Annual Review 2018

Alpha Financial Markets Consulting

The power of our people

Introduction

Welcome to Alpha's 2018 Annual Review[1]

Alpha is a leading global consultancy to the asset and wealth management industry.

Perspective | Strategy | Technical Expertise

Headquartered in the UK, and quoted on the AIM of the London Stock Exchange, Alpha Financial Markets Consulting[2] is a leading global provider of specialist consultancy services to the asset and wealth management industry.

Alpha has worked with 85% of the world's top 20 asset managers by AUM, along with a wide range of other buy-side firms. It has the largest dedicated team in the industry, with over 300 consultants globally, operating from nine offices spanning the UK, Europe, the US and Asia.

For more information, see our website:
investors.alphafmc.com

Contents

[1] The Annual Review is a comprehensive review of the Alpha business for the financial year 2018. It does not constitute the Annual Report & Accounts 2018, which provides the Company's audited statutory accounts for the year ended 31 March 2018 and can be found on the Alpha website. The Annual Review is dated after the audited statutory accounts, however the figures included in the Annual Review have been extracted, without adjustment, from the statutory accounts.

[2] Alpha Financial Markets Consulting plc: ("Alpha", the "Company" or the "Group")

Financial Highlights[3]

Revenues	Adjusted EBITDA[4]	Adjusted operating profit[5]
£66.0m	£13.9m	£13.6m
(FY17: £43.6m) +51.5%	(FY17: £8.6m) +62.9%	(FY17: £8.3m) +65.0%

Cash conversion[6]	Pro forma adjusted earnings per share[7]	Total dividend per share[8]
83%	9.77p	5.17p
(FY17: 52%)	(FY17: 7.99p)	(FY17: nil)

Operational Highlights and Recent Developments

241
Clients
(FY17: 216)
Includes 17 of the 20 largest global asset managers by AUM

9
Offices
(FY17: 8)
First Asia office opened in Singapore

305
Consultants[9]
(FY17: 240)
Continued investment in the highest calibre consultants

10
Business Practices
(FY17: 8)
Two new practices launched: Alpha Data Solutions and Digital

1
Acquisition
Acquisition and successful integration of TrackTwo GmbH[10]

3 Comparable period references ("FY17") are to the 12-month period ended 31 March 2017; see the financial statements for further disclosure on the accounting period ("2017"). All rounding and percentage change calculations are from the basis of the financial statements, in £'000s
4 Adjusted EBITDA is operating profit before interest, tax, depreciation, amortisation and other adjusting non-operational costs including acquisition costs, AIM admission costs, restructuring costs, earn-out costs and share-based payment charges
5 Adjusted operating profit is adjusted EBITDA less depreciation
6 Adjusted cash conversion is net cash from operating activities divided by adjusted operating profit
7 Proforma adjusted earnings per share is adjusted profit after tax over the weighted average number of shares since IPO
8 Based upon a recommended final dividend per share of 3.69p
9 "Consultants" and "Headcount" refer to fee-generating consultants, being employed consultants plus utilised contractors
10 Hereafter referred to as "TrackTwo"

Chairman's Report

The Group is led by a strong executive team, with a rich range of skills and experience, and a deep understanding of the asset and wealth management industry.

Ken Fry
Chairman
6 June 2018

"Alpha has continued to perform confidently across its business areas and has delivered its first full-year results as a public company ahead of market expectations."

In my first statement to you as Chairman of the Board, it gives me great pleasure to introduce Alpha's FY18 year-end results. FY18 was a definitive year for Alpha; in October 2017, the Company was successfully admitted to trading on the AIM of the London Stock Exchange and is now able to report Alpha's best financial results since it was founded in 2003. This compelling record of financial performance, together with investment in the business from our new shareholders, positions the Group extremely well for continued future growth.

Overview of the Financial Year

Alpha has continued to perform confidently across its business areas and has delivered its first full-year results as a public company ahead of market expectations. With continuing demand for Alpha's services from within the asset and wealth management industry and a strong pipeline of new business, the Group achieved annual revenues of £66.0m. Trading progressed well during the months following Alpha's admission to trading on AIM.

During the period, Alpha completed an important strategic acquisition in TrackTwo, a specialist data solutions and consulting firm. This now forms the core of a new business practice, Alpha Data Solutions. Alpha also launched another practice, Digital, thus strengthening further its platforms to fulfil business opportunities on an increasingly global basis.

Dividend

The Alpha Board[1] is recommending a final dividend of 3.69p per share, which, if approved at the Annual General Meeting, will be payable on 12 September 2018. Together with the previously paid FY18 interim dividend of 1.48p per share, this gives a total dividend for the year of 5.17p per share, in line with the policy of paying approximately 50% of post-tax profits to shareholders, this year adjusted to reflect normalised post-AIM admission earnings.

Governance

An important focus since AIM admission has been fulfilling the Group's corporate governance transition from a private to a public company. I am very pleased to be involved in Alpha's future growth journey, having worked with the Company as a client for over 10 years. The Alpha Board meets regularly to oversee the Group's corporate activities and progress towards its strategic objectives.

Board Changes

Recently, we welcomed Penny Judd to the Alpha Board, as a new Non-Executive Director, and John Paton, who joined Alpha as Chief Financial Officer. Together, Penny and John bring a wealth of public markets and financial services expertise to the Alpha Board and I look forward to working with them.

I was delighted to be appointed as Chairman in February, following two years serving on the Alpha Board as a Non-Executive Director. This follows the decision by Timothy Trotter, Alpha's longest serving independent Non-Executive Director, to step down, as was disclosed in the AIM Admission Document. Tim has been an invaluable support to the Directors in the last four years; the Directors and the entire management team would like to thank him and wish him well in the future.

Strategy

The Alpha Board works closely with Alpha's executive team to develop a successful and achievable strategy. Alpha's growth strategy remains focussed on continuing to grow in both existing and new jurisdictions. This strategy is being diligently executed through the continued strengthening of the global consulting teams, extension of Alpha's geographic footprint and investment in capabilities to expand further the service offering.

The Group is led by a strong executive team, with a rich range of skills and experience, and a deep understanding of the asset and wealth management industry. The Alpha Board is extremely confident that this team of people is well placed to deliver Alpha's strategic vision and objectives.

Outlook

The asset and wealth management industry is undergoing deep-rooted change, with increasing pressure on fees and regulatory focus driving the need for support with a range of complex change initiatives and projects. With its highly focussed market proposition, strong reputation in the industry and a robust platform for growth, Alpha is uniquely positioned to assist with its clients' needs. The Alpha Board is encouraged by the strong business pipeline and is confident of further growth in the financial year ahead.

Finally, I would like to thank all Alpha's employees, clients and the wider stakeholders for their commitment, hard work and invaluable contributions.

[1] "Alpha Board" is the Alpha Board of Directors, also referred to as the "Board" and the "Directors"

Global Chief Executive Officer's Report

We have continued to invest in geographic expansion and extending Alpha's service offering, responding to a strong pipeline and unwavering client demand.

Euan Fraser
Global Chief Executive Officer
6 June 2018

"A relentless focus on quality ensures that we deliver exceptional results to our clients, which in turn drives client loyalty and repeat business."

I am delighted to present our full-year results, with FY18 having been a very successful year for Alpha. Following on from our AIM admission in October 2017, we have enjoyed another year of strong revenue, operating profit and adjusted EBITDA growth. This growth has been delivered across all of our core regions, through both the breadth of our service offering and a successful acquisition.

Summary of Financial Performance

The Group has demonstrated strong revenue growth, with a continued focus on operating margins resulting in revenue increasing by 51.5% to £66.0m (FY17: £43.6m), adjusted EBITDA by 62.9% to £13.9m (FY17: £8.6m) and operating profit by 39.5% to £8.6m (FY17: £6.1m). Our transition from a private limited company to a public company strengthened our statement of financial position and we have also had another year of excellent cash generation from operations. The Board is pleased to propose a final dividend of 3.69p per share, bringing the total dividend to 5.17p per share for the year, ahead of expectations.

The Group has delivered very strong organic growth across its core business, driven by working on some of the largest and most challenging projects in the asset and wealth management industry, on an increasingly global scale. The Group also added an additional 25 new clients during the year.

Operational Review

Client demand for our consulting talent and expertise continues to be driven by the structural industry trends of increasing cost pressures and regulatory demand, alongside increasing assets under management. Consequently, FY18 saw strong results from across all our core geographies: the UK, the US, and Europe & Asia.

Alpha continued to expand its service offering with the creation of new practices, including Alpha Data Solutions and Digital, in response to demand from our clients. In addition, practices that the Group launched in FY17 such as Investment Guidelines and Regulatory Compliance performed well and made a contribution to this year's substantial growth. Well-established practices such as Front Office, Distribution, M&A Integration and Operations & Outsourcing continued to be very successful.

Geographical Overview

We are pleased to have enjoyed strong client-led demand across all of the markets in which we operate:

	FY18 12 months to 31 Mar 2018	FY17 12 months to 31 Mar 2017[1]	Change	2017 60 weeks to 31 Mar 2017[2]
Revenue				
UK	£40.0m	£28.5m	40.5%	£32.3m
US	£9.0m	£4.4m	107.1%	£4.9m
Europe & Asia	£17.0m	£10.7m	58.3%	£12.0m
	£66.0m	£43.6m	51.5%	£49.2m
Gross Profit				
UK	£17.0m	£11.2m	52.3%	£12.5m
US	£2.7m	£0.4m	511.2%	£0.4m
Europe & Asia	£5.6m	£3.4m	62.4%	£3.8m
	£25.3m	**£15.0m**	**68.0%**	**£16.7m**

1 12 months results to 31 March 2017 per Admission Document dated 6 October 2017; hereafter referred to as "FY17"
2 Audited results; hereafter referred to as "2017"

	31 March 2018	31 March 2017	Change
Consultant Headcount[3]			
UK	165	138	20%
US	44	26	69%
Europe & Asia	96	76	26%
Year-end totals	**305**	**240**	**27%**

3 Consultant Headcount refers to fee-generating consultants: employed consultants plus utilised contractors

Each of our regional businesses grew substantially compared to the previous 12 months, both in terms of revenue and consultant headcount. Our newest offices in Singapore and Switzerland, which opened at the end of FY17, were launched in response to client requests for the Group to provide local support in these locations. I am happy to report that both offices enjoyed profitable first years. We are very pleased with the success of our first office in Asia and have recently hired an executive director in Singapore to strengthen our offering and lead our expansion in that market.

The UK remains the largest geography within the Alpha Group and we are delighted with the continued growth that it has enjoyed this year.

In Europe, Alpha continues to deliver a robust performance growing revenue and profitability, with offices in France, Luxembourg, the Netherlands and Switzerland, along with our newly acquired business in Germany. We perceive a number of growth opportunities, both in terms of geographic expansion and in the development of our existing practices.

We believe that the US market represents the most significant geographic opportunity for future growth. We see no other consulting firm offering the same blend of expertise, market-leading consulting and project management skills, and our proposition is resonating with both national and global clients in that market. As a result of demand, and our existing projects in the US, we now have a presence in four financial centres (Chicago, Denver, Los Angeles and San Francisco), in addition to our core offices in Boston and New York. We are pleased to report that Alpha US delivered to our growth expectations in FY18.

Global Chief Executive Officer's Report continued

Alpha's strong underlying adjusted EBITDA performance reflects our growing global reputation as the consulting partner of choice to support asset managers with their most critical projects, along with our strong utilisation and increased efficiency. We have continued to invest in central operational capability to support this continued global growth.

We were also delighted to win the Funds Europe Consultant of the Year (2017) award for the third consecutive year.

Our People

The people at Alpha are our greatest asset. We remain completely committed to hiring the very highest quality consultants at every level of the Group and we increased our headcount of consultants by 27% to 305 globally (March 2017: 240). That relentless focus on quality ensures that we deliver exceptional results to our clients, which in turn drives client loyalty and repeat business, and helps us to retain our market-leading reputation.

We will continue to offer market-leading compensation to attract the very best consulting talent. Our focus on creating a unique culture that differentiates us from our competitors also helps us to retain the talent that we hire, with unmanaged attrition at 5% in the year. This, in turn, limits recruitment costs and ensures that our clients benefit from the expertise that an experienced team brings.

We now have two employee equity schemes in place. Offering all our people the opportunity to be shareholders in Alpha helps us not only retain staff and align interests, but also attracts a wide pool of fresh talent. All staff that were employed at the time of AIM admission received a nominal number of additional shares.

To help achieve a consistent global culture, we have an important ongoing secondment programme, which has allowed us to second a significant number of our consultants to facilitate growth in our new offices, most recently Singapore and Switzerland, and embed our culture globally. This globally consistent culture is very important to the Group as it plays an integral role in ensuring the same high-calibre quality across our consultant team, driving a seamless client experience and market reputation.

We were delighted to have our culture recognised by winning a place, for the second consecutive year, in The Sunday Times 100 Best Small Companies to Work For (2018: top 20; 2017: top 50). Culture and quality have, for many years, been the foundation of Alpha's success and will continue to shape and drive our business.

Growth Strategy

Alpha's objective is to be recognised as the leading asset management consultancy in all the geographies in which it operates, with an ongoing strategic focus to continue building scale in all markets, for which it is well positioned.

The Group's growth strategy is both organic and inorganic. The majority of Alpha's historic growth has been organic, with last year's acquisition of TrackTwo highlighting the role that inorganic growth can play in adding to the products and services that the Group can successfully bring to its client base.

The Group expects to achieve continued growth in all geographic markets, including both established and more recently opened offices. Alpha will continue to focus on building its client base of asset managers, asset owners, wealth managers and those who support the asset management industry, such as third-party administrators.

We will continue to invest in our service offering and will both deepen and broaden our practice structure. Through a combination of internal promotions and external hires, we will ensure that each practice has the appropriate leadership to meet our clients' needs.

Alpha has built an exceptional service proposition, which is heavily in demand across a wide range of asset management sponsors and geographies. That service offering is currently defined by 10 practices within Alpha. Our ongoing focus is to deepen our offering within those practices and to consistently develop that proposition across all regions. We will continue to broaden our service offering and extend the number of practices so as to meet client demand.

The structural drivers within the asset management industry of fee pressure, growth in assets under management and ongoing regulatory change are creating significant change and opportunity within our clients, which are trends that we expect to continue.

Acquisitions

Acquisitions are an important part of the Group's growth strategy, alongside organic growth, with a focus on acquiring businesses that offer complementary services to clients in Alpha's existing and target markets. Our objective is to extend our consulting proposition and broaden our reach into other financial services industries beyond asset and wealth management.

In July 2017, we successfully completed our acquisition of TrackTwo, and the integration of the business and its core product, 360 SalesVista, has been very successful. Alpha's much broader footprint allows the Group to take the product, 360 SalesVista, to a much wider market than TrackTwo as a standalone entity, offering significant opportunity for future growth.

The Group remains acquisitive and will continue to add to its service offering through selectively investing in new products and services that provide diversified and established revenues and, where possible, are underpinned by strong data or technology components.

Current Trading and Outlook

The Group's trading performance in the second half of FY18 was excellent and we have started FY19 with confidence. The structural drivers in the asset management industry remain very strong and continue to drive a wide range of significant change projects within our client base. We remain focussed on delivering another year of growth and continuing to broaden our geographic footprint and service offering.

The Group is well positioned to leverage its recent accomplishments and to continue to build on its progress in the year ahead.

332

Total Headcount

We continue to invest in the highest calibre people and our total headcount figure includes a business operations team spanning HR, finance and platforms to support future growth, in addition to 305 consultants.

Business Review

The power of our people to grow the business

Business Review

At a Glance: A Story of Growth

Alpha is headquartered in London and was established in 2003. Over the last 15 years, the Group has grown from a boutique UK-based asset management consultancy firm, to an established leading global asset and wealth management consulting business with the capability and market reputation for delivering some of the most challenging projects in the industry. It has achieved this by recognising and understanding the structural drivers of change in the market and developing a leading proposition to meet the continually evolving needs of its clients.

Alpha is known by clients for the exceptional quality of its team and for providing a unique and expert service offering spanning the breadth of the asset management value chain. Alpha is now the largest global asset and wealth management consulting group by revenue and number of consultants, with nine offices spanning the UK, US, Europe and Asia.

2003

Alpha is founded in London as a provider of specialist consultancy services to the asset and wealth management industry.

2008

Luxembourg office is opened, establishing presence in Europe.

2009

New York office is opened, establishing presence in US.

2010

Paris office is opened.

2011

Creation of the Distribution and Front Office practices.

2013

Investment in Alpha by Baird Capital.

Timeline depicts calendar years

Alpha has won the Funds Europe Consultant of the Year award for the last three years – 2015, 2016, 2017.

Alpha has appeared in The Sunday Times Top 100 Best Small Companies to Work For for two consecutive years – 2017, 2018.

2014

New specialist practice Alpha Technology Services is launched.

2015

Netherlands and Boston offices are opened.

Alpha's Diversity & Inclusion programme is launched.

2016

Investment in Alpha by Dunedin. Baird Capital exits in full. Alpha has c. 200 consultants across six offices.

Creation of the Investment Guidelines and Regulatory Compliance practices.

Edinburgh office is opened.

2017

Creation of the Digital practice.

Geneva and Singapore offices are opened.

Successful AIM admission, with a market capitalisation of £160m. Alpha has 240 consultants across nine offices.

Acquisition of TrackTwo; new specialist practice Alpha Data Solutions is launched.

2018

Alpha continues to grow, reporting most successful financial year to date, with Group revenues of £66.0m.

Business Review

Market Overview

The asset and wealth management industry is undergoing significant and fundamental change, which Alpha is uniquely well positioned to support.

38%
cumulative annual revenue growth rate delivered over the last seven years.[4]

Competitive Environment

Alpha is a leading global consultancy firm to the asset and wealth management industry. Alpha supports and works with a broad range of clients, including asset managers, wealth managers, third-party administrators, software vendors and industry utilities.

As a provider of consultancy services, Alpha operates in a competitive global market. These competitors include the advisory practices of the major accounting firms, global consulting firms and single-geography consulting businesses. The Group has been able to compete successfully against these firms and increase market share year on year by providing specialist expertise to the asset and wealth management industry, and by consistently delivering an exceptionally high quality of service that attracts repeat business, engenders long-term client relationships and a reputation for delivery excellence. All of this is made possible through the Group's ability to attract and retain experienced, high-calibre consultants.

Structural Drivers

Significant structural changes in the market ensure that there is strong demand for the Group's consulting services as clients undergo a range of change initiatives. As a result, Alpha's clients require increased support with complex change initiatives across the entire value chain.

