Annual Report and Audited Financial Statements for the year ended 31 December 2021

for

Alpha FX Limited

Company no. 05108142

Contents of the Financial Statements

For the year ended 31 December 2021

Company Information
For the year ended 31 December 2021

DIRECTORS:	T C Kidd M J Tillbrook T Butters (appointed 1 February 2021)
SECRETARY:	S J Kang
REGISTERED OFFICE:	Brunel Building 2 Canalside Walk, London, W2 1DG
REGISTERED NUMBER:	05108142 (England and Wales)
AUDITORS:	BDO LLP 55 Baker Street, Marylebone, London, W1U 7EU

Strategic report

For the year ended 31 December 2021

INTRODUCTION

The Directors present their report with the financial statements of the Company for the year ended 31 December 2021.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Alpha FX Limited is a leading foreign exchange specialist helping businesses and institutions to manage their currency exposures more effectively and efficiently. Alpha provides strategies, analysis, and technology to help clients manage their currency exposures more effectively, whilst saving them time and resource. We pair these solutions with a variety of transactional services, ranging from hedging products to international payments, providing a comprehensive solution for our clients' foreign exchange needs.

Alpha Pay, formerly Alpha Platform Solutions, is a division of Alpha FX Limited which services clients who have the requirement to send, hold or receive money from overseas, in the form of international payments, collections and currency accounts.

2021 was a very successful year for Alpha. Revenue growth was particularly strong, this performance was spearheaded by significant growth in Alpha Pay. When planning for the possibility of a no-deal Brexit and in response to the limited scope covering financial services within the Free Trade Agreement, a number of European clients were transferred in the year from Alpha FX Limited in the UK to Alpha FX Europe Limited, a wholly owned subsidiary of Alpha FX Limited based in Malta. This enabled the Group to continue to service all clients without disruption both now and in the future. See note 9 for further details

Looking forward, we see major opportunities across the business. We continue to take market share in UK FX Risk Management and are well on the way to replicating that UK success in overseas markets. We have also made an excellent start to Front Office hiring in Q1 22, as the disruption from COVID-19 subsides and our maturing internal recruitment team finds its stride. We will continue to focus on understanding our clients' needs and concentrating on those areas and markets where we know we can differentiate and therefore grow sustainably. Whilst we remain mindful of Russia's invasion of Ukraine, we look forward to 2022 with confidence.

CLIENT SETTLEMENT AGREEMENT

In 2020, the Company entered into a settlement agreement with a Norwegian client in respect of their obligations for unpaid margin. An impairment provision of £611,992 was calculated using a lifetime expected credit loss (ECL) model by looking at the time value of money, forward looking information and historical rates.

All weekly repayments continue to be received on time which is testament to the client's strong financial standing and the robustness of our credit underwriting. The impairment provision outstanding at 31 December 2021 of £27k will reverse in full as repayments are received.

Strategic report (Continued)

For the year ended 31 December 2021

Additionally, a net provision of £0.5m was reversed in the year relating to the difference between the nominal value of future payments from the Norwegian client and their net present value (see note 5). This balance of £0.1m will reverse in full in finance income as repayments are received.

Since the year end, trading with the Norwegian client has recommenced, as a result, the outstanding payments due from the client as at 1 April 2022 of £2,926,919 have been extended out, until December 2022. See note 25, events after the reporting period for more information.

KEY PERFORMANCE INDICATIORS

The key KPI's of the Company in the year ended 31 December 2021 were:

Revenue	£52.6m (+33%)
Total operating profit	£31.5m (+53%)
Number of clients*	618 (+3%)

*The number of clients excludes training accounts which are defined as client accounts that have been onboarded by new employees which have generated less than £10,000 in total revenue.

ENGAGING WITH OUR STAKEHOLDERS (s172)

Understanding what matters to our stakeholders is critical to our long-term success and always has been. We are committed to considering our stakeholders' interests in all our decisions and advice.

<table>
<tr><td colspan="2">Our team
Our people are the lifeblood of our business. Their skills, values and commitment are what enable us to provide a leading level of service to our clients and grow our business.</td></tr>
<tr><td>How did we engage with them?</td><td>Our decentralisation into FX Risk Management and Alternative Banking Solutions has served to create two highly focused teams who are closely aligned and involved in delivering on their division's strategic priorities and goals.

At a divisional level, engagement includes:

- Bi-weekly strategy meetings between all department Heads to share team progress and feedback.
- Quarterly strategy presentations, followed by audience Q&A and anonymous feedback surveys.
- Regular team-building exercises, including company-wide trips.
- 1-2-1 meetings with line managers.
- 360 feedback surveys on senior management.
- Celebrating wins and recognising outstanding performances on a quarterly basis.

At a Company level, engagement includes all of the above as well as:

- CEO and CFO host bi-annual roadshows and town halls, broken down into small groups to update every employee on the Company's performance and provide the chance for Q&A and feedback.
- Regular communications via video, Zoom and email with the CEO.
- Employee reviews on Glassdoor.
- Annual award ceremonies.

We also encourage employees to regularly provide candid feedback to one another, regardless of seniority or tenure through our 'speak up' culture.</td></tr>
<tr><td>What were the key topics?</td><td>• Operational and financial performance.
• Company and division's vision, mission, and strategy.
• Company values and purpose.
• Key challenges ahead of us.
• Resource planning.
• Career opportunities, progression and personal development.
• Work-life balance in the context of our 'work-hard, live well' philosophy.
• Impact of COVID-19.
• Anti-Money Laundering & Cyber Security responsibilities.</td></tr>
</table>

ENGAGING WITH OUR STAKEHOLDERS (s172) (continued)

<table>
<tr><td>Outcomes</td><td>• Company performance and future strategy shared across the entire company.
• FX Risk Management and Alternative Banking Solutions divisions shared their strategy and performance on a quarterly basis with their respective teams.
• OKR strategic framework shared and implemented throughout the entire business.
Increased headcount in areas where teams were reporting they need resource.</td></tr>
<tr><td colspan="2">Our shareholders
We value the views of our shareholders and their ability to provide capital to support our growth when we need it.</td></tr>
<tr><td>How did we engage with them?</td><td>Our CEO and CFO held meetings with potential and existing shareholders to discuss the Company's performance. The Company has also conducted site visits and virtual meetings with investors on an ad-hoc basis throughout the year.</td></tr>
<tr><td>What were the key topics?</td><td>• Operational and financial performance.
• Strategic priorities and long-term direction.
• Business model and market opportunities.
• The Alpha culture.
• Update on the repayment progress of our Norwegian client.
• Succession planning and long-term retention of employees.
• Dividend strategy.
• Impact of COVID-19.</td></tr>
<tr><td>Outcomes</td><td>• Anonymised shareholder feedback received via our brokers following announcements.
• More detailed trading updates provided to give investors greater insight.
• Investor relations updates provided to the Board which include feedback from investors and suggestions for improving communications.
• Enhancements made to the 2021 Annual Report, following investor feedback.
• Enhanced management information.</td></tr>
<tr><td colspan="2">Our clients
It is our clients that enable us to grow our business in the way we do. Understanding their needs and offering tailored solutions to support them is essential if we want to remain an organisation focused on providing high-quality solutions to high-quality businesses.</td></tr>
<tr><td>How did we engage with them?</td><td>We gain ongoing feedback from clients through a number of means, including: telephone conversations, face-to-face meetings, independent research, and attendance and hosting of industry-related events. Members of the senior management team, including the CEO and CFO, also meet with key clients throughout the year and use this opportunity to obtain feedback on the service.

