Alpha Group International plc

Annual Report 2023

Highlights
FY2023

FINANCIAL HIGHLIGHTS[1]

- Group revenue increased 12% to £110.4m (2022: £98.3m)
- FX Risk Management revenue increased 10% to £76.3m (2022: £69.5m)
- Alternative Banking revenue[1] increased 18% to £33.9m (2022: £28.8m)
- Underlying[2] profit before tax grew 11% to £43.0m, excluding Cobase[3] growth was 12% to £43.2m (2022: £38.6m)
- Consistent underlying profit margins of 38% (2022: 39%)
- Alternative Banking client balances increased by 30% to £2.1bn in Q4 (2022 Q4: £1.6bn)
- Net treasury income[4] from interest on client balances of over £73m (2022: £9.3m)
- Total Income increased 73% to £186.0m (2022: £107.6m)
- Profit before tax increased 148% to £115.9m (2022 restated[5]: £46.8m)
- Strong cash generation and debt free, with adjusted net cash[6] increasing by £64m to £178.8m (2022: £114.4m)
- Basic earnings per share up 124% to 206.2p (2022 restated: 92.1p), and underlying basic earnings per share flat at 76.7p (2022 restated: 76.3p)
- Final dividend of 12.3 pence per share, payable on 10 May 2024 to shareholders on the register at 5 April 2024, making a total final dividend for 2023 of 16.0 pence per share (2022: 14.4p)
- Cobase (acquired 1 December 2023) contributed revenue of £186k in the month post-acquisition
- Initiated up-to £20m share buyback in January 2024

BUSINESS HIGHLIGHTS

- Against a difficult macro-environment, average revenue per FX Risk Management client increased 7% (2022: 3%) and FX Risk Management client numbers increased 2% to 1,071 (2022: 1,047)
- No. of accounts booking trades on our FXRM platform increased 19% in the year
- No. of accounts within Alternative Banking increased 54% to 6,467 (2022: 4,200)
- Group Front Office headcount increased 25% to 136 at the year-end (2022: 109)
- Benefits of diversification strategy clearly evidenced in resilient revenue and profit growth
- Disciplined approach to credit and risk reflected in the lowest level of client defaults in the past five years
- Business is well invested with scalable platform, creating operational gearing opportunity moving forward
- Launch of new Fund Finance business in May 2023
- Launch of new Corporate FXRM offices in Madrid and Munich
- Completed our first acquisition (Cobase) in December 2023
- Working towards a listing on the Premium Segment of the Main Market in May 2024
- Appointment of Dame Jayne-Anne Gadhia to the Board intended for 1 May 2024, as Chair Designate[7]
- 2024 has started well, in line with our expectations

REVENUE (+12%)

£110M

ADJUSTED NET CASH (+£64m)

£179M

PROFIT BEFORE TAX (+148%)

£116M

TOTAL INCOME (+73%)

£186M

UNDERLYING[2] PBT (+11%)

£43M

FRONT OFFICE HEADS (+25%)

136

[1] Alternative Banking revenue includes £0.7m of revenue from Fund Finance solution, which was born out of this division.

[2] Underlying excludes the impact of non-cash share-based payments expense, net treasury income on client balances, one-off listing-related and M&A costs and amortisation of purchased intangibles in 2023.

[3] Cobase was acquired on 1 December 2023, and during the month generated revenue of £0.2m, EBITDA of £0.0m, and a PBT loss of £0.2m.

[4] Previously "Other Operating Income".

[5] The prior period restatement is detailed further in note 4 of the financial statements.

[6] Excluding collateral received from clients, collateral paid to banking counterparties, early settlement of trades and the unrealised mark to market profit or loss from client swaps and rolls.

[7] Subject to the completion of normal regulatory due diligence by the Company's Nomad.

Alpha Group
Part fintech, part consultancy, wholly different.

Alpha is a leading non-bank provider of financial solutions to corporates and institutions operating internationally. Blending deep expertise with cutting-edge technologies, we provide a growing portfolio of financial solutions to clients across more than fifty countries, serving as an enhanced alternative to their traditional bank.

The key to our success is our team, over 480 people based across ten international offices, brought together by a high-performance culture and a partnership structure that creates a powerful sense of collective ownership across the business.

Whilst we are an established company listed on the London Stock Exchange, we remain relentlessly focused on maintaining the same level of agility and client focus we had when we commenced operations in 2010. These dynamics, combined with the passion of our people, have enabled us to make a substantial and enduring difference to our clients, and deliver a growth story to match.

OUR DIVISIONS AND MARKETS

DIVISION	FX Risk Management (est. 2010)	Alternative Banking (est. 2020)	Cobase (acquired 2023)
PRODUCTS	Risk Management Mass Payments	Global Accounts Mass Payments Fund Finance ('FF')	Bank Connectivity Technology
MONETISATION	Margins on Spot, Forward & Option Contracts Payment Fees	Account Fees Payment Fees Margins on Spot Contracts Platform Fees (FF) Advisory Fees (FF)	Platform Fees
CLIENTS	Corporates & Institutions	Institutions	Corporates & Institutions
OFFICES	UK, Canada, Netherlands, Italy, Australia, Spain, Germany	UK, Luxembourg, Malta	Netherlands
FY23 REVENUE	£76.3m	£33.9m	£0.2m
HEADCOUNT	192 FX Risk Management	230 Alternative Banking	21 Cobase
	43 Central Services		

Our History

Our past performance is the result of being relentlessly focused on the future.

2023

December 2023: Acquisition of Cobase completed.

August 2023: Opened second HQ in London, focused on the Institutional market.

September 2023: Launch of FXRM sales offices in Madrid and Munich.

May 2023: Launch of Fund Finance business.

2022

December 2022: Company rebrands as Alpha Group International plc.

March 2022: Launch of FXRM sales office in Milan.

October 2022: Launch of FXRM office in Sydney.

January 2022: Launch of Alternative Banking office in Luxembourg.

2021

December 2021: Employee shareholder milestone, with over 100 employee shareholders.

April 2021: Group completes decentralisation into FX Risk Management and Alternative Banking.

September 2021: Company formally launches global accounts solution for alternative investments.

March 2021: Launch of office in Malta, focused on alternative investment market.

2020

April 2020: Capital raise and share placing for investment, raising £20m.

March 2020: Launch of FXRM sales office in Amsterdam.

2019

January 2019: Company joins AIM-100 list of the London Stock Exchange.

2018

December 2018: Launch of mass payments platform.

October 2018: Capital raise and share placing for investment, raising £20m.

October 2018: Launch of FXRM sales office in Toronto.

March 2018: Launch of Institutional business.

2017

August 2017: Obtained FCA licence to provide derivatives.

April 2017: IPO on AIM with a market cap of c. £65m.

2010

February 2010: Alpha launches as FX Risk Management specialist to UK corporates.

Chairman's Statement
Clive Kahn

I am pleased to report another year of strong financial and operational progress for the Group, in which we delivered double-digit growth alongside further geographic expansion and the completion of our first acquisition.

Our ability to maintain our track record of top-line growth during a period dominated by such challenging and turbulent macroeconomic conditions underlines the resilience of our business. To have recorded such a performance despite suppressed activity levels within both our corporate and institutional markets validates both the strength of our proposition and the correctness of our strategy to diversify our business streams and to reinvest previous profits into our infrastructure and people.

A further result of the previous investment is that our best-in-class back office function has the capacity for further growth. This enabled us to focus our investment and capital allocation during the year on our front office functions. We opened two new overseas offices and launched a new fund finance offering directed at the institutional market. We ended the year with record cash flows and a strengthened balance sheet with £178.8m adjusted net cash.

BOARD APPOINTMENTS

The Group continues to benefit from an experienced and founder-led leadership team. After eight years as Chair of the Company, I have agreed with the Board that I will step down from this position at our 2025 AGM. Subsequently, on 20th March 2024, we were pleased to announce that Dame Jayne-Anne Gadhia will be joining the Board as Chair Designate, effective upon the conclusion of the Company's AGM on 1st May 2024 (and subject to normal regulatory due diligence by the Group's Nomad).

Jayne-Anne brings a wealth of experience setting up and leading high-quality financial institutions, more details of which can be found in our regulatory announcement dated 20th March.

In addition, Lisa Gordon will be stepping down from the Board on 1st May 2024 by not seeking re-election at the next AGM. On behalf of the Board and the wider company, I would like to thank Lisa for all her contributions throughout Alpha's growth journey over the past seven years – from our IPO on AIM, to a company that is about to embark on its Main Market listing. The Board and I look forward to working with Jayne-Anne as Alpha embarks on the next chapter in its growth story.

COBASE ACQUISITION

We were delighted, last December, to complete our acquisition of Cobase, a leading multibank connectivity platform. As a high-tech, disruptive force within the corporate and institutional space, Cobase represents a natural fit for Alpha Group. There is significant overlap between our client bases, with considerable potential for mutual value adds, as well as the ability to provide a more integrated treasury service for our clients.

The acquisition has brought a further 21 talented colleagues into the Alpha Group, who will continue to operate from the Cobase Amsterdam office.

On behalf of Alpha, I would like to formally welcome these new colleagues and, with the significant cross-selling prospects across our client bases in mind, I am excited to see the opportunities our two businesses can create in 2024 and beyond.

CLIVE KAHN
Non-Executive Chairman

MAIN MARKET PREMIUM LISTING

Our plans remain on course for a Main Market Premium listing later in May of this year. We view this new listing as a key opportunity for Alpha to add to our solid reputation within our markets and to allow us to target further clients across new geographies. From a Board perspective, we also believe the higher levels of governance and disclosure required by the listing will also strengthen our relationships with new and existing stakeholders. Having joined Alpha in 2016, prior to its IPO, it is incredible to reflect on how the business has grown and matured over the past eight years. I look forward to seeing what the company can achieve as it embarks on this next chapter.

FINAL DIVIDEND

Following the strong full-year results, and associated cash generation, the Board is pleased to declare a final dividend of 12.3p per share (2022: 11.0p). Subject to shareholder approval, the final dividend will be payable to Shareholders on the register at 5 April 2024 and will be paid on 10 May 2024. This represents a total dividend for the year of 16.0p per share (2022: 14.4p).

We were also pleased to be able to initiate a £20m share buy-back programme at the end of January of this year, full details of which can be found in our regulatory announcement dated 29 January 2024.

LOOKING AHEAD

I believe the Group has never been better positioned to deliver substantial growth and operational gearing over the long term. Our industry-leading position, achieved through investment and diversification decisions taken in recent years, together with our strong culture and leadership driving us forward, means that, despite macro conditions that will likely continue to challenge our clients and markets through 2024, our prospects are sound.

There is a clear roadmap to grow our client base and wallet share across our seven FXRM offices, all of which are still barely scratching the surface of their addressable Corporate marketplaces. Equally, we have proven we can grow strongly in a suppressed Institutional market, and now that we are over the hump of investing in our operational scalability and infrastructure, there is an exciting opportunity to accelerate our growth by doubling down on our investments in our sales channels.

THANK YOU

I would like to thank all our long-standing and new colleagues for their contributions to the success and continued growth of our business, as well as our shareholders for their continued support throughout the year. As we enter the next stage of Alpha's evolution, with a clear roadmap ahead for disruption across our markets, I look forward to another year of delivering significant growth.

Clive Kahn
Non-Executive Chairman

Chief Executive's Statement
Morgan Tillbrook

This year's statement has been an interesting one to write, as my reflection on the year's performance differs according to which lens it is viewed through. As a shareholder, I am delighted with the profitability and cash generation of the Group: profit before tax grew 148% to £115.9m, underlying profit before tax grew 11% to £43.0m, and interest on client balances of over £73m (FY 2022: £9.3m) contributed to adjusted net cash increasing by £64m to £178.8m.

At the same time, the interest rate tailwinds that generated such exceptional bottom line growth proved frustrating for our underlying business, stymying its pace of growth, albeit the growth of our FXRM division reduced somewhat at our own discretion, particularly where our considered credit appetite and high selling standards saw us walk away from a number of revenue opportunities. Our reputation has been built on high-quality, sustainable growth, and we will not compromise that for short-term gains, even when the business environment is more challenging.

As a founder, I am extremely proud that our team have built such a strong, diversified business, that can thrive in different external environments. Should the relatively high interest rate environment continue, our diversification of business will continue to benefit the Group, and our balance sheet and cash will strengthen further; whilst a return to lower rates should stimulate client activity and revenues.

That said, we will not rest on our laurels. As a business that strives for high levels of performance, we very much remain focused on delivering continued strong underlying growth. That is why we continue to present our underlying numbers excluding net treasury income from client balances, despite the continuing benefits gained from our cash generation, as it is the benchmark by which we judge ourselves, and therefore fitting that our shareholders can too. The challenging conditions have given us the opportunity to re-analyse all aspects of our business, highlighting areas that we can improve upon, and we have already made positive changes.

In a year in which Alpha expects to complete its milestone transition from AIM to a listing on the Premium segment of the Main Market, I would like to thank all of our shareholders whose capital and support have helped us create such a dynamic enterprise. London's capital markets have endured a difficult period, with much conjecture surrounding their competitiveness. Without them however, we would not have been able to achieve nearly as much in such a short space of time, and certainly would not be the business we are today, now employing over 480 people globally. It is gratifying that we have been able to reward our shareholders handsomely and we will endeavour to continue doing so. The move from AIM feels like a change of era, and this is apt for our business. As I will discuss through this report, recent years have been dominated by our international roll-out, as well as investment in platform development and back office to provide the infrastructure and regulatory frameworks needed to build a business of scale. Having made significant progress in this area, our investment focus within our core FX Risk Management and Alternative Banking divisions will become more weighted towards the Front Office – enhancing sales capability, refining our technology to improve client interaction and user experience, and bringing this all together to amplify our sales engine. At the same time, we will continue to invest in establishing strong foundations for our newer ventures (Fund Finance & Cobase), as well as leveraging our existing experience and client relationships, so they can go on to forge exciting long-term growth stories of their own.

MORGAN TILLBROOK
Chief Executive Officer

A NOTE ON DETAIL

We are proud to provide existing and prospective shareholders with a comprehensive level of detail on the performance of the business within our regulatory disclosures. However, recognising the time constraints (and varying levels of interest!) among our audiences, I will continue to reference relevant context via URL links throughout our statements in line with our recent results announcements.

CLIENT CENTRICITY IS KEY TO OUTPERFORMING BUSINESS CYCLES

Alongside reviewing the performance of our income streams, FX Risk Management and Alternative Banking, it is important to highlight how we address our two client audiences, Corporate and Institutional, as much of our strategic planning centres around the solutions that each need.

Both client types continue to be underserved by traditional banking and, whilst there is overlap in the products sold, the sales channels, expertise and technologies are distinct. This drives our entire approach to growth: our strategy and planning; how we think about future investment in headcount, technology, sales and marketing; how we drive client acquisition, retention and expansion; and ultimately, how we set our expectations around the scalability and pace of returns from our targeted investments. In addition, these two client groups have different needs and demands, and we are at different stages along our maturity curve in terms of how we build solutions to service them. Evaluating the Group through these two customer lenses (Corporate and Institutional) is therefore helpful for understanding the opportunity in front of us.

CORPORATES – DOUBLING DOWN ON OUR EXISTING GLOBAL FOOTPRINT

Our Corporate clients are served through teams in the UK and seven overseas offices across Europe, North America and Australia. With native speakers in each market, and our presence across multiple time zones, we provide genuine 24/7 service capability across our client base. Significant developments during the year include the establishment of operations in Madrid and Munich, and the Group's first acquisition, Cobase, which completed in December 2023.

We have largely completed the current phase of our planned international roll-out of our Corporate FXRM business, and our intention now is to double-down on these offices to deliver on their substantial potential. Each office has been spearheaded by highly capable leaders and each has the potential to replicate the success of London, which is only 15 years old and still remains in an early stage of its growth phase.

Chief Executive's Statement
Continued

Our investment into our back office functions to date provides bandwidth to scale significantly. With this in mind, although there is significant capacity within our existing front office teams to support materially higher revenues, our intention now is to accelerate our prospects by focusing on front office headcount growth and retention across our current global offices. All the regions we operate in have highly knowledgeable and incentivised management teams operating in markets that can structurally and competitively scale to be similar to the UK in the long term. The acquisition of Cobase, acquired in December 2023, has also added technology, talent and clients, and expands our total addressable market, providing a further growth engine.

INSTITUTIONAL - SCALING OUR SALES CHANNELS ACROSS OUR MULTIPLE PRODUCT OFFERINGS

Alpha's Institutional offering has continually evolved in the six years since we first launched our Institutional FXRM team and represents an exciting growth opportunity in the short, medium and long term. The alternative investment industry is currently in a cyclical downturn, but the success of our investment in the sector through this challenging period is highlighted by the 6,467 accounts that Alpha has onboarded to date, representing growth of 54% year-on-year, as well as the 55% growth in Institutional FXRM revenues, and the launch of our Fund Finance offering in May, which generated over £700k in revenue in its first seven months of operation. Our Institutional account solutions have also generated the vast majority of the £73m in net treasury income from interest on client balances.

Similar to our Corporate marketplace, the market opportunity in Institutional is sizeable, as we continue to take share from banks with our specialist, high-tech, high-touch solutions. Our ongoing investment in our infrastructure and solutions continues to enhance our capabilities, with significant progress made in 2023. Heading into 2024, we are looking forward to leveraging these upgrades, whilst building out new sales channels and expanding our sales teams across our growing institutional offering, with front office headcount expected to increase.

> "Significant developments during the year include the establishment of operations in Madrid and Munich, and the Group's first acquisition, Cobase, which completed in December 2023."

INCREASING CROSS-SELL OPPORTUNITIES ACROSS THE GROUP HAS THE POTENTIAL TO TRANSFORM OUR PROSPECTS

Leveraging the overlap between our solutions is at the centre of our growth strategy and provides us with the opportunity to increase our wallet share and deepen our relationships with clients by becoming a larger part of their day-to-day financial operations, as well as provide us with a wider net to win new clients. We have a strong track record of launching new solutions and offices that go on to deliver attractive levels of growth within highly specialised markets. We also continue to invest in enhancing our CRM system across the group to improve the volume of data and quality of insights we have, enabling our sales teams to more effectively cross-sell and deliver increasing value to our clients.

A clear example of our early success here is our Institutional FXRM office which (as previously mentioned) grew revenues by 55% against a challenging market backdrop, reflecting not only the team's hard work but the initial wins from our cross-selling initiatives into our Alternative Banking offering.

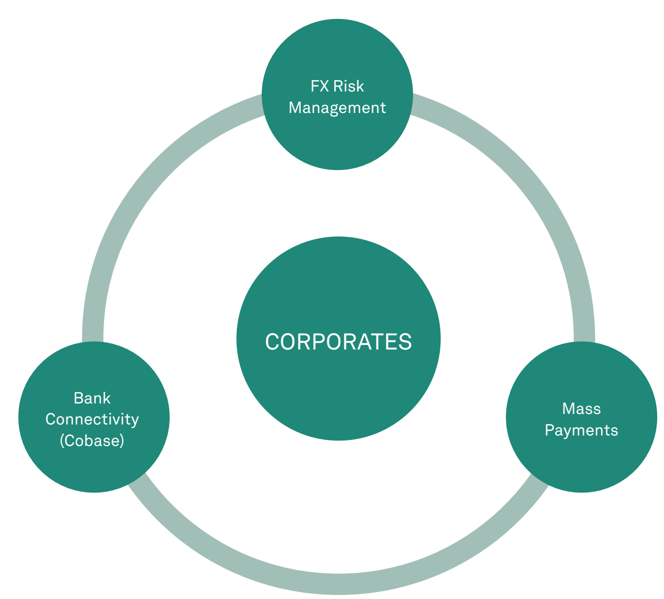
In May, in a further step to diversify our offering, we launched our Fund Finance proposition, which can benefit from cross-selling opportunities with clients that come from Alpha's Institutional FXRM and Alternative Banking relationships. At the same time, the Fund Finance team is already reciprocating by creating new business opportunities of their own, which can then be sold Alpha's other services.

Likewise, our acquisition of Cobase brings a unique technology platform, a SaaS revenue model and c. 130 clients, which opens up a number of opportunities to offer solutions from our other divisions in the medium term, albeit our initial focus will remain on accelerating Cobase's own client acquisition.

DEEP FOUNDATIONS LAID TO DELIVER OPERATIONAL GEARING

We not only plan to continue delivering future high growth in revenues and client numbers but, over time, we expect an increasingly higher proportion of that growth to drop through into profitability and cash. We have made significant investments in people, processes and technology over the last five years across our core divisions, and whilst we expect macro conditions to continue to be a challenge through 2024, this has put us in a strong position to benefit from operational gearing as markets pick up.

STRONG CROSS-SELLING OPPORTUNITIES WITHIN BOTH OUR MARKETS



Chief Executive's Statement
Continued

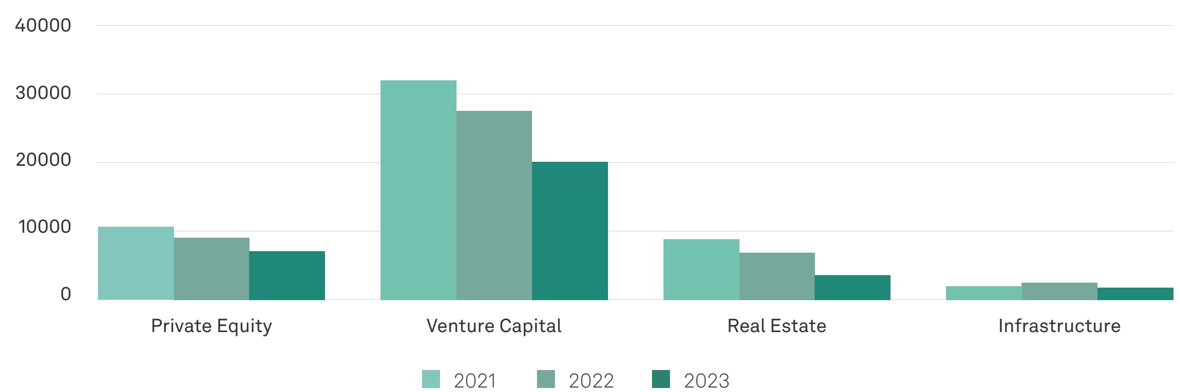
Infrastructure & Technology
The substantial investment we have made in our technology and infrastructure over the last five years spans two decentralised divisions, alongside recently acquired Cobase, each with highly attractive propositions and clear development roadmaps. With Australia, alongside Europe and Canada, Alpha is now able to operate 24/7 across time zones, and our investments in infrastructure and back office systems over the last few years have provided significant capacity for us to scale our global revenues. The objective now is to enhance the experience for our clients and sales teams while streamlining processes and building in additional automation; the opportunity is to improve the efficiency of our systems rather than simply grow the size of our technology footprint or headcount, in order that we can deliver more with less.

People
Owing to our investments in people, processes and technology to date, we also believe we can significantly grow the size of our business with far more modest increases in back office headcount going forward. The financial productivity of our front office teams meanwhile will benefit from not only our investment in internal technology but also the growing range of solutions we can offer each client.

CASH PROVIDES THE SPRINGBOARD

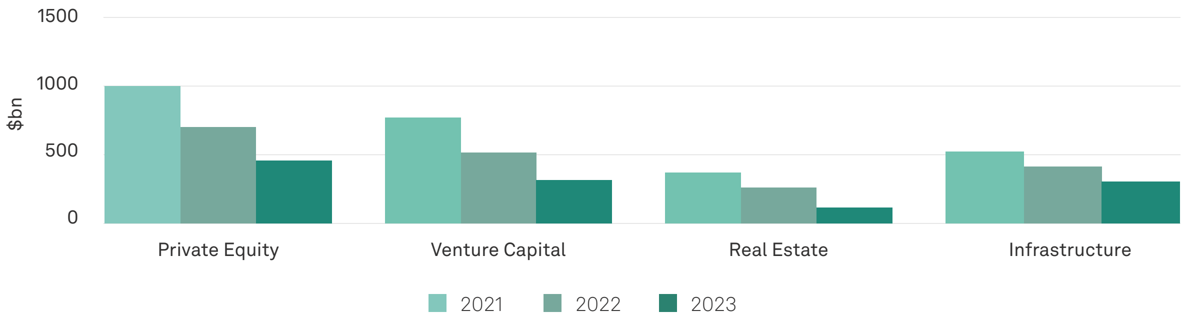
At the end of the year we had £178.8m of adjusted net cash, and the strength of our balance sheet now provides the opportunity to supercharge our growth. As a Board, we continually discuss our capital allocation policy and the balance between dividends, share buybacks, acquisitions, re-investing back into the business, as well as ensuring we maintain a strong balance sheet for all our stakeholders and counterparties. Following the initiation of our £20m share buyback programme in January 2024, the Board's decision, for now, is that, while we always look for a balanced approach, our remaining cash gives us a major competitive advantage as markets pick up and we identify relevant opportunities across our matrix of offices, services and clients. We also believe it is prudent to have sufficient cash kept aside to capitalise not only on the opportunities we have now, but also to have the ability to accelerate investment in the future, if faced with even greater upside. We will naturally continue to keep this under review in the normal course.

DEAL VOLUMES WITHIN THE ALTERNATIVE INVESTMENT MARKET



Preqin Quarterly Updates (2021-2023)

DEAL FLOWS WITHIN THE ALTERNATIVE INVESTMENT MARKET



Preqin Quarterly Updates (2021-2023)

STRONG FINANCIAL KPIS DESPITE THE CHALLENGING ECONOMIC BACKDROP

Throughout the year we have seen the interest rate environment suppress the activity levels of our FX hedging and alternative investment clients. The challenging macro conditions have resulted in our clients being more conservative around forecasting and, thus, FX hedging. At the same time, these macro conditions meant we chose to reduce our own credit appetite, resulting in a number of clients having hedging facilities removed or reduced. This decision ultimately ensured we had no meaningful defaults during the year but also meant we walked away from a number of revenue opportunities by taking a balanced approach to growth.

Additionally, our institutional clients had the challenge of higher financing costs in structuring new deals and managing the mismatch between buyer and seller expectations across all of the key asset classes we serve: Private Equity, Venture Capital, Real Estate, Infrastructure and Private Debt. Deal flow last year was well below 2022 as funds faced increased uncertainty about the economic outlook, and the impact of higher interest rates and credit spreads. As a result, the fundraising environment and private equity M&A activity slowed considerably. However, in this market we are starting from a low base with a strong proposition, highlighted by a 54% increase in accounts within Alternative Banking in the year.

OUTLOOK – OUR NATURAL HEDGE

We currently expect markets to slowly pick up through 2024 and monetary policy to ease, providing greater certainty over global trade, investment decisions and demand visibility for our clients. While higher interest rates will continue to provide a significant bottom-line tailwind for the Group, driving exceptional levels of net treasury income, we do not know to what extent any easing of monetary policy will release the brakes on currently suppressed activity levels of both our corporate and institutional clients. The ability for higher interest rates to amplify net treasury income (from interest) on one hand, whilst simultaneously suppressing underlying trading activity on the other is referred to internally as our 'natural interest rate hedge' and will likely remain a feature in 2024. Overall, trading in 2024 to date has been encouraging and we remain confident in the strength and scalability of our business model, and our strategy to take advantage of the vast growth opportunity available to the Group.

Chief Executive's Statement
Continued

DIVISIONAL ANALYSIS

FX RISK MANAGEMENT
Highlights

- Revenue growth of 10% to £76.3m (2022: £69.5m)
- Underlying profit before tax increased 18% to £32.3m (2022: £27.3m)
- Client numbers increased 2% to 1,071 (2022: 1,047)
- Average revenue per client increased 7%
- Front Office headcount increased by 18% to 120 (2022: 102)
- Launch of two new offices, in Madrid & Munich

FXRM ENVIRONMENT

As previously outlined, the FXRM environment in 2023 reflected challenging macro conditions, which have suppressed our clients' FX hedging activity. The first nine months of the year were characterised by high inflation rates globally and central banks responding by increasing interest rates, and during this period in particular, we made the decision to take a more conservative approach when it came to our own credit appetite. This resulted in us reducing or removing hedging facilities for a number of clients, and also curtailed our appetite to work with some new clients. Through this disciplined approach, we are pleased to report we had no significant defaults during the year; however, naturally, this also resulted in us walking away from some revenue opportunities.

The benefits of our diversification strategy across FXRM were also clearly reflected during the period, with our Institutional FXRM business and our overseas corporate offices doing well to offset the impact of the economic headwinds experienced in the UK Corporate business.

FXRM SELLING STANDARDS

We set out to be the global leader in FX risk management, and believe that integrity is as important as expertise if we want to deliver on this vision. This is particularly pertinent when it comes to complex FX options products, which provide the short-term benefit of a more favourable initial exchange rate, but commit the client to a potentially more unfavourable exchange rate in the future.

We do not seek to advise on or promote complex options products, and our selling standards dictate that any we do facilitate should be on an execution-only basis, driven by client demand. We are unfortunately seeing these products being promoted more and more within our industry, particularly in this tougher economic climate. I believe this is largely the symptom of two simple facts: i) complex options provide high margins for the FX provider and ii) the same less-scrupulous providers allure clients with the prospect of outperforming the market.

As a business, we feel this trend is an increasing problem within our industry, however, I am pleased to report that, in line with the intentions set out in my last annual report statement, our teams have continued to move in the opposite direction, with the percentage of FXRM revenues coming from complex options products reducing from 9% to 3% during the year. Since 2022 we have purposely adjusted our commission structure to incentivise our sales teams to provide simple and appropriate solutions, while paying lower rates of commission on more complex products. If we are serious about maintaining our selling standards as we grow into a global business, it is important that our incentives are aligned with our culture.

Whilst our avoidance of complex options products has naturally cost us revenue in the short term, I am incredibly proud that we have a team that is committed to acting in the best interest of their clients, delivering them what they need, even if it's not always what they initially request or might have been sold by other FX companies. In a challenging sales environment, it takes a certain type of salesperson to turn down the low-hanging fruit of a high-margin options trade. Indeed, many of our competitors have seen their options revenue increase during this challenging period, as clients are encouraged to seek outperformance in a tough environment.

The moves our team are making around selling standards give me further confidence in the future of this business and will unquestionably lead to more sustainable revenue growth in the long-term, whilst further differentiating us within an industry which, unfortunately, is moving increasingly in the opposite direction.

FXRM PERFORMANCE

Overview

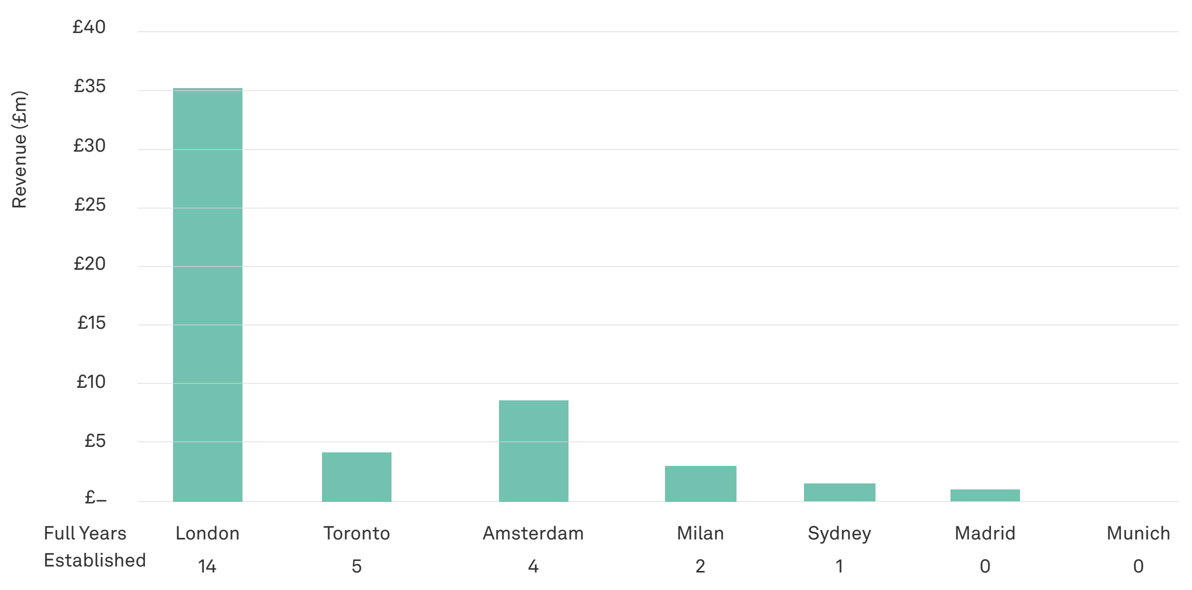
Overall divisional revenues grew 10% to £76.3m for the year (FY 2022: £69.5m), and client numbers grew by 2% to 1,071. This small gain in client numbers (actually a decrease since June 2023) largely reflects the tightening of our credit appetite within the current interest rate environment, which has seen us stop working with certain existing clients, as well as reduce the pool of new clients we are prepared to work with. Additionally, there have been a handful of clients who have become insolvent in the current environment. Our push to reduce the number of clients using complex option products has also weighed on our growth, with not every business ready to be persuaded that complex options are not in their interests. Despite only a small increase in client numbers, average revenue per client continued to increase, reflecting our continued ability to work with larger businesses as well as increase our wallet share with existing clients, as our reputation continues to grow. Front Office productivity also continued to increase as the chart on the following page shows.

UK Corporate

The UK Corporate FXRM office has grown its revenues by around five times since our IPO in 2017, but during the period experienced its first decline in revenue and has remained the most impacted by the economic environment. This is primarily because it has the largest and longest-standing client base and has therefore also been affected most by the adjustments to our credit appetite and the doubling down of our selling standards.

Our UK Corporate office has long served as the talent incubator for cultivating leaders to spearhead the establishment of overseas offices. Over 125 years of Alpha experience has been exported abroad over the past five years and, as a result, during this more challenging period, the team have missed some

REVENUE DEVELOPMENT OF CORPORATE OFFICES (FY2023)



Chief Executive's Statement
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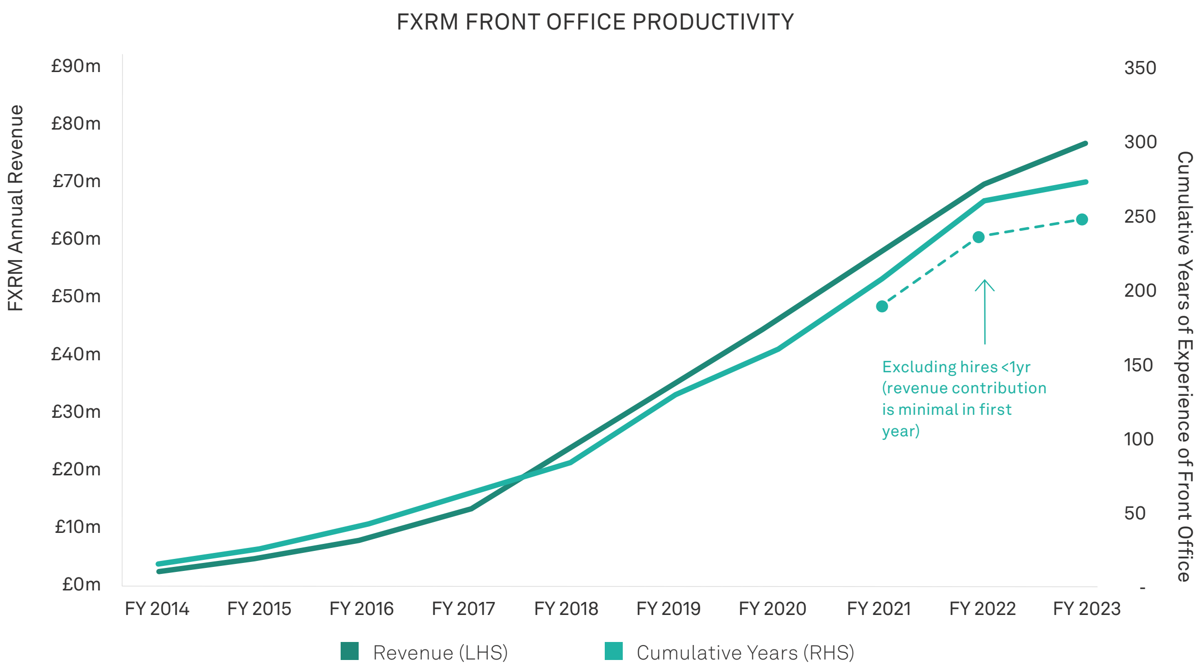


What is Front Office Productivity?

Front Office productivity compares the total cumulative tenure of our Front Office, compared to our revenues. The graph shows that we have been able to maintain productivity despite both the market headwinds, and experienced sales people moving into roles focused on leading international expansion and/or the growth and development of our Front Office teams. When we take into account new joiners, whose contribution in their first year is naturally lower than more experienced colleagues, this is even more pronounced.

of this talent. Our Madrid office, for example, was our most recent export of talent from the UK, and has taken with it over 15 years of combined Alpha experience; this from a team of four who delivered over £1.1m in Spanish client revenue from the UK office over the past four years, and left the UK at a more mature stage in their learning curve.

With our current overseas offices now established, we feel there is no requirement to further export our talent from the UK for the time being. This will ensure that our existing talent can fully compound within the UK, which remains an enormous growth opportunity in its own right.

Having done so much to drive growth across the wider business, I would like to personally thank our UK office for all they have done for the Group, and I am looking forward to this team now being able to once again double down on their own journey.

Overseas Corporate Offices

As highlighted, we believe we have (for now) completed the "landing" phase of our "land and expand" strategy (i.e. rolling out overseas Corporate offices). In all cases, we believe the structural and competitive dynamics, together with the size of these local markets, means we have the potential to replicate the financial size and success of the UK office in the longer term. To underpin this, we work very hard to ensure our selling standards and culture are successfully exported overseas and led by experienced individuals who are highly invested in the future of each venture. Launching new offices overseas is not without its challenges, but upholding our standards is key if we want to become the undisputed global leader in FX risk management.

Despite a year of challenging trading, our Corporate Toronto office remains profitable, albeit with revenues slightly down on 2022. As well as a difficult macro backdrop, investors who have followed our updates over the past 18 months will know we temporarily found ourselves in a position where we did not have enough senior talent to support the development of our junior talent. We therefore had some rebuilding to do in Toronto to position it for long-term growth. Throughout this rebuilding process, we have been focusing on developing and upskilling the team and, having successfully gone through this, towards the end of 2023 we subsequently promoted an existing team member to take over leadership of the office. This individual is a highly respected, high-performing, long-term member of the team, who has been instrumental in the office's growth to date.

The early performance from the office since making these changes has been encouraging, and having spent a week in Toronto with the team at the start of January, I feel confident the office is turning a corner and has the right people and foundations in place to re-establish its growth journey.

In H1, we also established a Madrid office. This office, comprised of Spanish speakers, is led by a team of four with 15 years' combined Alpha experience, and is the last and most recent export of UK talent for the time being. Our presence in Madrid has provided the foundations for further expansion into a wide range of Spanish-speaking markets, and we are pleased to report the office has seen strong trading to date with significant prospects ahead.

