25 November 2020

Alpha Financial Markets Consulting plc

(“Alpha”, the “Company” or the “Group”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Alpha Financial Markets Consulting plc (AIM:AFM), a leading global provider of specialist consultancy services to the asset and wealth management industry, is pleased to report its unaudited results for the six months ended 30 September 2020 (H1 21).

Financial Highlights

- Revenue increased by 10.3% to £47.6m (H1 20: £43.2m) and net fee income increased by 12.0% to £47.5m (H1 20: £42.4m)
- Gross profit maintained at £16.3m, reflecting continued investment in our people and the business, alongside resilient fee rates and utilisation overall
- Adjusted EBITDA increased by 6.1% to £10.1m (H1 20: £9.5m)
- Adjusted earnings per share increased by 2.5% to 6.99p (H1 20: 6.82p)
- Profit before tax decreased to £4.5m (H1 20: £4.9m)
- Strong adjusted cash conversion of 177.5% (H1 20: 70.4%), with adjusted cash generation from operating activities of £16.4m (H1 20: £6.2m), reflecting certain COVID-19 related payment deferrals
- Robust balance sheet with a net cash balance as at 30 September 2020 of £32.5m (31 March 2020: £21.0m)
- Reinstatement of dividend payments with an interim dividend of 2.10p per share declared (H1 20: 2.10p)

	6 months to **30-Sep 2020**	*6 months to* **30-Sep 2019**	**Change**
Revenue	**£47.6m**	£43.2m	10.3%
Gross Profit	**£16.3m**	£16.3m	0.2%
Adjusted EBITDA	**£10.1m**	£9.5m	6.1%
Adjusted Profit before Tax	**£9.1m**	£8.8m	3.8%
Profit before Tax	**£4.5m**	£4.9m	(9.4%)
Adjusted EPS	**6.99p**	6.82p	2.5%
Basic EPS	**2.95p**	3.54p	(16.7%)
Interim Dividend per Share	**2.10p**	2.10p	-

Operating Highlights

- Given COVID-19, the Group continued to invest carefully and selectively in the future growth of the business, including:
  - Further strategic expansion of the Group's service offering with the launch of new Insurance practice in France
  - A small number of strategic hires in the period: number of consultants rose by 4.8% to 438 (30 September 2019: 418)
  - Expansion of the Group's director team through the addition of 8 directors globally
- Swift and seamless transition to home working in all locations as a result of the health pandemic; a testament to the Group's investment in technology and infrastructure improvement to support its growth objectives
- North America continued to perform well, with revenue increase of 8.2% to £7.8m (H1 20: £7.2m). Good growth in Europe & Asia, including revenue increase of 22.5% to £13.4m (H1 20: £10.9m) and a strong contribution from Asia
- Strong client retention rates and growth in new clients globally: the number of clients that the Group has supported now stands at 409 (H1 20: 350)

COVID-19 Update and Outlook

- Remote working remains across most Alpha locations; the entire team has adjusted very well and we continue to service clients to the highest standards
- As previously reported, Alpha took early pre-emptive action to maintain liquidity and protect the business in response to COVID-19. Given the resilient business performance in the first half, the Group has begun to ease and reverse those protective measures
- The Group has maintained its strong balance sheet with good cash collection continuing in the first half. In addition to a £32.5m net cash position, the Group has further flexibility through its undrawn credit facility of £20.0m
- The Group continues to make selective investments in strategic hires while maintaining a controlled approach to discretionary operational expenditure
- Notwithstanding the current macroeconomic uncertainty, the strong structural growth drivers remain in place and the Group continues to see opportunities, new client wins and extensions to existing projects
- We are pleased with a robust global pipeline, strong sales momentum and good win rate moving into the second half
- Accordingly, the Board is confident that Alpha is well positioned for future growth and that the Group will deliver a full-year performance in line with current market expectations

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

"We are very pleased with the resilient performance of the Group and to be reporting on a good set of results for the six months ended 30 September 2020. In a period dominated by economic uncertainty, the Group has demonstrated the strength of its people and its service proposition.

We took early pre-emptive action to mitigate the impacts of the COVID-19 pandemic and to protect the long-term growth prospects of the business. In the first half, we made good strategic progress through selective headcount increases and the creation of a new Insurance practice in France. I am also delighted to confirm that we have continued to win new projects and new clients. None of this would have been possible without the commitment, hard work and understanding of all our people, to whom I would like to extend a very big thank you.

We are pleased with the resilience of the Alpha business, as demonstrated during the first half, and we see multiple opportunities to deliver further growth ahead. Notwithstanding the macroeconomic uncertainty, which we continue to monitor, the Board looks forward to progressing its strategic objectives through the remainder of the financial year and is confident in the Group delivering a full-year performance in line with current market expectations."

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Analyst Presentation:

A results presentation will take place at 11:00 a.m. today by conference call. Those wishing to attend should email alpha@templebaradvisory.com or call 0207 183 1190.

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

Notes:

This announcement contains certain forward-looking statements with respect to the Company's current targets, expectations and projections about future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, include all matters that are not historical facts and reflect the Directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

INTERIM REPORT

We are delighted with the resilient performance of the Group in the first half of the financial year, which was a period dominated by economic uncertainty and operational change as a result of the COVID-19 pandemic. The Group has continued to trade profitably, with growth in both net fee income and adjusted EBITDA compared to the first half of the previous financial year, and ends the first half with a strong balance sheet and net cash position.

During the six months ended 30 September 2020, Alpha has continued to invest carefully and selectively in the growth of the Group through strategic headcount increases and the launch of a new Insurance practice in France. We are very pleased that client demand for Alpha's proposition has continued and that the Group has been able to sustain good growth in the period.

COVID-19 Response and Half Year Review[1]

Alpha has delivered a strong performance during the first half, against a backdrop of unprecedented conditions and economic uncertainty. This performance confirms the resilience of the business, and the outstanding commitment and talent of Alpha's consultants.

Following a successful and seamless transition to home working in March 2020, the Group continued to deliver all in-flight projects remotely. Projects progressed well with consistently positive client feedback. Whilst Alpha, similar to many companies, has faced a shifting business development environment during the period, it has continued to make strong progress with good win rates and project extensions. The Board is very pleased with how the Group has performed during these challenges and continues to monitor leading indicators in order to be able to respond appropriately to changes in the economic environment.

Alpha has continued to make good progress in the half year ended 30 September 2020, maintaining excellent client retention rates as well as adding new clients in many locations. This has resulted in the Group achieving a 10.3% revenue increase compared to the first half of the previous financial year to £47.6m (H1 20: £43.2m) and a 12.0% net fee income increase to £47.5m (H1 20: £42.4m), with resilient fee rates overall.

Adjusted EBITDA increased by 6.1% to £10.1m (H1 20: £9.5m) and adjusted profit before tax by 3.8% to £9.1m (H1 20: £8.8m). While the Group benefitted from cost control initiatives and further cost savings driven by COVID-19, such as travel reductions, these have now begun to be reduced and reversed. The temporary salary sacrifices ended on 30 September 2020 as planned and a year-end salary sacrifice part repayment has been accrued for the director team globally, partially offsetting these savings. Before adjusting for non-underlying items, statutory operating profit was £5.0m (H1 20: £5.2m). The basic earnings per share were 2.95p (H1 20: 3.54p) and, when adjusted for non-underlying items, adjusted earnings per share were 6.99p (H1 20: 6.82p), representing a 2.5% increase.

The Group has strengthened its balance sheet with good cash collection continuing in the first half. After recently repaying the £5.0m outstanding balance on its revolving credit facility (RCF), as at 30 September 2020, the Group held cash balances of £32.5m and has further available liquidity from its undrawn £20.0m RCF.

[1]All rounding and percentage change calculations are from the basis of the financial statements, in £'000s. All comparisons are to the H1 20 period (six months ended 30 September 2019) unless otherwise stated

Operational and Geographical Review

In the context of the COVID-19 pandemic, our key operational focus over the last six months has been the health and safety of our people, and ensuring that our teams can be effective while working remotely. The transition to remote working was executed swiftly and seamlessly, enabling Alpha to continue to work closely with its clients and to service them to the very highest standards. The Group has demonstrated the resilience of its operational platform and the strength of its technology, collaborative culture and client delivery structures. Looking forward, we are confident that the flexibility of our business and the commitment that our high-performing team has shown during the period will ensure that we remain resilient and can continue to respond to client demand through any further challenges ahead.

Whilst the Board continues to monitor the impacts of the COVID-19 pandemic, the underlying structural drivers within the asset and wealth management industry of cost reduction, changing regulation and increasing assets under management remain in place, and are still driving change programmes globally. Consequently, the Group's growth objectives have remained unchanged from those previously stated: to extend the depth and range of services, and to increase Alpha's footprint in all markets, with a model that serves both to address current client needs and promote new client demand.