Online, clients can provide feedback on specific features of our platform via a feedback form and independent feedback is also monitored and reviewed via third-party providers.</td></tr>
</table>

ENGAGING WITH OUR STAKEHOLDERS (s172) (continued)

<table>
<tr><td>What were the key topics?</td><td>The key problems and challenges our clients face that we may be able to support them on.
Why clients choose to work with us, what they like about our service and what they don't.
Feedback on new products and features.</td></tr>
<tr><td>Outcomes</td><td>Implemented 'Instant Insight' surveys to invite feedback from new clients on their experience with Alpha.
Increasing independent third-party research in 2021 to continue deepening our understanding of clients.
Client feedback implemented into our product development roadmap.</td></tr>
<tr><td colspan="2">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.</td></tr>
<tr><td>How did we engage with them?</td><td>We regularly keep our partners informed of our business performance through public announcements, face-to-face meetings and telephone contact. New partners are also invited to visit us at our offices to get a better feel for our culture and way of working, and we in turn also take the time to visit key suppliers.</td></tr>
<tr><td>What were the key topics?</td><td>The business's financial and operational performance.
Strategic direction.
Key challenges we face.
Business referrals and promotional support.
Innovation and knowledge sharing.
Audit and risk committee information.
Risk, governance, compliance and AML.</td></tr>
<tr><td>Outcomes</td><td>We continue to partner with a number of high-quality organisations that understand our business and the part they play in our long-term ambitions; this enables us to remain agile as we scale whilst providing our employees and clients with leading tools and solutions.

By maintaining high levels of transparency with our key counterparties in areas of risk, compliance and strategy, we also ensure they are fully onboard with the direction we are taking the business at every stage of our development.</td></tr>
<tr><td colspan="2">Our communities and the environment
We value the opportunity to support organisations and causes that are important to our stakeholders and us.</td></tr>
<tr><td>How did we engage with them?</td><td>As our business has grown, we have taken steps to look beyond our own community in order to support others. In 2021, we partnered with two incredible charities: Nerve Tumours UK and Power of Parenting.

New environmental initiatives are discussed annually.</td></tr>
<tr><td>What were the key topics?</td><td>How we could support the charities, both financially and in terms of raising awareness.
How we could do more for the environment.</td></tr>
<tr><td>Outcomes</td><td>In January 2022, we became a certified Carbon Neutral company.
We raised money and awareness for our chosen charities.</td></tr>
</table>

SUSTAINABILITY

Streamlined Energy and Carbon Reporting (SECR)

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

Our SECR covers the energy consumption and Greenhouse Gas (GHG) emissions for the year ended 31 December 2021. The table below 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 tCO_2e.

	Unit	YE Dec 2021	YE Dec 2020
Total energy use covering electricity gas, other fuels, and transport	kWh	217,233	194,936
Total emissions generated through combustion of gas	tCO_2e	0	0
Total emissions generated through use of purchased electricity	tCO_2e	44	41
Total emissions generated through use of other fuels	tCO_2e	0	0
Total emissions generated through use of business travel	tCO_2e	5	4
Total emissions generated through use of water and waste	tCO_2e	0.4	0.3
Total gross emissions	tCO_2e	49	45
Intensity ratio (total gross emissions per headcount)	$kgCO_2e$ per average employee	312	372

We have selected an intensity metric based on the energy consumption per employee of Alpha FX Limited, this is 312kg CO_2e / employee. The key driver for the reduction in the intensity ratio between 2020 and 2021 is due to the increase in the number of employees within the London head office. The office was not at full capacity in 2020 but was by the end of 2021. Over this time the emissions generated from the office space did not materially change. We will use this ratio to monitor our energy efficiency performance over time.

The Company's operations are largely limited to its offices and have an inherently low environmental impact. Nevertheless, the Company does believe in further minimising its impact where possible. Our London-based Head Office 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.

SUSTAINABILITY (Continued)

We have a mostly paperless marketing model, and our people endeavour 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, and introducing the Cycle to Work scheme to encourage environmental travel. We also carefully consider suppliers and their values before onboarding them.

SECR METHODOLOGY:

The figures quoted within this report include electricity invoices and expense reimbursement claims for business travel. Conversion factors used are taken from the 'Government conversion factors for company reporting of greenhouse gas emissions' to calculate emissions.

PRINCIPAL RISKS AND UNCERTAINTIES

The key strategic risks and uncertainties that the Directors consider could impact the business are set out below.

RISK	RISK MITIGATION	CHANGE YoY	RATIONALE FOR CHANGE
CYBER AND DATA SECURITY Security is a vital part of Alpha's fabric and is integral to ensuring the sensitive data we process on behalf of our clients maintains confidentiality, integrity and availability. The Company faces the risk of its operating systems failing, as well as the failure to safeguard the business-critical data and systems against information security risks. As a result, the Company may become unable to carry out its business activities resulting in a financial and reputational loss, as well as the potential for regulatory sanctions.	- We have hired a Head of Cyber security with over 20 years' experience to oversee and enhance our protections. - We have undertaken a purple team exercise and review of our security controls, supported by a leading security consultancy. - Continual platform testing through the Hacker One bug bounty program. - A combination of measures including: security by design, next-gen network appliances, segregated network architecture, physical security, and a comprehensive Security Awareness & Training program, ensures our clients' data is protected. - Our core infrastructure leverages cloud-based security services and we take a multi-layered defence-in-depth approach to security. - The Information Security Working Group ensures key risks are identified and remediated to within appetite. - Training/awareness in response to the sophistication of phishing campaigns has been stepped up. - We have a comprehensive Cyber insurance policy in place.	⇧	- Whilst our control environment continues to strengthen, cyber risk and attacks are increasing globally. As Alpha's footprint grows so will our exposure to cyber threats.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

