KPMG

John Paton
Chief Financial Officer

- Joined Alpha as CFO in 2018
- Over 20 years' experience across corporate finance, banking and audit
- Qualified as a chartered accountant with KPMG
- Holds an Executive MBA
- Prior to Alpha, worked at HSBC in both Global and Commercial Banking divisions
- Latterly at HSBC, he was a director within UK Banking

Nick Fienberg
Chief Commercial Officer

- Joined Alpha in 2004
- Over 20 years' experience in asset management consulting
- Alpha CCO since October 2018, following four years in the Alpha director team
- Specialist in operational outsourcing and large-scale implementation programmes
- Manages acquisitions and innovation at Alpha, and oversees Alpha's global commercial terms

Key Strategic Highlights

Our investment case

Macro Growth

- Market growth **>30% AUM** to 2025 †
- **Structural drivers** include industry cost pressures and increasing regulation

Best-in-class

- Market **leading proposition**
- Winning on **subject matter expertise** against other consultancy firms
- **Unique culture** results in low attrition and outstanding reviews

Proven Track Record

- **20%+** historic organic growth
- Doubled adjusted EBITDA in 3 years since IPO
- Successfully delivered **2 acquisitions** since IPO

Financial Highlights

- Good margins
- Strong cash conversion
- Robust balance sheet
- **Debt free** and **net cash**
- **Disciplined** capital allocation

Management Team

- Led by an experienced, passionate and **incentivised management team**
- A focus on **developing talent** and building out **internal capability** across the team in all Alpha offices

Vision & Roadmap

- **Clear roadmap** to doubling Alpha again
- Organic growth from executing **vertical expansion**
- **Inorganic growth** through further accretive M&A opportunities

3x
winner of Funds Europe European Consultant of the Year

Offices in
12
global financial centres

We have worked with
409
clients globally

† Source: PwC, 2019, "Asset and Wealth Management revolution: Investor perspectives"

Key Alpha Differentiators

Our clients recognise the quality and experience of our people

We attract and retain the highest calibre individuals in the industry

Industry reputation as a leading consultancy meaning candidates actively approach Alpha

Open, diverse and inclusive environment delivered through a dedicated support programme

Invaluable experience through working on impactful, industry defining projects

Market-leading compensation package, including differentiating profit share

Unique culture placing People at the heart of the Alpha business

Running the business by encouraging all employees to take an active part in the business management of the company

Comprehensive training and development, building consulting skills and industry knowledge

Management incentivisation focusing on celebrating success and reward to retain and incentivise our Director and senior team

What our clients say…

"Alpha's greatest strength is having **good people**, and with Alpha you can be **sure of what you are getting**"
Director, global asset manager

"Alpha has one of the **highest quality of people** I have seen"
COO, service provider

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

What our employees say…

"The culture at Alpha is what makes it **unique and a great place to work.** Everyone is focused on being a true **team player** both within their project team and the wider company"
Alpha employee

"Alpha is special because of the **high calibre of its people, its organisational honesty, the unrelenting focus on delivering client value, the commercial astuteness of its market proposition** and, most importantly, the sense of **kinship and camaraderie"**
Alpha employee