In Q4 2023, we also launched a new office in Munich. Germany is a large and attractive market for us, and historically we have had good success selling into the market from our Amsterdam and UK offices.

Whilst we have wanted to launch in Germany for a long time, finding the right person to lead a team there has not been easy. Wherever possible, we like our overseas offices to be established by existing team members who have excelled through the UK 'Alpha Academy' and can therefore be relied upon to successfully export our culture and standards overseas. Whilst there is a lack of German-speaking candidates in London, in H1 last year we met with an experienced individual working locally within the German FX market. Whilst this person has come from outside our company, they quickly showed that their standards and values aligned with our own, and to reinforce this, they have also been joined by another early Alpha hire from our Amsterdam office.

Toronto is our only office that started without any existing Alpha team members, and having learned a lot from this experience, we have been keen to apply these learnings to our selection and integration process this time around. Consequently, we feel that, in Munich, we have a leader and team who believe in the Alpha way and are capable of delivering it successfully. The early signs from Munich have been positive, and we are looking forward to seeing what they can deliver in their first full year of operation.

Launched in 2022, our Sydney office has delivered good revenue growth in its first full year of trading. This office is led by a core team possessing over 30 years' combined experience working at Alpha, ensuring that we have been able to quickly communicate our proposition and export our culture. In addition to providing the basis for further expansion across the Australian territories, our Sydney base will enable the Group to better access a wide range of target Asian markets in the future, contributing to our truly 24/7 client service capabilities.

Institutional FXRM

As we have previously highlighted, our Institutional FXRM office (based in the UK) continued to show particularly strong growth in the period, with revenue increasing 55% despite a significantly suppressed market. Launching in 2018, the Institutional FXRM team has a strong reputation within the Institutional space. This business has solid foundations in place in terms of talent, clients and solutions, to deliver substantial organic growth going forward, but

Chief Executive's Statement
Continued

also to be at the centre of our efforts to amplify our prospects within the Institutional market by successfully cross-selling our growing range of products. Having had an excellent year in a subdued market, it will be exciting to see what the team can achieve when activity levels start to pick up in the alternative investment market, particularly when considering the significant growth in our balance sheet and presence over the past 18 months.

FXRM TECHNOLOGY

Our FXRM platform is designed to provide clients with greater efficiency and visibility when managing and reporting on FX. We continued to make significant improvements to the platform throughout the year, with modular credit facilities, derivatives online, mark-to-market tooling, and accelerated payment processing, all well-received upgrades by our clients. Whilst it would be easy to get lost in technical jargon, the principles behind any new upgrades we make to the platform are simple – we strive to create platform features for our clients that unlock new efficiencies and insights, so they can be more informed, more productive, and ultimately get more value from working with us. The success of these developments can be seen in the increasing levels of activity on the platform, with the number of accounts booking trades on the platform increasing 19% in the year. Moving forward we will continue to innovate and evolve our FXRM platform and are also looking forward to exploring the longer-term opportunity to integrate the capabilities of Cobase following its acquisition in December 2023.

FXRM STRATEGY

While the macro backdrop to 2023 certainly provided challenges to the growth of our FXRM revenues, the growth prospects for FXRM heading into 2024 remain exciting. Throughout 2023 we have continued to make significant investments to further enhance the FXRM division's potential, including investment in our online platform, and the exciting acquisition of the treasury-focused fintech, Cobase, in December 2023.

At the same time, average revenues per client continue to increase, alongside Front Office productivity. We are pleased to have not only continued to improve our existing foundations but have also opened two new offices alongside this to facilitate further growth.

The bigger picture is we have a clear strategy, a tried and tested model and an identified runway to continue delivering long-term growth with our existing FXRM teams, markets and products. We have seven international FXRM offices across three continents and the strategy will now be doubling down on our office investments and focusing on "expanding" now that we have successfully "landed". This will also benefit our operational leverage going forward, as a result of the investments made in recent years. FXRM Front Office headcount increased 18% to 120 people in 2023 (FY 2022: 102), and our plan is to focus in 2024 on growing and developing our Front Office sales teams in our current offices. Having successfully doubled down on our selling standards in 2023, a big focus in 2024 will be on doing the same with our nurturing and training standards; ultimately, we believe that by getting both of these areas right, we will continue to put ourselves in an excellent position to deliver strong and sustainable revenue growth moving forward.

ALTERNATIVE BANKING
Highlights

- Revenue increased 18% to £33.9m (2022: £28.8m)
- Number of accounts invoiced within Alternative Banking increased 54% to 6,467 (2022: 4,200)
- Underlying profit before tax of £10.9m, a reduction of 3.3% on the prior year (2022: £11.3m) as a result of our accelerated investment programme throughout the year, particularly in headcount
- Headcount increased 35% to 230 (2022: 171)
- Alternative Banking client balances increased by 30% to £2.1bn in Q4 (FY 2022 Q4: £1.6bn)

Alternative Banking Environment

Over the last three years we have built a business based around solving a service and technology challenge in an institutional market inefficiently served by banks. The growth in accounts we now manage highlights the success of the team and our product development roadmap. The 54% growth in accounts was achieved despite a marked drop in investment activity amongst our existing and target clients. The decline in deal activity in the institutional market in the first half of 2023 continued throughout the rest of the year, with deal volumes and flows significantly down on 2022 across all of the key asset classes served by the division. This reduction in activity led to a knock-on effect on the demand for new accounts, payments and FX spot transactions.

Alternative Banking Performance

As a result, growth in account numbers was lower than we had anticipated at the start of the financial year, with just under 6,500 accounts, achieving significant growth on the 4,200 accounts held at 31 December 2022. Revenues meanwhile increased by 18% to £33.9m, with consecutive record revenue quarters delivered in Q3 and Q4.

Alternative Banking highlights the sentiment I outlined at the start of this statement; as Chief Executive, the economic backdrop has proved frustrating in growing the business, but as a shareholder, the economic rewards have been substantial in 2023. Not only has Alternative Banking been key to our early success in cross-selling with our FXRM and more recently Fund Finance teams, but we have also earned interest on overnight client balances throughout the year. As previously outlined, our average client balances grew by c. 30% between 2022 and 2023, as we continued to open more accounts and grow wallet share with clients. The interest rates generated by these balances meanwhile averaged 3.6% for the year. Together this contributed towards over £73m of net treasury income on client funds, an increase of nearly eight times against FY 2022.

Alternative Banking Technology

Our alternative banking technology has been purpose-built for alternative investment clients, and combined with our specialist teams, enables us to provide our clients with a compelling alternative to traditional banking providers, who are typically characterised by legacy technologies and more generalist offerings.

New product development is focused around three key client-centric tenets of: Ease, Responsiveness, and Reliability, with the ongoing goal of making every interaction with our clients as efficient and effective as possible, whilst also remaining highly controlled and compliant. What we find particularly exciting here is that much of the progress we make increases both the attractiveness of our offering, whilst simultaneously reducing our own time and cost to serve. A great example of this is our investment in automation to reduce the amount of manual involvement required between our teams and clients. This is improving the onboarding speeds and experience for clients, whilst also reducing the operational burden on our teams.

Chief Executive's Statement
Continued

Moving forward, we will continue to upgrade and evolve our product offering, and with a growing range of complimentary product offerings, each with innovative technologies of their own, we are moving ever closer towards our ambition of becoming the leading non-bank provider of financial solutions to the institutional space.

ALTERNATIVE BANKING STRATEGY

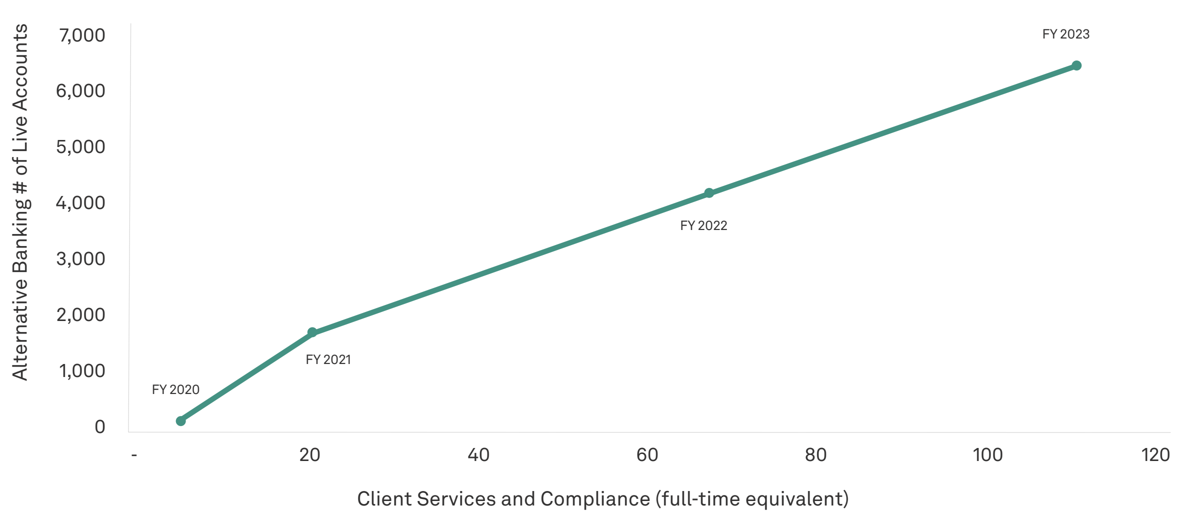
Despite the temporary downturn in investment activity within our core markets, it is encouraging that we have been able to continue to grow, and we are excited about the prospects for Alternative Banking as this slowdown unwinds and business activity increases. When the market picks up, our growing market presence, partnership relationships and scale mean we are well-positioned to capitalise on the increased opportunity, with increasing levels of operational efficiency.

We will continue to invest to scale the business, but feel we are over the hump of our major technology infrastructure spend. This year, the focus will be on automation and improving the client experience with incremental enhancements to the functionality and interfaces.

This will in turn increase the ease of use and performance of our systems for our clients, improve the responsiveness of our support, as well as reduce our time and cost to serve – enabling us to do more with less.

This step-change in scalability and efficiency is also expected to reduce the level of growth in operational headcount we need in Alternative Banking going forward, whilst giving us the confidence to grow our Front Office teams in 2024 within this division. As markets return to growth, we want to make it as easy and attractive as possible for institutions and fund managers to deal with Alpha. The exciting opportunity is to take the platform and brand we have built and now layer on the sales-led culture that has been core to Alpha's success over the last 15 years. We plan to open up a range of new sales channels across the institutional marketplace, each focused on capitalising on different routes to market, and as part of this will be increasing the size of our sales team. Suffice to say, the team and I are very much looking forward to this next chapter in the division's growth journey.

ALTERNATIVE BANKING OPERATIONAL SCALABILITY



FUND FINANCE
Highlights

- Launched in May 2023
- Revenue of over £700k for the seven months of FY 2023 (currently recognised within Alternative Banking)
- Digital platform launched

Born out of our Alternative Banking division, our expansion into fund finance forms another important step in our ambition to lead the way in global financial solutions for the alternative investment market – a bank alternative, dedicated to Alternatives. This solution embodies our 'high-tech, high-touch' approach to business, blending our specialist expertise with smart technology to disrupt industries that are both outdated and have high barriers to entry.

We initially launched our solution in May 2023, and in November followed up with the launch of the industry's first digital platform for connecting borrowers with lenders. We are pleased to report early successes in this division, with our solution already proving popular among clients, contributing over £700k towards Alternative Banking revenues for the seven months of FY 2023 since its launch in May. Looking ahead, we have further medium-term ambitions to continuously improve the platform, grow the client base, and focus on opportunities to cross-sell, all of which provide an exciting roadmap for the future.

When it comes to innovative new solutions, barriers to entry are naturally a keen area of focus for both Alpha and its investors. Here we believe we enter this industry with a natural position of strength. This is because, for a platform solution to be worthwhile for borrowers and lenders, there needs to be **speed** and **scale** on both sides of the equation: borrowers want to know they can instantly screen across a large pool of lenders, whilst lenders want to know they are going to have easy access to a sizeable pool of borrowers. Traditional fund finance intermediaries, however, typically work with much smaller numbers of clients on an irregular basis and rely on manual processes to deliver their service. This makes speed and scale challenging.

Alpha's ability to launch this solution has only been possible because of our ability to combine deep expertise within fund finance, with Alpha's scale and technological capabilities in the institutional market. From launch, the fund finance team has been able to instantly leverage 1,300+ relationships with potential borrowers, whilst using technology to dramatically streamline processes. Achieving this level of speed and scale did not happen overnight though. It has taken significant time, investment, and expertise, built up over many years, with our institutional teams now made up of over 250 people across three global offices. The barriers to entry to launch a competing platform from scratch are therefore significant and give us a unique and sizeable first-mover advantage.

COBASE – EXPANDING OUR MARKET
Highlights

- Acquired December 2023
- Revenue growth of 67% to €2m (2022: €1.2m)[1]
- Client numbers increased 67% to 130 (2022: 78)

December saw us make our first-ever acquisition, Amsterdam-based Cobase, a treasury-focused fintech which supports corporates with seamless connectivity between their ERP, payment and banking systems (a more detailed overview of their offering can be found in our RNS announcement dated 12 October 2023).

In 2023, Cobase grew revenues by c. 67% to €2m[1], with all revenues derived through SaaS subscription fees. Cobase's client base has also increased by c. 67% during the year, to end 2023 with over 130 clients. Alpha acquired circa 86% of the company for an initial consideration of €9.6m (£8.3m) in cash, with the remaining stake to be acquired via a performance-based earn-out between 2025 and 2028.

[1] Only revenue generated after Cobase's acquisition in December is included in the Group's figures, which was £0.2m.

Chief Executive's Statement Continued

Going forward, Cobase will retain its team and continue to operate under its own brand, but the addition of the business expands our available market. Their bank-connectivity technology added to Alpha's stable of products, means the Group is now able to offer our corporate client base a comprehensive and flexible portfolio of treasury-focused solutions covering FX, payments, accounts, bank connectivity, and treasury solutions.

We look at our capital allocation policy below, but Cobase is a good example of how we plan to partly use our cash to inorganically expand Alpha where appropriate. We are often shown opportunities to acquire businesses that compete in our FXRM marketplace, but in reviewing their clients, service and teams, typically they offer more risk than reward and do not add to our ambition. We will look for companies that meet our stringent criteria of adding technology, clients and products, together with the opportunity to cross-sell, and most importantly complement the Alpha culture.

CAPITAL ALLOCATION AND SHARE BUY BACK

As highlighted throughout the report, the Group generated significant levels of cash throughout 2023. As at 31 December 2023 we had net assets of £223.5m (2022 restated: £142.9m), with adjusted net cash increasing by £64m to over £178.8m (2022: £114.4m).

As highlighted in last year's statement, we do review our cash position on a regular basis, and if we feel our cash position becomes greater than we require, will look to reassess. Given the current cash balances and the likelihood of further cash generation this year, the Board agreed to implement a Share Buyback programme of £20m, full details of which can be found in our RNS announcement dated 29 January 2024. Purchased shares will be held in treasury, enabling us to use the shares to offset future dilution from our long-term growth share schemes.

Our overarching preference remains to allocate capital into high-confidence organic growth initiatives, within both existing and potential new business units. Such initiatives include: extending and improving product lines and tech solutions, expanding our territories when appropriate, or any other moat-widening opportunities that differentiate us from competitors.

In view of the Group's confidence in the sizable and exciting market opportunities that are presented to us, it is the Board's belief that, after maintaining our progressive dividend policy and initiating our £20m share buyback, retaining and deploying our remaining cash within the business will deliver significant levels of growth and deliver the best value for shareholders long-term. Examples of this last year include the opening of offices in Madrid and Munich, the launch of Fund Finance and the acquisition of Cobase.

As well as providing cash for investment, a strong balance sheet is also important to our counterparties, as a healthy cash profile is required as collateral for hedging facilities, regulatory capital, and also provides our clients with confidence.

> "The team have made significant strides in delivering on our accelerated investment programme, which has expanded and enhanced our capabilities."

MAIN MARKET LISTING

As highlighted in last year's statement and reiterated to the market last September, Alpha intends to move up to the Premium List of the Main Market. In line with previous guidance, we are working to complete this move in May 2024 with relevant workstreams well progressed. The rationale for the intended move is repeated below.

As a business that is growing in size, becoming more global, and gaining interest from increasingly larger clients, we believe a Main Market Premium listing will serve to further enhance our reputation and support our market penetration as we move into new countries and engage larger clients. At the same time, Premium Listing standards will align to Alpha's commitment to providing higher levels of governance and disclosure, both of which we know will continue to be well-received by our clients, banking partners and investors alike.

THANK YOU

2023 was a remarkable year for Alpha. We faced different challenges in an interest rate environment not experienced since we began trading in 2010. Despite a natural inclination to do more, we have maintained our discipline and been steadfast in our approach to both credit management and our selling standards – delivering our clients what they need (even if it's not always what they initially request or might have been sold by other FX companies). We are privileged to work with some truly great clients, and our commitment to safeguarding their interests during these challenging times has gone a long way to maintaining their trust and enhancing our reputation further. At the same time, the team have made significant strides in delivering on our accelerated investment programme, which has expanded and enhanced our capabilities, and created significant efficiencies and capacity from which to scale whilst enjoying increasing levels of operational leverage.

To the team – I would like to thank you for your unwavering dedication throughout the year. Given that we delivered record profits, it is difficult to reconcile that we didn't achieve the underlying growth we set out to, however, given the market we found ourselves in, I am incredibly proud of what we achieved together. The mindset and ambition heading into 2024 has been equally inspiring, and this gives me confidence that together, we can meet future challenges and seize the opportunities that lie ahead. 2024 has started well, and I am looking forward to seeing what we can achieve together throughout the rest of the year.

Morgan Tillbrook
Chief Executive Officer

Chief Financial Officer's Statement
Tim Powell

2023 has seen good growth across both divisions despite a tough macro-economic environment, with total revenues increasing 12% to £110.4m (2022: £98.3m). FX Risk Management revenue grew 10% to £76.3m (2022: £69.5m), whilst Alternative Banking grew 18% to £33.9m (2022: £28.8m). Cobase, the Group's first acquisition, completed on 1st December 2023 and contributed £0.2m of revenues in the one month of ownership in 2023.

REVENUE

FX RISK MANAGEMENT

The FX Risk Management division focuses on supporting corporates and institutions that trade currency for commercial purposes through the Group's sales teams located in London, Toronto, Amsterdam, Milan, Madrid, Munich, and Sydney. Revenue grew by 10% over the prior year to £76.3m (2022: £69.5m), with a 3% increase in UK revenues and a 42% increase in overseas offices' revenues, with growth across all regions except Canada.

Revenue was up 3% in the London FX Risk Management business, driven by strong growth from our institutional client base, up 55% to £23.5m (2022: £15.1m), partially offset by a weaker performance within our corporate client base, which was down 14% to £35.2m (2022: £41.2m). This fall in revenue was primarily driven by the increased levels of uncertainty within the UK corporate market, resulting from the high inflation and interest rate environment.

The underlying profit margin of the division increased to c. 42%, (2022: c. 39%) with the Corporate segment delivering a margin of 50% (62% excluding the newer lower-margin overseas offices).

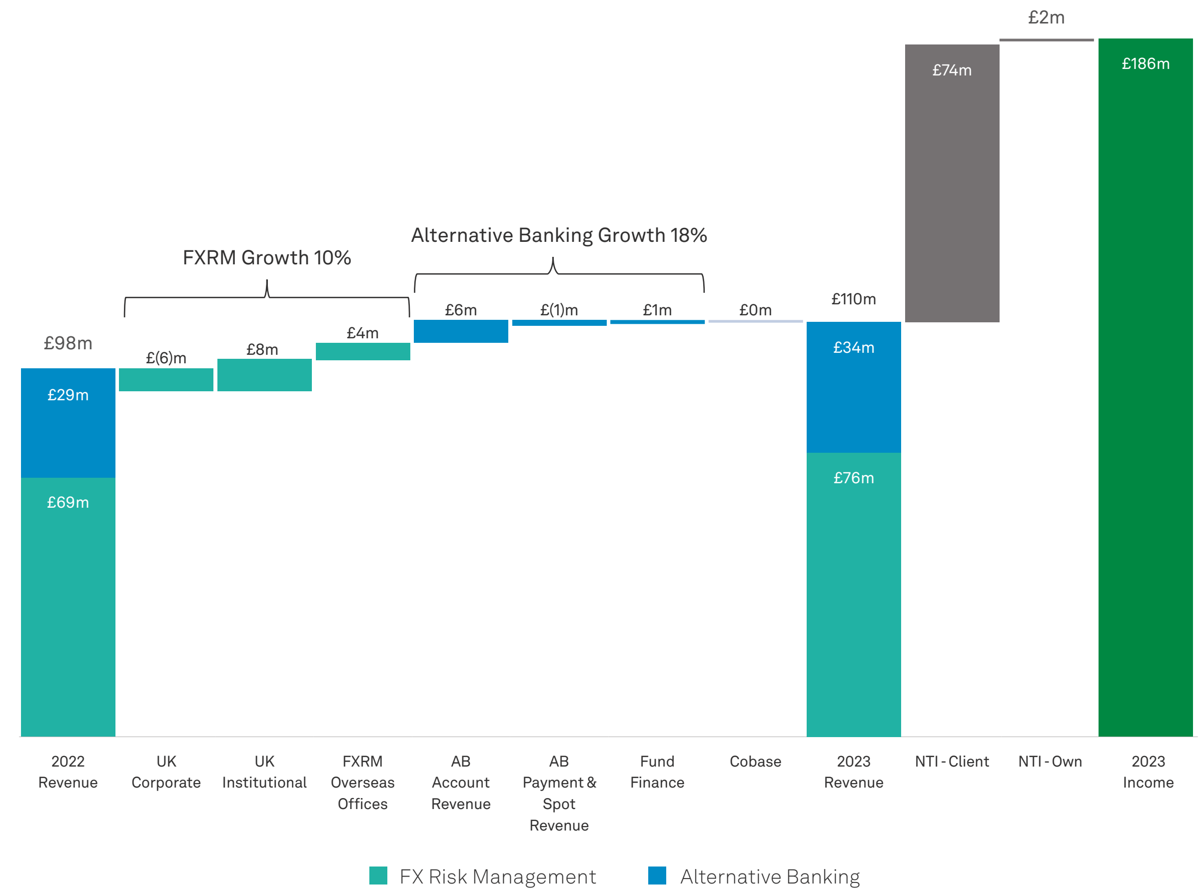
ALTERNATIVE BANKING

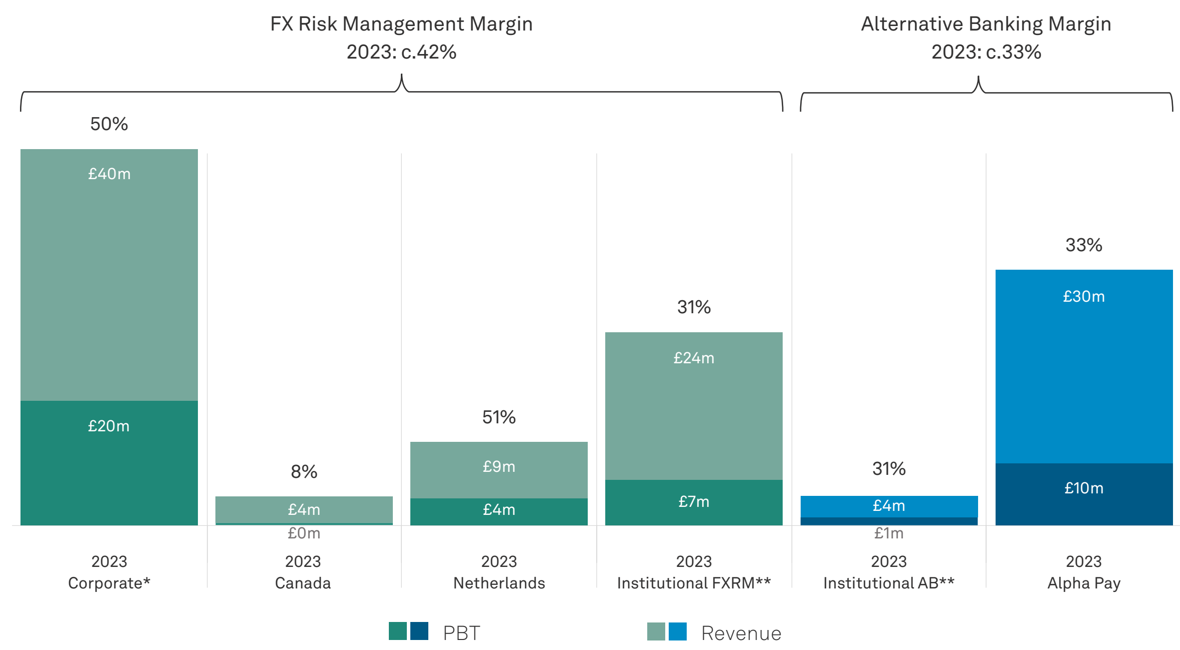
Alternative Banking revenue grew 18% from £28.8m in the prior year to £33.9m in 2023, driven by an increased number of accounts, as well as revenue from our new Fund Finance offering launched in May 2023.

Account fee revenue increased by £5.8m (76%) to £13.5m (2022: £7.7m), as the number of accounts being managed increased by over 50% from 4,200 to just under 6,500, and we generated a full year of income from accounts opened in the prior year. Revenue from annual account fees is recognised on a straight-line basis over the 12 months from the date the account was opened or renewed. At 31 December 2023 deferred revenue was £7.1m (2022: £4.9m), and this will be recognised as revenue in 2024.

The underlying operating profit margin of the Alternative Banking division was c. 33% (2022: c. 39%). The reduction against 2022 was predominately due to the timing mismatch of in-year investment, increased deferred account fees and the macro environment suppressing revenues.

Fund finance had a very encouraging start with over £700k of revenue in its first seven months of operations.





* Corporate division is primarily UK but also includes other offices not disclosed elsewhere (Milan, Madrid, Munich, and Sydney)
**For the purpose of deriving margins for Alternative Banking and FX Risk Management, the cost base of the Institutional division has been allocated based on revenue.

Financial Review
Continued

GROUP PROFITABILITY

Underlying profit is presented in the income statement to allow a better understanding of the Group's financial performance on a comparable basis from year to year. The underlying profit excludes the impact of the net treasury income on client balances (see below) and non-underlying items. On this basis, the underlying profit before tax, increased by 11% to £43m (2022: £38.6m). Statutory profit before tax increased by 148% to £115.9m (2022 restated: £46.8m).

As previously highlighted, the Group continued to invest in the year, some of which was accelerating plans from 2024 & 2025. Investments included; launching operations in Spain and Germany, a new office in London focused on Institutional clients, and further technology improvements to increase scalability and digitisation. Overall headcount increased in the year from 357 to over 480 at 31 December 2023 to support future long-term growth, of which 21 were Cobase Employees. The underlying profit before tax margin, excluding Cobase, remained broadly flat at 38% (2022: 39%). However, the statutory profit before tax margin increased significantly to 62% (2022: 43%) reflecting the growth in net treasury income from client balances.

NET TREASURY INCOME (NTI)

The current interest rate environment has continued to allow the Group to benefit from interest income generated from client balances. 'Net treasury income – client funds' has contributed £73.7m of net treasury income in the year (last four months of 2022: £9.3m), with the number and size of client balances growing to an average of £2.1bn in Q4 2023. The Group is only able to obtain attractive interest rates on these overnight client cash balances because of our ability to aggregate numerous individual client balances, many of which are transitory in nature and typically only held for a short amount of time.

Whilst the increased interest income stream is a positive boost for the Group and a natural by-product of our increasingly diversified product offering, we are mindful that aspects of its dynamics are driven by macroeconomics beyond our control. As previously outlined, we have therefore chosen to recognise this income on client balances as 'net treasury income – client balances' and exclude it from our underlying results.

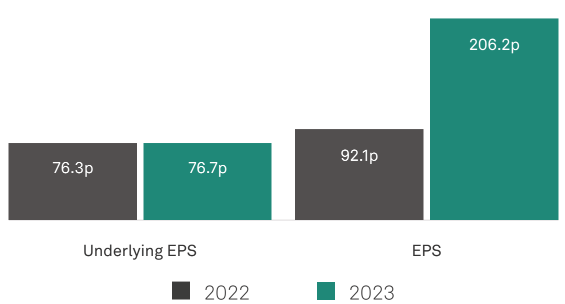
This year the Group has also generated net treasury income on the initial and variation margins it requires for its FX Risk Management client relationships. These balances contribute to the Group's cash and cash equivalent balances and directly relate to the operating activities of the business. Therefore, we have decided to separately disclose these amounts within total income at the top of the Income Statement as opposed to within finance income, totalling £1.8m (2022: £nil).

TAXATION

The effective tax rate for the period was 23% (2022: 17%). The increase in effective rate is primarily due to the change in UK corporation tax from 19% to 25% in April 2023. The rate was lower than the pro rata UK headline rate of 23.5% due to the mix of profits across our global subsidiaries. There were no other material changes in underlying rates.

EARNINGS PER SHARE

Underlying basic earnings per share was flat at 76.7p (2022: 76.3p), whilst total earnings per share were over 120% higher at 206.2p (2022: 92.1p). The impact of the increased corporate rates of taxation was to suppress underlying basic EPS by c. 6p and basic EPS by c. 14p.



	31 DECEMBER 2023 £'000	31 DECEMBER 2022 £'000
Net cash and cash equivalents	197.9	136.8
Variation margin paid to banking counterparties	11.1	44.9
	209.0	181.7
Margin received from clients*	(51.1)	(70.2)
Net MTM timing of profit from client drawdowns and extensions within trade receivables	20.9	2.9
ADJUSTED NET CASH**	178.8	114.4

* Included in 'other payables' within 'trade and other payables'.
** Excluding collateral received from clients, collateral paid to banking counterparties, early settlement of trades and the unrealised mark to market profit or loss from client swaps and rolls.

KEY PERFORMANCE INDICATORS

The Group monitors its performance using several key performance indicators which are reviewed at operational and Board level. The key financial performance indicators are revenue, total income, underlying profit before tax, profit before tax, PBT margin, number of FXRM clients, number of Alternative Banking client accounts, and the number of FXRM Front Office staff.

CASH FLOW AND BALANCE SHEET

In the year ended 31 December 2023, 53% of the revenue in the year was derived from products where the revenue is converted into cash within a few days of the trade date (2022: 57%). Including net treasury income, cash conversion increased to 72% in 2023 (2022: 60%). This has continued to have a positive impact on the Group's cash flow. On a statutory basis, net cash and cash equivalents increased in the year by £61m to £198m.

The Group's statutory cash position can fluctuate significantly from day to day due to the impact of changes in: collateral paid to banking partners, margin received from clients, early settlement of trades, or the unrealised mark-to-market profit or loss from client swaps. These movements result in an increase or decrease in cash with a corresponding change in other payables and trade receivables. Therefore, in addition to the statutory cash flow, the Group presents an adjusted net cash summary excluding these items, shown above. On this basis, adjusted net cash increased in the year by £64m to £179m. The overall net assets of the Group increased in the year by £81m to £223m.

Tim Powell
Chief Financial Officer

Financial Review
Continued

PRIOR PERIOD RESTATEMENT

After reviewing the IFRS 2 Share-Based Payment standard and related guidance from the IFRIC, the Group has concluded that share ownership schemes that grant employees shares or options in subsidiaries, with conversion rights to the holding company should be accounted for under IFRS 2 Share-Based Payment, rather than a non-controlling interest in a subsidiary. As a result of this, the previous years' non-controlling interest recognised over the annual profits of the subsidiaries were overstated.

In addition, a number of other amounts relating to these schemes have been restated in 2022, namely the share-based payment charge to the Consolidated Statement of Comprehensive Income, the share premium recognised on vesting, and other receivables relating to the purchase of the options. Accordingly, the Group has restated its financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The correction of these entries in 2022 results in a slight decrease to profit after tax (£0.4m), an increase to profits attributed to shareholders of the parent (£2.7m), an increase to retained earnings (£4.6m), and an increase to basic earnings per share (5.3p).

Full details of the restatement are shown in note 4 of the accounts on page 119.

COBASE

On 1 December 2023 the group acquired a c. 86% stake in Cobase – an innovative, cloud-based provider of bank connectivity technology that enables corporates to manage their banking relationships, accounts, and transaction activity via one single interface. The balance sheet has been incorporated into the Group's 31 December financial position. The income statement impact in 2023 of one month of trading was: revenue of £0.2m, EBITDA £nil, and a loss before tax of £0.2m.

BUYBACK

In January 2024 we announced a share buyback programme of up to £20m; as at 18 March 2024 we had purchased 332,429 shares at a total cost of £5.7m.

DIVIDEND

Following the strong full year results, the Board is pleased to declare a final dividend of 12.3p per share (2022 – 11.0p). Subject to shareholder approval, the final dividend will be payable to shareholders on the register at 5 April 2024, and will be paid on 10 May 2024. This represents a total dividend for the year of 16.0p per share (2022: 14.4p).

Tim Powell
Chief Financial Officer

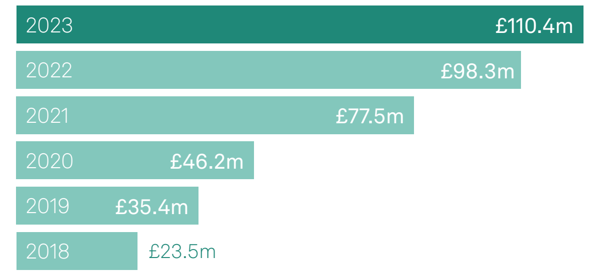
Key Performance Indicators

The following KPIs are used to track the performance of the business against the Group's strategy on page 18-20.

REVENUE

The income from services and products provided to clients during the year.

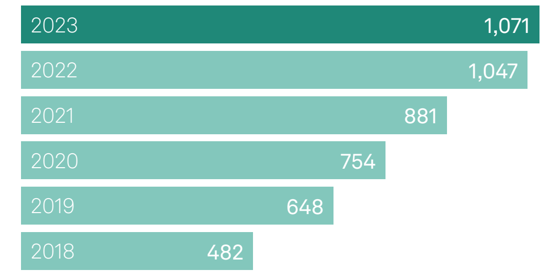
£110.4M



FXRM CLIENT NUMBERS[3]

The number of clients that have generated revenues in excess of £10,000 over the previous 12 months.

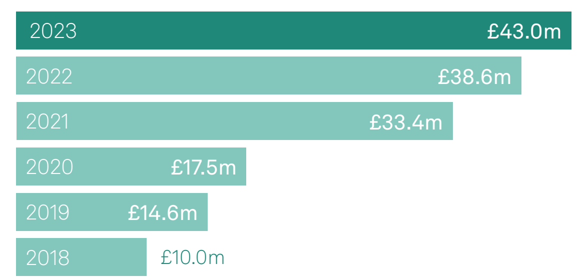
1,071



UNDERLYING PROFIT BEFORE TAX [1]

Profit before interest, tax, exceptional items and share-based payments.

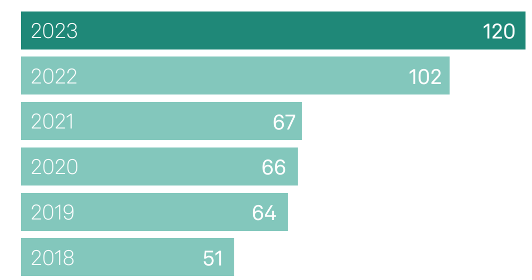
£43.0M



FXRM FRONT OFFICE HEADCOUNT

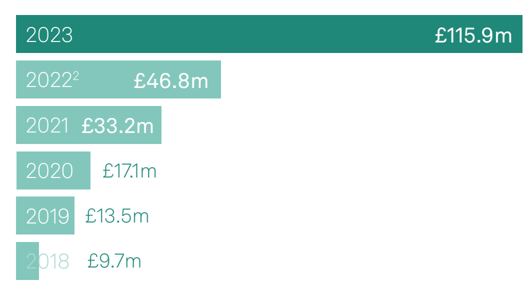
The number of employees in Front Office employed by the Group as at 31 December of each year.

120



PROFIT BEFORE TAX

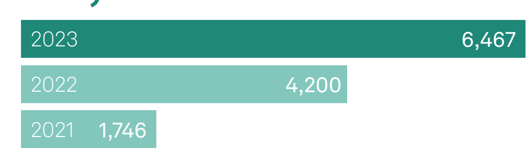
£115.9M



ALTERNATIVE BANKING ACCOUNTS INVOICED

The number of accounts opened by clients that were live at the period end.

6,467



[1] Underlying excludes the impact of non-cash share-based payments, net treasury income on client balances, one-off listing-related and M&A costs and amortisation of purchased intangibles in 2023, and in the prior years, exceptional property-related costs.

[2] Full details of the restatement are shown in Note 4 of the Consolidated Financial Statements.

[3] The Group excludes Training Accounts (those that have generated less than £10,000 in revenue since being onboarded) in order to provide a clearer picture of client retention for the purpose of these figures.

Our Businesses
FX Risk Management

WHO ARE WE HELPING?

Our FX Risk Management division focuses on supporting corporate and institutional clients that need to buy or sell currency for commercial purposes, typically for buying and selling goods and services overseas, or to fix the underlying value of an asset or liability.

The clients that we support are regularly impacted by movements in exchange rates, and therefore exposed to material risk that can significantly impact their performance and profitability. We support them by providing strategies and technologies that enable them to mitigate risk by managing the impact of currency volatility more easily and effectively. Similar to a traditional currency broker, we then underpin these solutions with a variety of ways to buy and sell currency – from simple spot contracts through to more sophisticated hedging products. Despite our consultative approach, we charge no upfront costs or retainer fees, instead monetising our services through commissions on forward, option and spot contracts.

The annual global market opportunity for our FXRM division is estimated to be worth over £200bn, meaning we have captured less than 1%. Our main competitors are banks, who hold an estimated market share of over 80% through pre-existing relationships, with the remaining 20% held by non-bank foreign exchange brokers. We service this marketplace through our Corporate and Institutional teams in the UK, Canada, the Netherlands, Italy, Australia, Spain and Germany. We are sector agnostic and our revenues are highly diversified across a variety of sectors, currencies and continents, with clients in over 50 countries.

REVENUE FY2023 (£)

£76.3M

(2022: £69.5M)

CLIENT NUMBERS

1,071

(2022: 1,047)

% GROUP REVENUE

69%

WHAT PROBLEM ARE WE SOLVING?

To understand the distinctiveness of our model, one must first understand the following three considerations: i) the ongoing challenge that businesses with a recurring exposure to currency volatility are faced with, ii) what a well-balanced hedging solution looks like, and iii) the set of FX-related conditions that create a web of complexity, and often suboptimal decision making, for businesses to navigate through.

i. The challenge our clients face

Any organisation with ongoing exposure to currency volatility must continuously and appropriately determine how to protect their business against the risk that currency volatility creates. This can range from hedging firm commitments, through to hedging cashflow forecasts.

The latter of these is more complex, and where clients naturally face the biggest challenge – and this is where Alpha focuses its proposition and differentiates itself the most.