REGULATORY RISK The Company faces the risk of failing to adhere to its regulatory and legal requirements. Failure could see the Company exposed to significant regulatory penalties and reputational damage. Additionally, any new regulation or changes to existing regulation may require the Company to increase its spending on regulatory compliance and/or change business practices.	- The Company maintains robust policies and procedures, systems and controls, and monitoring and assurance programs to ensure continued compliance with its regulatory obligations. - Alpha has strong relationships with best-in-class financial crime consultancies who 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. - The Company has integrated with several RegTech providers to ensure we have the best and most innovative tools at our disposal. - The compliance team continued to appropriately increase its headcount in 2021 to accommodate regulatory and business needs. - The Company has allocated dedicated technology resource to support and continuously improve infrastructure to ensure adequate levels of transaction, account and risk monitoring. - Our Maltese E-money and investment licenses ensure we can continue to offer a high level of service to our European client base.	⇧	- As we continue our geographical expansion the regulatory risk grows. However, we have a scalable regulatory framework and work with industry bodies and local advisers to ensure we adhere to regulation. - The new prudential regulation (IFPR) has added to regulatory change risk for 2022.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

OPERATIONAL RISK The Company is subject to the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. This can include the incorrect inputting or execution of a trade or settlement, as well as internal fraud.	- A firmwide risk and control self-assessment is conducted on each department at least twice a year to identify all operational risks at an inherent and residual level. - Alpha has a clear control framework in place and key controls are regularly tested for effectiveness. - The Company maintains a strict division between Front and Back Office functions to ensure Back Office remains independent and attentive to any errors that Front Office may have caused. - Internal fraud is minimised through: investment in compliance resources and functions, pre-employment screening of all employees, maintaining strict delegated authority limits, segregation of duties, and regular monitoring and oversight across different management functions. The Company also has comprehensive insurance policies to partially indemnify against the risk of fraud from an internal member of staff. - The Company continues to invest and focus on retaining a scalable operating model, with a particular ongoing focus on automation and straight-through processing to reduce operational risk further.	⇩	- The decentralisation project has meant that systems have been separated and rebuilt with new controls embedded. - Continual enhancement of the control environment through control identification and testing.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

STRATEGIC RISK Risk is inherent in any strategy. To ensure we execute we need to understand and actively manage our strategic risks.	- The Company holds strong, transparent relationships with multiple banking partners and remains aligned on risk appetite. - A people resiliency/succession plan is in place. - The Company has a comprehensive key person insurance policy in place. - All key management have entered contracts that provide appropriate notice periods for the Company's protection - Our value proposition relies on intelligent human interaction, not just great processes, and technology, which significantly reduces the risk of margin compression and copycat competitors. - The Company focuses on ensuring reputational risks are identified and remedied, where possible. - Regular and open dialogue between Execs and Non-Execs at the Plc Board level on execution risk and Company strategy occurs before moving into new markets. Alpha's Board has extensive experience in entering new markets and scaling businesses, which it applies when considering new opportunities. - The Company has a strong track record of expanding successfully into new geographical markets and draws upon its experience and lessons learned when considering new opportunities.	⇨	N/A

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

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. Alpha is 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 at the time of cancellation.	- A dedicated credit team with significant experience reviews all credit lines before they are given and conduct ongoing reviews. - Alpha assesses clients' creditworthiness and establishes credit limits when extending hedging facilities, which are reviewed by senior management according to thresholds set out in a delegated authority matrix. - A credit policy is in place to mitigate any potential losses arising from a client failing to settle; Alpha maintains limits which when exceeded, enable it to request a deposit (known as margin call) from clients, minimising its credit exposure. - Alpha conducts ongoing stress testing of its credit book to simulate stressed market conditions using the newly implemented analytics system. - Second-line oversight of credit exposures and policy adherence by the Risk team. - Headcount in the credit team has increased with support now also located in Canada. - Risk and escalation thresholds in place for large exposures. - Top client concentrations are monitored and disclosed on our website.	⇧	- The world is still coming out of the global pandemic. - We are moving out of a supported low interest rate environment. - There is growing geopolitical risk globally.

Alpha FX Limited

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

DISPUTE RISK Whilst a client may not default on a contract, they may dispute its validity. As our global footprint expands into new jurisdictions, we are aware this risk may increase.	- All trades have evidence attached through the system. - All derivative trades are 'belt and braced' by the compliance team. - All large credit lines are 'belt and braced' by the credit team, ensuring credit agreements are signed correctly, and credit terms have been correctly communicated with the client. - The risk team control tests the above processes to ensure they are operating effectively. - Compliance Monitoring Analyst samples a percentage of all trades to ensure all documents are correct and present and evidence is attached to trades.		N/A
TECHNOLOGY RISK Technology now underpins most businesses. A failure in our technology would disrupt our own business and our clients.	- A rebuild of our tech platform has removed technical debt. - Stringent release and change management processes in place. - In the event of an outage, BCP (Business Continuity Plan) runbooks containing detailed continuity measures have been developed. - Dedicated Technical Operations team in place who manage our estate. - Policies and technical standards are in place. - Our critical platforms are hosted in the cloud with resiliency built-in.		- Rebuild of tech platform ensuring stability and scalability.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

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 were unable or restricted to meet its trading capital requirements this could result in its banking counterparties closing out positions or even terminating the financing facilities currently provided.	- Alpha's terms of business enable us to collect margin from clients in response to adverse market moves (margin calls). - Alpha benefits from netting; Alpha is called to place margin from its banking counterparties on a netted currency pair basis whereas it can call its clients for margin on a gross basis. - Key risk indicators act as an early warning system to alert the Alpha FX Ltd board and the Alpha FX plc board to conditions that could potentially lead to a period of stretched liquidity. - Cash conversion has been improved by a higher proportion of the Company's revenue being derived from products that are immediately convertible to cash. - The Senior Management team reviews forecasts and actual cash flows regularly to determine whether the Company 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 shortfall. - We run value at risk (VaR) and have moved from using the conditional value at risk (CVaR) to using the worst loss figure as our key liquidity metric.	⇩	- Our cash position has further increased, driven by an improved cash conversion and profitable trading. - Further modelling enhancements.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