The most significant forces shaping the asset and wealth managers with which the Group works are fee pressure, regulatory change and growth in assets under management. These factors are driving an increased focus on maintaining operating margins through improving systems, data quality and operational processes. The Directors believe that these structural drivers will continue to be prevalent for a number of years and will continue to drive growth in consulting services.

Market Demand and Opportunities

The asset and wealth management industry in which the Group operates is broad and diverse, ranging from those asset managers managing a few hundred million dollars of assets to global managers managing several trillion dollars of assets. In terms of the scale of the Group's addressable market, assets under management (AUM) at a global level stood at approximately $84.9 trillion in 2016 and are estimated to grow at a 6.2% compound annual growth rate (CAGR), reaching a total of $145.4 trillion in 2025[1]. In practice, each fund manager will have a range of responses to the structural drivers in the market, and corresponding consulting support requirements that extend across the spectrum of front, middle and back office functions. This brings strong aggregate demand for the Group's services, products and propositions.

241
clients assisted, incl. asset managers, wealth managers and platform providers.

305
fee-generating consultants globally.

85%
of the 20 largest global asset managers by AUM, and 68% of the top 50.

All numbers are as at 31 March 2018

The potent mixture of additional cost pressures, regulatory demand and the anticipated benefits generated from economies of scale is also driving consolidation in the asset and wealth management industry. Within the industry, the value of global M&A deals completed stood at approximately $40.9 billion in 2017[2], and many market commentators[3] are predicting continued consolidation through M&A in the near future. This will create substantial opportunities and areas of growth for the Group as it continues to provide M&A integration, operational and outsourcing consultancy services to increasingly larger and more complex fund managers. Alpha has enjoyed a strong track record of helping deliver many of the defining projects in asset management post-acquisition integration and continues to work on the largest and most interesting strategic projects in the market.

The Group also recognises that there is a wider addressable market within the financial services sector that it does not service, and where there is opportunity for Alpha to develop a market leading proposition.

The Group currently serves clients from its offices in nine major financial centres: London, Edinburgh, Boston, New York, Amsterdam, Luxembourg, Paris, Switzerland and Singapore. The Group believes that, in line with client activity and demand, there is opportunity to extend into a wider international market, and will seek to broaden its reach to cover new jurisdictions, such as in Zurich, Hong Kong and Frankfurt over the next 24 months.

The Directors are confident that demand for Alpha's services will continue into FY19 and beyond, driven by underlying growth in AUM, rising cost pressures, regulatory and technology change, and continuing consolidation in the asset and wealth management industry. Collectively, Alpha's global footprint, industry expertise and differentiated service offering ensure that it is well placed to support this degree of change across the market.

1 PwC, "Asset & Wealth Management Revolution: Embracing exponential change" (October 2017)
2 "M&A in asset management sector climbs to 8-year high," the *Financial Times* (May 2018)
3 Casey Quirk by Deloitte, "Skill through scale? The role of M&A in a consolidating industry" (May 2017). The Boston Consulting Group, Inc., "Global Asset Management 2017: The Innovator's Advantage" (July 2017)
4 For Group revenue performance, refer to key performance indicators on p. 17

Business Review

Business Model

Alpha provides consulting solutions across the asset management value chain, delivering great outcomes for its clients and sustainable growth for its shareholders.

About Alpha's Business Model

Alpha puts its clients' needs at the centre of everything that it does, with the objective of sustaining and growing the broad, diversified and expanding base of deep client relationships that it has established over the years. It has been client demand and direct client requests that have delivered Alpha's expansion into new geographic locations and the creation of new consulting practices.

The Group is confident that, in serving its clients with exceptional delivery every time, it is ensuring the longer-term success of the business and the ability to provide strong shareholder returns for many years to come.

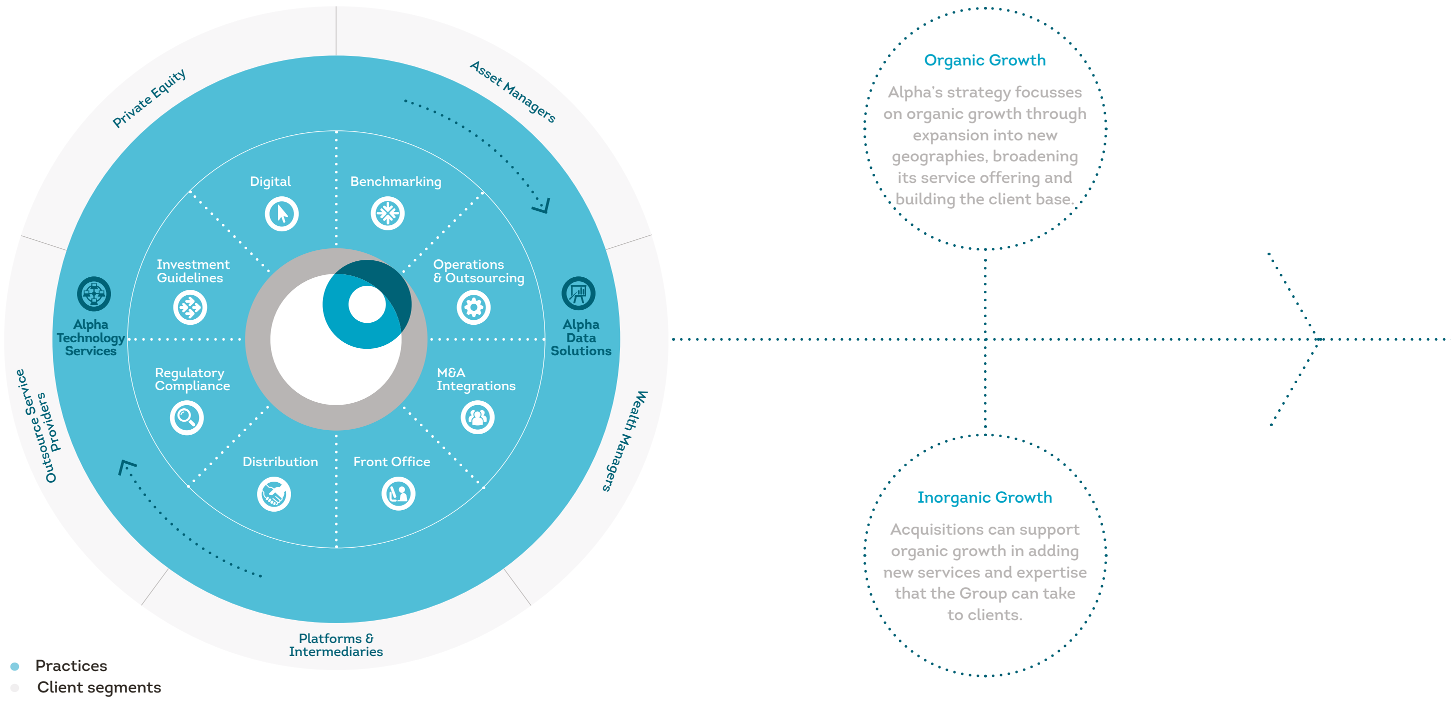
The Group's business model targets revenue growth, which it achieves through the cross-sell and up-sell of new services to existing clients, and the winning of new clients. The success of this business model is evidenced by Alpha's proven ability to provide and develop relevant services that adapt to the structural drivers of the market. The majority of Alpha's revenues are from repeat clients, with whom the Group is working increasingly on an a global basis.

In order to provide the best outcomes to its clients and deliver this growth, Alpha employs the highest calibre consultants in the industry. The success of Alpha's business model is founded upon a high-performing consulting team that brings indispensable experience, unparalleled insights and personal credentials to the corporate proposition.

This team of consultants knows the asset and wealth management industry in which the Group operates incredibly well. Within the industry, Alpha has developed, and is continuing to develop, a service proposition from which it can serve a wide range of client segments, client locations and client requirements. Alpha's client base includes asset managers, asset owners, wealth managers and those who support the asset management industry, such as third-party administrators. By defining the Group's proposition around specialist practice areas, it is able to target, and meet the demands of relevant stakeholders in each of those organisations.

Practices

The Group organises its knowledge, subject matter expertise, methodologies, intellectual property and data around 10 different consulting practice areas, all of which are led by senior directors to ensure effective management and high-quality delivery output. These practices ensure that the Group can be specialist and respond to the evolving requirements of its clients, while maintaining a core set of exceptional service standards.



The business model is premised upon both identifying and launching new practices, where there is client demand, and achieving growth in the existing practices. The Group has launched two practices in the last financial year, making a total of four new practices in the course of the last three financial years. It expects to launch a dedicated Fintech & Innovation practice during the first half of FY19.

Of the existing 10 practices, Regulatory Compliance, Investment Guidelines, Alpha Data Solutions and Digital are still relatively new, and represent an opportunity to further grow and establish those propositions in the Group's core markets. Additionally, there is ongoing expansion work to ensure wide geographic access to the Group's range of practices. The geographic expansion of Alpha's business practices is a key component of the growth strategy; the Group will roll out this proven practice model in all regions as the demand drivers are consistent in each location. For example, during FY18, the Distribution practice capability has been expanded into the Group's European and US offices in order to respond to, and support, increased regional demand.

Alpha's global consultants collaborate closely, and ensure that the business's knowledge and delivery approach is end to end. They can leverage best practices, state-of-the-art technology options and invaluable market knowledge from across the organisation in order to meet client requirements seamlessly. This means that, irrespective of the practice area of the project, or the segment of the client, the quality of experience and solution delivery is consistently high.

Key Strengths

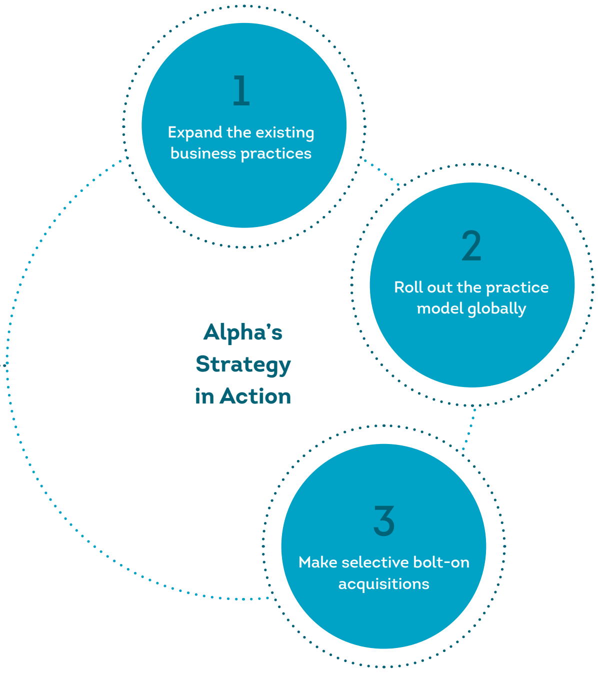
The key strengths that enable Alpha to fulfil this business model are:

- Providing a highly focussed industry proposition, working exclusively in asset and wealth management;
- An emphasis on providing clients with an exceptional standard of delivery and valued outcomes;
- Investment in people who bring market-leading experience and personal credentials to the corporate proposition;
- Ensuring a global presence for serving an expanding client base and delivering large cross-border programmes;
- An ability to leverage differentiating intellectual property and data, developed over 15 years, offering unique intelligence on how clients run their business;
- Extending Alpha's capability and service offering, both organically and through bolt-on acquisitions.

The Group plans to continue developing its proposition by broadening the range of services that it offers, the types of client that it can support, and the geographies from which it operates.

Business Review

Strategy



The Group's strategy is to continue to grow in both existing and new jurisdictions by building on the Group's high-quality service offering.

Benefiting from significant tailwinds in the asset management industry, the Directors believe that the Group has the potential to capture a larger share of its chosen markets. The strategy includes moving into additional parts of the asset and wealth management value chain. The Directors believe that the Group will be able to replicate the success it has achieved in new areas of the asset and wealth management value chain by building on its existing skills base and deploying the relevant specialist consultants to provide a highly focussed product offering.

The Group intends to deliver the strategy in the following ways:

1. Expand the existing business practices

The Group serves clients in multiple countries through its successfully deployed practice model. The Directors consider that there is substantial scope to grow within these markets by extending the services that are delivered to existing clients, or by serving new clients, through the addition of business practices. The Group will continue to evaluate market demand for new services and propositions, which it can meet through the growth of, and addition to, its practices. The Group will deepen its service offering and expand the number of practices so as to match ongoing client demand.

2. Roll out the practice model globally

The Group currently provides services to clients from nine global offices in the UK, US, Europe and Asia. The Group will continue to extend its services geographically by deploying its current practices consistently across all regions. The assessment to launch a new practice will typically take place at a local level, but the Directors recognise the opportunity for the Alpha practices to be shared and developed globally across the Group. The Group will continue to roll out its proven practice model internationally, through the introduction and evolution of the business practices in each jurisdiction.

3. Make selective bolt-on acquisitions

In addition to organic growth, the Group will consider small-scale acquisitions of consulting business, technology and intellectual property, in order to deepen, enhance or extend the Group's existing capabilities and the range of services that can be offered to its clients. The acquisition of TrackTwo in FY18, which led to the launch of a new practice area, Alpha Data Solutions, has demonstrated how acquisition can successfully support and complement organic growth.

Key Performance Indicators

The Directors have defined the following key performance indicators (KPIs). These KPIs link to the Group's growth strategy and are used to monitor the Group's income statement and performance.

KPI	Trend
Revenue	
The revenue KPI measures how well the Group has expanded its business through organic and inorganic growth	FY18: £66.0m FY17: £43.6m FY16: £36.4m FY15: £30.4m
Adjusted EBITDA	
Earnings before interest, tax, depreciation, amortisation and exceptional items is a measure of the underlying profitability of the Group	FY18: £13.9m FY17: £8.6m FY16: £7.0m FY15: £5.2m
Gross Profit	
This KPI further helps to measure the profitability of the Group and the success of the business model	FY18: £25.3m FY17: £15.0m FY16: £12.5m FY15: £9.4m
Headcount	
The headcount KPI measures the growth in the Group's fee-generating consultants globally	FY18: 305 FY17: 240 FY16: 196 FY15: 152

Business Review

Risk Management

The Group manages risk actively and closely; a model that is underpinned by a global risk management framework and a corporate culture that values responsibility at all levels.

The Group's business organisation, and the industry in which it operates, expose it to a number of potential risks, arising from internal or external events and actions. The Group manages risk in order to limit potential adverse effects on the implementation of its strategy, the financial performance and the interests of its shareholders. It does this by ensuring that there is a framework in place to identify and monitor risks, and acting accordingly.

Governance and Responsibility

The Group believes that corporate responsibility is integral to a successful risk management strategy. Acting responsibly and taking accountability in all business activities is expected and required of every employee. It is a core value that is written into the Employee Handbook, which all staff must read and attest to. This includes the need to understand and adhere to policies, procedures and internal control decisions that are decided at a senior level.

However, the Board has overall accountability for ensuring that risks that could impact the fulfilment of the Group's strategic objectives, including Group growth, are monitored and managed effectively. The Audit Committee is responsible for overseeing and reviewing, at least annually, the risk framework processes and internal controls that are in place.

The policies and decisions of the Board are implemented through the Group's executive team, represented by the Global Management Board. The Global Management Board encompasses all the areas in which business-level risk may arise or apply, including finance, IT & infrastructure, HR, business development and service delivery. The members of the Global Management Board have a direct reporting line into the Board of Directors, principally via the Global Chief Executive Officer. However, any member of the Global Management Board can be invited to present their risk management activities, including risk escalation and risk management processes.

Service Delivery

The Group recognises that a significant client delivery shortfall or poor result would represent a considerable reputational risk as well as contribute to poor employee experience. During FY18, Alpha introduced a formal approach to mitigating this risk through the development of a reporting and oversight structure that identifies any potential challenges to its service delivery projects by considering:

- Knowledge of client and client sponsor;
- Maturity of service offering or practice area;
- Size and location of the project team; and
- Oversight structure surrounding the project team.

Each delivery project is assessed according to the above factors, as well as any specific delivery risks or concerns that have been escalated from that project. Any individual is able to raise a delivery risk to the executive team, and all employees are encouraged to be transparent about specific or general project challenges.

Objectives of Risk Management

The main objectives of Alpha's risk management framework are to ensure the following:

- A strong corporate culture of risk awareness and responsibility, embedded at all levels of the organisation;
- Reduction of ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility;
- Proactive identification and reporting of risk information, with clear management and mitigation responsibilities;
- Provision of a suitable basis upon which the Audit Committee can assess the effectiveness of the Group's risk management and internal controls.

This structure is managed by the Chief Operating Officer and enables a proactive dialogue to take place with the regional Heads of Country and their local director teams, with the objective being to maintain or achieve an appropriate delivery structure and a successful outcome on every client project. This approach enables Alpha to respond rapidly and positively to any new service risks, in a globally consistent way.

Risk Assessment

Alpha reviews and monitors its risk exposure closely and actively, considering the possible impact and the management actions required to avoid or mitigate that impact. The service delivery function and the Group Management Board agenda are the principal tools for monitoring risks that are identified from across business operations or in the awareness of external (e.g. political or regulatory) influencing events.

Risks are categorised into three groups:
- Operational risk
- Industry risk
- Financial risk.

Group risks are reviewed, discussed and challenged, firstly, by the executive team, through the Global Management Board. This forum also assesses each risk by considering the likelihood of occurrence, along with the associated impact to the business model and strategy. The key material risks, as agreed at the Global Management Board, are then presented to the Board of Directors. These reporting decisions are documented in order that the assessment and escalation approach can be reviewed by the Audit Committee.

The Global Chief Executive Officer meets regularly, in a one-on-one capacity, with each individual member of the Global Management Board. In exceptional circumstances, that is where the risk is of a sensitive business nature, a risk may be raised on an individual basis to the Global Chief Executive Officer, who can take that directly to the Board.

The Board has agreed that the principal risks presented in the Annual Review will be the most material current risks to the Group, grouped by category and accompanied by details of mitigating actions. The viability statement is also included on p. 22, which has been prepared in the awareness and assessment of these principal risks.

Business Review

Principal Risks

The table below outlines the current principal risks to the Group, as agreed by the Board. The risk factors mentioned do not purport to be exhaustive, as there may be additional risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse impact on the business and the business strategy.

OPERATIONAL RISK

The Group's approach to minimising operational risk is premised upon having clearly defined letters of engagement in place with all its clients on all projects. These letters are reviewed, firstly, by the Heads of Country and, secondly, by the Chief Commercial Officer in order to validate that the Group can be confident of delivery without introducing undue risk. This review encompasses the skill set required, team shape, governance and commercial terms of every project so as to confirm that they are appropriate, and can be achieved.

