4 September 2024

**Alpha Group International plc**

**(“Alpha” or the “Group”)**

**Half Year Results**

**for the six months ended 30 June 2024**

Alpha Group International plc (LON: ALPH), a global provider of financial solutions, dedicated to corporates and institutions, is pleased to present its Unaudited Interim Results for the six months ended 30 June 2024.

## Group Highlights

### Financial Highlights

- Group revenue increased by 16% to over £64m (H1 2023: £55m)
    - Corporate division revenue increased by 12% to £30m (H1 2023: £27m)
    - Institutional division revenue increased by 15% to £33m (H1 2023: £29m)
    - Cobase revenue increased by 80% to £1m, compared to H1 2023 pre-acquisition
- Underlying[1] profit before tax up 14% to £22.3m, and on an organic basis (excluding Cobase) grew 21% to £23.7m (H1 2023: £19.6m)
- Organic underlying profit before tax margin of 38%, and including Cobase was 35% (H1 2023: 35%)
- Average client balances increased by 11% to £2.1bn (H1 2023: £1.9bn)
- Net treasury income (client and own) of £42m (H1 2023: £34m), increasing Total Income by 19% to £107m (H1 2023: £90m)
- Profit before tax increased 18% to £60.8m (H1[2] 2023: £51.4m)
- Basic earnings per share up 13% to 104.3p (H1 2023[2]: 92.4p) and on an underlying basis increased by 8% to 37.1p (H1 2023[2]: 34.5p)
- Strong cash and liquidity position, with adjusted net cash[3] of £180m (31 December 2023: £179m)
- Completed £20m share buyback in June 2024, with a further share buyback of up to £20m initiated in June
- Proposed interim dividend of 4.2 pence per share (H1 2023: 3.7 pence)

### Business Highlights

- Corporate FXRM client numbers increased by 9% to 941 (H1 2023: 862)
- Institutional FXRM client numbers increased by 19% to 271 (H1 2023: 227)
- Institutional alternative banking account numbers increased by 31% to 7,030 (H1 2023: 5,350)
- Cobase client numbers increased by 55% to 169, compared to H1 2023 pre-acquisition
- Business well-positioned to deliver higher levels of operational gearing, as previous investments in people and technology begin to mature
- Group Front Office headcount increased by 11% to 157 (FY 2023: 142)
- Inclusion in the FTSE 250 in June, following a successful listing on the Premium Segment of the Main Market in May

- Appointment of Dame Jayne-Anne Gadhia to the Board as Chair Designate in May 2024

1 Underlying excludes the impact of non-cash shared-based payments, net treasury income on client balances, one-off listing-related and M&A costs, and amortisation of purchased intangibles.

2 The prior period restatement is detailed further in Note 3 of the financial statements.

3 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.

**Outlook**

Whilst macro headwinds remain, particularly within the alternative investment market served by our Institutional division, we have moved beyond the peak levels of uncertainty we saw in H2 2023. At the same time, our performance in H1 2024 has shown that we are able to continue growing strongly, even in less favourable market conditions. Moving into H2, we expect macro conditions to remain challenging, however, have continued to deliver strong results in July and August. We therefore have reasonable confidence that we are on track to deliver full-year results in line with expectations.

**Morgan Tillbrook, CEO of Alpha Group International said:**

*"Our teams have continued to deliver a strong performance with double-digit growth across our corporate and institutional divisions, despite the challenging market backdrop, reflecting the strength of our diversified model and the rewards of our investments to date. Additionally, the current interest rate environment continues to produce a NTI tailwind, contributing further to our balance sheet strength, whilst also enabling us to announce this year up to £40m in share buybacks.*

*With the foundations established for long-term and sustainable growth through investment in our talent, product, and network of overseas offices, we enter the next chapter of our growth primed to 'expand' across our chosen verticals, retaining the same ambition and determination that has taken us from a single office in Berkshire to a FTSE 250-listed global operation in just 15 years.*

*Our overseas offices are closely following the successful blueprint established in the UK, providing a sense of the huge opportunity in front of us as we scale. At the same time, our strong cash position enables us to remain flexible to invest in those areas we feel would benefit from further capital.*

*It would be remiss of me not to recognise the hard work across the Group that has taken us to this point and will continue to drive us in the future. Our team members remain our greatest strength, and I would like to thank all for their essential contribution to our performance."*

**Enquiries:**


| | |
|---|---|
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**Notes to editors**

Alpha is a high-tech, high-touch provider of financial solutions dedicated to corporates and institutions. Working with clients across 50+ countries, we blend intelligent human capabilities with new technologies to provide an enhanced alternative to traditional banking services, with solutions covering: FX risk management, global accounts, mass payments, fund finance, and cash management.

Key to our success is our team of nearly 500 people based across eleven global offices, brought together by a high-performance culture and a partnership structure that empowers them to act as owners of our business.

Despite being an established business listed on the London Stock Exchange, we remain relentlessly focused on maintaining the same level of operational agility and client focus we had when we first started in 2009. This dynamic, combined with the passion of our people, has enabled us to make a substantial and enduring difference to our clients, and deliver a growth story to match.

<u>Overview</u>

*Introduction*

The first half of this year was marked by an exciting new chapter in Alpha's growth story. In May, we celebrated Alpha's listing on the Main Market of the London Stock Exchange and, less than a month later, its inclusion in the FTSE 250 index. It is an incredible milestone for a company that a little over seven years ago was just starting life on AIM. During this time, our business has grown and evolved significantly: what began as a small team based in Berkshire providing FX risk management services to UK corporates, has evolved to become a team of nearly 500 people across eleven global offices, providing industry-leading financial solutions to corporate and institutional clients in over 50 countries. It's fair to say that a lot has changed, and we are forever grateful to our clients, staff, counterparties and investors for supporting us as we progressed along this journey.

*Reporting*

The significant business diversification, innovation and expansion achieved over recent years has augmented a required evolution of our organisational structure, moving from a product-centric focus (FX risk management and alternative banking) to a client-centric focus (corporates and institutions). We are keen to ensure that our reporting aligns with our revised organisational structure so that our investors understand our business in a way that is consistent with how we operate and analyse it. We therefore now report through the lens of our two key markets: the corporate market and the institutional market.

We will continue to analyse the contributions to each of our Corporate and Institutional division's performance generated from our main service offerings, namely: FX risk management ("FXRM"), alternative banking, fund finance and bank connectivity (Cobase).

The table below explains how we will segment our reporting moving forward. We hope these changes will make it easier to understand our business model, strategy, and main growth drivers.

| **Listed Entity** | Alpha Group International plc | | | | | |
|---|---|---|---|---|---|---|
| **Division** | Corporate | | Institutional | | | |
| **Offices** | UK (HQ), Netherlands, Canada, Malta, Italy, Australia, Spain, Germany | | UK (HQ), Luxembourg, Malta | | | |
| **Solution** | FXRM | Cobase | FXRM | Alternative Banking | Fund finance | Cobase |
| **Product / Monetisation** | Spot<br>Forward<br>Options<br>Payments<br>NTI – own[1] | SaaS & transaction fees | Spot<br>Forward<br>Options<br>NTI-own[1] | Payments, accounts and advisory fees<br>Platform fees<br>NTI – client[1] | Platform and advisory fees | SaaS & transaction fees |

[1] NTI-own, refers to the net treasury income Alpha receives from interest earned on its own balances, whilst NTI-client refers to the interest earned on its client balances.

*Performance*

The table below utilises the new reporting framework to highlight the strong performances achieved by both our Corporate and Institutional divisions, despite the latter continuing to face a heavily suppressed market. More detailed breakdowns on the performances of these divisions are shown further along in this statement, but together they have served to deliver some strong group numbers: revenue grew 16% to over £64m, underlying profit before tax grew 14% to £22.3m, and net treasury income increased to over £42m. This resulted in profit before tax growing 18% to £60.8m, contributing to adjusted net cash of £180m.

| | Group | Corporate | Institutional | Cobase[1] |
|---|---|---|---|---|
| **Revenue** | £64.3m (+ 16%) | £29.8m (+ 12%) | £33.3m (+ 15%) | £1.3m (+ 80%) |
| **Profit/(loss) before tax** | £60.8m (+ 18%) | £13.1m (+ 16%) | £49.2m (+ 23%) | (£1.4m) |
| **Underlying Profit/(loss) before tax** | £22.3m (+ 14%) | £14.3m (+ 51%) | £9.4m (- 7%) | (£1.4m) |
| **FXRM Client numbers** | 1,212 (+ 11%) | 941 (+ 9%) | 271 (+ 19%) | N/A |
| **Average revenue per FXRM client** | £72k (1%) | £63k (+ 2%) | £105k (- 5%) | N/A |
| **Total Headcount[2]** | 496[3] (+ 2%) | 169 (+ 0%) | 264 (+ 4%) | 19 (- 10%) |
| **Front Office Headcount** | 157 (+ 11%) | 107 (+ 7%) | 45 (+ 25%) | 5 (- 17%) |

NB – Percentage differences based on H1 2024 vs H1 2023 comparison, unless stated otherwise. Rounding differences are not adjusted in the table.
[1] Cobase was acquired in December 2023, and we have separated its performance from our Corporate and Institutional divisions to provide greater clarity over its contributions at this early stage.
[2] Percentage increases for headcount are vs Dec 23
[3] Includes 44 people in Central Services, who support all divisions.

