Alpha Financial Markets Consulting

A leading global consultancy to the asset and wealth management industry

Audited Preliminary Results for the 12 months ended 31 March 2020

24 June 2020

Presentation Team

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

Agenda

Full year results presentation

Agenda

1. Key Highlights ▶ Euan Fraser / Nick Fienberg
2. Key Financials ▶ John Paton
3. Market & Operating Review ▶ Euan Fraser / Nick Fienberg
4. Outlook ▶ Euan Fraser

Agenda

Key Highlights

FY 20 Overview

We have made positive progress against our strategic objectives

1. Group achieved **strong revenue and adjusted EBITDA growth** in spite of challenging global markets
2. **Good revenue and adjusted EBITDA momentum in the second half of the year** with several months of record wins and good organic growth
3. Strong performance delivered by **North America business** through the year
4. **Successful acquisition and integration** of Axxsys and Obsidian to add capability and growth opportunities
5. Successful launch and integration of the **Pensions & Retail Investments practice** as part of roadmap to move into Insurance
6. Significant expansion in size and expertise of global director team with **13 revenue generating director additions**
7. Following COVID-19, **virtually no impact to existing projects** following a seamless and effective transition to remote working

Key Financial Highlights[1]

We continue to grow successfully our global business

Net Fee Income[2]

17.1%

FY 20: £88.9m

FY 19: £76.0m

Adjusted EBITDA[3]

22.9%

FY 20: £20.2m

FY 19: £16.5m

Adjusted Profit before Tax[4]

15.2%

FY 20: £18.6m

FY 19: £16.2m

Adjusted Cash Conversion[5]

FY 20: 106%

FY 19: 101%

Adjusted Earnings per Share[6]

17.9%

FY 20: 14.21p

FY 19: 12.05p

Total Dividend per Share

H2 20 Final:
Not recommended

FY 20: 2.1p

FY 19: 6.00p

1. "FY 20" references are to the 12-month period ended 31 March 2020. Comparative period references ("FY 19") are to the 12-month period ended 31 March 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, deferred consideration and earn-out 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.

Key Operational Highlights[1]

Delivering growth through global operations

Clients[2]

- Consulting to 102 new clients
- New clients in established markets, recently launched markets and from acquisitions
- Growing client base includes 85% of world's top 20 asset managers by AUM[3]

FY 19	FY 20
279	381

Practices

- Launch of the Pensions & Retail Investment (P&RI) practice
- FY 19 launched practices FinTech & Innovation and ETF & Indexing established within service proposition
- Continued roll-out of Alpha practices globally

FY 19	FY 20
12	13

Offices

- Increased footprint in Copenhagen and Toronto through acquisitions
- Strong North American performance, almost trebling gross profit and lifting margins

FY 19	FY 20
10	12

Acquisitions

- Successful acquisition and integration of Axxsys and Obsidian
- Acquisitions remain a key aspect of the growth strategy
- Strong contribution to revenue and client growth

FY 19	FY 20
–	2

Headcount[4]

- Number of consultants increased by 20.4% to 436
- Expansion of the Group's director team through the addition of 13 directors globally

FY 19	FY 20
362	436

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. 4. Except where noted, "headcount" and "consultants" refers to total fee generating consultants at the year end: employed consultants plus utilised contractors in client facing roles.

COVID-19 update

Alpha responded quickly and effectively to protect the business and ensure we are best placed to serve our clients' needs

Protecting the business

- **Pre-emptive financial measures** taken to immediately limit the effects of COVID-19
- **Limited to no impact** to existing ongoing projects
- Seamless and effective implementation of remote working to allow for **successful project delivery**

Looking after our people

- Focus on the Alpha team's **wellbeing, productivity and culture**
- Regular **updates and communication** to help maintain Alpha's unique culture
- **Flexible workforce and organisational structure** allows for adaptability and resilience

Client Activity and Feedback

- **Successful completion** of projects and **positive feedback** from clients
- A **successful first quarter** of business development
- Alpha continues to **monitor key data points** and leading indicators as well as adapting to a **new business development landscape**

Acquisitions Update

Alpha has successfully completed the acquisition and integration of Axxsys and Obsidian

Axxsys

Axxsys is a **specialist SimCorp advisory and implementation consultancy**, with expertise across a range of additional investment management solutions.