Risk	Mitigating Factors
PEOPLE AND RESOURCING	
Failure to attract, incentivise and retain the best people with the right capabilities across all levels and geographies.	• Uniquely attractive culture that places people at the heart of the business • Market leading, regularly benchmarked remuneration package including differentiating profit share • Employee equity participation offering, including Management Incentive Plan for directors • In-house recruitment process, targeting top university graduates and experienced professionals • Comprehensive training and development programme, building consulting skills and industry knowledge • Broad and reactive support structure, including HR, individual mentors and external advice scheme
QUALITY OF SERVICE	
Failure to maintain quality of service on client delivery engagements.	• Clearly defined terms agreed up front, ensuring that each delivery framework is appropriate and the delivery objectives are achievable • Clear senior individual responsibility and accountability for delivery on every engagement, with review from Head of Country • Internal service delivery function managed by the Chief Operating Officer provides strong oversight and enables early risk identification • Continuous monitoring of client satisfaction and fulfilment of agreed delivery criteria through the Alpha Engagement Lead, in addition to the Alpha Account Owner, if also required
DATA SECURITY	
Risk of a security breach leading to loss of integrity or availability of core data.	• Defined IT Security Policy including breach management procedure • Annual cyber security review by external party and renewal of Cyber Essentials certification • Core cloud services hosted in vendor data centres utilising industry-standard security • System access controls and encryption • Physical security controls at office locations • Training and employee awareness around data retention, handling and security; and periodic checks to raise awareness

INDUSTRY RISK

The Group's approach to minimising industry risk is to undertake a regular assessment of the market and its influencers, including regulatory, political and structural change; and to maintain a strong dialogue with market participants, such as clients, competitors and industry bodies. This review is delivered through the Group's defined corporate governance responsibilities, wherein the Executive Directors manage those relationships on a day-to-day basis and communicate the key findings and perspectives to the Global Management Board and, in turn, to the Board of Directors.

Risk	Mitigating Factors
STRATEGY	
Risk that the Group responds inadequately to changing market conditions or fails to meet its strategic objectives, such as organic growth continuation.	• Business strategy is reviewed regularly (at least semi-annually) by the Global Management Board and the Board of Directors • Strategy informs annual business planning and budgets, and is tracked accordingly • Regional CEOs are responsible for monitoring markets and client demand locally, and proposing new competitive service propositions
COMPETITORS	

Risk that an existing competitor or new entrant may over time be able to achieve similar success and win work from the Group's existing clients.	• Monitoring of competitor positioning including client win/loss ratios
	• Proven ability to understand the structural drivers of the market, to innovate and develop the service offering accordingly
	• Key competitive differentiators:
	  ◦ Highly focussed industry proposition, working exclusively in asset and wealth management
	  ◦ Strong, increasingly global reputation amongst clients, with the very high quality of the team as a key differentiator
	  ◦ Differentiating intellectual property and benchmarking data

CLIENT CONCENTRATION	
Failure to expand the client base or a reduction in the number of key clients due to consolidation in the industry.	• Globally expanding team of consultants, able to attract new market entrants and new entities within existing client structures • Growth objectives include diversifying the Group's client base • Regular monitoring of client concentration by revenues • The business strategy includes extending the Group's offering with new services and products, in order to cater for different client segments
LARGE-SCALE PROJECTS	
Reduction in major and large-scale projects, currently a consistent and considerable source of fee generation.	• Growth strategy that targets extension of service offering and capability • Presence in annual project portfolio of smaller projects that cumulatively could provide equivalent value to large programmes • Deep specialised industry expertise equips the Group to win and complete projects of all sizes and complexity
MACROECONOMIC CONDITIONS	
Risk that macroeconomic factors outside of the Group's control change, affecting its clients, their demand for consultancy services and, hence, the Group's own performance and financial position	• Monitoring of the market to identify, and plan around, potential change in market conditions and volatility • Flexible business model that is responsive to change and regularly reviewed • Record of identifying opportunities to provide consulting services and delivering successful projects in challenging change conditions • Global nature of the business and range of practices should reduce the risk of impact from volatility in specific markets
POLITICAL/REGULATORY ENVIRONMENT	
Risk that Alpha's business model and strategy is materially impacted by legal, political or regulatory changes that restrict service offering or access to markets.	• Diversification and expansion of service offering should reduce impact of restrictions • Strategic geographical extension of business, overseen by the Board of Directors and executed by the Global Management Board • Regulatory, political and legal change horizon scanning, led by the Global Chief Executive Officer, in order to foresee and plan appropriate responses • Dialogue with regulators, legal advisers and industry bodies • Regular review of the business model to ensure that it remains flexible and responsive to change • In respect of the UK's exit from the European Union ("Brexit"), continue to monitor the political negotiations and appraise potential implications for the Group

Business Review

Principal Risks continued

FINANCIAL RISK

The Group's approach to minimising financial risk is to manage utilisation, day rates, expenses and cash collection actively and closely. The Group's target is for projects to be chargeable on a time and materials basis, and to ensure that all time is recorded and billed each month. A considerable amount of attention is paid to day rates and ensuring that they remain in line with budget; any deviation will be agreed and signed off, firstly, by the Global Chief Executive Officer and, secondly, by the Chief Financial Officer.

Risk	Mitigating Factors
UTILISATION RATES	
Risk that utilisation rates, which drive Group profitability, may be adversely impacted by poorly timed headcount growth or an unexpected decline in client projects.	• Target utilisation rates agreed annually per region • Oversight of delivery against agreed resource utilisation by Heads of Country • Ongoing review of global utilisation by Chief Financial Officer, in conjunction with visibility of pipeline and recruitment plans
CASH COLLECTION	
Failure to collect cash on client invoices on a timely basis.	• Group-wide aim is to sell consulting services on a time and materials basis • The Group's standard policy on the payment of client invoices is to settle within 30 days • The Chief Financial Officer assesses the Group's cash and debtors position on a regular basis and this is an agenda item at the Global Management Board meetings • As invoicing is typically on a time and materials basis, there is a requirement for all employees to submit their time promptly. • Prompt completion of time submission is monitored and forms part of the annual performance review. This process is overseen by the Chief Commercial Officer with the support of the Heads of Country in each jurisdiction

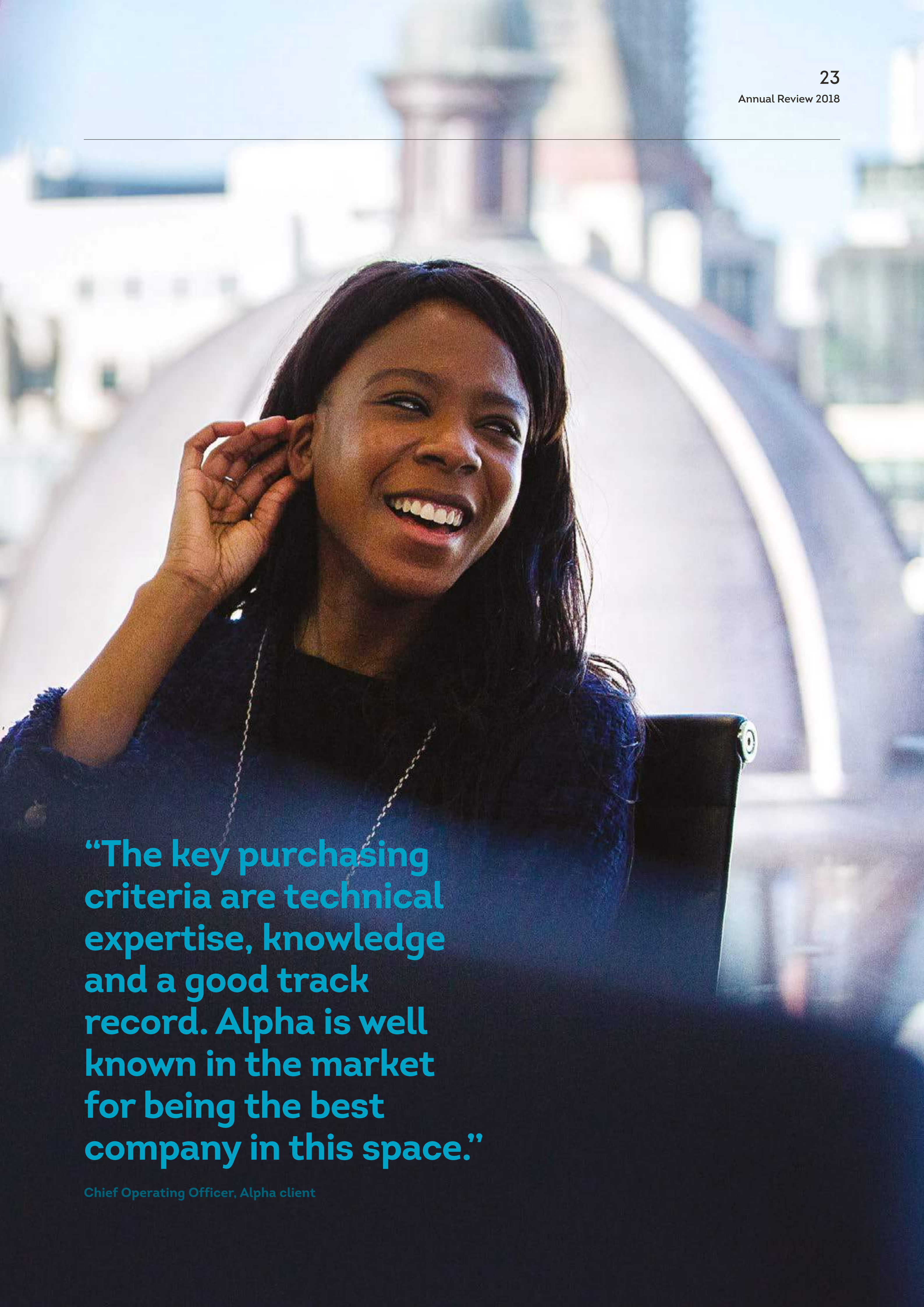
Long-Term Viability Statement

As a newly quoted company, the Directors have determined that a three-year period is an appropriate period over which to provide its viability statement.

The Directors of the Board have assessed the viability of the Group over the three-year period, taking into account the Group's current financial position and the potential impact of the principal risks documented in this report. Based on the assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and to meets its liabilities as they fall due over the three-year period. This assessment has also taken into account the potential impacts of these risks on the business model, future performance, solvency and liquidity over the three-year period.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
18 July 2018



“The key purchasing criteria are technical expertise, knowledge and a good track record. Alpha is well known in the market for being the best company in this space.”

Chief Operating Officer, Alpha client

Corporate Social Responsibility

The power of our people to achieve our ambitions

Corporate Social Responsibility

Alpha brings together the best and most talented people, creates a fantastic place to work and provides an environment for exceptional success.

Employee Framework

Creating the Best Consulting Company

Our people are the most critical factor in Alpha's success. It is thanks to our exceptional global teams that we can deliver unrivalled insight and value outcomes to our clients. In order to attract and retain the very best people, we relentlessly focus on making Alpha the very best place to work.

We have a unique culture that places people at the heart of the business, and we strive to provide a meritocratic, sociable and supportive environment at all times. This is ingrained in our core corporate values, which are documented in the Employee Handbook that all employees must attest to, and are reflected on p. 27.

While we are delivering on the industry's most challenging change projects, ensuring that we prioritise the wellbeing and pastoral care of everyone is of paramount importance. To support this, we have an established mentoring and employee oversight framework across all global locations and levels. At the same time, we continue to invest in our comprehensive training and development programmes that build confidence, consulting skills and industry content.

Employee Feedback

At Alpha, we are committed to providing an open, interactive and collaborative working environment. There are opportunities throughout the year for employees to submit their feedback, both anonymously and through peer groups, and this helps us to focus our attention on what matters to our people. The peer group feedback process enables employees at all levels to raise questions and debate topics with the executive team. For example, we were asked to increase the communication between our global Alpha locations; subsequently, we have introduced a new collaboration tool and have launched a set of internal initiatives to embed best practices in this area.

Our focus on creating a unique culture and working environment helps us to retain the talent that we hire, achieving very low unmanaged attrition rates (FY18: 5%). We have consistently good ratings and are proud of the positive reviews of Alpha as an employer on Glassdoor. We are delighted to have appeared in The Sunday Times Top 100 Best Companies to Work For for the last two years since participating, and to be in the top 20 in 2018.

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

We pride ourselves on working **collaboratively** with our clients

We take **accountability** for delivery – we own and take responsibility for outcomes

We are **proactive** – we use our extensive personal and corporate experience to get tasks done

We focus on providing **deep expertise** within our specialist industry segments

Our company provides a **meritocratic, sociable and supportive** environment – we want to be recognised as the very best place to work in our industry, with personal career progression based on transparent and purely meritocratic considerations

Everything we do is defined by **integrity** – we hold ourselves to the highest standards of transparency, honesty and personal integrity

We are socially and ethically **responsible**

> "We want Alpha to be the best company to work for, and the best corporate experience that anyone has during their career."

Euan Fraser, Global Chief Executive Officer

Corporate Social Responsibility

Employee Framework continued

Recruitment

Our track record evidences our ability to identify and employ the very best performers in the industry and at graduate level. We have created a reputation in the recruitment market as being one of the most exciting and rewarding companies to work for, and candidates actively approach us.

We have a rigorous in-house recruitment process that focusses on finding raw talent and ability, commitment, and the aspiration to succeed; and we are known as being a difficult company with which to land a job. Once hired, we provide our employees with all the subject matter expertise and experience that they will need.

Running the Business

Everyone at Alpha has an exceptional array of skills. We give our people the opportunity to develop their interests and talents by managing core business functions. We regard this as an important opportunity for our employees to contribute to the development of Alpha. Areas where skills can be put to use include web design, events management, business development, IT infrastructure innovation, corporate social responsibility and recruitment. Across all locations, our people play a very significant role in our recruitment process. This empowers the team to actively participate in recruiting the highest calibre consultants and promoting Alpha through their experiences.

More broadly, we encourage everyone to act with an entrepreneurial spirit, providing ideas and opinions on the way that we run the company, the work that we do and where we move next.

Sharing in our Success

Allowing our people to share in our growth journey is a highly valued component of the business. We have developed a number of initiatives that help to reward the exceptional personal contributions that our teams make, and to deepen the relationship between our employees and Alpha's ongoing success.

Alpha is able to attract and retain high-calibre consultants across all levels by offering a market-leading compensation package and ensuring that it differentiates itself from competitors in a number of ways:

- Remuneration packages are benchmarked against the "Big 6"[1], and Alpha typically offers a base salary that is in line with the best in market;
- Participation in the Company's profit sharing scheme (with remuneration linked to Company performance), which can deliver a significant increase to an already very competitive base salary;
- All employees are offered shares in Alpha, and ownership of equity in the Company;
- A comprehensive training and development programme, which greatly enhances Alpha's desirability to clients and drives increased loyalty to the firm, including industry leading professional qualifications (IMC/CFA/CAIA); and
- Opportunities to work on interesting and varied projects, including high-profile client engagements and transformational deals in the industry.

We celebrate our success together. We offer a fantastic social environment, which is planned and organised by our internal social teams. This includes Christmas parties, regular mentee events, peer group outings and fully-funded Summer trips, which have included Portugal, Italy and Ibiza.

[1] "Big 6" comprises KPMG, PwC, Deloitte, EY, Accenture and IBM

The employee case studies on the following pages provide some more insights on our people, why they joined Alpha and how their careers have progressed.

Corporate Social Responsibility

Case Studies

Chyavan Rees
Consultant (UK)

I joined Alpha in September last year, having recently graduated in Economics. Prior to university, I had spent time working in financial services for a large global management consulting firm, where I'd also return to spend my summers throughout university. I found out about Alpha online and contacted an ex-colleague who had recently joined. He emphasised Alpha's vibrant social calendar and the excellent opportunities for personal development. What really attracted me to Alpha was its reputation as a true meritocracy. This makes Alpha unique from a traditional graduate scheme as there is no set time at level. This stood true when I was delighted to be promoted to consultant after eight months.

Since joining Alpha I've gained experience across a variety of projects, including distribution roadmap definition, technology strategy and operational and financial benchmarking. What sets the work at Alpha apart, is the opportunity to become involved with the running of the business. I helped conduct a strategic review of the ways we collaborate across Alpha; that initiative is now being implemented globally. It's a fantastic opportunity to see an internal project through end to end, also allowing me to have a tangible impact on Alpha and to work with other employees across the globe.

Alpha has been a fantastic company to work for; being surrounded by high-calibre individuals encourages you to perform to your best and collaborate with such exceptional colleagues.

Camille Arnould
Manager (Europe)

I joined Alpha in 2013 as an analyst in the Paris office. One of the main reasons for my joining Alpha was the human dimension. At a very early stage, during interviews, I realised the high quality of the people. Later on, my first impression was confirmed.

When I graduated from business school with a specialisation in Consulting, I was keen to join a company where I could have a real impact. I naturally started looking for consulting firms with a small number of people and a big growth potential. When I started at Alpha France, there were 10 consultants and playing a part in the growth of our team was very exciting and rewarding.

Having enjoyed this amazing journey, in 2017 I decided to join Alpha Switzerland to contribute to the launch of our Swiss office. Helping to embed our culture and develop our client base in Geneva are great sources of motivation. All this has only been possible thanks to the trust Alpha's senior management gives to the consultants.

I have now been working for Alpha for five years, and I am glad to be part of a company that gives me the opportunity to develop my skills in a dynamic and inspiring environment.

Michael Chaille
Executive Director (Asia)

With the experience of working for established consultancies, as well as running my own business, I realise that there is no easy recipe for creating a successful consulting firm. There seems to be a subtle balance between governance and entrepreneurship, thought leadership and pragmatism, and team spirit and strong personalities. On top of that, the mix of ingredients evolves as the company grows. My journey with Alpha has only just begun, but I can already recognise that the management team, supported by every single employee, does an amazing job in finding and maintaining this "close-to-perfect" model.

At every step, I observe what great people can achieve, with no compromise on values. In this context, contributing to our growth in Asia is an everyday satisfaction which, I feel, also comes with the responsibility to protect Alpha's 15-year legacy of commitment and excellence. I only regret one thing. Not joining earlier.

Matt Harris
Manager (US)

I joined Alpha in October of 2017, excited by the opportunity to learn alongside the market leader in the asset and wealth management consulting industry, while at the same time be involved in the tremendous growth we are experiencing in the United States. Alpha provided the rare chance to be a part of a fast-paced, dynamic and entrepreneurial environment, wherein everyone is looked at to continuously help shape and individually contribute towards the growth and direction of the firm – all things which I was looking for in a consultancy and all things which I have found could not be any more true!