*Strategy: from land to expand*

Our 'land and expand' model has remained a consistent feature of Alpha's growth strategy since our first overseas office opened in 2018. Over the last few years, much of our focus has been on *landing* in new geographies and product verticals, and ensuring that when we do, we are establishing foundations for long-term, sustainable growth. Our focus over the next few years however will be to double down on expanding within the locations and verticals we've already landed, to capitalise on the significant growth opportunities in each. As we move into the 'expansion' phase of our growth plan, we are looking forward to our new ventures beginning to find their stride and the benefits this will have for revenue growth, operational gearing and thus, profitability.

## Corporate Division

### Corporate Highlights

- Revenue growth of 12% to £30m (H1 2023: £27m)
- Client numbers increased 9% to 941 (H1 2023: 862)
- Average revenue per client increased to £63k (H1 2023: £62k)
- Front Office headcount increased 7% to 107 (FY 2023: 100)
- Underlying profit before tax margin of 48% (H1 2023: 36%)

### About

Our corporate division operates from its own UK HQ (consisting of sales and operations), and six additional international sales offices in the Netherlands, Spain, Italy, Germany, Australia and Canada. Revenues are derived from the provision of FX risk management services to corporates across more than 50 countries.

Business Environment

Whilst we have moved beyond the peak levels of uncertainty (around interest rates and inflation) that we saw in Q3 2023, the corporate business environment remained challenging in H1. Interest rates remain high, and with many corporates debt-funded, this continues to put pressure on cash. Faced with these macro challenges, companies are continuing to adopt a more conservative approach to their forecasting and thus hedging. The increased cost of debt (or inability to obtain it altogether) for many businesses operating in our marketplace, is leading to higher levels of defaults than we have seen in previous years. Alpha is not immune to this tougher operating environment, however, it is one that we foresaw and continue to manage judiciously, incurring reasonably low levels of defaults in H1 2024.

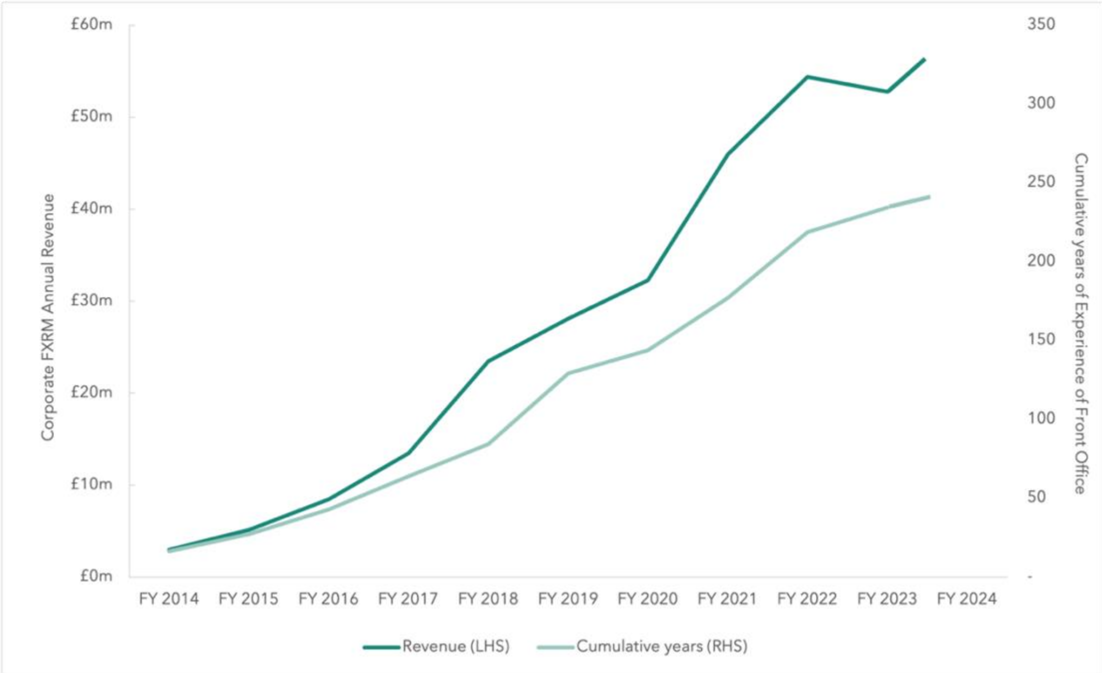
Performance

As demonstrated by the highlights provided above, a difficult business environment hasn't prevented our teams from delivering good growth overall. Collectively, corporate revenues grew by 12% to £30m (H1 2023: £27m), client numbers increased by 9% to 941 (H1 2023: 862), and average revenue per client increased to £63k (H1 2023: £62k). This increase in client numbers is pleasing when considering that we had additional ground to make up following a temporary decrease in our client numbers in H2 2023, due to a reduction in our credit appetite. This reduction prevented us from working with some existing clients and reduced the pool of new clients we were willing to work with.

Our underlying profit before tax margin increased to 48% (H1 2023: 36%), reflecting the increased levels of operational gearing we are experiencing as we move from the 'land' phase of our international rollout strategy, to the 'expand' phase. In this phase, the initial set-up costs start to fall away, and we also begin to benefit from increasing levels of sales productivity as our teams expand and start to find their stride. The Corporate Front Office productivity chart below illustrates this and also reflects the acceleration in the learning curve of our salespeople: each year our salespeople are getting better, and we believe this stems from the compounding improvements in our training, capabilities and reputation.

Growth in front office headcount has also continued across our global corporate offices, increasing in the half by 7% to 107 (FY 2023: 100)

Front Office Productivity | Corporate FXRM*




* 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 salespeople 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.

Breaking the performance down, six out of our seven offices grew revenues against H1 2023, and whilst our Toronto office is taking time to return to where we would expect it to be, we remain confident that all are moving in the right direction and have the foundations in place to deliver long-term sustainable growth.

After a difficult H2 in 2023 in the UK, we have been pleased to see the team quickly regain their stride in H1 2024, with revenues of £17.5m not only up against H2 2023, but also slightly up on the H1 2023 performance of £17.3m. Existing shareholders may recall that our UK office has long served as an incubator for exporting talent overseas to launch our international offices. This has however drained talent from our UK office, adversely impacting its performance. The team felt this particularly in 2023 when market conditions were at their most challenging. Encouragingly, with our international roll-out largely complete for the time being, the talent within the UK is once again able to fully compound, and we feel we are already starting to see the benefits of this in the team's quick return to form, which has continued into July and August.

Whilst all of our offices are on their own growth journeys, the paths ahead of each of them are very exciting. Our Netherlands office (established in 2020) is now our largest new office in revenue terms. Only four years on from its original launch it is not far short of reaching the revenue levels that we achieved when we first became a public company in 2017. Germany (established December 2024) meanwhile is our most recent office launch and has now had the fastest start of any subsidiary in revenue terms.

## Institutional Division

Highlights

- Revenue growth of 15% to £33m (H1 2023: £29m)
- FX risk management client numbers increased by 19% to 271 (H1 2023: 227)
- Alternative banking account numbers increased 31% to 7,030 (H1 2023: 5,350)
- Fund finance completed on 16 mandates
- Average revenue per FXRM client decreased by 5%
- Front Office headcount increased 25% to 45 (FY 2023: 36)
- Underlying profit before tax margin of 28% (H1 2023: 35%)

About

Our institutional division operates from its own UK HQ (consisting of sales and operations) and two additional operations offices in Luxembourg and Malta. Revenues are derived from the provision of FX risk management, alternative banking and fund finance services to alternative investment managers. These managers are principally involved in six main asset classes: private equity, private credit, venture capital, real estate, infrastructure, and fund of funds. These managers then often outsource their back office functions to large, global fund administrators and service providers, many of whom work with Alpha on behalf of their clients as channel sales partners.