- Established 2003
- 28 Employees at acquisition
- 3 global offices
- £9m base cost
- £7.1m FY 20 revenue since acquisition

The addition of Axxsys to the Alpha Group **creates additive revenue** as well as bringing a strong **complementary, technology focussed consulting service to the client proposition**

- 8 joint clients in 5 different regions
- Continued strong client and revenue growth
- Strong FY 21 project base and pipeline
- Organic and cross-selling opportunity
- Extends offering

Acquisition Completed **June 2019**

Integration Completed **September 2019**

Obsidian Solutions

Obsidian is a **leading cloud-based SaaS business** with a proprietary suite of interconnected solutions for financial services firms

- Established 2015
- 14 employees at acquisition
- 2 global offices
- 30 clients
- £5.9m base cost
- Offshore software development centre

The addition of Obsidian to the Alpha Group **extends and strongly complements** the technology and data proposition while **creating additive revenue**

- Roll out of new combined product suite
- Sold and implemented at first major global client
- Recurring revenue
- Positive pipeline for FY 21
- Further enhancements planned
- Enhances scalability

Acquisition Completed **November 2019**

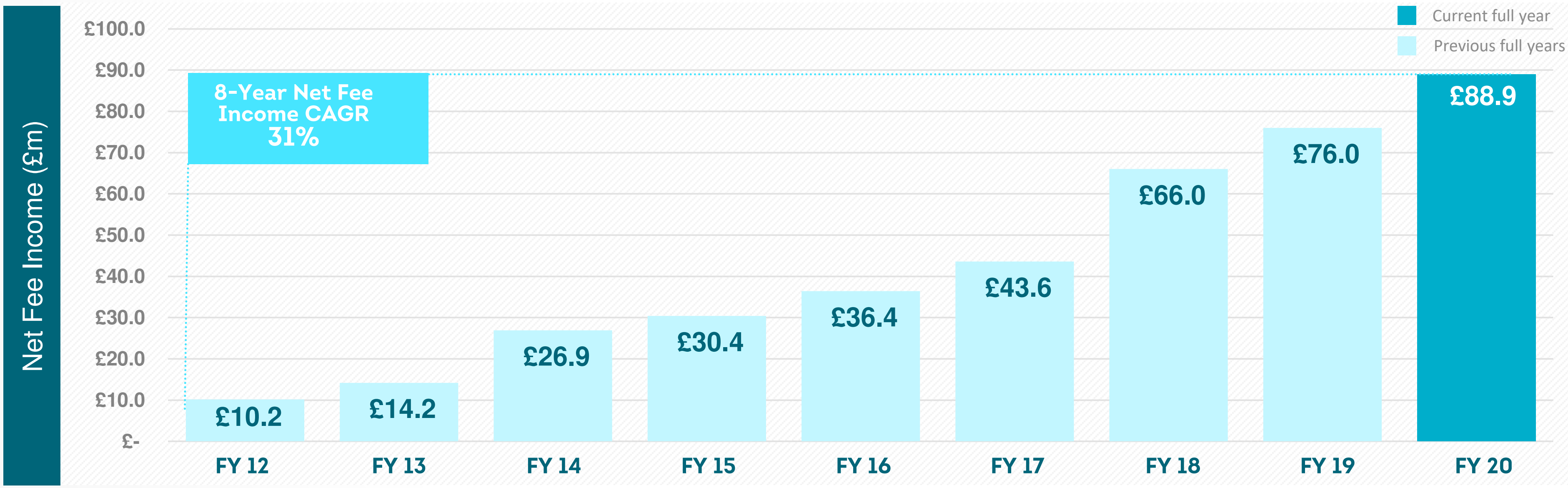
Integration Completed **April 2020**

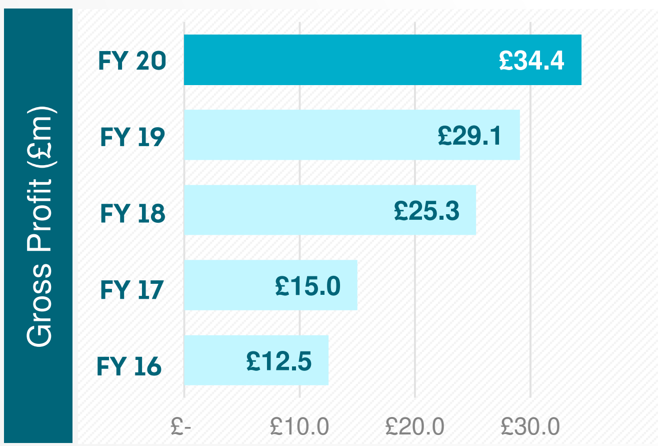
1. Axxsys consideration comprises £9m base consideration payable in instalments to June 2022 plus a contingent earn-out which may become payable in 2022. 2. Obsidian consideration comprises £5.9m base cost payable in two instalments on completion and the 6-month anniversary, plus a contingent earn-out up to £9.3m which may become payable, in instalments, depending on performance through to 2024.