	- We conduct client and overall book stress testing with circuit breakers in place. Any client whose overall exposure post 10% stress test is larger than 15% of Alpha's liquid cash position, is escalated to the Alpha FX Ltd Board for approval. Any client with a margin call exceeding 5% of Alpha's liquid cash is closed out if they do not pay margin call within their terms unless Director approval is given by a member of the Alpha FX Ltd board. - Daily insight into liquid (operational) cash with the ability to forecast bank and client margin calls. - Top client concentrations are closely monitored and are disclosed on our website.		
FINANCIAL REPORTING RISK The Company may face the risk of reputational damage and financial loss resulting from a material misstatement in the Company's financial reporting.	- Ongoing internal reviews and reconciliation carried out by qualified and experienced staff members and the oversight of the Audit Committee. - Independent audit of financial statements. - The risk team tests the effectiveness of key controls in the Finance department.	⇨	N/A

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

REPUTATIONAL RISK Alpha is highly regarded in its industry. Maintaining this reputation is important to retaining our existing clients, expanding our client base, and preserving our strong relationships with our banking partners. There is a risk that an unforeseen event may adversely affect Alpha's reputation, impacting future profitability.	- Alpha's strategic risk register identifies reputational risks and the mechanisms we have in place to control them. - Ownership of Strategic risk is assigned to individual Board members of Alpha FX Limited. - Strong composition of plc Board members. - Good marketing and communication strategy. - Strong cultural values and risk culture. - High-quality and open public reporting. - We maintain an open and proactive dialogue with our banks and the regulators to provide high levels of transparency and comfort. - We have a contract with ZeroFox who provide an impersonation website flagging and takedown service.	⇨	N/A

ON BEHALF OF THE BOARD:

M J Tillbrook – Director
25 April 2022

Directors' Report
for the year ended 31 December 2021.

DIRECTORS
The Directors shown below have held office during the year and up to the date of approval of the financial statements:

T Butters (appointed 1 February 2021)
T C Kidd
M J Tillbrook

RESULTS AND DIVIDENDS
The Company shows its results for the year in the statement of comprehensive income on page 26. Details of the dividends paid in the year are included in note 10.

PRINCIPAL RISKS AND UNCERTAINTIES
Details of the principal risks and uncertainties can be found in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the Strategic report of the Directors 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 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 Company and of the profit or loss of the Company for that year.

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 applicable accounting standards have been followed, 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 inappropriate 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 financial position of the Company and enable them to ensure that the financial statements comply with 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.

GOING CONCERN
The Directors believe the Company is in a strong financial position due to its profitable operations and strong cash generation, and therefore that the Company 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

EMPLOYEES
Employees are informed of the performance of the Company and of any factors affecting their employment. Financial statements are made available to all staff and they are encouraged to assist the Company's onward development.

EMPLOYMENT OF DISABLED PERSONS
The Company is committed to a policy of recruitment and promotion of staff based on aptitude and ability without discrimination of any kind. The Company's procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons.

CHARITABLE DONATIONS
During the year, the Company donated £2,000 to a number of charitable organisations.

POLITICAL DONATIONS
The Company has not made any political donations in the past and does not intend to make any in the future.

SHARE CAPITAL STRUCTURE
Details of changes in the Company's share capital are disclosed in note 20 to the financial statements.

SHARE OPTION SCHEMES
Details of the employee share schemes are set out in note 23 to the financial statements.

PURCHASE OF OWN SHARES
There was no purchase of own shares in the period.

EVENTS AFTER THE REPORTING PERIOD
Details of the events after the reporting period are shown in note 25 to the financial statements.

AUDITORS
BDO LLP were appointment 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.

ON BEHALF OF THE BOARD:
M J Tillbrook - Director
25 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA FX LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Alpha FX Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 are independent of the 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, 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.

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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Directors' 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

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 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.

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, or returns adequate for our audit have not been received from branches not visited by us; or

- the 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 Statement of Directors' Responsibilities, 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 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 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 performed risk assessment procedures to identify the risk of material misstatement due to irregularities including fraud (fraud risks) and identified events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. We considered the following:

- We made enquiries regarding known or suspected fraud from management and the Board of Directors including obtaining an understanding of management's risk management procedures and internal controls in place to detect any irregularities including fraud and error.

- We noted that the front office sales staff work on a commission basis. As a result there is the possibility that sales staff place fraudulent trades in order to achieve commission targets. This was addressed through our journal entry testing and under the existence and accuracy tests for revenue.

- The Company operates growth share schemes which are aimed at aligning management staff interest to those of the Company. These growth share schemes include a revenue performance target which may further incentivise staff to manipulate Company results. This was addressed through our journal entry testing procedures and procedures performed on the fair value of growth shares.

- We discussed within the audit team the potential fraud risks on the following significant estimates as sources of irregularity or fraud risk through fraudulent financial reporting: Judgemental areas on IFRS 2 growth shares valuation, Judgemental qualitative aspects to ECL on IFRS 9 on initial recognition and impairment, Credit Valuation Adjustments (CVA), adjustment profit revenue element with a focus on long dated forward contracts and management override risk. In addition, existence and accuracy of revenue was determined to be a key areas of potential fraud risk.

- On revenue, we also tested the operating effectiveness of the relevant internal controls. We assessed significant accounting estimates for bias. These procedures also included identifying journal entries to test based on risk criteria and tracing the identified entries to supporting documentation.

- Non-compliance with laws and regulations was identified as a risk in relation to compliance with FCA regulations and compliance with the Companies Act 2006 requirements among others. We also performed procedures to address these laws and regulations risks as part of our audit work. We made enquiries of management in respect of compliance with laws and regulations and obtained a management representation letter confirming that management have provided us with all information necessary for us to evaluate whether there was any material noncompliance to laws and regulations, or known or suspected irregularities, including fraud in all jurisdictions where the Company has business operations. We reviewed minutes of management meetings, Board minutes and correspondence with regulators to identify any non-compliance with laws and regulations. We have reviewed outstanding litigation cases and confirmed that the related disclosures in the financial statements are reasonable.

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:
https://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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Justin Chait
64C55CDCDD774EE...

Justin Chait (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
25 April 2022

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

Statement of comprehensive income
For the year ended 31 December 2021

	Note	Continuing operations Year ended 31 December 2021	Discontinued operations Year ended 31 December 2021	**Total operations Year ended 31 December 2021**	Continuing operations Year ended 31 December 2020	Discontinued operations Year ended 31 December 2020	**Total operations Year ended 31 December 2020**
		£	£	**£**	£	£	**£**
Revenue	*4*	48,033,585	4,524,333	**52,557,918**	27,207,313	7,831,586	**35,038,899**
Other operating income	*5*	3,619,620	4,695,234	**8,314,854**	2,065,018	-	**2,065,018**
Operating expenses	*5*	(26,443,530)	(2,971,663)	**(29,415,193)**	(16,623,424)	(5,764,833)	**(22,388,257)**
Operating profit		25,209,675	6,247,904	**31,457,579**	12,648,907	2,066,753	**14,715,660**
Finance income	*6*	536,131	-	**536,131**	746,927	-	**746,927**
Finance costs	*6*	(624,086)	-	**(624,086)**	(318,293)	-	**(318,293)**
Profit before taxation		25,121,720	6,247,904	**31,369,624**	13,077,541	2,066,753	**15,144,294**
Taxation	*8*	(4,195,878)	(1,187,102)	**(5,382,980)**	(2,117,268)	(392,683)	**(2,509,951)**
Profit and total comprehensive income for the year		20,925,842	5,060,802	**25,986,644**	10,960,273	1,674,070	**12,634,343**

The notes on pages 29 to 68 form part of these financial statements.