During my time at Alpha, I have been fortunate to work on some of the largest strategic change programmes facing our clients today, affording me experiences unique to Alpha and helping me to accelerate my professional development. True to the Alpha culture, I have been amazed at the leadership's support for my personal growth and interests outside of client delivery and I am currently in the process of receiving an industry certification in an area of interest as well as helping to lead our corporate social responsibility efforts across North America! Alpha has exceeded everything that I was looking for.

Olivia Vinden
Director (UK)

Alpha and I have grown up together. I joined in 2007 when Alpha was just four years old; back then, we could all sit round one table for dinner. I joined because three of the people that I most admired from my graduate firm had moved to Alpha and it seemed like a place where ambition, talent and curiosity would flourish.

Almost 11 years later and Alpha has developed into a global leading asset and wealth management consulting firm. As it has grown, so have I. I have been given incredible opportunities to work on industry changing problems, to travel widely, to live abroad, to constantly invest in learning – via secondments and training.

I now find myself honoured to be part of its incredible team of directors, specialising in a topic that I love: Fintech & Innovation. I get to help clients with their most exciting ideas: harnessing AI, automation and blockchain, and to help our industry as it changes dramatically. Most of all though, I love to work with the Alpha team because, even after all these years, and many more colleagues, one thing that never changes is the quality of Alpha people.

Brett Nielsen
Manager (US)

I joined Alpha four and a half years ago as a graduate from Oxford University. Within my first year, I was placed on an exciting project to build an asset management company from the ground up, with a focus on digital innovation. This 20-month placement provided a great opportunity to work within all areas of the business, allowing me to rapidly accelerate my development and experience as a consultant.

Since then, I have been fortunate enough to be involved in Alpha's secondment scheme to the US. Through this, I have managed strategy and software implementation projects in Toronto and San Francisco, working with new colleagues across North America.

Outside of client work, I am able to contribute to a number of internal business management areas, from helping define our internal technology roadmap to managing the US corporate social responsibility team in identifying pro-bono projects for charities. This provides a number of rewarding experiences in addition to client delivery.

More recently, I've been responsible for helping to develop our US presence and hiring local talent to build out our strong proposition. Being directly responsible for mentoring the new recruits and identifying new opportunities for Alpha feels like a real contribution towards our ongoing business development.

Justine Tellier
Business Operations (Europe)

I joined Alpha December 2017 as an HR coordinator in the Paris office. I'm currently managing all HR aspects for the 50+ employees working here in France. This is a very inspiring experience.

As a young graduate, I was looking for challenges, dynamism and a strong team spirit; this is exactly what I found at Alpha! I also learn new things every day and I'm involved in many projects. Some are directly related to HR, such as recruitment, the diversity and inclusion policy and employer branding, and some are related to Group projects, such as the implementation of GDPR regulation within Alpha and the organisation of conferences for our clients.

Being part of Alpha, and joining the growing HR team is a big adventure, where I can really feel the added value of my work but also contribute to the Group expansion. I really enjoy collaborating with the consultants at the same time as being able to work in an international environment. I find a real meaning in my day-to-day work acting as a business partner.

CSR
fundraising and social events

Corporate Social Responsibility

Our Communities

We uphold the values of social and ethical responsibility. We support this at every level of our governance and we complement all of our corporate activities with an awareness of the communities in which we operate.

We are proud that our staff are committed to being responsible and want to be involved in activities that support our communities and have a positive influence. Our corporate social responsibility (CSR) strategy is predicated on maximising the benefits and minimising the downsides of our economic, social and environmental impacts.

Our chosen priorities include:

- Minimising our impact on the environment: recycling where possible, reducing our use of paper and saving electricity;
- Promoting a good work/life balance: encouraging flexible working patterns, offering a cycle to work scheme, maternity and paternity leave allowance;
- Working with ethical suppliers and local businesses;
- Commitment to the delivery of modern human rights;
- Ensuring our employees are able to participate in voluntary charitable and community based activities: partnering with social mobility foundations and providing a Charity of the Year programme;
- Identifying pro-bono consulting and project work that our teams can support on a voluntary basis; and
- Providing a framework for charitable fundraising and payroll giving.

Alpha's internal CSR team has worked with Heart of the City, a registered charity based in London, to define and implement its CSR policy.

Diversity and Inclusion

Alpha is fully supportive of all aspects of diversity and inclusion. As a people business, we believe that we have strength in our openness and inclusivity. We launched a dedicated diversity and inclusion programme in 2015 to formalise these values. It comprises four focussed streams: Gender Equality at Alpha, Pride at Alpha, Wellbeing at Alpha, Cultural Diversity at Alpha.

We have selected partnerships with leading diversity organisations including the 30% Club, Stonewall and SEO London. The purpose of these partnerships is to ensure that Alpha takes the lead in our internal diversity work, but also allows us to play an external role in encouraging a more diverse consulting and financial services sector.

Modern Slavery

Alpha is committed to combatting and preventing modern slavery, human trafficking and exploitation. We have in place procedures and policies throughout our business, supply and procurement chains to support this, a statement of which can be found on our website at alphafmc.com. These processes are reviewed annually. We are proud to be a Living Wage Employer.

Students at the Monaragala Vocational Training Centre in Sri Lanka, which Alpha is supporting through its 2018 partnership with SOS Children's Villages

Governance

The Global Management Board oversees the cultural framework, and is responsible for reviewing operational processes for managing social, environmental and ethical risk. All members of the Global Management Board, including the Global Chief Executive Officer, are committed to driving the communication of this framework and ensuring that it is embedded within the business globally.

The Global Management Board reports into the Board of Directors, so that the Board can assess the state of corporate culture and ensure that any significant risks to the longer-term success of the business arising from such matters are adequately mitigated and addressed. The Board is ultimately responsible for ensuring that the culture of the organisation is consistent with the Group's objectives, strategy and business model. The Board believes that the business values of collaboration, accountability, proactivity, integrity and responsibility are consistent with the Group's vision and fully support its ongoing growth.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
18 July 2018

Charity of the Year

We are very proud of our long-standing voluntary charitable work, which we formalised in 2016 through our Charity of the Year programme. We focus our support on one charity, which is nominated and chosen by the whole company. Our inaugural Charity of the Year was AfriKids, which helps vulnerable children and their families in isolated rural communities in northern Ghana. Over the course of that year, we raised over £38,000 for AfriKids (£16,000 of which was from fundraising events) and we were delighted that five of our employees visited Ghana to see AfriKids' work first hand.

For 2017, we partnered with the Lucy Faithfull Foundation, a UK-based, globally-linked child protection charity that focuses on the prevention of child sex abuse. For the first time, we introduced pro-bono work to the charity partnership. Subsequently, in excess of 490 hours of Alpha time was donated to the Lucy Faithfull Foundation through the pro-bono initiative, with over 17 staff choosing to become involved.

For 2018, we are excited to have partnered with SOS Children's Villages. SOS Children's Villages is a global charity that supports orphaned and abandoned children in 125 countries by creating safe spaces for them and working holistically to support them into adulthood. We aim to collectively raise £25,000 to support SOS Children's Villages' crucial work from social and sporting fundraising events and pro-bono initiatives in each of our offices.

Corporate Governance

The power of our people to demonstrate integrity

Corporate Governance

Governance Framework

An engaged Board and an effective committee structure facilitate the good governance of the entire Group and ensure an appropriate framework for its continued success and growth.

Board Composition

The Board comprises five Directors: the Non-Executive Chairman, two Non-Executive Directors and two Executive Directors. Two of the Non-Executive Directors, one of whom is the Chairman, are independent.

In accordance with Principle 5 of the Quoted Companies Alliance Corporate Governance Code[1], the Group has determined that this composition brings a desirable range of skills, personal qualities and experience for delivering the strategy, based upon the size and nature of business of the Group, while, at the same time, ensuring that no individual can dominate decision making. Biographical details for all Directors, including a summary of their relevant experience, are provided on pp 44-45 of this review.

The Chairman, a Non-Executive Director, leads the Board and is responsible for its governance, performance and effectiveness. In this role, he sets the tone for the Company and ensures that the links between the Board and the executive team, as well as between the Board and the shareholders, are strong and effectual. Meanwhile, the Global Chief Executive Officer, is responsible for the day-to-day management of the Group's global operations and for implementing the strategic goals agreed by the Board.

The Non-Executive Directors of the Board have been selected with the objectives of increasing the breadth of skills and experience of the Board and bringing constructive challenge to the Executive Directors. The Non-Executive Directors are also responsible for the effective running of the Board's committees. Following AIM admission in October 2017, a particular emphasis was placed on achieving increased public markets experience within the Board, which was realised through the appointments of Penny Judd and John Paton.

The Executive Directors of the Board are Euan Fraser, the Global Chief Executive Officer, and John Paton, the Chief Financial Officer and Company Secretary. The Executive Directors have special knowledge of the operations of the Group, the interests of its stakeholders, and its market and financial positions.

The Board considers an independent Non-Executive Director to be free from any relationship that might materially interfere with the exercise of independent judgement. The Board does not consider the Non-Executives' shareholdings to impinge on their independence. The Non-Executive Directors that are considered to be independent are Ken Fry, the Chairman, and Penny Judd. The Board recognises that Nick Kent has a long-standing business relationship with the operations and strategy of the business, from his previous position as Chief Executive Officer of the Group. However, the Board judges that the benefit derived from Nick's relevant experience fully justifies his position on the Board.

All Directors are subject to re-election at the Annual General Meeting within a three-year period of their appointment. Any Directors appointed during the financial year must be formally elected at the Annual General Meeting following their appointment.

[1] Alpha's application of the Quoted Companies Alliance Corporate Governance Code (the "QCA code"; the "Code") is described on pp 40-42

Board Effectiveness

The Group believes that the selection, induction and development of Directors is integral to establishing and ensuring an effective Board. The Nomination Committee is ultimately responsible for overseeing the selection of Board members that are equipped with the correct range of experience, knowledge, integrity and ethics.

Since the Company's AIM admission in October 2017, two Directors have joined the Board: Penny Judd (Independent Non-Executive) and John Paton (Executive). These Directors took part in an induction process that included an introduction to the Group's business model, strategy, finances, risks and governance; as well as meeting formally the Chairman, Global Chief Executive Officer, representatives of the executive team, legal counsel and other relevant advisers. It is intended that, going forward, this induction process will be defined and tailored as part of the Nomination Committee's selection process, and will address the existing knowledge and specific experience of the Director joining the Board.

Throughout the year, the Directors have access to the advice and services of the Company Secretary and may, in order to fulfil their duties, take independent professional advice at the Company's expense.

The Board's core objectives are to review, formulate and approve the Group's strategy, budget and corporate activities and to oversee its progress towards its strategic goals. An assessment of the performance and effectiveness of each Director on the Board, in serving these objectives, will be executed annually and will be the responsibility of the Chairman to carry out and evaluate.

Pursuant to Principle 7 of the Code, the Board will undertake an annual evaluation of Board performance in respect of its adherence to these objectives. The annual evaluation will be planned and executed by the Chairman of the Board. This evaluation will be based upon self-assessment of the Chairman and the Directors, however an external evaluation using an independent adviser may be executed if required. The evaluation will consider the leadership, performance and overall contribution of the Board and its committees. As part of this process, any training and personal development needs will be determined.

The performance and effectiveness of the Chairman is also subject to evaluation and will be conducted by the Global Chief Executive Officer and the Company Secretary, forming a Chairman Appraisal Group. Anonymous input will be sought from each Board member in order to carry out a full and fair assessment.

Committees of the Board

Since AIM admission, the Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee; each with formally delegated duties and responsibilities. From time to time, separate committees may be set up by the Board to consider and address specific issues, when the need arises.

The reports of these individual committees of the Board are provided on the following pages. The Board and the committees have taken steps to apply the activities described insofar as it has been practically possible since the Company was admitted to trading on the London Stock Exchange's AIM in October 2017.

Board Operations

The Board meets at least quarterly, and more regularly as required. The Board met five times between AIM admission on 11 October 2017 and the year end. The Non-Executive Directors communicate directly and have had informal meetings with the Executive Directors in between formal Board meetings.

The Directors are fully encouraged to attend all meetings of the Board, and the committees on which they sit, and have agreed to allocate sufficient time to the Group as is needed to enable them to carry out their responsibilities as Directors.

The Board has an agenda of regular business, financial and operational matters for discussion, as well as a review of each committee's area of work. The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information for the Board meeting. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted. In addition, the Company Secretary ensures that any feedback or suggestions for improvement of the Board papers are documented and evaluated for amendment or enhancement with respect to future meetings of the Board.

Corporate Governance

Governance Framework continued

Global Management Board

- Management of business operations
- Execution of stategy

Global Chief Executive Officer
Chief Financial Officer
Chief Commerical Officer
Chief Operating Officer
Chief Marketing Officer
Chief Executive Officer, UK
Chief Executive Officer, Europe
Chief Executive Officer, US

Audit Committee

- Ensures effective and appropriate systems of internal control

In order to ensure an effective dialogue with the executive team (the Global Management Board) and to ensure adequate knowledge in the Directors of all aspects of the Group's activities, members of the Global Management Board may be invited to attend Board meetings. On other occasions, that team is represented by the Global Chief Executive Officer.

Board Attendance[2]

Board member	Eligible to attend	Attendance
Ken Fry (Chair)	5	5
Tim Trotter (previous Chair)	5	5
Euan Fraser	5	5
Penny Judd	1	1
Nick Kent	5	5
John Paton	1	1
Maria Stricker (previous member)	4	2

Internal Control and Risk Management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. In this context, the objective of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. The Board believes that this serves the interests of creating sustainable shareholder value while also protecting the Group's corporate culture.

Risk is managed actively and closely across all the geographical business operations (including finance, IT & infrastructure, HR, business development and service delivery), and the Board works closely with the executive team to ensure an effective structure of internal control and risk management. During FY18, there has been considerable development of the risk management information surrounding the Group's service delivery functions, which ensures clearer visibility of operational risk and formalises the process for the escalation of key matters arising from within the business.

[2] Attendance in the period from AIM admission in October 2017 to the end of FY18; also applies to attendance tables for the committees of the Board

Chairman

- Leadership of the Board
- Ensures corporate governance

Alpha Board

- Agrees Group strategy
- Oversees implementation of Group strategy by the executive team

Remuneration Committee

- Oversight and review of remuneration, strategy and incentives

Nomination Committee

- Oversight and responsibility for recommending changes to the Board composition and succession planning

The Board believes that its Annual Review and Annual Report, including the consolidated financial statements, form an important part in presenting all shareholders and wider stakeholders with a view of the Group's risk position and viability prospects.

Shareholder Communications

The Board regards good, consistent engagement with its shareholders highly. The principal methods of communication are the Annual Review, the Annual Report & Accounts, the interim and full-year results announcements, the Annual General Meeting (the "AGM") and the Group's investor website investors.alphafmc.com.

The Global Chief Executive Officer and Chief Financial Officer meet with representatives of the Group's institutional investors as well as analysts to ensure that the Group's corporate objectives, strategies and operational developments are clear and understood. Due, in part, to AIM admission in October 2017, there has been considerable engagement with shareholders through investor roadshows and ad-hoc meetings. It is expected that, due to the continuing development of the business, this will extend into FY19.

The Company's inaugural AGM since AIM admission will take place on Wednesday 5 September at Berenberg, 60 Threadneedle Street, London EC2R 8HP. The Chairman and all the Board's Directors will be present to answer any questions put to them by the shareholders. All resolutions will be proposed and voted on at the AGM meeting on an individual basis by the shareholders or their proxies. Voting results will be announced through the Regulatory News Service and made available on the Company's website.

By order of the Board.

Ken Fry
Chairman
18 July 2018

Corporate Governance

Corporate Governance Code

The Board acknowledges the importance of high standards of corporate governance, integrity and business ethics and, as an AIM quoted company, is required to comply with a recognised corporate governance code, or to explain any areas of non compliance. The Board has determined that it will apply the Quoted Companies Alliance Corporate Governance Code (the "Code").

The Group will comply with the Code by applying the principles as set out below, and further explanation is provided in the sections of the wider report that are referenced. The Board has taken steps to apply these principles of the Code insofar as it has been practically possible since the Company was admitted to trading on the London Stock Exchange's AIM in October 2017. All principles will be applied by 28 September 2018.