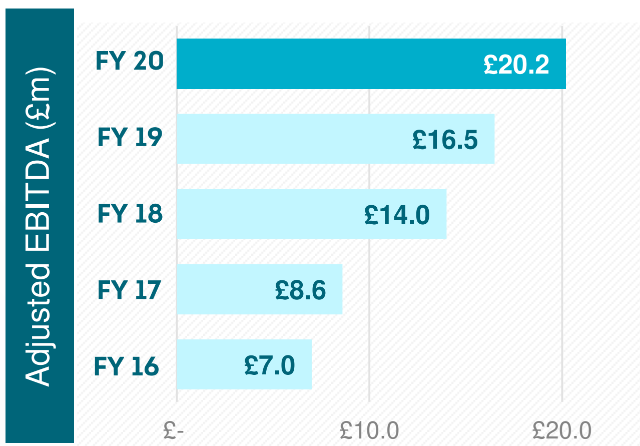
Key Financials

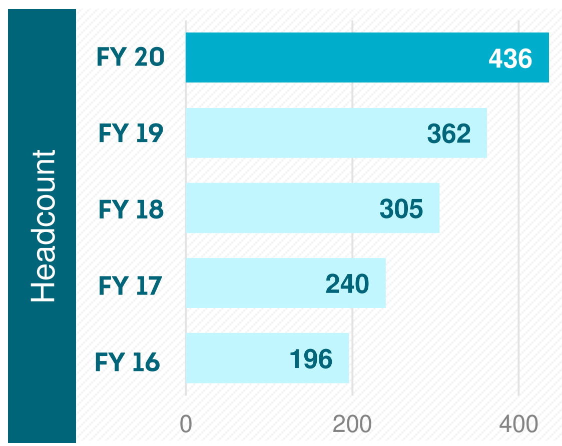
Key Performance Indicators

Historic track record









1. Revenue has been restated to include nil margin rechargeable expenses to clients. Net fee income is an Adjusted Performance Measure ("APM") that excludes these rechargeable expenses to represent the productive output of the Group. A reconciliation of Revenue and Net fee income is set out in the appendix.

Group Income Statement

12 months ended 31 March 2020

£'000	FY 20	FY 19	% change
Net fee income[1]	**88,924**	**75,960**	**17.1%**
Gross profit	34,403	29,082	18.3%
Gross profit margin[2] *%*	*38.7%*	*38.3%*	
Administration expenses[3]	(14,155)	(12,604)	
Adjusted EBITDA	**20,248**	**16,478**	**22.9%**
Adjusted EBITDA margin[2] *%*	*22.8%*	*21.7%*	
Depreciation	(1,022)	(263)	
Amortisation of capitalised development costs	(428)	-	
Adjusted operating profit	**18,798**	**16,215**	**15.9%**
Adjusting expense items	(8,372)	(3,643)	
Operating profit	**10,426**	**12,572**	(17.1%)
Interest	(1,132)	(52)	
Profit before tax	**9,294**	**12,520**	(25.8%)
Adjusted profit before tax[3]	**18,617**	**16,163**	**15.2%**
Adjusted profit after tax	**14,348**	**12,240**	**17.2%**
Adjusted earnings per share	**14.21p**	**12.05p**	**17.9%**
Adjusted diluted earnings per share	**13.62p**	**11.77p**	**15.8%**
Total dividend per share	**2.10p**	**6.00p**	**-**

Key highlights:

- Strong 17.1% net fee income growth; 7.7% organic growth; limited FX effect
- Improved 38.7% gross profit margins with near budget utilisation FY 20, strong US performance and improved mix
- Administration expenses grew slightly ahead of overall business growth, on a comparable basis
- Comparable IAS 17 adjusted EBITDA margin consistent at 21.8%
- Depreciation & Financing costs reflect IFRS 16 adoption FY 20 and unwinding of discounted acquisition consideration
- Amortisation of ADS 360SV capitalised development spend
- Increase in Adjusting expense items mostly related to acquisitions
- Adjusted EPS increased 17.9% and adjusted diluted EPS by 15.8%
- No full year dividend is recommended due to the ongoing COVID-19 uncertainty

1. Net fee income is an APM that excludes nil margin client rechargeable expenses to represent the productive output of the Group. A reconciliation of Revenue and Net fee income is set out in the appendix. 2. Margins are calculated on net fee income. 3. Administration expenses stated before non-operating costs including depreciation, foreign exchange movements, acquisition and integration costs, deferred consideration and earn-out costs, share-based payment charges and intangibles amortisation costs. 3. Adjusted profit before tax is Adjusted EBITDA less depreciation, amortisation of capitalised development costs and underlying finance expenses.