We strategically aim to identify and launch new practices where there is client-led demand, while pursuing growth in our existing practice areas. During the period, Alpha's well-established practices, including Investments, Distribution, M&A Integration and Operations (previously Operations & Outsourcing), continued to be successful across the Group's key markets. Meanwhile, business practices that the Group has newly established, such as Digital and Regulatory Compliance, have progressed well, and there were a number of large projects serviced in the Pensions & Retail Investment (P&RI) practice, which was launched in the first half of FY 20.

We launched the P&RI practice as part of a roadmap to extend into the insurance sector and to diversify our service offering. We were delighted to progress that roadmap further during the first half with the creation of a new Insurance practice, based out of the Group's Paris office, and we are pleased that it is already gaining traction with clients. It offers clients focussed expertise in the insurance space, with a strong value proposition for the insurance "CFO agenda", consulting across such topics as finance transformation, accounting standards, technology solutions, cost reduction, data management and operating model optimisation.

Currently, the Insurance practice offering is targeted at the Group's French clients. However, we see a significant growth opportunity in insurance and the objective is to advance this proposition into an established service vertical in the insurance market in due course, leveraging Alpha's wealth of advisory and delivery expertise across the value chain, and combining its experience in servicing pension and retail investment clients.

We are very proud of Alpha's collaborative culture and we are delighted in how well our teams combine expertise, market knowledge and practical approaches to provide our clients the same exceptional levels of service and delivery outcomes irrespective of where they are in the world. The Group has remained successful in identifying and winning both new work and new clients across all locations, as well as in securing multi-jurisdiction engagements. We have worked with 59 new clients in the 12 months since H1 20, taking the number of clients that we have now worked with to 409[2] (H1 20: 350). The Board is pleased with the domestic client base in all geographies as well as a growing, scaled capability that extends the asset management value chain, meaning that Alpha remains very well placed to support clients with their most challenging projects and increase further its market penetration.

[2]A total of 409 clients includes 21 client relationships acquired from the Obsidian acquisition in the second half of FY 20

Geographic performance in the period can be summarised as follows:

	6 months to **30-Sep 2020**	*6 months to* **30-Sep 2019**	**Change**
Net Fee Income			
UK	**£26.5m**	£24.7m	6.9%
North America	**£7.7m**	£6.9m	12.9%
Europe & Asia	**£13.3m**	£10.8m	23.0%
	£47.5m	£42.4m	12.0%

	30-Sep 2020	**30-Sep 2019**	**Change**
Consultant Headcount[3]			
UK	**219**	225	(2.7%)
North America	**76**	59	28.8%
Europe & Asia	**143**	134	6.7%
Period-end totals	**438**	418	4.8%

[3]Consultant headcount refers to fee-generating consultants: employed consultants plus utilised contractors in client-facing roles

The Board is pleased with the good performance delivered in the first half and the regional performances being reported. Despite the challenging macro environment, revenue and net fee income growth continued when compared to both the first half of last financial year (H1 20) and the previous half (H2 20). The change in consultant headcount reflects the Group's pre-emptive decision at the start of the financial year to reduce recruitment to all but strategic hires as a business protection measure.

The UK remains the largest geography within the Group and we are proud to be supporting some of the highest profile projects in the UK marketplace. UK net fee income grew 6.9% against the comparative H1 20. On an organic basis[4], the UK business grew 2.3% when compared to H1 20, with solid consulting demand complemented by Axxsys's growth and a consistent contribution from Alpha Data Solutions (ADS) during the period. The Board is satisfied that Alpha UK is navigating the new business development landscape very well, maintaining good win rates throughout the period and with a strong pipeline going into the second half. The core Alpha practices continued to perform well, with increased UK contribution from M&A Integrations. The newer P&RI practice also contributed well, which creates a strong foundation for future growth. We are confident that Alpha's exceptional reputation in the UK, together with a practice-focussed expansion strategy, will enable sustainable growth over the long term.

Europe & Asia delivered a good H1 21 performance, with net fee income increasing by 23.0%, and 17.1% organically, with strong growth in Asia and Axxsys Europe. The six months ended 30 September 2020 saw some good individual country performances and the Board was reassured to see consistent client demand for our subject matter expertise led proposition and improved consultant utilisation levels. At the start of the second half of FY 21, our Europe & Asia pipeline is good, and we expect to achieve further progress in the latter part of the year.

We are pleased that Alpha's high-quality service offering and expertise continues to resonate with those Europe & Asia local markets, attracting 14 new clients since the comparative half last year and enabling the Group to make a number of strategic new hires, including the addition of a new director in France to lead the Insurance practice. In FY 20, with the acquisition by the Group of Axxsys, we added an office in Denmark into Alpha's European footprint, and we see the Nordics and Central Europe as an attractive growth market. We have strengthened the team there with the hiring of a new director, who is also appointed Chief Innovation Officer for Axxsys.

The North America business continued to perform well, delivering a net fee income increase of 12.9% on an almost entirely organic basis. The North America business expanded its domestic client base and the projects in the region include several longer duration systems implementation and acquisition integration projects. Consultant team utilisation has been well aligned to Group target levels through the half. The Board is confident that the market represents a significant opportunity for growth within the Group and is pleased with the performance of Alpha North America in the first half. We are delivering against our growth plan and are delighted to have added two directors to the team during the period, both through internal promotions, reflecting the exceptional talent within the business.

[4]Please see note 3 for more detail on organic net fee income growth

Our People

Alpha's competitive advantage stems from its people. Our highly skilled, hugely committed global teams allow us to deliver unrivalled outcomes for our clients, which in turn drives client loyalty and repeat business. Consequently, investing in our people is a key component of the growth strategy. In practice, this means that we constantly assess how we best support and develop our exceptional group of consultants and, in addition, we regularly review the Group's market-leading proposition for attracting and retaining the very best consulting talent.

In response to the COVID-19 pandemic, we tightened our recruitment targets to selective, strategic hiring only; however, we have still strengthened our consultancy teams with key hires during the period. Overall, we have increased the headcount of consultants by 4.8% to 438[5] globally (September 2019: 418), reinforcing our strong track record and reputation for identifying outstanding performers both in the market and at graduate level. Many of our graduates have progressed quickly, achieving very senior grades within the organisation, which is a fantastic testament to both the quality of the people as well as our focus on maintaining the most supportive and progressive environment for our teams to work in. We were delighted that the North America business was able to welcome its third graduate class in September 2020, reflective of both growth in that region and the high level of interest from exceptional candidates to work for Alpha.

Reinforcing our local and global director teams is a key factor in providing the right level of support for our consultants and our values. We continue to ensure that we have the appropriate blend of industry expertise and cultural values within the Group to lead the business and, in the period, we have expanded the director team across the UK, North America and Europe. We were delighted to welcome four new directors to the business and to make four successful promotions to director.

The start of the reporting period involved the temporary closure of all of our physical offices and, while many of our offices are now open in a certain capacity, in accordance with government guidelines, all Alpha’s employees have had to accept changes in their working practices. We are very proud of the way in which our people have responded, and the level of dedication, diligence and collective spirit shown across the Group. These positive responses from an exceptionally talented group of consultants have enabled the Alpha business to provide full continuity of service to our clients, which can be seen in the financial performance.

As an employer, we are committed to providing a collaborative and supportive environment for all our people at all times. We know that the health and wellbeing of our people is a crucial factor in delivering the best results for our clients, developing and retaining our highly talented team, and meeting the challenges of a fast-growing business. Prioritising and supporting the health, safety and wellbeing of our people was, understandably, a key focus of Alpha’s remote working strategy, with a number of initiatives implemented to help Alpha’s people navigate through these difficult times. All these initiatives were designed by individuals within the Alpha team, demonstrating the full value that our employees see in helping one another. The wellbeing plan was adapted to focus on supporting the mental and physical wellbeing of staff while they work in isolation. To provide the best possible support, more regular “pulse” surveys were introduced to understand the position of the team on the topics of wellbeing, productivity and stress. The results have been used to drive new approaches and guide communications, including ideas and suggestions for keeping mentally and physically well, activity challenges, discussions on health-related topics, virtual coffee meetings with wellbeing champions and resilience training with an external partner.

Community and corporate social responsibility (CSR) have always been very important to Alpha’s leadership team, employees and the organisation as a whole. We were hugely impressed by the way in which the Alpha teams have increased and adapted their CSR activities in response to the constraints and impacts of the pandemic. Our teams recognise that many charities have been affected by COVID-19 due to fewer donations, less in-person volunteering and fundraising opportunities. Alpha has continued to maintain a very strong relationship with its Charity of the Year partner, Plastic Oceans (UK), using multiple approaches to enhance awareness and develop its contributions, while supporting remotely. These CSR efforts have included:

- Creating a “housecup challenge” both to encourage internal collaboration and socialisation within Alpha (following the transition to working from home), and to support the Charity of the Year programme. Participation in the housecup challenge was donations based, to facilitate ongoing financial support for the charity;
- Given the reduced opportunities to volunteer physically, the Alpha CSR team worked with Plastic Oceans to create an agenda that focussed on education, action and awareness. The resulting set of activities and discussions have challenged our behaviours with respect to plastic usage, thus developing awareness around the true goal of Plastic Oceans; and
- Identifying and providing pro bono work 100% remotely, across a series of important and meaningful projects for Plastic Oceans at a very challenging time for the charitable sector.