Business Environment

Our institutional business environment remains challenging. Analysis provided by Preqin shows deal volume and deal flow remaining subdued across all of the key asset classes we service. Put simply, clients open bank accounts and transact currency when they have a commercial reason to do so. A reduction in their investment activity reduces their trading activity with us too. Whilst the Preqin data shows deal flow has risen between Q1 and Q2, deal volumes in H1 2024 continued to decline. Lower deal volumes mean there are less opportunities for us to pursue.

In response to the reduction in deal activity seen this year, we widened our focus to capture the larger end of the market. Whilst it is early days, our recently enhanced balance sheet and reputation as a FTSE 250 company, has contributed to early signs of success here.

Performance

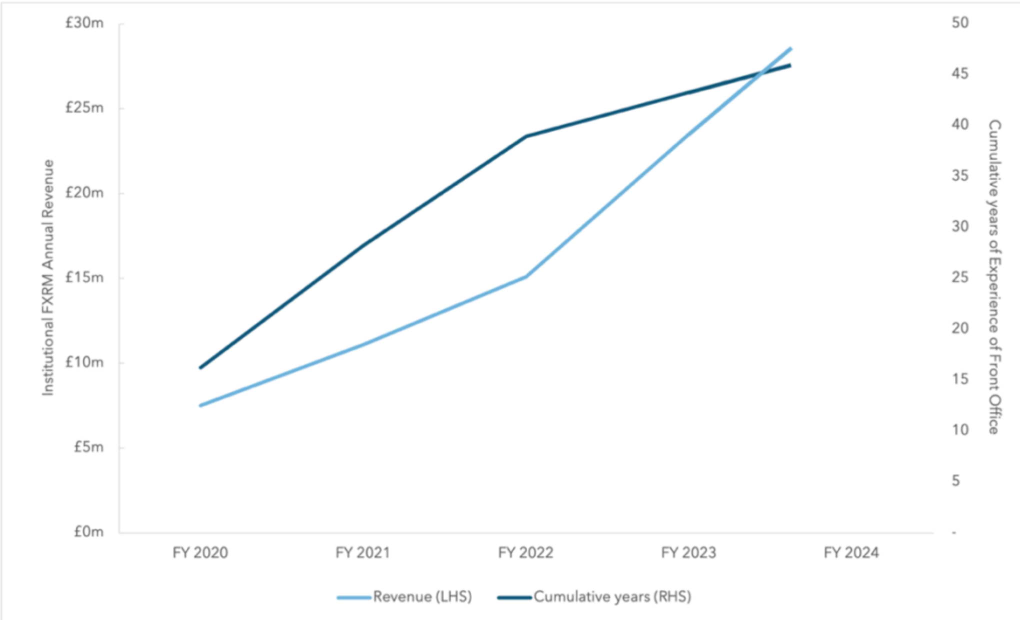
Whilst the environment has been challenging, this hasn't prevented the team from delivering a strong performance, with revenues growing by 15% to £33m (H1 2023: £29m). Margins were down at 28% (H1 2023: 35%). Whilst this margin performance is lower than we are targeting in the long-term, it largely reflects the fact that our Institutional division has invested significantly in its new offerings and operational scalability during a period where the market has been relatively suppressed.

To better understand the institutional division's performance, we provide below an analysis across each of its product lines: FX risk management, alternative banking, and fund finance.

*FX Risk Management*

Our Institutional FXRM team has continued to deliver a good performance. Revenue increased 8% in the period to £15.9m (H1 2023: £14.7m), with client numbers increasing 19% to 271 (H1 2023: 227). This performance is particularly pleasing given the challenging backdrop and reflects five key drivers: the growth of our sales team, the increase in their productivity (see chart), our growing reputation, the expansion of our product offerings, and increased levels of cross-selling between these offerings.

Front Office Productivity | Institutional FXRM




Average revenues per client have fallen by 5% from £111k to £105k, however, this was not surprising given the record numbers of new clients we have onboarded, many of which are in the earlier stages of us growing wallet share, coupled with the reduced transaction activity that is currently being experienced across the industry.

*Alternative Banking*

Alternative banking revenues increased by 23% to £17.4m (H1 2023: £14.2m) and account numbers increased by 31% to 7,030 (H1 2023 5,350). Although this represents attractive growth, it is still below expectations. These numbers are largely reflective of the environment described above, namely a reduction in deal activity having a knock-on effect on the need for accounts.

Importantly, this same interest rate environment which has a dampening effect on deal activity also enabled us to generate an additional £42m in net treasury income (H1 2023: £33m) from client balances, as the table below shows. Given that interest rates are a variable that we cannot control, we will continue to separate this income stream from our underlying revenues. Nonetheless, as long as interest rates remain relatively high, this provides a significant income stream that we will continue to benefit from, particularly as the aggregate balances we hold for our clients are continuing to increase as the number of accounts grows.

| Quarter | Blended average client balance, Alternative Banking | Blended average interest rate |
|---|---:|---:|
| Q2 2024 | £2.1bn | 3.9% |
| Q1 2024 | £2.0bn | 4.0% |
| Q4 2023 | £2.1bn | 3.8% |
| Q3 2023 | £1.9bn | 3.8% |
| Q2 2023 | £1.9bn | 3.8% |
| Q1 2023 | £1.6bn | 2.8% |

The interest earnt on client balances provides our alternative banking offering with what equates to an income hedge. When rates increase, our interest income naturally increases too. At the same time however, debt becomes more expensive, and so our clients' investment activity decreases and subsequently their demand for accounts. Our expectation therefore is that, as rates decrease, the reverse will be true: our clients' investment activity will in time increase, and with this, their demand for new accounts.

Whilst it is encouraging that we have been able to deliver good growth in a tough environment, we have also never been a business to sit around and wait for the wind to change. Behind the scenes, we have used this period to fortify our strategy and invest in areas that we feel will accelerate sales and boost our prospects in the long term. Our logic here is that if these investments can enhance our prospects in a tough market, the benefits should be even greater when the market improves.

So, what are these investments? The first has been to increase the size of our sales team and build out a dedicated sales strategy in alternative banking. Since launching our offering in 2020, growth in alternative banking has primarily been reliant on our FX risk management salespeople cross-selling the product, and a small team focused on developing our channel sales partnerships with fund administrators and corporate service providers. In the first half of this year we have made significant progress in bringing our enhanced sales strategy to life, with front office headcount for our alternative banking offering growing from 8 (H1 2023) to 21 in H1 2024.

The second area of investment involves our processes and technology: we wanted the systems and infrastructure in place to ensure we could continue to service alternative investment funds not only more efficiently but also at scale. Achieving this ensures we will have the opportunity to enhance our operational margins moving forward, and also means we can continue to provide a service that delights our customers and wins their business. With significant investment already carried out, we expect operational gearing to come through as demand starts to increase, giving us confidence in our future margins.

*Fund Finance*

Our fund finance offering was launched in May 2023, and not only represented a new product vertical for Alpha, but also created a new product innovation for the fund finance industry as a whole, in the form of its lender screening platform, (read here).

Despite starting life in a subdued market, the fund finance team continues to make excellent operational progress, and grew revenues 16% against H2 2023. We continue to see strong interest in our service and are winning increasingly larger value mandates, focused on the structuring phase of our offering. Such mandates are structured around key transaction milestones for the fund and therefore typically take longer to complete. When they do however, the revenues we realise are significantly larger than in the platform screening phase, where revenues are more immediate but lower value in nature.

Having tested the product last year, 2024 is about getting the right foundations in place, and we have already made good operational progress in this regard. We now have dedicated origination teams on both borrower and lender side, and have relaunched our platform with a brand-new interface, identity and marketing campaign, all of which have been very well received.

Importantly, whilst our fund finance offering is able to continue winning clients and revenues within its own right, it is also yet another example of our expanding product offering and growing ability to cross-sell in this space. To this end, many foreign exchange and banking conversations are continuing after conversations around fund finance, and vice versa.

## Cobase

About

Cobase is a treasury-focused technology platform acquired by the Group in December 2023. Based in Amsterdam, the company provides bank connectivity technologies that enable corporates and institutions to manage their banking relationships, accounts and transaction activity all in one place. Revenues are derived from platform usage and annual subscription fees.

Performance

Following the completion of its acquisition in December of last year, Cobase has had a strong start to life in its first six months as part of the Group. Revenues were £1.3m with client numbers increasing to 169, representing growth on their pre-acquisition figures of 80% and 55% respectively.

Given the macro-economic downturn, and the inevitable distraction that comes with an acquisition, we have been very pleased with this performance. Such results are ultimately a testament to the team but also reflect the fact that, in a time when many companies are coming under more cost pressures, finding ways to increase efficiencies remains valuable.