Some examples of the questions that decision-makers continuously need to consider when hedging include: how to approach fixing the rate and how not to approach it, when to fix the rate and when not to, how much is too much, and how much is not enough. Only by answering these questions correctly can they ultimately avoid the problem of under or over-hedging.

ii. What 'good' risk management looks like

To develop a well-balanced hedging solution, the first step is to start with the business itself. We cannot, with any integrity, propose a solution to a client without understanding how their business works. Thus, our primary focus is to obtain a deep understanding of an organisation's operating model, any supply chain considerations, their target market, competitive landscape, profit margins, cash constraints (cyclical or not), pain points that make the day-to-day operations harder to navigate, and, importantly, the core commercial short, medium, and long-term objectives of the key decision-makers and owners. This understanding gives us a base foundation from which a strategic hedging programme can then be built.

The next step is to determine how to protect the business against currency volatility itself. At this point we want to explore the following questions: i) how much to hedge, ii) which instrument to use, iii) when to hedge, and iv) how often to revisit these questions. The possible solutions will consider the commercial risk posed to the business because of volatility itself (indicating what an organisation needs to do to protect itself), the cash position and creditworthiness of the business (indicating what they can afford to do), and the risk appetite and commercial objectives of the decision-makers (indicating what they would like to do).

When considering the answers to the above, it's important to first understand what "bad" looks like. Essentially this falls into one of the two camps mentioned above: under-hedging (hedging too little, including nothing) or over-hedging (hedging too much). For organisations that are hedging cash-flow forecasts, the implications of under or over-hedging can be significant. For corporates, it can materially impact their purchasing and pricing power, and for funds, it can impact their investment performance. In both cases, this results in reduced competitiveness and profits. Additionally, over-hedging can also lead to margin calls that result in cash outflows that can negatively affect the business. The aim is to ultimately get the balance right and ensure that profits aren't unnecessarily eroded, commercial objectives aren't unnecessarily obstructed, and the day-to-day running of the business is not negatively impacted. Understandably, this is easier said than done. Part of the difficulty in answering these questions and striking the right balance stems from the fact that decision-makers are faced with a web of complexity and distraction from the FX market itself.

iii. Fear, Greed, & Sub-optimal Decision-making

Whilst there is risk from unfavourable volatility, there is also "opportunity" from favourable currency swings. It is not uncommon therefore for businesses to be driven by a desire on the one hand to protect their margins, and on the other, to increase their profitability. The combination of both introduces two quite strong emotional drivers into the decision-making equation – fear and greed – an age-old human problem which negatively influences the performance of a hedging strategy. When faced with such unpredictability, the one thing that people will often seek the most is reassurance. Often however they find this in the wrong places. Consequently, it's quite normal for decision makers to seek counsel from those "in the know" about which way the market is likely to move. This usually comes in the form of market commentaries or forecasts, and despite this approach producing suboptimal results when measured over the medium to long-term, to this day it remains the default service offering by both banks and non-banks alike.

FX Risk Management
Continued

In our experience, most banks are passive and risk-averse, sending generic in-house forecasts and analysis en-masse to their customer base, usually via email. Our non-bank competitors on the other hand typically actively engage in providing businesses with personal predictions and opinions, as well as producing generic commentary and in-house forecasts.

Adding to the complexity is the plethora of financial instruments available to businesses, which can also be placed into one of two camps: (i) genuine risk management products with a commercial purpose, and (ii) speculative products that are akin to gambling. Regarding the speculative products, these instruments serve no logical purpose in a genuine risk management strategy and tend to offer immediate short-term benefits by providing a more favourable exchange rate today, at the expense of committing the client to a potentially more undesirable exchange rate in the future – hence the gamble. Despite the odds being firmly against the client, these instruments remain highly alluring to many.

The final challenge relates to the ongoing conflict of interest created by the traditional commission model within non-banks. Notably, the immediate short-term earning potential for the individuals involved in the sale and dealing of FX, often stands to compromise the integrity of their hedging advice in terms of timing, quantum, and product.

The conditions that our clients face can therefore be summarised as follows: significant sums of risk linked to a recurring business decision, overseen by human beings who are prone to making imperfect decisions, linked to a variable that is hard to predict and can both boost or cripple performance, with instruments that vary wildly and can be difficult to understand, and influenced by advice that often has a short-term focus and can be self-serving in nature. If it sounds like a lot, it's because it is!

THE SHORT-TERM TRAP

Collectively, the problems outlined above serve to fuel fear and greed tendencies, and subsequently suboptimal decision-making, at a time when a balanced and strategic approach to managing currency is often needed the most. We refer to this as the Short-term Trap. The obvious question to ask is, if the Short-term Trap leads to such suboptimal outcomes, why then does it persist? Ultimately, the answer to this lies in the fact that international businesses will always be faced with a recurring decision to buy or sell currency (this will never go away), and as long as that decision remains intrinsically linked to a live moving variable (FX rates), it will continue to create the conditions for success or failure. Furthermore, in an industry where FX providers and the global media continue to indulge and promote FX market forecasts and commentary, a convention is established that lures businesses into believing there is genuine value and credibility in relying on them.

If this approach is fundamentally flawed, why don't more providers choose to challenge the short-term cycle? The answer to this is simple – people are human with emotional drivers that are unfortunately easy to sell to, and the commercial opportunity to monetise this with short-term market opinions and/or speculative products, is inherently easier and lucrative in the short-term.

HOW WE DIFFERENTIATE – "THE ALPHA WAY"

If the traditional way of doing things is easier, why have we chosen a more difficult path? Ultimately this comes down to three things – integrity, purpose, and sustainability. In terms of integrity – we know the short-term model is not in the long-term interest of our clients. In terms of purpose – we are genuinely passionate about solving the problem of currency risk for our clients; in an industry fixated on the direction of FX markets and being part of the fanfare that surrounds them, we are proud to be different and have a clear vision to become the global leader in FX risk management. And in terms of sustainability – we believe it is easier to keep the clients you have, by providing sound risk management advice that delivers consistent results over the long-term.

Ultimately, by avoiding the path of least resistance, we set out to remain a business that is long-term, high-growth, and a global leader in its space. However, by leaning into a more difficult path our challenge becomes, how can we navigate it successfully? This comes down to three core components: our Business Philosophy, our Performance Culture, and our Remuneration System.

PILLAR 1. OUR BUSINESS PHILOSOPHY

Over the past fourteen years we have made it our mission to distinguish ourselves away from the short-term, FX-focused, and sales-led services that have always been abundant in the market. We have sought to challenge preconceived ideas of what "good" looks like by prioritising the commercial development and acumen of our people, and engaging in conversations that seek to genuinely understand our clients' businesses and what they truly need, rather than what they might want, or have become accustomed to.

Risk management led

Our approach to managing currency volatility is risk management-led, not FX market-led. We know that nobody can reliably predict the currency market, and to pretend otherwise would compromise our clients' commercial objectives. Our belief is that any conversations around currency markets and "when" to buy should only take place after a clearly defined risk management strategy is in place. It is for this reason that we don't consider ourselves, nor position ourselves, as FX market experts, and therefore, unlike our peers, since inception we have never published FX market commentary, analysis or forecasts. In fact, we don't believe the notion of an FX market expert even exists or carries any legitimacy at all.

A risk management culture, like Alpha's, versus one that indulges market commentary and forecasts, are mutually exclusive and deliver distinctly different outcomes.

Keeping it simple

In terms of the hedging products we recommend to our clients, we know that, used in the right way, simple products are, in the vast majority of cases, far more effective than complex or speculative ones at managing currency risk. To support this ethos, we incentivise our people by deliberately paying significantly lower rates of remuneration on more complex products, whilst celebrating and over-rewarding scenarios where we successfully talk clients down from more complex ones, to using simple ones. Our philosophy has always been to avoid the path of least resistance and challenge clients on what they need versus what they want.

Effective strategy requires a deep understanding of how a client's organisation works, in order to diagnose their challenges and build an appropriate solution. This cannot be achieved by talking to a client about their generic "FX requirements" only to put forward a pre-conceived FX solution. This is just a sales conversation. What is needed instead is a business conversation – one that evaluates the client's business dynamics, competitive environment, and commercial objectives, in order that we can then tailor appropriate risk management principles to their unique circumstances. Only by adopting this approach can a well-balanced hedging strategy be achieved.

SUMMARY

Our business philosophy intrinsically takes us down a more challenging path, but we believe this leads to more meaningful and sustainable results. By forging long-term relationships with our clients based on value, credibility, and trust, the rewards that follow (which are proven to compound over time) create strong earning potential for our people, and strong sustainable value for our investors. Everyone wins.

FX Risk Management
Continued

PILLAR 2. OUR PERFORMANCE CULTURE

Our second core component is our performance culture. We are relentlessly committed to cultivating a team-oriented performance environment that runs through the entire organisation. We believe highly effective, team-led systems drive higher levels of performance, versus a cluster of highly talented individuals working independently and focused on self-interest. But team-led systems need organising, they need direction, and they need purpose: our performance culture is our second core component and acts as a central pillar in helping us achieve this. It has several sub-components, the first of which is development.

Everyone's getting better

In many organisations, development is something which is reserved for more junior people, and the more senior you become the less you are expected to develop. We do not subscribe to this notion, and instead our focus on development is both top-down and bottom-up, from our most entry-level people, to our most senior. By creating an environment where everyone is getting better, seeking out their next level of performance, and addressing inconvenient facts or uncovering uncomfortable truths, we continuously elevate our collective potential.

A winning mindset

Across all divisions and departments, we want to be considered exceptional at what we do and pursue excellence in every field. Throughout the organisation we emphasise that, whoever you are and whatever role you play, we all have an obligation to achieve and uphold a reputation of excellence. Our people knowingly sign up to this when they join, it is one of our most important guiding principles and, unsurprisingly, it is not for everyone.

Enjoying the journey

Performance environments can be mentally and physically taxing, and we don't want our people to become slaves to performance or burn out. Thus, we place a huge amount of importance on the third sub-component of our performance culture, which is ensuring this journey remains enjoyable for everyone. Yes, we want to get better, and yes we want to operate at an elite level, but we also want this to be fun – not least because we believe enjoyment is an integral ingredient to performing at a higher level.

Ultimately our people are our most treasured asset, and we demand a lot from them. For our people-led model to remain sustainable it's imperative we invest in them appropriately.

SUMMARY

In any high-performing sports team, what separates those who finish first, from those who don't, is their intent. Individually and collectively, they train that extra bit harder, they create a culture where 1% improvements are both valued and sought out, they empower and elevate one another, and they constantly look to invest in areas that will make the boat go that little bit faster. We subscribe to the belief that business is no different. It's one of the main reasons we have established an exciting and long-standing relationship with a world-renowned performance coach, Dr Ceri Evans, who, in addition to Alpha, works with some of the world's most respected and successful sports teams.

PILLAR 3. OUR REMUNERATION SYSTEM

Our remuneration system is the third component of our model and is designed to both complement our business philosophy and regulate our performance culture.

As a fast-growing business with growth expectations from investors, one could envisage a conflict between our long-term principles and results-oriented environment. We however feel the two are aligned and show this through strong leadership and a clear cultural direction. We then reinforce our approach with very deliberate and well-designed remuneration structures.

Despite our strong track record of growth, since inception, our Front Office employees have never had a recurring revenue target for existing clients – not at the individual client level or across their wider portfolio. We believe this is not only unique in our industry, but also in sales environments. Instead, we opt solely for monthly new business targets that are deliberately modest and static. We believe this approach is critical in driving the right behaviour at the outset of a new client relationship and in delivering consistent positive client outcomes over the long-term, which then leads to high levels of retention and allows us to organically increase our wallet share over time.

Ultimately, we want our people to prioritise client retention and acting in the long-term interests of their clients, rather than be influenced by the need to hit a short-term recurring revenue target.

We also use remuneration to both incentivise and disincentivise our people relative to the complexity of the products they sell (i.e. the more complex the product, the lower the remuneration). We believe in most instances the simplest solution or product should always be prioritised, which often means less revenue today, but more over time. In an industry where the sale of complex products is often overly rewarded, and the people that sell them are pedestalled as experts, this is a key cultural difference.

DIFFERENTIATION AT A GLANCE

THE TRADITIONAL WAY	THE ALPHA WAY
FX Market "Experts"	Risk Management Experts
Sales & FX market conversations	Business & risk management conversations
Publish market predictions & commentary	Avoid the noise and distraction of the markets
Recurring revenue targets	No recurring revenue targets since inception
Promote complex products	Promote simple products
Sell clients what they want	Sell clients what they need
High volumes of low-value clients	Low volumes of high-value clients
Legacy technology, built for the mass market	Cutting-edge technology, purpose-built for currency risk management

Our Businesses Alternative Banking

WHO ARE WE HELPING?

Our global accounts solution has been purpose-built for alternative investment managers and the corporate service providers and fund administrators that support them ("Service Providers"). These clients require local accounts in key investment jurisdictions for their investment vehicles, typically for the purpose of asset sales, purchases, or distributions. Fund types typically include: private equity, private debt, venture capital, real estate, infrastructure and fund of funds.

As our reputation and capabilities have grown, we are seeing increasing levels of interest from service providers who wish to partner with us. These organisations are responsible for managing a number of back office activities on behalf of funds and their underlying investment entities, including: opening and managing accounts, sending payments, and FX execution. Such service providers can range significantly in size, with our existing partners estimated to be managing anywhere between 2,000 and 30,000 investment entities each. Each of these investment entities will typically require their own local account, therefore representing a significant undertaking for these service providers.

Data company Preqin tracks 180,000+ alternative fund profiles globally, and we estimate that each fund will have, on average, ten assets, each requiring accounts. Based on these calculations we are barely scratching the surface of the market. Our competition is almost exclusively banks.

Our clients operate globally, with their funds domiciled in key investment jurisdictions, in particular Europe, Singapore (Asia) and the USA (Americas). Our existing regulatory scope means we can currently service each fund's European business, with an application in Singapore underway to expand our global reach.

REVENUE FY2023 (£)

£33.9M

(2022: £28.8M)

LIVE ACCOUNTS

6,467

(2022: 4,200)

% GROUP REVENUE

31%

THE PROBLEM

Whether you are an investment manager or one of their service providers, opening and managing bank accounts in key investment jurisdictions is often a time-consuming, resource-intensive, and unreliable process.

Whilst this can be a significant headache for individual investment managers, these problems are amplified considerably for the service providers tasked with managing many thousands of accounts on their behalf, day-in, day-out. For these service providers, the sheer number of interactions across all their bank accounts for workstreams such as onboarding KYC, payments, FX, and reporting, is staggering. Furthermore, if the quality of these interactions is poor or inefficient, it leads to significant pain and cost for the service provider. We are on a mission to bring down the number of these interactions, whilst simultaneously raising their quality.

To understand the scale of this problem and why it exists, it is helpful to explain the availability of options in the marketplace today. Traditional banks have generalised, low-touch offerings built on legacy systems that are designed to handle standard corporate and retail clients at scale. They are not however built to handle the specialised and often complex nature of alternative investment structures. This (as will be outlined later) requires a high-tech, high-quality service, underpinned by specialised teams, processes and technologies. As a result, for traditional providers, servicing these entities to a high standard and efficiently is simply not viable over the long term.

For most clients, the result is an unreliable and time-intensive banking experience. Opening accounts can take months, as clients manually navigate a back and forth of onerous KYC and compliance processes, often with customer representatives who do not specialise in their industry. Furthermore, if an account is granted, there is often considerable uncertainty over whether it will remain open, with many of our clients reporting that banks have closed their accounts at short notice. In our experience, this is because the ongoing KYC and compliance obligations outweigh the revenue the bank is able to generate on the account. Often this also means that clients will only be granted accounts on the basis that they agree to take on ancillary services, despite these services not always being commercially preferable.

The difficulty traditional providers face when servicing this marketplace naturally invites the question, "Why have no new providers entered this space?" The reality is, to do this successfully, you need three key things: segment focus and expertise, dedicated processes and systems, and importantly, a balance sheet and track record that can be trusted. As a publicly listed company with a strong balance sheet and a track record of processing tens of billions in transactions, even Alpha still comes under significant amounts of due diligence and scrutiny before service providers and investment managers open an account with us. Any fintech seeking to service this calibre of client however would rarely have the expertise, track record, balance sheet, or blue-chip local banking relationships, needed to get a robust solution up and running.

> "Our approach is underpinned by three service principles: speed, responsiveness and reliability, and everything we do is considered through these lenses."

Ultimately, our own success in this space was only possible because of the maturity of our core business, and ability to become a specialist "start-up" through our decentralisation strategy. Our clients now benefit from dedicated people, processes and technologies, alongside the capabilities of an established PLC business, a strong Group balance sheet, and a track record they can trust. It's a rare combination and one that provides us with a significant competitive advantage.

WHAT WE DO

At Alpha, we have built a leading accounts solutions dedicated to the alternative investment industry – a bank alternative, built for Alternatives. Our clients benefit from people, processes and technology that have been purpose-built for their industry, and this makes a significant difference to both the efficiency and service levels they receive – whether they are an investment manager managing multiple accounts, or a service provider managing thousands. Working with Alpha, clients can be confident they will be able to have an account when they need it, where they need it and without any of the traditional hassle, uncertainty or ancillary obligations typically associated with opening and maintaining these accounts. Furthermore, once accounts are open, we provide an intuitive online platform for managing all accounts within one place, enabling clients to gain a top-level view of accounts across their entire structure, as well as segregated views across individual SPVs – providing even more improvements in efficiency and visibility.

Alternative Banking Solutions
Continued

Ultimately our aim is for every interaction with clients to be as efficient and streamlined as possible, whilst also remaining highly controlled and compliant. Our approach is underpinned by three service principles: speed, responsiveness and reliability, and everything we do is considered through these lenses. Once again, whilst this makes a big difference to investment managers, for service providers that are managing thousands of accounts for hundreds of different investment managers, the benefits of these efficiencies are compounded significantly, and make a sizeable difference to their day-to-day operations, and thus, the quality and profitability of their own service offerings.

MONETISATION

We typically generate revenues through annually recurring subscription fees against each account that is opened. A number of these accounts will often then go on to process payments and FX transactions at key stages throughout their lifecycle, which provide additional revenue opportunities. Importantly, providing clients with an account also gives us the opportunity to build enduring relationships with the investment managers. This means that even when the existing assets or funds come to the end of their lifecycles (typically 5-7 years), we will have the opportunity to work with the investment manager on their other investments and funds in the future.

DIFFERENTIATION AT A GLANCE

THE TRADITIONAL WAY	THE ALPHA WAY
One-size-fits-all approach, servicing mass volumes of corporate and retail clients.	People, processes and technology dedicated to the alternative investment industry
Low-touch reactive service delivered by generalist teams	High-quality proactive service delivered by specialist teams
Generic compliance processes and manual, resource-intensive onboarding	Bespoke compliance processes and streamlined, digitalised onboarding
Slow and unreliable account opening times	Fast and reliable account opening times
Inability to access local accounts in key investment jurisdictions	Local accounts available across key investment jurisdictions
Ancillary revenue obligations and minimum spends required to keep accounts opened	Fixed and transparent annual fee, with no ancillary obligations or minimum spends
Accounts managed via multiple banks, platforms and logins	All accounts managed through a single platform, built for managing multiple investment entities
Legacy technology, built for the mass market	Cutting-edge technology, purpose-built for alternative investments

Our Businesses
Fund Finance[1]

WHO WE WORK WITH

Our fund finance offering is focused on providing investment managers with a more efficient and cost-effective way of obtaining borrowing facilities for their funds. Such facilities typically consist of short-term revolving credit facilities (Capital Call, NAV Facilities, GP Facilities) designed to optimise liquidity and returns throughout key stages in the fund's lifecycle.

Preqin reports that there are circa 50,000 fund managers globally and conservatively, we believe that there are c. 20,000 of these that have between 1-2 borrowing requirements per year. These clients are primarily split out across North America, Europe, and Asia, with the remaining distributed across the rest of the world. As a result of Alpha's existing client base, our focus has initially been on European funds and their managers, however, our ability to sell further afield is not restricted, and we are already seeing interest outside of Europe.

THE PROBLEM

With over 200 lenders in the marketplace, each with their own lending appetite, accessing fund finance has traditionally been a time-consuming and resource-intensive process for investment managers. Furthermore, even once the right lender has been identified, the process of structuring a loan, agreeing and underwriting terms, engaging legal teams, and onboarding, creates large and complex manual workstreams. This would be the case if a borrower was only engaging with one lender; however, if a borrower wants to validate the competitiveness of the terms they receive, they will typically need to engage with multiple. Given the sheer size and ever-changing nature of the market, screening even just a handful of lenders (let alone 250) is either, internally very time-intensive, or requires expensive outsourcing to traditional debt advisers.

REVENUE MAY 2023 - DEC 2023

£700k+

MANDATES COMPLETED

28

HEADCOUNT

5

Unsurprisingly therefore, our research has shown that (depending on complexity) arranging a facility can typically take anywhere between 3-9 months when screening across a pool of lenders.

WHAT WE DO

At Alpha, we're disrupting the traditional fund finance intermediary model. By combining a highly experienced fund finance team with smart systems, processes and technologies, we are making it easier than ever before to secure the right facility on the right terms. Our offering has been built in a modular manner, broken down across two key phases, in order to provide our clients with the flexibility to pick and choose the services that best meet their requirements.

[1] Fund finance was established within our Alternative Banking division, and therefore headcount and revenue contributions are currently recognised within Alternative Banking.

Phase 1 – Digital Screening

Our team begin by working in consultation with clients to help them identify the right borrowing facilities for them and create a borrowing profile. With this profile in place, we will screen their requirements across a large universe of lenders using our digital fund finance platform. Our fund finance platform is the first of its kind in the marketplace and uses digital automation and our proprietary lender database to take a process that would traditionally take months (or not be carried out at all) and condense it down to a matter of minutes. At the same time, by screening the borrower's requirements across the whole of the market, clients gain unprecedented levels of market validation, and can therefore be more confident than ever before in the competitiveness of the terms they receive.

After using our screening tool, borrowers will receive a custom-built report of relevant lenders. From here, we offer a matching service, where we will secure heads of terms for a facility from one or more lenders.

Phase 2 – Structuring & Execution

The second phase of our offering is focused on using the fund finance team's knowledge and expertise to negotiate, structure and execute the client's facility on their behalf. Here our focus is on ensuring the process is as efficient as possible for the borrowers and that they can feel confident they are receiving the right facility on the right terms.

MONETISATION

There are two main ways we generate revenues from our fund finance offering. For phase 1 of our offering, we charge a platform screening fee, and for phase 2, we charge advisory fees, which vary depending on the depth of support the client would like us to provide.

BENEFITS TO LENDERS

As well as offering significant benefits to borrowers, lenders also stand to benefit considerably from featuring on Alpha's fund finance platform, as it provides them with fast access to a large and growing pool of pre-qualified borrowers that match their specific requirements, as well as streamlined administration of their loans.

A STRONG FIRST-MOVER ADVANTAGE

For a platform solution to be worthwhile for borrowers and lenders, there needs to be speed and scale on both sides of the equation: borrowers want to know they can instantly screen across a large pool of lenders, whilst lenders want to know they are going to have easy access to a sizeable pool of borrowers.

In our experience, however, traditional providers are not set up to deliver this. Whilst they offer high levels of expertise, their offerings rely solely on human delivery. As a result, the speed and scale of their operations are heavily limited, with most fund finance intermediaries consisting of a cadre of advisers, working with a small number of borrowers each year.

This is where Alpha differs. In terms of scale – through the success of our FX Risk Management and Alternative Banking divisions, we have been able to enter this market with an existing client base of over 1,300 investment managers, all of whom are potential borrowers. And in terms of speed – we are able to use the Group's strong capital position and capabilities in technology to build a digital offering that can process a workstream that would have taken months, in a matter of minutes. As a result, we believe we have a strong and sizeable first-mover advantage in this market and an opportunity to drive meaningful improvements within the industry.

Our Businesses
Cobase

INTRODUCTION

Joining Alpha Group in December 2023, Cobase is an innovative, cloud-based provider of bank connectivity technology that enables corporates to manage their banking relationships, accounts, and transaction activity via one single interface. In doing so, the company unlocks significant operational and financial efficiencies, especially for international businesses, with multiple banking relationships across the world.

Without Cobase, companies have to manage multiple platforms and integrations across an array of banks, significantly reducing the efficiency and visibility with which they can manage their payments, cash management and treasury functions. The more banks and accounts a company has, the more challenging this becomes.

Companies can utilise Cobase's solution either directly through its platform or via its off-the-shelf ERP connections, with widely used solutions providers such as Oracle, Netsuite, Microsoft Dynamics and SAP S4/HANA. The ease and simplicity with which this connectivity can be offered is a key differentiator in a marketplace where it is typically only achieved through enterprise-grade Treasury Management Systems ("TMSs"). Such systems require expensive and resource-intensive manual integrations with separate banking and payment providers, as well as separate memberships with networks such as SWIFT. As a result, research of Alpha's existing client base shows that less than 10% are using a traditional TMS.

Cobase enables companies to leapfrog the aforementioned barriers through its unique approach of being a software business, whilst also holding its own regulatory statuses and SWIFT membership. Alongside its bank connectivity, key features include a Central Payments Hub as well as a Cash Management and Treasury Management module.

REVENUE FY2023 (€)

€2m[1]

MANDATES COMPLETED

~130

HEADCOUNT

21

This makes Cobase a flexible and accessible option for corporates that would benefit from many of the features of a TMS, but have been put off by the time, costs and expertise traditionally required to implement and maintain one.

The company was founded in 2017 by Jorge Schafraad, and is made up of 21 people headquartered in Amsterdam, The Netherlands. The platform has already benefitted from significant investment prior to Alpha's acquisition, and a visionary management team, creating an innovative multibank platform that has over 500 bank connections across more than 80 countries.

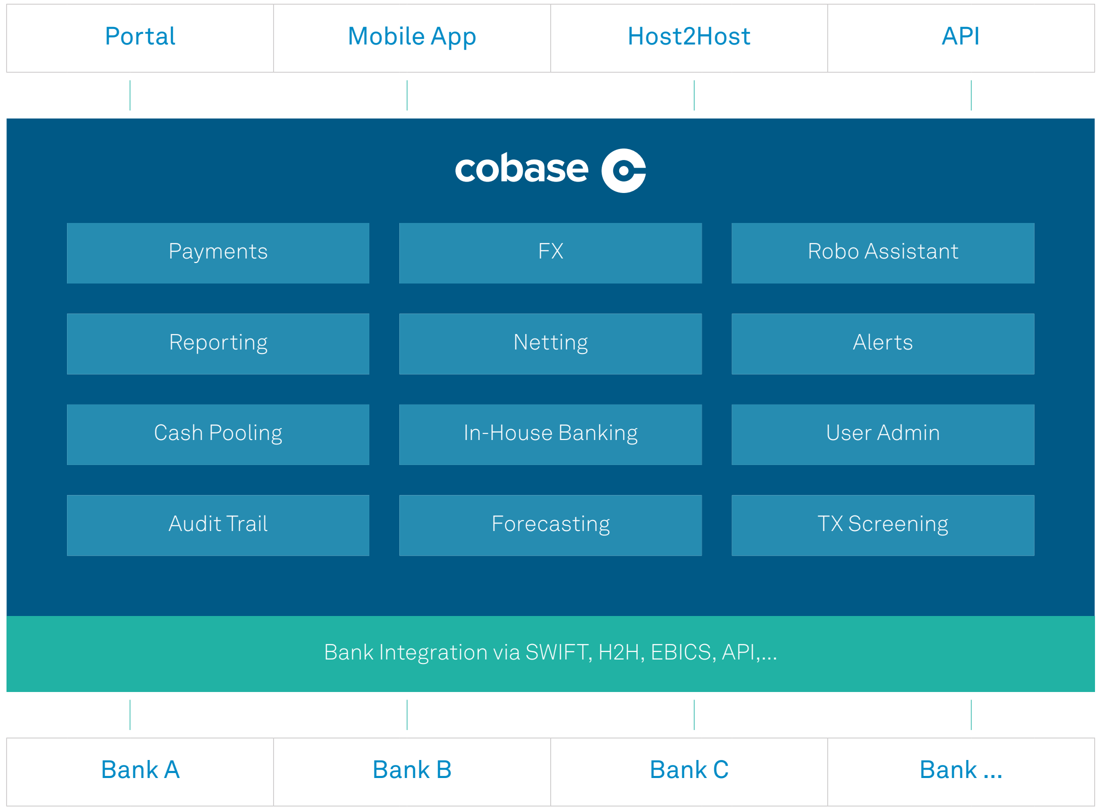
Cobase current revenue is solely from SaaS subscription fees, generating recurring revenues of circa €2m per annum. The company has a client base of circa 130 corporate groups across the world, reflecting 67% growth in the last 12 months (2022: 78).

[1] Only revenue generated after Cobase's acquisition in December is included in the Group's figures, which was £0.2m

STRATEGIC RATIONALE

Alpha and Cobase's offerings are highly complementary, and provide exciting opportunities to amplify one another's growth by leveraging and sharing each other's unique capabilities and experience. Indeed, 80% of Cobase's existing client base falls within Alpha's own target market, highlighting the strong potential for mutual value adds.

Cobase has retained its team and continues to operate under its own brand and management whilst its proprietary technology will help to accelerate Alpha's digital proposition and enable us to become increasingly more integrated with our clients by providing a more holistic treasury service around our core FX risk management proposition. This will, in turn, enable Alpha to provide more value to existing clients and increase wallet share and retention. Additionally, it will naturally allow Alpha to attract new clients for whom bank connectivity is an initial purchasing driver, as is evidenced by the 100 corporates who are already using Cobase. At the same time, we see an exciting opportunity for the Cobase team to leverage the scale and experience of Alpha's global sales team, as well as the cross-selling opportunities with Alpha's own client base.



Clients can either utilise Cobase through the company's own portal or mobile app, or from within their own ERP system by sending instructions via host2host or API connectivity.

Principal Risks & Uncertainties
Tim Butters, Chief Risk Officer

Against a backdrop of rising inflation and interest rates, we have continued to grow, maintaining a disciplined approach to credit and risk, whilst further enhancing our control environment. We remain well capitalised, with increasing levels of liquidity, driven by operating profit and net treasury income, whilst having managed our risk appetite in key risk areas, to continue delivering consistent returns.

OUR APPROACH TO RISK MANAGEMENT

In 2023 we hired an experienced cyber security professional as Alpha's first Chief Information Security Officer, and built out a dedicated application security function, further demonstrating our commitment to cyber and data security, one of our major risks. We continue to focus on key risk matters, ensuring proportionate yet robust controls, and have increased the size of the internal audit team to provide further independent assurance.

Familiar readers may notice the addition of one new risk this year, Financial Crime. Whilst in previous years we have covered several financial crime controls under regulatory risk, we have made considerable investment in further enhancing our financial crime team, systems, and controls in recent years, so we feel it warrants its own entry.

We continue to adopt a 'three lines of defence' model to manage our principal business risks, in line with enterprise risk management best practices.

FIRST LINE OF DEFENCE

Primary responsibility for managing risk through the design and implementation of appropriate controls. This sits with operational management who own and manage their risks.

SECOND LINE OF DEFENCE

Comprised of the Risk, Second-line Compliance, Cyber Security, and Legal teams, who are responsible for building and embedding the risk framework. At Alpha, the second line works closely with the first line to challenge, but also to advise on and monitor our controls. The second line ensures that levels of risk against risk appetite are reported to the Board and escalated when exceeded.

THIRD LINE OF DEFENCE

Internal Audit, along with other third-party reviewers, provide independent assurance to the Board on the effectiveness of the risk management framework and the operation of the first and second lines of defence.

Alpha has independent external audits across (i) Compliance & AML (including safeguarding) (ii) Information Security, (iii) Finance (including Settlements), and (iv) Technology. The Risk Committee, together with the Audit Committee, decides quarterly whether any additional external audits should be scoped. Where appropriate, insurance policies are used to further reduce the impact of risks manifesting as losses.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Our Enterprise Risk Management ("ERM") framework provides assurance to the Board on the sound management of existing and emerging risks and the effectiveness of our internal controls.

1. GROUP STRATEGY

Risk is a core consideration when setting strategy and business plans. Risks that can impact the delivery of the strategy are proactively identified to ensure we can manage them accordingly.

2. RISK APPETITE

Set by the Board, the risk appetite defines how much risk we are willing to take in pursuit of our strategic objectives. Our risk appetite ensures the ongoing monitoring and management of prudent levels of operational, compliance, financial, strategic, and information risk, whilst enhancing shareholder value. Our risk appetite is established by qualitative risk appetite statements and measured through quantitative key risk indicators ("KRI") metrics. To stay within our appetite, we always observe a compliant legal and regulatory regime whilst applying best practices, including:

- Creating a clear framework of accountability and responsibility that is transparent and allows for better decision-making;
- Recognising that our two divisions face different and common risks, and will therefore set policies, procedures, and the necessary reporting mechanics to ensure and validate that risks are understood, monitored, managed, and controlled;
- Recruiting, retaining, and developing our people to embed a culture that reflects the risk appetite.

The appetite statements provide clarity on the scale and type of activities we wish to undertake, and the Board has set a two-tiered limit approach to the quantitative metrics (KRIs) through amber and red thresholds. The amber thresholds allow for early identification of risks that are regularly occurring, picking up velocity or approaching appetite limits. The red thresholds are set to appetite; a level of risk more than the red limit is seen as 'out of appetite' and reportable to the Board.

Principal Risks & Uncertainties
Continued

3. RISK PROFILE
This is the current measure of the level of risk the business is exposed to. Key risk indicators and risk limits determine the Group's risk profile and indicate whether we are operating within appetite. We continue to invest in risk infrastructure to provide better insight into our risk profile.

4. RISK CULTURE AND GOVERNANCE
The group prides itself on its strong and embedded risk culture. The executive team are full-standing members and regular attendees of the monthly Risk Committee. Oversight of the risk management framework is governed by the Risk Committee under delegated authority from the Board.

5. RISK POLICIES
Policies are used to clearly define the approach to risk management across the group and to assign accountability.

6. IDENTIFICATION AND ASSESSMENT – PRINCIPAL RISKS
To be managed, risks need to be identified and understood. Alpha utilises several approaches to do so, from risk assessments and workshops to ensuring risk has a 'seat at the table' in operational and strategic decisions. In total, we have over 100 risks in our risk register which we monitor closely, with a focus on our Principal Risks (see page 47).

7. CONTROLS TESTING
We continuously work towards strengthening our control framework, with key controls frequently tested to assess their design and operational effectiveness. This gives us a more proactive approach to risk management, with the results of the assessments reported to the Risk Committee ensuring clear accountability for the firm's key controls.

Tim Butters
Chief Risk Officer

This is complemented by ad-hoc 'deep-dives' where, in response to internal or external developments, specific areas of the business may be targeted for a more in-depth review. In addition to internal controls testing, Alpha undergoes several internal and external audits per annum whereby our controls are independently reviewed. Any findings are tracked by the Internal Audit function through to closure via the Group Risk Committee.

8. RISK REPORTING AND MONITORING
Reporting provides oversight of the firm's risk profile against appetite and identifies new risks or increasing exposures that may become out of appetite. We continue to enhance our risk reporting, ensuring key risks are presented in a way that enables decisions to be made. Daily scenario testing ensures appropriate management of liquidity and credit risk.

Principal Risks FY2023

We assess, manage, and mitigate risks in order to deliver on our purpose and strategy. The risks below have been grouped as per Alpha's risk taxonomy.

Operational and Compliance Risk

Risk Type: Regulatory Risk

The Group faces the risk of failing to adhere to its regulatory and legal requirements. Failure could see the Group exposed to significant regulatory penalties and reputational damage, as well as counterparties terminating our relationship. Additionally, any new regulation or changes to existing regulations may require the Group to increase its spending on regulatory compliance and/or change business practices.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– We maintain robust policies, procedures, systems and controls, monitoring, and assurance programs. These ensure continued compliance with our regulatory obligations. – We have strong relationships with best-in-class regulatory compliance consultancies which we utilise to provide independent advice and assurance on our compliance processes. – Independent external audits are conducted on our AML and safeguarding processes and controls. – We have integrated with several Reg-tech providers to ensure we have the best and most innovative tools at our disposal. – The Compliance team continues to appropriately increase its headcount to accommodate regulatory and business needs, including hiring resources to ensure local expertise and compliance in newly licensed jurisdictions. – The governance of compliance risk via Risk Committee forums reflects the prioritisation of compliance within Alpha's long-term objectives and goals. – Our dedicated quality assurance and compliance monitoring functions have been enhanced further this year, showing our commitment to high levels of oversight and accountability.	➡ UNCHANGED

Principal Risks
Operational and Compliance Risk

Risk Type: Financial Crime Risk

The Group faces the risk of being used as a conduit to commit financial crime, involving fraud or dishonesty; misconduct in, or misuse of information; or handling the proceeds of crime.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– We have partnered with two industry-leading providers to implement new transaction monitoring and screening systems, which has enabled us to enhance our oversight of client trading activity and payments. The oversight has allowed us to make more informed changes to the financial crime framework of the business. – The Compliance team continues to appropriately increase its headcount to manage financial crime risk in line with transaction flows. Notable hires include two Deputy Money Laundering Reporting Officers and an additional Senior Sanctions specialist. – We are implementing a new KYC application with system-based controls and validation at its core. The tool will allow for an increase in the quality of data reporting to help to highlight any emerging financial crime risks. – We have conducted annual reviews of our Financial Crime Risk Assessment, and internal policies and procedures to ensure these are up-to-date and appropriate to counter the financial crime threats posed to Alpha. – An annual independent external audit is conducted on our AML procedures across the Group. – We have invested in companywide sanctions training and are growing our sanctions expertise internally. – A standalone Financial Crime working group has been established to deep dive into financial crime risk. – As stated above, our dedicated quality assurance and compliance monitoring functions have been enhanced further this year.	NEW

Risk Type: Operational Risk

The Group is subject to the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. This can include incorrect inputting or execution of a trade or settlement, internal fraud, and financial reporting delays or errors.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– We continue to invest in, and focus on, retaining a scalable operating model, with a particular ongoing focus on automation and straight-through processing. – We promote a positive speak-up culture, so risk events are proactively identified and escalated. – The Risk team oversees the operational risk framework, working closely with risk champions in each first-line team to ensure risks and risk events are proactively identified and reported. – Firmwide risk and control self-assessments are conducted in each department at least twice a year to identify risks and controls at an inherent and residual level. – We have a clear control framework in place, with key controls regularly tested for effectiveness by the risk team. – We maintain a strict division between Front and Back Office functions to ensure Back Office remains independent and attentive to any errors that the Front Office may have caused. We have further strengthened our lines of defence model this year. – Further enhancement of our operational resiliency framework, with further BCP and incident response testing.	⬇ DECREASED REASON FOR MOVEMENT: Process optimisation including an increase of straight-through processing.