Statement of financial position

Company Number: 05108142

As at 31 December 2021

	Note	As at 31 December 2021 £	As at 31 December 2020 £
Non-current assets			
Intangible assets	*11*	2,995,255	2,073,725
Property, plant and equipment	*12*	2,095,534	2,210,661
Investments	*14*	3,405,420	660,962
Right-of-use asset	*13*	6,136,281	6,943,353
Trade and other receivables	*18*	13,130,934	5,832,246
Total non-current assets		**27,763,424**	**17,720,947**
Current assets			
Trade and other receivables	*18*	60,989,987	70,950,698
Cash and cash equivalents	*19*	102,804,913	82,971,922
Other cash balances	*19*	3,505,951	4,025,094
Total current assets		167,300,851	157,947,714
Total assets		**195,064,275**	**175,668,661**
Equity			
Share capital	*20*	50,021,710	21,707
Share premium account	*20*	3,006,592	1,885,872
Capital redemption reserve	*20*	136,845	62,068
Capital contribution reserve	*20*	1,581,310	1,388,574
Retained earnings	*20*	45,779,267	30,926,151
Total equity		100,525,724	34,284,372
Current liabilities			
Trade and other payables	*21*	79,347,815	132,728,134
Lease liability	*13*	449,958	292,768
Current tax liability		824,983	548,970
Total current liabilities		**80,622,756**	**133,569,872**
Non-current liabilities			
Trade and other payables	*21*	5,943,784	-
Deferred tax liability	*8*	1,059,949	624,452
Lease liability	*13*	6,912,062	7,189,965
Total non-current liabilities		**13,915,795**	**7,814,417**
Total equity and liabilities		**195,064,275**	**175,668,661**

The financial statements of Alpha FX Limited were approved by the Board of Directors on 25 April 2022 and signed on its behalf by:

M J Tillbrook
Director

T C Kidd
Director

The notes on pages 29 to 68 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2021

	Share capital £	Share Premium account £	Capital redemption reserve £	Capital contribution reserve £	Retained earnings £	Total £
Balance at 1 January 2020	**20,849**	**855,915**	**-**	**1,030,247**	**19,278,876**	**21,185,887**
Profit and total comprehensive income for the financial year	-	-	-	-	12,634,343	12,634,343
Transactions with owners						
Issue of D1 ordinary shares	35	97,966	-	-	-	98,001
Issue of D2 ordinary shares	45	58,905	-	-	-	58,950
Issue of E ordinary shares	882	935,080	-	-	-	935,962
Cancellation of C ordinary shares	(14)	(11,354)	11,368	-	(11,368)	(11,368)
Cancellation of D ordinary shares	(30)	-	-	-	-	(30)
Cancellation of D2 ordinary shares	(60)	(50,640)	50,700	-	(50,700)	(50,700)
Dividends paid	-	-	-	-	(925,000)	(925,000)
Share-based payments	-	-	-	358,327	-	358,327
Balance at 31 December 2020	**21,707**	**1,885,872**	**62,068**	**1,388,574**	**30,926,151**	**34,284,372**
Profit and total comprehensive income for the financial year	-	-	-	-	25,986,643	25,986,643
Transactions with owners						
Issue of share capital to parent	50,000,000	-	-	-	-	50,000,000
Issue of D3 ordinary shares	15	344,985	-	-	-	345,000
Issue of D4 ordinary shares	35	850,465	-	-	-	850,500
Cancellation of D1 ordinary shares	(35)	(53,730)	53,765	-	(53,765)	(53,765)
Cancellation of D2 ordinary shares	(12)	(21,000)	21,012	-	(21,012)	(21,012)
Dividends paid	-	-	-	-	(11,058,750)	(11,058,750)
Share-based payments	-	-	-	192,736	-	192,736
Balance at 31 December 2021	**50,021,710**	**3,006,592**	**136,845**	**1,581,310**	**45,779,267**	**100,525.724**

The notes on pages 29 to 68 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2021

1. General information

Alpha FX Limited (the 'Company') is a private company limited by shares 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 05108142.

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 openings.

The principal accounting policies adopted by the Company are set out in note 2.

The Company has exercised its entitlement not to produce consolidated financial statements since consolidated financial statements have been prepared by its parent company, Alpha FX Group plc.

2. Accounting policies

Basis of preparation

The financial statements for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties, in accordance with the Companies Act 2006. The detailed measurement bases and principal accounting policies of the Alpha FX Limited are set out below. The financial statements are presented in pounds sterling ("£") which is also the Company's functional currency. The principal accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently throughout all years presented.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed at the end of this section.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Disclosure exemptions adopted:

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 IAS;
- 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
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered between two or more members of a group, provided that any subsidiary which is a party to the transaction, is wholly owned by such a member.

The 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 2021:*

- There are no 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 Company.

Going concern

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous review of financial forecasts and available resources. The Company meets its day-to-day working capital requirements through its strong cash reserves. As at 31 December 2021, the Company had a healthy liquidity position with £102.8m of cash and cash equivalents (see note 19). As at 31 December 2021, the Company has net current assets of £86.7m and net assets of £100.5m.

In assessing going concern, management have considered any potential continued effects of the COVID-19 pandemic as well as Russia's invasion of Ukraine. This assessment has considered the impact on the Company's operations, budget for the year ended 31 December 2022 and internal forecast for 2023. The Company has continued to grow revenues during the COVID-19 pandemic and cash conversion has continued to improve. Alpha has limited direct or indirect exposure to Russia and therefore we do not anticipate any significant impact to the business from these events.

Given the unprecedented nature of the above events, severe downside scenarios have been modelled where revenue targets are missed by up to 40% together with the assumption that a number of clients are unable to meet their mark-to-market obligations, resulting in bad debts.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Even in these scenarios, the Company has strong liquidity, no external debt and 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 reduced capital expenditure.