Cobase continues to operate from its offices in Amsterdam under its own brand and with its own team of people. The majority of its clients derive from its own sales and marketing activities. We originally acquired Cobase to support our existing corporate client base and help us win new corporate customers. However, in H1 we have also onboarded a number of institutional clients, proving the value of this offering across both business segments. We are subsequently building out our sales capabilities across both divisions and expect them to have an increasing contribution to Cobase's pipeline.

Given the growth phase of the business, Cobase is currently loss-making (PBT: - £1.4m). However, this is largely driven by the depreciation and amortisation of the legacy technology acquired. At an EBITDA level, the business made a loss of only £200k and we look forward to it breaking even in H2 of this year.

## Capital Allocation & Share Buybacks

*Buybacks*

The Group's priorities for capital allocation remain focused on ensuring we can capitalise on high-confidence, organic growth opportunities as we continue to expand our reach, products and client base. The Group also has an appetite to explore potential M&A that may amplify or accelerate our offering. Whilst our firm intention is to remain an organic growth business, we recognise that there are opportunities to accelerate our product development and expand our offerings through the acquisition of high-quality technology companies, such as the recent acquisition of Cobase.

In addition to this, we recognise that with the NTI, there is significant cash inflows, which is why we have allocated up to £40m in share buybacks this year. This is being executed through two separate £20m share buyback programmes – the first of which completed in full on the 27th June 2024, with the second commencing on the 28th June 2024 and expected to run into 2025.

*Capital Allocation*

We think about capital allocation across our two existing business divisions in the following ways:

*Corporate Capital Allocation*

Our Corporate division has a fifteen-year track record of trading and therefore the appropriate levels of investment required to grow are more forecastable and largely weighted towards increasing the size of our front office teams. In addition, as our client base grows and these clients become larger in nature, additional capital will naturally be required to provide a greater volume of hedging facilities and write larger credit lines.

*Institutional Capital Allocation*

Our Institutional division remains in a far more nascent stage, launching as an FX risk management provider in 2018, before following up with alternative banking and fund finance offerings in 2021 and 2023 respectively. Nascent offerings naturally require greater investment in their earlier stages, but more significantly, we expect client demand to increase steeply as the alternative investment market unwinds, cross-selling becomes more frequent across our growing client base, and our new product lines become more established. To support this demand, we will likely be: investing more in our front office teams and infrastructure; have more capital tied up in hedging facilities; and also want to have sufficient cash set aside to invest in further organic opportunities in this market, through, for example, expansion into new products like fund finance.

Overall, given our Institutional division has performed strongly in a market that has significantly contracted, when deal activity picks up again, this could further compound our growth potential and demand on our capital. We therefore believe it is prudent to ensure we have sufficient cash kept aside to ensure we can capitalise not only on the opportunities we have now, but also have the ability to accelerate investment in the future when there is scope for greater upside.

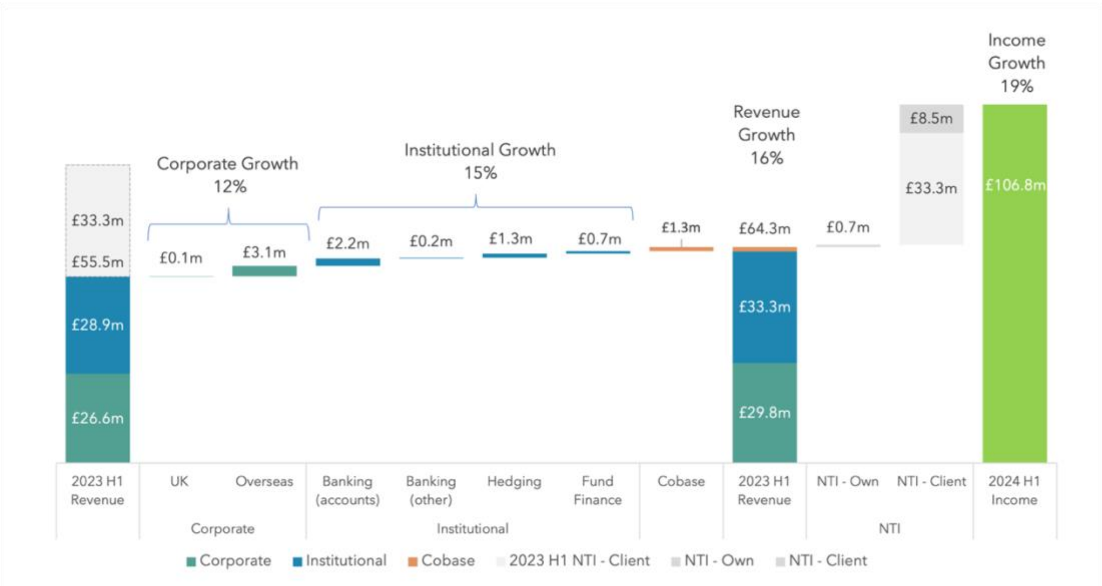
As well as providing cash for investment, a strong balance sheet is also important to our counterparties, as a healthy cash profile is required as collateral for hedging facilities, regulatory capital, and also provides our clients with confidence.

*Summary*

Alongside allocating capital to grow the business and our previously announced buyback programme, the Group intends to continue with its progressive dividend policy. When taking all of the above into consideration, we believe the Group's current cash position creates significant return-enhancing opportunities. We will of course review our cash position on a regular basis, and if we feel it becomes excessive, will look to adjust.

## **Financial Review**

In the six months to 30 June 2024 revenue increased by 16% over the prior period to £64.3m. Corporate revenue grew by 12% to £29.8m, with client numbers increasing by 9% from 862 to 941 in the period. Institutional revenues grew by 15% to £33.3m. The number of Institutional FX risk management clients increased by 19% from 227 to 271, and the number of client accounts opened at the end of the period increased 31% to 7,030 (30 June 2023: 5,350, 31 December 2023: 6,500). Cobase revenue increased by 80% to £1.3m, compared to H1 2023 (pre acquisition).

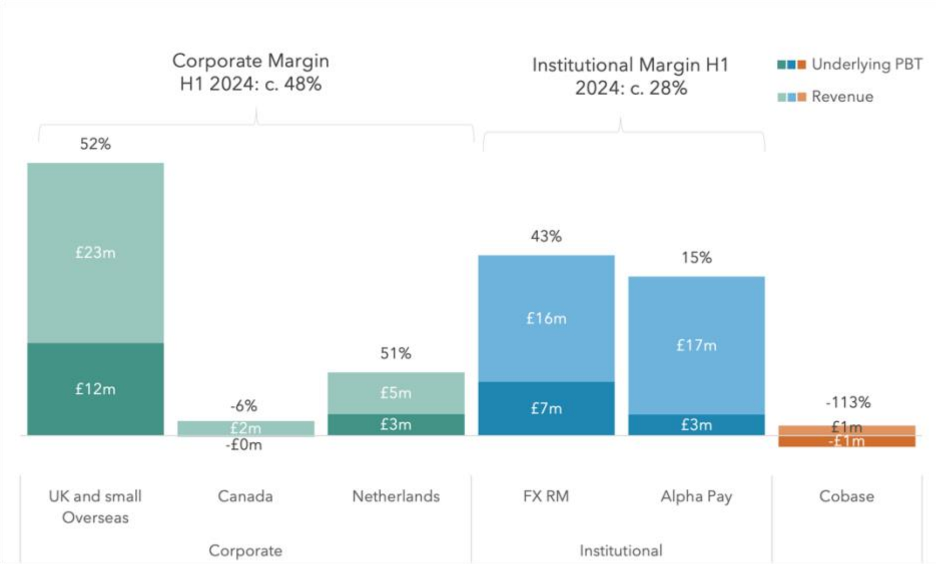



Note: the £8.5m NTI client is the increase from 2023 H1 (£33.3m) to 2024 H1 (£41.8m)

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 Net Treasury Interest on client funds, exceptional costs relating to the Main Market listing, acquisition of Cobase, and share-based payments. On this basis, the underlying profit before tax in the year increased by 14% to £22.3m (H1 2023: £19.6m). Statutory profit before tax increased by 18% to £60.8m (H1[2] 2023: £51.4m). On an organic basis, excluding Cobase, revenues grew by 14% and underlying PBT by 21%.

In the six months to 30 June 2024, we have continued to grow our front office staff. A total of 10 new team members were added in the period across the Front and Back office primarily focused on business development, client services and compliance, taking our total Group headcount to 496 (December 2023: 486, H1 2023: 430).