The performance of our people during the unique challenges of the first half is fully representative of their values, quality and resilience. Alpha's highly skilled teams have demonstrated exceptional standards of client delivery; ensured our ability to identify and win new business; extended the unique culture of collaboration, integrity and responsibility; and enabled further strategic progress to be delivered. On behalf of the Board, we would like to extend our thanks to everybody for their hard work, commitment and incredible contributions during the period.

[5]Total headcount of 438 includes 10 consultants arising from the Group's acquisition of Obsidian in the second half of FY 20

Growth Strategy

Alpha's strategic aim is consistent with that reported previously: to be recognised as the leading global asset and wealth management consultancy, and as the leading consultancy in all the domestic asset and wealth management markets in which it operates. We have a dedicated focus on achieving this aim through organic and inorganic growth, wherein the Board recognises the benefits of increasing the breadth of the service offering through selective, complementary acquisitions.

Alpha has developed a proven track record for supporting clients globally through deep subject matter expertise and a commitment to the highest delivery standards. Alpha's strategy is premised upon leveraging the multiple growth opportunities that it sees across the industry, while using its strong reputation and highly successful business model to progress and expand further. This includes both expanding the Group's capabilities in establishing new practices and the continued roll-out of the practice framework globally. The Group has continued to make progress on its strategic objectives in the period, by extending the range of services that it offers. We have increased the number of business practices from 13 to 14, and we expect that to grow as we explore new industry opportunities and client propositions.

As previously stated, the Board supports the view that the strategy includes moving into additional parts of the asset and wealth management chain. We are very pleased to announce that the Group's France business has established a new proposition in Insurance, with an experienced team of high-performing individuals that includes one new director. With the introduction of our Insurance practice, Alpha can replicate its compelling blueprint in the adjacent area of investments, and we look forward to developing and growing this new proposition further.

Despite the market uncertainty that dominated the period, organic revenue growth has been achieved in all regions, which is evidence of the strength and direction of the Group's growth strategy. The asset and wealth management industry exhibits ongoing growth, and the structural drivers of change represent clear opportunities for the Group to continue developing its service offering to support clients across the spectrum of their operating models, both in terms of capabilities and jurisdictional footprint. We will broaden our service offering and extend the number of business practices to meet evolving client needs and demand. We remain committed to strengthening and deepening Alpha's existing practices across all regions, and it is the building out of this practice structure across North America, Europe and, ultimately, Asia that will help to drive our future growth organically.

To support its growth objectives, Alpha will continue to invest in and incentivise its high-performing employees. We will also seek the addition of new talent to the Group both through targeted recruitment and selective acquisitions. Alpha's performance in the six months ended 30 September 2020 further demonstrates the Group's ability to identify and secure opportunities that enhance the proposition for its employees, its clients and, consequently, its investors, and validates the strength of the business strategy.

Acquisitions

Acquisitions remain a key part of the Group's growth strategy, alongside organic growth, with a continued focus on acquiring businesses that offer complementary services to our clients in both existing and target markets. The objective remains to extend our consulting and service proposition, and to broaden our reach both across and into additional parts of the asset and wealth management industry.

In the prior financial year, we acquired two businesses in Axxsys and Obsidian, which strengthened both our expertise and our service offering. These acquisitions have added to Alpha's growth this year, enabling strong local introductions and cross-selling opportunities in the markets in which they operate. Both businesses have been completely integrated and are performing well within the Alpha Group.

The addition of Axxsys to the Alpha Group brings a strong technology-focussed consulting service to the client proposition; in particular, it extends the Group's expertise in SimCorp and investment management platforms. We are very pleased to report that the Axxsys business made a strong contribution to the financial performance of the first half. Aligned to the Group's strategic objectives, during the period, Axxsys has continued to develop its unique expertise and recognition in implementing the SimCorp platform for the pension and insurance sector. The Axxsys and Alpha consulting teams are also collaborating very successfully on the delivery of a number of strategic client projects in the UK, Europe and North America, with multiple cross-selling opportunities developing globally.

The acquisition and integration of Obsidian, a specialist provider of software solutions for the investment management industry, added a strategically important technology development and product capability within our data solutions business. The expanded and enhanced ADS proposition offers the market a comprehensive and rich suite of data and business intelligence products, which form the basis of a recurring license revenue stream. We are pleased with how the combined business is performing, and we see very strong growth potential based around the highly relevant product offering, albeit COVID-19 has lengthened the software sales cycle for the moment.

The Group considers acquisitions a key part of the growth strategy and continues to build a healthy pipeline of acquisition opportunities that promise to provide diversified and established revenues, looking in particular at data and product businesses and technology consulting firms that can complement and grow the Group's service offering. As a Board, we will monitor how we best implement that strategy, in line with both market opportunity and client demand.

Governance and the Board

The Alpha Board meets regularly to oversee the Group's corporate and operational activities, and to manage the progression of its strategic objectives. The Board is committed to the core values of strong governance, integrity and business ethics, which we believe are key to reducing risk, adding value and, in turn, bringing long-term benefits to the Group's shareholders and stakeholders.

As part of this commitment, we continue to review and evolve the Board governance framework. In July 2020, Alpha welcomed an additional independent Non-Executive Director to the Board. On her appointment, Jill May also joined the Audit and Risk, Remuneration and Nomination Committees of the Board, and we are very happy to be benefitting already from her range of experience across financial services, regulation and public companies.

As announced prior to the AGM, Nick Kent decided to step down from the Board, with effect from 1 September 2020. Having founded Alpha in 2003, Nick managed the business through a significant chapter of growth and expansion. The Board remains very grateful to Nick for his important contributions to Alpha's success both in his previous CEO role and as a Non-Executive Director of the Board. We are pleased that he has agreed to continue to support the Board as an adviser.

The Board was pleased with its third AGM on 23 September 2020, at which all the resolutions proposed were successfully passed. During the period, we have engaged further with shareholders through the FY 20 results roadshows, albeit in a different format due to COVID-19. We welcome opportunities to talk to all our shareholders and we will continue to maintain a regular and constructive dialogue, while seeking to broaden our shareholder base.

Financial Performance Review

	6 months to **30-Sep 2020**	*6 months to* **30-Sep 2019**	**Change**
Revenue	**£47.6m**	£43.2m	10.3%
Net Fee Income	**£47.5m**	£42.4m	12.0%
Gross Profit	**£16.3m**	£16.3m	0.2%
Adjusted EBITDA	**£10.1m**	£9.5m	6.1%
Adjusted EBITDA Margin	**21.3%**	22.5%	(1.2%)
Adjusted Profit before Tax	**£9.1m**	£8.8m	3.8%
Profit before Tax	**£4.5m**	£4.9m	(9.4%)
Net Cash from Operating Activities	**£15.3m**	£6.2m	145.0%

Alpha enjoyed strong first half growth, with net fee income of £47.5m, up by 12.0% compared to the first half of the last financial year (H1 20: £42.4m), including 7.5% organic growth and the remainder being the inorganic contribution from the Axxsys and Obsidian acquisitions. Across the Group, H1 21 net fee income grew in line with average headcount growth, with utilisation averaging close to target levels, slightly up on the comparative period, and resilient consultant fee rates overall. The core established Alpha practices continued to perform well, with increased contribution most notably from M&A Integrations and Distribution projects. Currency translation had almost no effect on net fee income and profits during the first half of the financial year. In the six months, Sterling averaged $1.27 (H1 20: $1.26) and €1.12 (H1 20: €1.13), which, with other offsetting currency movements, resulted in a negligible net currency effect.

Group gross profit was consistent with the prior period at £16.3m, reflecting continued investment in our people and the business through the period to support future growth and a resilient fee rate performance in what remains overall a competitive market. Investment in the team included an increase in average team headcount, promotion-related pay increases and accrued profit share payments, alongside a contingent accrual for the part repayment of the director salary sacrifices that were made. We believe that the impact on gross margin in the period is temporary and that gross margin will improve as the market normalises.

The UK business, the Group's largest geographical region, increased net fee income 6.9% in the first six months. On an organic basis, UK net fee income grew 2.3% compared to H1 20, with solid consulting demand complemented by Axxsys's growth. The North America business increased net fee income by 12.9%, successfully deploying its growing consulting team at target utilisation levels as it continued to widen further its domestic client base and benefit from several longer duration projects. In Europe & Asia net fee income was up by 23.0%. On an organic basis, the region reported 17.1% growth overall. Growth was seen across the region, with the European team well deployed and the strongest growth in Asia. The Axxsys Europe team also grew through last year, lifting its relative H1 21 contribution.