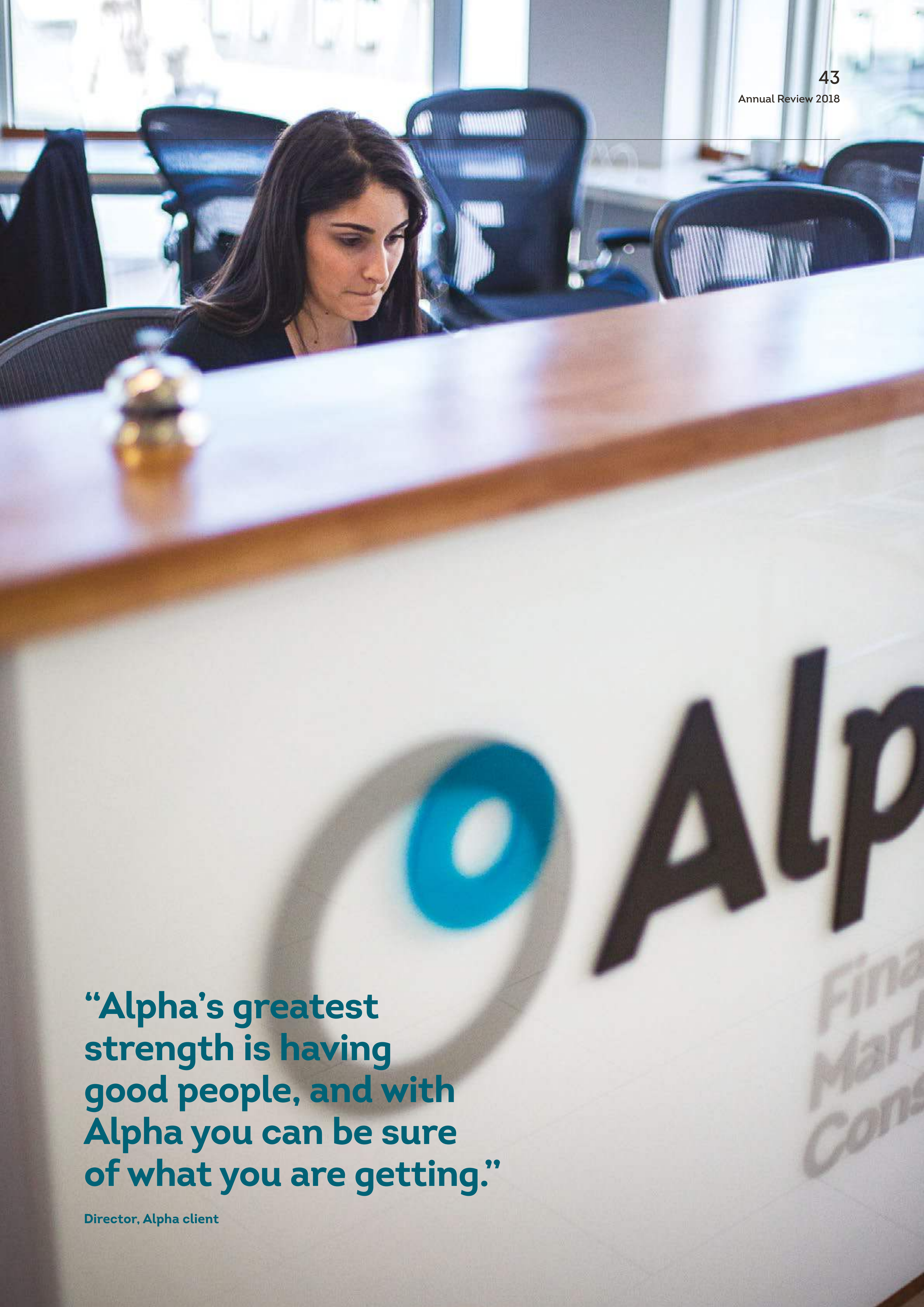
	Quoted Companies Alliance Principle	Application of Principle	Links to the following report section
1	Establish a strategy and business model that promote long-term growth	The Group's proven business model is premised upon delivering growth through the cross-sell and up-sell of its high-quality service offering to existing clients; and to sell its services to new clients in new jurisdictions. Delivering organic growth is core to the business strategy. The strategy is to continue to grow in both existing and new jurisdictions by developing the service offering. The Group aims to complement those revenues with growth from strategic, bolt-on acquisitions. This includes moving into additional parts of the asset and wealth management value chain.	Business Review: Business Model; Strategy
2	Seek to understand and meet shareholder needs and expectations	Dialogue with shareholders is given a high priority by the Board and the Directors. The principal methods of communication with shareholders are the Annual Review, the Annual Report & Accounts, the interim and full-year results announcements, the AGM and the Group's website investors.alphafmc.com. The Global Chief Executive Officer and Chief Financial Officer meet regularly with institutional investors, and analysts who publish performance information about the Group. The Non-Executive Directors are also available to discuss any matters that shareholders wish to raise and discuss.	Corporate Governance: Shareholder Communications
3	Take into account wider stakeholder and social responsibilities, and implications for longer term success	In line with the Corporate Social Responsibility disclosure, the Board upholds its commitment to being a socially and ethically responsible Company. The Global Management Board oversees the social and ethical framework, and is responsible for reviewing operational processes for managing social, environmental and ethical risk. In this respect, the Global Management Board reports into the Board, to ensure that any significant risks to the longer-term success of the business arising from such matters are adequately mitigated and addressed. The Board believes that the risk of impact to the long-term success of the Company is low, and satisfactorily managed, based upon the Group's line of business and geographical footprint.	Corporate Social Responsibility

	Quoted Companies Alliance Principle	Application of Principle	Links to the following report section
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	The operational functions of the Group are carried out within a practical and effective risk management framework. The Global Management Board has responsibility and authority for identifying and managing risk effectively, across the businesses. Any decisions made by the Global Management Board in this respect are reviewed by the Board. Any identified material operational, financial and industry risks for the Group will also be reported to the Board. Processes to embed risk management throughout the Group continue to be reviewed and changes will be implemented as appropriate.	Business Review: Risk Management
5	Maintain the Board as a well-functioning, balanced team led by the Chair	The successful functioning and effectiveness of the Board is premised upon a number of key factors: • Board composition – ensuring all Directors have the appropriate skills, experience, independence and knowledge as assessed and confirmed by the Nomination Committee; • Operations – agenda and frequency of meetings, and monitoring attendance; • Access to the appropriate advice and administrative services – via the Company Secretary and external resources as required; • Thorough induction of new Directors; • Performance assessment of the Board members. The Chairman and the Board hold these factors in the highest regard and commit to performing an annual evaluation.	Corporate Governance: Governance Framework
6	Ensure that, between them, the Directors have the necessary up-to-date skills, experience and capabilities	The individual members of the Board are appraised annually, the scope of which includes skills, experience and contributions. The appraisal will be carried out by the Chairman with reference to the competencies set out by the Nomination Committee pursuant to each Board role. The appraisal takes account of additional responsibilities such as chairing or membership of the Board's committees. As part of this process, any training and personal development needs will be identified. The Chairman is also subject to appraisal; this process will be managed by a Chairman Appraisal Group comprising the Global Chief Executive Officer and Company Secretary.	Corporate Governance: Board Effectiveness
7	Evaluate Board performance based upon clear objectives and reassess continuously	The objectives of the Board are to review, formulate and approve the Group's strategy, budgets, corporate activities, and to oversee the Group's progress towards its goals. The Group is committed to undertaking an evaluation of Board performance in respect of these objectives. This evaluation will be based upon self-assessment of the Chairman and Directors, however an external evaluation using an independent adviser may be executed if required. The evaluation will consider the leadership, performance and overall contribution of the Board and its committees.	Corporate Governance: Board Effectiveness

Corporate Governance

Corporate Governance Code continued

	Quoted Companies Alliance Principle	Application of Principle	Links to the following report section
8	Promote a corporate culture based upon ethical values and behaviours	The Board regards highly the importance of promoting ethical responsibility and good conduct within the Company. The Board is highly conscious of its role in fostering a culture of inclusion, responsibility and openness. The Group is an equal opportunities employer and encourages diversity. These values are embedded in the Group's leadership and throughout the organisation. Culture and integrity are promoted in the Employee Handbook and reinforced through the regular activities and initiatives of the corporate social responsibility team. They are overseen and sponsored by the entire executive team. The executive team reports into the Board on any changes or risks impacting the Group's values and behaviours. The Board is ultimately responsible for ensuring a corporate culture that is embedded globally and is consistent with the Group's objectives, strategy and business model.	Corporate Social Responsibility
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	The Group operates an effective, streamlined governance framework. In this framework, the Board supports the executive team, represented by the Global Management Board, in developing and executing the Group's strategy. Any decisions between and within these governance structures are reached through an open and constructive dialogue. The Board is ultimately responsible for making any key strategic or business decisions. The Board ensures that no individual Director dominates that discussion or decision making; and members of the executive team may be invited to attend meetings. The effectiveness of the corporate governance structures and processes, in achieving good decisions effectively, will be assessed by the Chairman of the Board as part of the annual Board evaluation.	Corporate Governance: Governance Framework
10	Communicate how the company is governed and performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Group places a strong emphasis on the standards of good corporate governance and maintaining an effective engagement with its shareholders, which it considers to be integral to longer term growth and success. As an AIM quoted company, Alpha is required to comply with a recognised corporate governance code and explain its applications. The Directors of the Board have determined that it will apply the QCA Corporate Governance Code, as updated in April 2018. The description of how the Group applies the principles of the Code will be set out on the Group's website: investors.alphafmc.com. The Group's approach to engagement with its shareholders and key stakeholders will also be on the website.	Corporate Governance: Shareholder Communications



“Alpha’s greatest strength is having good people, and with Alpha you can be sure of what you are getting.”

Director, Alpha client

Corporate Governance

Board of Directors

Ken Fry N (Chair), R
Non-Executive Chairman

Euan Fraser N
Global Chief Executive Officer

John Paton A
Chief Financial Officer and Company Secretary

Penny Judd A (Chair), N
Non-Executive Director

Nick Kent R (Chair), A
Non-Executive Director

A: Member of the Audit Committee

N: Member of the Nomination Committee

R: Member of the Remuneration Committee

Ken Fry

Non-Executive Chairman

Ken joined the Alpha Board in 2016, following almost 10 years as the Global Chief Operating Officer at Aberdeen Asset Management. He was appointed the Board's Non-Executive Chairman in February 2018. Ken has over 27 years' experience in financial services, and has considerable experience integrating acquisitions within the investment management industry. Ken has a strong technology and operations background, and has undertaken a number of transformational projects during his career. He directed the integration of many major acquisitions while at Aberdeen Asset Management, including assets acquired from Deutsche Asset Management, Credit Suisse Asset Management and Scottish Widows Investment Partners.

Ken keeps the skills to support and deliver the Group's strategy up to date by maintaining a wide network of contacts within investment management globally. He regularly attends conferences and discussion forums to keep abreast of industry issues and meets with both clients and investors. He also advises on M&A strategy within the investment management industry.

Euan Fraser

Global Chief Executive Officer

Euan has served as Global Chief Executive Officer of Alpha since 2013. During this period, the business has increased EBITDA almost seven-fold, and he has led the Group through two private equity transitions and a public listing on the London Stock Exchange's AIM in 2017. Euan was previously Chief Executive Officer of Alpha UK, starting in April 2011, where he established both Alpha's M&A Integration and Operations & Outsourcing practices. He joined Alpha in 2004 and has over 20 years' financial services experience, having worked at Merrill Lynch and KPMG, where he qualified as a chartered accountant.

Euan keeps the skills to support and deliver the Group's strategy up to date through his role as Chief Executive Officer of a global consulting firm operating within the financial services sector. In this role, Euan has to understand and manage the interests of a range of stakeholders, including employees, clients, competitors and investors. Euan maintains a number of strong industry relationships that involve sharing of knowledge and perspectives.

John Paton

Chief Financial Officer and Company Secretary

John joined Alpha, and the Alpha Board, in February 2018. John is a chartered accountant with 23 years' corporate finance, banking and audit experience. He previously worked at HSBC where, during his 11 years, he worked in both HSBC's Global Banking & Markets and Commercial Banking divisions, with experience across debt and equity capital raisings and M&A advisory. John started his career at KPMG, working across financial services audit and risk management. He is a member of the Institute of Chartered Accountants of Scotland, graduated LLB (Hons) from the University of Aberdeen and holds an Executive MBA from the University of École Nationale des Ponts & Chaussées, France.

John keeps the necessary skills to support and deliver the Group's strategy up to date principally through his role as Alpha's Chief Financial Officer. This role brings deep knowledge of the Group's management, financial and operational activities, as well as important corporate and statutory responsibilities. John must also maintain a detailed view of industry, financial and regulatory changes.

Penny Judd

Non-Executive Director

Penny Judd joined the Alpha Board as a Non-Executive Director in February 2018, having previously held the roles of Managing Director and EMEA Head of Compliance at both Nomura International plc and UBS AG. Penny has a strong public markets and financial services background, with over 30 years' experience in compliance, regulation, corporate finance and audit. She is also a chartered accountant and is currently Non-Executive Chairman of Plus500 Ltd and Non-Executive Director and Chair of Audit Committee for both Trufin plc and Team17 Group plc.

Penny keeps the skills to support and deliver the Group's strategy up to date through her experienced gained on other listed company boards, while also maintaining a wide network of contacts in financial services and regulation. She attends various conferences and events covering relevant industry and governance matters, and meets with a range of advisers and institutional investors in AIM and main market companies.

Nick Kent

Non-Executive Director

Nick has been a Non-Executive Director of Alpha since 2013. Nick has over 30 years' consulting experience, including all aspects of the asset management business, with particular emphasis around addressing complex operations and IT issues. Nick has also worked extensively internationally, including in the US, Switzerland and the Netherlands. Nick founded Alpha in 2003, after 14 years at Accenture, where he was a senior partner and ran the UK asset management practice.

Nick keeps the skills to support and deliver the Group's strategy up to date through an extensive network, which he has amassed after more than 30 years' consulting to the asset and wealth management industry. He continues to meet with a wide array of clients, competitors and other service providers to the industry. As part of the AIM admission, Nick attended training regarding best practice for Non-Executive Directors of listed companies.

Nick Baker

Adviser to the Board

Nick co-founded Alpha in 2003, was a Director from 2004 to 2017 and currently sits on the Global Management Board. Nick has over 20 year's experience; he maintains relationships with a number of Alpha's global clients and plays a key role in Alpha Data Solutions.

Corporate Governance

Audit Committee

The Audit Committee discusses the effectiveness and appropriateness of the systems of internal control with the external auditor.

The Committee is chaired by Penny Judd; its other members are Nick Kent and John Paton.

The Audit Committee meets at least twice a year and has unrestricted access to the Group's auditors. The Audit Committee met once following admission of the Company to AIM and the establishment of the Committee.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The auditor, KPMG LLP, attends Committee meetings at the request of the Chair, including meeting without the Executive Directors being in attendance to ensure independence.

The Committee's primary duty is to ensure that the financial performance of the Group is properly reported on and monitored. The Committee considers the appointment of, and the fees payable to, the external auditor and discusses with it the scope of the annual audit. The Committee also reviews the external auditor's management letter and detailed presentations are made to the Committee by the auditor at least once a year. An analysis of fees payable to the external auditor in respect of audit and non-audit services during the year are set out in note 3 to the consolidated financial statements. The Board is satisfied that the external auditor remains independent in the discharge of its audit responsibilities.

The Committee reviews the interim results of the Group and the annual financial statements for compliance with accounting standards, statutory obligations and the requirements of AIM Rules. The Committee also reviews the effectiveness of the internal controls of the Group. The presence of relevant senior executives from the Group may be requested at Committee meetings to facilitate these discussions.

A significant priority of the Audit Committee was the year-end results process including the audit of the accounts by the auditor. This included:

- Monitoring the work of the external auditor and assisting with its understanding of the business;
- Ensuring that the audit was aligned with the objectives of the business;
- Determining the appropriateness of the accounting policies to be used in the annual financial statements;
- Reviewing and agreeing the annual results prior to publication; and
- Discussing the year-end audit findings with the external auditor.

Committee Attendance

Committee member	Eligible to attend	Attendance
Penny Judd (Chair)	–	–
Nick Kent	1	1
Ken Fry (previous member)	1	1
John Paton	–	–

Remuneration Committee

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

The Committee is chaired by Nick Kent; its other member is Ken Fry.

The Remuneration Committee meets as and when necessary, but at least twice a year. The Remuneration Committee met once following admission of the Company to AIM and the establishment of the Committee.

The Remuneration Committee is responsible for assessing the performance of the Executive Directors, Chairman of the Board and the executives of the Group, and making recommendations to the Board on matters relating to their remuneration and terms of service. The Committee must ensure that the remuneration of the Board and executive levels of the Group can continue to attract, retain and incentivise appropriately qualified staff in order to achieve its goals.

Due to its objectives, the Committee is appointed by the Board and is formed entirely of Non-Executive Directors.

The Committee oversees the definition and administers the operation of the Group's other commercial benefits and terms of employment, such as share option schemes and equity incentive plans. The Remuneration Committee may invite any person that it thinks appropriate to inform its reviews; for example, the Global Chief Executive Officer is invited to meetings of the Remuneration Committee to discuss the performance of other Executive Directors and the senior executive team of the Group, but is not involved in the decisions.

The Committee members have regards for the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance when putting forward its recommendations.

The members of the Remuneration Committee have no personal interest in the outcome of their decisions and seek to serve the interests of shareholders in ensuring the continuation of the success of the Group. The remuneration of the Non-Executive Directors is determined by the Board itself. No Director is permitted to participate in decisions concerning their own remuneration.

Details of the Directors' remuneration are set out on p. 50.

Committee Attendance

Committee member	Eligible to attend	Attendance
Nick Kent (Chair)	1	1
Ken Fry	1	1
Tim Trotter (previous member)	–	–

Corporate Governance

Remuneration Committee continued

Remuneration Policy

The Committee reviews remuneration levels annually, with the objective of ensuring that they are:

- Capable of attracting, retaining and incentivising individuals of an appropriate calibre and experience set;
- Appropriate reward for the performance and responsibilities carried out;
- Consistent with the performance and growth of the Group;
- Positioned competitively within the market; and
- Aligned with the best interests of the Group's shareholders.

The policy reflects the initial structure implemented by the Group to position its cost base correctly on its transition to a public company. Currently, the Committee considers that the remuneration received by the Executive Directors is still appropriate as a combination of a basic annual salary, discretionary bonus, dividend income and share growth, and other benefits as outlined below.

Directors' Remuneration Components

The below table summarises the key elements of the Executive Directors' remuneration package. The combination of remuneration components may vary by Director, at the discretion and as agreed by the Remuneration Committee.

Remuneration Component, Purpose and Operation	Link to Policy
Base Salary	
Reviewed on an annual basis, with any increases being effective from the start of the financial year	It is intended that appropriate salary increases will be awarded to provide alignment with the market over time, and that levels reflect the performance, responsibilities and experience of the individual
Bonus	
Provision of an annual discretionary bonus of such an amount as shall be determined annually by the Remuneration Committee at its absolute discretion	The annual bonus is designed to align Executive Directors' interests with those of shareholders and to incentivise their performance in serving the Group to the highest levels
Share Based Payments	
Since AIM admission, the Group has defined a management incentivisation scheme under which share options, awards or joint interests in shares and restricted stock units are granted to selected Executive Directors and employees	The Board considers employee share ownership to be an important part of its strategy for incentivising its Executive Directors and wider senior talent
Pensions and Benefits	
Expenses incurred in performance of duties, contribution to pensions, sick pay at full salary for up to three months in any 12-month period	These benefits are designed to provide a competitive and cost-effective framework for attracting and retaining Executive Directors, as well as minimising disruption to the day-to-day operations of the business. These benefits of the Directors meet the statutory minimum, and are in line with those of all employees

Policy for the Remuneration of Employees

The key principles of the remuneration policy for Executive Directors also apply to the Alpha employees more generally. Specifically, the Board considers employee share ownership to be an integral part of its strategy for recruitment, incentivisation and retention of the best consulting talent in the industry. Many employees have built up their own shareholdings over the years, and the Directors continue to encourage equity participation; and approximately 23% of the Company's issued share capital was held by employees as at 31 March 2018. In owning shares, employees are directly aligned with the interests of the shareholders and are able to participate in the dividend income that share ownership offers.

As disclosed in the AIM Admission Document, the Board has established an Employee Incentive Plan ('EIP') to grant share options or share awards to the Group's broader workforce. The EIP came into force after the financial year end. All staff that were employed at the time of AIM admission received a nominal number of shares.

The Group has established the Management Incentive Plan (the 'MIP'), which is directed at the Executive Directors and certain other employees of the Group, including the global director team. The award of shares or share options under the MIP will be granted annually and will be entirely discretional, based upon the individual meeting or exceeding performance criteria.

The Board intends that unvested awards granted under the MIP will be limited to a maximum of 10 per cent in aggregate of the Company's issued share capital from time to time.

As at 31 March 2018, a total of 2,977,775 share option and award grants were outstanding.

Performance Conditions

Equity options and awards granted to the Executive Directors and selected senior management of the Group will be subject to the fulfilment of defined, objective and stretching performance conditions. The performance conditions will be determined by the Remuneration Committee on the grant of the options and awards, taking into consideration the financial performance of the Group in addition to the personal role and objectives of each individual.