The underlying profit before tax margin for the period remained in line with prior year at 35% (H1 2023: 35%) reflecting Cobase, the continued investment in our cost base, as well as the ongoing subdued market conditions. On an organic basis, excluding Cobase, the underlying profit before tax margin was 38% (H1 2023: 35%).




The effective tax for the period of 26.6% (FY 2023 of 23%) has been impacted by the change to the UK corporation tax rate increase in April 2023 and lower R&D tax credits with Alpha now being designated a 'large company'.

Underlying basic earnings per share increased by 8% (2.6p) in the period to 37.1p (H1 2023: 34.5p), excluding Cobase underlying EPS would have been 40.0p, 16% growth. Basic earnings per share were up 13% at 104.3p (H1[2] 2023: 92.4p).

[2] The prior period restatement is detailed further in Note 3 of the financial statements.

## Cash flow and Balance sheet

In the six months ended 30 June 2024, 59% of the revenue was derived from products, the revenue from which is converted to cash within a few days of the trade date (H1 2023: 60%). Including Net Treasury Income, cash conversion in H1 2024 remained constant at 74% (H1 2023: 74%).

On a statutory basis, net cash and cash equivalents decreased in the six months to 30 June 2024 by £8m to £190m. The Group's statutory cash position can fluctuate significantly from period to period due to the impact of changes in the collateral received from clients, early settlement of trades, or the unrealised mark to market profit or loss from client swaps, resulting 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 below which excludes the above items.

In the six months to June 2024, adjusted net cash on this basis has increased by £1m to £180m. This represents the net impact of the cash conversion from the trading in the period, less dividends and the original £20m share buyback programme.

| | 30 June 24 | 30 June 23 | 31 Dec 23 |
|---|---|---|---|
| | **£m** | **£m** | **£m** |
| Net cash & cash equivalents | 190 | 142 | 198 |
| Variation margin paid to banking counterparties | 1 | 50 | 11 |
| | 191 | 192 | 209 |
| Margin received from clients | (30) | (59) | (51) |
| Net MTM timing loss from client drawdowns and extensions with trade receivables | 19 | 9 | 21 |
| **Adjusted net cash**** | **180** | **142** | **179** |

* Included in 'other payables' within 'trade and other payables'
** Excluding collateral received from clients, early settlements and the unrealised mark to market profit or loss from client swaps

As a result of the strong growth in the period, total net assets increased from £223m at 31 December 2023 to £235m at 30 June 2024.

**Dividend**

The Board is pleased to declare an interim dividend of 4.2 pence per share (2023: 3.7 pence). The interim dividend will be payable on 11 October 2024 to shareholders on the register at 13 September 2024. The ex-dividend date is 12 September 2024.

## Consolidated Statement of Comprehensive Income

| | Note | Unaudited six months to 30 June 2024 £'000 | Unaudited six months to 30 June 2023 Restated[1] Re-presented[1] £'000 | Audited year ended 31 Dec 2023 £'000 |
|---|---|---|---|---|
| **Revenue** | *4* | **64,325** | **55,459** | **110,442** |
| Net treasury income – client funds | | 41,781 | 33,338 | 73,676 |
| Net treasury income – own funds | | 664 | 922 | 1,843 |
| Total net treasury income | | 42,445 | 34,260 | 75,519 |
| **Total income** | | **106,770** | **89,719** | **185,961** |
| Operating expenses | | (48,331) | (39,763) | (73,809) |
| **Operating profit** | *5* | **58,439** | **49,956** | **112,152** |
| **Underlying operating profit** | | **19,927** | **18,162** | **39,205** |
| Net treasury income – client funds | | 41,781 | 33,338 | 73,676 |
| Non-underlying items | *5* | (3,269) | (1,544) | (729) |
| Finance income | *6* | 2,992 | 1,736 | 4,616 |
| Finance expenses | *6* | (609) | (313) | (834) |
| **Profit before taxation** | | **60,822** | **51,379** | **115,934** |
| **Underlying profit before taxation** | | **22,310** | **19,585** | **42,987** |
| Net treasury income – client funds | | 41,781 | 33,338 | 73,676 |
| Non underlying items | *5* | (3,269) | (1,544) | (729) |
| Taxation | *7* | (16,176) | (11,813) | (27,142) |
| **Profit for the period** | | **44,646** | **39,566** | **88,792** |
| Attributable to: | | | | |
| Equity holders of the parent | | 44,840 | 39,566 | 88,825 |
| Non-controlling interests | | (194) | - | (33) |
| **Profit for the period** | | **44,646** | **39,566** | **88,792** |
| **Other comprehensive income/(loss):** | | | | |
| *Items that may be reclassified to the profit or loss:* | | | | |
| Exchange loss on translation of foreign operations | | (1,037) | (983) | (679) |
| (Loss)/gain recognised on hedging instruments | | (7,356) | (11,661) | 3,193 |
| Tax relating to items that may be reclassified | | 1,839 | 2,915 | (798) |
| **Total comprehensive income for the period** | | 38,092 | 29,837 | 90,508 |
| Attributable to: | | | | |
| Equity owners of the parent | | 38,286 | 29,837 | 90,541 |
| Non-controlling interests | | (194) | - | (33) |
| **Total comprehensive income for the period** | | **38,092** | **29,837** | **90,508** |
| Earnings per share attributable to equity owners of the parent (pence per share) | | | | |
| - basic | *8* | 104.3p | 92.4p | 206.2p |
| - diluted | *8* | 103.5p | 91.3p | 203.4p |
| *- underlying basic* | *8* | *37.1p* | *34.5p* | *76.7p* |
| *- underlying diluted* | *8* | *36.8p* | *34.1p* | *75.6p* |

[1] The prior period restatement and re-presentation are detailed further in note 3.

**Consolidated Statement of Financial Position**

| | Note | Unaudited as at 30 June 2024 | Unaudited as at 30 June 2023 Restated[1] Re-presented[1] | Audited at 31 Dec 2023 Re-presented[1] |
|---|---|---|---|---|
| | | £'000 | £'000 | £'000 |
| **Non-current assets** | | | | |
| Goodwill | | 4,642 | - | 4,707 |
| Intangible assets | | 15,057 | 7,348 | 14,007 |
| Property, plant and equipment | | 8,092 | 5,724 | 8,800 |
| Right-of-use assets | | 19,399 | 10,869 | 20,894 |
| Derivative financial assets | | 18,998 | 28,596 | 14,369 |
| Deferred tax asset | *7* | - | 667 | - |
| **Total non-current assets** | | 66,188 | 53,204 | 62,777 |
| | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | *11* | 190,076 | 142,633 | 197,941 |
| Derivative financial assets | | 92,952 | 101,156 | 90,966 |
| Trade and other receivables | *10* | 11,997 | 11,091 | 12,033 |
| Fixed collateral | *11* | 10,350 | 9,572 | 8,810 |
| Current tax asset | | 38 | - | 73 |
| **Total current assets** | | 305,413 | 264,452 | 309,823 |
| **Total assets** | | **371,601** | **317,656** | **372,600** |
| | | | | |
| **Equity** | | | | |
| Share capital | *13* | 87 | 87 | 87 |
| Share premium account | | 52,566 | 52,566 | 52,566 |
| Treasury shares | *13* | (15,819) | - | - |
| Capital redemption reserve | | 4 | 4 | 4 |
| Merger reserve | | 667 | 667 | 667 |
| Redemption reserve | | (1,884) | - | (1,884) |
| Retained earnings | | 199,755 | 114,292 | 170,939 |
| Translation reserve | | (456) | 277 | 581 |
| **Equity attributable to equity holders of the parent** | | 234,920 | 167,893 | 222,960 |
| Non-controlling interests | | 335 | - | 531 |
| **Total equity** | | 235,255 | 167,893 | 223,491 |
| | | | | |
| **Current liabilities** | | | | |
| Derivative financial liabilities | | 41,111 | 40,598 | 34,288 |
| Other payables | *12* | 40,169 | 66,682 | 59,750 |
| Deferred income | | 8,300 | 6,982 | 7,072 |
| Lease liability | | 1,016 | 1,549 | 1,028 |
| Current tax liability | | 11,824 | 8,609 | 11,293 |
| **Total current liabilities** | | 102,420 | 124,420 | 113,431 |
| | | | | |
| **Non-current liabilities** | | | | |
| Derivative financial liabilities | | 6,978 | 14,255 | 5,922 |
| Other payables | *12* | 662 | 244 | 875 |
| Redemption liability | | 1,858 | - | 1,884 |
| Deferred tax liability | *7* | 3,700 | - | 5,305 |
| Lease liability | | 20,728 | 10,844 | 21,692 |
| **Total non-current liabilities** | | 33,926 | 25,343 | 35,678 |
| **Total liabilities** | | 136,346 | 149,763 | 149,109 |
| **Total equity and liabilities** | | **371,601** | **317,656** | **372,600** |