Principal Risks
Operational and Compliance Risk

Risk Type: Dispute Risk

Whilst a client may not default on a contract, they may dispute its validity. With the challenging macro backdrop, there is a risk clients may try to renege on trades that have gone against them.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– Our thematic deep dive on dispute risk is frequently re-visited and reviewed. – All trades have evidence recorded against them of the trade instruction. – All derivative trades are reviewed by the compliance team, ensuring trades are booked in line with regulation and policy. – All credit facilities are reviewed by the credit team, ensuring credit agreements are executed correctly. – Our Compliance Monitoring team samples a percentage of all trades to ensure all documents are correct and present and evidence is attached to trades. – Controls regarding the disclosure of complex derivative products to our clients are in place, including compulsory monthly valuation reports sent to all authorised signatories, and trade confirmations sent to the director(s) in addition to authorised contacts. – We have reduced our offering of more complex products. – The Risk team control tests the above processes to ensure they are operating effectively.	UNCHANGED

Risk Type: Technology Risk

Technology underpins most businesses and Alpha is no different. We rely on the uptime and availability of in-house and third-party systems. A failure in this technology could disrupt both our own and our clients' businesses.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– We are cloud-first, giving us the ability to host our services with resilience built in, and scale our platform according to our clients' demands and needs. – The vendors we partner with are tier 1 providers, allowing Alpha to take advantage of out-of-the-box, turn-key security solutions and industry-leading service level availability. – Working with leading cloud providers such as Amazon and Azure gives us the ability to utilise evolving technologies with minimal effort. – We understand that our clients expect that their data is handled with care and utmost confidentiality. Alpha's alternative banking and all central supporting services are certified to internationally recognised security certification, namely ISO27001. – Alpha continues to invest in world-leading security technologies, adopting a defence-in-depth approach to provide both protection and the ability to react to cyber incidents.	DECREASED REASON FOR MOVEMENT: We continue to remove legacy technology through migrating our services to cloud-based solutions.

Principal Risks
Financial Risk

Risk Type: Credit Risk

Credit risk is inherent in Alpha's business model. The Board accepts that credit losses are a function of our trading, and we take a risk-based approach to balance revenue opportunities against the risk of default. We are exposed to credit risk if a client fails to deliver currency at maturity of the contract and/or fails to deposit margin when a margin call is made. Alpha's credit risk is equal to the negative fair value of the contract, minus any deposit held at the time of cancellation.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– We have a dedicated Credit team with significant experience who review all credit requests and conduct ongoing reviews throughout the duration of the contract. The frequency of these reviews is driven by the risk level of each client as well as any material macro event that may affect our client base. – We have built and released a new internal credit platform for better management and oversight of credit facilities, margin calls and reporting. – Our terms and conditions enable all future customer trades to be at our discretion, therefore we can react quickly to changes in the macro environment or individual client profile, capping our exposure to past trades only. This significantly reduces our risk exposure and poses significantly less risk than providing traditional credit facilities. – We conduct ongoing stress testing of our credit book to simulate stressed market conditions. In 2023, particular emphasis has been put on clients' exposures to high interest rates and energy costs. – Second-line oversight of credit exposures and policy adherence is performed by the Risk team. – Top client concentrations are monitored closely and disclosed on our website by currency pair.	⬆ INCREASED REASON FOR MOVEMENT: Whilst our approach to credit has remained disciplined in 2023, the macroeconomic backdrop of rising interest rates, high inflation, and the potential of recession have resulted in a net increase in risk.

Risk Type: Liquidity Risk

Alpha operates a matched principal brokerage model, meaning that it immediately executes a matching trade with its banking counterparties on receipt of client orders. Liquidity risk arises if Alpha is unable to meet its financial obligations when they fall due. This could result from an overextension of credit facilities, or a large move in a currency pair that Alpha has a large exposure to. If Alpha was unable or restricted to meet its trading capital requirements, this could result in its banking counterparties closing out positions or even terminating the trading facilities currently provided.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– Our terms of business enable us to collect margin from clients in response to adverse market moves (margin calls). Alpha benefits from netting: whilst we are called to place margin from our banking counterparties on a netted currency pair basis, we can call our clients for margin on a gross basis. – Key risk indicators act as an early warning system to alert the Board to conditions that could potentially lead to a period of stretched liquidity. – Our cash position has increased significantly due to profitable trading and interest accrued on balances. – The Senior Management team reviews forecasts and cash flows regularly to determine whether the Group has sufficient cash reserves to meet future working capital requirements, and to take advantage of business opportunities. – We perform liquidity analysis at a net currency and FX cross basis, including client margin call versus bank margin call, to identify any funding shortfall. – We conduct client and overall book stress testing, with circuit breakers in place. – Top client concentrations are closely monitored and are disclosed on our website by currency pair. – We have multiple liquidity providers, reducing the concentration risk to our banking counterparties.	⬇ DECREASED REASON FOR MOVEMENT: Our cash position has further increased, driven by cash conversion, profitable trading and interest earned.

Principal Risks
Strategic Risk

Risk Type: Strategic Risk

Risk is inherent in any strategy. To ensure we execute effectively we need to understand and actively manage our strategic risks.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– We have a clearly defined strategy, which we continue to successfully execute, with key risks to delivery identified and reviewed regularly. – The Board is presented to and signs off on the strategy of the Group and receives updates from the Executive Directors throughout the year. – Alpha's Board has extensive experience in entering new markets and scaling businesses, which it applies when considering new opportunities. – A succession plan is in place and approved by the Board for all key roles. Key management has contracts that provide notice periods for the Group's protection. – The Group has a comprehensive key-person insurance policy in place. – We hold strong, transparent relationships with multiple banking partners and remain aligned on risk appetite.	UNCHANGED

Risk Type: Reputational Risk

Alpha is highly regarded in our industry. Maintaining this reputation is important to retain our existing clients, expand our client base, and preserve our strong relationships with our banking partners. There is a risk that an unforeseen event may adversely affect Alpha's reputation, impacting future profitability.

KEY TOPICS	MOVEMENT
– We have a marketing and communication strategy that includes detailed and open public reporting. – We pride ourselves on strong cultural values and a positive risk and compliance culture. – We maintain an open and proactive dialogue with our banks and regulators to provide high levels of transparency and comfort. – We have a contract with a cyber security and reputation management company, which provides an online impersonation takedown service to minimise, where possible, brand impersonation.	UNCHANGED

Principal Risks
Information Risk

Risk Type: Cyber And Data Security

Security is a vital part of Alpha's fabric and is integral to ensuring the sensitive data and money that we process on behalf of our clients maintains confidentiality, integrity, and availability. The Group faces the risk of its operating systems failing and the failure to safeguard business-critical data and systems.

RISK MITIGATIONS AND UPDATE	MOVEMENT
– With the implementation of core protective controls in 2022, the Group focused on enhancing these further and on detection controls in 2023, i.e. the ability to be alerted on anomalous behaviour within the Group's network and critical systems. – Hiring of a Chief Information Security Officer with over 15 years of experience in the industry, to own and drive the information security risk agenda. – Creation and implementation of a comprehensive information security management system, in compliance with and certified to ISO27001, across central services and Alternative Banking. – A Security, Information and Event Management (SIEM) system has been implemented, enabling automated detection of attacks and alerting to the Security and operational teams. – Externally validated testing across all of the Group's online domains to identify weaknesses and confirm defensive cyber capabilities through Purple team exercises. – Hiring of an Application Security Specialist to work closely with engineering functions, and enhance the security of our software development, to reduce risk of release of our platform to clients with potential vulnerabilities. – We have renewed and increased the coverage of our comprehensive cyber insurance policy. – Continuation of security education across all staff to lower the risk of common attack methodologies and safeguard data. – Introduction of a data loss prevention tool to provide full visibility of data movement outside of the Group network as well as the ability to pre-emptively block the movement of sensitive data. – We continue to leverage top-tier cloud service providers. In line with the shared responsibility model, we ensure our responsibility regarding data security is fulfilled in line with best practices, a defence-in-depth approach, control testing, and training. – We continue to invest in cloud technologies to leverage security built by design, and provide the Group with scalable services in preparation for expansion across existing regions and geographies.	DECREASED REASON FOR MOVEMENT: The enhancement of controls, increased resource, and the establishment of more mature processes aligning to ISO27001.

Sustainability

At Alpha, sustainable business practices aren't just about doing the right thing. We believe they can be a long-term driver of superior financial performance and make for a better-quality company and investment.

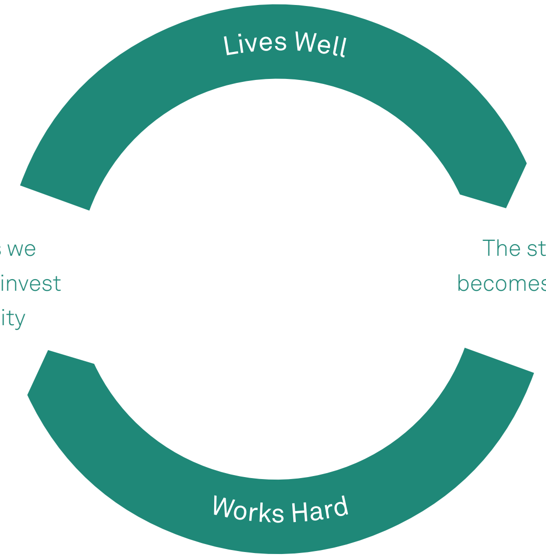
OUR PURPOSE – TO CREATE AN EXCEPTIONAL COMMUNITY FULL OF OPPORTUNITY.

Our ability to attract, develop and retain the right people is fundamental to our long-term success. We strive to align all our team to our core purpose of 'creating an exceptional community full of opportunity that works hard but lives well'. By providing our team with the best possible career opportunities and working environment, we place their interests at the heart of our business. Our people then capitalise on these opportunities and introduce new skills and knowledge to the Alpha community, strengthening our business and driving us forward, for the benefit of all our stakeholders.

SOCIAL
DIVERSITY & INCLUSION

We are committed to ensuring Alpha is a diverse and inclusive place to work – one where everyone is empowered to fulfil their potential. We operate a true meritocracy, recruiting and promoting people based on their attitude, skills and experience. We do not discriminate between employees or prospective employees on the grounds of age, race, disability, religion, gender, education, or any other background.

Our stance on diversity forms not only the expectations we have for ourselves but also for the recruitment partners we work with. We ask our recruitment partners to diversify their candidate shortlists to ensure that our hiring managers are seeing a true representation of the best candidates in the market.



During the year we were also pleased to launch our DEI Working Group. The Group was set up to create a forum where the perspectives and ideas of team members from different backgrounds can be heard, with the intention of informing and driving our DEI strategy. Each meeting is focused on the priorities raised by the members of the committee, with the Head of HR acting as Chair and a Board member also in attendance at every session. Alpha's role as an employer is to work with the DEI group to provide the support and tools to enact the changes that matter.

Alpha also conducts an annual DEI survey to gather anonymous feedback from our team members. In 2024, this survey will be used by the DEI working group to set an agenda of deliverables, in order that we can focus on the areas that matter the most.

The tables below show the gender and ethnic breakdown of our team as of December 2023.

HEADCOUNT BY GENDER – DEC 2023[1]

	FEMALE	MALE	OTHER
Team member	128	253	1
Line manager	14	29	-
Direct reports to Executives	13	24	-
Executive team	0	5	-
Non-executive Directors	1	2	-

HEADCOUNT BY ETHNICITY – DEC 2023[2]

	WHITE	ETHNIC
Team member	83%	17%

[1] Numbers exclude Cobase, which was acquired in December 2023.
[2] Alpha's demographic data is collated via an annual confidential survey. As such, a breakdown of the seniority bandings of team members is not available.

CHARITABLE SUPPORT

In 2023, Alpha dedicated several fundraising events to the Movember cause: an organisation which advocates for and supports men's mental and physical health and wellbeing. As part of this, the team took part in a 60km movement challenge, bake sale, football tournament and golfing competition, raising a total of £6,795.

In 2024 we are partnering with the charity, Boxing Futures, which was nominated and voted for by the Alpha team. Boxing Future's mission is to improve the lives of economically and socially disadvantaged young people, including those at risk of involvement in crime, through non-contact boxing and other physical exercise, by creating a community of support which champions well-being.

We are also looking forward to rolling out corporate social responsibility days in 2024, where our team will be encouraged to take two days of paid leave to volunteer their time to a local cause. This initiative will initially be trialled with our London Office, where we will be partnering with a charity called "Paddington Partnerships" – an organisation focused on providing support to local schools and ecosystems in the Paddington area where our London offices are based.

HEALTH & WELLBEING

'Work hard, live well' is an essential part of our purpose statement. It emphasises that, in order to sustain our high performance, we must look after our employees' well-being and help them find the optimum work-life balance, whilst pursuing exciting career opportunities.

We carry out anonymous wellness and wellbeing surveys annually, which enable the team to give feedback on the areas that are most important to them when it comes to health and wellbeing, in order that we can better focus on supporting them. As a result of these surveys, in 2023 we launched an international Employee Assistance Platform.

Sustainability
Continued

The platform provides wide-ranging support across the wellbeing spectrum, including: mental health, sleep guidance, physical exercise plans, complimentary counselling sessions, discount codes for healthy meal providers, and access to articles written by subject matter experts in the field of wellbeing. Also in 2023, we hired a Head of Wellness to join our business, who is responsible for developing and implementing wellness initiatives and strategies across the business.

PERSONAL DEVELOPMENT

"Everyone gets better". This ethos is an intrinsic part of Alpha's high-performance culture and drives our focus on personal and professional development initiatives.

Internally, we ensure that new open positions are advertised in an accessible way, to encourage upward progression and horizontal movements for team members seeking new challenges. Our focus is always on trying to promote from within, and our international expansion and ongoing growth also provide employees with exciting opportunities to work in new marketplaces and quickly increase their responsibility and move up the learning curve.

Our team also have access to world-class performance coaching and workshops with Dr Ceri Evans – a high-performance coach and clinical psychologist whose client base has included the likes of the New Zealand All Blacks. His knowledge and coaching have shaped how we discuss personal performance across the business and enhanced our culture. The senior leadership team has participated in several high-performance workshops led by Ceri Evans and is now translating these learnings into their coaching style with their teams.

We're proud to invest in external training and qualifications wherever it's relevant to a person's role, with a number of our staff undertaking company-sponsored qualifications each year. In 2024 we are looking to formalise our professional development policy in order to encourage more employees to pursue professional development opportunities as our business continues to grow. This will include a strategy to increase understanding and visibility of the professional development opportunities across the business.

Alpha's official charity in 2024 is Boxing Futures

ETHICAL STANDARDS

We believe that strong ethics are key to maintaining a positive and sustainable business. The principle of "Doing what's right" sits at the heart of our company charter and is intrinsic to Alpha's culture. We then work hard to monitor and improve our ethical standards through the following initiatives.

INITIATIVE	DESCRIPTION
Sales Commissions	Banks and brokers need clients to transact to make revenue and meet sales targets; however, within the foreign exchange market, it may not always be in a client's best interest to transact. We've eliminated this conflict of interest through a unique commission structure that removes recurring revenue targets and also pays lower commissions on more complex products. Instead, we pay lifetime commissions to all employees that incentivise them to retain clients for the long-term by always acting in their best interests, even if it means foregoing shorter-term opportunities for commissions. (Read more on pg 34)
Employee handbook	Our Employee Handbook (including a Code of Conduct) formally outlines the standards we expect of our team and ensures they comply with relevant laws in an ethical manner. Our handbook and policies are reviewed annually by our Head of HR and updated as required in response to legislative updates or internal business developments.
Shared Ownership	We believe that equity provides employees with an enhanced sense of ownership, and that this comes with an enhanced sense of responsibility and long-term thinking. Close to 100 employees have an equity stake in the business, and we are committed to making new shareholders each year.
Modern Slavery	We are conscious that potential human rights risks exist within any business and supply chain, and are committed to improving our business practices and methods of conducting due diligence to combat modern slavery and human trafficking. We therefore comply with the annual reporting requirements contained within Section 54 of the Modern Slavery Act 2015, being a relevant commercial organisation as defined by Section 54.
Formal Policies	Alongside the initiatives described above, we also have a number of formal policies designed to ensure our employees uphold our high ethical standards and comply with applicable laws. These include: a formal policy on bribery and anti-corruption, and a whistleblower policy that provides whistle-blowers with protection from retaliation.
Annual Ethics Audit	Our Head of Internal Audit, in conjunction with HR, carries out annual audits of our ethical standards to ensure we are upholding them, and also ideating ways for improvement.
Employee Training on Ethical Standards	All employees receive regular online training throughout the year on ethical standards and are required to complete a series of modules and tests to ensure these standards are properly understood.

Sustainability
Continued

SOCIAL RESPONSIBILITY TARGETS

SUBJECT	FY 23 STATUS	GOALS FOR 2024
Diversity & Inclusion	– We have increased the percentage of women in the business from 17% to 26% in 2023. – We engaged with our recruitment partners to ensure their policies and standards around diversity align with our own. – We launched Alpha's first diversity, equity and inclusion working Group, endorsed by Non-executive Director, Lisa Gordon.	– Implement an anonymised CV policy to remove the potential for unconscious bias and ensure objectivity in all of our interview processes. – Expand our benefits offering to support parents returning to work, via childcare benefit support programmes. – Continue to leverage the DEI working group to contribute to further positive actions across this space.
Giving back	– £6,795 was donated to Movember by employees, an organisation dedicated to funding and supporting men's mental and physical wellbeing. Charitable initiatives included: a 60-kilometer movement challenge, a bake sale, a football tournament and a golf competition.	– Trialling of corporate social responsibility days in London, to give back to the local community. – Raise in excess of £10,000 for Boxing Futures, Alpha's nominated charitable partner for 2024.
Earning & Learning Providing sector-leading remuneration and training in order to attract and empower high-performance people.	– We pride ourselves on providing market-leading remuneration packages and carried out a company-wide pay review in Q1 to benchmark employees against industry standards. – Access to world-class performance coaching through Dr Ceri Evans, alongside subsidised formal qualifications with educational institutions. – New performance matrix introduced to help people measure their own performance and identify development goals.	– Organise sessions for the Alpha team, focused on financial wellbeing and planning for the future. – Formalise our professional and personal development policy for 2024 to support team members achieve their next level of performance.
Community Building a supportive and engaged community that people enjoy being a part of.	– All employees who have past 12 months of service were taken skiing as part of an annual teambuilding and incentive trip. – Quarterly wrap-ups are hosted across all our offices, followed by an evening event to celebrate. – Carried out company-wide employee engagement survey, with a 70%+ participation rate. – Introduced Electric Vehicle benefit scheme in the UK.	– Improve employee engagement scores and voluntary retention.
Living Well Supporting our team's mental and physical wellbeing.	– Complimentary mental health support for all employees introduced in 2023. We also provide private healthcare for all employees (and their families) from day one of joining. – Head of Wellbeing hired in London, focused on helping the team improve their physical and mental health. – Outstanding office environments.	– Continue to improve engagement and understanding of our Employee Assistant Programme. – Leverage our Head of Wellness role to create specific training plans and invite speakers and educators to present to our team. – Utilise wellness surveys to gather feedback from our team to understand what further support we can offer.

Sustainability
Continued

ENVIRONMENT
ENVIRONMENTAL STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Group is required to report under the Streamlined Energy & Carbon Reporting (SECR) framework. The Group's operations have inherently low emissions, and we attained our carbon neutral certification in January 2022 by partnering with Natural Capital Partners and offsetting our carbon emissions from January 2021.

Our SECR reporting covers the energy consumption and Greenhouse Gas (GHG) emissions for the year ended 31 December 2023 including scope 1, 2 and 3 emissions. The table in the following section shows the energy and GHG emissions from business activities involving the combustion of gas and fuels, the purchase of electricity, and business travel in both kWh and tCO2e.

We have selected an intensity metric based on the energy consumption per employee of Alpha Group; this is 297/kgCO2e employee. The key driver for the decrease in the intensity ratio between 2022 and 2023 is due to the increase in headcount.

The Group's operations are largely limited to its offices and have an inherently low environmental impact. Nevertheless, the Group does believe in further minimising its impact where possible. Our London-based Corporate HQ was built in 2019 with sustainability at the forefront of its design, with water recycling and a 71% improvement in operational energy consumption over a standard office fit-out.

We have a mostly paperless marketing model, and our team endeavours to separate waste and recycle all office supplies where possible. Other steps we have taken include automating office lights to turn off when not being used, zero use of plastic cups, the Cycle to Work scheme, and a new Electric Vehicle (EV) lease scheme with Loveelectric. We will be targeting a reduction in the average emission generated using business travel per employee. We also carefully consider suppliers and their values before onboarding them.

Methodology

This year we partnered with 51-Carbon Zero to help us calculate our carbon footprint in line with the GHG Protocol Corporate Accounting and Reporting standard. Part of the decision to work with an external specialist was to ensure we are presenting our environmental reporting in the most accurate and independent way possible. 51-Carbon Zero have specialised knowledge of GHG and SECR reporting standards which have been able to improve the accuracy of our carbon footprint calculation whilst reducing the chance of bias.

The figures quoted in the table below have been presented in accordance with the SECR standards and reflect our carbon footprint for 2023 and 2022. Conversion factors used to calculate the data are BEIS, EPA, GHG Protocol, CE Delft, DCCEEW and Climate Transparency.

Differences from prior year

Changes to the methodology for calculating our carbon footprint have been implemented in 2023 with best practice guidance from 51-Carbon Zero. Due to this change in methodology, we have restated last year's business travel figure from 8 tCO2e in 2022, to 720 tCO2e. This has then impacted i) our total gross emissions in 2022, which has changed from 81 tCO2e to 793 tCO2e and ii) the Intensity Ratio, which we have restated from 263 KgCO2e per average employee, to 2575 KgCO2e per average employee.

With the help of 51-Carbon Zero, data now includes spend on mileage, airfares, personal car mileage, taxis, hotels, and public transport. Whereas, in 2022 before the restatement, this was limited to airfare, taxis, and personal car mileage only.

In relation to energy, the kWh consumption figure has decreased due to improved accuracy in data collection at the offices. In 2022, there was limited data available from the smaller and newer offices, so Alpha was advised to use the same figures produced from one office and extrapolate this out to other offices of a comparable size. Whereas in 2023, 51-Carbon Zero supported us in gathering more accurate information as well as the use of individual country emission factors for electricity, rather than just using the UK average factor applied in 2022.

As a result of increased accuracy, as referenced above, increased headcount and lower business travel in 2023 compared to 2022, Alpha's overall intensity ratio has also decreased.

	UNIT	31 DECEMBER 2023	31 DECEMBER 2022
			Restated
TOTAL ENERGY USE COVERING ELECTRICITY, GAS, OTHER FUELS AND TRANSPORT	kWh	293,722	348,709
Scope 1:			
Total emissions generated through combustion of gas	tCO2e	2.7	0
Scope 2:			
Total emissions generated through purchased electricity	tCO2e	94	72
Scope 3:			
Total emissions generated through business travel	tCO2e	439	720
Total emissions generated through use of water and waste	tCO2e	24	0.7
Total gross emissions	tCO2e	560	793
INTENSITY RATIO (TOTAL GROSS EMISSIONS PER HEADCOUNT)	kgCO2e PER AVERAGE EMPLOYEE	1,297	2,575

Sustainability
Continued

CARBON NEUTRAL

We are proud to be a Carbon Neutral company and have offset all our carbon emissions since 2021. This year we partnered with Citibank to offset our carbon emissions. Citibank have provided a Verra standard approved project in Vietnam, which finances the distribution of water purifiers to provide clean water to households in Vietnam (Project 2577)[1] .

The project aims to distribute 300,000 safe drinking water purifiers across Vietnam, to rural, low-income households, whilst also mitigating greenhouse gas emissions. These devices will prevent CO2 emissions and deforestation by reducing the use of wood fuel that would have been used by households to boil and purify water. The water purifiers also reduce and prevent the spread of waterborne diseases by removing 99.99% of bacteria and capturing contaminants. The project has been through vigorous due diligence checks and has been awarded Verra Standard.

Why we chose this project

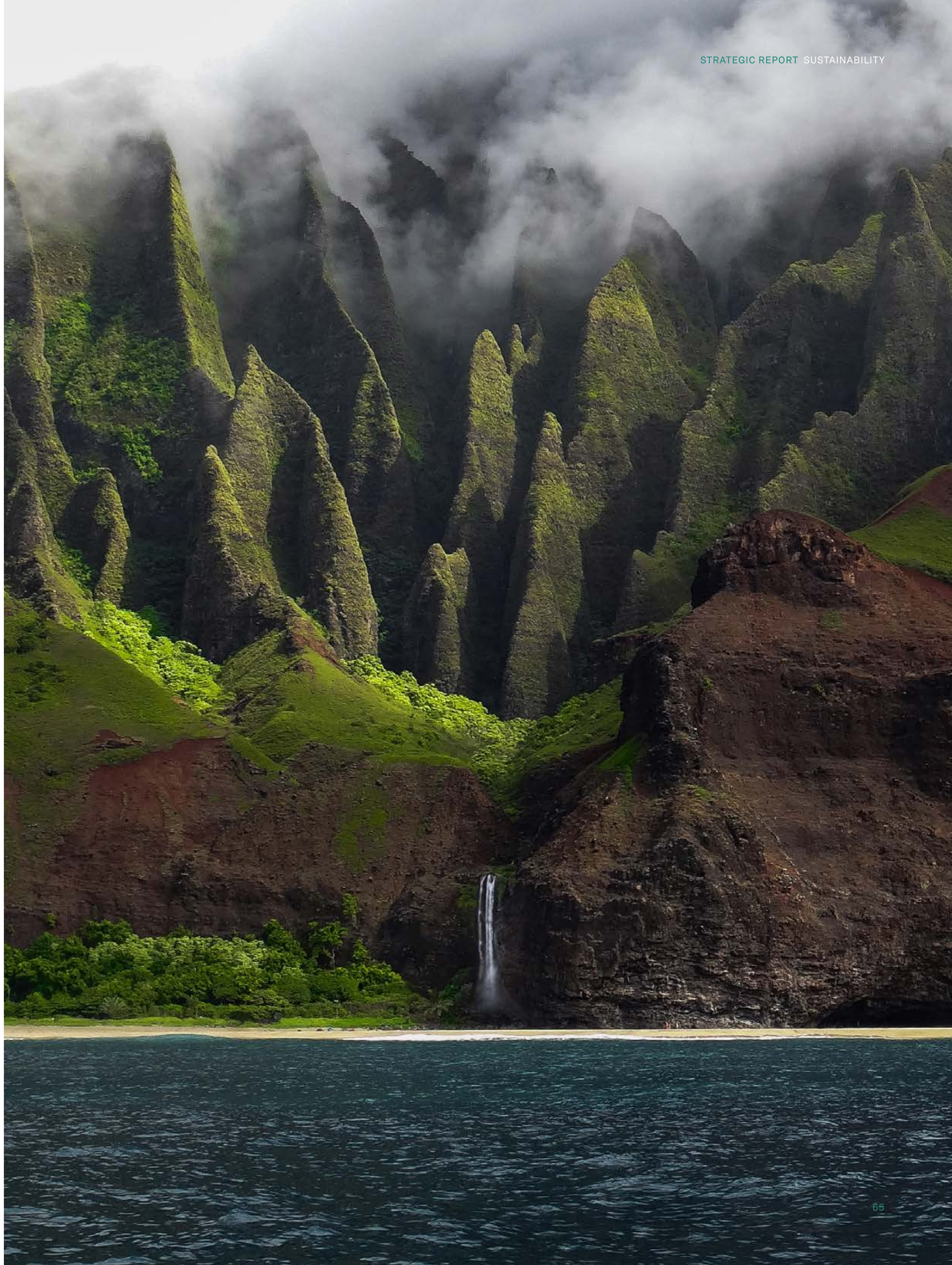
We chose this project to recognise the role Alpha can play in reducing the World's carbon emissions, whilst also improving the livelihood of others.
The project aligns to many of the United Nation's Sustainable Development Goals (SGDs), such as:

- No poverty (Goal 1);
- Good Health (Goal 2);
- Clean Water and Sanitation (Goal 6); and
- Climate action (Goal 13).

We take pride in being able to offset our emissions in a way that produces not only environmental benefits but also social and political benefits.

Alpha is alert to the fast-developing discourse on how capital markets can have a positive impact on improving the world's environmental situation through investing in carbon offsetting projects. However, there is always the risk of greenwashing where projects are being produced without having been through a rigorous assessment of their quality and integrity. To ensure Alpha does not contribute to this we have invested in this project. By being Verra standard approved we are confident that our carbon credits will have a genuine impact in reducing the world's emissions.

[1] https://registry.verra.org/app/projectDetail/VCS/2557



Engaging with our Stakeholders (s172)

Our Directors are aware of their responsibilities under Section 172(1) of the Companies Act 2006 and take their responsibilities seriously. In making its decisions throughout the year, the Board considers it has acted in a way that would promote the success of the Company for the benefit of its members as a whole, whilst having regard to stakeholders and matters set out in Section 172(1) (a-f) of the Act.

In 2023, we identified six key stakeholder Groups, whose interests the Board considers and balances when making their decisions. The table below outlines how we engaged with them throughout 2023, and how their interests have influenced some of the decisions that have been made.

Employees

Our people are the lifeblood of our business. Their skills, values and commitment are what enable us to provide a leading level of our service to our clients and grow our business.

HOW WE ENGAGED	KEY TOPICS	KEY OUTCOMES
– Company-wide employee engagement surveys, with results and actions presented back to teams and Board. – D&I working Group established (see pg 57) – 360 feedback surveys carried out on Senior Management. – Bi-annual townhalls led by MDs of each division to present progress against strategy, future plans, and recognise key achievements. – Following investor roadshows, CEO & CFO hosted employee roadshows. – Regular team-building activities, including an annual company-wide trip abroad. – Fortnightly strategy meetings attended by all department heads and chaired by divisional MDs. – Employee reviews on Glassdoor.	– Operational and financial performance. – Vision, mission and strategy for the Group and each division. – Remuneration and incentives. – General wellbeing and job satisfaction, including recognition of achievements. – Company culture. – Diversity and inclusion. – Learning, development and career progression. – Recognising key achievements. – Charity and fundraising initiatives. – Resource planning. – Anti-money laundering & Cyber Security responsibilities.	– Group performance and strategy shared across the entire company. – FXRM and Alternative Banking divisions shared their strategy and performance with the teams. – Company-wide annual review of salaries conducted in January 2024. – All employees provided with office equipment allowance to better support working from home. – Launch of international Employee Assistance Platform. – New performance matrix introduced.

Clients

Understanding the needs and challenges facing our clients is central to our growth strategy.

HOW WE ENGAGED	KEY TOPICS	KEY OUTCOMES
– Client surveys are sent out to new customers with the results shared with CEO & MDs. – Attendance at over 20 industry events in 2023. – Active memberships with a number of key industry associations. – Direct engagement between Directors and key clients. – Frontline employees share feedback with senior management, which is put forward to the Board for consideration where appropriate. – The Board reviews key client data and trends, such as growth in client numbers, retention, and sector concentration. – Email updates on upcoming developments and releases, with feedback requested. – Prior to our acquisition of Cobase, the Directors garnered feedback from a number of the business' key clients.	– Customer experience and key challenges they face. – Regulations and compliance. – New products and features. – Reasons for choosing Alpha. – Alpha's sales model. – Technology propositions.	– Enhanced product offerings, both online and offline to provide a better customer experience. – Client feedback implemented into our product development roadmap. – Acquisition of Cobase, validated by existing and prospective client feedback. – Instant insights reporting introduced to measure the quality of customer experience. – Approval of the annual budget, which includes investment to ensure we continue to improve the quality and efficiency of interactions with clients.

Communities & Environment

We value the opportunity to support organisations and causes that are important to our stakeholders and us.

HOW WE ENGAGED	KEY TOPICS	KEY OUTCOMES
– Fundraising activities for charities, including: bake sales, sponsored runs, football tournaments and golf competitions. – Partnered with Citibank as part of our commitment to remaining a Carbon Neutral company (see pg 64). – Partnered with 51-Carbon Zero to help us better calculate and understand our carbon footprint (see pg 62). – Introduction of employee electric vehicle scheme to support carbon emission reduction.	– Which charities our team wish to support. – Ways to raise money and awareness for each cause. – Environmental sustainability.	– Raised £6,795 for our chosen charities. – Boosted awareness for charitable and environmental causes across the business and our wider stakeholders. – Remained a certified Carbon Neutral company.

Our Shareholders

We value the views of our shareholders and the financial commitment they've made to support our growth.

HOW WE ENGAGED	KEY TOPICS	KEY OUTCOMES
– CEO and CFO hold meetings with major shareholders following interim and full year results to present the Group's performance. Ad-hoc site visits and virtual meetings are also held throughout the year. – Shareholder analysis is presented once a quarter to inform Directors of key changes. – Anonymous shareholder feedback is obtained via Nomads after half year and full year roadshows. – All shareholders were invited to submit questions to the Board at the Annual General Meeting.	– Operational and financial performance. – Sustainability initiatives and goals. – Company strategy and vision. – Capital allocation. – Key risks and governance. – Alpha's business model. – Market opportunities. – Dividend strategy. – Impact of macro-environment. – The Alpha culture.	– We continue to increase the level of detail in our trading updates and full year reports. – Enhancements made to annual report, in particular detailed sections on FXRM and Alternative Banking. – Feedback from investors presented back to the Board. – Created a Diversity & Inclusion working group, responsible for driving new initiatives to improve diversity & inclusion.

Our Business Partners & Suppliers

Our partners and suppliers (for example banking counterparties or third-party software vendors) play a key part in enabling us to deliver a leading service to our clients by amplifying our capabilities and efficiencies.

HOW WE ENGAGED	KEY TOPICS	KEY OUTCOMES
– Sharing of key regulatory announcements, face-to-face meetings, site visits and telephone contact. – Senior Management engage with key suppliers and provide key updates to Executive Directors. – Our Alternative Banking Partnerships team develops relationships with Service Providers responsible for recommending Alpha's solutions.	– Financial and operational performance. – Strategic direction. – Key challenges we face. – Business referrals and promotional support. – Risk, governance and compliance. – Innovation and knowledge sharing. – Audit and risk committee information. – Diversity & inclusion. – Employee wellbeing.	– Enhanced products and services by leveraging suppliers' capabilities. – We continue to partner with a selection of high-quality businesses that understand our company and the part they play in our long-term success. – Increasing focus on diversity & inclusion with our recruitment partners. – By maintaining high levels of transparency with our key counterparties in areas of risk, compliance and strategy, we deepen the trust and loyalty we have with our suppliers as we grow.

Key Decisions

In accordance with section 172 of the Companies Act 2006, the Board regularly considers the likely consequences of our strategy and long-term decisions, taking into account the interests of employees, clients, shareholders, suppliers, communities and the environment.

Throughout 2023, the Board made decisions to deliver against our strategy, whilst considering the different interests of our stakeholder groups and the impact of key decisions upon them.

STRATEGY & BUSINESS PERFORMANCE

- Regularly considered the trading performance of the business and reviewed and contributed to regulatory communications with the market.
- Reviewed the Group's strategy, key challenges and proposed responses.
- Agreed investment priorities across the Group.
- Approved the acquisition of Cobase.
- Approved the opening of Munich and Madrid offices.
- Approved the launch of the Fund Finance division.
- Approved the move to the Premium List of the Main Market.

OPERATIONAL & FINANCIAL PLANNING

- Reviewed and approved the FY2024 budget and considered this against strategic performance, objectives and market expectations.
- Approved dividend policy and payment of final dividend in respect of FY2022 and interim dividend in respect of FY2023.
- Approved decision to acquire a long-term office lease for a second HQ in London for our Institutional division.
- Approved initiation of £20m share buyback programme.

GOVERNANCE & LEGAL

- On the recommendation of the Audit Committee, reviewed and approved the Full Year Announcement, Annual Report and Financial Statements for FY2022, and the Half Year Announcement for FY2023 and other updates to the market.
- Reviewed and approved the Group's risk appetite.
- Monitored regulatory and legislative developments and considered any potential impact on the Group's operations.

Our Business Model

Business can be complicated. We strive to make it less so.

OUR RESOURCES

PEOPLE	PROCESSES	TECHNOLOGY	PARTNERS	CAPABILITIES
480+ speaking 20+ languages, brought together by a high-performance culture, led by an experienced leadership team with a founder-CEO.	Streamlined but robust systems and processes, enabling quick and controlled decision making, with increasingly high levels of automation.	Low-legacy, modular technologies, that are always evolving, in order to more effectively and efficiently meet the needs of our team and clients.	Working in partnership with leading suppliers and channel partners enhances our business model and enables us to reach a wider audience.	Well-capitalised, debt free and profitable, with a high-quality and diverse product offering, and a strong reputation.

▼

OUR STRATEGY

Our overarching objective is to grow our business by delivering on our KPIs (pg 29). This is achieved by delivering on our strategies outlined in our CEO statement on pg 18 and 20.

▼

GUIDED BY OUR BEHAVIOURS

Act as One	Be Humble	Seek Reality	Expect More	Make Moves

▼

THE VALUE WE CREATE

EMPLOYEES	CLIENTS	SHAREHOLDERS	PARTNERS	COMMUNITIES
Providing outstanding earning and learning potential for everyone who works with us.	Solutions that make a substantial and enduring difference to our clients.	Delivering sustainable long-term returns to our shareholders.	As our business grows, so do the opportunities for our partners that work with us.	Fundraising and volunteering for our chosen charities and environmental causes.
~ 100	Continued growth	~ 600%	10	100%
Employee Shareholders.	In average revenue per client 2021-23.	Share price growth since IPO.	FX counterparties	Carbon Neutral company.

▼

OUR PURPOSE

To create an exceptional community, full of opportunity, that works hard but lives well.

COMMUNITY

All of the above stakeholders we work with: Employees, Clients, Shareholders, Partners and Communities.

OPPORTUNITY

The growth and rewards that come from playing a part in our community's success.

The Board

Morgan Tillbrook
Chief Executive Officer

SKILLS & EXPERIENCE

Morgan founded Alpha in 2009 and has over 20 years' experience building and leading fast-growing companies across technology and financial services. Self-funded and debt free up until its IPO in 2017, the company has delivered fourteen years of profitable and organic growth, alongside a consistent track record of strategic investments which have expanded the company from a sole provider of FX Risk Management solutions in the UK, to a global leader of a diverse (and growing) range of financial solutions.

Outside of Alpha, Morgan successfully competes in the British GT racing championship. He is also a passionate angel investor to several exciting early-stage companies.

MAINTAINING SKILL SET

As CEO of a regulated and high-growth FX solutions business, Morgan's experience is kept up to date by nature of his day-to-day role. He also attends a variety of meetings and events to support his personal development and is an avid reader of self-development literature.

Nomination Committee Member

Appointed: 2009

Tim Powell
Chief Financial Officer

SKILLS & EXPERIENCE

Tim Powell brings over 20 years of experience working in high-quality fast-growing public companies. 17 of these years were at the FTSE 100 listed, London Stock Exchange Group ("LSEG"). He was CFO of the LSEG's largest subsidiary, London Stock Exchange, and was finance lead for the $27bn acquisition and integration of Refinitiv. Tim is a Chartered Accountant and graduated with an engineering degree from Birmingham University.