Regional Performance

12 months ended 31 March 2020

UK

Net Fee Income:
£50.5m ↑ 11.4%

Gross Profit:
£22.3m ↑ 12.8%

Gross Profit Margin:
44.1%

UK highlights:

- UK growth driven by Axxsys acquisition and ADS growth
- Good performances from new practices (ETF & Indexing and P&RI)
- Near budget utilisation and consistent margins year on year
- Continuing good win rates

North America

Net Fee Income:
£14.4m ↑ 57.4%

Gross Profit:
£4.8m ↑ 187.3%

Gross Profit Margin:
33.0%

North American highlights:

- US business grew strongly through the year
- Revenue growth lifted average utilisation above budget levels; improving gross margin significantly
- Strong collaboration with Axxsys Canada
- Good visibility for the year ahead

Europe & Asia

Net Fee Income:
£24.0m ↑ 11.7%

Gross Profit:
£7.3m ↓ (4.1%)

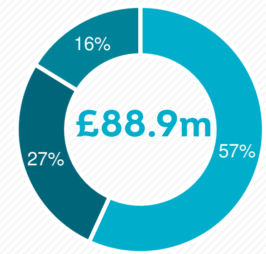
Gross Profit Margin:
30.7%

Europe & Asia highlights:

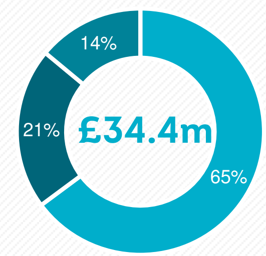
- Europe & Asia consistent revenue across the region
- Good growth from Axxsys Europe
- Utilisation broadly consistent year on year
- Gross profit margin eased
- Visibility strong in Asia and Axxsys Europe

Regional Overview

Net Fee Income



Gross Profit



- UK
- North America
- Europe & Asia

1. Net fee income excludes nil margin client rechargeable expenses to represent the productive output of the Group. Margins are calculated on net fee income. A reconciliation of Revenue and Net fee income is set out in the appendix.

Adjusting Expense Items

12 months ended 31 March 2020

Non-recurring:

£'000	FY 20	FY 19
Acquisition Costs	488	-
Integration Costs	509	-
Total non-recurring costs	**997**	-

Non-underlying:

£'000	FY 20	FY 19
Amortisation of acquired intangibles	3,376	2,586
Share-based payments charge	1,307	872
Earn-out consideration	2,761	295
Loss on disposal of fixed assets	11	6
(Gains)/losses on foreign exchange	(80)	(116)
Total non-underlying operating costs	**7,375**	**3,643**
Total adjusting non-operating costs	**8,372**	**3,643**

Finance expenses:

£'000	FY 20	FY 19
Unwinding of discounted consideration	951	-
Total non-underlying finance costs	**951**	-

Key highlights:

- Non-recurring expenses in the year relate to the acquisition costs of Axxsys & Obsidian, and platform integration of the latter
- Non-underlying share-based incentive reward charges under IFRS 2 increased after second 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

Alpha

Group Balance Sheet

As at 31 March 2020

£'000	FY 20	FY 19
Non-current assets	93,468	76,344
Trade receivables	18,897	16,639
Other receivables	2,315	3,041
Cash	25,996	18,581
Trade payables	(2,329)	(1,437)
Deferred income	(1,336)	(662)
Other payables	(26,414)	(19,687)
Bank loan	(5,000)	-
Deferred tax provision	(4,438)	(3,193)
Lease liabilities	(2,669)	-
Other non-current liabilities	(7,104)	(486)
Net assets	**91,386**	**89,140**
Issued share capital	78	76
Other reserves	91,048	90,134
Retained earnings	(3,146)	(3,165)
Foreign exchange reserve	3,406	2,095
Shareholders' equity	**91,386**	**89,140**

Key highlights:

- Intangible assets increase with Axxsys & Obsidian acquisitions plus ADS 360 SalesVista product investment programme
- Right-of-use asset and lease liability with IFRS 16 adoption FY 20
- Incremental working capital improvement, after acquired balances
- Strong £26m closing cash position; £5m RCF drawn at the year end to prudently maximise liquidity on COVID pandemic
- Other payables include accruals, tax liabilities and other creditors; including £3.7m due in acquisition consideration payments
- Non-current liabilities includes a further £6.9m of acquisition related consideration
- Post balance sheet date signed extended & upscaled £20m committed revolving credit facility to June 2023, providing capital flexibility

Group Cash flow

12 months ended 31 March 2020

£'000	FY 20	FY 19
Operating profit	**10,426**	**12,572**
Non-cash items	5,754	3,352
Net movement in working capital	4,474	2,440
Income taxes paid	(2,446)	(1,996)
Net cash from operating activities	**18,208**	**16,368**
Adjusted cash conversion rate[1] %	*106%*	*101%*
Interest	1	-
Capitalised development costs	(1,387)	(441)
Capex	(349)	(287)
Acquisition related costs, net of cash acquired	(7,339)	(1,113)
Net cash used in investing activities	**(9,074)**	**(1,841)**
Issue of share capital	(1)	-
Drawdown of revolving credit facility	5,000	-
Interest paid	(47)	(45)
Dividends paid	(6,256)	(5,687)
Lease liability payments	(835)	-
Net cash from financing activities	**(2,139)**	**(5,732)**
Net increase in cash & equivalents	**6,995**	**8,795**
Exchange rate fluctuations on cash	420	12
Cash and equivalents at start of year	18,581	9,774
Cash and equivalents at end of year	**25,996**	**18,581**

Key highlights:

- Improved 106% adjusted cash conversion with ongoing focused working capital management
- ADS 360 SalesVista product enhancement investment; now largely complete
- £9.0m of initial acquisition payments in respect of Axxsys and Obsidian, including £0.5m of related costs, and £1.2m of employment-linked payments, net of cash acquired
- Strong cash generation funds acquisitions, investment and dividend payments
- Significantly improved year end gross cash position at £26.0m, including £5m RCF drawings

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.