[1] The prior period restatement and re-presentation are detailed further in note 3.

| Consolidated Cash Flow Statement | Note | Unaudited six months to 30 June 2024 | Unaudited six months to 30 June 2023 Restated[1] Re-presented[1] | Audited year ended 31 Dec 2023 Re-presented[1] |
|---|---|---|---|---|
| | | £'000 | £'000 | £'000 |
| **Cash flows from operating activities** | | | | |
| Profit before taxation | | 60,822 | 51,379 | 115,934 |
| Net treasury income – client funds | | (41,781) | (33,338) | (73,676) |
| Net treasury income – own funds | | (664) | (922) | (1,843) |
| Finance income | | (2,992) | (1,736) | (4,616) |
| Finance expense | | 609 | 313 | 834 |
| Amortisation of intangible assets | | 3,163 | 1,254 | 3,111 |
| Intangible assets written off | | - | - | 26 |
| Depreciation of property, plant and equipment | | 923 | 542 | 1,325 |
| Depreciation of right-of-use assets | | 1,369 | 784 | 1,939 |
| (Gain)/Loss on disposal of property, plant and equipment | | (1) | 1 | 8 |
| Share-based payment expense | | 408 | 1,544 | (58) |
| Increase in other receivables | | (457) | (3,571) | (1,343) |
| Decrease in other payables and deferred income | | (18,829) | (8,532) | (15,550) |
| (Increase)/decrease in derivative financial assets | | (9,169) | (2,814) | 19,920 |
| Increase/(decrease) in derivative financial liabilities | | 3,077 | (6,889) | (9,232) |
| Increase in fixed collateral | | (1,540) | (4,846) | (4,084) |
| **Cash (outflows)/inflows from operating activities** | | (5,062) | (6,831) | 32,695 |
| Net treasury income received | | 42,938 | 30,980 | 73,975 |
| Tax paid | | (15,156) | (6,126) | (15,881) |
| **Net cash inflows from operating activities** | | 22,720 | 18,023 | 90,789 |
| **Cash flows from investing activities** | | | | |
| Acquisition of subsidiary, net of cash acquired | | - | - | (8,227) |
| Payments to acquire property, plant and equipment | | (215) | (3,017) | (6,927) |
| Payment to acquire right-of-use assets | | - | - | (235) |
| Proceeds from the sale of property, plant and equipment | | 1 | - | 5 |
| Expenditure on intangible assets | | (4,218) | (3,946) | (8,025) |
| Interest received | | 2,992 | 2,658 | 4,616 |
| **Net cash (outflows) from investing activities** | | (1,440) | (4,305) | (18,793) |
| **Cash flows from financing activities** | | | | |
| Issue of ordinary shares by Parent Company | | - | 490 | 491 |
| Issue of treasury shares by Parent company | | 304 | - | - |
| Purchase of treasury shares | | (19,843) | - | - |
| Acquisition of non-controlling interest | | (48) | - | - |
| Issue of share options | | 27 | - | - |
| Issue of shares to non-controlling interest in subsidiary undertakings | | - | 198 | - |
| Dividends paid to equity owners of the Parent Company | | (5,308) | (4,765) | (6,368) |
| Dividends paid to subsidiary shareholders | | (1,842) | (2,111) | (2,762) |
| Payment of lease liabilities- principal | | (838) | (428) | (779) |
| Payment of lease liabilities- interest | | (591) | (285) | (793) |
| **Net cash (outflows) from financing activities** | | (28,139) | (6,901) | (10,211) |
| **Increase in net cash and cash equivalents in the period** | | (6,859) | 6,817 | 61,785 |
| Net cash and cash equivalents at beginning of period | | 197,941 | 136,799 | 136,799 |
| Net exchange loss | | (1,006) | (983) | (643) |
| **Cash and cash equivalents at end of period** | *11* | 190,076 | 142,633 | 197,941 |

[1] The prior period restatement and re-presentation are detailed further in note 3.

## Consolidated Statement of Changes in Equity

| | Attributable to the owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital £'000 | Share premium account £'000 | Treasury shares £'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 2023 (as previously reported)** | **84** | **53,513** | **-** | **4** | **667** | **-** | **84,220** | **1,258** | **139,746** | **4,707** | **144,453** |
| Prior period restatement[1] | - | (1,438) | - | - | - | - | 4,587 | 2 | 3,151 | (4,707) | (1,556) |
| **Balance at 1 January 2023 (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** |
| Profit/(loss) for the year | - | - | - | - | - | - | 44,840 | - | 44,840 | (194) | 44,646 |
| Other comprehensive income/(expense) | - | - | - | - | - | - | (5,517) | (1,037) | (6,554) | - | (6,554) |
| *Transactions with owners* | | | | | | | | | | | |
| Acquisition of NCI | - | - | - | - | - | - | (46) | - | (46) | (2) | (48) |
| Acquisition of treasury shares | - | - | (19,843) | - | - | - | - | - | (19,843) | - | (19,843) |
| Treasury shares issued in relation to subsidiary earnout | - | - | 4,024 | - | - | - | (3,720) | - | 304 | - | 304 |
| Issue of share options in subsidiary undertakings | - | - | - | - | - | - | 1 | - | 1 | - | 1 |
| Share-based payments | - | - | - | - | - | - | 408 | - | 408 | - | 408 |
| Dividends paid | - | - | - | - | - | - | (7,150) | - | (7,150) | - | (7,150) |
| **Balance at 30 June 2024** | **87** | **52,566** | **(15,819)** | **4** | **667** | **(1,884)** | **199,755** | **(456)** | **234,920** | **335** | **235,255** |

[1] The prior period restatement is detailed further in note 3.

## Notes to the Consolidated Financial Statements

### 1. Corporate information

The Company, Alpha Group International plc, is a public limited company having listed its shares on the Main market of The London Stock Exchange, since 2 May 2024 (previously listed on AIM, since 7 April 2017). The Company is incorporated and domiciled in the UK (registered number 07262416). The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings.

### 2. Basis of preparation

The basis of preparation of this financial information is consistent with the basis that will be adopted for the full year accounts which will be prepared in accordance with UK international accounting standards using the measurement bases specified by UK IFRS for each asset, liability, revenue or expense.

The financial information is presented in Pounds Sterling ("£"), which is the Group's functional currency, and all values are rounded ("£'000") to the nearest thousand except where otherwise indicated.

Whilst the financial figures included in this half-yearly report have been computed in accordance with IFRS applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

This interim financial information has not been audited and the financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The year to 31 December 2023 has been extracted from the audited financial statements for that year.

The Group's financial statements for the year ended 31 December 2023 have been reported on by auditors, BDO LLP, and have been delivered to the Registrar of Companies. The auditors report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

### Accounting policies

*New accounting policies*
There are no new standards and interpretations which became mandatorily effective for the current reporting period which have had a material effect on the financial statements of the Group.

### 3. 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 paid by the employee and the fair market value of that option over the life of the scheme.

**3. Prior period adjustment (continued)**

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

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.

Separately, in the period to 30 June 2023, £922k of interest earned on client margin held by the Corporate division previously presented within finance income has been re-presented within Net treasury income – own funds (further details can be found in note 4).

In the period to 30 June 2023, derivative financial assets included £3,947k (year ended 31 December 2023: £4,237k) relating to invoices receivable which has been re-presented within trade and other receivables to provide greater transparency.