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

Revenue

FX Hedging
When the Company 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. In accordance with IFRS 15, revenue is recognised at this point in time as the performance obligation is satisfied by transferring control of the contract to the client. Revenue represents the difference between the rate offered to clients and the rate the Company pays its banking counterparties.

Options revenue is recognised when a binding contract is entered into by a client and the revenue is fixed and determined. In accordance with IFRS 15, revenue is recognised at this point in time as the performance obligation is satisfied by transferring control of the contract to the client. Revenue represents the difference between the premiums paid by clients and the premium the Company pays to its banking counterparties.

Payments and collections
Alternative Banking provides payment and collection services and receives revenue from both account fees and spot transactions. Account fees are charged for the following services (but are not limited to) electronic payments in and out of accounts (e.g. Faster Payments, CHAPS, International payments and collections) and implementation fees.

The Company entered into new contracts in the year to provide payment and collection services. The revenue in relation to these contracts is recognised in line with IFRS 15 Revenue from Contracts with Customers. The standard establishes a five-step model governing revenue recognition. The five-step model requires the

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

Contract assets and receivables are accounted for in accordance with IFRS 9. The company receives revenue based on a billing schedule at the end of each month, as established in our contracts.

Billing occurs simultaneously with revenue recognition and as such, revenue is recognised using the output method when the performance obligation is satisfied (when the services are rendered and transferred to the customer).

The output method accurately reflects the transfer of services as the contracts are priced on the basis of the number of transactions provided through the platform and therefore also represents the amount to which the Company will be entitled based on its performance to date.

Account fees

In accordance with IFRS 15, performance obligations are satisfied by transferring control of an account to a customer over the period. As a growing revenue stream within the Company, management has reassessed revenue recognition relating to account fees. As a result, revenue from annual account fees is recognised on a straight-line basis over the 12 months from the date the account is opened.

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. There is an implied obligation that the Company is providing access to the client portal to those customers as part of the provision of these accounts. This indicates that the customer receives and consumes the benefits of having the account over time, rather than at a single point in time when the account is first opened.

There is an annual fee payable to the Company in order maintain the account for each customer, resulting in a further fee charged to the customer in the case of renewal. Given there is an annual requirement for such a service to be undertaken, this indicates that the customer is receiving and consuming the benefits of the account over the 12-month period each fee relates to.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2. Accounting policies (continued)

Foreign currency translation

The Company's historical financial statements are presented in pounds sterling.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company 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 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Financial instruments

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

Subsequent measurement
IFRS 9 divides all financial assets that were previously under the scope of IAS 39 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 either recognised in the statement of comprehensive income.

The classification of a financial asset is made at the time it is initially recognised, namely when the Company 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 Company 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.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

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). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Company does not have any financial assets at fair value through profit or loss.

Amortised cost

The Company's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the 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 Company 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 Company 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 statement of comprehensive income. The Company performs an assessment of significant increase in credit risk on an annual basis.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2. Accounting policies (continued)

The Company has elected to apply the simplified approach to the Norwegian client receivable balance. In accordance with IFRS 9, the Company can apply the policy election for trade receivables. The Company recognises lifetime expected credit losses under the simplified approach. The Company has performed a re-assessment of lifetime expected credit losses at 31 December 2021.

Financial liabilities

Classification

The Company 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, carried at amortised cost including directly attributable transaction costs. The Company 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 Company's financial liabilities include derivative financial liabilities, trade and other payables, and loans received from shareholders.

De-recognition of liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or 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 statement of comprehensive income.

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 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 statement of comprehensive income. The Company's derivative financial assets and liabilities at fair value through profit or loss comprise of forward foreign exchange contracts and options.

The Company undertakes matched principal broking involving 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.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2. Accounting policies (continued)

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held at call with banks.

Cash held as collateral with banking counterparties for which the Company does not have immediate access, is shown as other cash balances on the face of the 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 Company 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.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

For the purpose of fair value disclosures, the Company 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.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity and not in the statement of comprehensive income.

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.

Deferred tax assets and liabilities are offset when the Company 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.

Employee benefits

Pension obligations
The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions are charged to the statement of comprehensive income. Discretionary contributions are occasionally made to Director's defined benefit pension plans.

Share-based payments
The Company issues equity-settled share-based payments to directors and employees of the Company through the Growth Share 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.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

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 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 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 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
Fixtures and fittings	-	4 to 5 years
Computer equipment	-	3 years

The residual values and useful lives are reviewed by the Directors and adjusted if appropriate at the end of each reporting period.

Intangible assets

Intangible assets consist of internally developed software and domain names. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the development.
- That it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the development.
- The ability to measure reliably the expenditure during development.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and where applicable, accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use.

Internally developed software costs are amortised over the useful life of the asset on a straight-line basis over 3 years being the period of expected future benefit. Amortisation is recorded in operating expenses in the statement of comprehensive income.

During the period of development, the asset is tested annually for impairment.

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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.

Leases

A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

In accordance with IFRS 16, the Company recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. Assets and liabilities arising from a lease are initially measured on a present value basis.

The right-of-use asset is initially measured at cost, comprising: the initial lease liability; any lease payments made before commencement of the lease, less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The right-of-use asset is tested for impairment if there are any indicators of impairment. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Accounting policies (continued)

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 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 statement of comprehensive income on a straight-line basis.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle the obligation. Provisions are measured based on the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Discontinued operations

The Company has recognised a discontinued operation in accordance with IFRS 5, as a component of the company which represented a separate major line of business and geographical area of operations was disposed of in the year, to another company, wholly owned by Alpha FX Limited.

The results of the discontinued operations are analysed separately from continuing operations in a columnar format on the face of the statement of comprehensive income. The results of all operations are presented in total. The results of discontinued operations include the post-tax profit or loss on the discontinued operation.

Notes to the financial statements (continued)

For the year ended 31 December 2021

3. Significant accounting estimates and judgements

The preparation of the 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 Company's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial assets

The Company 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 cashflows 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 Company takes the following into account:

- Changes in the credit quality of the borrower or instrument.
- The Company's liquidity and free cash position.
- Forward-looking macroeconomic factors (upside and downside).
- Ongoing monitoring of the COVID-19 pandemic.

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 statement of comprehensive income. The Company performs an assessment of significant increase in credit risk on an annual basis.

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 of capitalised development costs are shown in note 11.