MAINTAINING SKILL SET

As CFO of Alpha, Tim keeps his skills and experience up to date by nature of his day-to-day role. Furthermore, as a Chartered Accountant he undertakes Continuous Professional Development (CPD) training, alongside a variety of technical courses and subscriptions to professional publications.

None

Appointed: 2022

Tim Butters
Chief Risk Officer

SKILLS & EXPERIENCE

Tim joined Alpha in 2019 with over 15 years' experience in risk management, including as Head of Risk at World First, the global payments provider, and Mako Trading, a leading derivatives market maker. Beginning his career at Mitsubishi UFJ Securities, Tim has experience across both financial and non-financial risk and is Certified by the Global Association of Risk Professionals having achieved their FRM designation.

MAINTAINING SKILL SET

Tim's experience is kept up to date by the nature of his day-to-day role. He is a member of the Global Association of Risk Professionals and undertakes regular CPD training.

None

Appointed: 2021

Clive Kahn
Non-Executive Chairman

SKILLS & EXPERIENCE

Clive has over 35 years of experience in financial services, particularly in FX and payments. He previously served as Chief Financial Officer and Chief Executive Officer of Travelex, the global foreign exchange business, as well as CEO of Cardsave, a credit card acceptance and payments solutions business. In addition to his role as Non-Executive Chairman of Alpha, Clive is CEO of takepayments LTD, a payment solutions business. Clive is also a Chartered Accountant.

MAINTAINING SKILL SET

As Chief Executive Officer of a regulated and high-growth payments business, Clive's skills and experience are kept up to date by nature of his current role. He also attends a variety of skill-focused conferences.

Audit Committee Member
Nomination Committee Chair
Remuneration Committee Member

Appointed: 2016

Lisa Gordon
Non-Executive Director

SKILLS & EXPERIENCE

Lisa has over 30 years' Board experience in Executive and Non-Executive roles at both listed and private companies. She began her career as an equities investment analyst and subsequently spent many years in strategy and business development roles in the media, financial services and technology sectors.

Lisa currently holds a number of Non-Executive positions which include Chairman, Cavendish Financial Plc; Non-Executive Director, JP Morgan UK Small Cap Growth & Income Plc, Non-Executive Director, Magic Light Pictures and Adviser to the Board at Fulcrum Asset Management LLP.

MAINTAINING SKILL SET

Lisa's skills and experience are kept up to date by nature of her current roles. She also attends numerous NED CPD training events and professional seminars.

Audit Committee Member
Nomination Committee Member
Remuneration Committee Chair

Appointed: 2017
(stepping down at 2024 AGM)

Vijay Thakrar
Non-Executive Director

SKILLS & EXPERIENCE

Vijay is a Chartered Accountant with extensive strategic, commercial and governance experience with fast-growth listed companies, and was previously a Partner at EY and Deloitte, chairing Deloitte's mid-cap listed companies' practice. He has served on various Boards as a Non-Executive, including The Quoted Companies Alliance and Quorn Foods. Vijay is currently Chairman of The Alumasc Group plc, Treatt plc, and a NED at RSM Group (Remuneration Committee Chair).

MAINTAINING SKILL SET

Vijay stays up to date by virtue of his roles and CPD that he continues to undertake, including attendance on various update webinars and training events.

Audit Committee Chair
Nomination Committee Member
Remuneration Committee Member

Appointed: 2021

Corporate Governance Statement

"The Board recognises the value and importance of high standards of corporate governance and ensuring that all of its practices are conducted transparently, ethically and effectively."

This section sets out our approach to governance and provides further information on how the Board and its committees operate. In compliance with the AIM rules for Companies, the Group has chosen to formalise its governance policies by complying with the QCA Corporate Governance Code (QCA Code) for Small and Mid-Sized Quoted Companies (the "QCA Code").

Clive Kahn
Non-Executive Chairman

QCA CODE PRINCIPLE	RELEVANT SECTION(S) OF THE ANNUAL REPORT
1. ESTABLISH A PURPOSE, STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS.	Sustainability | Our Purpose | pg 56 Business Model | pg 71 CEO Statement | pg 8
2. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS.	Ethical Standards | pg 59 Business Culture, Behaviour & Ethics | pg 78
3. SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS.	Engaging with Stakeholders (s172) | pg 68 Relations with Stakeholders | pg 80 Shareholder Communications | pg 80
4. TAKE INTO ACCOUNT WIDER STAKEHOLDER INTERESTS, INCLUDING SOCIAL AND ENVIRONMENT RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS.	Engaging with Stakeholders (s172) | pg 67 Sustainability, Social | pg 56 Sustainability, Environmental | pg 62
5. EMBED EFFECTIVE RISK MANAGEMENT, INTERNAL CONTROLS AND ASSURANCE ACTIVITIES, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION.	Principal Risks | pg 44 Internal Controls & Risk Management | pg 79
6. ESTABLISH AND MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR.	Board of Directors | pg 72 Board Composition | pg 77
7. MAINTAIN APPROPRIATE GOVERNANCE STRUCTURES AND ENSURE THAT INDIVIDUALLY AND COLLECTIVELY THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES.	Board of Directors | pg 72 Board Performance | pg 78 Board Experience | pg 79
8. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT.	Board Effectiveness | pg 78 Remuneration Policy | pg 82
9. ESTABLISH A REMUNERATION POLICY WHICH IS SUPPORTIVE OF LONG-TERM VALUE CREATION AND THE COMPANY'S PURPOSE, STRATEGY, AND CULTURE.	Remuneration Committee Report | pg 82
10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS.	Corporate Governance Statement | pg 74 Engaging with Stakeholders (s172) | pg 66 Further information is also published on our website: alphagroup.com/investors/corporate-governance.

Corporate Governance
The Board

The Board is responsible for the proper management of the Group by formulating, reviewing, approving and monitoring the Group's strategy, budgets, corporate actions and risk appetite.

AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
The Audit Committee determines and examines any matters relating to the financial affairs of the Group, including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. In addition, it considers the financial performance, position and prospects of the Group and ensures they are properly monitored and reported on, alongside reviewing regulatory announcements. The Audit Committee meets not less than three times in each financial year and has unrestricted access to the Group's auditors.	The Nomination Committee reviews and recommends nominees as new Directors to the Board. The Nomination Committee meets as the Chairman of the committee requires.	The Remuneration Committee reviews the performance of the Executive Directors and sets their remuneration, determines the payment of bonuses to the Executive Directors, and considers the Group's long-term incentive arrangements for employees. In exercising this role, members of this committee have regard to the recommendations put forward in the QCA Corporate Governance Code and to industry benchmarks.
The Audit Committee is chaired by Vijay Thakrar and its other members are Lisa Gordon and Clive Kahn, both of whom are independent Non-Executive Directors and have recent and relevant financial experience.	The Nomination Committee is chaired by Clive Kahn; its other members are Lisa Gordon, Vijay Thakrar and Morgan Tillbrook.	The Remuneration Committee is chaired by Lisa Gordon and its other members are Clive Kahn and Vijay Thakrar, both of whom are independent, Non-Executive Directors.
KEY AREAS OF ACTIVITY – Financial reporting and market updates – Internal control and risk management reviews – External audit – Review of the Risk Register – Engage with Chief Risk Officer and Risk Committee – Review of complaints register – Review strategy and performance with Executive Directors & Senior Management	KEY AREAS OF ACTIVITY – Assesses the adequacy of the knowledge pool of Non-Executive Directors – Assesses the adequacy of representativeness of Non-Executive Directors – Approve the appointment of any new Non-Executive Directors – Succession planning for Executive Directors and Senior Management	KEY AREAS OF ACTIVITY – Oversight of Executive Remuneration policy – Review of Director's remuneration against benchmark data – Setting and appraisal of performance targets – Reviewing equity incentive schemes

BOARD COMPOSITION

The Board is responsible to shareholders for the successful stewardship of the Group and sets the strategy for its long-term success. It is important that the Board contains the right mix of skills, experience and knowledge in order to deliver the strategy of the Group. As such, the Board comprises three Executive Directors and, including the Chairman, three independent Non-Executive Directors. The Board considers all three Non-Executive Directors to be fully independent within the meaning of the UK Corporate Governance Code.

The Chairman and Chief Executive have distinct roles. The Chairman's primary responsibility is the delivery of the Group's corporate governance and the effective operation of the Board of Directors, whilst the Chief Executive is responsible for the operation of the Group, in order to deliver on its strategic objectives. The Chairman has a clear separation from the day-to-day business of the Group which allows them to make independent decisions.

The Board believes that the size and composition of the Board is appropriate given the size and stage of development of the Group and, as per the individual biographies, that the Directors bring a desirable and diverse range of skills, experience, personal qualities and capabilities in light of the Group's challenges and opportunities, whilst at the same time ensuring that no individual(s) can dominate the Board's decision making. All Board Directors are subject to election at their first Annual General Meeting and to re-election annually thereafter. Given the Group's intention to move to the Main Market, we will look to add another Non-Executive Director to the Board in 2024.

HOW THE BOARD OPERATES

The Board maintains a flexible, efficient and effective management framework within an entrepreneurial environment, aiming to deliver long-term growth for shareholders. Matters reserved for the attention of the Board which are reviewed annually include the Group's:

- Objectives and strategy
- Structure and capital
- Financial reporting, controls and dividend policy
- Regulatory reporting and controls
- Risk management, internal controls and governance
- Significant contracts or investments
- Shareholder communications
- Board membership, succession planning and other appointments
- Remuneration of Senior Management
- Delegation of authority

BOARD MEETINGS

The Board held 11 scheduled Board meetings during the year. Non-Executive Directors also communicate directly with Executive Directors and Senior Management between formal Board meetings.

The Chairman and the CFO plan the agenda for each Board meeting in consultation with all other Directors. The agenda is issued with supporting papers ahead of the Board meetings, along with appropriate information required to enable the Board to discharge its duties.

Directors are expected to attend all Board meetings and the Committee meetings for which they are members. The table below shows the Director's attendance at scheduled Board and Committee meetings during the year.

Corporate Governance
Continued

BOARD MEETINGS FY2023

	BOARD	REMUNERATION COMMITTEE	AUDIT COMMITTEE
SCHEDULED MEETINGS	7	1	3
CLIVE KAHN	7	1	3
LISA GORDON	7	1	3
VIJAY THAKRAR	7	1	3
MORGAN TILLBROOK	7	N/A	3
TIM POWELL	7	N/A	3
TIM BUTTERS	7	N/A	3

BOARD COMMITTEES

The Board has established an Audit Committee, Remuneration Committee and Nominations Committee, each with formally delegated duties and responsibilities and with written terms of reference. Each Committee comprises Non-Executive Directors of the Group. No new independent external advice was sought by the Board or its Committees during the period. Full details on each committee can be seen on page 76.

BOARD PERFORMANCE

In February 2024, the Board instructed an independent company (Independent Audit) to conduct a Board performance review. Key areas of focus included:

- Strategy;
- Risk Management;
- Financial Oversight;
- Management Team;
- People & Culture; and
- Stakeholders.

The review is ongoing and is expected to be completed by the end of April 2024.

The skills and experience of the Board are outlined in their biographical details on page 72 and 79.

Their experience and characteristics give them the ability to deliver and challenge the Group's strategy for the benefit of all its stakeholders. The Board keeps succession planning under review and monitors the progress and success of the development plans which have been established for relevant employees, with a particular focus on ensuring over time all senior management positions have at least one internal successor. The Nomination Committee also monitors the length of tenure of the Chairman and Non-Executive Directors and the mix and skills of the Directors.

BUSINESS CULTURE, BEHAVIOURS AND ETHICS

The Group has a clearly defined vision, mission and purpose along with key behaviours and principles. 'Cultural Density' is a core strategic pillar for the business, and as the company continues to scale, we believe retaining our culture and high ethical standards will be key to maintaining our high performance and delivering on our strategy. Anonymous employee engagement surveys are conducted annually and the company's "Speak Up Culture" also ensures that all employees are empowered to give feedback on culture and behaviours, regardless of tenure or seniority.

BOARD EXPERIENCE

	MORGAN TILLBROOK	TIM POWELL	TIM BUTTERS	CLIVE KAHN	LISA GORDON	VIJAY THAKRAR
FINANCIAL MANAGEMENT	✓	✓		✓	✓	✓
SECTOR KNOWLEDGE	✓		✓	✓		
GLOBAL BUSINESS	✓	✓	✓	✓		✓
LEADERSHIP & VALUES	✓	✓	✓	✓	✓	✓
SALES & MARKETING	✓			✓	✓	✓
TECHNOLOGY & OPERATIONS	✓	✓	✓	✓		
SUSTAINABILITY						✓
RISK MANAGEMENT	✓	✓	✓	✓		✓
MERGERS & ACQUISITIONS	✓	✓		✓	✓	✓
CAPITAL MARKETS	✓	✓		✓	✓	✓
REGULATORY ENVIRONMENT	✓	✓	✓	✓	✓	✓

Integrity is everything at Alpha and is underpinned by our principle of "Doing what's right". The Directors believe that the main determinant of whether a business behaves ethically and does the right thing is the quality of its people. The Directors are responsible for ensuring that individuals employed by the Group demonstrate the highest levels of integrity and undertake reviews of its employees regularly. In addition, the Group has a formal Bribery and Anti-Corruption Policy and a Share Dealing Code.

TIME COMMITMENTS

The Directors recognise the need to commit the time necessary to fulfil their roles. This requirement is included in their letters of appointment. The Board is satisfied that the Chairman and Non-Executive Directors are able to commit sufficient time to the Group's business. There has been no significant change in the Chairman's time commitments since his appointment.

DEVELOPMENT

The Company Secretary ensures that all Directors are kept up to date on any relevant changes in legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors are subject to the Group's performance development review process, through which their performance against predetermined objectives and their personal and professional developments needs are considered.

INTERNAL CONTROLS & RISK MANAGEMENT

The Board has ultimate responsibility for the Group's control and risk management environment, all of which are designed to manage and mitigate risks that may undermine its strategic objectives. Such systems can only provide a reasonable but not absolute level of assurance against material loss or misstatement. The Audit Committee monitors and reviews the Group's internal control procedures and reports its conclusions and recommendations to the Board.

Corporate Governance
Continued

As further described on page 86 to 88 of the Audit Committee report, the Group has an established framework of risk management and internal control systems, policies and procedures in place, including an internal audit function.

RELATIONS WITH STAKEHOLDERS

The Group is committed to ensuring it engages with all of its stakeholders to ensure their needs and considerations are taken into account in its decision making. Further details can be found on page 68.

SHAREHOLDER COMMUNICATIONS

The Group maintains communication with both current and potential institutional shareholders through one-to-one meetings with the Chief Executive Officer and Chief Financial Officer, particularly following the publication of its interim and full year results, as well as ad-hoc meetings and conference calls. Private shareholders are encouraged to attend the Annual General Meeting at which the Group's activities are considered and questions answered.

The Group's website has a dedicated investor relations page which contains the latest information, including its most recent results. New and potential investors also have the opportunity to submit questions at any time throughout the year via the investor relations website, and all responses are published for everyone to see.

Anonymous feedback from institutional investors is obtained and shared with the Board following its interim and final results roadshows, and a quarterly breakdown of the share register is provided to the Board for consideration.

ANNUAL GENERAL MEETING ("AGM")

The Group's AGM will take place at 12:30pm on 1 May 2024. The Notice of AGM and explanatory notes on all resolutions are provided alongside all copies of the annual report mailed to shareholders. Digital copies are also available via the Group's website.

Remuneration Committee Report
Lisa Gordon
Non-Executive Director

I am pleased to present the 2023 remuneration report, which sets out the remuneration policy and the remuneration paid to the Directors for the year. Alpha Group International plc is listed on the Alternative Investment Market (AIM) and, as such, in the interests of transparency, the following disclosures are prepared on a voluntary basis for the Group.

MEMBERS OF THE REMUNERATION COMMITTEE

Details of the Remuneration Committee are provided in the Corporate Governance Statement.

REMUNERATION POLICY

The Group's policy is that the Executive Directors' remuneration package should be sufficiently competitive to attract, retain and motivate those Directors to achieve the Group's objectives without making excessive payments. Remuneration is reviewed each year in light of the Group's business objectives. The Remuneration Committee's intention is that remuneration should reward achievement of objectives and that these align with shareholder's interests over the medium-term. Remuneration consists of a basic salary, performance-related bonus, long-term incentive plan and pension contributions.

Performance-related bonuses are based on achievement of the Group's budget for both revenue and underlying profit, both of which are key KPIs for the Group. The Committee ensures that the balance between fixed and variable remuneration helps to ensure objectives are aligned. The Committee believes that the dual focus on revenue and profit performance is integral to ensuring delivery of shareholder value.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

EXECUTIVE DIRECTOR	REQUIRED WRITTEN NOTICE BY BOTH THE COMPANY AND INDIVIDUALS
Morgan Tillbrook	12 months
Tim Powell	6 months
Tim Butters	6 months

NON-EXECUTIVE DIRECTORS SERVICE CONTRACTS

The Non-Executive Directors do not have service contracts but are appointed under letters of appointment. Appointment letters are intended to be for a two-year term. No compensation is payable in the event of a Non-Executive not being re-elected. The Board determines the terms and conditions of the Non-Executive Directors.

DIRECTORS' REMUNERATION

The following table summarises the total gross remuneration of the Directors who served in the year ended 31 December 2023.

BASE SALARY INCREASE

The only changes made to Director's Remuneration in 2023 was to increase the salary of the CRO, Tim Butters from £200,000 to £250,000. The Committee carried out a review where Directors' Remuneration was benchmarked against businesses in a similar sector and/or delivering similar growth and returns for shareholders. In light of this review, it was concluded that the salary of Tim Butters was not aligned to these benchmarks. The Committee believes that the best outcome for all stakeholders was to increase base salary to a level where it is aligned to the wider market. The Committee will continue to undertake an annual benchmark review.

YEAR ENDED 31 DECEMBER 2023

EXECUTIVE	Basic Salary / Fee £	Bonus* £	Pension £	Share-based Payment £	Other £	Total £
Morgan Tillbrook	500,000	-	4,527	-	-	504,527
Tim Butters	250,000	-	3,750	8,464	816	263,030
Tim Powell	225,000	-	3,750	44,923	1,004	274,677
NON-EXECUTIVE						
Clive Kahn	52,500	-	-	-	-	52,500
Lisa Gordon	52,500	-	-	-	1,371	53,871
Vijay Thakrar	52,500	-	-	-	-	52,500

* The bonus arrangement for Morgan Tillbrook and Tim Powell for the year ended 31 December 2023 was a maximum bonus of 200% of basic salary for Morgan Tillbrook and 125% for Tim Powell, on the Group's achievement against key performance indicators (year ended 31 December 2022: 200% for Morgan Tillbrook and 150% for Tim Kidd). Due to tough market conditions and key performance indicators not being met, the Directors did not receive a bonus for 2023.

YEAR ENDED 31 DECEMBER 2022

EXECUTIVE	Basic Salary / Fee £	Bonus* £	Pension £	Share-based Payment £	Other £	Total £
Morgan Tillbrook	500,000	500,000	3,557	–	5,130	1,008,687
Tim Kidd (resigned 5 December 2022)	232,192	174,144	–	–	1,318	407,654
Tim Butters	200,000	–	3,750	23,894	819	228,463
Tim Powell[1]	16,331	–	–	15,928	–	32,259
NON-EXECUTIVE						
Clive Kahn	52,500	–	–	–	–	52,500
Lisa Gordon	52,500	–	–	–	–	52,500
Vijay Thakrar	52,500	–	–	–	–	52,500

[1] Tim Powell was appointed to the Board on 5 December 2022. His salary for the year ended 31 December 2023 was £225,000. This has been apportioned in the prior year 2022 table below from the date of his appointment.

Remuneration Committee Report
Continued

The Executive remuneration policy for the year ended December 2024 is set out in the table below:

EXECUTIVE	Base Salary £	Bonus %	Pension £
Morgan Tillbrook	£500,000	150%	£3,750
Tim Powell	£325,000	125%	£3,750
Tim Butters	£300,000	Nil	£3,750

For the Executives, the Annual Bonus Plan is based on the Group's achievement against key performance indicators. The calculation is aligned to revenue and profit growth, with a maximum bonus requiring the Group to achieve a minimum of 10% above its internal budget. In order to avoid any perceived conflicts of interest, the Chief Risk Officer is not incentivised via a performance-related bonus.

The highest paid Director was paid £504,527 during the year (2022: £1,008,687). The average earnings within the Group for the year ending 31 December 2023, excluding Directors, was £74,818 (2022: £72,707).

DIRECTORS' SHAREHOLDING AND SHARE INTERESTS

The following table summarises the shareholding and share interests of the Directors at 31 December 2023.

AS AT 31 DECEMBER 2023	BENEFICIALLY OWNED
EXECUTIVE	
Morgan Tillbrook	5,934,168
Tim Butters	34,229
Tim Powell	-
NON-EXECUTIVE	
Clive Kahn	355,000
Lisa Gordon	25,665
Vijay Thakrar	2,400

Tim Butters is a participant in the E and F Growth Share Schemes. Full details of the scheme are provided in Note 25 of the Consolidated Financial Statements. Following the revenue growth target of 20% being met for the year ended 31 December 2022, he was awarded 22,636 shares in March 2023.

At 31 December 2023 Tim Powell had no beneficial interest in the shares of the Company. He is a participant in the F Growth Share Scheme which was established prior to his appointment as a Director. Full details of the scheme are provided in Note 25 of the Consolidated Financial Statements.

Following the revenue growth target for the year ended 31 December 2023 not being met for the E Growth Shares or the F Growth Shares, the shares lapsed. As a result, no shares in Alpha Group International plc will be issued as consideration for the lapsed E and F Growth Shares in March 2024.

A non-binding resolution to accept the Remuneration Committee Report will be put to shareholders at the Annual General Meeting and the Committee will conduct a full annual review of the policy.

Lisa Gordon
Non-Executive Director
Remuneration Committee Chair

Audit Committee Report
Vijay Thakrar
Non-Executive Director

On behalf of the Board, I am pleased to present the Audit Committee report for the year ended 31 December 2023. The Audit Committee is responsible for ensuring that the financial performance of the Group is appropriately reported and reviewed.

Its role includes: monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing internal control and risk management systems by the whole Board, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, overseeing the internal audit plan, and advising on the appointment of external auditors. The Audit Committee met at three scheduled meetings during the year and also held meetings, independent of management, with BDO LLP, the Company's external auditors.

DUTIES

The main items of business considered by the Audit Committee during the year included:

- review of the 2023 BDO LLP audit plan and audit engagement letter;
- consideration of key audit matters and how they are addressed;
- review of the effectiveness of the external audit process;
- monitoring of the integrity of the financial statements and Annual Report, and of any trading updates provided externally;
- review of the risk management and internal control systems by the whole Board;
- review of the annual internal audit plan;
- consideration of regulatory developments and their impact; and
- reviewed the accounting for share schemes and the associated prior year restatement.

As a result of considering the above matters, the Committee focused on the following matters considered to potentially have a material impact on the Group's financial results.

REVENUE RECOGNITION

Given the different nature of the Company's income streams from FX Risk Management and Alternative Banking, the Committee discussed the revenue recognition treatment adopted for the different streams with management and with the auditors, who have confirmed that the Company's treatments accord with relevant accounting standards. This included consideration of the appropriateness of traders' incentivisation plans and the strength of anti-fraud controls.

CREDIT RISK

In light of the changes within the macro-economic environment continuing into 2023, the committee discussed with management the likelihood of material customer defaults and their impact on the Group's financial performance. The Committee concluded that adequate safeguards are in place to reduce the risk of material customer defaults from arising.

FAIR VALUE OF OPEN TRADES

Accounts receivable include unrealised profits on open trades as at the year end. The committee discussed with management the accounting treatment applied to determining the fair value of open positions, who confirmed that the methodology is consistent with previous years. The auditors have also reviewed the same and concluded that it is appropriate.

NET TREASURY INCOME

Given the increases in interest rates over H1 2023, the Committee discussed with management the reporting of net treasury income arising from client balances and whether it should be included within operating / underlying profits or not. The proposed treatment, agreed with the auditors, seeks to achieve transparency.

CREDIT VALUATION ADJUSTMENT (CVA)

The Committee has discussed with management the CVA methodology adopted. Management have confirmed that the CVA methodology is consistent with previous years, and the auditors have also reviewed the Company's CVA and concluded that it is appropriate.

NON-RECURRING COSTS

The Committee discussed with management the treatment of costs that are not part of underlying profits e.g. those associated with listing the group on the Main Market. It was concluded that the proposed treatment of these costs appropriately reflects the underlying profits, and has been agreed with the auditors. In the interests of transparency, the disclosures make clear what these non-underlying costs are.

PRIOR PERIOD ADJUSTMENT FOR SHARE-BASED PAYMENTS

The Committee considered with management and the auditors the background to the prior period adjustment and proposed adjustment. The reasons for the adjustment we discussed, and the Committee received assurances that the proposed treatment was appropriate and had been scrutinised by technical experts.

ROLE OF THE EXTERNAL AUDITOR

The external auditor, BDO LLP, was initially appointed in the financial year to 31 December 2016, following a formal tender process. As a result of the five-year rotation policy to enhance auditor independence, the current audit partner was appointed for the 2021 audit. No changes were made for the 2022 or 2023 audits to ensure continuity of service. The Audit Committee monitors the relationship to ensure that auditor independence and objectivity are maintained. The Committee is satisfied with BDO's independence but will keep under review the need for an external tender. The breakdown of fees between audit and non-audit services is provided in Note 6 of the Group's financial statements. The Committee monitors the non-audit fees. Having reviewed the auditor's independence and performance, the Audit Committee recommends that BDO LLP be reappointed as the Group's auditor at the next AGM.

EXTERNAL AUDIT PROCESS

BDO LLP prepares a plan for the audit of the full period financial statements. This audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following the audit, the auditor presents its findings to the Audit Committee for discussion, including management

Audit Committee Report
Continued

letter points detailing areas for improvement within the company's internal controls framework. The Audit Committee monitors management's remediation plans in respect of such recommendations, which are formally tracked and reported by the Head of Internal Audit.

INTERNAL AUDIT

An internal audit function was created in February 2022 with the appointment of an experienced internal auditor with relevant industry experience to lead the function, with a direct and open line of communication between the Audit Committee Chair and the Head of Audit. In 2023 the Internal Audit function has continued to grow, recruiting an additional headcount to the team and creating new relationships with external consultancies to deliver the annual internal audit plan. This plan was proposed independently from the Alpha Executives/ Management Team and approved by the Audit Committee. Any findings arising from internal audit activity are reported to the Audit Committee, which reviews the appropriateness of any follow-up actions.

RISK MANAGEMENT AND INTERNAL CONTROLS

As described on page 79 of the corporate governance report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Board as a whole is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee ensures that the Company's Chief Risk Officer, who chairs the Company's Risk Committees to consider the principal risks facing the Company, presents a regular update of the Risk Committees' work to the Board, and internal control systems are routinely assessed via the performance of a controls testing programme and the internal audit plan.

WHISTLEBLOWING

The Group has a whistleblowing policy which enables employees of the Group to confidentially report matters of concern. The Group is committed to conducting business with honesty and integrity at all times, and Alpha staff are encouraged to speak up without fear of retribution if they have any concerns. In the event that any such concerns are raised, these would be escalated to the Chief Risk Officer in accordance with the policy and reported to the Board. No such instances were reported to the Board during 2023.

OUR PRIORITIES FOR THE YEAR AHEAD

During 2024, the Committee will focus on:

- Reviewing the reporting of the Group's results / performance externally for balance and consistency with how performance is reviewed and monitored internally;
- Monitoring with the Board as a whole the key risks facing the Group; the effectiveness of the material controls over those risks; ensuring that appropriate resources and experience are provided to help mitigate the risks and enhance controls where necessary;
- Assessing any ongoing changes to the regulatory environment, business practices and risk profile of the Group; and
- Considering changes needed to the Company's reporting and risk management processes as a result of its planned move to be listed on the UK Main Market Premium Segment.

Vijay Thakar
Non-Executive Director
Audit Committee Chair

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2023.

The corporate governance statement on page 74 also forms part of this Director's Report.

BUSINESS REVIEW

An analysis of the Group's development (including likely future developments) and performance is contained in the Chairman's Statement, CEO's Statement and Our Strategy. Information on the financial risk management strategy of the Group and its exposure to its principal risks & uncertainties section of the report is on page 52.

PRINCIPAL ACTIVITY

Alpha Group International plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Brunel Building, 2 Canalside Walk, London W2 1DG. The registered company number is 07262416. The Company presents a list of its subsidiaries in note 15.

The Company's principal activity is the development of financial strategies and technologies for global corporates and institutions covering: FX risk management, mass payments and account opening requirements.

RESULTS AND DIVIDEND

The Group shows its results for the year in the Consolidated Statement of Comprehensive Income on page 104. Details of the proposed final dividend for the year are included on page 7.

DIRECTORS

The Directors of the Company during the year were:

EXECUTIVE	NON-EXECUTIVE
Morgan Tillbrook	Clive Kahn
Tim Butters	Lisa Gordon
Tim Powell	Vijay Thakrar

Biographical details, along with committee responsibilities, are provided on page 72.

DIRECTORS' INTERESTS

The Directors' interests in the Group's shares and options over ordinary shares are shown in the remuneration report on page 84.

CHARITABLE DONATIONS

During the year, the Group donated £1,419 to charity.

POLITICAL DONATIONS

The Group has not made any political donations in the past, nor does it intend to make them in the future.

ENVIRONMENT

The Group believes in minimising its impact to the environment where possible and is a certified carbon neutral company. More details on the measures it has taken are set out on 62-64.

EQUAL OPPORTUNITIES

We are committed to ensuring our workplace is equal, diverse and inclusive. We operate a true meritocracy, recruiting and promoting staff based on their attitude, skills and experience. We do not discriminate between employees or prospective employees on the grounds of age, race, disability, religion, gender or any other criteria. We are also committed to ensuring all employees feel respected and are able to perform to the best of their ability.

EVENTS AFTER THE REPORTING PERIOD

Following the third year of vesting of the Alpha FX Institutional Limited share scheme for the year ended 31 December 2023, the Company will be issuing 126,201 shares in March 2024.

Following the second year of vesting of the Alpha Foreign Exchange (Canada) Limited share scheme for the year ended 31 December 2023, the Company will be issuing 5,734 shares in March 2024.

Following the second year of the vesting for D1 and D2 Share scheme and the first year of vesting for the D3 Share scheme for the year ended 31 December 2023, the Company will be issuing 80,544 shares in March 2024.

Following the first year of vesting of the Alpha FX Netherlands Limited share scheme for the year ended 31 December 2023, the Company will be issuing 22,148 shares in March 2024.

On 29 January 2024, the Group announced a share repurchase programme up to a value of £20m to purchase ordinary shares of 0.2 pence each. The Ordinary Shares purchased will be held in treasury. As at 19 March 2024, 339,929 ordinary shares of 0.2 pence each had been purchased for a consideration of £5.8m representing 0.8% per cent of the issued share capital of the Group as at 19 March 2024. All shares purchased were held in Treasury.

On 29 February 2024, the Group entered into an interest rate swap for a notional amount of up to €100m to fix the rate of interest receivable on Euro cash balances held in respect of the Group's client cash balances. With the interest rate swap, the Group receives a fixed rate of interest and pays a floating interest rate based on EuroSTR, the difference between the rates results in the Group receiving a fixed rate of interest. The contract commences in March 2024 and expires in March 2026 with a net interest rate receivable of 3%. Hedge accounting is applied in accordance with IFRS 9.

On 20 March the group announced changes to the Board of Directors with Dame Jayne-Anne Gadhia appointed to the board as Chair Designate, effective from the Company's AGM on 01 May 2024, subject to the completion of normal regulatory due diligence by the Company's Nominated Adviser. In line with this, Clive Kahn, who has been Chair of the Company since 2016, will therefore not be seeking re-election at the Company's 2025 AGM, with Jayne-Anne remaining Chair Designate until the conclusion of Clive's term as Chair.

Lisa Gordon, Non-Executive Director of the Company will also step down from the Board by not putting herself up for re-election at the Company's AGM on the 01 May 2024. A process to recruit an additional Non-Executive Director will be undertaken in the coming months.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Group, including credit risk, market risk, liquidity risk, interest rate risk and currency risk, are provided in note 18 to the Consolidated Financial Statements.

SHARE CAPITAL STRUCTURE

Details of changes in the Group's share capital are disclosed in note 21 of the Consolidated Financial Statements.

SHARE OPTIONS SCHEMES

Details of employee share schemes are set out in note 25 to the Consolidated Financial Statements.

PURCHASE OF OWN SHARES

There was no purchase of own shares in the period.

GOING CONCERN

As described in note 2 of the financial statements, the Group has carried out a Going Concern assessment. The Directors believe the Group is in a strong financial position due to its profitable operations and strong cash generation, and therefore that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

RESEARCH & DEVELOPMENT

The Company has a continuous programme of development expenditure as part of its focus on evolving its service offering through technological innovation. Capitalised internal development expenditure is disclosed in note 12 of the accounts. All other development expenditure is recognised in the Statement of Comprehensive Income.

Directors' Report
Continued

BRANCHES

The Group has a number of branches outside of the United Kingdom located in The Netherlands, Italy, Spain, Germany, and Australia.

FUTURE DEVELOPMENTS

The board intends to continue to pursue the business strategy as outlined in the strategic report on page 18 and 20.

STAKEHOLDER INVOLVEMENT POLICIES

The Directors believe that the involvement of employees, clients and suppliers is an integral part of the Group's culture and plays a key part in its decision making and growth to date. For more information, view pages 66, 67 and 68.

AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

BDO LLP were appointed as auditors on 7 December 2016 and are continuing in office. In accordance with s489(4) of the Companies Act 2006 a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

As far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all reasonable steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of this information.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 12:30pm on 01 May 2024 at the offices of Bird & Bird LLP, 12 New Fetter Lane, London EC4A 1JP. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report and financial statements.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Consolidated Financial Statements in accordance with UK adopted International Accounting Standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group and company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is appropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the company's financial position and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the board

Simon Kang
Company Secretary
19 March 2024

Independent Auditor's report To the members of Alpha Group International Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Alpha Group International Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We considered the risks identified and judgements made by the Directors as most likely to adversely affect the Group's and Parent Company's available financial resources and challenged the Directors on their appropriateness based on our understanding of the business, results of our audit work and the relevant macro-economic factors.
- The risks and judgement the Directors considered as most likely to impact the business and where we challenged were:
  - A major client default or loss of a major client: In doing so we considered the reduced client concentration risk in the forward and options business based on revenue.
  - Free cash position: We reviewed the Directors cash flow forecast for a period of at least 12 months from the date of signing these financial statements. We reviewed the Directors downside scenario considering the impact of rising interest rates, inflation and contraction in the UK economy on the operations and Group's internal forecast including related assumptions.
- Reliability of the forecasts prepared by the Directors were compared to relevant published data and to data obtained from reputable independent sources. We also performed retrospective testing to compare prior year's forecasts to current year actual results to evaluate the reliability and reasonableness of historic forecasts.
- Impact of climate risks on long-term strategy, financial projections, and viability of the business.
- Reasonableness of bad debt provisions and valuation adjustments including credit value adjustments (CVA).
- We also considered the adequacy of the Group's capital regulatory requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

COVERAGE	99% (2022: 96%) of Group profit before tax 100% (2022: 100%) of Group revenue 99% (2022: 100%) of Group total assets		
KEY AUDIT MATTERS		2023	2022
	Existence and accuracy of revenue	✓	✓
	Accounting for growth share schemes	✓*	✗
	Appropriateness of Credit value adjustments (CVA)	✗**	✓
	Fair value of growth shares	✗***	✓
MATERIALITY	Group financial statements as a whole £2.1 million (2022: £1.9 million) based on 5% of adjusted profit before tax excluding the impact of one-off expenses incurred for business combination and interest earned on the e-money balance (2022: 5% of Profit before tax less other operating income).		

*This pertains to the errors identified in the current year relating to the accounting treatment of growth share schemes in previous years.

**This is no longer considered to be a KAM because the model is now well established in addition to the rationale and justification of the various associated inputs.

***This is no longer considered to be a KAM due to our enhanced understanding of the valuation methodology and consistency of its application, assumptions and judgments around the valuation of growth share schemes as well as the limited impact in the current year where only one new scheme was issued.

Independent Auditor's report
Continued

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group comprises the Parent Company and 10 subsidiaries (2022: 14). Alpha Group International Plc, Alpha FX Limited, Alpha FX Institutional Limited and Alpha FX Europe Limited have been determined to be significant components. With the exception of Alpha FX Europe Limited, the audits of all significant components were performed by the Group engagement team. The audit of Alpha FX Europe Limited was performed by our network firm in Malta with the Group engagement team performing additional specific audit procedures on material financial statements areas. We determined that the Alpha Foreign Exchange (Canada) Limited, Financial transactional services B.V and Alpha FX Italy Limited (active until 30 Sept 2023, transferred to Alpha FX Europe) were not significant components for the purposes of the Group audit. For these entities, specific audit procedures on material financial statements areas were performed by the Group engagement team. The financial information of Alpha FX Netherlands, a non-significant component, was subject to review procedures performed by the Group engagement team. All other entities are not trading currently or are dormant and have no impact on the Group audit.

OUR INVOLVEMENT WITH COMPONENT AUDITORS

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Instructions were issued to the component auditor detailing the scope, the risk assessment, timing of their work and the allocated component materiality thresholds;
- We conducted numerous meetings through the planning, execution and completion stages of the audit;
- We performed a detailed review of the submitted reporting deliverables and reviewed the work undertaken by our component auditor by including their working papers, and findings where necessary.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
EXISTENCE AND ACCURACY OF REVENUE The Group's revenue recognition policy is included with the accounting policies in note 2 and segment reporting on revenue is included in note 5	The risk relating to the FX Hedging revenue stream revolves around the existence and accuracy of revenue recorded in the year. Existence refers to the risk that trades did not occur or were overstated, accuracy refers to the risk that calculations identifying the revenue amounts to be recorded contain errors. The Group's reported FX Hedging revenue drives the level of sales commissions payable to front office staff and is a key metric in the Group's Growth Share Scheme used to incentivise directors, key Management and certain staff, which further increases the risk over the existence of revenue recognised. For Alternative Banking, the risk lies in the payments revenue which is recognised on a monthly basis in line with the minimum monthly fee agreed with customers subject to adjustments for other fees e.g. monthly bank charges based on volume collections or payments transactions are added. There is a risk that the calculations identifying the revenue amounts to be recorded contains errors. For these reasons we considered the existence and accuracy of revenue to be a key audit matter.	We reviewed the revenue recognition policy applied by management to each of the Group's revenue streams and considered its compliance with IFRS 9 'Financial Instruments' (FX hedging revenue) and IFRS15 'Revenue from Contracts with Customers'' (Payments transaction fee) with a specific focus on existence and measurement of revenue. For FX Hedging revenue, we tested a sample of matched principal spot, forward and option contracts to verify the existence and accuracy of revenue, with reference to underlying supporting trade tickets and third party information recorded with the relevant banking counterparty. We recalculated the profits arising from the trades and tested key inputs to the relevant underlying supporting documents outlined above. For Alternative Banking, payments revenue, we agreed a sample of the Payments transaction fee revenue to supporting documentation. We obtained revenue confirmations from a sample of customers on the payments transaction fee revenue report to address existence and accuracy. Further, we have performed operating effectiveness testing over the key revenue controls in the process, as part of our testing we have selected the appropriate sample size as per our methodology and assessed whether these controls have operated as intended during the financial period under consideration. KEY OBSERVATIONS: Based on the procedures performed we consider the recognition of revenue to be appropriate and in line with the requirements of the reporting framework.