The effect of these adjustments is shown by restating each of the prior year affected financial statement line items as follows:

| | As previously reported 30 June 2023 £'000 | Restatement Cumulative to 30 June 2023 £'000 | Re-presentation 30 June 2023 £'000 | Restated and Re-presented 30 June 2023 £'000 |
|---|---|---|---|---|
| Total income | 88,797 | - | 922 | 89,719 |
| Operating expenses | (38,703) | (1,060) | - | (39,763) |
| Finance income | 2,658 | - | (922) | 1,736 |
| Profit attributable to non-controlling interest | 3,025 | (3,025) | - | - |
| Non-controlling interest | (4,979) | 4,979 | - | - |
| Retained earnings | (105,082) | (9,210) | - | (114,292) |
| Translation reserve | (275) | (2) | - | (277) |

| | | | | |
|---|---|---|---|---|
| Share premium account | (58,014) | 5,448 | - | (52,566) |
| Derivative financial assets (current) | 105,103 | - | (3,947) | 101,156 |
| Trade and other receivables | 8,291 | (1,147) | 3,947 | 11,091 |
| Other payables | (66,614) | (68) | - | (66,682) |

**3. Prior period adjustment (continued)**

| | Period ended 30 June 2023 £'000 |
|---|---|
| **Effect on the Statement of Comprehensive Income** | |
| Profit for the year (as previously reported) | 40,626 |
| Increase in share-based payment expense | (1,060) |
| **Profit for the year (restated)** | 39,566 |
| | |
| Attributable to Equity holders of the parent (as previously reported) | 37,601 |
| Decrease in non-controlling interest (as previously reported) | 3,025 |
| Increase in share-based payment expense | (1,060) |
| **Attributable to Equity holders of the parent (restated)** | 39,566 |

| | Period ended 30 June 2023 £'000 |
|---|---|
| **Effect on the Total comprehensive income** | |
| Other comprehensive income for the year (as previously reported) | 30,897 |
| Share based payment expense increase | (1,060) |
| **Total comprehensive income for the year (restated)** | 29,837 |
| | |
| Attributable to Equity holders of the parent (as previously reported) | 27,872 |
| Decrease in non-controlling interest (as previously reported) | 3,025 |
| Share based payment expense increase | (1,060) |
| **Attributable to Equity holders (restated)** | 29,837 |

| | Period ended 30 June 2023 |
|---|---|
| **Effect on earnings per share** | |
| Basic earnings per share (as previously reported) | 87.8p |
| Prior period adjustment | 4.6p |
| **Basic earnings per share for the year (restated)** | 92.4p |
| | |
| Diluted earnings per share (as previously reported) | 86.8p |
| Prior period adjustment | 4.5p |
| **Diluted earnings per share for the year (restated)** | 91.3p |
| | |
| Underlying Basic earnings per share (as previously reported) | 33.0p |
| Prior period adjustment | 1.5p |
| **Underlying Basic earnings per share for the year (restated)** | 34.5p |
| | |
| Underlying diluted earnings per share (as previously reported) | 32.6p |
| Prior period adjustment | 1.5p |
| **Underlying diluted earnings per share for the year (restated)** | 34.1p |

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.

**4. Segmental reporting**

During the period, the Group generated revenue from the sale of forward currency contracts, option contracts, foreign exchange spot transactions and 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 underlying 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.

Historically the Group has reported on its performance through the lens of its two core service offerings: FX risk management and alternative banking. However, as the Group has expanded into new markets and added more products, continuing to report through these segments has potentially made our business model more difficult to understand than it needs to be. This is a view that has been shared by a number of our investors, and therefore, after careful consideration, we have chosen to change the way we present the business to better reflect the current operating model.

These improvements will see us reporting through the lens of the two key markets we operate in: the corporate market and the alternative investment / institutional market. Importantly, this also aligns with how our business is now run operationally: our Corporate and Institutional divisions have separate organisational structures, leadership teams and offices.

Revenue in the table below 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 £5.2m (£3.2m H1 2023) and underlying profit before taxation in aggregate was £0.2m (loss £0.4m H1 2023). 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 is included within the Alpha Pay segment. Under IFRS 8 these segments do not meet the quantitative reporting thresholds.

| Six months ended June 2024 | Corporate London | Institutional | Corporate Toronto | Corporate Amsterdam | Alpha Pay | Cobase | Total |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Corporate*** | 22,672 | - | 1,841 | 5,270 | - | - | 29,783 |
| **Institutional**** | - | 15,916 | - | - | 17,363 | - | 33,279 |
| **Cobase** | - | - | - | - | - | 1,263 | 1,263 |
| **Total revenue** | 22,672 | 15,916 | 1,841 | 5,270 | 17,363 | 1,263 | 64,325 |
| **Underlying operating profit** | 8,923 | 6,913 | (86) | 2,707 | 2,894 | (1,424) | 19,927 |
| **Finance income** | 2,991 | - | 1 | - | - | - | 2,992 |
| **Finance costs** | (174) | (138) | (24) | (24) | (249) | - | (609) |
| **Underlying profit before taxation** | 11,740 | 6,775 | (109) | 2,683 | 2,645 | (1,424) | 22,310 |
| **Non-underlying items** | (2,880) | (6) | - | (335) | (48) | - | (3,269) |
| **NTI- client funds** | 1,972 | 20,015 | - | - | 19,794 | - | 41,781 |
| **Profit before taxation** | 10,832 | 26,784 | (109) | 2,348 | 22,391 | (1,424) | 60,822 |

| Six months ended June 2023 | Corporate London Restated[1] Represented[1] | Institutional | Corporate Toronto | Corporate Amsterdam | Alpha Pay | Cobase | Total Restated[1] Represented[1] |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Corporate*** | 19,811 | - | 2,346 | 4,403 | - | - | 26,560 |
| **Institutional**** | - | 14,726 | - | - | 14,173 | - | 28,899 |
| **Cobase** | - | - | - | - | - | - | - |
| **Total revenue** | 19,811 | 14,726 | 2,346 | 4,403 | 14,173 | - | 55,459 |
| **Underlying operating profit[1]** | 5,148 | 5,091 | 287 | 2,499 | 5,137 | - | 18,162 |
| **Finance income[1]** | 1,734 | - | (1) | 3 | - | - | 1,736 |
| **Finance costs** | (106) | (82) | (27) | (47) | (51) | - | (313) |
| **Underlying profit before taxation** | 6,776 | 5,009 | 259 | 2,455 | 5,086 | - | 19,585 |
| **Non-underlying items** | (1,534) | (10) | - | - | - | - | (1,544) |
| **NTI- client funds** | 3,335 | 15,022 | - | - | 14,981 | - | 33,338 |
| **Profit before taxation** | 8,577 | 20,021 | 259 | 2,455 | 20,067 | - | 51,379 |

| Year ended December 2023 | Corporate London | Institutional | Corporate Toronto | Corporate Amsterdam | Alpha Pay | Cobase | Total |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Corporate*** | 39,884 | - | 4,228 | 8,699 | - | - | 52,811 |
| **Institutional**** | - | 27,219 | - | - | 30,226 | - | 57,445 |
| **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 costs** | (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) |
| **NTI- 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 |

[1] The prior period restatement and re-presentation are detailed further in note 3.

*Corporate represents revenue derived from foreign exchange forward, spot, and option contracts provided to corporate clients, primarily for the purpose of hedging commercial foreign exchange exposures.
**Institutional represents revenues derived foreign exchange forward, spot and option contracts provided to institutional clients, primarily for the purpose of hedging commercial foreign exchange exposures. Additionally, from fees generated from the provision of cross border payments, collections and annual account fees to institutions, as well as advisory fees.

| **Revenue by product** | Period ended 30 June 2024 £'000 | Period ended 30 June 2023 £'000 | Year ended 31 December 2023 £'000 |
|---|---|---|---|
| Foreign exchange forward transactions | 29,915 | 24,689 | 51,966 |
| Foreign exchange spot transactions | 15,123 | 17,503 | 31,791 |
| Option contracts | 5,696 | 4,680 | 7,823 |
| Payments, accounts and advisory fees | 12,328 | 8,587 | 18,676 |
| Platform fees | 1,263 | - | 186 |
| **Total** | **64,325** | **55,459** | **110,442** |

**Net Treasury Income (NTI) – Client Funds**

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.

Interest income is a natural by-product of our accounts solution, and as such is an uncontrollable income stream for the Group, which would be at least partially 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', (formally 'Other operating income'), not operating revenue.

Material interest income was earned on Institutional balances in the period to 30 June 2024. The blended average client balances and interest rates to 30 June 2024 were:

Q1 24: £2.0bn and 4.0% respectively
Q2 24: £2.1bn and 3.9% respectively
FY 23: £1.9bn and 3.6% respectively

**Net Treasury Income (NTI) – Own Funds**

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

## 5. Operating profit

Operating profit is stated after charging/(crediting):

| | Six months ended 30 June 2024 £'000 | Six months ended 30 June 2023 Restated[1] £'000 | Year ended 31 Dec 2023 £'000 |
|---|---|---|---|
| Staff costs[1] | 23,991 | 21,021 | 37,665 |
| Depreciation of owned property, plant and equipment | 923 | 542 | 1,325 |
| Amortisation of internally generated intangible assets | 3,120 | 1,254 | 3,121 |
| Depreciation of right-of-use assets | 1,369 | 784 | 1,939 |
| Rental cost of short-term leases | 622 | 377 | 897 |
| Property, plant and equipment written off | (1) | 1 | 8 |
| Impairment of intangible assets | - | - | 26 |
| Bad debt expense | 487 | - | 135 |
| Bad debt expense fully provided for in previous years | - | - | 858 |
| Net foreign exchange losses | 90 | 669 | 372 |

The Group separately identifies results before non-underlying items in the Consolidated Statement of Comprehensive income (we refer to these results as 'underlying'). 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 admission to the premium market.

| **Non-underlying items** | Six months ended 30 June 2024 £'000 | Six months ended 30 June 2023 Restated[1] £'000 | Year ended 31 Dec 2023 £'000 |
|---|---|---|---|
| Acquisition costs in relation to business combinations | 99 | - | 487 |
| Other M&A related integration and transaction costs | - | - | 62 |
| Costs associated with the Company's move from AIM to Main market | 2,720 | - | 248 |
| Amortisation of purchased intangible assets | 43 | - | (10) |
| Share-based payments charge/(credit) | 408 | 1,544 | (58) |
| Total | 3,269 | 1,544 | 729 |

[1] The prior period restatement is detailed further in note 3.