Notes to the financial statements (continued)

For the year ended 31 December 2021

3. Significant accounting estimates and judgements (continued)

Credit value adjustment

The credit value adjustment of £2.1m (2020: £3.5m) has been calculated by management based on the assumption that the Company will be unable to collect all the amounts due under the terms receivable, and therefore, is a method of counterparty credit risk management. The amount of the adjustment represents the difference between the net carrying amount and the value of the future expected cash flows associated with the receivables. In order to calculate the present value of the future expected cash flows, management must make an estimate of expected future cash flows, using the latest real-time market information, risk ratings of the clients and experience.

Share-based payments

As described in note 2 (share-based payments), equity settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of the equity settled growth shares scheme is 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 subjects to non-market vesting conditions that will vest.

4. Revenue segment reporting

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

	31 December 2021 £	31 December 2020 £
Foreign currency forward contracts	20,391,997	16,901,663
Foreign exchange spot transactions	18,555,278	10,800,049
Option contracts	6,258,201	4,406,171
Payments and account fees	7,352,442	2,931,016
Total revenue	**52,557,918**	**35,038,899**

During the year end, the company earned revenue of £21,685,182 (2020: £15,714,959) from entities in the UK, £4,318,546 (2020: £596,464) from entities in Germany, £3,807,230 (2020: £2,297,178) from entities in the Isle of Man, £3,442,737 (2020: £787,438) from entities in Netherlands, £3,332,367 (2020: £675,307) from entities in the Marshall Islands, £2,704,076 (2020: £1,366,172) from entities in Spain, and £13,267,780 (2020: £13,601,381) from entities in other countries. All revenue is from external customers.

Notes to the financial statements (continued)

For the year ended 31 December 2021

5. Operating profit

Operating profit is stated after charging/ (crediting):

	31 December 2021 £	31 December 2020 £
Other operating income – dividends received from subsidiary undertakings	(3,619,620)	(2,065,018)
Other operating income- transfer of customer list to Alpha FX Europe Limited (discontinued operations)	(4,695,234)	-
Depreciation of right-of-use assets	648,948	651,116
Depreciation of owned property, plant and equipment	503,111	409,599
Amortisation of internally generated intangible assets	855,006	445,979
Estimated probability of client default in relation to Norwegian client	(243,293)	269,947
Bad debt expenses*	2,585,000	-
Staff costs (see note 7)	13,593,490	12,094,779
Initial recognition of discount relating to the Norwegian client**	-	1,275,067
Net foreign exchange losses	113,373	698,658
Audit fees:		
Statutory audit	189,500	58,500
Agreed upon work on interim FS	8,500	7,000
Audit related services (includes CASS)	2,000	5,000
Other non-audit services		-

* Credit risk is inherent in Alpha's business model and the Board accepts that the Company will inevitably incur credit losses from time to time. During the year ended 31 December 2021, two clients with sterling/euro and US dollar/Canadian dollar contracts were unable to meet their obligations and the company immediately closed out all their open contracts. A bad debt charge of £2,585,000 (2020: £nil) was recognised.

**The provision of £1,275,067 in the prior year represents the initial recognition of the difference between the nominal value of future payments from the Norwegian client and their net present value. As the provision unwinds, the reversal is recorded within finance income (note 6). In the year to December 2021, £506,893 was reversed (2020: £712,639). As at 31 December 2021 there remains £55,533 to be reversed in finance income as the remaining repayments are due to be received in 2022. See further details in note 25, events after the reporting period.

Notes to the financial statements (continued)
For the year ended 31 December 2021

6. Finance income and expenses

	31 December 2021 £	31 December 2020 £
Finance income		
Other interest receivable	29,238	34,288
Finance income to discount client receivable to net present value	506,893	712,639
Total	536,131	746,927

Finance costs		
Interest on bank deposits	(336,949)	(42,248)
Finance cost on lease liabilities	(287,137)	(276,045)
Total	(624,086)	(318,293)

7. Employee costs

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

	31 December 2021 £	31 December 2020 £
Wages and salaries	11,672,280	10,319,986
Social security costs	1,378,477	1,286,875
Share-based payment charge	192,736	358,327
Other pension costs	349,997	129,591
Employee benefit expense included in operating profit	13,593,490	12,094,779

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

	31 December 2021 No.	31 December 2020 No.
Directors	3	2
Sales, administration and support staff	142	106
Total	145	108

Directors' remuneration

	31 December 2021 £	31 December 2020 £
Aggregate Directors' emoluments	1,178,583	642,964
Aggregate Directors' pension scheme contributions	5,386	1,314

Notes to the financial statements (continued)
For the year ended 31 December 2021

7. Employee costs (continued)
During 2021 retirement benefits was accrued to 2 Director's (2020: 1 Director) in respect of defined contribution pension schemes.

The highest paid director received remuneration in 2021 of £687,500 (2020: £360,000). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,813 in 2021 (2020: £1,314).

8. Taxation

(a) Tax charge

	31 December 2021 £	31 December 2020 £
Current tax:		
UK corporation tax charge on the profit for the year	5,212,536	2,388,546
Adjustments relating to prior years	(265,053)	(75,298)
Total current tax	4,947,483	2,313,248
Deferred tax:		
Origination and reversal of temporary differences	238,301	195,302
Adjustments relating to prior years	197,196	1,401
Total deferred tax	435,497	196,703
Total tax expense	5,382,980	2,509,951
Continuing and discontinued operations:		
Tax expense from continuing operations	4,195,878	2,117,268
Tax expense from discontinued operations	1,187,102	392,683
Total tax expense	5,382,980	2,509,951

(b) Factors affecting tax charge for the year

	31 December 2021 £	31 December 2020 £
Profit on ordinary activities before tax	31,369,624	15,144,294
Profit on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19%	5,960,229	2,877,416
Effects of:		
Expenses not deductible for tax purposes	177,886	100,186
Dividend income receivable	(687,728)	(392,353)
Adjustments relating to prior years	(265,053)	(75,298)
Adjust closing deferred tax in respect of change in future rate of taxation	197,646	-
Total tax charge for the year	5,382,980	2,509,951

Notes to the financial statements (continued)

For the year ended 31 December 2021

8. Taxation (continued)

(c) Deferred tax

The deferred taxation liability is based on the expected future rate of corporation tax rate of 25% (2020: 19%) and comprises the following:

	31 December 2021 £	31 December 2020 £
Liabilities		
At 1 January	624,452	427,749
Tax charge relating to current year	238,301	196,703
Tax charge relating to change in future tax rates	197,196	-
Total deferred tax liability	1,059,949	624,452

The provision for deferred taxation for both 2021 and 2020 relates to the tax effect of timing differences in respect of fixed assets. Deferred income tax is determined using rates and laws that have been enacted or substantively enacted by the reporting date.