Independent Auditor's report
Continued

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ACCOUNTING FOR GROWTH SHARE SCHEMES See note 2 on accounting policy for Share-based payments and note 4 for additional disclosures	The group has several growth share schemes in place to reward key employees who work within the entities in the Group. These schemes are equity settled and are within the scope of International Financial Reporting Standards (IFRS) 2. Accounting for growth share schemes is an inherently complex area in relation to the share option charge, vesting period and fair valuation accounting treatment. During the current year, we have identified various errors in the accounting treatment of the growth share scheme in previous years. Due to the material nature of these errors, the previous years financial statements have been restated in accordance with the requirements of International Accounting Standards (IAS) 8 and a third statement of financial position has been presented in accordance with the requirements of International Accounting Standards (IAS) 1.	We have obtained an understanding of the accounting treatment and the related controls around the growth share schemes (schemes). We reviewed the schemes agreements to understand the mechanics and various terms and conditions. With the assistance from our technical accounting department, we assessed the accounting treatment of the several growth share schemes, including the impact of the previous years' errors on the financial statements. We evaluated the prior year restatement disclosures and assessed if these are in line with the requirements of IAS 8. Additionally, we tested the completeness and accuracy of the prior year restatement calculations by tracing back to the prior year audited financial statements and ensuring the correct journal have been posted within the correct period. KEY OBSERVATIONS: Based on the above procedures, We have not identified any indicator that would suggest that the prior period errors have not been corrected appropriately and that the current accounting treatment for growth share schemes does not comply with the requirements of IFRS 2

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

	Group financial statements		Parent company financial statements	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Materiality	2.1	1.9	0.7	0.7
Basis for determining materiality	5% of Profit before tax excluding the impact of one-off expenses incurred for business combination and interest earned on e-money balance.	5% of Profit before tax less other operating income.	1% of total assets	1% of total assets
Rationale for the benchmark applied	Investors are the principal stakeholders and are primarily interested in profitability. Due to rising interest rates, the Group has earned a significant amount of interest income which has been eliminated to arrive at a profit more reflective of investors' interest and core business profitability.	Investors are the principal stakeholders and are primarily interested in profitability. Due to rising interest rates, the Group has earned a significant amount of interest income which has been eliminated to arrive at a profit more reflective of investors interest.	The entity is an asset based entity and serves as a holding company for group. In the absence of any revenue total assets is used as a benchmark to calculate materiality.	The entity is an asset based entity and serves as a holding company for group. In the absence of any revenue total assets is used as a benchmark to calculate materiality.
Performance materiality	1.37	1.24	0.4	0.4
Basis for determining performance materiality	65% of Materiality	65% of Materiality	65% of Materiality	65% of Materiality
Rationale for the percentage applied for performance materiality	The Group has extended its geographical range and has some complex estimates involved in the financial statements. As such, we have deemed it appropriate to set our threshold at 65%.	The Group has extended its geographical range and has some complex estimates involved in the financial statements. As such, we have deemed it appropriate to set our threshold at 65%.	This is based on our expected value of known and likely misstatements in the current year, and Management's attitude to proposed adjustments.	This is based on our expected value of known and likely misstatements in the current year, and Management's attitude to proposed adjustments.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as shown above.

COMPONENT MATERIALITY

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group based on a percentage of between 21% and 90% (2022: 7% and 95%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £0.42m to £2.1 million (2022: £0.132 million to £1.8 million). In the audit of each component, we further applied performance materiality levels of 65% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Independent Auditor's report
Continued

REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £42k (2022: £39.4k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT	In our opinion, based on the work undertaken in the course of the audit: – the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and – the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: – adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or – the Parent Company financial statements are not in agreement with the accounting records and returns; or – certain disclosures of Directors' remuneration specified by law are not made; or – we have not received all the information and explanations we require for our audit

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company, and the industry in which it operates and considered the risk of acts by the Group and Parent Company which would be contrary to applicable laws and regulations, including fraud.

These included but were not limited to compliance with the Companies Act 2006, Accounting standards, AIM Rules, Corporation Tax Act 2010 and the Financial Conduct Authority (FCA) regulations.

We assessed compliance with applicable laws and regulations and performed audit procedures on these areas as considered necessary.

OUR PROCEDURES INVOLVED:

- enquiry with the management and those charged with governance regarding how the Group and Parent Company is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud;
- assessment of the Group's compliance with applicable taxation regulations with the assistance of tax specialists;
- review of board and audit committee meeting minutes for any known instances of non-compliance, or any actual, suspected or alleged fraud; and review of legal correspondence and those from the regulator; and
- review of legal correspondence and those from the regulator for any instances of non-compliance with laws and regulations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included but not limited to:

Independent Auditor's report
Continued

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team (including internal forensics experts) as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on the above, we identified the areas most susceptible to fraud to be management override of controls, revenue recognition (existence and accuracy) including the related traders commission earned on the FX Hedging revenue.

OUR PROCEDURES IN RESPONSE TO THE ABOVE INCLUDED:

- The procedures set out in the key audit matters section of our report;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of a sample of journal entries and other adjustments in the general ledger by agreeing to supporting documentation and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business and testing of accounting estimates due to risk of management bias; and
- Incorporating unpredictability procedures into our audit approach.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We also reviewed the result of component audit teams procedures performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

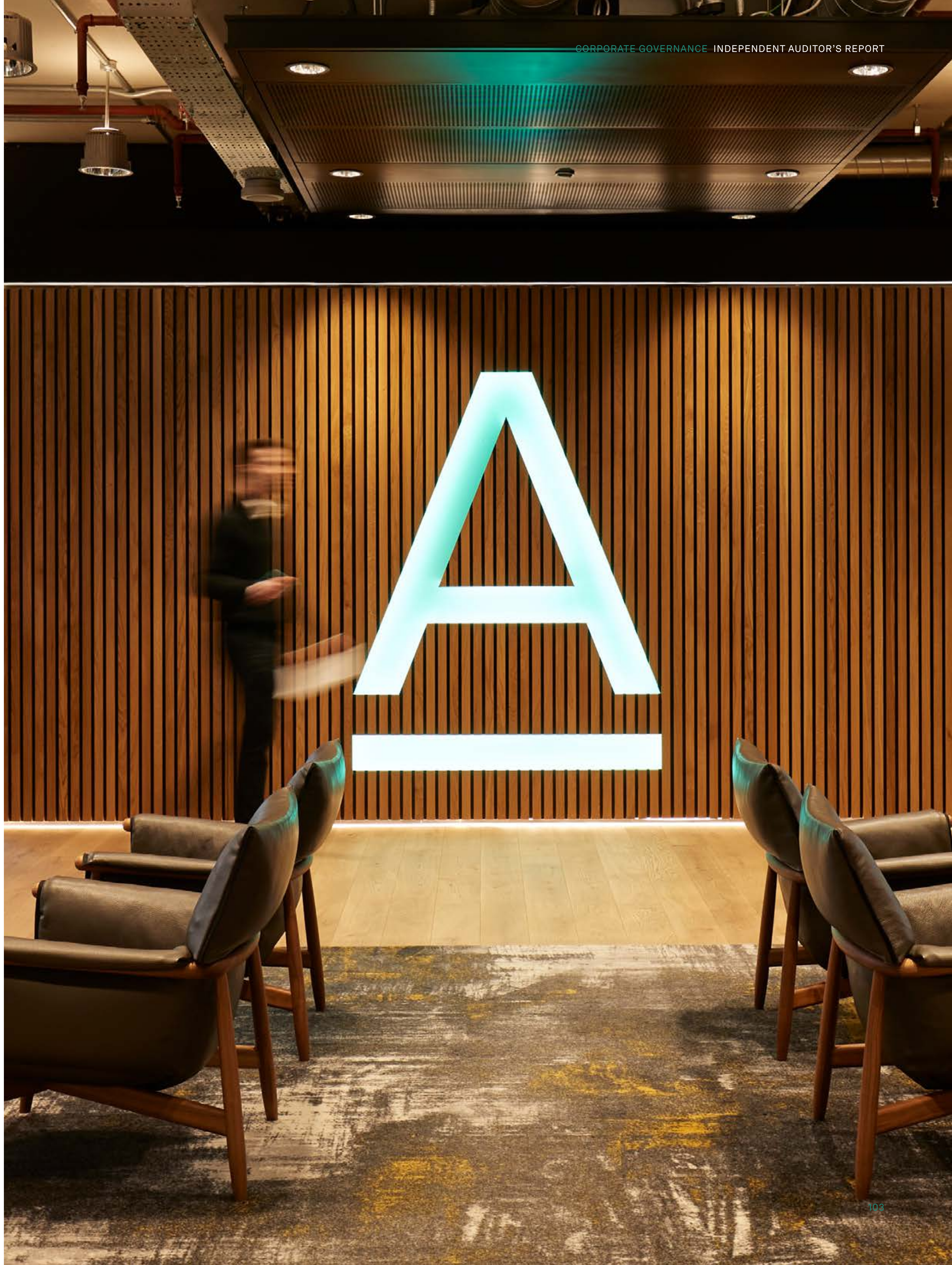
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Justin Chait (Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor, London, UK
19 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 Restated[1] £'000
REVENUE	5	110,442	98,332
Net treasury income – client funds	5	73,676	9,278
Net treasury income – own funds	5	1,843	-
TOTAL INCOME		185,961	107,610
Operating expenses		(73,809)	(61,159)
OPERATING PROFIT	6	112,152	46,451
Underlying operating profit		39,205	38,274
Net treasury income – client funds		73,676	9,278
Non-underlying items	6	(729)	(1,101)
Finance income	7	4,616	784
Finance expenses	7	(834)	(458)
PROFIT BEFORE TAXATION		115,934	46,777
Underlying profit before taxation		42,987	38,600
Net treasury income – client funds		73,676	9,278
Non-underlying items	6	(729)	(1,101)
Taxation	9	(27,142)	(8,164)
PROFIT FOR THE YEAR		88,792	38,613
Attributable to:			
Equity holders of the parent		88,825	38,613
Non-controlling interests	22	(33)	-
PROFIT FOR THE YEAR		88,792	38,613
OTHER COMPREHENSIVE INCOME/(LOSS):			
Items that may be reclassified to the profit or loss:			
Exchange (loss)/gain on translation of foreign operations		(679)	1,382
Gain/(loss) recognised on hedging instruments		3,193	(639)
Tax relating to items that may be reclassified		(798)	160
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		90,508	39,516
Attributable to:			
Equity holders of the parent		90,541	39,516
Non-controlling interests		(33)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		90,508	39,516

Earnings per share attributable to equity owners of the parent (pence per share)

	Note	2023	2022
– basic	10	206.2p	92.1p
– diluted	10	203.4p	89.0p
– underlying basic	*10*	*76.7p*	*76.3p*
– underlying diluted	*10*	*75.6p*	*73.7p*

[1]The prior period restatement is detailed further in note 4.

Consolidated Statement of Financial Position

As at 31 December 2023

Company number: 07262416

	Note	As at 31 December 2023 £'000	As at 31 December 2022 Restated[1] £'000	As at 1 January 2022 Restated[1] £'000
NON-CURRENT ASSETS				
Goodwill	12, 26	4,707	-	-
Intangible assets	12, 26	14,007	4,814	2,995
Property, plant and equipment	13	8,800	3,248	2,323
Right-of-use assets	14	20,894	11,848	6,136
Derivative financial assets	16	14,369	27,819	17,335
TOTAL NON-CURRENT ASSETS		62,777	47,729	28,789
CURRENT ASSETS				
Cash and cash equivalents	20	197,941	136,799	108,044
Derivative financial assets	16	95,203	99,119	58,551
Other receivables	19	7,796	5,333	7,825
Fixed collateral	20	8,810	4,726	3,506
Current tax asset		73	-	-
TOTAL CURRENT ASSETS		309,823	245,977	177,926
TOTAL ASSETS		372,600	293,706	206,715
EQUITY				
Share capital	21	87	84	82
Share premium account	21	52,566	52,075	50,819
Capital redemption reserve	21	4	4	4
Merger reserve	21	667	667	667
Redemption reserve	21, 26	(1,884)	-	-
Retained earnings	21	170,939	88,807	56,260
Translation reserve	21	581	1,260	(122)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		222,960	142,897	107,710
Non-controlling interests		531	-	-
TOTAL EQUITY		223,491	142,897	107,710
CURRENT LIABILITIES				
Derivative financial liabilities	16	34,288	42,764	36,697
Other payables	23	59,750	77,340	40,100
Deferred income		7,072	4,924	2,193
Lease liability	14	1,028	1,407	450
Current tax liability		11,293	3,781	3,847
TOTAL CURRENT LIABILITIES		113,431	130,216	83,287
NON-CURRENT LIABILITIES				
Derivative financial liabilities	16	5,922	7,317	7,745
Other payables	23	875	222	-
Redemption liability	26	1,884	-	-
Deferred tax liability	9	5,305	1,387	1,061
LEASE LIABILITY	14	21,692	11,667	6,912
TOTAL NON-CURRENT LIABILITIES		35,678	20,593	15,718
TOTAL LIABILITIES		149,109	150,809	99,005
TOTAL EQUITY AND LIABILITIES		372,600	293,706	206,715

The Consolidated Financial Statements of Alpha Group International plc were approved by the Board of Directors on 19 March 2024 and signed on its behalf by:

M J Tillbrook
Director

T Powell
Director

[1]The prior period restatement is detailed further in note 4.

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 Restated[1] £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		115,934	46,777
Net treasury income – client funds		(73,676)	(9,278)
Net treasury income – own funds		(1,843)	-
Finance income	7	(4,616)	(784)
Finance expense	7	834	458
Amortisation of intangible assets	12	3,111	1,573
Intangible assets written off	12	26	43
Depreciation of property, plant and equipment	13	1,325	764
Depreciation of right-of-use assets	14	1,939	1,154
Loss on disposal of property, plant and equipment	13	8	50
Share-based payment (credit)/expense		(58)	1,101
(Increase) in other receivables		(1,343)	(1,476)
(Decrease)/increase in other payables		(15,550)	40,014
Decrease/(increase) in derivative financial assets		19,920	(51,052)
Decrease in financial assets at amortised cost		-	5,803
(Decrease)/increase in derivative financial liabilities		(9,232)	5,000
Increase in fixed collateral		(4,084)	(1,220)
CASH INFLOWS FROM OPERATING ACTIVITIES		32,695	38,927
Net treasury income received		73,975	7,490
Tax paid		(15,881)	(7,486)
NET CASH INFLOWS FROM OPERATING ACTIVITIES		90,789	38,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash acquired	26	(8,227)	-
Payments to acquire property, plant and equipment	13	(6,927)	(1,739)
Payments to acquire right-of-use assets		(235)	(46)
Proceeds from sale of property, plant and equipment	13	5	-
Expenditure on intangible assets	12	(8,025)	(3,435)
Interest received		4,616	729
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		(18,793)	(4,491)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares by Parent Company		491	996
Issue of shares options		-	44
Forfeiture of share options		-	(77)
Dividends paid to equity holders of Parent Company	11	(6,368)	(4,810)
Dividends paid to subsidiary shareholders		(2,762)	(1,877)
Payment of lease liabilities – principal	14	(779)	(891)
Payment of lease liabilities – interest	14	(793)	(452)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES		(10,211)	(7,067)
INCREASE IN NET CASH AND CASH EQUIVALENTS IN THE YEAR		61,785	27,373
Net cash and cash equivalents at beginning of year		136,799	108,044
Net exchange (loss)/gains		(643)	1,382
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	20	197,941	136,799

[1]The prior period restatement is detailed further in note 4.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Attributable to the owners of the Parent									
	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Redemption Reserve £'000	Retained earnings £'000	Translation reserve £'000	Total £'000	Non-controlling interests £'000	Total £'000
BALANCE AT 1 JANUARY 2022 (as previously reported)	82	50,783	4	667	-	54,189	(124)	105,601	4,193	109,794
Prior period restatement[1]	-	36	-	-	-	2,071	2	2,109	(4,193)	(2,084)
BALANCE AT 1 JANUARY 2022 (restated)	82	50,819	4	667	-	56,260	(122)	107,710	-	107,710
Profit for the year (restated[1])	-	-	-	-	-	38,613	-	38,613	-	38,613
Other comprehensive income/(expense)	-	-	-	-	-	(479)	1,382	903	-	903
Transactions with owners										
Shares issued on vesting of share option schemes (restated[1])	2	432	-	-	-	(2)	-	432	-	432
Issue of share options in subsidiary undertakings (restated[1])	-	-	-	-	-	1	-	1	-	1
Shares issued in relation to SAYE share scheme	-	824	-	-	-	-	-	824	-	824
Share-based payments (restated[1])	-	-	-	-	-	1,101	-	1,101	-	1,101
Dividends paid(restated[1])	-	-	-	-	-	(6,687)	-	(6,687)	-	(6,687)
BALANCE AT 31 DECEMBER 2022 (restated)	84	52,075	4	667	-	88,807	1,260	142,897	-	142,897
Profit/(loss) for the year	-	-	-	-	-	88,825	-	88,825	(33)	88,792
Other comprehensive income/(expense)	-	-	-	-	-	2,395	(679)	1,716	-	1,716
Transactions with owners										
Acquisition of subsidiary	-	-	-	-	(1,884)	103	-	(1,781)	564	(1,217)
Shares issued on vesting of share option schemes	3	491	-	-	-	(3)	-	491	-	491
Share-based payments	-	-	-	-	-	(58)	-	(58)	-	(58)
Dividends paid	-	-	-	-	-	(9,130)	-	(9,130)	-	(9,130)
BALANCE AT 31 DECEMBER 2023	87	52,566	4	667	(1,884)	170,939	581	222,960	531	223,491

[1]The prior period restatement is detailed further in note 4.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

1. GENERAL INFORMATION

Alpha Group International plc (the "Company") is a public limited company having listed its shares on AIM, a market operated by The London Stock Exchange, on 7 April 2017. The Company is incorporated and domiciled in the UK (registered number 07262416) and its registered office is Brunel Building, 2 Canalside Walk, London, England, W2 1DG.

The Consolidated Financial Statements incorporate the results of the Company and its subsidiary undertakings.

The Group's principal activity is the development of financial strategies and technologies to assist corporates and institutions in their FX risk management, mass payments and account opening requirements.

The material accounting policies adopted in the preparation of the Consolidated Financial Statements are set out in note 2.

2. MATERIAL ACCOUNTING POLICIES

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with UK adopted international accounting standards using the measurement bases specified by UK IFRS for each type of asset, liability, revenue or expense.

The Consolidated Financial Statements are presented in Pounds Sterling ("£"), and all values are rounded to the nearest thousand ("£'000") except where otherwise indicated. The material accounting policies adopted in the preparation of the Consolidated Financial Statements are set out below and have been applied consistently throughout all periods presented, unless otherwise stated.

The preparation of Consolidated Financial Statements in conformity with adopted UK adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 3.

The Consolidated Financial Statements are prepared on the historical cost basis except for those detailed within 'Financial Instruments' below.

a) *New standards, interpretations and amendments effective from 1 January 2023:*

- IAS 1 has replaced the requirement for the Group to disclose its significant accounting policies with the requirement to disclose material accounting policy information.
- There are no other new standards, interpretations and amendments which became mandatorily effective for the current reporting period which have had any material effect on the financial statements of the Group.

b) *New standards, interpretations and amendments not yet effective:*

- There are no IFRS interpretations that are not yet effective that would be expected to have a material impact on the Group.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

Basis of consolidation

The Consolidated Financial Statements consist of the financial statements of the ultimate Parent Company (Alpha Group International plc) and all entities controlled by the Company (its subsidiaries).

i. Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

ii. Transactions eliminated on consolidation

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial information.

iii. Acquisition accounting

Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the consideration transferred and contingent consideration, measured at fair value on the date of the business combination, and the value of any non-controlling interests in the acquiree. The business combination costs incurred are expensed.

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the business combination date.

On an acquisition-by-acquisition basis, the Group elects whether to measure the non-controlling interests in the acquiree, if any, at fair value or at the proportionate share of the acquiree's identifiable net assets.

iv. Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

In accordance with IFRS 10, the Group recognises any non-controlling interest at the non-controlling interest's proportionate share of the acquiree's net assets on a transaction-by-transaction basis.

The Group treats transactions with the non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interests the difference between the fair value of consideration paid and the relevant share of net assets acquired is recorded in equity.

Where there is an obligation to purchase the non-controlling interest at a future date, a financial liability will be recognised on the business combination. The liability is initially recognised at fair value if it meets the definition of a derivative under IFRS 9 Financial instruments.

The financial liability for the non-controlling interest is subsequently accounted for under IFRS 9, with all changes in the carrying amount, including the non-controlling interest share of profit, recognised as a re-measurement in the income statement. When the obligation or "put liability" is exercised, the carrying amount of the financial liability at that date is extinguished by the payment of the exercise price.

2. MATERIAL ACCOUNTING POLICIES [CONT.]

Segmental reporting

In accordance with IFRS 8 Operating Segments, an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision makers and for which discrete information is available.

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision-makers. The chief operating decision-makers responsible for allocating resources and assessing performance of the operating segments are identified as the Group's Chief Executive Officer and Chief Financial Officer.

Going concern

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a review of financial forecasts and available resources. The Group meets its day-to-day working capital requirements through its strong cash reserves. As at 31 December 2023, the Group had a healthy liquidity position with £197.9m of cash and cash equivalents (see note 20), with no debt financing commitments. The Group has net current assets of £196.4m at 31 December 2023 and net assets of £223.5m.

In assessing going concern, management have considered the potential effects the current high interest rate environment and the impact that these rates would have on our clients and the sectors in which they operate in. We do not anticipate any significant impact, from a going concern perspective to the business from these events. This assessment has considered the impact on the Group's operations, its 2024 budget and 2025 internal forecast.

Given the nature of the above events, severe downside scenarios have been modelled where revenue targets are missed with the assumption that a number of clients are unable to meet their mark-to-market obligations, resulting in bad debts. Even in these scenarios, the Group has strong liquidity, no external debt and the availability of mitigating actions that would allow it to meet its financial liabilities as they fall due. These mitigating actions, should they be required, are all within management's control and could include reducing new recruitment, lowering commission or bonus payments, and reducing capital expenditure.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continues to adopt the going concern basis in preparing its Consolidated Financial Statements.

Revenue

FX Hedging

When the Group enters into a foreign exchange contract with a client, it immediately enters into a separate matched contract with its banking counterparty.

Spot and forward revenue is recognised when a binding contract is entered into by a client and the rate is fixed and determined. Revenue represents the difference between the rate offered to clients and the rate the Group pays its banking counterparties aggregated with the volume of currency transacted.

Options revenue is recognised when a binding contract is entered into by a client and the revenue is fixed and determined. Revenue represents the difference between the premiums paid by clients and the premium the Group pays to its banking counterparties.

Payments and collections

Alternative Banking provides payment and collection services and receives revenue from both banking fees and spot transactions. Banking fees are charged for (but are not limited to) electronic payments in and out of accounts (e.g. Faster Payments, CHAPS, International payments and collections) and implementation fees. Revenue in respect of transactional banking fees is recognised when a payment is executed. Revenue is recognised at this point in time as the performance obligation is satisfied by transferring control of the contract to the client.

Annual account fees

Revenue from annual account fees is recognised on a straight-line basis over the 12 months from the date the account is opened, resulting in deferred income on the face of the Consolidated Statement of Financial Position. The initial set-up of the account may only happen upfront at a single point in time (with the associated fee being charged at this point), but the ongoing access to the account (particularly through access to the portal) and other ancillary services are provided to the customer throughout the period the account is open.

Fund Finance

Fund Finance provides advisory services to institutional clients who require intermediary advisory services to support their funding requirements. The offering is distributed via a newly established sales team from the London head office. Revenue is recognised in the period in which the advisory work is performed.

Cobase

Cobase charge recurring monthly subscription fees for use of their multibank connectivity platform. They also charge implementation fees and user costs. Revenue from subscription fees and user costs are recognised on a straight-line basis over the period in which the account is being used. Implementation fees and are recognised in the period in which the implementation project has been finalised.

Net treasury income (previously called Other Operating Income)

'Net treasury income- client funds' is made up of interest generated from client cash balances, as a result of the increased interest rate environment (further detail within note 5). Whilst the increased interest stream is a positive boost for the Group and a natural by-product of our increasingly diversified product offering, we are mindful that aspects of its dynamics are driven by macroeconomics beyond our control. We have therefore chosen to recognise interest income on client balances as 'net treasury income-client funds' (formerly Other operating income), not operating revenue, on the face of the Consolidated Statement of Comprehensive Income.

The changes to the interest rate environment has meant that these accounts can be interest bearing, whilst maintaining the safeguarding requirements. The Group is able to obtain attractive interest rates on these overnight client cash balances only because of its ability to aggregate numerous individual client balances, many of which are transitory and typically only held for short periods of time. Under the terms of the Electronic Money Licence (EMI) the Group is not able to pass any of the interest earned back to the clients.

'Net treasury income – own funds' relates to interest generated within the FX risk management division on initial and variation margin held by the Group. The Group has title over these funds with the balances and therefore associated interest earned being a direct consequence of the operational business and has therefore been included within Total Income and Operating Profit in the Consolidated Statement of Comprehensive Income.

Interest earned on Alpha's own, free cash is recognised within finance income in the Consolidated Statement of Comprehensive Income.

Underlying measures

The Group reports underlying operating profit, underlying EPS and underlying Profit before taxation. These measures are not measures of performance under IFRS and should be considered in addition to, and not as a substitute for, IFRS measures of financial performance and liquidity. The Group uses non-GAAP performance measures as key financial indicators as the Board believe these better reflect the underlying performance of the business.

Underlying items exclude net treasury income from client funds, share award costs, M&A deal costs, amortization of purchased intangibles and costs in relation to the anticipated move to premium listing on the London Stock Exchange.

2. MATERIAL ACCOUNTING POLICIES [CONT.]

Foreign currency translation

The Group's consolidated historical financial statements are presented in pounds sterling, which is the functional currency of the Parent.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the Consolidated Statement of Comprehensive Income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction.

Group companies
The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities at each period end are translated at the prevailing closing rate at the date of the Consolidated Statement of Financial Position;
- Income and expenses for each period within the Consolidated Statement of Comprehensive Income are translated at the average rate for the period; and
- On consolidation, exchange differences arising from the translation of overseas operations are recognised in other comprehensive income and accumulated in the translation reserve as a separate component of equity. On disposal of a foreign operation, the cumulative translation differences are transferred to the Consolidated Statement of Comprehensive Income as part of the gain or loss on disposal.

Financial instruments

Financial Assets

Initial measurement
All financial assets are measured initially at fair value less transaction costs. The Group's financial assets include derivatives not designated as hedging instruments (foreign exchange forward and option contracts with customers and banking counterparties), derivatives designated as hedging instruments (foreign exchange forward and interest rate swap contracts with customers and banking counterparties) and amortised cost assets (financial assets at amortised cost, other receivables, cash and cash equivalents and fixed collateral).

Subsequent measurement
IFRS 9 divides all financial assets into two classifications ¬- those measured at amortised cost and those measured at fair value. Where assets are measured at fair value, gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

The classification of a financial asset is made at the time it is initially recognised, namely when the Group becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

Following initial measurement, the Group measures its financial assets at fair value through profit or loss or amortised cost, based on the business model for managing the financial instruments and the contractual cash flow characteristics of the instrument.

Fair value through profit or loss
This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any financial assets at fair value through profit or loss.

Amortised cost
The Group's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

These assets arise principally from financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, and where applicable, less provision for impairment.

De-recognition of financial assets
Financial assets will be de-recognised when the contractual rights to the cash flows from the assets have expired, or when the Group transfers its contractual rights to receive the cash flows and substantially all of the risk and rewards of the assets have been transferred.

Management's judgement is applied in determining whether the contractual rights to the cash flows from the transferred assets have expired or whether the Group retains the rights to receive cash flows on the assets but assume an obligation to pay for those cash flows.

Impairment
Impairment provisions are recognised under the general approach according to a three-stage expected credit loss impairment model. Impairment provisions represent the difference between the present value of all contractual cashflows and the present value of expected future cashflows. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income. The Group performs an assessment of a significant increase in credit risk on an annual basis. In accordance with IFRS 9, the Group can apply the policy election for trade receivables. The Group recognises lifetime expected credit losses under the simplified approach. The Group has performed a re-assessment of lifetime expected credit losses at 31 December 2023.

Financial liabilities

Classification
The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, subsequently carried at amortised cost including directly attributable transaction costs. The Group has not applied the option to designate any financial liabilities as measured at fair value through profit or loss that were previously measured at amortised cost. The Group's financial liabilities include derivative financial liabilities and trade and other payables.

De-recognition of liabilities
A financial liability is de-recognised when the obligation under the liability is discharged, substantially modified, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Consolidated Statement of Comprehensive Income.

2. MATERIAL ACCOUNTING POLICIES [CONT.]

Financial liabilities [cont.]

Offsetting financial instruments

When there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability immediately, financial assets and liabilities are offset, and the net amount reported in the Consolidated Statement of Financial Position.

Derivative financial instruments

Derivative financial assets are carried as assets when their fair value is positive and liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the Consolidated Statement of Comprehensive Income. The Group's derivative financial assets and liabilities comprise of forward and option foreign exchange contracts, and interest rate swap contracts.

The Group undertakes matched principal broking involving undertaking immediate back-to-back derivative transactions with counterparties. These transactions are classified as financial instruments at fair value through profit or loss and are shown gross, except where a netting agreement, which is legally enforceable, exists and the intention is for the asset and liability to be settled net.

The credit valuation adjustment ("CVA") reflects the credit risk of the counterparties inherent in the valuation of the derivative financial instruments. The adjustment represents the estimated fair value of protection required to hedge the counterparty credit risk. The adjustment takes into account counterparty exposure, applicable collateral arrangement and default probability rates.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge part of its exposure to foreign exchange and interest rate risks. All derivative financial instruments are initially measured at fair value on the contract date and are also measured at fair value at subsequent reporting dates.

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- The hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- At the inception of hedge there is formal designation and documentation of the hedging relationship, the Group's risk management objective and strategy for undertaking the hedge, the hedged item and hedging instrument, and how the hedge effectiveness will be assessed;
- An economic relationship exists between the hedged item and the hedging instrument;
- Credit risk does not dominate changes in value; and
- The hedge ratio is the same for both the hedging relationship and the quantity of the hedged item actually hedged and the quantity of the hedging instrument used to hedge it.

If derivatives do not qualify for hedge accounting, any changes in the fair value of the derivative financial instrument are recognised in the income statement as they arise.

Hedge relationships are classified as cash flow hedges where the derivative financial instruments hedge the Group's exposure to variability in cash flows resulting from a highly probable forecasted transaction. These include the exchange rate risk of interest receivable denominated in foreign currency and interest rate risk. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for hedge accounting, or the hedge designation is revoked, hedge accounting is discontinued prospectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held at call with banks. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash held as collateral with banking counterparties for which the Group does not have immediate access, is shown as fixed collateral on the face of the Consolidated Statement of Financial Position.

Other payables

Other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due in one year or less. If payment is due at a later date, they are presented as non-current liabilities.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the inputs into the valuations and the level of the fair value hierarchy as explained above.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2. MATERIAL ACCOUNTING POLICIES [CONT.]

Employee benefits

Pension obligations
The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. Contributions made by the company are charged to the Consolidated Statement of Comprehensive Income.

Share-based payments
The Group issues equity-settled share-based payments to Directors and employees of the Group through the Growth Share Schemes, Approved and Unapproved Options Schemes.

Equity-settled share-based schemes are measured at fair value, excluding the effect of non-market-based vesting conditions, at the date of grant using an appropriate option pricing model. The Growth Shares Schemes have been valued using a Monte Carlo Simulation Approach due to the existence of market-based conditions. Non-market-based conditions exist over revenue-based targets which require management to estimate the probability of meeting these conditions. The Approved and Unapproved Options Schemes have been valued using a Black Scholes option pricing model as only a service-based condition exists. Both schemes require the estimation of appropriate attrition rates to estimate the number of share options which are likely to vest.

The fair value of the shares or share options less the subscription price payable by the employees is recognised over the vesting period to reflect the value of the employee services received. The charge relating to grants to employees of the Company is recognised as an expense in the Consolidated Statement of Comprehensive Income.

Property, plant and equipment

Owned assets
Property, plant and equipment is stated at cost less accumulated depreciation and where applicable, impairment losses.

Depreciation
Depreciation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Estimated residual values are included in the calculation of depreciation.

The estimated useful lives of property, plant and equipment are as follows:

Improvements to property	–	Period of lease, straight line
Fixtures and fittings	–	4 to 5 years straight line
Computer equipment	–	3 years straight line

Intangible assets

Intangible assets not acquired in a business combination consist of internally developed software and domain names.

Expenditure on internally developed software is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are initially recorded at cost including labour, directly attributable costs and any third-party expenses, and amortised over their useful economic lives of 3 years from the date of first use.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. The amortisation and impairment losses of intangible assets acquired in a business combination are classified as non-underlying in the income statement.

The estimated useful lives of intangible assets are as follows:

Internally generated software and Domain names	–	3 years straight line
Software obtained through acquisition	–	3 years straight line
Brand	–	10 years straight line
Customer relationships	–	14 years straight line

Impairment of property, plant and equipment and intangible assets

Tangible and intangible assets are assessed for any indicators of impairment at each balance sheet date or if there are any indicators of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined on an individual asset-by-asset basis. When the recoverable amount is less than its carrying amount, the asset is considered impaired and is written down to its recoverable amount.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost over the fair value of the identifiable net assets acquired at the date of the acquisition and is carried at cost less any accumulated impairment losses.

Impairment of goodwill

Goodwill is not subject to amortisation and is tested annually for impairment. Impairment is determined by assessing the recoverable amount of the cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, where the recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Impairment losses relating to goodwill cannot be reversed in future periods.

Leases

In accordance with IFRS 16, the Group recognises a right-of-use asset and corresponding liability at the date at which the leased asset is available for use.

Right-of-use assets are recorded initially at cost and amortised on a straight-line basis over the lease term. Cost is defined as the net present value of the lease liabilities, plus any initial costs and dilapidation provisions, less any lease incentives received. The right-of-use asset is tested for impairment if there are any indicators of impairment.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term, country, currency and start date of the lease.

The finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term/low value exemptions
Payments associated with leases with a lease term of twelve months or less and leases of low-value assets are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis.

2. MATERIAL ACCOUNTING POLICIES [CONT.]

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds of the new shares to which they relate.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle the obligation. Provisions are only recognised if the amount can be estimated reliably. Provisions are measured based on the best estimates of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. In the process of applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

Significant estimates

Impairment of financial assets

The Group recognises impairment provisions under the general approach according to a three-stage expected credit loss impairment model.

Impairment provisions represent the difference between the present value of all contractual cash flows and the present value of expected future cashflows. To calculate the present value of the future expected cash flows, management must make an estimate of expected future cash flows and apply an appropriate discount factor, estimated using the latest market information.

When assessing future cash flows and discount factors the Group takes the following into account:

- Changes in the credit quality of the borrower or instrument
- The Group's liquidity and free cash position
- Forward-looking macroeconomic factors (upside and downside)

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income. The Group performs an assessment of significant increase in credit risk on an annual basis.

Credit value adjustment

The credit value adjustment of £3.0m (2022: £3.4m) has been calculated by management based on the assumption that the Group will be unable to collect all the receivable amounts due under the contract terms, and therefore, is a method of counterparty credit risk management. In order to calculate expected future cash flows, management make an estimate using the latest real-time market information, risk ratings of the clients, and experience.

Significant judgements

Development costs

Development costs that are directly attributable to the development of a project are capitalised based on management's assessment of the likelihood of a successful outcome for each project. This is based on the management's judgement that the project is technologically, commercially and economically feasible in accordance with IAS 38 Intangible Assets. In determining the amount to be capitalised, management makes assumptions regarding the expected future cash generation of the project, i.e. Group revenue, and the expected period of benefits. Details are shown in note 12.

Share-based payments

As described in note 2, equity settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity settled growth shares scheme and unapproved share options are estimated through the use of option valuation models which require an element of judgement in assessing the inputs. Judgement is also exercised in assessing the number of options subject to non-market vesting conditions that will vest.

Impairment of goodwill

The Group's impairment test for goodwill is based on a value in use calculation using a discounted cash flow model. The test aims to ensure that goodwill is not carried at a value greater than the recoverable amount, which is considered to be the higher of fair value less costs of disposal and value in use. The identification of the Group's cash generating units (CGUs) used for impairment testing is considered a critical judgement within the scope of paragraph 122 of IAS1.

Client balances

Where client balances are held by the Group, as part of its EMI obligations those funds must be held in segregated accounts, not available for use by the Group, and must comply with regulatory safeguarding compliance requirements. The Group is not a party to the contractual provisions nor a beneficial owner of the funds. As a result, the Group has determined that it does not have sufficient ownership or control over these balances to include them and their corresponding liability on the Groups Statement of Financial Position.

Intangible assets acquired as part of a business combination

The fair value of acquired intangible assets, and therefore the resulting goodwill recognised on acquisition is significantly affected by a number of factors. These include management's best estimates of future performance including forecast revenue, expected revenue attrition, forecast operating margin, any contributory assets changes, and estimates of the return required to determine an appropriate discount rate (in order to calculate the net present value of the assets).

4. PRIOR PERIOD ADJUSTMENT

A number of Group employees receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity settled transactions). Typically, employees subscribe for shares in a subsidiary. These shares are then exchangeable into shares of the parent if the vesting conditions are met. The Group recorded the amounts receivable from the employees as a debtor and recorded non-controlling interests in respect of the shares and options issued to employees. Some of these schemes also entitled the employees to dividends over the vesting period. Where an employee leaves prior to vesting, (and are not considered to be a good leaver) the Group can require the employee to return the shares in exchange for the lower of the subscription amounts paid and the fair market value of the shares.

Historically, the Group has recognised a share-based payment charge in the Consolidated Statement of Comprehensive Income equivalent to the difference between the subscription price payable by the employee and the fair market value of that option over the life of the scheme.

On vesting of the share options, share premium was also recognised on issue of shares by the Parent Company.

4. PRIOR PERIOD ADJUSTMENT [CONT.]

After reviewing the IFRS 2 Share-Based Payment standard and related guidance from the IFRIC, the Group has concluded that share ownership schemes that grant employees shares or options in subsidiaries, with conversion rights to the holding company should be accounted for under IFRS 2 Share-Based Payment, rather than a non-controlling interest in a subsidiary. As a result of this, the previous years' non-controlling interest recognised over the annual profits of the subsidiaries were overstated.