**6. Finance income and expenses**

| | Six months ended 30 June 2024 £'000 | Six months ended 30 June 2023 Re-presented[1] £'000 | Year ended 31 Dec 2023 £'000 |
|---|---|---|---|
| **Finance income** | | | |
| Interest on bank deposits[1] | 2,927 | 1,669 | 4,491 |
| Other interest receivable | 65 | 67 | 125 |
| **Total** | 2,992 | 1,736 | 4,616 |
| | | | |
| **Finance costs** | | | |
| Finance expense on dilapidation provision | (17) | (28) | (41) |
| Finance expense on lease liabilities | (592) | (285) | (793) |
| **Total** | (609) | (313) | (834) |

[1] The prior period restatement and re-presentation are detailed further in note 3.

**7. Taxation**

**Tax charge**

| | Six months ended 30 June 2024 £'000 | Six months ended 30 June 2023 £'000 | Year ended 31 Dec 2023 £'000 |
|---|---|---|---|
| **Current tax:** | | | |
| UK Corporation tax on profit for period | 15,556 | 11,231 | 24,536 |
| Adjustments relating to prior years | 1 | - | (633) |
| Incremental Overseas Corporation tax on the profit for the period | 385 | (279) | 219 |
| **Total current tax** | 15,942 | 10,952 | 24,122 |
| | | | |
| **Deferred Tax** | | | |
| Origination and reversal of temporary differences | 234 | 861 | 3,020 |
| **Total deferred tax** | 234 | 861 | 3,020 |
| **Total tax expense** | 16,176 | 11,813 | 27,142 |

**Deferred Tax**

| | Six months ended 30 June 2024 £'000 | Six months ended 30 June 2023 £'000 | Year ended 31 Dec 2023 £'000 |
|---|---|---|---|
| **Deferred tax:** | | | |
| At 1 January | (5,305) | (1,387) | (1,387) |
| UK tax charge relating to current year from continuing operations | (297) | (861) | (1,960) |
| UK tax charge relating to acquired operations | 63 | - | (1,060) |
| Tax charge relating to acquired operations | - | - | (102) |
| Tax (credit) relating to foreign exchange rate movements | - | - | 2 |
| Tax charge on other comprehensive income | 1,839 | 2,915 | (798) |

| | | | |
|---|---|---|---|
| **Total deferred tax (liability)/asset** | (3,700) | 667 | (5,305) |

The Group's effective tax rate at 30 June 2024 was 26.6% (30 June 2023: 23%). The increase is predominately due to the increase in UK statutory rate, additionally, the Company no longer qualifies for the enhanced R&D tax relief for SME.

**8. 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 during the 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 Group additionally discloses an underlying earnings per share calculation that excludes the impact of any non-underlying items such as 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.

| | Six months ended 30 June 2024 | Six months ended 30 June 2023 Restated[1] | Year ended 31 Dec 2023 |
|---|---|---|---|
| Basic earnings per share | 104.3p | 92.4p | 206.2p |
| Diluted earnings per share | 103.5p | 91.3p | 203.4p |
| Underlying – basic | 37.1p | 34.5p | 76.7p |
| Underlying - diluted | 36.8p | 34.1p | 75.6p |

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

| | Six months ended 30 June 2024 No. | Six months ended 30 June 2023 No. | Year ended 31 Dec 2023 No. |
|---|---|---|---|
| Basic weighted average shares | 42,992,171 | 42,818,244 | 43,072,098 |
| Contingently issuable shares | 322,642 | 510,747 | 593,955 |
| Diluted weighted average shares | 43,314,813 | 43,328,991 | 43,666,053 |

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

| | Six months ended 30 June 2024 £'000 | Six months Ended 30 June 2023 Restated[1] £'000 | Year ended 31 Dec 2023 £'000 |
|---|---|---|---|
| Profit after tax for the period | 44,646 | 39,566 | 88,792 |
| Non-controlling interests | 194 | - | 33 |
| Earnings – basic and diluted | 44,840 | 39,566 | 88,825 |
| Non-underlying items | 3,269 | 1,544 | 729 |
| Net treasury income – client funds | (41,781) | (33,338) | (73,676) |
| Tax effect of above items | 9,628 | 6,995 | 17,143 |
| Earnings – underlying | 15,956 | 14,767 | 33,021 |

[1] The prior period restatement is detailed further in note 3.

**9. Dividends**

| | Six months ended 30 June 2024 £'000 | Six months ended 30 June 2023 £'000 | Year ended 31 Dec 2023 £'000 |
|---|---|---|---|
| Final plc dividend for the year ended 31 December 2022 of 11.0p per share | - | 4,765 | 4,765 |
| Interim plc dividend for the year ended 31 December 2023 of 3.7p per share | - | - | 1,603 |
| Final plc dividend for the year ended 31 December 2023 of 12.3p per share | 5,308 | - | - |
| | 5,308 | 4,765 | 6,368 |

All dividends paid are in respect of the ordinary shares of £0.002 each.

The Directors propose an interim dividend in respect of the year ended 31 December 2024 of 4.2p per share amounting to £1,786,891 payable on 11 October 2024 to shareholders on the register at 13 September 2024.

**10. Trade and other receivables**

| | 30 June 2024 | 30 June 2023 Restated[1] Re-presented[1] | 31 Dec 2023 Re-presented[1] |
|---|---|---|---|
| **Current:** | £'000 | £'000 | £'000 |
| Trade receivables | 4,847 | 3,947 | 4,237 |
| Other receivables | 4,642 | 5,109 | 4,538 |
| Prepayments | 2,508 | 2,035 | 3,258 |
| | 11,997 | 11,091 | 12,033 |

[1] The prior period restatement and re-presentation are detailed further in note 3.

## 11. 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 with derivative financial assets 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.

| | 30 June 2024<br>£'000 | 30 June 2023<br>£'000 | 31 Dec 2023<br>£'000 |
|---|---|---|---|
| Cash and cash equivalents | 190,076 | 142,633 | 197,941 |
| Variation margin called by counterparties | 5,711 | 49,524 | 11,125 |
| Fixed collateral | 10,350 | 9,572 | 8,810 |
| **Total cash** | 206,137 | 201,729 | 217,876 |

## 12. Other payables

Other payables consist of margin received from clients and client held funds. The carrying value of trade and other payables classified as financial liabilities measured at amortised cost, approximates fair value.

| | 30 June 2024 | 30 June 2023<br>Restated[1] | 31 Dec 2023 |
|---|---|---|---|
| **Current:** | £'000 | £'000 | £'000 |
| Other payables | 31,200 | 58,763 | 51,243 |
| Other taxation and social security | 1,469 | 1,184 | 1,455 |
| Accruals | 7,500 | 6,735 | 7,052 |
| | 40,169 | 66,682 | 59,750 |
| **Non-current:** | | | |
| Provision | 662 | 244 | 875 |
| **Total other payables** | 40,831 | 66,926 | 60,625 |

The decrease in other payables is driven by a decrease in margin held on behalf of clients.

[1] The prior period restatement is detailed further in note 3.

## 13. Share capital

The following movements of share capital occurred in the 6 months to 30 June 2024:

| | Ordinary shares<br>No. | Share capital<br>£'000 | Treasury shares<br>£'000 |
|---|---|---|---|
| As at 1 January 2024 - shares of £0.002 each | 43,321,813 | 87 | - |
| Acquisition of treasury shares | (1,011,428) | - | (19,843) |
| Treasury shares issued on vesting of share option scheme | 234,627 | - | 4,024 |
| As at 30 June 2024 | 42,545,012 | 87 | (15,819) |