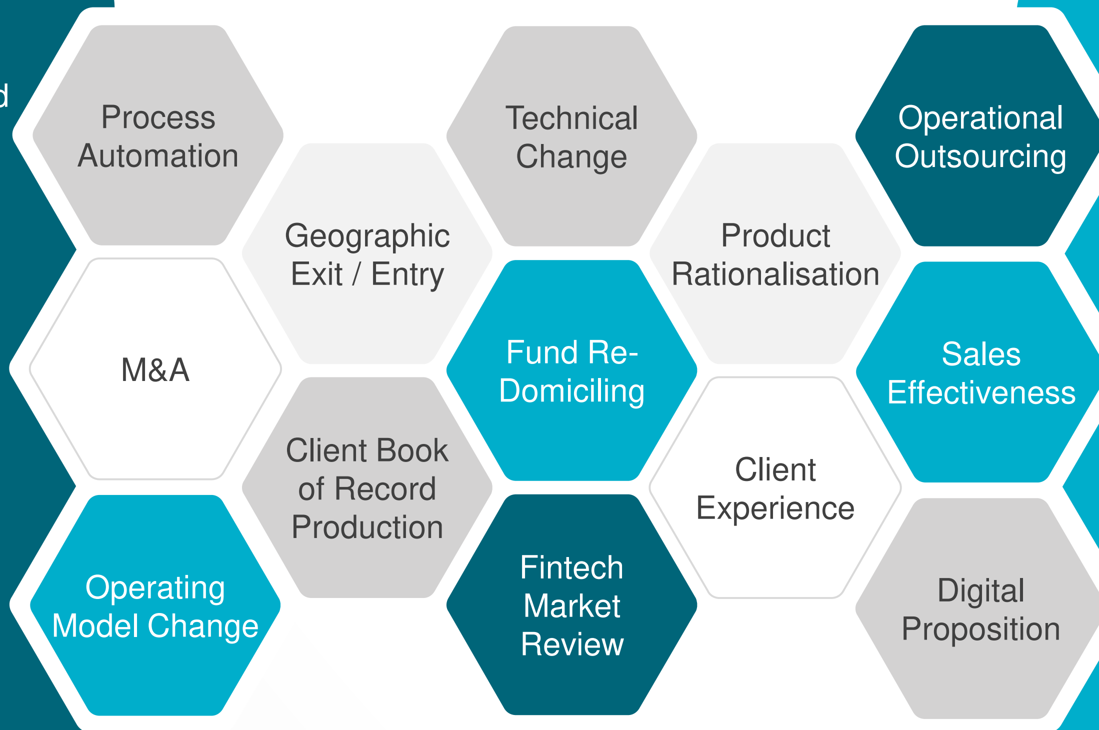
Proposition & Capabilities

Structural drivers of market change

Our clients are confronted with a series of key structural drivers..

1. **Growth in Global AUM**
2. **Cost Pressures**
3. **Regulatory Demands**

The focus of our clients' responses is varied and includes..



.. Alpha supports clients through all stages of their response.

Strategy & Advisory
Alpha understands the industry macro-drivers and supports clients in translating these into tangible change initiatives

Planning & Selection
Alpha helps clients to prioritise these change initiatives and create achievable, risk-managed plans

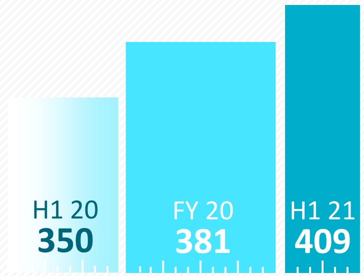
Implementation
Alpha leads or supports the execution of these change initiatives, often focused on the most “mission-critical” programmes

H1 21 Operational Highlights[1]

We have demonstrated the resilience of our business while continuing to grow and strengthen our proposition

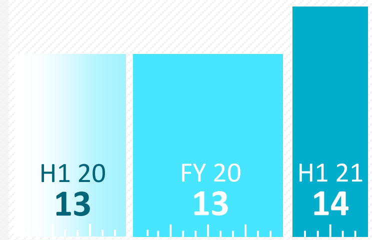
Clients[2]

- **38 new client relationships** since H1 20 when excluding inorganic growth from Obsidian acquisition
- Client base includes **85% of world's top 20** asset managers



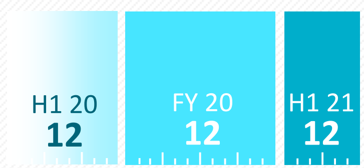
Practices

- **Maintaining momentum** around roadmap to move into Insurance
- Creation of new **Insurance practice** in France
- **P&RI practice** progressing well since H1 20 launch



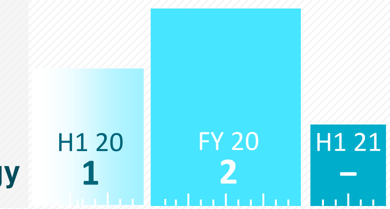
Offices[3]

- Ability to cover and provide an exceptional service proposition to clients across **all key markets**
- Continued strong performance from **North America** offices



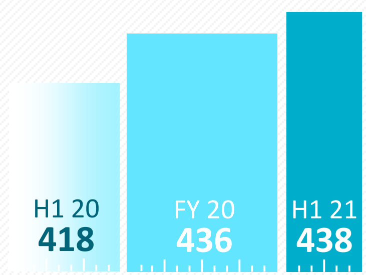
Acquisitions

- Axxsys and Obsidian **integrations complete**
- Particularly **strong contribution** from Axxsys in first half
- Acquisition pipeline remains key aspect of **growth strategy**



Headcount[4]

- Focus on **health, safety and wellbeing** of teams
- Selective investments in **strategic hires**
- **Increased expertise** with addition of 8 revenue-generating directors globally