UK consultant fee rates were resilient in the period, accompanied by continued investment in the team and near-target utilisation achieved. The North America team grew substantially and there was some discounting on certain longer-term engagements, impacting margins overall. Europe & Asia delivered increased gross profits at resilient margins.

The Axxsys business, acquired in June 2019, has performed well and contributed £5.0m in revenue (H1 20: £2.5m). The Obsidian business, acquired in November 2019 within Alpha Data Solutions, contributed £0.4m revenues in the first half, with COVID-19 proving a more challenging backdrop to winning new clients and deploying its software products, and a similar lengthening of the client sales cycle also experienced across the wider ADS offering.

Administration expenses, before non-underlying items, fell 8.2% or £0.5m in the six months, reflecting tighter control of discretionary spend and the impact of the COVID-19 operating environment. This was partly offset by an increase in Group management team resource, higher PLC and professional fee spend and increased technology security and infrastructure expense. Including non-underlying expense items, which rose slightly in H1 21, administrative expenses increased 1.9% to £11.3m (H1 20: £11.1m). The non-underlying expense items, set out in note 3, increased in the period to £4.2m (H1 20: £3.7m) reflecting an increased Axxsys and Obsidian earn-out and deferred consideration charge, higher intangible asset amortisation and share-based payments charges, offset by reduced acquisition costs.

Adjusted EBITDA grew 6.1% to £10.1m (H1 20: £9.5m), reflecting the lower adjusted administration expenses, and adjusted EBITDA margin eased from 22.5% in H1 20 to 21.3%. Adjusted profit before tax rose 3.8% to £9.1m (H1 20: £8.8m) after charging depreciation, amortisation of capitalised development costs and underlying finance costs. Operating profit fell 3.5% to £5.0m (H1 20: £5.2m) after non-underlying expenses, including earn-out and deferred consideration expenses, and share-based payment charges. Further detail of these non-operating expenses is set out in note 3.

Finance expenses rose in the first half as a result of Alpha having drawn £5.0m of its RCF for the period, now repaid, and increased non-underlying finance expenses relating to acquisition consideration discount unwinding, as set out in note 3. Pre-tax profit, after non-underlying items, was £4.5m (H1 20: £4.9m). Taxation charges for the period were £1.5m (H1 20: £1.3m), reflecting the growth in taxable profits and the blended tax rate of the jurisdictions in which the Group operates, while the comparative period benefitted from utilising some historic group losses.

Net assets at 30 September 2020 totalled £95.5m (31 March 2020: £91.4m). This increase principally arises from £3.0m in retained earnings, along with a £1.1m increase in other reserves relating to share-based payments. Since 31 March 2020, the increase in current trade and other payables mainly relates to the deferral of FY 20 team profit share payments, normally paid in the summer months, but deferred as part of Alpha's response to COVID-19, partially offset by a decrease in acquisition consideration related liabilities, reflecting payments in the period. FY 20 profit share will be paid shortly as Alpha eases the protective measures taken earlier in the year.

Net cash flow generated from operations increased to £15.3m (H1 20: £6.2m), being significantly improved by the deferral of the team profit share payments and some temporary corporation tax and VAT deferrals permitted in relation to COVID-19. Adjusted cash generated from operating activities was £16.4m and, after allowing for COVID-19 related payment deferrals, underlying cash conversion remains strong, assisted by improved working capital management. The Group's net cash position increased to £32.5m at 30 September 2020 (31 March 2020: £21.0m), after a further £3.9m of deferred acquisition payments and the full repayment of Alpha's £5.0m RCF balance. As previously disclosed, Alpha renewed and upsized its RCF in June 2020 and now maintains its £20.0m RCF undrawn, providing further capital flexibility.

Basic earnings per share were 2.95p (H1 20: 3.54p) and adjusted earnings per share were 6.99p (H1 20: 6.82p). The Board suspended the Group's dividend earlier in the year in light of the unfolding COVID-19 situation and the uncertainty that it created. Given Alpha's good H1 21 performance, the Board is pleased to reinstate Alpha's dividend and today it declares an interim dividend for the current year of 2.10p per share (H1 20 2.10p), which will be paid on 22 December 2020 to shareholders on the register at the close of business 11 December 2020.

Risk Management and the Year Ahead

The Group remains cognisant that there are a number of potential risks and uncertainties that could have a material impact on its performance over the remaining six months of the financial year and that could cause results to differ from expectations. These risks include political and economic uncertainty, and market volatility. The Board does not consider that these principal risks and uncertainties differ from those published in the Annual Report & Accounts for the year ended 31 March 2020.

The current COVID-19 situation is a significant event that brings an unprecedented level of uncertainty to the business environment and a shifting business development landscape. Alpha took early decisive action in response to the pandemic, implementing protective measures in March to reduce costs and maintain liquidity. FY 21 trading has begun well in the first half and the Group continues to see opportunities, new client wins and extensions to existing projects. Consequently, those measures are being reduced and reversed. However, the Board will continue to monitor the COVID-19 situation closely and will act appropriately in managing the Group through more uncertainty ahead in the interests of all stakeholders.

The Board and the executive team also continue to monitor the geopolitical developments surrounding the UK's decision to leave the European Union ("Brexit") closely, including the prospect of a "no deal" Brexit. The Group has assessed that it does not expect Brexit to have a material direct impact on its ongoing growth and development of the business, given arrangements between the UK and EU countries, and its network of offices across Europe. The most likely impact of Brexit on the business is a potential short-term delay to client decision making, which is not expected to have any adverse effects over the medium term.

The Board has considered all the above factors in its assessment of going concern and has been able to conclude the review positively. While cognisant of potential macroeconomic risks and the competitive environment, the Group's people, investment in product and service offerings and an international footprint help position Alpha well for the second half of the year.

Outlook

We are pleased to be reporting on a resilient performance in H1 21, while recognising that economic uncertainty remains given the ongoing impact of COVID-19, alongside some wider geopolitical uncertainty. There is good momentum within the business, and the Group has developed a strong client base with a deep understanding of the markets in which it operates to be able to leverage this. The Board is confident that the business model is robust, with the prospect of long-term revenues from repeat client business, focus on margins and strong cash flow generation.

The Group's strategy remains focussed on identifying opportunities and creating a platform for both organic and inorganic growth, and we are well positioned to make further progress against our strategic objectives in the second half of the financial year. The structural drivers in the asset and wealth management industry, which will drive ongoing demand for Alpha's services, remain strong. It is through the quality of our people, which we continue to reinforce;

an excellent delivery track record; and multiple new business opportunities to extend the service offering that we can ensure that we have the best foundations from which to both withstand any further challenges ahead and to grow the business successfully.

The performance of the business during the global pandemic demonstrates the exceptional talent of our people and the strength of our service proposition for our clients. Moving into the second half, there is a good pipeline of new projects and we are confident that results for the full year will be in line with current market expectations.

Ken Fry	**Euan Fraser**
Chairman	Global Chief Executive Officer

Interim condensed consolidated statement of comprehensive income
For the six months ended 30 September 2020

	Note	Unaudited six months ended 30 Sep 2020 £'000	Restated[6] reviewed six months ended 30 Sep 2019 £'000
Continuing operations			
Revenue	2	**47,613**	**43,183**
Rechargeable expenses		(97)	(743)
Net fee income		**47,516**	**42,440**
Cost of sales		(31,210)	(26,160)
Gross profit		**16,306**	**16,280**
Administration expenses		(11,282)	(11,076)
Operating profit		**5,024**	**5,204**
Depreciation		558	522
Amortisation of capitalised development costs		306	156
Adjusting items	3	4,233	3,659
Adjusted EBITDA	3	**10,121**	**9,541**
Finance income		-	-
Finance expense		(568)	(286)
Profit before tax		**4,456**	**4,918**
Taxation		(1,481)	(1,338)
Profit for the period		**2,975**	**3,580**
Exchange differences on translation of foreign operations		(20)	1,624
Total comprehensive income for the period		**2,955**	**5,204**
Basic earnings per ordinary share (p)	4	2.95	3.54
Diluted earnings per ordinary share (p)	4	2.81	3.42

[6]For further information on prior period restatements, please refer to the 'Prior period restatements' section of note 1

Interim condensed consolidated statement of financial position
As at 30 September 2020