Equity will vest no less than three years from the date of grant.

Non-Executive Directors' Fees

The Chairman of the Board and the two Non-Executive Directors receive an annual fee for their services, which is reflective of their level of experience, knowledge and responsibility.

The fees payable to the Non-Executive Directors are reviewed and benchmarked annually.

Directors' Service Agreements

The Executive Directors entered into service agreements with the Company on the following dates:

Director	Date of service agreement:	Term	Notice period
Euan Fraser	5 October 2017	Indefinite	6 months
John Paton	28 February 2018	Indefinite	6 months

The Non-Executive Directors do not have service agreements, however their letters of appointment provide that they are typically expected to serve two three-year terms, but may be invited by the Board to serve for an additional period. The service of the Non-Executive Directors will continue until terminated by the Non-Executive Director or the Company, on giving to the other, three months' prior written notice.

Director	Date of Office tenure	Tenure	Notice period
Ken Fry	1 April 2018	2 terms	3 months
Penny Judd	28 February 2018	2 terms	3 months
Nick Kent	5 October 2017	2 terms	3 months

All Directors were advised of the time required to fulfil the Board role prior to the service agreements or letters of appointment being agreed, and were asked to confirm that they could make the required time commitment. The time commitment requested of all Non-Executive Directors is currently three days per month. The Executive Directors are committed on a full-time basis. The Board is satisfied that each of the Executive and Non-Executive Directors is able to commit sufficient time to the Group's business and can fulfil their obligations fully.

Corporate Governance

Remuneration Committee continued

Summary of Directors' Remuneration

The below table represents the remuneration of the Directors serving in the period post AIM admission:

	Salary £'000s	Profit share £'000s	Pension £'000s	FY18 £'000s	2017[3] £'000s
Euan Fraser	460	46	5	511	475
John Paton	18	2	-	20	-
Ken Fry	30	-	-	30	28
Penny Judd	4	-	-	4	-
Nick Kent	50	-	1	51	51
Maria Stricker	136	-	-	136	-
Timothy Trotter	38	-	-	38	19
Total	736	48	6	790	573

[3] 2017 refers to audited results, 60 weeks to 31 March 2017

Summary of Directors' Interests

The below table represents the shareholdings, share options and share awards of the Directors serving in the period post AIM admission:

	Number of £0.00075 ordinary shares	Share Price at FY18 Grant	Number of share options awarded[4]	Number of shares awarded under JSOP[4]
Euan Fraser	2,034,121	160.0p	156,250	93,750
John Paton	-	160.0p	-	31,250
Ken Fry	34,090	-	-	-
Penny Judd	-	-	-	-
Nick Kent	995,520	-	-	-
Maria Stricker	159,090	-	-	-
Timothy Trotter	262,272	-	-	-
Total	3,485,093	-	156,250	125,000

[4] "JSOP" refers to joint ownership interests in shares scheme, which is part of the MIP. Further details of the MIP may be found in note 21 to the consolidated financial statements. These share option and JSOP awards were made at a nominal price

By order of the Board.

Nick Kent
Chair of the Remuneration Committee
18 July 2018

Nomination Committee

The Nomination Committee leads the process for Board appointments and making recommendations to the Board.

The Committee is chaired by Ken Fry; its other members are Penny Judd and Euan Fraser.

The Nomination Committee meets as and when necessary, but at least twice a year. The Nomination Committee met twice following admission of the Company to AIM and the establishment of the Committee.

The Nomination Committee is responsible for evaluating the balance of skills, experience, independence and knowledge of the Board. It will prepare a description of the role and capabilities for any new appointments, and identify suitable candidates.

The principal duty of the Committee is to review the structure, size and composition of the Board, including skills, knowledge, experience and diversity. It considers succession planning for the Directors and key executive team members, taking into account the challenges and opportunities facing the Company and the wider Group, along with skills and expertise required in the future.

The Committee objectively considers candidates on merit and with due regard for the benefits of diversity, including gender diversity, on the Board; taking care to ensure that appointees have enough time to devote to the position. The Committee wil review the results of the Board's performance evaluation process insofar as it relates to the members of the Board. The Committee reports to the Board on how it has discharged its responsibilities.

The Committee has agreed a schedule of work for the coming year, which includes discussions about short-term succession plans for each of the Executive Directors. This topic was discussed with the Global Chief Executive Officer, and an emphasis was placed on implementing formal succession plans in the event that the Global Chief Executive Officer or Chief Financial Officer were absent on short notice.

Alpha is an equal opportunities employer and the Group's policy is to ensure that all employees, or those seeking employment, are treated fairly. This policy applies at Board level and across the wider group. All decisions relating to recruitment, selection and promotion are made objectively regardless of race, ethnicity, nationality, gender, sexual orientation, religious belief, political opinion, age or disability. For more information on our approach for diversity and inclusivity, please refer to the Corporate Social Responsibility Report on pp 26-33.

Committee Attendance

Committee member	Eligible to attend	Attendance
Ken Fry (Chair)	2	2
Tim Trotter (previous Chair)	1	1
Euan Fraser	1	1
Penny Judd	1	1
Nick Kent (previous member)	1	1

Financial Statements

The power of our people to create value

Financial Statements

Chief Financial Officer's Report

Reflecting Alpha's successful growth strategy, the Group increased revenues by 51.5% and adjusted EBITDA by 62.9% year on year.

John Paton
Chief Financial Officer
6 June 2018

"The Group ends the year with a robust balance sheet, which positions it well for the year ahead."

Group Results

I am delighted that Alpha has delivered strong inaugural full-year results following its admission to trading on AIM in October 2017, and to be reporting my first results as Alpha's Chief Financial Officer.

Alpha's accounting period represents the year to 31 March 2018 and the comparative period represents 60 weeks to 31 March 2017 from 3 February 2016, when Alpha Financial Markets Consulting plc, a new holding company, acquired the Alpha business. In order to allow better clarity to the underlying performance of the Group, constant period comparisons of selected profit and loss account and cashflow items have been included.

Revenue

The Group has delivered another impressive year of progress. Reflective of Alpha's successful growth strategy, Group revenue for FY18 increased to £66.0m, representing a 34.1% increase on the previous accounting period (2017: £49.2m), and a 51.5% increase against the prior 12 months.

Alpha grew in all three of its core geographic regions with revenues in the UK, the US, and Europe & Asia, increasing by 24.0%, 82.8% and 41.1% respectively (or 40.5%, 107.1% and 58.3% respectively in comparison to the prior 12 months). This growth has been driven by strong demand in our

	FY18 12 months to 31 Mar 2018	FY17 12 months to 31 Mar 2017[1]	Change	2017 60 weeks to 31 Mar 2017[2]	Change
Revenue	£66.0m	£43.6m	51.5%	£49.2m	34.1%
Gross Profit	£25.3m	£15.0m	68.0%	£16.7m	51.0%
Adjusted EBITDA	£13.9m	£8.6m	62.9%	£8.2m	69.0%
Adjusted Operating Profit[3]	£13.6m	£8.3m	65.0%	£8.0m	71.4%
Operating Profit	£8.6m	£6.1m	39.5%	£4.0m	113.7%
Net Cashflow from Operations	£11.3m	£4.3m	161.8%	£5.9m	93.3%

1 12 months results to 31 March 2017 per Admission Document dated 6 October 2017; hereafter referred to as "FY17"
2 Audited results; hereafter referred to as "2017"
3 Adjusted operating profit is operating profit before interest, tax, amortisation and other adjusting non-operational costs including acquisition costs, AIM admission costs, restructuring costs, earn-out costs and share based payment charges

established practices, including Front Office, Distribution, M&A Integration and Operations & Outsourcing, supported by an increase in global consultant headcount to 305 consultants (including contractors) by the year end (March 2017: 240). Both of the newer offices in Switzerland and Singapore also traded well and made good progress. TrackTwo, acquired in July 2017, contributed £0.9m in revenues whilst under Group ownership.

Group Profitability

The Group also substantially increased its profits. Gross profit rose to £25.3m (2017: £16.7m) and gross profit margin improved 430 basis points to 38.3% (2017: 34.0%), driven mainly through improved utilisation of our consultancy staff, both in the UK and globally, as both existing and new offices developed an expanded market presence.

Group overhead costs, before adjusting items as detailed in note 4 of the consolidated financial statements, increased 32% in the year to £11.3m (2017: £8.7m), reflecting increased recruitment spend required to deliver consultant headcount growth, strategic investment in the Group's management team to manage the global operations and anticipate future growth, other staff related costs and costs associated with being a publicly quoted company.

The Group also reported an adjusted EBITDA of £13.9m, representing an increase of 62.9% on the prior 12 months. Adjusted EBITDA margin improved to 21.1% (2017: 16.7%; or FY17: 19.6%). Adjusted operating profit increased to £13.6m (FY17: £8.3m).

Total Group operating profit more than doubled to £8.6m (2017: £4.0m) after charging depreciation, intangible amortisation costs, one-off costs and other non-operational costs. Adjusted EBITDA excludes these expense items to give better clarity to the underlying performance of the Group. These adjustments total £5.4m of costs in FY18 (2017: £4.2m) and are detailed in note 4 of the consolidated financial statements.

Currency

Currency translation had a modest impact on both sales and profits in FY18, as a result of the weaker Sterling. In the year, Sterling averaged USD1.34 (2017: USD1.32) and €1.14 (2017: €1.19). Currency translation increased FY18 sales by £0.4m (0.6%).

Financial Statements

Chief Financial Officer's Report continued

Net Finance Expense

Net finance costs decreased in the year to £7.1m (2017: £7.9m). This decrease reflects Alpha's capital restructuring and reduced indebtedness since the October equity raise at the time of admission to AIM. The Group repaid or converted to equity all of its previous private equity-related debt. As a consequence, £1.7m of amortising loan issuance costs were written off and are included in the £7.1m net finance costs for the year. Since its admission to AIM, the Group has operated with a net cash position.

Taxation

The Group's tax charge was £1.9m (2017: £0.5m). The effective tax rate was inflated by adjusting items, including AIM admission costs, and limits on tax deductibility of interest costs under the previous capital structure. The Group's cash tax payment in the year was £1.2m (2017: £1.7m). Adjusted profit after tax is shown using a blended rate of the jurisdictions in which the Group operates to better indicate the Group's expected ongoing tax position.

For further taxation details, see notes 8 and 9 in the notes to the consolidated financial statements.

Acquisition Activity

Complementary, bolt-on acquisitions to enhance the product and service offering to Alpha's clients are integral to the Group's strategy. On 18 July 2017, the Group acquired 100% of the share capital of TrackTwo, a German based consulting and data solutions business. Since acquisition, TrackTwo continues to progress well.

Earnings per Share

Pro forma adjusted earnings per share[4] improved to 9.77p per share (2017: 7.75p) and, after including the adjusting expense items, the basic loss per share is 0.49p per share (2017: 5.52p loss).

Cashflow, Statement of Financial Position and Net Funds

The Group has continued to see healthy cash generation with net cash generated from operating activities rising to £11.3m (2017: £5.9m). This represents an 83% adjusted cash conversion[5] rate from adjusted operating profit this year, improving on the 74% adjusted cash conversion rate in 2017.

On admission to trading on AIM on 11 October 2017, the Company issued 22 million shares, which raised £35.2m for the Group. This equity raising, together with existing cash reserves, was used to meet the admission expenses, and also repay all of the Group's outstanding debt facilities.

Net cash interest paid increased to £5.5m (2017: £1.4m), reflecting the settlement of debt facilities at the time of AIM admission. Income tax paid totalled £1.2m (2017: £1.7m). The Group also paid the initial TrackTwo consideration payment in the year and its maiden interim dividend payment of £1.5m. In the prior period, cash outflows from investing activities included the private equity acquisition of the group and associated financing.

The Group maintains a £5m committed revolving debt facility expiring in October 2020, arranged at the time of admission and which has since remained undrawn. At the year end, the Group's cash position was £9.8m (2017: net debt £77.9m).

[4] Pro forma adjusted earnings per share is calculated by dividing the adjusted profit after tax by the weighted average number of ordinary shares in issue since admission to trading on AIM

[5] Adjusted cash conversion is net cash from operating activities divided by adjusted operating profit

Dividends

The Board is recommending a final dividend of 3.69p per share (2017: nil). If approved at the Annual General Meeting, the final dividend will be paid on 12 September 2018 to shareholders on the register on 3 August 2018.

Together with the previously paid FY18 interim dividend of 1.48p per share, this gives a total dividend for the year of 5.17p per share. This is consistent with the Group's stated policy of paying dividends of approximately 50% of profits after tax, which, this year is calculated on an adjusted basis to represent normalised post-AIM admission earnings.

Total Shareholders' Funds

Total shareholders' funds increased to £83.0m (March 2017: £4.5m negative reserves). The changes in equity reserves reflect the Group's capital reorganisation on admission to AIM, the retained loss after tax for the year, currency movements on overseas asset values, equity settled consideration and the payment of the interim dividend.

Risk Management and the Year Ahead

Risk is managed actively and closely across our geographical business operations to individual materiality. Risk management is embedded within all aspects of the organisation and any principal Group risks will be identified to, discussed and monitored at Board level. Macro-economic and end-market conditions are subject to change and are reviewed regularly.

Alpha has a set of core company values, adopted internationally, which reflects the Group's ethical and responsible approach to business. The Board has considered all of the above factors in its review of going concern and has been able to conclude the review satisfactorily.

The Group has delivered a strong financial performance and ends the year with a robust balance sheet, which positions it well for the year ahead.

Consolidated statement of comprehensive income

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Continuing operations			
Revenue	2	66,009	49,240
Cost of sales		(40,748)	(32,515)
Gross profit		**25,261**	**16,725**
Administration expenses		(16,703)	(12,721)
Operating profit	3	**8,558**	**4,004**
Depreciation		297	289
Adjusting items	4	5,078	3,951
Adjusted EBITDA[1]	4	**13,933**	**8,244**
Finance income	7	–	5
Finance expense	7	(7,059)	(7,880)
Profit/(loss) before tax		1,499	(3,871)
Taxation	8	(1,941)	(537)
Loss for the year/period		**(442)**	**(4,408)**
Exchange differences on translation of foreign operations		(186)	(224)
Total comprehensive expense for the year/period		**(628)**	**(4,632)**
Basic earnings/(losses) per ordinary share (p)	11	(0.49)	(5.52)
Diluted earnings/(losses) per ordinary share (p)	11	(0.49)	(5.52)
Pro forma adjusted basic earnings per ordinary share (p)[2]	11	9.77	7.75
Pro forma adjusted diluted earnings per ordinary share (p)[2]	11	9.77	7.75

1 Adjusted EBITDA is operating profit before interest, tax, depreciation, amortisation and other adjusting non-operational costs including acquisition costs, IPO costs, restructuring costs, earn-out costs and share based payment charges

2 Pro forma adjusted earnings per share for FY18 is calculated by dividing the adjusted PAT by the weighted average number of ordinary shares in issue from IPO during the year

The notes on pp 62-82 form part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March 2018

	Note	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Assets			
Non-current assets			
Goodwill	12	52,626	51,529
Intangible fixed assets	12	22,913	23,213
Property, plant and equipment	14	397	451
Total non-current assets		75,936	75,193
Current assets			
Trade and other receivables	15	21,242	12,087
Cash and cash equivalents	16	9,774	8,023
Total current assets		31,016	20,110
Current liabilities			
Trade and other payables	17	(20,302)	(10,024)
Total current liabilities		(20,302)	(10,024)
Net current assets		10,714	10,086
Non-current liabilities			
Borrowings	18	–	(85,879)
Deferred tax provision	9	(3,401)	(3,946)
Other non-current liabilities	18	(277)	–
Total non-current liabilities		(3,678)	(89,825)
Net assets/(liabilities)		**82,972**	**(4,546)**
Equity			
Issued share capital	19	77	–
Share Premium		89,396	86
Retained earnings		(6,358)	(4,408)
Other reserves		267	–
Foreign exchange reserve		(410)	(224)
Total shareholders' equity		**82,972**	**(4,546)**

The notes on pp 62-82 form part of these consolidated financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 6 June 2018. They were signed on its behalf by:

Euan NB Fraser
Global Chief Executive Officer

John C Paton
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 March 2018

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Cash flows from operating activities:		
Operating profit/(loss) for the year	8,558	4,004
Depreciation of property, plant and equipment	297	289
Amortisation of intangible fixed assets	2,383	2,488
Share-based payment charge	191	–
Acquisition related costs	241	1,463
Costs relating to the IPO	1,621	–
Operating cashflows before movements in working capital	**13,291**	**8,244**
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	(8,839)	(1,644)
Increase/(decrease) in trade and other payables	8,107	970
Tax paid	(1,222)	(1,707)
Net cash generated from operating activities	**11,337**	**5,863**
Cash flows from investing activities:		
Interest received	–	5
Acquisition of subsidiary	(1,941)	(77,790)
Costs relating to the IPO	(892)	–
Costs relating to acquisitions	(242)	(1,463)
Capital expenditure	(243)	(199)
Net cash used in investing activities	**(3,318)**	**(79,447)**
Cash flows from financing activities:		
Issue of ordinary share capital	34,348	86
Repayment of borrowings	(33,602)	(1,540)
New borrowings	–	83,829
Interest paid	(5,469)	(1,431)
Repayment of preference shares	–	(95)
Dividends paid	(1,508)	–
Net cash used in financing activities	**(6,231)**	**80,849**
Net increase in cash and cash equivalents	**1,788**	**7,265**
Cash and cash equivalents at beginning of the period	8,023	–
Effect of exchange rate fluctuations on cash held	(37)	758
Cash and cash equivalents at end of the period	**9,774**	**8,023**

Consolidated statement of changes in equity

For the year ended 31 March 2018

	Share Capital £'000	Share premium £'000	Foreign exchange reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 22 January 2016	–	–	–	–	–	–
Comprehensive income						
Loss for the period	–	–	–	–	(4,408)	(4,408)
Foreign exchange differences on translation of foreign operations	–	–	(224)	–	–	(224)
Transactions with owners						
Shares issued (equity)	–	86	–	–	–	86
As at 31 March 2017	**–**	**86**	**(224)**	**–**	**(4,408)**	**(4,546)**
As at 1 April 2017	–	86	(224)	–	(4,408)	(4,546)
Comprehensive income						
Loss for the period	–	–	–	–	(442)	(442)
Foreign exchange differences on translation of foreign operations	–	–	(186)	–	–	(186)
Transactions with owners						
Shares issued (equity)	77	89,310	–	–	–	89,387
Share based payment reserves	–	–	–	191	–	191
Consideration to be settled in equity	–	–	–	76	–	76
Dividends	–	–	–	–	(1,508)	(1,508)
As at 31 March 2018	**77**	**89,396**	**(410)**	**267**	**(6,358)**	**82,972**

Share capital
Share capital represents the nominal value of share capital subscribed.