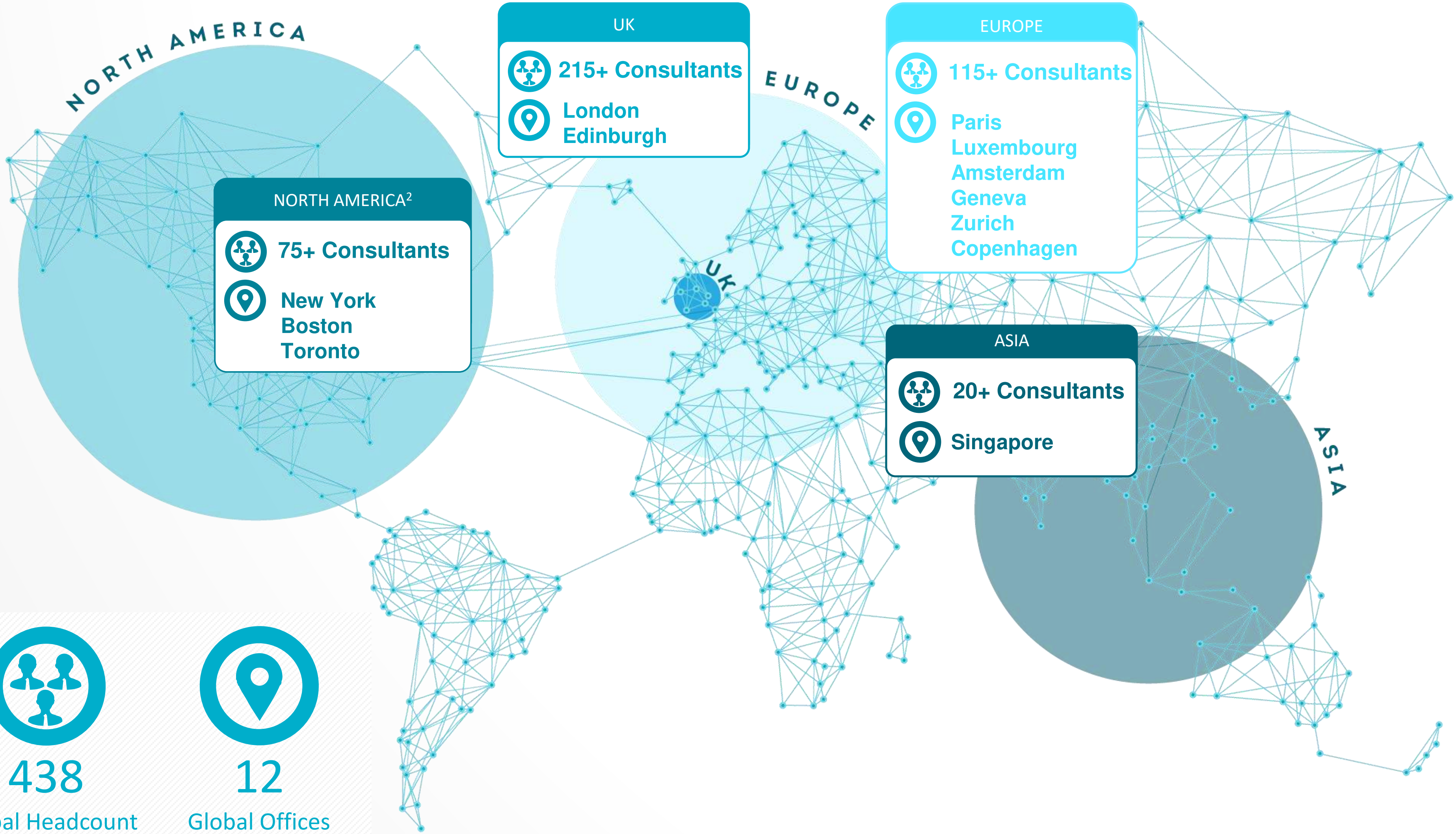


1. All operational highlights figures are total numbers as at the end of the reporting period with the exception of acquisitions, which reflects the number of acquisitions undertaken in the reported period. 2. Client numbers are cumulative and have been updated to include all client relationships from acquisitions. "World's top 20" refers to Investment & Pensions Europe 2020, "The Top 400 Asset Managers". 3. The Group uses "office" to refer to office location; that is, if there are multiple offices in one location, they will be counted as one office. 4. Except where noted, "headcount" and "consultants" refers to total fee generating consultants: employed consultants plus utilised contractors in client-facing roles.

Alpha

Our Regional Businesses at a Glance

Consolidating our position as a leading global consultancy to the asset management industry



438
Global Headcount

12
Global Offices

Regional Breakdown

£'000	H1 21	H1 20	% change
UK	26,457	24,756	6.9%
North America	7,742	6,856	12.9%
Europe & Asia	13,317	10,828	23.0%
Net fee income	**47,516**	**42,440**	**12.0%**
UK	10,306	10,826	(4.8%)
North America	2,222	2,345	(5.2%)
Europe & Asia	3,778	3,109	21.5%
Gross Profit	**16,306**	**16,280**	**0.2%**
UK	39.0%	43.7%	
North America	28.7%	34.2%	
Europe & Asia	28.4%	28.7%	
Gross profit margin[1]	**34.3%**	**38.4%**	