	Note	Unaudited as at 30 Sep 2020 £'000	Restated reviewed as at 30 Sep 2019 £'000	Restated audited as at 31 Mar 2020 £'000
Non–current assets				
Goodwill	6	64,661	58,777	64,642
Intangible fixed assets		23,691	25,602	25,774
Property, plant and equipment		544	550	530
Right-of-use asset		2,271	2,919	2,611
Total non–current assets		**91,167**	**87,848**	**93,557**
Current assets				
Trade and other receivables	8	19,806	23,462	21,212
Cash and cash equivalents		32,536	17,144	25,996
Total current assets		**52,342**	**40,606**	**47,208**
Current liabilities				
Trade and other payables	9	(30,315)	(23,458)	(26,018)
Corporation tax		(5,186)	(3,460)	(4,150)
Lease liabilities		(694)	(750)	(791)
Interest bearing loans and borrowings		-	-	(5,000)
Total current liabilities		**(36,195)**	**(27,668)**	**(35,959)**
Net current assets		**16,147**	**12,938**	**11,249**
Non-current liabilities				
Deferred tax provision		(3,453)	(4,703)	(4,438)
Other non-current liabilities		(6,755)	(3,171)	(7,104)
Lease liabilities		(1,647)	(2,195)	(1,878)
Total non-current liabilities		**(11,855)**	**(10,069)**	**(13,420)**
Net assets		**95,459**	**90,717**	**91,386**
Equity				
Issued share capital	10	79	78	78
Share premium		89,396	89,396	89,396
Capital redemption reserve		-	(1)	-
Foreign exchange reserve		3,386	3,719	3,406
Other reserves		2,769	1,136	1,652
Retained earnings		(171)	(3,611)	(3,146)
Total shareholders' equity		**95,459**	**90,717**	**91,386**

The attached notes form part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows
For the six months ended 30 September 2020

	Unaudited six months ended 30 Sep 2020 £'000	Reviewed six months ended 30 Sep 2019 £'000
Cash flows from operating activities:		
Operating profit for the period	5,024	5,204
Depreciation of property, plant and equipment	558	522
Loss on disposal of fixed assets	-	11
Amortisation of intangible fixed assets	2,083	1,700
Acquisition related costs	-	430
Share-based payment charge	638	399
Operating cash flows before movements in working capital	**8,303**	**8,266**
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	1,639	(2,149)
Increase/(decrease) in trade and other payables	6,292	1,391
Tax paid	(949)	(1,269)
Net cash generated from operating activities	**15,285**	**6,239**
Cash flows from investing activities:		
Acquisition of subsidiary, net of acquired cash	(2,752)	(2,582)
Capitalised development costs	-	(876)
Additions to property, plant and equipment	(143)	(272)
Net cash used in investing activities	**(2,895)**	**(3,730)**
Cash flows from financing activities:		
Issue of ordinary share capital	1	-
Repayment of borrowings	(5,000)	-
Interest paid	(340)	(23)
Lease liability payments	(473)	(438)
Dividends paid	-	(4,135)
Net cash used in financing activities	**(5,812)**	**(4,596)**
Net increase/(decrease) in cash and cash equivalents	**6,578**	**(2,087)**
Cash and cash equivalents at beginning of the period	25,996	18,581
Effect of exchange rate fluctuations on cash held	(38)	650
Cash and cash equivalents at end of the period	**32,536**	**17,144**

Interim condensed consolidated statement of changes in equity
For the six months ended 30 September 2020

	Share capital £'000	Share premium £'000	Capital redempti-on reserve £'000	Foreign exchange reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 31 March 2019	76	89,396	1	2,095	737	(3,165)	89,140
IFRS 16 modified retrospective adjustments	-	-	-	-	-	109	109
As at 1 April 2019 - restated	**76**	**89,396**	**1**	**2,095**	**737**	**(3,056)**	**89,249**
Comprehensive income							
Profit for the period	-	-	-	-	-	3,580	3,580
Foreign exchange differences on translation of foreign operations	-	-	-	1,624	-	-	1,624
Transactions with owners							
Shares issued (equity)	2	-	(2)	-	-	-	-
Share-based payment reserves	-	-	-	-	399	-	399
Dividends	-	-	-	-	-	(4,135)	(4,135)
As at 30 September 2019 - restated	**78**	**89,396**	**(1)**	**3,719**	**1,136**	**(3,611)**	**90,717**
Comprehensive income							
Profit for the period	-	-	-	-	-	2,587	2,587
Foreign exchange differences on translation of foreign operations	-	-	-	(313)	-	-	(313)
Transactions with owners							
Shares issued (equity)	-	-	1	-	-	(1)	-
Share-based payment reserves	-	-	-	-	518	-	518
Deferred tax recognised in equity	-	-	-	-	(2)	-	(2)
Dividends	-	-	-	-	-	(2,121)	(2,121)
As at 31 March 2020	**78**	**89,396**	**-**	**3,406**	**1,652**	**(3,146)**	**91,386**
Comprehensive income							
Profit for the period	-	-	-	-	-	2,975	2,975
Foreign exchange differences on translation of foreign operations	-	-	-	(20)	-	-	(20)
Transactions with owners							
Shares issued (equity)	1	-	-	-	-	-	1
Share-based payment reserves	-	-	-	-	638	-	638
Deferred tax recognised in equity	-	-	-	-	479	-	479
Dividends	-	-	-	-	-	-	-
As at 30 September 2020	**79**	**89,396**	**-**	**3,386**	**2,769**	**(171)**	**95,459**

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

Share premium

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

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

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

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

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

Notes to the interim condensed consolidated financial statements

1. Basis of preparation and significant accounting policies

1.1. General information

The principal activity of the Group is the provision of consulting and related services to clients in the asset and wealth management industry, principally in the UK, North America, Europe & Asia.

Alpha Financial Markets Consulting plc is incorporated in England and Wales with registered number 09965297. The Company's registered office is 60 Gresham Street, London, EC2V 7BB. The Company is a public limited company and is admitted to trading on the AIM of the London Stock Exchange.

These interim condensed consolidated financial statements were authorised for issue on 25 November 2020 in accordance with a resolution of the Directors.

1.2. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's most recent annual consolidated financial statements, for the year ended 31 March 2020. They do not include all of the information required for a complete set of IFRS financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since Alpha's 2020 Annual Report & Accounts.

The financial information presented for the period to 30 September 2020 is unaudited. The financial information presented for the comparative period to 30 September 2019 was subject to an interim review and for the twelve months to 31 March 2020 was audited.

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

1.3. Statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 March 2020 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

1.4. Basis of consolidation

These interim condensed financial statements consolidate the interim financial statements of the Company and its subsidiary undertakings (the "Group") as at 30 September 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

1.5. Seasonality of operations

Given the nature of the Group's consulting and related services, and the composition of the Group's customers and contracts, seasonality is generally not expected to have a significant bearing on the financial performance of the Group.

1.6. Going concern

The Directors have, at the time of approving these interim condensed consolidated financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, taking into account plausible changes in trading performance, show that the Group has sufficient financial resources, together with assets that are expected to generate cash flow in the normal course of business.

Impact of Coronavirus (COVID-19)

The Directors note that the World Health Organisation declared a pandemic relating to COVID-19 on 11 March 2020 and social distancing measures were put in place shortly thereafter. In the period, the Group's key revenue generating territories closed offices and transitioned to a remote working functionality to protect the Group's employees and clients. In line with the Group's accounting policies, a going concern review was undertaken for the year ended 31 March 2020, which examined the sensitivity of the Group's financial resources to a significant adverse impact of the pandemic in FY 21.

Since the annual assessment, the Group has considered whether there are any indicators of significant adverse variations or material uncertainty in the Group's trading performance, both in the period against the internal budget, and in the Group's forecasts for at least 12 months from the date of issuance of this report (the "going concern period"), taking into account plausible downside scenarios. No such indicators have been identified. The ongoing trading performance of the Group's core revenue generating regions has been encouraging, and is ahead of the downside scenarios assumed during the annual assessment.

The Group has maintained a strong balance sheet and liquidity position and has repaid the £5.0m drawn RCF in the period. The Group maintains a net cash position of £32.5m as at 30 September 2020 and has access to an undrawn £20.0m RCF, arranged in the period, to support the Group's financing needs. While uncertainty remains prevalent in the macroeconomic environment, the Directors believe that the Group remains in a sufficiently strong financial position to respond to further issues within the going concern period.

Therefore, the Directors have adopted a going concern basis for the preparation of these interim condensed consolidated financial statements.

1.7. Principal accounting policies

Please refer to Alpha's Annual Report & Accounts 2020 for full disclosures of the principal accounting policies that have been adopted in the preparation of these interim condensed consolidated financial statements. There have been no significant changes to the accounting policies adopted by the Group in the period.

1.8. Significant judgements and estimates

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Judgements

The Directors have made one judgement, excluding those involving estimations, in the process of applying the Group's accounting policies, which is considered to have a significant effect on the amounts recognised in the financial statements for the period ending 30 September 2020.

Employment-linked acquisition payments

The contingent and non-contingent consideration related to acquisitions made in prior periods are part linked to the ongoing employment of certain management vendors. The apportionment of these payments in the financial statements is based on the interpretation of multiple complex clauses within the Share Purchase Agreement (SPA) of the relevant acquisition. For further details please see note 7.

Estimates

A number of estimates have been made in the preparation of the financial information. The underlying assumptions in the Group's estimates are based on historical experience and various other factors that are deemed to be reasonable under the circumstances. These assumptions form the basis of developing estimates of the carrying values of assets and liabilities that are not apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and any future years affected. Actual results can differ from these estimates.