Share premium
Share premium represents the aggregate amount or value of premiums paid when the company's shares are issued at a premium, net of associated share issue costs.

Foreign exchange reserve
The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of foreign subsidiaries.

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. This makes up our distributable reserves.

Notes to the consolidated financial statements

1. Basis of Preparation and Significant Accounting Policies

The financial information set out on pp 58-82 of this Annual Review does not constitute the Company's statutory accounts for the years ended 31 March 2018 or 31 March 2017, but is derived from those accounts. Statutory accounts for 31 March 2017 have been delivered to the Registrar of Companies, and those for 31 March 2018 will be delivered in due course and can be found on the Alpha website: investors.alphafmc.com. The auditor, KPMG LLP, 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. The Annual Review is dated after the audited statutory accounts, however the figures included in the Annual Review have been extracted, without adjustment, from the statutory accounts.

The recognition and measurement requirements of all International Financial Reporting Standards ('IFRSs'), International Accounting Standards ('IAS') and interpretations currently endorsed by the International Accounting Standards Board ('IASB') and its committees as adopted by the EU and as required to be adopted by AIM listed companies have been applied.

2. Segment information

Management has determined the operating segments by considering the segmental 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, US and Europe & Asia. The Group's operations consist of one type – consultancy services to the asset/wealth management industry.

31 March 2018

	UK £'000	US £'000	Europe & Asia £'000	Total £'000
External revenue	40,020	9,036	16,953	66,009
Cost of sales	(22,986)	(6,353)	(11,409)	(40,748)
Gross profit	**17,034**	**2,683**	**5,544**	**25,261**

31 March 2017

	UK £'000	US £'000	Europe & Asia £'000	Total £'000
External revenue	32,280	4,942	12,018	49,240
Cost of sales	(19,759)	(4,504)	(8,252)	(32,515)
Gross profit	**12,521**	**438**	**3,766**	**16,725**

During the year the Group had one customer which comprised 10.7% of the Group's revenues. This customer is reported within both the UK and US segments. No customer contributed more than 10% of Group revenues in 2017.

3. Operating profit

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

	2018 £'000	2017 £'000
Amortisation of intangible assets	2,383	2,488
Depreciation of plant and equipment	297	289
Net foreign exchange losses/(gains)	36	364
Operating lease rentals	673	642
Impairment provision recognised on trade receivables	400	6
Defined contribution pension scheme costs	189	202
Share based payments charge	191	–
Earn out & deferred consideration	391	–
Costs directly attributable to IPO	1,621	–
Acquisition costs	241	1,460
Restructuring costs	251	–

Auditor's remuneration:

	2018 £'000	2017 £'000
Audit fees – Parent Company	25	25
Audit fees – subsidiary companies	57	33
Tax compliance services	14	24
Tax advisory services	54	48
Other assurance services	24	12

4. Reconciliation of adjusted operating profit and adjusted EBITDA

	2018 £'000	2017 £'000
Operating profit	8,558	4,004
Amortisation	2,383	2,488
Loss on disposal of fixed assets	–	3
Share based payments charge	191	–
Earn out & deferred consideration	391	–
Acquisition costs	241	1,460
Restructuring costs	251	–
Costs directly attributable to IPO	1,621	–
Total adjustments	**5,078**	**3,951**
Adjusted operating profit	**13,636**	**7,955**
Depreciation of plant and equipment	297	289
Adjusted EBITDA	**13,933**	**8,244**

Alpha uses alternative performance measures, including adjusted EBITDA, to allow a clearer understanding of the underlying performance of the Group. Adjusted EBITDA is a commonly-used measure in which earnings are stated before intangible asset amortisation and depreciation, used by the Board to assess performance; the Board considers that this alternative performance measure is the most appropriate measure by which users of the financial statements can assess the ongoing performance of the Group. Adjusted EBITDA also excludes the employee share-based payments charge to remove the inherent volatility in share-based payment expense calculations and more closely align to the operational activities. Note 21 sets out further details of the employee share-based payments expense calculation under IFRS 2.

Notes to the consolidated financial statements continued

4. Reconciliation of adjusted operating profit and adjusted EBITDA continued

As per note 13, the acquisition of TrackTwo GmbH involved deferred consideration payments in the form of an earn-out which, in accordance with IFRS 3, will be expensed annually to 2021 dependent on the ongoing employment of the vendor. This cost has been removed to calculate adjusted EBITDA as, whilst it will recur in the short-term, it represents additional payments linked to the TrackTwo acquisition.

Other acquisition costs expensed in the current year, relating to the TrackTwo acquisition, and in the prior period, relating to the acquisition of Alpha FMC Group Holdings Limited, have also been excluded from adjusted EBITDA as they are not directly attributable to the ongoing performance of the Group. Similarly, costs directly attributable to the IPO in October 2017 have also been excluded.

Restructuring costs relating to realigning the US operations have been excluded from adjusted EBITDA as they relate to a specific restructuring programme.

5. Reconciliation to adjusted profit after tax

	2018 £'000	2017 £'000
Adjusted operating profit	13,636	7,955
Tax charge	(1,941)	(537)
Tax impact of adjusting items	(1,739)	(1,229)
Adjusted profit after tax	**9,956**	**6,189**

Adjusted profit after tax is also shown to allow a clearer understanding of the underlying performance of the Group. Adjusted profit after tax is stated before adjusting items and their associated tax effects.

6. Staff costs

The average number of employees employed by the group, including Executive Directors, was:

	2018 Number	2017 Number
UK	117	97
US	32	21
Europe & Asia	73	47
Administration	23	16
	245	**181**

Staff costs for the above persons were:

	2018 £'000	2017 £'000
Wages and salaries	28,841	22,413
Social security costs	3,629	2,949
Pension costs	189	202
Share incentive plans	191	–
	32,850	**25,564**

7. Finance costs and finance income

	2018 £'000	2017 £'000
Bank interest receivable	–	5
Interest payable on bank loans and overdraft	2,858	2,363
Shareholder and management loan note interest	2,479	5,075
Amortisation of issue costs on loan notes	1,722	442
	7,059	**7,880**

As part of the loan repayments on IPO, loan note issue costs amortisation of £1.7m was accelerated and expensed.

8. Taxation

	2018 £'000	2017 £'000
Current tax		
In respect of the current year	1,400	385
Adjustment in respect of prior periods	(29)	–
Foreign taxation	1,467	832
Deferred tax		
In respect of the current year	(908)	(423)
Change in tax rate	–	(257)
Adjustment in respect of prior periods	11	–
Total tax expense for the year	**1,941**	**537**

Tax has been calculated using an estimated annual effective tax rate of 19% (2017: 20%) on profit before tax.

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:

	2018 £'000	2017 £'000
Profit/(loss) before taxation	1,499	(3,871)
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 20%)	285	(774)
Effects of:		
Fixed asset differences	4	–
Expenses not deductible for taxation	902	1,493
Income not taxable for tax purposes	(81)	–
Differences due to overseas tax rates	757	499
Adjustments in respect of prior periods	(29)	–
Adjustments in respect of prior periods – deferred tax	11	–
Change in deferred tax rate	106	(681)
Deferred tax not recognised	(14)	–
Total tax expense for the year	**1,941**	**537**

Notes to the consolidated financial statements continued

9. Deferred tax

	2018 £'000	2017 £'000
At 1 April	3,946	4,627
Arising on business combinations	352	–
Charged to the statement of profit or loss	(897)	(681)
At 31 March	**3,401**	**3,946**

The UK Government has announced future tax changes to the corporation tax rate. These changes resulted in a decrease in the standard rate of corporation tax to 20% for the 2016/17 tax year, falling to a rate of 19% for the 2017/18, 2018/19 and 2019/20 tax years and eventually culminating in a rate of 17% by 2020/21.

As at 31 March 2018 all such changes have been substantively enacted and have therefore been reflected in the calculation of deferred tax for the year ended 31 March 2018.

Movements in deferred tax during the year:

	1 April 2017 £'000	Recognised in income £'000	Amount arising on acquisition £'000	31 March 2018 £'000
Accelerated capital allowances	–	20	–	20
Arising on business combinations	3,946	(917)	352	3,381
	3,946	**(897)**	**352**	**3,401**

10. Dividends

Amounts recognised as distributions to equity holders:

	2018 £'000	2017 £'000
Interim dividend for the year ended 31 March 2018 of 1.48p (2017: 0p) per share	1,508	–
Proposed final dividend for the year ended 31 March 2018 of 3.69p (2017: 0p) per share	3,757	–

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

11. Earnings/(loss) 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 normalised average number of ordinary shares 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 notes 4 and 5 have been made to the Group's loss for the financial period. The profits/(losses) and weighted average number of shares used in the calculations are set out below:

	Year ended 31 March 2018	Period ended 31 March 2017
Basic & diluted EPS		
(Loss) for the financial year/period used in calculating basic and diluted EPS (£'000)	(442)	(4,408)
Weighted average number of ordinary shares in issue ('000)	90,185	79,842
Basic EPS (p)	(0.49)	(5.52)
Diluted EPS (p)	(0.49)	(5.52)
Pro forma adjusted EPS		
Adjusted profit for the financial year/period used in calculating adjusted basic and diluted EPS (note 5) (£'000)	9,956	6,189
Weighted average number of ordinary shares in issue ('000)	101,860	79,842
Pro forma adjusted EPS (p)	9.77	7.75
Pro forma adjusted diluted EPS (p)	9.77	7.75

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

As explained, the Group's consolidated financial statements reflect the continuation of the pre-existing group previously headed by Alpha FMC Topco Limited. To aid comparability following the Group's reconstruction and share reorganisation, the 79,841,931 ordinary shares held by original Shareholders immediately before the IPO has been used to best indicate the share capital in existence before IPO and provide earnings information on a consistent basis. Similarly, in the pro forma adjusted EPS and the pro forma adjusted diluted EPS calculations, to allow comparability between periods, the weighted average number of shares in issue only considers the shares in issue at and since IPO and 2017 considers the shares in issue immediately prior to AIM admission.

There were no potentially dilutive ordinary shares for the period ended 31 March 2017. Employee incentive plans were put in place in October 2017. No dilution has been applied in accordance with accounting standards.

Notes to the consolidated financial statements continued

12. Goodwill and Intangible fixed assets

Goodwill

	31 March 2018 £'000	31 March 2017 £'000
Cost at beginning of the year/period	51,529	–
Additions	1,097	51,529
Cost at end of the year/period	**52,626**	**51,529**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill was recognised upon the acquisition of Alpha FMC Group Holdings Limited by Alpha Financial Markets Consulting plc on 3 February 2016 and is the difference between the consideration paid and the fair value of assets acquired and liabilities assumed. During the current year goodwill increased reflecting the acquired goodwill arising on the acquisition of TrackTwo. Goodwill acquired and liabilities assumed represent the potential synergy benefits of combining the Alpha and TrackTwo intellectual property and talents of the team into the Group. In line with IAS 36, the carrying value of goodwill is not subject to systematic amortisation but is reviewed at least annually for impairment. The review assesses each cash-generating unit ('CGU') to which goodwill has been allocated for impairment by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The impairment reviews completed have calculated the recoverable amount of goodwill through a Value in Use calculation.

The cash generating units that have been considered are UK, US and Europe & Asia, in line with our operating segments and the goodwill allocated to the CGU's as follows:

Goodwill by cash-generating unit

	31 March 2018 £'000	31 March 2017 £'000
UK	31,241	31,241
USA	7,054	7,054
Europe & Asia	14,331	13,234
At end of the year/period	**52,626**	**51,529**

In considering this position, the estimated adjusted weighted average cost of capital ('WACC') for the Group was determined to be 11.6% (2017: 12.5%). This discount rate has been applied to the Group's future cash flow forecasts in order to make this assessment at each balance sheet date.

Revenues and gross margins have continued at the rate projected, with limited customer attrition, no significant change in the competitor landscape, no negative events impacting on the Group's brand or reputation and no legal or regulatory changes impacting the Group's offering. There are no other aspects of the key business objectives that have not been met. The recoverable amounts of all CGUs are based on the same key assumptions.

The Directors do not therefore believe there to be any impairment indicators.

As in the prior period, the base actuals have been inflated by 10% up to year 3 and by 1% then onwards, for each cash generating unit, which management believe does not exceed the long-term average growth rate for the industry, with a terminal value calculated on a perpetuity basis.

These cash flows are discounted at a post-tax discount rate of 11.6% and adjusted for specific risk factors that take into account the sensitivities of the projection. The Group has conducted a sensitivity analysis on the impairment test for all cash generating units individually. If the assumed growth rate was reduced to 0%, the receivable amount for each cash generating unit would remain greater than their carrying values. Further increasing the post-tax discount rate to 13.5% resulted in positive headroom remaining for all cash generating units compared to the carrying value of goodwill.

Intangible fixed assets

As at 31 March 2018

	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Total £'000
Cost				
At the start of the year	18,650	1,421	5,630	25,701
Recognised on acquisitions (see note 13)	1,418	665	–	2,083
At the end of the year	20,068	2,086	5,630	27,784
Amortisation				
At the start of the year	(1,813)	(237)	(438)	(2,488)
Charge for the year	(1,629)	(262)	(492)	(2,383)
At the end of the year	(3,442)	(499)	(930)	(4,871)
Net book value	**16,626**	**1,587**	**4,700**	**22,913**

As at 31 March 2017

	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Total £'000
Cost				
At the start of the year	–	–	–	–
Recognised on acquisitions (see note 13)	18,650	1,421	5,630	25,701
At the end of the year	18,650	1,421	5,630	25,701
Amortisation				
At the start of the year	–	–	–	–
Charge for the year	(1,813)	(237)	(438)	(2,488)
At the end of the year	(1,813)	(237)	(438)	(2,488)
Net book value	**16,837**	**1,184**	**5,192**	**23,213**

Customer relationships

Customer relationships represent the fair value at the 3 February 2016 acquisition date of the customer relationships which were owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited. The fair value has been determined by applying the 'multi-period excess earnings' method to the cash flows expected to be earned from customer relationships. The key management assumptions are around forecast revenues, operating margins, discount factors and contributory asset charges used.

Additions during the period represent the fair value of the customer relationships acquired with Track Two GmbH. Refer to note 13 for details.

A useful economic life of 11-12 years has been deemed appropriate based on the average realisation rate of cumulative cash flows and benchmarked data and projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 9.8 years and 10.3 years remaining to be amortised for the customer relationships in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

Notes to the consolidated financial statements continued

12. Goodwill and Intangible fixed assets continued

Intellectual property

Opening intellectual property represents the fair value at the 3 February 2016 acquisition date of the intellectual property which was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited.

The fair value has been determined by applying the 'relief from royalty' method to the cash flows earned from the intellectual property. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 7 years has been deemed appropriate based on previous acquisitions and benchmarking data and projected cash flows have been discounted over this period.

Additions during the period represent the fair value of the intellectual property acquired from Track Two GmbH. Refer to note 13 for details.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 4.8 years and 6.3 years remaining to be amortised for the intellectual property in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

Trade name

Trade name represents the fair value at the 3 February 2016 acquisition date of the trade name which was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited.

The fair value has been determined by applying the 'relief from royalty' method to the cash flows earned from the trade name. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 15 years has been deemed appropriate based on benchmarking reviews and projected cash flows have been discounted over this period.

Additions during the period represent the fair value of the trade name acquired from Track Two GmbH. Refer to note 13 for details.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 12.8 years and 14.3 years remaining to be amortised for the trade name in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

13. Acquisitions and disposal of business

Acquisitions in the current year

On 18 July 2017, the Group acquired 100% of the share capital and voting interest of TrackTwo GmbH for an upfront cash consideration of EUR 2,331,610, deferred consideration EUR 1,166,200 payable in January 2019 and 695 consideration shares in the Company with a fair value of £1 per share.

This acquisition has been accounted for under the acquisition method of accounting. The fair value adjustments relate to the identification of separately identifiable intangibles and associated deferred tax liabilities. For the remaining assets and liabilities acquired no fair value adjustments were identified. The table below sets out the book and fair values of the identifiable assets and liabilities acquired. Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
TrackTwo net assets at the acquisition date:			
Tangible fixed assets	9	–	9
Customer relationships	–	1,418	1,418
Intellectual property	–	665	665
Trade and other debtors	316	–	316
Cash	108	–	108
Trade and other creditors	(195)	–	(195)
Deferred tax liability	–	(352)	(352)
Net identifiable assets and liabilities acquired	**238**	**1,731**	**1,969**
Cash consideration relating to business combination			3,066
Goodwill on acquisition (see note 12)			**1,097**

In addition, as part of the purchase negotiations, the Company has put in place an annual earn-out arrangement and a final ownership consideration based on the financial performance of TrackTwo over the three year period to July 2020 subject to continuous employment of vendor until July 2020.

The earn-out and final ownership consideration payments have been estimated by the Directors based on anticipated future earnings and discounted to current values. An expense of £391,000 has been recognised in the current year and presented as an adjusted expense (see note 4). This consists of £38,000 payable within one year, £277,000 to be settled after one year and £76,000 to be settled in equity.

If the acquisition of TrackTwo had been completed on 1 April 2017, Group revenues for the period would have been £66,263,000 and Group profits before tax would have been £2,202,000. TrackTwo contributed £926,000 to the Group's revenue and £377,000 to the Group's profit before tax for the period from the date of acquisition to the year-end date.

Acquisitions in the prior period

On 3 February 2016, the Group acquired 100% of the ordinary shares in Alpha FMC Group Holdings Limited for £85,669,000. This amount included £48,914,000 satisfied by cash, settlement of existing debt of £33,045,000, the issue of equity of £86,000, and acquisition costs of £3,624,000 (of which £1,460,000 were directly related to the business combination and £2,164,000 were related to the raising of loan financing). Consequently, the cashflow associated with the acquisition, net of cash acquired of £5,905,000, was £79,764,000. This acquisition has been accounted for under the acquisition method of accounting. The resulting goodwill of £51,529,000 was capitalised. The table overleaf sets out the book and fair values of the identifiable assets and liabilities acquired.