In addition, the previous years' share-based payment charge to the Consolidated Statement of Comprehensive Income was also found to be insufficient due to a miscalculation. On vesting of some share options, share premium was incorrectly recognised.

Accordingly, the Group has restated its financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Other receivables are to be reduced for the loan amounts recognised as a debtor relating to the purchase of those shares and options, conversely a creditor is recognised for any subscription amounts paid up in advance of vesting due to the non-recourse nature of the schemes. Any non-controlling interest recognised, including profit attributed, in respect of these schemes has been reversed.

The correction of these entries results in an increase to profits attributed to shareholders of the parent, an increase to retained earnings and an increase to earnings per share. Dividends paid to non-controlling interest in prior years have been included within retained earnings. The effect of these adjustments is shown by restating each of the prior year affected financial statement line items as follows:

	As previously reported 31 December 2022 £'000	Restatement As at 1 January 2022 £'000	Restatement Year ended 31 December 2022 £'000	Restatement Cumulative to 31 December 2022 £'000	Restated 31 December 2022 £'000
Non-controlling interest	(4,707)	4,193	514	4,707	-
Retained earnings	(84,220)	(2,071)	(2,516)	(4,587)	(88,807)
Translation reserve	(1,258)	(2)	-	(2)	(1,260)
Share premium account	(53,513)	(36)	1,474	1,438	(52,075)
Other receivables	6,821	(1,982)	494	(1,488)	5,333
Other payables	(77,272)	(102)	34	(68)	(77,340)

	Year Ended 31 December 2022 £'000
EFFECT ON THE STATEMENT OF COMPREHENSIVE INCOME	
Profit for the year (as previously reported)	39,050
Increase in share-based payment expense	(437)
PROFIT FOR THE YEAR (restated)	**38,613**
Attributable to Equity holders of the parent (as previously reported)	36,372
Decrease in non-controlling interest (as previously reported)	2,678
Increase in share-based payment expense	(437)
ATTRIBUTABLE TO EQUITY HOLDERS (restated)	**38,613**

	Year Ended 31 December 2022 £'000
EFFECT ON THE TOTAL COMPREHENSIVE INCOME	
Total comprehensive income for the year (as previously reported)	39,953
Share-based payment expense increase	(437)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (restated)	**39,516**
Attributable to Equity holders of the parent (as previously reported)	37,275
Decrease in non-controlling interest (as previously reported)	2,678
Share-based payment expense increase	(437)
ATTRIBUTABLE TO EQUITY HOLDERS (restated)	**39,516**

	Year Ended 31 December 2022 £'000
EFFECT ON EARNINGS PER SHARE	
Basic earnings per share (as previously reported)	86.8p
Prior period adjustment	5.3p
BASIC EARNINGS PER SHARE FOR THE YEAR (restated)	**92.1p**
Diluted earnings per share (as previously reported)	83.8p
Prior period adjustment	5.2p
DILUTED EARNINGS PER SHARE FOR THE YEAR (restated)	**89.0p**
Underlying Basic earnings per share (as previously reported)	70.1p
Prior period adjustment	6.2p
UNDERLYING BASIC EARNINGS PER SHARE FOR THE YEAR (restated)	**76.3p**
Underlying diluted earnings per share (as previously reported)	67.7p
Prior period adjustment	6.0p
UNDERLYING DILUTED EARNINGS PER SHARE FOR THE YEAR (restated)	**73.7p**

These movements did not result in any specific impact on cash however the Consolidated Statement of Cash Flows has been restated as a consequence of the adjustments detailed above.

In addition to the above, within the Consolidated Statement of Cash Flows, £729k in relation to interest received in the prior year has been represented from financing to investing activities.

5. SEGMENTAL REPORTING

During the year, the Group generated revenue from the sale of forward currency contracts, option contracts, foreign exchange spot transactions, fees received from payments collections, cash accounts, and fund finance advisory fees.

The Group has six reportable operating segments under the provisions of IFRS 8, based on the individually reportable subsidiaries and divisions. These six segments are:

- Corporate London represents revenue generated by Alpha FX Limited's Corporate clients serviced from the UK.
- Institutional represents revenue from Alpha FX Institutional Limited, which primarily services funds.
- Corporate Toronto represents revenue generated by Alpha Foreign Exchange (Canada) Limited, serviced from Toronto, Canada.
- Corporate Amsterdam represents revenue generated by Alpha FX Netherlands Limited, which services corporate clients from Amsterdam, The Netherlands.
- Alpha Pay, a branch of Alpha FX Limited which services clients who require international payments and accounts. The offering is distributed via our European Corporate offices and Alpha FX Institutional Limited, as well as Alpha Pay's own sales team.
- Cobase, a Dutch based company that was acquired by the Group in December 2023. They are a cloud-based provider of bank connectivity technology that enables corporates to manage their banking relationships and transactions.

The chief operating decision makers, being the Group's Chief Executive Officer and the Chief Financial Officer, monitor the results of the operating segments separately each month. Key measures used to evaluate performance are revenue, and profit before taxation. Management believe that these measures are the most relevant in evaluating the performance of the segment and for making resource allocation decisions.

The Group's two divisions, FX Risk Management and Alternative Banking are the key drivers to the Group strategy and growth of each operating segment. Revenue for each operating segment has been split by the two divisions, as this reflects how the chief operating decision-makers manage the business.

Revenue in the following table is in accordance with the methodology used for preparing the financial information for management, for each operating segment. Although a proportion of the revenue from EU clients is initially booked through Alpha FX Europe Limited in Malta, revenue in the table below has been reallocated to the relevant entity where the sales team is located.

The Group has overseas offices in Australia, Italy, Spain and Germany. All of these offices service Corporate clients from their local offices. The results of these offices are included within the Corporate London Segment. The revenue of these offices in aggregate was £5.8m and underlying loss before taxation in aggregate was £1.0m (£2.1m and £627k loss respectively in prior year). There were costs associated with Alpha Europe (based in Luxembourg), before it was dissolved, which have been shown 50/50 within Institutional and Alpha Pay. Fund Finance, which began trading in May 2023 has been included within the Alpha Pay segment. Under IFRS 8 these segments do not meet the quantitative reporting thresholds in 2023.

2023	Corporate London	Institutional	Corporate Toronto	Corporate Amsterdam	Alpha Pay	Cobase	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FX Risk Management*	39,884	23,518	4,228	8,699	-	-	76,329
Alternative Banking**	-	3,701	-	-	30,226	-	33,927
Cobase	-	-	-	-	-	186	186
TOTAL REVENUE	39,884	27,219	4,228	8,699	30,226	186	110,442
Underlying operating profit	15,621	8,506	408	4,566	10,352	(248)	39,205
Finance income	4,612	-	(1)	-	-	5	4,616
Finance expenses	(254)	(200)	(58)	(87)	(235)	-	(834)
Underlying profit before taxation	19,979	8,306	349	4,479	10,117	(243)	42,987
Non-underlying Items	(708)	(21)	-	-	-	-	(729)
Net treasury income- client funds	5,534	34,071	-	-	34,071	-	73,676
PROFIT BEFORE TAXATION	24,805	42,356	349	4,479	44,188	(243)	115,934

2022	Corporate London *Restated*[1]	Institutional	Corporate Toronto	Corporate Amsterdam	Alpha Pay	Cobase	Total *Restated*[1]
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FX Risk Management*	43,332	15,133	4,698	5,500	846	-	69,509
Alternative Banking**	581	4,703	-	888	22,651	-	28,823
TOTAL REVENUE	43,913	19,836	4,698	6,388	23,497	-	98,332
Underlying operating profit	18,457	7,325	536	3,095	8,861	-	38,274
Finance income	779	-	-	-	5	-	784
Finance expenses	(146)	(83)	(31)	(68)	(130)	-	(458)
Underlying profit before taxation	19,090	7,242	505	3,027	8,736	-	38,600
Non-underlying Items	(1,069)	(32)	-	-	-	-	(1,101)
Net treasury income- client funds	468	4,412	-	-	4,398	-	9,278
PROFIT BEFORE TAXATION	18,489	11,622	505	3,027	13,134	-	46,777

* FX Risk Management represents revenue derived from foreign exchange forward, spot, and option contracts provided to corporate and institutional clients, primarily for the purpose of hedging commercial foreign exchange exposures.

** Alternative Banking represents revenues derived from fees and foreign exchange spot contracts generated from the provision of cross border payments, collections and annual account fees to corporates and institutions, as well as Fund Finance advisory fees.

[1]The prior period restatement is detailed further in note 4.

5. SEGMENTAL REPORTING [CONT.]

All revenue is from external customers and is based on the location of those customers.

Revenue by region of customer	31 December 2023 £'000	31 December 2022 £'000
United Kingdom	40,252	39,414
Europe	55,238	47,542
Canada	4,251	4,962
Rest of world	10,701	6,414
TOTAL	110,442	98,332

Revenue by product	31 December 2023 £'000	31 December 2022 £'000
Foreign exchange forward transactions	51,966	41,073
Foreign exchange spot transactions	31,791	29,027
Option contracts	7,823	9,046
Payments, accounts and advisory fees	18,676	19,186
Platform fees	186	-
TOTAL	110,442	98,332

Non-current assets for each country is as follows:

Non-current assets	31 December 2023 £'000	31 December 2022 £'000
United Kingdom	32,596	29,811
Malta	16,971	14,400
The Netherlands*	11,855	2,434
Canada	1,336	1,063
Other	19	21
TOTAL NON-CURRENT ASSETS	62,777	47,729

*The Netherlands includes £9.1m of Intangibles relating to the Cobase acquisition.

Net Treasury Income (NTI)

Interest is earned on overnight deposits with several credit institutions all 'A' rated with the leading rating agencies. The amount of interest earned is dependent on several variables:

- The absolute balance we hold, which can move significantly from day-to-day
- The mix of currency balances we hold, and;
- The interest rate environment and rates that can be obtained from credit worthy institutions.

Net treasury income is a natural by-product of our accounts solution, and is an uncontrollable income stream for the Group, which would be at least partly transitory if we return to a low interest rate environment. We have therefore chosen to recognise interest income on client cash balances as 'Net treasury income- client funds ' (formerly 'Other operating income'), not operating revenue.

In 2023 material interest income was earned over the twelve months of the year. During this time the blended average ABS client balances and interest rates were £1.9bn and 3.6% respectively (£1.6bn and 1.5% respectively in August to December in the prior year).

'Net treasury income- own funds' relates to interest earned on client margin held by the FX risk management division, a direct consequence of the operational business, shown in total income.

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
Staff costs (note 8)	37,665	32,150
Depreciation of owned property, plant and equipment	1,325	764
Amortisation of internally generated intangible assets	3,121	1,573
Depreciation of right-of-use assets	1,939	1,154
Rental costs for short-term leases	897	787
Property, plant and equipment written off	8	50
Impairment of intangible assets	26	43
Bad debt expense in the year	135	235
Bad debt expense fully provided for in previous years	858	-
Net foreign exchange losses/(gains)	372	(274)
Audit fees		
Audit fees in respect of the Group, Company and subsidiary financial statements	680	550
Audit fees in respect of Cobase acquisition	56	-
Non Audit fees		
Fees in respect of CASS Limited Assurance	10	7

The Group separately identifies results before non-underlying items in the Consolidated Statement of Comprehensive Income (we refer to these results as 'adjusted'). This is consistent with the way that financial performance is measured by management and reported to the Executive Committee and Board. These measures are not measures of performance under IFRS and should be considered in addition to, and not as a substitute for, IFRS measures of financial performance and liquidity.

Non-underlying items in the year are made up of the below charges/ (credits), most of which have arisen as a result of the business combination (see note 26):

	31 December 2023 £'000	31 December 2022 £'000
Acquisition costs in relation to business combinations	487	-
Other M&A related integration and transaction costs	62	-
Costs associated with the move from AIM to premium listing	248	-
Amortisation of purchased intangible assets	(10)	-
Share-based payments (credit)/charge	(58)	1,101
TOTAL	729	1,101

[1]The prior period restatement is detailed further in note 4.

7. FINANCE INCOME AND EXPENSES

	31 December 2023 £'000	31 December 2022 £'000
FINANCE INCOME		
Interest on bank deposits	4,491	622
Finance income to reverse the discount relating to the Norwegian client	-	55
Other interest receivable	125	107
TOTAL	4,616	784

	31 December 2023 £'000	31 December 2022 £'000
FINANCE EXPENSES		
Finance expense on dilapidation provision	(41)	(6)
Finance expense on lease liabilities (note 14)	(793)	(452)
TOTAL	(834)	(458)

8. EMPLOYEE COSTS

Staff costs, including Directors' remuneration, were as follows:

	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Wages and salaries	33,360	27,312
Social security costs	3,485	3,062
Share-based payment (credit)/expense	(58)	1,101
Other pension costs	878	675
EMPLOYEE BENEFIT EXPENSE INCLUDED IN OPERATING PROFIT	37,665	32,150

During the year 2023, the research and development expenditure credit (RDEC) of £802,463 (2022: £nil) was offset against employee costs.

The average number of employees, including the Executive Directors, was as follows:

	31 December 2023 No.	31 December 2022 No.
Executive Directors	3	3
Sales, administration and support staff	431	305
TOTAL	434	308

[1]The prior period restatement is detailed further in note 4.

Remuneration of key management personnel

Key management personnel represent those personnel who have authority and responsibility for planning, directing and controlling the activities of the Group, including the Non-Executive Directors.

Key management remuneration and benefits include:

	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Wages and salaries	2,533	3,234
Social security costs	285	335
Share-based payments	68	97
Defined contribution scheme	46	26
TOTAL	2,932	3,692

During 2023, retirement benefits accrued to 10 (2022: 7) individuals who are regarded as key management personnel within the Group in respect of defined contribution pension schemes.

9. TAXATION

Tax charge

	31 December 2023 £'000	31 December 2022 £'000
CURRENT TAX:		
UK Corporation tax on the profit for the year	24,536	8,056
Adjustments relating to prior years	(633)	(591)
Overseas Corporation tax on the profit for the year	219	216
TOTAL CURRENT TAX	24,122	7,681
DEFERRED TAX		
Origination and reversal of temporary differences	3,020	483
TOTAL DEFERRED TAX	3,020	483
TOTAL TAX EXPENSE	27,142	8,164

Deferred tax has increased in the year due to the further investment into internally generated assets, new leases within the Group, and the acquisition of Cobase.

[1]The prior period restatement is detailed further in note 4.

9. TAXATION [CONT.]

Factors affecting tax charge for the year

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
Profit on ordinary activities before tax	115,934	46,777
Profit on ordinary activities multiplied by the effective standard rate of UK corporation tax of 23.5% (2022: 19%)	27,244	8,888
Effects of:		
Expenses not deductible for tax purposes	561	764
Additional R&D deduction*	-	(837)
Adjustments relating to prior years	(633)	(591)
Different tax rates applied in overseas jurisdictions	93	292
Unutilised trading losses	(102)	(182)
Trading losses brought forward	(21)	(170)
TOTAL TAX CHARGE FOR THE YEAR	27,142	8,164

* This is the first year that the company has qualified for RDEC instead of SME. Therefore, this income has been recognised in staff costs (note 8) rather than a tax credit for the year ended 31 December 2023, amounting to £802,463.

At the year ended 31 December 2023 the Group had unused overseas tax losses amounting to £102,304 (2022: £182,079).

Tax loss memo

	31 December 2023 £'000	31 December 2022 £'000
LOSSES		
At 1 January	(205)	-
Losses utilised in the year	166	-
Losses created in the year	(135)	(205)
TOTAL LOSSES	(174)	(205)

Deferred tax

The deferred taxation liability is based on the expected future rate of corporation tax of 25% (2022: 25%) and comprises the following:

	31 December 2023 £'000	31 December 2022 £'000
LIABILITIES		
At 1 January	1,387	1,061
UK tax charge relating to current year from continuing operations	1,960	483
UK tax charge relating to current year from acquired operations	1,060	-
Tax charge relating to acquired operations	102	-
Tax (credit)/charge relating to foreign exchange rate movements	(2)	3
Tax charge/(credit) on other comprehensive income	798	(160)
TOTAL DEFERRED TAX LIABILITY	5,305	1,387

[1]The prior period restatement is detailed further in note 4.

The UK deferred tax liability as at 31 December 2023 and as at 31 December 2022 relates to the tax effect of timing differences in respect of fixed assets. The deferred tax also includes charges through Other Comprehensive Income and from acquired operations.

Deferred tax on each component of other comprehensive income/(expense) is as follows:

	31 December 2023			31 December 2022		
	Before tax £'000	Tax £'000	After tax £'000	Before tax £'000	Tax £'000	After tax £'000
CASH FLOW HEDGES						
Gain/(losses) recognised on hedging instruments	3,193	(798)	2,395	(639)	160	(479)
Exchange (loss)/ gain arising on translation of foreign operations	(679)	-	(679)	1,382	-	1,382
TOTAL TAX (CHARGE)/CREDIT ON OTHER COMPREHENSIVE INCOME/(EXPENSE)	2,514	(798)	1,716	743	160	903

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Parent, by the weighted average number of ordinary shares in issue during the financial year. Diluted earnings per share additionally includes in the calculation, the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group.

The underlying calculation excludes the impact of share-based payments, net treasury income on client funds, non-underlying items and their tax effect. This better enables comparison of financial performance in the current year with comparative years.

	31 December 2023 Pence	31 December 2022 *Restated*[1] Pence
Basic earnings per share	206.2p	92.1p
Diluted earnings per share	203.4p	89.0p
Underlying – basic	76.7p	76.3p
Underlying – diluted	75.6p	73.7p

The prior year restatement has resulted in an increase in earnings per share in the various earnings per share calculations, as stated within note 4, for the year ended 31 December 2022. This is driven from non-controlling interests being restated to £nil.

[1]The prior period restatement is detailed further in note 4.

10. EARNINGS PER SHARE [CONT.]

The calculation of basic and diluted earnings per share is based on the following number of shares:

	31 December 2023 No.	31 December 2022 No.
Basic weighted average shares	43,072,098	41,923,407
Contingently issuable shares	593,955	1,482,706
Diluted weighted average shares	43,666,053	43,406,113

The earnings used in the calculation of basic, diluted and underlying earnings per share are set out below:

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
Profit after tax for the year	88,792	38,613
Non-controlling interests	33	-
Earnings – basic and diluted	88,825	38,613
Non-underlying items	729	1,101
Net treasury income – client funds	(73,676)	(9,278)
Tax effect of above items	17,143	1,554
Earnings – underlying	33,021	31,990

11. DIVIDENDS

	31 December 2023 £'000	31 December 2022 £'000
Final Plc dividend for the year ended 31 December 2021 of 8.0p per share	-	3,375
Interim Plc dividend for the year ended 31 December 2022 of 3.4p per share	-	1,435
Final Plc dividend for the year ended 31 December 2022 of 11.0p per share	4,765	-
Interim Plc dividend for the year ended 31 December 2023 of 3.7p per share	1,603	-
	6,368	4,810

All dividends paid by Alpha Group International plc are in respect of the ordinary shares of £0.002 each.

The Directors propose that a final dividend in respect of the year ended 31 December 2023 of 12.3p per share amounting to £5,328,583 will be paid on 10 May 2024 to all shareholders on the register of members on 5 April 2024. This dividend is subject to approval by shareholders at the AGM and has not been accrued as a liability in these Financial Statements in accordance with IAS 10 'Events after the reporting period.

[1]The prior period restatement is detailed further in note 4.

12. INTANGIBLE ASSETS

	Goodwill* £'000	Software £'000	Domain names £'000	Brand £'000	Customer relationships £'000	Total £'000
COST						
At 1 January 2022	-	4,506	37	-	-	4,543
Additions	-	3,410	25	-	-	3,435
Impairment	-	(621)	-	-	-	(621)
AT 31 DECEMBER 2022	-	7,295	62	-	-	7,357
Additions	-	8,025	-	-	-	8,025
Impairment	-	(1,985)	-	-	-	(1,985)
On business combinations	4,707	3,292	-	542	438	8,979
Foreign exchange translation	-	33	-	-	-	33
AT 31 DECEMBER 2023	4,707	16,660	62	542	438	22,409
AMORTISATION						
At 1 January 2022	-	1,538	10	-	-	1,548
Charge for the year	-	1,557	16	-	-	1,573
Impairment	-	(578)	-	-	-	(578)
AT 31 DECEMBER 2022	-	2,517	26	-	-	2,543
Charge for year	-	3,083	21	5	2	3,111
Impairment	-	(1,959)	-	-	-	(1,959)
AT 31 DECEMBER 2023	-	3,641	47	5	2	3,695
NET BOOK VALUE						
At 1 January 2022	-	2,968	27	-	-	2,995
At 31 December 2022	-	4,778	36	-	-	4,814
AT 31 DECEMBER 2023	4,707	13,019	15	537	436	18,714

* Goodwill of £4,706,860 was recognised during the year on a provisional basis as a result of the acquisition of Cobase (see note 26). The acquisition of Cobase only occurred on 1 December 2023 and the associated determination of goodwill remains provisional. As part of the year end impairment assessment, the recoverable amount was determined to be higher than the carrying value. In determining the recoverable amount, the assumptions used included a long-term growth rate of 2% and a discount rate of 27.4%. The goodwill has been fully allocated to the Cobase CGU.

Intangible assets, excluding goodwill, had a net book value totalling £14,006,684 (2022: £4,813,898).

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
COST				
At 1 January 2022	1,453	1,010	1,196	3,659
Additions	1,167	239	333	1,739
Write offs	-	(116)	(377)	(493)
Reclassification*	147	(147)	-	-
AT 1 JANUARY 2023	2,767	986	1,152	4,905
Additions	4,675	1,403	849	6,927
On business combinations	-	-	11	11
Write offs	-	(6)	(12)	(18)
Foreign exchange translation	(41)	(7)	(5)	(53)
AT 31 DECEMBER 2023	7,401	2,376	1,995	11,772
DEPRECIATION				
At 1 January 2022	348	396	592	1,336
Charge for the year	206	189	369	764
Write offs	-	(84)	(359)	(443)
AT 1 JANUARY 2023	554	501	602	1,657
Charge for the year	534	320	471	1,325
Write offs	-	(1)	(4)	(5)
Foreign exchange translation	(2)	(1)	(2)	(5)
AT 31 DECEMBER 2023	1,086	819	1,067	2,972
NET BOOK VALUE				
At 1 January 2022	1,105	614	604	2,323
At 31 December 2022	2,213	485	550	3,248
AT 31 DECEMBER 2023	6,315	1,557	928	8,800

* £146,866 of tangible assets were incorrectly classified as Fixtures and fittings in 2021 and were reclassified to Leasehold improvements in the prior year.

During the year, assets with a cost of £18,458 (2022: £493,000) were written off. The resulting loss was £8,455 (2022: £50,000).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Leases where the Group is a lessee are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less.

In April 2023 a lease was signed for new premises in London for the Alternative Banking division. The lease has a contractual start date of 1 September 2023 and is a ten-year lease. The rent is subject to a rent review after five years.

In December 2023 we took on an office lease as part of our acquisition of Cobase (see note 26).

Right-of-use assets

	31 December 2023 £'000	31 December 2022 £'000
At 1 January	11,848	6,136
Additions	10,954	6,866
Additions in relation to business combination	182	-
Depreciation charge for the year	(1,939)	(1,154)
Foreign exchange translation	(151)	-
AT 31 DECEMBER	20,894	11,848

Lease liabilities

	31 December 2023 £'000	31 December 2022 £'000
At 1 January	13,074	7,362
Additions	10,405	6,603
Additions in relation to business combination	182	-
Finance cost (note 7)	793	452
Payments in the year	(1,572)	(1,343)
Foreign exchange translation	(162)	-
AT 31 DECEMBER	22,720	13,074
Analysis:		
Current	1,028	1,407
Non-current	21,692	11,667
TOTAL LEASE LIABILITIES	22,720	13,074

The total undiscounted payments committed to over the remaining useful life of the respective leases as of the end of 31 December 2023 amounted to £28,613,000.

Amounts recognised in the Consolidated Statement of Comprehensive Income

	31 December 2023 £'000	31 December 2022 £'000
Depreciation charge on right-of-use assets (note 6)	1,939	1,154
Interest on lease liabilities (note 7)	793	452
Rental costs for short-term leases (note 6)	897	787
TOTAL	3,629	2,393

The rental costs for short-term leases amounting to £897,069 (2022: £786,931) relate to leases of less than one year for premises for a number of the Group's overseas offices.

15. SUBSIDIARIES

The Group's subsidiaries as at 31 December 2023 are as follows:

Name	Country of incorporation	Proportion of ordinary shares held	
DIRECT HOLDING			
Alpha FX Limited	England[1]	100%	Active
Alpha Agency Solutions Ltd	England[1]	100%	Non-trading
Financial Transaction Services B.V.	Netherlands[6]	86.36%	Active
INDIRECT HOLDING			
Alpha FX Institutional Limited	England[1]	100%*	Active
Alpha Foreign Exchange (Canada) Limited	Canada[2]	100%*	Active
Alpha FX Netherlands Limited	England[1]	100%*	Active
Alpha FX Europe Limited	Malta[3]	100%	Active
Alpha FX Italy Limited	England[1]	100%	Active
Alpha FX Australia Pty Ltd	Australia[4]	100%	Active
AGI Financial Pte. Ltd.	Singapore[5]	100%	Non-trading

Registered addresses:

1. Brunel Building, 2 Canalside Walk, London, UK, W2 1DG
2. 181 Bay Street, Suite 4210, Toronto, ON, M5J 2T3
3. 171, Old Bakery Street, Valletta VLT1455, Malta
4. c/o Intertrust Australia Pty Ltd, Suite 2, Level 25, 100 Miller Street, North Sydney, NSW 2060
5. 14 Robinson Road #12-01/02, Far East Finance Building, Singapore (048545)
6. Haaksbergweg 75, 1101BR Amsterdam

* As detailed in note 4, historically some of the employee equity shareholding on a number of the share schemes had been recognised as non-controlling interest, with the remainder of ordinary shares in the subsidiary being held by Group. However after reviewing the IFRS 2 Share-Based Payment standard and related guidance from the IFRIC, the Group has concluded that they should not have been recognised as non-controlling interest and therefore the proportion of ordinary shares held by the Group in respect of these subsidiaries has been revised to 100%.

The principal activity of the Group and its subsidiary undertakings is the development of financial strategies and technologies to assist corporates and institutions in their FX risk management, mass payments and account opening requirements. More detail on each subsidiary undertaking is provided in note 5. Shares in all indirect subsidiary holdings are held by Alpha FX Limited. The accounting year-ends of all subsidiaries is 31 December 2023.

In December 2023 Alpha Europe S.A. was dissolved and transferred to a branch of Alpha FX Europe Limited.

In December 2023 86.36% of Financial Transaction Services B.V. was acquired as part of a business combination (note 26).

The assets and operations of Alpha FX Italy Limited were transferred to its own branch of Alpha FX Europe Limited in the year. The entity is in the process of being dissolved.

16. DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets not designated as hedging instruments

	31 December 2023		31 December 2022	
	Fair value £'000	Notional principal £'000	Fair value £'000	Notional principal £'000
Foreign currency forward and option contracts with customers	103,975	12,686,128	116,515	16,521,973
Foreign currency forward and option contracts with banking counterparties	3,043	830,319	10,194	4,787,695
Other foreign exchange forward contracts	-	-	229	16,592
	107,018	13,516,447	126,938	21,326,260

Derivative financial assets designated as hedging instruments

	31 December 2023		31 December 2022	
	Fair value £'000	Notional principal £'000	Fair value £'000	Notional principal £'000
Foreign currency forward contracts	156	3,913	-	-
Interest rate swap contracts	2,398	825,546	-	-
	2,554	829,459	-	-

Total Derivative financial assets

	31 December 2023		31 December 2022	
	Fair value £'000	Notional principal £'000	Fair value £'000	Notional principal £'000
	109,572	14,345,906	126,938	21,326,260

	31 December 2023 Fair value £'000	31 December 2022 Fair value £'000
Analysis:		
Current	95,203	99,119
Non-current	14,369	27,819
TOTAL DERIVATIVE FINANCIAL ASSETS	109,572	126,938

16. DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES [CONT.]

Derivative financial liabilities not designated as hedging instruments

	31 December 2023		31 December 2022	
	Fair value £'000	Notional principal £'000	Fair value £'000	Notional principal £'000
Foreign currency forward and option contracts with customers	37,584	7,334,032	47,706	6,164,718
Foreign currency forward and option contracts with banking counterparties	2,559	5,354,982	1,736	5,711,465
Other foreign exchange forward contracts	67	33,090	-	-
	40,210	12,722,104	49,442	11,876,183

Derivative financial liabilities designated as hedging instruments

	31 December 2023		31 December 2022	
	Fair value £'000	Notional principal £'000	Fair value £'000	Notional principal £'000
Foreign currency forward contracts	-	-	286	21,648
Interest rate swap contracts	-	-	353	205,000
	-	-	639	226,648

Total Derivative financial liabilities

	31 December 2023		31 December 2022	
	Fair value £'000	Notional principal £'000	Fair value £'000	Notional principal £'000
	40,210	12,722,104	50,081	12,102,831

	31 December 2023 Fair value £'000	31 December 2022 Fair value £'000
Analysis:		
Current	34,288	42,764
Non-current	5,922	7,317
TOTAL DERIVATIVE FINANCIAL LIABILITIES	40,210	50,081

Items that will be reclassified to the Consolidated Statement of Comprehensive Income:

Movement in year	31 December 2023 £'000	31 December 2022 £'000
Cash flow hedges		
Gains/(losses) recognised on hedging instruments	3,193	(639)
Exchange differences arising on translation of foreign operations	(679)	1,382
Tax relating to items that may be reclassified	(798)	160
	1,716	903

Since the Group's inception, it has historically operated in a low interest rate environment. However, since Q3, 2022, when interest rates started to rise, the Group started to receive a large amount of interest on its own free cash balances as well as client cash balances. In line with the Group's treasury policy, we have entered into interest rate swap contracts to manage interest rate risk, see further details below.

Interest rate swap contracts

The interest rate swap contracts designated as hedging instruments relate to transactions entered into in 2022 and 2023 to fix the rate of interest receivable on cash balances held by the Group in respect of its own free cash balances as well as client cash balances. With the interest rate swap, the Group receives a fixed rate of interest and pays a floating interest rate based on SONIA.

The contracts commence between June and December 2023 with expiries between June 2025 and June 2026. Upon expiry of the contracts or if they no longer qualify for hedge accounting, the deferred gains/losses in comprehensive income relating to the Group's own free cash balances will be reclassified within finance income and those relating to client cash balances will be reclassified within net treasury income. The hedge effectiveness is reassessed at each reporting date and all hedges remained effective throughout 2023.

Foreign currency forward contracts

The forward contracts designated as hedging instruments relate to hedges entered into in December 2022 and February 2023 to fix the exchange rate of interest receivable denominated in dollars and euros. The contracts have monthly expiries up to January 2024. The deferred gains/losses in comprehensive income will be reclassified within net treasury income upon expiry of the contracts or if they no longer qualify for hedge accounting. The hedge effectiveness is reassessed at each reporting date and all hedges remained effective throughout 2023.

17. FINANCIAL INSTRUMENTS

Forward foreign exchange contracts and options fall into level 2 of the fair value hierarchy as set out in note 2. Level 2 comprises those financial instruments which can be valued using inputs other than quoted prices that are observable for the asset or liability either directly (i.e., prices) or indirectly (i.e., derived from prices). The fair value of forward foreign exchange contracts is measured using observable forward exchange rates for contracts with a similar maturity at the reporting date. The fair value of option foreign exchange contracts is measured using an industry standard external model that best presents the unpublished interbank valuations.

17. FINANCIAL INSTRUMENTS [CONT.]

There were no transfers between level 1 and 2 during the current or prior year. The fair value of all other financial assets and financial liabilities is approximate to their carrying value.

The principal financial instruments of the Group, from which financial instrument risk arises, are as follows:

a) Financial assets per statement of financial position

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
FAIR VALUE ASSETS		
Derivatives not designated as hedging instruments (note 16)	107,018	126,938
Derivatives designated as hedging instruments (note 16)	2,554	-
TOTAL FAIR VALUE ASSETS	109,572	126,938
AMORTISED COST ASSETS		
Other receivables excluding prepayments	4,538	2,896
Cash and cash equivalents	197,941	136,799
Fixed collateral	8,810	4,726
TOTAL AMORTISED COST ASSETS	211,289	144,421
TOTAL FINANCIAL ASSETS	320,861	271,359

b) Financial liabilities per statement of financial position

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
FAIR VALUE LIABILITIES		
Derivatives not designated as hedging instruments (note 16)	40,210	49,442
Derivatives designated as hedging instruments (note 16)	-	639
TOTAL FAIR VALUE LIABILITIES	40,210	50,081
OTHER PAYABLES MEASURED AT AMORTISED COST		
Other payables and accruals	58,295	75,971
TOTAL OTHER PAYABLES	58,295	75,971
TOTAL FINANCIAL LIABILITIES	98,505	126,052

c) Offsetting financial assets and financial liabilities

Financial instruments at fair value through profit or loss represent immediate back-to-back derivative transactions with banking counterparties and are reported as financial assets and financial liabilities in the Consolidated Statement of Financial Position.

[1]The prior period restatement is detailed further in note 4.

The transactions are subject to ISDA ("International Swaps and Derivatives Association") Master Agreements and similar master agreements which provide a legally enforceable right of offset in the normal course of business, the event of a default and the event of insolvency or bankruptcy. In accordance with the master agreements, contracts with banking counterparties are assessed daily on a net basis.

However, contracts with clients are assessed daily on a gross basis, and therefore shown as separate financial assets and financial liabilities in the Consolidated Statement of Financial Position.

2023	Amounts subject to enforceable netting arrangements				
	Gross fair value £'000	Variation margin offset £'000	Fair value offset £'000	Net derivative financial asset/(liability) (Note 16) £'000	Fixed collateral £'000
Derivative financial assets	147,916	-	(40,898)	107,018	8,810
Derivative financial liabilities	(92,233)	11,125	40,898	(40,210)	-

2022	Amounts subject to enforceable netting arrangements				
	Gross fair value £'000	Variation margin offset £'000	Fair value offset £'000	Net derivative financial asset/(liability) (Note 16) £'000	Fixed collateral £'000
Derivative financial assets	186,868	-	(59,930)	126,938	4,726
Derivative financial liabilities	(154,248)	44,876	59,930	(49,442)	-

18. FINANCIAL RISK MANAGEMENT

Objectives, policies and processes for managing and the methods used to measure risk

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

Financial assets principally comprise trade and other receivables, cash and cash equivalents, fixed collateral and derivative financial assets. Financial liabilities comprise trade and other payables, and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk, market risk, foreign currency risk, and interest rate risk, each of which are discussed in further detail below.

The Group monitors and mitigates financial risk on a consolidated basis. The Group has implemented a framework to ensure that risk management practices appropriate to a listed company are in place.

The Group operates under the Three Lines of Defence approach to risk management. This framework is overseen and enforced by the Risk Committee and Board.

18. FINANCIAL RISK MANAGEMENT [CONT.]

Objectives, policies and processes for managing and the methods used to measure risk [cont]

1. First Line is risk management: Primary responsibility for strategy, performance and risk management lies with the Executive Team and the Heads of each department.

2. Second Line is risk oversight: The Risk, Compliance, Finance and Legal Teams provide risk oversight.

3. Third Line is independent assurance: Independent assurance on the effectiveness of the risk management systems. Specialist external reviews provide an additional line of defence.

Credit risk

Credit risk is inherent in Alpha's business model. The Board accepts that credit losses are a function of our trading model, and the Group takes a risk-based approach to balance revenue opportunities against the risk of default. Credit risk is the risk that a client fails to deliver currency at maturity of a contract and/or fails to deposit margin when a margin call is made which could ultimately lead to a financial loss.

Where the Group provides credit to customers, this is subject to credit verification checks and an in-depth underwriting process by our Credit Team based on both quantitative and qualitative factors. Credit policies are aimed at reducing the impact of losses, credit terms will only be granted to customers who satisfy a creditworthiness assessment and demonstrate an appropriate payment history. The client terms and conditions and the credit facility confirmation letter highlight the client's margin terms and requirement to provide collateral. This provides further mitigation to the credit exposure and reduces the risk of potential disputes. The Group evaluated the concentration of risk as low with respect to derivative financial assets arising from contracts with counterparties. This is due to the fact that no single customer represents a significant proportion of the total value of customer contracts and the business has historically low levels of counterparty default.

Client credit exposures are monitored daily. Stress tests are carried out to assess and minimise client credit risk exposures under various market volatility scenarios.

Counterparty risk

The Group relies on third party institutions in order to trade with clients. To reduce counterparty credit risk, the Group only trades with institutional counterparties with robust balance sheets, high credit ratings and strong capital resources. The Group monitors the creditworthiness of institutional counterparties on an ongoing basis. As part of the Group's business continuity procedures settlement lines have been established with several institutional counterparties in order to reduce the impact of business disruption as a result of counterparty risk.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its financial obligations as they are due. Extensive controls are in place to ensure that liquidity risk is mitigated. The Group's liquidity requirements are reviewed daily, and the Group employs stress testing to model the sufficiency of its liquidity in stressed market scenarios. The ability of clients to pay margin and settle contracts is monitored with automated triggers and alerts configured into the Group's systems. The Group maintains cash reserves and continues to increase these reserves relative to its trading activity on an ongoing basis.

The Group attempts to ensure it maintains (as closely as possible) a balanced position in each currency, with regular stress testing of its net long/short position in a particular currency against sudden and unforeseen market movements ("Black Swan Events").

The Group has sufficient cash resources to pay its debts and contractual liabilities as they fall due. Consequently, management does not believe that the Group has a material exposure to liquidity risk.

Market risk

Market risk is also inherent in Alpha's business model, however this is minimised by the operation of matched derivative transactions, whereby all derivatives sold to customers are matched on a back-to-back basis with an offsetting derivative from a banking counterparty. The Group is only exposed to the net position of its derivative assets and liabilities and this position is collateralised on a daily basis. The Group may from time to time buy treasury hedges from its banking counterparties, that are not matched with the client, to limit the tail risk of individual trades. The treasury hedges involve buying an option and therefore the Group has the right to trade rather than an obligation so there is no downside risk on these transactions.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities used by the Group. Interest bearing assets comprise cash and cash equivalents which are considered short-term liquid assets. It is the Group's policy to settle derivative financial liabilities arising from contracts with customers (included within trade payables) and other payables within the credit terms allowed. Therefore, the Group generally does not incur interest on overdue balances.

In 2023 the interest receivable on cash and cash equivalents was managed using derivative instruments to hedge interest rate risk (note 16).

Foreign currency risk

Foreign currency risk refers to the risk that non-sterling revenue earned on a transaction may fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk on revenue, expenses and net assets that are denominated in a currency other than sterling. The principal currencies giving rise to this risk vary from period to period depending on the currency of transactions undertaken by the Group. Details of the foreign currency cash balances can be found in note 20.