The Directors have identified the following areas as key estimates that are considered to have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Share-based payments

Management has estimated the share-based payments expense under IFRS 2. In determining the fair value of the share-based payment charge, management has considered several internal and external factors in judging the probability that management and employee share incentives may vest and in assessing the fair value of share options at the date of grant. Such assumptions involve estimating a number of future performance and other factors. The fair value calculations have been externally assessed for reasonableness in the current and prior period. For further details please see note 5.

Acquisition earn-outs

The Obsidian and Axxsys earn-out expense calculations under IFRS 3 contain estimation uncertainty, as the earn-out potentially payable in each case is linked to the future performance of the acquiree. In order to determine the fair value of the earn-out at the acquisition date, management has assessed the potential future cash flows of the Axxsys and Obsidian businesses respectively, the likelihood of an earn-out payment being made, and discounted using an appropriate discount rate. These estimates are also affected by the heightened uncertainty due to the current COVID-19 environment and can change as a result of related events over the next several years. The fair value of the estimated earn-out expense is reassessed at each reporting date. For further details please see note 7.

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis. At 30 September 2020, the Group has considered whether there are any indicators of impairment that would constitute a full impairment assessment to be performed at the half year. No such indicators have been identified. For further detail refer to note 6.

It is considered appropriate to disclose this as an area of significant estimation due to the size of the balance, the heightened uncertainty due to the current COVID-19 environment, and the fact that it could change as a result of future events over the next several years.

Coronavirus (COVID-19)

For the purposes of considering going concern and non-financial asset impairment, management has applied a number of key assumptions that relate to the ongoing outbreak of COVID-19 and the associated market uncertainty in Alpha’s operational territories. The key assumptions applied for these purposes relate to the potential ongoing impact of the pandemic and any further protective measures as determined by government bodies globally, and the associated assumptions as to the potential impact of these factors on the Group’s asset impairment and going concern considerations.

Management consider that the impact of uncertainty related to COVID-19 will be most apparent in the following areas of the financial statements.

- Going concern: refer to the “‘Going concern’” section above for further detail on the impact of COVID-19.
- Impairment of non-financial assets: refer to note 6 for further details on the impact of COVID-19 on asset impairment.
- Valuation of expected credit loss on financial assets: refer to note 8 for details of consideration given to the valuation of the expected credit loss of receivables in light of the COVID-19 uncertainty.
- Acquisition earn-outs: refer to note 7 for further detail.

1.9. Prior period restatements

Remeasurement of lease accounting on transition to IFRS 16

During the reporting process for the year ended 31 March 2020, which represented the first year of implementation, the Group performed a reassessment of the opening balance sheet impact of the Group's transition to IFRS 16 on 1 April 2019. The impact of this has resulted in a £136,000 increase in the Group's net assets as at 30 September 2019.

Previously, the 1 April 2019 opening adjustment was (£27,000) and this was reassessed to £109,000, increasing the Group's brought forward retained earnings by £136,000, of which £27,000 related to an increase in the Group's right-of-use asset and £109,000 related to a reversal of the Group's rent-free accrual balance at 1 April 2019.

Revenue including rechargeable expenses

As disclosed in the Group's Annual Reports and Accounts 2020, in line with IFRS 15 Para. B35B, revenue was restated in H1 20 to be recognised on a gross basis and the fees and associated rechargeable expenses are disaggregated and shown separately. This change in presentation has arisen from the Group's reassessment of the principal versus agent considerations guidance in IFRS 15 with regard to rechargeable expenses arrangements. This represents a prior year adjustment under IAS 8 and has been applied retrospectively from the earliest comparative period disclosed within these financial statements.

This change increased revenue and rechargeable expenses by £743,000 in H1 20 and has no impact on the Group's profits or net asset position.

Remeasurement of the fair value of goodwill

In line with IFRS 3 Para. 45, the Group have made a measurement period adjustment to the valuation of goodwill associated with the acquisition of Obsidian Solutions Limited in the comparative period ended 31 March 2020, due to a residual net cash payment made in the period. This resulted in an immaterial £89,000 increase in the value of goodwill and current liabilities, which has been reflected in the restated statement of financial position as at 31 March 2020.

Additionally, as previously disclosed in the Group's Annual Report & Accounts 2020, an immaterial £40,000 measurement period adjustment to the fair value of goodwill and current liabilities was recognised on the acquisition of Axxsys, and has been reflected through the restatement of the statement of financial position as at 30 September 2019.

Both restatements have no impact on the Group's net assets as at 31 March 2020 and 30 September 2019.

1.10. New accounting standards and interpretations

The following changes in accounting policies were applied by the Group in these consolidated financial statements for the period ended 30 September 2020. These included the adoption of new standards and interpretations described below.

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards and interpretations which are now effective:

- Amendments to references to the conceptual framework in IFRS standards
- Definition of a business (Amendments to IFRS 3)

- Definition of material (IAS 1)
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

None of the above standards or interpretations had a material impact on the Group's financial statements for the period ended 30 September 2020.

2. Segment information

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

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

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

30 September 2020	**UK**	**North America**	**Europe & Asia**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	**26,494**	**7,758**	**13,361**	**47,613**
Rechargeable expenses	(37)	(16)	(44)	(97)
Net fee income	**26,457**	**7,742**	**13,317**	**47,516**
Cost of sales	(16,151)	(5,520)	(9,539)	(31,210)
Gross profit	**10,306**	**2,222**	**3,778**	**16,306**
Margin on net fee income (%)[7]	39.0%	28.7%	28.4%	34.3%
Net assets	**54,856**	**9,948**	**30,655**	**95,459**

Restated 30 September 2019	**UK**	**North America**	**Europe & Asia**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	**25,107**	**7,170**	**10,906**	**43,183**
Rechargeable expenses	(351)	(314)	(78)	(743)
Net fee income	**24,756**	**6,856**	**10,828**	**42,440**
Cost of sales	(13,930)	(4,511)	(7,719)	(26,160)
Gross profit	**10,826**	**2,345**	**3,109**	**16,280**
Margin on net fee income (%)[7]	43.7%	34.2%	28.7%	38.4%
Net assets	**55,565**	**8,464**	**26,688**	**90,717**

The Group's central net assets have been allocated to the UK operating segment, with the exception of goodwill balances, which have been allocated in line with operating segments.

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

[7]Margin on net fee income is gross profit expressed as a percentage of net fee income. Please refer to note 3 for further detail

3. Reconciliations to alternative performance measures (APMs)

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

Net fee income

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

Profit margins

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

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

	Note	Six months ended 30 Sep 2020 £'000	Six months ended 30 Sep 2019 £'000
Profit before tax		**4,456**	**4,918**
Amortisation of acquired intangible assets		1,777	1,544
Loss on disposal of fixed assets		-	11
Share-based payments charge	5	719	654
Earn-out and deferred consideration	7	1,561	1,257
Acquisition costs		-	266
Integration costs		107	-
Foreign exchange (gains)/losses		69	(73)
Adjusting items		4,233	3,659
Non-underlying finance expenses		409	192
Adjusted profit before tax		**9,098**	**8,769**

Net underlying finance expenses	159	94
Adjusted operating profit	**9,257**	**8,863**
Depreciation of plant and equipment	558	522
Amortisation of capitalised development costs	306	156
Adjusted EBITDA	**10,121**	**9,541**
Adjusted EBITDA margin (%)	21.3%	22.5%

Adjusted EBITDA

Adjusted EBITDA is a commonly used operating measure, which is defined by the Group as earnings stated before non-cash items including intangible asset amortisation, depreciation, net finance expenses and other non-operating expenses. Adjusted EBITDA is a measure that is used by management and the Board to assess trading performance across the Group and forms the basis of the performance measures for aspects of remuneration, including consultant profit share.

Adjusted EBITDA also excludes the employee share-based payments charge and related social taxes. This allows comparability between periods as the Group's share option plans were established on AIM admission, aligns more closely with the operational activities of the business, accounts for the fact that the charge is a non-cash item and that the estimated future social taxes payable fluctuate with the future market value of the shares. This has been applied consistently across reporting periods. Note 5 sets out further details of the employee share-based payments expense calculation under IFRS 2.

As per note 7, the acquisition of Axxsys and Obsidian in the prior period involved deferred contingent and non-contingent consideration payments, which, in accordance with IFRS 3, will be expensed over several years, dependent on the ongoing employment of the respective vendors. This cost has been removed to calculate adjusted EBITDA as, whilst it will recur in the short term, it represents additional payments linked to these acquisitions and not operational performance. In prior periods, the employment-linked deferred consideration relating to the acquisition of TrackTwo was similarly adjusted.

Similarly, the impact of foreign currency volatility in translating the underlying trading of the Group to the Group's functional currency has been excluded from the calculation of adjusted EBITDA on the basis that such exchange rate movements do not reflect the underlying trends or operational performance of the Group.

Acquisition costs expensed in the prior period relating to the Axxsys acquisition have also been excluded from adjusted EBITDA as they are not directly attributable to the ongoing trading performance of the Group.