Agenda

Market & Operating Review

Market Context

Despite market volatility and COVID-19, key market structural drivers remain in place

Business Outlook and COVID-19

- Global asset and wealth management industry is subject to the impacts of fluctuating markets and COVID-19
- The strong structural drivers of cost pressure, regulation and long-term growth in AUM remain strong
- COVID-19 has caused short-term disruption and volatility to the industry, current medium and long term impacts are uncertain
- Challenges, opportunities as well as a need to innovate and change remain both at a global and domestic level – with shifting and changing global demand levels

90%[1] Growth in global AUM between 2009 and 2019

$145t[2] Estimated global AUM in 2025

59% Increase in Asset Manager costs 2008 - 2019

Market Chart
VIX Index

GROWTH IN GLOBAL AUM

COST PRESSURES

REGULATORY DEMAND

Alpha Approach and Focus

- Alpha strategy focusses on anticipating and best addressing changing client needs
- Drive for clients to maintain operating margins creates demand for a range of consulting solutions
- Navigating clients through an increasingly complicated regulatory and legislative landscape as well as COVID-19
- By providing help to meet regulatory and business expectations while enhancing performance
- Alpha uses its market-leading proposition and deep industry experience to harness the structural drivers

1. PwC, 2019, "Asset and Wealth Management revolution: Investor perspectives" 2. Funds Europe, 2019, "AuM Growth to 2025 Strong not Stellar" 3. BCG, 2020, "Global Asset Management 2020: Protect, Adapt and Innovate"

Comprehensive Service Offering

Enabling us to address and meet client demand

Alpha's 13 practice areas..

Core
- Benchmarking
- Operations & Outsourcing
- M&A Integration

Established
- Front Office
- Distribution
- Alpha Technology Services

Growth
- Regulatory Compliance
- Investment Guidelines
- Alpha Data Solutions
- Digital
- FinTech & Innovation
- ETF & Indexing

New
- Pension & Retail Investments

.. supported by a unique blend of expertise and insight

- **Subject matter expertise:** Focussing exclusively on asset and wealth management, we provide relevant, up-to-date industry knowledge and experience
- **Delivery excellence:** Our robust consulting and project management expertise extends across the asset and wealth management value chain
- **Proven approach:** We bring together deep industry experience, relevant methodologies and significant proprietary data to provide our clients comprehensive value outcomes

Revenue Visibility

Major Programmes	Large Programmes	Smaller Projects
£2m+, typically multi-region	£1m to £2m, single or multi-region	Up to £1m, typically single region

Pensions & Retail Investments Practice Spotlight

Responding to growing client demand, a dedicated P&RI opens another highly significant market space for Alpha

Pension & Retail Investments at a glance:

£1.7t of investments in the UK life sector

9.2m new retail investors created through auto-enrolment

80% representation of insurers and pensions in total institutional business over last 18 years

Strong performance since launch

- New P&RI practice provides Alpha **access to the large and growing insurance sector**
- **Market leading team hired** into the business, with 9 new hires with Big 4 or Industry background
- Strong performance since launch, >**£1.5m of new client wins** and **opportunity pipeline >£10m.** Alpha has seen a positive trend on client sentiment and pipeline in PR&I since COVID-19, reflecting Alpha's business being based on long term strategic drivers for the industry

Key topics driving growth

- **Accelerating convergence** with asset and wealth management industry
- **Changing customer expectations** forcing firms to embrace technology and innovation
- **Auto-enrolment** creating a new generation of retail investors and significant potential
- **Retirement reforms** driving new challenges and opportunities for providers
- Alpha is uniquely positioned to support the **breadth of client challenges and opportunities**, including:

Market participation

Distribution transformation

Platform transformation

Cost reduction

Digital strategy

Client experience

Regulation

Operating model design

Agenda

Outlook

A strong foundation to ensure continued success

We continue to build on our success by investing in people, business practices and geographies

Delivered on our strategic objectives

- **Successful integration of two key acquisitions**
- **Launch on PR&I taking us into insurance**
- Strong growth in the North American market
- Good organic growth across the business
- **Strong sales momentum** in H2 FY 20 with several months of **record wins**