Notes to the consolidated financial statements continued

13. Acquisitions and disposal of business continued

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Goodwill	24,765	(24,765)	–
Tangible fixed assets	541	–	541
Intangible assets	–	25,701	25,701
Trade and other debtors	10,443	–	10,443
Cash	5,905	–	5,905
Interest-bearing loans and borrowings	(33,045)	–	(33,045)
Trade and other creditors	(7,448)	–	(7,448)
Deferred tax liabilities	–	(5,140)	(5,140)
Net identifiable assets and liabilities acquired	**1,161**	**(4,204)**	**(3,043)**

Internal cash consideration relating to business combination	48,914
Equity instruments issued	86
IFRS adjustments	(514)
Total consideration	**48,486**
Goodwill on acquisition (see note 12)	**51,529**

The fair value adjustments relate to the identification of separately identifiable intangibles, the reversal of the goodwill already recognised in the acquired group on consolidation and deferred tax on the fair values of the intangibles. For the remaining assets and liabilities acquired no fair value adjustments were identified.

The IFRS adjustment relates to the revaluation of the deferred tax liability to fair value, based on the revised expected future tax rate at the end of the period.

The settlement of debt of £33,045,000 has been included in cashflows from investing activities in the cashflow statement as part of the acquisition of subsidiaries.

14. Tangible fixed assets

As at 31 March 2018

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 22 January 2016	–	–	–	–
Acquired through business combinations	208	126	678	1,012
Additions	–	66	101	167
Disposals	–	–	(9)	(9)
At 31 March 2017	208	192	770	1,170
Acquired through business combinations	–	7	7	14
Additions	–	57	197	254
Disposals	–	–	(20)	(20)
At 31 March 2018	**208**	**256**	**954**	**1,418**
Depreciation				
At 22 January 2016	–	–	–	–
Acquired through business combinations	(81)	(56)	(293)	(430)
Charge for the period	(34)	(122)	(140)	(296)
Disposals	–	–	7	7
At 31 March 2017	(115)	(178)	(426)	(719)
Acquired through business combinations	–	(2)	(3)	(5)
Charge for the period	(37)	(43)	(221)	(301)
Disposals	–	–	4	4
At 31 March 2018	**(152)**	**(223)**	**(646)**	**(1,021)**
Net book value at 31 March 2018	**56**	**33**	**308**	**397**
Net book value at 31 March 2017	93	14	344	451

There are no assets held on finance leases.

15. Trade and other receivables

	2018 £'000	2017 £'000
Amounts due within one year:		
Trade receivables	18,297	9,490
Less: provision for impairment	(446)	(46)
Trade receivables - net	**17,851**	**9,444**
Other debtors	55	454
Prepayments and accrued income	3,336	2,189
Total amounts due within one year:	**21,242**	**12,087**

Trade receivables are non-interest bearing and generally have a 30 – 90 day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

Notes to the consolidated financial statements continued

15. Trade and other receivables continued

A provision for impairment of trade receivables is established when there is objective evidence that the Group will be unable to collect all amounts due according to the original terms. The Group considers factors such as default or delinquency in payment, significant financial difficulties of the receivable and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

Provision for impairment of trade debtors

	2018 £'000	2017 £'000
At 1 April	46	40
Charge for the period	400	6
Uncollected amounts written off, net of recoveries	–	–
As at 31 March	**446**	**46**

At the year end the following trade receivables were overdue but not impaired:

	2018 £'000	2017 £'000
Not yet due	14,873	8,839
Between 1 and 3 months	1,343	457
Over 3 months	1,635	148
As at 31 March	**17,851**	**9,444**

16. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash in bank and at hand	9,774	8,023
Cash and cash equivalents	**9,774**	**8,023**

17. Trade and other payables

	2018 £'000	2017 £'000
Secured bank loans	–	1,245
Trade creditors	2,361	1,334
Accruals and deferred income	11,404	5,433
Taxation and social security	2,428	1,607
Corporation tax	1,826	209
Other creditors	2,245	196
Earn out provision (note 13)	38	–
Total amounts owed within one year:	**20,302**	**10,024**

Trade payables comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 30 days (2017: 30 days). No interest is charged on the outstanding balance.

The Directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

Included within other creditors is an amount of EUR1,166,200 of deferred consideration relating to the acquisition of TrackTwo (see note 13).

18. Non-current liabilities

	31 March 2018 £'000	31 March 2017 £'000
Dunedin loan notes	–	44,911
Bank loans and overdrafts	–	24,815
Management loan notes	–	14,806
Management preference shares	–	1,347
Deferred tax provision (note 9)	3,401	3,946
Other non-current liabilities	277	–
	3,678	**89,825**

Dunedin loan notes

Dunedin Buyout LLP invested £41,137,000 of ordinary 'A' loan notes in Alpha FMC Midco Limited on 3 February 2016. The loan notes were converted to ordinary equity shares on IPO for 29,241,568 shares.

Bank loans and overdrafts

As at 31 March 2017, Alpha FMC Bidco Limited had a Mezzanine Facility of £7,317,000 with Beechbrook Capital LLP. In addition, Alpha FMC Bidco Limited had a loan 'A' of £9,460,000 and a loan 'B' of £11,000,000, both with Lloyds Bank Plc.

The bank loans were repaid on 12 October 2017 from the proceeds of the IPO.

In October 2017 the Group entered into a committed revolving credit facility of £5,000,000 with Lloyds Bank Plc. Interest on drawings is based on LIBOR plus 2.25%. As at 31 March 2018 the facility remained undrawn.

Management loan notes

UK, French and US management invested £12,362,087 of ordinary 'B1', 'B2', 'C1', 'C2' and 'D' loan notes in Alpha FMC Topco Limited on 3 February 2016. The loan notes were converted to ordinary equity shares on IPO for 4,383,585 shares.

Preference shares

On 3 February 2016, management invested £1,322,000 of preference shares in Alpha FMC Topco Limited.

The preference shares were converted to ordinary equity shares on IPO for 784,461 shares.

Other non-current liabilities

Included within trade and other payables is £277,000 of costs associated with the earn-out payments associated with the acquisition of TrackTwo (see note 13).

19. Called up share capital

Alloted, called up and fully paid

	2018 Number	2017 Number
Class		
Ordinary 'A' £0.00001 shares (1 vote per share capped at 55%)	–	58,898
Ordinary 'B1' £0.00001 shares (no voting rights)	–	9,564
Ordinary 'B2' £0.00001 shares (no voting rights)	–	7,120
Ordinary 'C1' £0.00001 shares (no voting rights)	–	5,390
Ordinary 'C2' £0.00001 shares (no voting rights)	–	5,155
Ordinary 'D' £0.1 shares (5% per share)	–	9
Ordinary £0.00075 shares (1 vote per share)	102,234,583	–
	102,234,583	**86,136**

Notes to the consolidated financial statements continued

19. Called up share capital continued

Alloted, called up and fully paid

	2018 £	2017 £
Class		
Ordinary 'A' £0.00001 shares (1 vote per share capped at 55%)	–	0.58
Ordinary 'B1' £0.00001 shares (no voting rights)	–	0.09
Ordinary 'B2' £0.00001 shares (no voting rights)	–	0.07
Ordinary 'C1' £0.00001 shares (no voting rights)	–	0.05
Ordinary 'C2' £0.00001 shares (no voting rights)	–	0.05
Ordinary 'D' £0.1 shares (5% per share)	–	0.90
Ordinary £ 0.00075 shares (1 vote per share)	76,675.94	–
	76,675.94	**1.74**

Movements in share capital during the year ended 31 March 2018:

	Note	2018 £
Balance at 1 April 2017 86,136 ordinary shares of £0.00001 each		2
Issue of shares	(i)	1
Bonus issue	(ii)	4,995
Balance prior to reorganisation		**4,998**
Share capital reorganisation	(iii)	54,884
Issue of shares	(iv)	16,513
JSOP share award	(v)	281
Balance at 31 March 2018		**76,676**

(i) Prior to the IPO, a series of small share issues were made, totalling 13,810 shares of £0.00001 each, ahead of the larger capital reorganisation on IPO. Additionally, shares were issued as part settlement of the TrackTwo acquisition.

(ii) On 2 October 2017, each holder of equity shares in the capital of the Company was issued 4,999 bonus shares (credited as fully paid) for each existing share held, resulting in the issue of 499,530,108 shares.

(iii) Immediately prior to the IPO, on 11 October 2017, all classes of ordinary equity share capital in issue (including shares issued on conversion of loan notes and preference shares, A shares, B1 shares, B2 shares, C1 shares, C2 shares, and D shares) were consolidated and converted to ordinary shares of £0.00075 each as part of the capital reorganisation on IPO. The issued share capital of the Company after this capital restructuring was £59,881.45 comprising of 79,841,931 ordinary shares.

(iv) On IPO, the Company issued a further 22,017,652 ordinary shares which were allotted in connection with the placing. Immediately following Admission, the Company's issued share capital was £76,394.69, comprising of 101,859,583 ordinary shares of £0.00075 each (all of which is fully paid or credited as fully paid).

(v) Since IPO, 375,000 shares have been issued as JSOP awards to management. At 31 March 2018, the total number of shares in issue was 102,234,583.

20. Reconciliation of liabilities arising from financing activities

	2017 £'000	Cashflows £'000	Non-cash changes £'000	2018 £'000
Dunedin loan notes	44,911	–	(44,911)	–
Secured bank loans	1,245	(1,245)	–	–
Bank loans and overdrafts	24,815	(24,815)	–	–
Management loan notes	14,806	(7,542)	(7,264)	–
Management preference shares	1,347	–	(1,347)	–
	87,124	**(33,602)**	**(53,522)**	**–**

As part of the capital restructuring immediately prior to the IPO, the loan notes and preference shares outstanding were partly converted into equity comprising 34,409,614 ordinary shares. The remaining loan notes, preference shares and bank loans were repaid from the proceeds of the IPO.

21. Share based payments

The Management Incentive Plan ('MIP')

The Group has a MIP designed to retain and incentivise the Executive Directors and selected key employees. 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 joint ownership interests in Shares ('JSOP'), and part C of which will enable the awarding of restricted stock units for participants in the US, and Part D of which will enable the awarding of RSUs in France (together the 'Options').

Options granted to certain Executive Directors are subject to the fulfilment of performance conditions including (a) the Group to achieve its initial IPO market consensus estimate for adjusted earnings per share ('EPS') for the financial year ending 31 March 2018, (b) the Group to achieve a total shareholder return for the three years from Admission in excess of the average total shareholder return of a peer group of comparable companies, and (c) the Group to achieve between 10 or 15 percent EPS growth for the financial year ending 31 March 2019. Assuming conditions (a) and (b) are met 100 percent of the Options or Awards will vest if EPS for the financial year ending 31 March 2019 exceeds the EPS for the year ending 31 March 2018 by 15 percent; 66 percent will vest if EPS for the financial year ending 31 March 2019 exceeds the EPS for the year ending 31 March 2018 by 10 percent. There will be a straight line of vesting if EPS for the year ending 31 March 2019 exceeds the EPS for the year ending 31 March 2018 by between 10 percent and 15 percent.

Options granted to selected senior management and employees on Admission will be subject to performance condition (b) above and such conditions determined by the Remuneration Committee as being appropriate to their personal role and objectives.

MIP awards have either nil exercise price payable (or there shall be 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 ('EIP')

In addition to the MIP, as stated in the AIM Admission Document, the Board intends to put in place a medium term Employee Incentive Plan ('EIP'). Under the EIP, a broad base of the Group's employees will be granted share options or share awards over a small number of shares. The EIP will be structured as is most appropriate under the local tax, legal and regulatory rules in the key jurisdictions and therefore may vary between those jurisdictions.

At 31 March 2018 a total of 2,977,775 share option and award grants had been made to management and employees (2017: nil).

Notes to the consolidated financial statements continued

21. Share based payments continued

Details of the share based payments made are as follows:

		2018
	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	–	–
Granted during the year	2,977,775	–
Exercised during the year	–	–
Forfeited during the year	–	–
Expired during the year	–	–
Outstanding at the year end	**2,977,775**	**–**
Exercisable at the year end	**–**	**–**

No share options were exercisable in the year.

The options outstanding at 31 March 2018 had a weighted average remaining contractual life of 3 years and a nil or nominal exercise price.

During the year ended 31 March 2018, options were granted on 11 October 2017, 2 March 2018 and 27 March 2018 to certain senior management. The weighted average of the estimated fair values of the options outstanding is £0.69 per share. No options were granted in previous years.

The value of the options has been measured by the use of 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:

	2018 £'000
Weighted average share price at grant date	1.60
Exercise price	–
Volatility	30%
Weighted average vesting period	3
Risk free rate	0.53%
Expected dividend yield	3.00%

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

The options outstanding which have time vesting criteria only were valued using a Black-Scholes model using the same inputs as above.

The Group recognised a total expense of £191,000 related to equity-settled share-based payment transactions in the current year (2017: £nil).

22. Operating lease commitments

At 31 March 2018, the Group has lease agreements in respect of properties and equipment for which the payments extend over a number of years. The future minimum lease payments under non-cancellable leases are as follows:

Due:	2018 £'000	2017 £'000
Within one year	452	498
Within two to five years	1,621	1,377
After five years	751	891
	2,824	**2,766**

23. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018 £	2017 £
Assets measured at amortised cost	27,625	17,467
Liabilities measured at amortised cost	(3,326)	(88,458)

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

The Group's financial instruments comprise cash and cash equivalents, items such as trade payables and trade receivables which arise directly from its operations and in prior years bank borrowings. These financial instruments arise in the ordinary course of business and their main purpose is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has policies that require appropriate credit checks on potential customers before sales are made.

Interest rate risk

The Group has interest-bearing assets and previously interest-bearing liabilities. Interest-bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Group historically had a policy of maintaining debt at fixed rates to ensure certainty of future interest cash flows and will reconsider were the Group to re-incur indebtedness. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no derivative transactions outstanding at 31 March 2018. As at 31 March 2018, given the low levels of interest earned on these balances, if LIBOR had increased or decreased by 0.5% the effect on post-tax profit and equity would have been minimal.

The Group's cash and cash equivalents earned interest at a variable rate during the year.

Details of the terms of the Group's prior borrowings are disclosed in notes 17 and 18.

Liquidity risk

The Group maintains a committed revolving credit facility alongside its cash balances designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

Notes to the consolidated financial statements continued

23. Financial instruments continued

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk mainly as a result of trade receivables and payables which will be settled in Euros and US Dollars. During the year the Group did not enter into any arrangements to hedge this risk, as the Directors did not consider the exposure to be significant given the short-term nature of the balances. The Group will review this policy as appropriate in the future.

	GBP '000	Euro '000	USD '000	CHF '000	SGD '000	HKD '000
Receivables	12,368	3,033	3,016	565	434	–
Cash	4,736	3,858	1,513	81	921	26
Payables	(1,700)	(472)	(308)	(35)	(2)	–
Total	**15,404**	**6,419**	**4,221**	**611**	**1,353**	**26**

24. Capital risk management

The Group defines capital as being share capital plus all reserves, which amounted to £82,972,000 as at 31 March 2018 (2017: £(4,546,000)). The Group currently holds net cash balances. The Board of Directors monitors the level of capital as compared to the Group's long-term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group is not subject to any externally imposed capital requirements.

25. Related party disclosures

Transactions with directors

Transactions with directors, or entities in which a director is also a director or partner:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Consultancy services provided by a director – Mr T Trotter	23	20

Key management, including members of the Executive Board and heads of regional businesses, held both loan notes and preference shares in the Group. At 31 March 2018, management loan notes totalled £nil (2017: £14,806,000) and management preference shares totalled £nil (2017: £1,347,000). Further details are provided in note 20. Director's share options and JSOP awards disclosed in the Remuneration Committee report.

Transactions with shareholders

In the period ended 31 March 2018, the Group paid monitoring fees of £nil (2017: £261,000) to Dunedin LLP, a major shareholder of the Company prior to IPO. At 31 March 2018, loan notes due to Dunedin totalled £nil (2017: £44,911,000). Further details around the nature of these instruments are provided in note 20.

26. Ultimate controlling party

At the year end there is no ultimate controlling party.

27. First time adoption of IFRS

These are the Group and Company's first financial statements prepared in accordance with IFRS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the period ended 31 March 2017. The Company was incorporated on 22 January 2016, the date of transition, and therefore preparation of an opening IFRS statement of Financial Position is not required.

In preparing its opening IFRS Statement of Financial Position, the Group and Company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP (previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Group and Company's financial position and financial performance is set out below in the tables and associated notes. There has been no impact on the Company's financial position and financial performance in the period ended 31 March 2017.

	As previously presented 31 March 2017 £'000	Effect of transition 31 March 2017 £'000	IFRS (as represented) 31 March 2017 £'000
Assets			
Non-current assets			
Goodwill (a)	47,261	4,268	51,529
Intangible assets	23,213	–	23,213
Property, plant and equipment	451	–	451
Total non-current assets	70,925	4,268	75,193
Current assets			
Trade and other receivables	12,087	–	12,087
Cash and cash equivalents	8,023	–	8,023
Total current assets	20,110	–	20,110
Current liabilities			
Trade and other payables	(10,024)	–	(10,024)
Total current liabilities	(10,024)	–	(10,024)
Net current assets	10,086	–	10,086
Non-current liabilities			
Borrowings	(85,879)	–	(85,879)
Deferred tax provision	(3,946)	–	(3,946)
Total non-current liabilities	(89,825)	–	(89,825)
Net assets/(liabilities)	(8,814)	4,268	(4,546)
Equity			
Issued share capital	86	–	86
Share premium	–	–	–
Retained earnings	(8,676)	4,268	(4,408)
Foreign exchange reserve	(224)	–	(224)
Total shareholders' equity	(8,814)	4,268	(4,546)

Notes to the consolidated financial statements continued

27. First time adoption of IFRS continued

	As previously presented 31 March 2017 £'000	Effect of transition 31 March 2017 £'000	IFRS (as represented) 31 March 2017 £'000
Continuing operations			
Revenue	49,240	–	49,240
Cost of sales	(32,515)	–	(32,515)
Gross profit	16,725	–	16,725
Administration expenses (a)	(17,503)	4,782	(12,721)
Operating profit	(778)	4,782	4,004
Finance income	5	–	5
Finance expense	(7,880)	–	(7,880)
Profit/(loss) before tax	(8,653)	4,782	(3,871)
Taxation (a)	(23)	(514)	(537)
Loss for the period	**(8,676)**	**4,268**	**(4,408)**
Exchange differences on translation of foreign operations	(224)	–	(224)
Total comprehensive expense for the period	**(8,900)**	**4,268**	**(4,632)**

The previously reported goodwill was being amortised under previous GAAP; however is not amortised under IFRS and an annual impairment review is undertaken, with the associated deferred tax movement. In addition the previously capitalised acquisition costs of £1,460,000 can no longer be capitalised under IFRS and have, therefore, been recognised as an expense within the Consolidated Statement of Comprehensive Income.

The policies applied under the entity's previous accounting framework are not materially different to IFRS and have not impacted equity or profit or loss.

Notes

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