Integration costs incurred to align the acquired Obsidian product suite security and to integrate the technology protocols with the ADS 360 SalesVista product directly result from the acquisition of Obsidian, and have been managed as a discrete short-term project subsequent to the acquisition now completed. These costs are excluded to allow clarity on the underlying operational performance of the Group between periods.

Adjusted profit before tax

Adjusted profit before tax is an alternative performance measure introduced to allow comparability of the Group's underlying performance after net underlying finance expenses, including bank interest and charges, and IFRS 16 Lease depreciation and interest charges. This measure also reflects the underlying amortisation charges arising from the capitalised costs of ADS product development. This measure will likely be of increasing importance in allowing comparability across periods as the ADS business grows further in future periods.

In addition, the related unwinding of the discounted contingent and non-contingent acquisition consideration within finance expenses is also considered non-operating in calculating adjusted profit before tax.

Reconciliation of adjusted administration expenses

	Six months ended 30 Sep 2020 £'000	**Six months ended 30 Sep 2019 £'000**
Administration expenses	11,282	11,076
Adjusting items	(4,233)	(3,659)
Depreciation of plant and equipment	(558)	(522)
Amortisation of capitalised development costs	(306)	(156)
Adjusted administration expenses	**6,185**	**6,739**

Adjusted administration expenses are stated before adjusting items, depreciation and amortisation of capitalised development costs and are used by the Board to monitor the underlying administration costs of the business in calculating adjusted EBITDA. Adjusted administrative expenses fell 8.2% to £6.2m.

Adjusted profit after tax

	Six months ended 30 Sep 2020 £'000	**Six months ended 30 Sep 2019 £'000**
Adjusted profit before tax	**9,098**	**8,769**
Tax charge	(1,481)	(1,338)
Tax impact of adjusting items	(562)	(540)
Adjusted profit after tax	**7,055**	**6,891**

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

Adjusted earnings per share (EPS)

Adjusted EPS is calculated by dividing the adjusted profit after tax for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Adjusted diluted EPS is calculated by dividing adjusted profit after tax by number of shares as above, adjusted for the impact of potential ordinary shares. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share). Refer to note 4 for further detail.

	Six months ended 30 Sep 2020	Six months ended 30 Sep 2019
Adjusted EPS		
Adjusted EPS (p)	6.99	6.82
Adjusted diluted EPS (p)	6.67	6.58

Adjusted cash generated from operating activities

Adjusted cash generated from operating activities excludes any employment-linked acquisition payments and other acquisition costs expensed in the period, treated as operating cash flows under IFRS, in order to exclude the effect of cash payments relating to acquisitions from underlying operating performance.

	Six months ended 30 Sep 2020 £'000	Six months ended 30 Sep 2019 £'000
Net cash generated from operating activities	**15,285**	**6,239**
Employment-linked acquisition payments	1,146	-
Adjusted cash generated from operating activities	**16,431**	**6,239**

Adjusted cash conversion

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

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

	Six months ended 30 Sep 2020	Six months ended 30 Sep 2019
Cash conversion	304.2%	119.9%
Adjusted cash conversion	177.5%	70.4%

Organic net fee income growth

Organic net fee income growth of 7.5% for the current period represents H1 21 net fee income less £1.9m net fee income attributable to the acquisitions completed during prior periods.

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

Constant currency growth

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

Currency translation had a minimal impact on both net fee income and profits in H1 21, as a result of offsetting movements in foreign exchange of Sterling against all currencies in Alpha's key territories. In the six months, Sterling averaged $1.27 (H1 20: $1.26) and €1.12 (H1 20: €1.13), which, with other offsetting currency movements, resulted in a negligible net currency effect.

4. Earnings per share and adjusted earnings per share

The Group presents basic and diluted EPS data, both adjusted and non-adjusted for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares fully outstanding during the period.

The weighted average number of diluted ordinary shares used in the calculation of diluted EPS includes the number of shares that are issued to satisfy share incentive awards granted to employees as they fall due, adjusted for the likelihood of meeting performance criteria, if any, and employee attrition. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share).

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

	Note	Six months ended 30 Sep 2020	Six months ended 30 Sep 2019
Basic & diluted EPS			
Profit/(loss) for the period used in calculating basic and diluted EPS (£'000)		2,975	3,580
Weighted average number of ordinary shares in issue ('000)		100,905	101,040
Number of dilutive shares ('000)		4,915	3,770
Weighted average number of ordinary shares, including potentially dilutive shares		105,820	104,810
Basic EPS (p)		2.95	3.54
Diluted EPS (p)		2.81	3.42
Adjusted EPS			
Adjusted profit for the period used in calculating adjusted basic and diluted EPS (£'000)	3	7,055	6,891
Weighted average number of ordinary shares in issue ('000)		100,905	101,040
Number of dilutive shares ('000)		4,915	3,770

Weighted average number of ordinary shares, including potentially dilutive shares	105,820	104,810
Adjusted EPS (p)	6.99	6.82
Adjusted diluted EPS (p)	6.67	6.58

5. Share-based payments

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

The Management Incentive Plan (MIP)

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

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

As disclosed in the Annual Report & Accounts 2020, responding to the impact of COVID-19, options granted to the senior management of the Company in the period were subject to more flexible performance criteria. For most participants these include local budget targets and a variety of stretching personal sales or other targets. The Executive Directors’ awards in the period are, as before, also subject to the Group achieving a total shareholder return for the 3 years from date of award, in excess of the average total shareholder return of a peer group of comparable companies.

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

The Employee Incentive Plan (EIP)

In addition to the MIP, in the year ended 31 March 2018, the Board put in place a medium-term EIP. Under the EIP, a broad base of the Group’s employees has been granted share options or share awards over a small number of shares. The EIP will be structured as is most appropriate under the local tax, legal and regulatory rules in the key jurisdictions and therefore varies between those jurisdictions.

At 30 September 2020, a total of 3,365,900 share option and award grants were made to employees and senior management during the period (H1 20: 3,318,807).

Details of the share option awards made are as follows:

Period ended 30 Sep 2020

	Number of share options	Weighted average exercise price
Outstanding at the beginning of the period	6,490,661	-
Granted during the period	3,365,900	-
Exercised during the period	-	-
Forfeited during the period	(704,947)	-
Expired during the period	-	-
Outstanding at the period end	**9,151,614**	**-**
Exercisable at the period end	**-**	**-**

No share options were exercisable in the period.

The options outstanding at 30 September 2020 had a weighted average remaining contractual life of 2 years and a nil or nominal exercise price.

During the period ended 30 September 2020, options were granted on 23 July 2020 to employees and certain senior management. The weighted average of the estimated fair values of the options outstanding is £1.01 per share (H1 20: £0.76).

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

MIP share options without external market conditions and EIP share options were valued at award using a Black-Scholes model using the following inputs:

	Period ended 30 Sep 2020
Weighted average share price at grant date	£1.94
Exercise price	-
Volatility	22.00%
Weighted average vesting period	3 years
Risk free rate	0.44%
Expected dividend yield	3.00%

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

The Group has also applied incremental increases in the assumed likelihood of vesting for share options as the vesting date approaches, in line with individual entity performance to date, as per the Group's market expectations, and other internal performance conditions.

The Group recognised a total expense of £0.7m related to equity settled share-based payment transactions in the current period, including relevant social security taxes (H1 20: £0.7m).

Given the estimation, were the future performance conditions for all outstanding share options assumed to be met, the charge in the period would increase by £0.3m.

Other assumptions associated with the calculation of the social security tax liability due on vesting of share options include an estimation of the forward-looking share price at the vesting date based on applicable analyst research and applicable future tax rates. For these purposes, share price is assumed to grow in line with the performance of the business. Reasonable changes in this specific estimate do not have a material impact on the expense incurred in relation to social security costs or share-based payments in the period.

6. Goodwill

	30 Sep 2020 £'000	Restated 30 Sep 2019 £'000	Restated 31 Mar 2020 £'000
Cost at beginning of the period	64,642	55,162	55,162
Additions	-	2,641	8,558
Gains/(losses) from foreign exchange	19	974	922
Cost at end of the period	**64,661**	**58,777**	**64,642**

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.

In line with IAS 36, the carrying value of goodwill is not subject to systematic amortisation but is reviewed at least annually for impairment.

In line with IAS 36, the Group performs a full annual impairment assessment. At the half year, the Group considered whether there are any indications that the assets held are at risk of impairment, and whether such indications warrant an intermediate impairment assessment to be performed for the period ended 30 September 2020.

The Directors consider that the Group's goodwill impairment review for the year ended 31 March 2020 was performed amidst the most severe months of the COVID-19 pandemic and, as such, the forecasts applied for the purposes of the goodwill impairment testing, as disclosed within the Group's Annual Report & Accounts 2020, were reflective of the Group's assessment of reasonably possible outcomes at that date. Significant COVID-19 related downside sensitivities were built into management's assessment of future cash flows. This assessment was performed to determine whether, given a range of reasonably possible outcomes, there was a risk of impairment. The determination made at that date was that no impairment exists.