Protecting the business

- Immediate and decisive action to **mitigate financial and operational risks** from COVID-19
- Continued to deliver existing projects and focused on the heath and well being of our people
- Financially and operationally well positioned with a **strong balance sheet** for FY 21 and beyond

Market-leading reputation for quality

- Wonderful feedback for exceptional delivery over the last few months
- **Deepened our reputation as the leading consulting firm in the asset and wealth management sector**
- **Substantial growth in number of clients** supported globally

Outlook

Alpha's has created a strong foundation and is well positioned to take full advantage of the market recovery

Strong market drivers

- COVID-19 has created **uncertainty** for our clients
- **Structural drivers** of regulatory change, growth in assets under management and cost pressures in the asset management industry remain **very strong**

Solid start of the new financial year

- FY 21 has begun well despite COVID-19, with a **good performance in Q1**
- **Core projects have continued** without impact and we continued to win new projects and project extensions
- A **strong and healthy pipeline** going into Q2
- Successfully navigating in a **new business development landscape**

Continue to navigate carefully through FY21

- **Resilient** financial and operational performance
- Considered and selective **senior hiring and further expansion**
- **Market uncertainty** will remain, therefore Alpha is not providing financial guidance for FY 21
- The strength of Alpha's proposition and protective measures ensure we are **very well positioned** for the market recovery

- Strong financial base
- Advantage built upon highly skilled team
- Comprehensive proposition and capabilities
- Resilient position for the year ahead

Agenda

Q&A

Agenda

Appendices

Key Alpha Differentiators

Our clients recognise the quality and experience of our people

We attract and retain the highest calibre individuals in the industry

The most talented consultants in the industry join Alpha for:

- **Industry reputation** as a leading consultancy meaning candidates actively approach Alpha
- **Invaluable experience** through working on impactful, industry defining projects
- **Unique culture** placing people at the heart of the Alpha business
- **Open, diverse and inclusive environment** delivered through a dedicated support programme
- **Market-leading compensation package**, including differentiating profit share
- **Sharing success**, with employees offered equity and a management incentive plan for directors
- **Comprehensive training and development,** building consulting skills and industry knowledge

THE SUNDAY TIMES 100 BEST SMALL COMPANIES TO WORK FOR 2017 2018 2019

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2020

THE SUTTON TRUST

glassdoor 4.4

BEST OF THE BEST AWARDS 2020 Asia Asset Management

Our people deliver unrivalled outcomes to clients

Alpha's successful talent management approach provides the foundation upon which we offer the following differentiators:

- **High performing team** bringing indispensable experience and personal credentials to the corporate proposition
- **Focussed proposition** with unparalleled insights in implementing responsive strategies for clients
- **Industry track record** with a strong reputation for successfully delivering business critical change
- **Global presence** for serving our expanding client base and delivering large cross border programmes
- **IP and benchmark data** grown over 15 years, offering unique intelligence on how our clients run their businesses

"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

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..

- Process Automation
- M&A
- Operating Model Change
- Geographic Exit / Entry
- Client Book of Record Production
- Technical Change
- Fund Re-Domiciling
- Fintech Market Review
- Product Rationalisation
- Client Experience
- Operational Outsourcing
- Sales Effectiveness
- Digital Proposition