Notes:

- Group is currently organised into three geographical operating divisions: UK, North America, Europe & Asia
- Margins eased across the Group, reflecting ongoing investment in our people and the business, with resilient fee rates overall

1. Margins are calculated on net fee income.

Adjusting Expense Items

Non-recurring:

£'000	H1 21	H1 20
Acquisition Costs	-	266
Integration Costs	107	-
Total non-recurring costs	**107**	**266**

Non-underlying:

£'000	H1 21	H1 20
Amortisation of acquired intangibles	1,777	1,544
Share-based payments charge	719	654
Earn-out consideration	1,561	1,257
Loss on disposal of fixed assets	-	11
(Gains)/losses on foreign exchange	69	(73)
Total non-underlying operating costs	**4,126**	**3,393**
Total adjusting non-operating costs	**4,233**	**3,659**

Finance expenses:

£'000	H1 21	H1 20
Unwinding of discounted consideration	409	192
Total non-underlying finance costs	**409**	**192**

Notes:

- H1 21 non-recurring expenses relate to the ongoing platform integration of Obsidian, now complete
- Acquired intangibles amortisation up following the acquisition of Obsidian in H2 20
- Share-based payment charges under IFRS 2 up following July 20 annual award, including relevant social security taxes
- Axxsys deferred consideration and the Obsidian earn-out are both part employment linked and expensed per IFRS 3
- Associated unwinding of discounted deferred and earn-out consideration from the acquisitions within finance expenses is also considered non-underlying

Basic and Adjusted Earnings per Share

£'000	H1 21	H1 20
Profit after tax	2,975	3,580
Weighted average number of ordinary shares	100,905	101,040
Weighted average number of ordinary shares, including potentially dilutive shares	105,820	104,810
Basic EPS (p)[1]	**2.95p**	**3.54p**
Diluted EPS (p)[2]	**2.81p**	**3.42p**
Adjusted profit after tax	7,055	6,891
Weighted average number of ordinary shares	100,905	101,040
Weighted average number of ordinary shares, including potentially dilutive shares	105,820	104,810
Adjusted basic EPS[3] (p)	**6.99p**	**6.82p**
Adjusted diluted EPS[4] (p)	**6.67p**	**6.58p**

Notes:

- Basic and diluted earnings per share data is presented, both adjusted and statutory for the Group's ordinary shares
- Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share)
- There were 4.9 million potentially dilutive ordinary shares at 30 September 2020
- Alpha's management incentive plan anticipates performance related dilution of up to 10%

1. Basic EPS is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding in the year. 2. Diluted EPS considers the weighted average number of dilutive shares outstanding in the period. 3. Adjusted basic EPS is adjusted PAT over the weighted average number of shares in issue in the period. 4. Adjusted diluted EPS considers the weighted average number of dilutive shares outstanding in the period.

Group Cash Flow

£'000	H1 21	H1 20
Operating profit	**5,024**	**5,204**
Non-cash items	3,279	3,062
Net movement in working capital	7,931	(758)
Income taxes paid	(949)	(1,269)
Net cash from operating activities	**15,285**	**6,239**
Adjusted cash conversion rate[1] %	**177.5%**	**70.4%**
Capitalised development costs	-	(876)
Capex	(143)	(272)
Acquisition related costs, net of cash acquired	(2,752)	(2,582)
Net cash used in investing activities	**(2,895)**	**(3,730)**
Issue of share capital	1	-
Drawdown of revolving credit facility	(5,000)	-
Interest paid	(340)	(23)
Dividends paid	-	(4,135)
Lease liability payments	(473)	(438)
Net cash from financing activities	**(5,812)**	**(4,596)**
Net movement in cash and equivalents	**6,578**	**(2,087)**
Exchange rate fluctuations on cash	(38)	650
Cash and equivalents at start of year	25,996	18,581
Cash and equivalents at end of year	**32,536**	**17,144**

Notes:

- Strong 177.5% adjusted cash conversion
- Good underlying cash conversion increased further by c. £7.0m of deferrals, including FY 20 profit share and certain tax payments
- No capitalised development costs as ADS product enhancement now complete
- £3.9m deferred acquisition payments in respect of Axxsys and Obsidian, including £1.1m of employment-linked payments
- £5.0m RCF repaid in the period
- Significantly improved £32.5m net cash, before deferred payments

1. Adjusted cash conversion is adjusted cash from operating activities divided by adjusted operating profit. Adjusted cash generated from operating activities excludes any employment-linked acquisition payments, treated as operating cashflows under IFRS.

Caution Statement

Forward looking statements

This presentation may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its respective affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made herein by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this presentation to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

No statement in this presentation is intended to be a profit forecast, and no statement in this presentation should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.