For the purposes of the period ended 30 September 2020, the Directors have therefore considered whether any further changes in the macroeconomic environment as a result of the ongoing pandemic indicate an extension of, or an increase in severity of, the downside sensitivities applied at 31 March 2020. Having performed this review, the Directors conclude that trading performance in the six months to 30 September 2020 has been significantly above the downside sensitivity levels applied in the last full impairment assessment. As such, there is not considered to be an indicator that an additional impairment assessment is required for this interim period.

Further details of the review performed for the year ended 31 March 2020 are provided on pp142-43 of Alpha's Annual Report & Accounts 2020.

7. Earn-out and deferred consideration liabilities

Acquisitions in prior periods

As part of the acquisition of Axxsys Limited and Obsidian Solutions Limited in previous periods, the Group agreed earn-out arrangements and a final ownership consideration based on the financial performance of the respective acquired entities over an agreed period of time, subject to continuous employment of the respective vendors, as previously disclosed in the Group's Annual Report & Accounts 2020.

Obsidian

The remaining £1.7m base consideration outstanding from the acquisition of Obsidian was paid in the period. Including the contingent earn-out and unwinding of discounting, a total £3.7m estimated consideration is recorded within liabilities. In the period, £1.0m was expensed as a non-underlying cost relating to employment-linked consideration. Any remaining employment-linked balance will be expensed through the income statement in line with IFRS 3, proportionately until 2023.

The earn-out payments have been estimated by the Directors based on anticipated future earnings and discounted to current values. The unwinding of this earn-out discount annually shall be recognised as a finance cost. During the period, £0.1m of this discount unwinding was expensed as a non-underlying cost in relation to Obsidian.

Axxsys

Of the remaining £4.2m base consideration due on the acquisition of Axxsys as at 31 March 2020, £2.1m was paid during the period, of which £1.1m was employment linked. The remaining £2.1m base consideration is due on the second anniversary of the acquisition. In the period, £0.6m was expensed as a non-underlying cost relating to employment-linked consideration. Including the contingent earn-out and unwinding of discounting, a total £4.9m estimated consideration is recorded within liabilities. Any remaining employment-linked balance will be expensed through the income statement in line with IFRS 3, proportionately until 2022.

Both the earn-out payments, which have been estimated by the Directors based on anticipated future earnings, and the deferred consideration, are discounted to current values. The unwinding of this discount annually shall be recognised as a finance cost. During the period, £0.3m of this discount unwinding was expensed as a non-underlying cost in relation to Axxsys.

TrackTwo

As part of the acquisition of TrackTwo GmbH in 2017, the Group agreed an earn-out arrangement and a final ownership consideration based on the financial performance of TrackTwo over the 3-year period to July 2020, subject to continuous employment of the vendor until July 2020, as previously disclosed. In line with FY 20, as at 30 September 2020, £0.1m is recorded in current liabilities to reflect the expected final payment due to be settled shortly.

The below table summarises the deferred and contingent consideration balances in relation to acquisitions held within current and non-current liabilities as at 30 September 2020:

	30 Sep 2020	**30 Sep 2019**	**31 Mar 2020**
	£'000	**£'000**	**£'000**
Amounts due within one year	2,450	4,143	3,699
Amounts due after one year	6,275	2,916	6,864

Total acquisition consideration liability held	**8,725**	**7,059**	**10,563**

8. Trade and other receivables

	30 Sep 2020 £'000	30 Sep 2019 £'000	31 Mar 2020 £'000
Trade receivables	17,927	19,625	18,897
Other debtors	256	1,085	101
Prepayments	876	906	926
Accrued income	747	1,846	1,288
Total amounts due within one year	**19,806**	**23,462**	**21,212**

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

In assessing the appropriateness of the Group's expected credit loss provision at 30 September 2020, the Directors have considered the Group's historical loss rates for each aging category of receivables in conjunction with other factors, including the ongoing outbreak of COVID-19 in key Alpha territories. There are no indicators at 30 September 2020 that the profile of risk associated with the Group's receivables is materially different from that determined through the full assessment performed for the year ended 31 March 2020. Therefore, immaterial changes have been made to the Group's existing loss rates, as disclosed in Alpha's Annual Report & Accounts 2020.

9. Trade and other payables

	Note	30 Sep 2020 £'000	Restated 30 Sep 2019 £'000	Restated 31 Mar 2020 £'000
Trade payables		1,669	2,210	2,329
Accruals		16,408	8,911	12,863
Deferred income		1,674	1,051	1,336
Taxation and social security		6,487	5,122	4,213
Other creditors		1,627	2,021	1,578
Earn-out and deferred consideration	7	2,450	4,143	3,699
Total amounts due within one year		**30,315**	**23,458**	**26,018**

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

Accruals include the provision for employee profit share and bonus, accrued through the period, as well as the unpaid FY 20 provision. As part of Alpha's response to COVID-19, the Group delayed the payment of FY 20 team profit share payments, normally paid in the summer months. This delayed FY 20 payment is expected to be made shortly, as Alpha eases the protective measures taken earlier in the year.

Earn-out and deferred consideration predominantly comprises the fair value of contingent and non-contingent consideration arising from the acquisitions of Axxsys and Obsidian at the balance sheet date. Please refer to note 7 for further details.

Within taxation and social security are deferrals of certain payroll liabilities allowed as part of COVID-19 related government support measures. These amounts are expected to be paid in full in the second half of the year.

10. Called up share capital

	30 Sep 2020 Number	30 Sep 2019 Number	31 Mar 2020 Number
Allotted, called up and fully paid			
Ordinary 0.075p shares (1 vote per share)	105,538,019	103,607,638	103,607,638

	30 Sep 2020 £	30 Sep 2019 £	31 Mar 2020 £
Allotted, called up and fully paid			
Ordinary 0.075p shares (1 vote per share)	79,154	77,706	77,706

Balance at 1 April 2020 103,607,638 ordinary shares of 0.075p each	(i)	77,706
Issued shares	(ii)	1,448
Balance at 30 September 2020 **105,538,019 ordinary shares of 0.075p each**		**79,154**

(i) No shares were issued or cancelled in the year ended 31 March 2020.

(ii) During the period, 1,930,381 ordinary shares were issued by the Company to the employee benefit trust (EBT) for potential future satisfaction of share incentive plans. In addition, the Company bought back 88,648 shares from prior employees at nominal value and also transferred these to the EBT.

The total number of voting rights in the Company at 30 September 2020 was 100,849,561.

Alpha Employee Benefit Trust

At 30 September 2020, the Group held 4,688,458 (31 March 2020: 2,669,429) shares in the EBT to satisfy share options granted under its Joint Share Ownership Plan (JSOP). Unallocated ordinary shares held within the EBT have no dividend or voting rights.

Treasury shares

The Group did not hold any shares in treasury at 30 September 2020 (31 March 2020: nil).

Dividends

In light of the uncertainty caused by the COVID-19 pandemic, the Board did not recommend a final dividend for the year ended 31 March 2020 and, therefore, no dividends were paid in the period.

The Board has declared an interim FY 21 dividend of 2.10p per share (H1 20: 2.10p).

11. Related party transactions

Related parties, following the definitions within IAS 24, are the Group's subsidiary companies, members of the Board, key management personnel and their families, and shareholders who have control or significant influence over the Group.

The Group considers the Directors to be the key management personnel. There were no transactions within the period in which the Directors had any interest outside of their contractual remuneration.

Transactions between the Company and its subsidiaries are on an arm's length basis and have been eliminated on consolidation and are not disclosed in this note. None of the Group's shareholders are deemed to have control or significant influence and therefore are not classified as related parties for the purposes of this note.

12. Events after the reporting period

Exercise of incentive awards and total voting rights

As previously disclosed, on 12 October 2020 certain of the MIP awards granted at the time of the October 2017 AIM admission partially vested, following satisfaction of performance conditions.

The awards' performance conditions relating to EPS growth and total shareholder return exceeding a basket of comparable companies over three years to 12 October 2020 were met in full and the relevant local country or divisional budgetary performance conditions were met in full or part dependant on Alpha location. As a result, 1,812,500 nil or nominal cost awards over ordinary shares of 0.075 pence per share vested.

Of these vested awards, 1,031,250 awards have been exercised. The Company settled these exercised awards, some net settled after taxes due, by issuing 983,947 ordinary shares. The remaining vested award holders have a further 7-year period in which to exercise their vested awards.

On 14 October 2020, the Company bought back 137,482 ordinary shares from prior employees ("reclaimed shares") for nominal value. All of the reclaimed shares will be held in the EBT for the satisfaction of future employee awards.

As at 25 November 2020, in accordance with the Financial Conduct Authority's Disclosure and Transparency Rules, the Company continues to have 106,521,966 ordinary shares in issue, of which none are held in Treasury. The total number of voting rights in the Company is 101,696,026. This figure of 101,696,026 may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

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