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

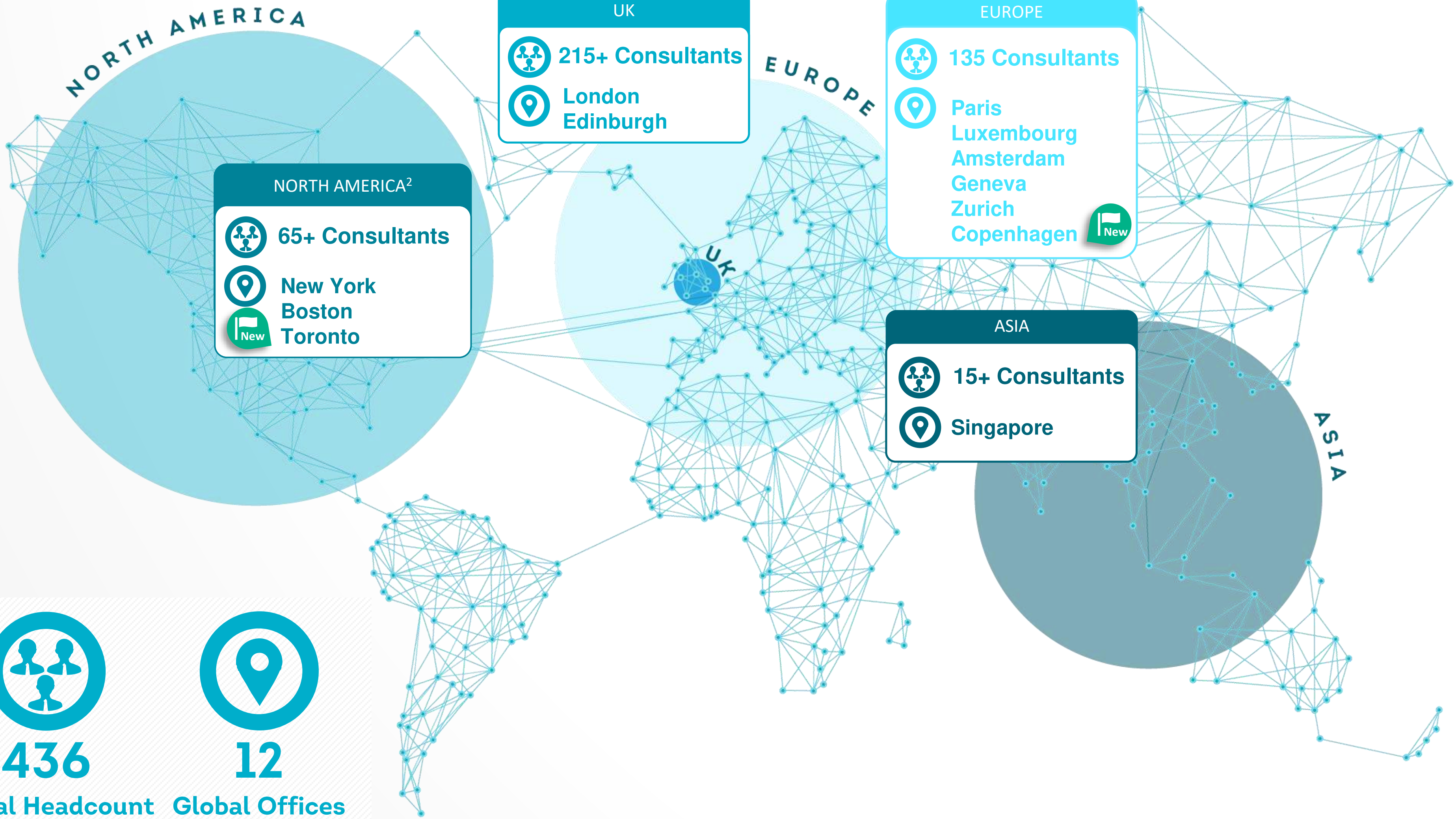
Strategy & Advisory
Alpha understands the industry macro-drivers and supports clients in translating these into tangible change initiatives

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

Our Regional Businesses at a Glance

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



UK
- 215+ Consultants
- London, Edinburgh

NORTH AMERICA[2]
- 65+ Consultants
- New York, Boston, Toronto (New)

EUROPE
- 135 Consultants
- Paris, Luxembourg, Amsterdam, Geneva, Zurich, Copenhagen (New)

ASIA
- 15+ Consultants
- Singapore

436 Global Headcount

12 Global Offices

Alpha

Regional Breakdown

£'000	FY 20	FY 19	% change
UK	50,527	45,341	11.4%
North America	14,436	9,172	57.4%
Europe & Asia	23,961	21,447	11.7%
Net fee income	**88,924**	**75,960**	**17.1%**
UK	22,280	19,747	12.8%
North America	4,764	1,658	187.3%
Europe & Asia	7,359	7,677	(4.1%)
Gross Profit	**34,403**	**29,082**	**18.3%**
UK	44.1%	43.6%	
North America	33.0%	18.1%	
Europe & Asia	30.7%	35.8%	
Gross profit margin[1]	**38.7%**	**38.3%**	

Notes:

- Group is currently organised into three geographical operating divisions: UK, North America, Europe & Asia
- North America was the strongest performing segment in FY 20

1. Margins are calculated on net fee income.

IFRS 16: Accounting for Leases

Impact of Changes

IFRS 16

£'000	FY 20 IFRS 16	Adjust-ments	FY 20 IAS 17	FY 19 IAS 17
Net fee income	**88,924**	**-**	**88,924**	**75,960**
Cost of sales	(54,521)	-	(54,521)	(46,878)
Gross profit	**34,403**	**-**	**34,403**	**29,082**
Gross profit margin %	*38.7%*		*38.7%*	*38.3%*
Administration expenses	(23,977)	(71)	(24,048)	(16,510)
Operating profit	**10,426**	**(71)**	**10,355**	**12,572**
Depreciation	1,022	(764)	258	263
Capitalised development costs	428	-	428	-
Adjusting items	8,372	-	8,372	3,643
Adjusted EBITDA	**20,248**	**(835)**	**19,413**	**16,478**
Adjusted EBITDA margin	*22.8%*		*21.8%*	*21.7%*
Adjusted operating profit	**18,798**	**(71)**	**18,727**	**16,215**
Net underlying finance expenses	(1,132)	129	(1,003)	(52)
Adjusted profit before tax	**18,617**	**58**	**18,675**	**16,163**
Profit before tax	**9,294**	**58**	**9,352**	**12,520**