The Group manages its exposure to currency movements in line with its Treasury Policy. Client money received in a foreign currency is deposited in a bank account of the same currency, netting off to provide a natural hedge. The Group reduces its exposure to foreign exchange by retranslating excess cash in foreign currencies into sterling on a regular basis. The Group hedges a proportion of its unrealised profits through foreign exchange contracts designated as fair value through profit or loss.

The Group's policy is to reduce the risk associated with the revenue denominated in foreign currencies by using forward fixed rate currency hedges. The settlement of these forward foreign exchange contracts is expected to occur within the following twelve months. Changes in the fair values of forward foreign exchange contracts are recognised directly in the Consolidated Statement of Comprehensive Income.

Foreign currency risk – sensitivity analysis

The Group's principal recurring foreign currency transactions are in Euros, US Dollar and Canadian Dollar. The table below shows the impact on the Group's operating profit and equity, of a 10% change in the exchange rate of the principal currencies, euro, US dollar and Canadian dollar.

18. FINANCIAL RISK MANAGEMENT [CONT.]

Foreign currency risk – sensitivity analysis [cont]

	Impact on profit after tax		Impact on equity	
Year ended 31 December	2023 £'000	2022 £'000	2023 £'000	2022 £'000
EURO:				
10% weakening in the £/€ exchange rate	6,570	4,624	4,827	3,540
10% strengthening in the £/€ exchange rate	(5,375)	(3,784)	(3,949)	(2,897)
US DOLLAR:				
10% weakening in the £/$ exchange rate	6,403	2,546	1,229	1,187
10% strengthening in the £/$ exchange rate	(5,239)	(2,083)	(1,005)	(971)
CANADIAN DOLLAR:				
10% weakening in the £/$ exchange rate	448	384	327	410
10% strengthening in the £/$ exchange rate	(366)	(314)	(267)	(335)

The sensitivities in the table above do not include the impact of foreign exchange hedges in place to optimise cash management across the Group. By including the impact of hedges in place throughout 2023, the impact of a 10% weakening of the pound on profit after tax would have been £3,789k, £4,416k and £409k (2022: £804k, £1,733k and £nil) for Euro, US dollar and Canadian dollar respectively. Similarly, the impact of a 10% strengthening of the pound on profit after tax would have been -£3,100k, -£3,613k and -£335k (2022: -£658k, -£1,418k and £nil) for Euro, US dollar and Canadian dollar respectively.

Exchange rates for financial year	2023	2022
EURO:		
Average rate	1.1499	1.1730
Closing rate	1.1539	1.1269
US DOLLAR:		
Average rate	1.2436	1.2369
Closing rate	1.2747	1.2027
CANADIAN DOLLAR:		
Average rate	1.6780	1.6080
Closing rate	1.6810	1.6295

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement.

Management of capital

The Group's objectives when managing capital are to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern. The Group's policy is to maintain a capital base and funding structure that retains creditor and market confidence, provides flexibility for business development, ensures adherence to regulatory requirements, whilst optimising returns to shareholders.

The Group monitors its total equity as shown in the Consolidated Statement of Financial Position. In order to maintain or adjust the capital structure, the Company may issue new shares, adjust the dividends paid to shareholders or buy back shares.

19. OTHER RECEIVABLES

	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Other receivables	4,538	2,896
Prepayments	3,258	2,437
TOTAL OTHER RECEIVABLES	7,796	5,333

20. CASH

Cash and cash equivalents comprise cash balances and deposits held at call with banks for which the Group has immediate access.

Fixed collateral comprises cash held as collateral with banking counterparties for which the Group does not have immediate access.

Cash balances included within derivative financial assets (see note 16 and 17) relate to the variation margin called by banking counterparties regarding out of the money trades counterparties for which the Group does not have immediate access.

	31 December 2023 £'000	31 December 2022 £'000
Cash and cash equivalents	197,941	136,799
Variation margin called by counterparties (note 17)	11,125	44,876
Fixed collateral	8,810	4,726
TOTAL CASH	217,876	186,401

Cash at bank is made up of the following currency balances:

	31 December 2023 £'000	31 December 2022 £'000
British pound	135,584	86,421
Euro	53,153	61,325
US Dollar	17,858	20,565
Canadian Dollar	4,754	4,070
Australian Dollar	2,224	1,007
Chinese Renminbi	1,090	3,307
Norwegian Krone	542	7,622
Other currencies	2,671	2,084
	217,876	186,401

[1]The prior period restatement is detailed further in note 4.

20. CASH [CONT.]

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value. All changes in financial liabilities arising from financing activities, other than the lease liabilities taken out in 2019, 2022 and 2023, are due to cash flow movements and are shown in the Consolidated Statement of Cash Flows within cash flow from financing activities.

21. CAPITAL AND RESERVES

Share capital

	At 31 December 2023		At 31 December 2022	
	No.	£'000	No.	£'000
AUTHORISED, ISSUED AND FULLY PAID				
Ordinary shares of £0.002 each	43,321,813	87	42,196,554	84

Number of shares

	Ordinary shares
AT 1 JANUARY 2022	40,964,225
Shares issued on vesting of share option schemes	1,232,329
AT 31 DECEMBER 2022	42,196,554
Shares issued on vesting of share option schemes	1,125,259
AT 31 DECEMBER 2023	43,321,813

The following movements of share capital occurred during the year ended 31 December 2023:

On 27 March 2023, the Company issued 1,125,259 new shares following the vesting of shares under the B, C and E Growth Share Schemes, and the Institutional, Canada and Alpha Pay share schemes.

The following movements of share capital occurred during the year ended 31 December 2022:

On 21 March 2022, the Company issued 1,123,946 new shares following the vesting of shares under the B, C and E Growth Share Schemes and the Institutional Share Scheme.

On 25 March 2022, the Company issued 99,386 new shares in respect of shares issued following the vesting of the SAYE share scheme.

The Company issued a further 8,997 new shares in respect of shares issued following the vesting of the SAYE share scheme, between April 2022 and June 2022.

Share premium account

In the year ended 31 December 2023 the share premium account increased by £491,227 following the vesting of share option schemes.

In the year ended 31 December 2022 the share premium account increased by £823,771 following the vesting of the SAYE share scheme and £431,756 (restated) following the vesting of share option schemes. Further details on the restatement can be found in note 4.

Capital redemption reserve

The capital redemption reserve of £3,701 arose following the buy-back of shares in prior years.

Merger reserve

The merger reserve of £666,529 was created in October 2016 as a result of the share for share exchange with non-controlling interests. The merger relief reserve represents the difference between the fair value and nominal value of shares issued on the acquisition of non-controlling interests, where the Company has taken advantage of merger relief.

Redemption reserve

The redemption reserve of £(1,884,165) comprises the fair value of the consideration payable to the non-controlling interest of Financial Transaction Services B.V. (Cobase) on the date that the agreement was entered into. The reserve is expected to be utilised over a four-year period between 31 December 2025 and 31 December 2028, with 25% of the non-controlling interest acquired each period over the four years. More details on the acquisition can be found in note 26.

Retained earnings

Represents accumulated profits attributable to equity owners of the parent less accumulated dividends.

Translation reserve

The translation reserve of £580,515 (2022: £1,260,398 restated) represents the foreign exchange differences arising from the translation of the net investment in foreign entities.

22. NON-CONTROLLING INTERESTS

As detailed in note 4, historically some of the employee equity shareholding on a number of the share schemes had been recognised as non-controlling interest. However after reviewing the IFRS 2 Share-Based Payment standard and related guidance from the IFRIC, the Group has concluded that they should not have been recognised as non- controlling interest and therefore non-controlling interest has subsequently been restated to £nil as at 31 December 2022.

Non-controlling interest as at 31 December 2023 is made up of Financial Transaction Services B.V. ("Cobase") which was acquired in December 2023. The NCI's shareholding is 13.64%. Further information on the acquisition of Cobase is provided in note 26.

20. NON-CONTROLLING INTEREST [CONT.]

Below shows summarised financial information for Cobase, before intra-group eliminations.

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
Revenue	186	-
Loss after taxation	(241)	-
Loss allocated to non-controlling interests	(33)	-

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
Assets		
Non-current assets	3,880	-
Current assets	1,391	-
Liabilities		
Current liabilities	(340)	-
NET ASSETS	4,931	-

23. OTHER PAYABLES

	31 December 2023 £'000	31 December 2022 *Restated*[1] £'000
CURRENT:		
Other payables	51,243	70,272
Other taxation and social security	1,455	1,369
Accruals	7,052	5,699
	59,750	77,340
NON-CURRENT:		
Provisions	875	222
	875	222
TOTAL OTHER PAYABLES	60,625	77,562

Other payables consist of margin received from clients and client-held funds. The carrying value of other payables classified as financial liabilities measured at amortised cost, approximates fair value.

[1]The prior period restatement is detailed further in note 4.

24. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both.

Subsidiaries

The Parent Company of the Group is Alpha Group International plc. Note 15 provides information about the subsidiaries and the holding company. Details of the ultimate controlling party can be found in note 27.

Transactions between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Key management personnel

The Group considers its key management personnel to be the Directors of Companies within the Group.

The compensation of the Directors of the Company, together with their shareholding, is included in the Remuneration Committee report on pages 84.

Transactions with key management personnel

During the year, Alpha FX Limited traded gross foreign currency contracts with; M J Tillbrook £1,424,473 (2022: £2,291,400) and M E Stuart £47,690 (2022: £30,853), on an arm's length basis.

Other entities

During the year, the Group purchased goods and services from entities classified as related parties as follows:

- Services totalling £121,793 (2022: £391,128) on an arms-length basis from Klarify Group Limited, a multi-cloud and cyber security specialist in which M J Tillbrook owned a 42% (2022: 42%) beneficial ownership.
- Services totalling £214,698 (2022: nil) on an arms-length basis from Assured Cyber Limited, a cyber insurance broker in which M J Tillbrook owns a 30% beneficial ownership.

During the year, the Group traded gross foreign currency contracts with entities classified as related parties as follows:

- Gross foreign currency contracts of £4,168 (2022: £1,670) on an arms-length basis with Zip Cap Limited, a financial services company in which M J Tillbrook owns 100% of the share capital.

25. SHARE-BASED PAYMENTS

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Group recognised a total credit related to all the above equity-settled share-based payment transactions in the year ended 31 December 2023 of £57,946. The share-based payment charge for the year ended 31 December 2022 has been restated to a charge of £1,101,095, further details can be found in note 4.

25. SHARE-BASED PAYMENTS [CONT.]

The Group operates several growth share schemes where shares in subsidiary entities are awarded to employees and are converted into shares in the Company at a future date based on pre-determined vesting criteria. External tax valuations for share schemes are obtained from an independent third party prior to issue. Indemnities are also obtained from all employees for any future tax liabilities that may arise.

Should any additional payroll tax liabilities arise, in the first instance, they would be paid by the subsidiary company and the tax indemnities would ensure recovery of any additional tax liabilities from the growth shareholders. The Board has assessed that should such an event occur, there would not be a material impact on the Group's net assets or the result for the year.

B Growth Share Scheme

Under the B Growth Share Scheme, selected employees of the Group who were employed prior to the Company's IPO in 2017, were issued with B shares in Alpha FX Limited. The rights attaching to the B shares include a put option which, when exercised, enable the shareholder to convert the B shares into ordinary shares of the Company.

In March 2022, following the revenue growth target for the year being met in respect of the year ended 31 December 2021, 333 B Growth Shares were exercised when the share price of the Company was 1909p. Due to the impact of COVID-19, the issuance of these shares had been deferred from March 2021 with all future issuances similarly deferred by a year. As a result, 549,137 shares in Alpha Group International plc were issued as consideration in March 2023 and with a further 88,015 shares to be issued to an ex-employee in March 2025 as part of a settlement agreement. This represents the final vesting of the B Growth Share Scheme.

C Growth Share Scheme

In October 2018, the Group adopted a C Growth Share Scheme, under which 863 C ordinary shares ("C Shares") in Alpha FX Limited (the "Company") were issued to full-time employees of the Group ("C Share Growth Scheme").

The C Shares confer no upfront economic rights to their holders and in particular holders of the C Shares are not entitled to receive dividends, receive notice of, attend, speak or vote at general meetings of the Company and are not entitled rights to participate in any distributions upon a liquidation or capital reduction of the Company.

The C Shares contain a put option, such that, when and to the extent vested, they can be converted into ordinary shares in the Group. The rate of conversion is that the C Shares will be regarded as worth a pro rata share of the share price gain of Alpha Group International plc above a hurdle price of 550p based upon the market price of Alpha Group International plc at the time of allotment.

Upon conversion, the number of ordinary shares in Alpha Group International plc that a C Shareholder will receive is such number of ordinary shares whose value is equivalent to the Group's closing share price at the conversion date. Conversion is only permitted to the extent that the C Shares have vested.

The C Share Growth Scheme includes a requirement for Group revenue to grow 20% in 2023 in order for vesting to occur. The gain that a C Shareholder can receive is capped at a ceiling on the maximum market capitalisation of Alpha of £650m. As a result, the C Shareholders will be entitled to a pro rata share of the gain in market capitalisation of Alpha between the hurdle price at the time of allotment and the market capitalisation ceiling of £650m. If a participating employee either leaves employment with the Group or commits a performance breach (broadly conduct detrimental to the business and reputation of the Group), the Group is entitled to buy back the relevant C Shares at cost.

In March 2023, 148 C Growth Shares were exercised in respect of the year ended 31 December 2022. As a result, 171,810 shares in Alpha Group International plc were issued as consideration in March 2023.

Following the revenue growth target for the year not being met for the C Growth Shares, the remaining C Growth Shares lapsed. As a result, no shares in Alpha Group International plc will be issued as consideration for the lapsed C Growth Shares in March 2024. Further, the year ended 31 December 2023 was the final year of the C Growth Shares scheme.

The share-based payment charge of the C Growth Shares in the year ended 31 December 2023 was a credit of £243,084 (2022: credit of £17,918).

E Share Growth Scheme

In 2020 the Group adopted an E Share Growth Scheme under which 882 E ordinary shares ("E Shares") in Alpha FX Limited were issued to full time employees of the Group ("E Share Growth Scheme"). The E Shares contain a put option, such that, when and to the extent vested, they can be converted into ordinary shares in the Group. The E Shares will vest in four equal tranches, occurring annually, starting on 31 December 2021 until 31 December 2024. Vesting will require Group revenue growth of 25% in 2021, 20% in 2022, 20% in 2023 and 20% in 2024.

The rate of conversion of the E Shares, is a pro rata share of the market capitalisation gain of Alpha above a hurdle price of £300m. The gain that an E Shareholder could receive is capped through placing a ceiling on the maximum market capitalisation of Alpha of £650m. The result of doing so is that the E Shareholders will be entitled to a pro rata share of the gain in market capitalisation of Alpha between £300m and the market capitalisation ceiling of £650m.

Upon conversion, the number of ordinary shares in the Group an E Shareholder will receive is such number of ordinary shares whose value is equivalent to the Group's closing share price at the conversion date. Conversion is only permitted to the extent that the E Shares have vested.

In March 2023, 185 E Growth Shares were exercised in respect of the year ended 31 December 2022. As a result, 161,064 shares in Alpha Group International plc were issued as consideration in March 2023.

Following the revenue growth target for the year not being met for the E Growth Shares, 185 E Growth Shares lapsed. As a result, no shares in Alpha Group International plc will be issued as consideration for the lapsed E Growth Shares in March 2024.

The share-based payment charge of the E Growth Shares in the year ended 31 December 2023 was a credit of £258,792 (2022: £322,304 restated).

F Share Growth Scheme

In June 2022 the Group issued an initial 285 shares under the F Share Growth Scheme with a further 99 shares issued in November 2022. The F Shares contain a put option, such that, when and to the extent vested, they can be converted into ordinary shares of the Group. The F Shares will vest in four equal tranches, occurring annually, in respect of the Financial Years for 2023, 2024, 2025 and 2026.

Vesting for each Financial Year requires Group revenue growth of 20% in Financial Year 2023, 20% in Financial Year 2024, 20% in Financial Year 2025 and 20% in Financial Year 2026. The rate of conversion that the F Shares will be regarded as worth, is a pro rata share of the market capitalisation gain of Alpha above a hurdle price of £740m. The gain that an F shareholder could receive is capped through placing a ceiling on the maximum market capitalisation of Alpha of £1,867m. The result of doing so is that the F Shares will be entitled to a pro rata share of the gain in market capitalisation of Alpha between £740m and the market capitalisation ceiling of £1,867m.

25. SHARE-BASED PAYMENTS [CONT.]

F Growth Share Scheme [cont]

Upon conversion, the number of ordinary shares in Alpha that an F Shareholder will receive is such number of ordinary shares whose value is equivalent to Alpha's closing share price at the conversion date. Conversion is only permitted to the extent that the F Shares have vested.

Following the revenue growth target for the year not being met for the F Growth Shares, 82 F Growth Shares lapsed. Alpha Group International plc exercised the call options to buy the shares back from the employees at the original subscription price. As a result, no shares in Alpha Group International plc will be issued as consideration for the lapsed F Growth Shares in March 2024.

The share-based payment charge of the F Growth Shares in the year ended 31 December 2023 was £201,111 (2022: £213,314 restated).

G and H Share Growth Scheme

In June 2022 the Group awarded 360 shares under the G Share Growth Scheme and 265 shares under the H share scheme.

The G and H Shares contain a put option, such that, when and to the extent vested, they can be converted into ordinary shares in the Group. The shares will vest in five tranches, occurring annually, in respect of the Financial Years for 2022, 2023, 2024, 2025 and 2026. The shareholders will be able to vest 12.5% of their holding for Financial Year 2022, 12.5% for Financial Year 2023, 25% for Financial Year 2024, 25% for Financial Year 2025 and 25% for Financial Year 2026.

Vesting for each Financial Year for the G shareholders will require revenue from the London Corporate division (and the Spain corporate division) to grow by 5.5% in Financial Year 2022, 15% in Financial Year 2023, 15% in Financial Year 2024, 15% in Financial Year 2025 and 15% in Financial Year 2026.

Vesting for each Financial Year for the H shareholders is subject to 2 revenue targets being met, with shareholders being entitled to vest 50% of their holding for each Financial Year in respect of each target being met. The first revenue target is for the London Corporate division (and the Spain corporate division) to grow by 5.5% in Financial Year 2022, 15% in Financial Year 2023, 15% in Financial Year 2024, 15% in Financial Year 2025 and 15% in Financial Year 2026. The second target is for the revenue from all the global corporate divisions to grow by 18.6% in Financial Year 2022, 20% in Financial Year 2023, 20% in Financial Year 2024, 20% in Financial Year 2025 and 20% in Financial Year 2026.

The rate of conversion that the G and H Shares will be regarded as worth, is a pro rata share of the market capitalisation gain of Alpha above a hurdle price of £740m. The gain that a shareholder could receive is capped through placing a ceiling on the maximum market capitalisation of Alpha of £1,867m. The result of doing so is that the G and H Shares will be entitled to a pro rata share of the gain in market capitalisation of Alpha between £740m and the market capitalisation ceiling of £1,867m.

Upon conversion, the number of ordinary shares in Alpha that a shareholder will receive is such number of ordinary shares whose value is equivalent to Alpha's closing share price at the conversion date. Conversion is only permitted to the extent that the G and H Shares have vested.

In respect of the year ending 31 December 2022, the revenue targets were met for the G and H Shares, however the market capitalisation of Alpha did not exceed the hurdle price of £740m. With respect to the year ending 31 December 2023, the revenue targets for the G and H Shares were not met. Accordingly, no shares in Alpha Group International plc will be issued as consideration in March 2024 in respect of years ending 31 December 2022 and 31 December 2023.

The share-based payment charge of the G and H Growth Shares in the year ended 31 December 2023 was £221,967 (2022: £551,489 restated).

Details of the outstanding shares in Alpha FX Limited in respect of the above schemes are as follows:

	31 December 2023					
	B Growth Share Scheme No.	C Growth Share Scheme No.	E Growth Share Scheme No.	F Growth Share Scheme No.	G Growth Share Scheme No.	H Growth Share Scheme No.
Outstanding at beginning of year	-	301	602	361	360	265
Granted in the year	-	-	-	-	-	-
Exercised in the year	-	(148)	(185)	-	-	-
Forfeited in the year	-	(11)	(16)	(5)	-	-
OUTSTANDING AT END OF YEAR	-	142	401	356	360	265

	31 December 2022					
	B Growth Share Scheme No.	C Growth Share Scheme No.	E Growth Share Scheme No.	F Growth Share Scheme No.	G Growth Share Scheme No.	H Growth Share Scheme No.
Outstanding at beginning of year	358	568	882	-	-	-
Granted in the year	-	-	-	384	360	265
Exercised in the year*	(333)	(186)	(197)	-	-	-
Forfeited in the year	(25)	(81)	(83)	(23)	-	-
OUTSTANDING AT END OF YEAR	-	301	602	361	360	265

* The 333 B shares that were exercised in March 2022 in respect of the ended 31 December 2021 and the shares in the Company will not be issued until March 2023 and March 2025.

The fair value of the Growth Share Schemes was calculated using a Monte Carlo simulation model. The model considers historical and expected dividends, and the share price volatility of the Group relative to that of its competitors, to predict the share performance. When determining the grant date fair value of awards, service and non-market performance conditions are not considered. However, the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

The inputs used for fair valuing the awards at the date of grant were as follows:

	B Growth Share Scheme	C Growth Share Scheme	E Growth Share Scheme	F, G & H Growth Share Schemes
Expected volatility %	25.0%	25.0%	45%-55%	40%
Risk free interest rate %	0.09%	0.75%	0.10%	2.3%
Option life (years)	3	5	5	5
Starting equity value (£m)	£33.6m	£186.6m	£300.0m	£740.0m

25. SHARE-BASED PAYMENTS [CONT.]

Alpha FX Institutional Limited

Alpha FX Institutional Limited was incorporated in 2018, and at 31 December 2023 the management team had share options equivalent to 10.4% of the business.

With the initial share award, the individuals have the option to convert a percentage of their holding into Group shares over a four-year period, based upon strict performance criteria, with the first year of conversion being the year ended 31 December 2021. At conversion, and in exchange for converting their shares into the Group, Alpha FX Limited's shareholding over Alpha FX Institutional Limited will commensurately increase.

In 2019 the Group adjusted the employee share ownership incentive scheme to include additional key employees. These individuals have the option to convert a percentage of their holding into Group shares over a four-year period, based upon strict performance criteria, with the first year of conversion being the year ended 31 December 2022.

Following the continued success of Alpha FX Institutional Limited, the Group further adjusted the employee share ownership incentive scheme in March 2022 to include additional key employees. The shares are structured in a similar way to the shares issued to previous employee shareholders of Alpha Institutional, and will vest in four equal tranches, for each of the financial years ending 31 December 2024, 31 December 2025, 31 December 2026 and 31 December 2027.

In March 2023, employees exercised their options equivalent to 4.99% of the business in respect of the year ended 31 December 2022. As a result, 123,768 shares in the Company were issued as consideration.

Based on the share price of the Company of 1750p as at 31 December 2023, it is estimated that the Company will issue 121,823 shares as consideration for employees converting options equivalent to 5.01% of the business in respect of the year ended 31 December 2023.

The share-based payment charge in the year ended 31 December 2023 was £20,852 (2022: £31,906).

Alpha Foreign Exchange (Canada) Limited

In 2019 the Group announced the share ownership plan for Alpha Foreign Exchange (Canada) Limited in which management owned options equivalent to 25% of the business. Under the agreement, management can exchange 25% of the shares they hold in the subsidiary for new ordinary shares in the Company in each of the financial years ended 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025. As the shares held by the management in the subsidiary is reduced over time, Alpha FX Limited's shareholding over the subsidiary will commensurately increase.

In April 2022 the Group adjusted the employee share ownership incentive scheme for Alpha Canada to include additional key employees. The new shares are structured in a similar way to the shares issued to existing employee shareholders of Alpha Canada and will vest in four equal tranches, for each of the financial years ending 31 December 2024, 31 December 2025, 31 December 2026 and 31 December 2027.

In March 2023, an employee exercised his option to convert options equivalent to 4.5% in the business in respect of the year ended 31 December 2022. As a result, 8,395 shares in the Company were issued as consideration.

Based on the share price of the Company of 1750p as at 31 December 2023, it is estimated that the Company will issue 5,593 shares as consideration for an employee converting options equivalent to 4.5% in the business in respect of the year ended 31 December 2023.

Alpha Pay

In 2019 the Group announced that it had put in place an employee share ownership incentive scheme for certain individuals employed in the Group's newly formed business division, Alpha Pay). A new class of shares ("D Shares") in Alpha FX Limited was created.

The value of the D Shares will be linked to the performance of the Alpha Pay business. Under the initial share award, from March 2023, the Alpha Pay Participants will have the option to convert 25% of their holding of D Shares into Group shares each year for four years (with the final option being exercisable in March 2026). At conversion, and in exchange for converting their D shares into shares in the Group, the APS Participants' holding of D Shares in Alpha FX Limited will commensurately decrease and the Group's holding will commensurately increase.

Following the continued success of Alpha Pay, in December 2021 the Group adjusted the employee share ownership scheme to include additional new employees to support the ongoing growth of the division. As a result, a new class of non-dividend bearing and non-voting D3 shares and D4 shares were issued. The value of the D3 Shares and D4 Shares will be linked to the performance of the Alpha Pay business and are structured in a similar way to the existing D shares issued in 2019. The D3 Shareholders will have the option to convert 25% of their holding of D3 Shares into ordinary shares of the Group each year for four years commencing from March 2024 (with the final option being exercisable in March 2027). The D4 Shareholders will have the option to convert 25% of their holding of D4 Shares into Group Shares each year for four years commencing from March 2025 (with the final option being exercisable in March 2028).

At conversion, and in exchange for converting their D3 shares and D4 Shares into Group Shares, the D3 shares held by the D3 Shareholders and the D4 Shares held by the D4 Shareholders in Alpha FX Limited will commensurately decrease and the Group's holding will commensurately increase.

In March 2023, employees exercised their option to convert share options equivalent to 3.7% of their holding in respect of the year ended 31 December 2022. As a result, 111,085 shares in the Company were issued as consideration.

Based on the share price of the Company of 1750p as at 31 December 2023, it is estimated that the Company will issue 106,928 shares as consideration for employees converting options in respect of the year ended 31 December 2023.

Alpha FX Netherlands Limited

Following the establishment of our Netherlands business in 2020, in May 2021 the Group announced a new share scheme to incentivise key personnel within Alpha FX Netherlands Limited.

These individuals have the option to exchange 25% of the shares they hold in Alpha FX Netherlands Limited for new ordinary shares in the Company for each of the financial years ended 31 December 2023, 31 December 2024, 31 December 2025 and 31 December 2026. The shares exchanged will be valued with reference to an 8x multiple of underlying profit after tax achieved by Alpha FX Netherlands Limited. As the shares held by the management in the subsidiary is reduced over time, Alpha FX Limited's shareholding over the subsidiary will commensurately increase.

Based on the share price of the Company of 1750p as at 31 December 2023, it is estimated that the Company will issue 21,379 shares as consideration for an employee converting 1.6% of their equity in respect of the year ended 31 December 2023.

25. SHARE-BASED PAYMENTS [CONT.]

Bristol

Following the establishment of a new sales office in Bristol in 2022, in January 2023 the Group announced a new share scheme to incentivise key personnel within the Bristol office. A new class of shares ("I Shares") in Alpha FX Limited was created.

The value of the I Shares will be linked to the performance of the Bristol Operation. The Bristol share ownership scheme is structured in a similar way to the share schemes implemented for other FX risk management divisions in Canada and The Netherlands. From March 2025, the Bristol Participants will have the option to convert 25% of their holding of I Shares into ordinary shares of £0.002p each in the Company ("Ordinary Shares") each year for four years (with the final option being exercisable in March 2028). The shares exchanged will be valued with reference to an 8x multiple of underlying profit after tax achieved by the Bristol operation.

At conversion, and in exchange for converting their I shares into shares in the Group, the Bristol Participants' holding of I Shares in Alpha FX Limited will commensurately decrease and the Group's holding will commensurately increase.

26. BUSINESS COMBINATIONS

On 1 December 2023, Alpha Group International plc acquired 86.36% of Financial Transaction Services B.V., trading as "Cobase", a leading multibank connectivity platform. Cobase is an innovative, cloud-based provider of bank connectivity technology that enables corporates to manage their banking relationships, accounts, and transaction activity via one single interface. In doing so, the company unlocks significant operational and financial efficiencies, especially for international businesses with multiple banking counterparties across the world. Alpha believes there are opportunities to amplify one another's growth by leveraging and sharing each other's unique capabilities and experience.

The purchase price allocation (shown in the following table) has been prepared on a provisional basis in accordance with IFRS 3 Business Combinations because of the acquisition completing one month prior to the year end and information regarding the intangible assets is still being sought. As a result, the intangible asset, deferred tax and goodwill amounts in the table below are provisional. If new information is obtained within one year of the acquisition date, about facts and circumstances that existed at the acquisition date, identifies adjustments to the amounts that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The initial consideration for the acquisition was €9.6m (£8.3m) in cash, with the remaining stake to be acquired via a performance-based earn-out between 2025 and 2028.

Transaction costs relating to professional fees and integration costs associated with the business combination in the year ended 31 December 2023 were £486,633 and have been expensed within non-underlying items (note 6).

The fair value of the net assets acquired is set out below:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets	3,292	980	4,272
Property, plant and equipment	9	-	9
Right-of-use-asset	182	-	182
Trade and other receivables	1,322	-	1,322
Cash and cash equivalents	53	-	53
Trade and other payables	(1,354)	-	(1,354)
Lease liabilities	(182)	-	(182)
Dilapidation provision	(63)	-	(63)
Deferred tax liabilities	143	(245)	(102)
TOTAL IDENTIFIABLE NET ASSETS	3,402	735	4,137
NON-CONTROLLING INTEREST			(564)
Goodwill on the business combination			4,707
DISCHARGED BY:			
Cash consideration			8,280

Goodwill of £4,707k reflects certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include the value of expected synergies arising from the business combination and the experience and skill of the acquired workforce. The fair value of the acquired software, brand name and customer relationships was identified and included in intangible assets.

Included in the Consolidated Statement of Financial Position is redemption liability of £1,884,165. This represents the fair value of the consideration payable to the non-controlling interest of the subsidiary Cobase on the date that the agreement was entered into. 25% of the non-controlling interest is to be acquired each period over a four-year period between 31 December 2025 and 31 December 2028. The opposite entry has been recognised within redemption reserve in equity.

Cobase generated revenue of £186k and loss after tax of £241k in the one month from the acquisition date to 31 December 2023, this is included in the Consolidated Statement of Comprehensive Income for the reporting period.

27. ULTIMATE CONTROLLING PARTY

The Directors believe that there is no ultimate controlling party of the Group.

28. EVENTS AFTER THE REPORTING PERIOD

Following the third year of vesting of the Alpha FX Institutional Limited share scheme for the year ended 31 December 2023, the Company will be issuing 126,201 shares in March 2024.

Following the second year of vesting of the Alpha Foreign Exchange (Canada) Limited share scheme for the year ended 31 December 2023, the Company will be issuing 5,734 shares in March 2024.

Following the second year of the vesting for D1 and D2 Share scheme and the first year of vesting for the D3 Share scheme for the year ended 31 December 2023, the Company will be issuing 80,544 shares in March 2024.

Following the first year of vesting of the Alpha FX Netherlands Limited share scheme for the year ended 31 December 2023, the Company will be issuing 22,148 shares in March 2024.

On 29 January 2024, the Group announced a share repurchase programme up to a value of £20m to purchase ordinary shares of 0.2 pence each. The Ordinary Shares purchased will be held in treasury. As at 19 March 2024, 339,929 ordinary shares of 0.2 pence each had been purchased for a consideration of £5.8m representing 0.8% per cent of the issued share capital of the Group as at 19 March 2024. All shares purchased were held in Treasury.

On 29 February 2024, the Group entered into an interest rate swap for a notional amount of up to €100m to fix the rate of interest receivable on Euro cash balances held in respect of the Group's client cash balances. With the interest rate swap, the Group receives a fixed rate of interest and pays a floating interest rate based on EuroSTR, the difference between the rates results in the Group receiving a fixed rate of interest. The contract commences in March 2024 and expires in March 2026 with a net interest rate receivable of 3%. Hedge accounting is applied in accordance with IFRS 9.

On 20 March the Group will announce changes to the Board of Directors with Dame Jayne-Anne Gadhia appointed to the board as Chair Designate, effective from the Company's AGM on 01 May 2024, subject to the completion of normal regulatory due diligence by the Company's Nominated Adviser. In line with this, Clive Kahn, who has been Chair of the Company since 2016, will therefore not be seeking re-election at the Company's 2025 AGM, with Jayne-Anne remaining Chair Designate until the conclusion of Clive's term as Chair.

Lisa Gordon, Non-Executive Director of the Company will also step down from the Board by not putting herself up for re-election at the Company's AGM on 01 May 2024. A process to recruit an additional Non-Executive Director will be undertaken in the coming months.

Company Statement of Financial Position
As at 31 December 2023
Company number: 07262416

	Note	As at 31 December 2023 £'000	As at 31 December 2022 *Restated*[1] £'000	As at 1 January 2022 *Restated*[1] £'000
NON-CURRENT ASSETS				
Investments	5	64,574	54,568	53,033
TOTAL NON-CURRENT ASSETS		64,574	54,568	53,033
CURRENT ASSETS				
Trade and other receivables	6	6,020	10,033	10,483
Current tax asset		75	51	249
TOTAL CURRENT ASSETS		6,095	10,084	10,732
TOTAL ASSETS		70,669	64,652	63,765
EQUITY				
Share capital	9	87	84	82
Share premium account		52,566	52,075	50,819
Capital redemption reserve		4	4	4
Merger reserve		667	667	667
Retained earnings		17,204	11,815	12,173
TOTAL EQUITY		70,528	64,645	63,745
CURRENT LIABILITIES				
Trade and other payables	7	141	7	20
TOTAL CURRENT LIABILITIES		141	7	20
TOTAL EQUITY AND LIABILITIES		70,669	64,652	63,765

The Company reported a profit for the year ended 31 December 2023 of £11,814,708 (2022: £3,351,205).

The financial statements of Alpha Group International plc were approved by the Board of Directors on 19 March 2024 and signed on its behalf by:

M J Tillbrook
Director

T Powell
Director

[1]The prior period restatement is detailed further in note 4.

Company Statement of Changes in Equity
For the year ended 31 December 2023

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 1 JANUARY 2022 (as previously reported)	82	50,783	4	667	11,609	63,145
Prior period adjustment[1]	-	36	-	-	564	600
BALANCE AT 1 JANUARY 2022 (restated[1])	82	50,819	4	667	12,173	63,745
Profit for the year	-	-	-	-	3,351	3,351
Transactions with owners						
Shares issued on vesting of share option scheme (restated)	2	432	-	-	-	434
Shares issued in relation to SAYE share scheme	-	824	-	-	-	824
Share-based payments (restated[1])	-	-	-	-	1,101	1,101
Dividends paid	-	-	-	-	(4,810)	(4,810)
BALANCE AT 31 DECEMBER 2022 (restated[1])	84	52,075	4	667	11,815	64,645
Profit for the year	-	-	-	-	11,815	11,815
Transactions with owners						
Shares issued on vesting of share option scheme	3	491	-	-	-	494
Share-based payments	-	-	-	-	(58)	(58)
Dividends paid	-	-	-	-	(6,368)	(6,368)
BALANCE AT 31 DECEMBER 2023	87	52,566	4	667	17,204	70,528

[1]The prior period restatement is detailed further in note 4.

Notes to the Company Financial Statements
For the year ended 31 December 2023

1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosures of related party transactions with other wholly owned members of Alpha Group International plc group of companies.

In addition, and in accordance with FRS 101 financial instrument disclosure exemptions have been adopted because equivalent disclosures are included in the Consolidated Financial Statements. These financial statements do not include certain disclosures in respect of:

- share-based payments; or
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); or
- fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value.

The financial statements are prepared in pounds sterling ("£"), and all values are rounded to the nearest thousand ("£'000") except where otherwise indicated

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted are the same as those set out in note 2 to the Consolidated Financial Statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

3. PROFIT FOR THE YEAR

As permitted in section 408 of the Companies Act 2006, the Company has elected not to present its own statement of comprehensive income for the year. The Company reported a profit for the financial year ended 31 December 2023 of £11,814,708 (2022: £3,351,205).

The auditor's remuneration for audit and other services is disclosed in note 6 to the Consolidated Financial Statements.

4. PRIOR PERIOD ADJUSTMENT

As detailed in note 4 to the Consolidated Financial Statements, a number of Group employees receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity settled transactions).

Historically, the Company has recognised an investment in subsidiary and a credit to retained earnings for the share-based payment charge. On vesting of the share options, share premium and a corresponding intercompany receivable were also recognised on issue of shares by the Company.

After reviewing IFRS 2, the Group concluded that on vesting of the share options, share premium had been incorrectly recognised and other receivables were overstated as there was no arrangement for the subsidiary to reimburse the company. In addition, the previous years' share-based payment charge was also found to be insufficient due to a miscalculation. Accordingly, the Company has restated its financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The correction of these entries results in an increase to investments, an increase to retained earnings and a decrease to share premium. The effect of these adjustments is shown by restating each of the prior year affected financial statement line items as follows:

	As previously reported 31 December 2022	Restatement As at 1 January 2022	Restatement Year ended 31 December 2022	Restatement Cumulative to 31 December 2022	Restated 31 December 2022
	£'000	£'000	£'000	£'000	£'000
Retained earnings	(10,779)	(564)	(472)	(1,036)	(11,815)
Share premium account	(53,513)	(36)	1,474	1,438	(52,075)
Investments	53,076	635	857	1,492	54,568
Other receivables	11,927	(35)	(1,859)	(1,894)	10,033

These movements did not result in any impact on cash.

5. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Company's investment in the share capital of Alpha FX Limited and details of the subsidiary companies are disclosed in note 15 to the Consolidated Financial Statements.

	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Balance at 1 January	54,568	53,033
Share for share exchange	437	1,535
On business combinations	9,569	-
BALANCE AT 31 DECEMBER	64,574	54,568

[1]The prior period restatement is detailed further in note 4.

The additional investments in the year represent the acquisition of Financial Transactions Services B.V. (Cobase) in the year (see note 26 to the Consolidated Financial Statements), share-based payments for employee share schemes in the subsidiary company and a buyback of shares from employees that left the business in the year.

6. TRADE AND OTHER RECEIVABLES

	31 December 2023 £'000	31 December 2022 Restated[1] £'000
Amount owed by Group undertaking	6,018	10,033
Prepayments	2	-
	6,020	10,033

During the year, no impairment provisions have been made against any class of debtor.

7. TRADE AND OTHER PAYABLES

	31 December 2023 £'000	31 December 2022 £'000
Accruals	141	7
	141	7

8. EMPLOYEE COSTS

Other than the Directors, the Company did not have any employees during the year (2022: nil). All staff are employees of the subsidiary undertaking.

9. SHARE CAPITAL

Details of the share capital of the Company are included in note 21 to the Consolidated Financial Statements.

[1]The prior period restatement is detailed further in note 4.

Shareholder Information

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