Key highlights:

- The Group has adopted IFRS 16 Lease accounting on a modified retrospective basis
- Group leases affected are almost exclusively property leases related to offices space
- FY 20 Adjusted EBITDA would be £19.4m on a comparable IAS 17 basis; 17.8% growth on FY 19

IFRS 16: Accounting for Leases

Reconciliation of key performance measures

£'000	FY 20 IFRS 16	FY 20 IAS 17	FY 19 IAS 17	Change IFRS 16	Change IAS 17
Revenue	90,901	90,901	77,661	17.0%	17.0%
Net fee income	**89,924**	**89,924**	**75,960**	**17.1%**	**17.1%**
Gross profit	**34,403**	**34,403**	**29,082**	**18.3%**	**18.3%**
Adjusted EBITDA	**20,248**	**19,413**	**16,478**	**22.9%**	**17.8%**
Adjusted EBITDA margin[1]	*22.8%*	*21.8%*	*21.7%*	*1.1%*	*0.1%*
Adjusted profit before tax	**18,617**	**18,674**	**16,163**	**15.2%**	**15.5%**
Adjusted EPS	**14.21p**	**14.26p**	**12.05p**	**17.9%**	**18.4%**
Adjusted diluted EPS	13.62p	13.68p	11.77p	15.8%	16.2%

Key highlights:

- Revenue, net fee income and gross profit are unaffected by the Group's transition to IFRS 16
- On a comparable basis, adjusted EBITDA margin remained consistent at 21.8%
- Adjusted profit before tax grew slightly more on a comparable basis

Other information

Reconciliation of revenue to net fee income:

£'000	FY 20	FY 19	FY 18	FY 17	FY 16
Revenue	**90,901**	**77,661**	**67,761**	**44,463**	**36,965**
Rechargeable expenses	(1,977)	(1,701)	(1,752)	(901)	(614)
Net fee income	**88,924**	**75,960**	**66,009**	**43,562**	**36,351**
Gross profit margin[1]	*38.7%*	*38.3%*	*38.3%*	*34.5%*	*34.5%*
Adjusted EBITDA margin[1]	*22.8%*	*21.7%*	*21.2%*	*19.6%*	*19.4%*

Reconciliation of adjusted cash generated from operating

£'000	FY 20	FY 19
Net cash generated from operating activities	18,208	16,368
Employment-linked consideration	1,200	-
Acquisition costs	488	-
Adjusted cash generated from operating activities	**19,896**	**16,368**
Cash conversion	175%	130%
Adjusted cash conversion[2]	**106%**	**101%**

Notes:

- Revenue has been restated in FY 19 to include nil margin client rechargeable expenses and we have set out the historical comparison for information
- Net fee income is used by the Board to measure productive performance
- Margins are calculated on net fee income for consistency
- Adjusted cash conversion excludes employment-linked acquisition consideration and acquisition costs expensed, treated as operating payments under IFRS

1. Margins are calculated on net fee income 2. Adjusted cash conversion is adjusted cash generated from operating activities divided by adjusted operating profit. .

Basic and Adjusted Earnings per Share

£'000	FY 20	FY 19
Profit after tax	6,167	9,199
Weighted average number of ordinary shares	101,003	101,604
Weighted average number of ordinary shares, including potentially dilutive shares	105,344	104,020
Basic EPS (p)[1]	**6.11p**	**9.05p**
Diluted EPS (p)[2]	**5.85p**	**8.84p**
Adjusted profit after tax	14.348	12,240
Weighted average number of ordinary shares	101,003	101,604
Weighted average number of ordinary shares, including potentially dilutive shares	105,344	104,020
Adjusted basic EPS[3] (p)	**14.21p**	**12.05p**
Adjusted diluted EPS[4] (p)	**13.62p**	**11.77p**

Notes:

- Basic and diluted earnings per share data is presented, both adjusted and unadjusted 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 4.3 million potentially dilutive ordinary shares in FY 20
- Alpha's management incentive plan anticipates performance related dilution of up to 10% over three years from AIM admission

1. Basic EPS is calculated by dividing the profit/(loss) for the year by the weighted average number of ordinary shares outstanding in the year. To aid comparability, the prior year considers the number of shares in issue immediately before AIM admission. 2. Diluted EPS considers the weighted average number of dilutive shares outstanding in the period. Due to the loss in the prior year, comparative ordinary shares were not diluted. 3. Adjusted basic EPS is adjusted PAT over the weighted average number of shares in issue in the period; the comparative considers the number of shares in issue at and since AIM admission. 4. Adjusted diluted EPS considers the weighted average number of dilutive shares outstanding in the period.

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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.

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