9. Discontinued operations

When planning for the possibility of a no-deal Brexit and in response to the limited scope covering financial services within the Free Trade Agreement, a number of European clients were transferred in the year from Alpha FX Limited in the UK to Alpha FX Europe Limited, a wholly owned subsidiary of Alpha FX Limited (see note 14) based in Malta. This enabled the Group to continue to service all clients without disruption both now and in the future.

The transfer of clients is deemed to be a discontinued operation under IFRS 5 within Alpha FX Limited, which defines a discontinued operation as a component of an entity that has been disposed of and represents a separate major line of business or geographical area of operations.

The transfer of client relationships is deemed to be the component under IFRS 5, as the relationships were transferred to Alpha FX Europe as intangible assets, whilst in Alpha FX Limited, they were separately identifiable and cash generative for the Company. The revenue generated by the European clients transferred, represented 22.4% of revenue for Alpha FX Limited in the year ended 2020, therefore being both a major line of business and geographical area of operation for the Company.

Notes to the financial statements (continued)
For the year ended 31 December 2021

9. Discontinued operations (continued)

Following the transfer of the clients, revenue is booked within Alpha FX Europe Limited. However, the majority of the value driving activities have remained in Alpha FX Limited, including the sales personnel, the banking relationships and the legal and economic ownership of the Group's intangible assets and managing the Group's significant risk. As a result, under the Group's transfer pricing policy the respective value drivers held by Alpha FX Europe Limited have been assessed, resulting in Alpha FX Limited retaining the majority of the profit arising from client transactions post the transfer.

The statement of comprehensive income has been restated under the requirements of IFRS 5. The discontinued operations column contains;

- Revenue generated within Alpha FX Limited by the clients before they were transferred to Alpha FX Europe Limited.
- In other income, the profit on sale of the discontinued operation, which was calculated based on future profits pertaining to the client relationships transferred to Alpha FX Europe Limited. Management applied an income approach in order to value the migrating clients and the ability to book new European clients, using projected cash flows to 2029, with a terminal value applied in the final year. The discounted cash flow model has arrived at an enterprise value of £4,695,234.
- Operating expenses, which were estimated as a percentage of total operating expenses, weighted by the proportion of revenue generated by the discontinued operations.
- Tax assumed at the corporation tax rate of 19%

Although the statement of comprehensive income shows discontinued operations profits for the year ended December 2021 of £5,060,804 (2020: £1,674,070), as these client relationships were transferred to a wholly owned subsidiary, the impact on the consolidating parent company (Alpha FX Group plc) is nil.

If Alpha FX Limited were to consolidate its financial statements with its directly owned subsidiaries (including Alpha FX Europe Limited), the impact of the transfer of clients would be nil as the transfer pricing agreement has a net nil impact on consolidation.

Notes to the financial statements (continued)
For the year ended 31 December 2021

10. Dividends

	31 December 2021 £	31 December 2020 £
Ordinary D and D1 shares of £0.01 each		
- Interim dividend of £10.00 per shares	925,000	925,000
- Interim dividend of £15.00 per shares	1,387,500	-
- Interim dividend of £15.50 per shares	1,433,750	-
- Interim dividend of £25.00 per shares	2,312,500	-
Ordinary shares of £1 each		
- Interim dividend of £269.43 per shares	5,000,000	-
	11,058,750	925,000

A reconciliation of the movements in share capital for each year is included in note 20.

11. Intangible assets

	Internally generated software £	Domain Names £	Total £
Cost			
At 1 January 2020	1,560,378	-	1,560,378
Additions	1,666,057	-	1,666,057
Impairment	(561,390)	-	(561,390)
At 31 December 2020	2,665,045	-	2,665,045
Additions	1,954,664	37,106	1,991,770
Impairment	(121,358)	-	(121,358)
At 31 December 2021	**4,498,351**	**37,106**	**4,535,457**
Amortisation			
At 1 January 2020	381,258	-	381,258
Charge for the year	493,250	-	493,250
Impairment	(283,188)	-	(283,188)
At 31 December 2020	591,320	-	591,320
Charge for the year	938,761	10,121	948,882
Impairment	-	-	-
At 31 December 2021	**1,530,081**	**10,121**	**1,540,202**
Net book value			
At 1 January 2020	1,179,120	-	1,179,120
At 31 December 2020	2,073,725	-	2,073,725
At 31 December 2021	**2,968,270**	**26,985**	**2,995,255**

*During the year, £93,877 of amortisation was recharged to other entities in the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2021

12. Property, plant and equipment

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2020	1,452,501	709,201	380,093	2,541,795
Additions	-	68,429	324,130	392,559
Disposals	-	-	-	-
At 31 December 2020	1,452,501	777,630	704,223	2,934,354
Additions	-	53,206	400,777	453,983
Disposals	-	-	-	-
At 31 December 2021	**1,452,501**	**830,836**	**1,105,000**	**3,388,337**
Depreciation				
At 1 January 2020	48,633	91,077	150,271	289,981
Charge for the year	149,743	141,474	142,495	433,712
Disposals	-	-	-	-
At 31 December 2020	198,376	232,551	292,766	723,693
Charge for the year	148,974	157,158	262,978	569,110
Disposals	-	-	-	-
At 31 December 2021	**347,350**	**389,709**	**555,744**	**1,292,803**
Net book value				
At 1 January 2020	1,403,868	618,124	229,822	2,251,814
At 31 December 2020	1,254,125	545,079	411,457	2,210,661
At 31 December 2021	**1,105,151**	**441,127**	**549,256**	**2,095,534**

*During the year, £66,000 of depreciation was recharged to other entities in the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2021

13. Right-of-use assets and lease liabilities

Right-of-use assets

Leases where the Company 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 May 2019, the Company signed a ten-year lease for the Head Office Premises in London expiring in May 2029. The rent is subject to a rent review after five years and the lease does not contain any break clause. The incremental borrowing rate used to discount lease liabilities at initial inception is based on the assessment of management of 4.5%. (2020: 4.5%).

	31 December 2021 £	31 December 2020 £
At 1 January	6,943,353	7,750,425
Additions		-
Depreciation charge for the year	(648,948)	(651,116)
Depreciation attributable to other group companies	(158,124)	(155,956)
At 31 December	6,136,281	6,943,353

Lease liabilities

	31 December 2021 £	31 December 2020 £
At 1 January	7,482,733	7,930,567
Finance cost	344,437	327,433
Payments in the year	(465,150)	(775,267)
At 31 December	7,362,020	7,482,733
Analysis:		
Current	449,958	292,768
Non-current	6,912,062	7,189,965
	7,362,020	7,482,733

Notes to the financial statements (continued)
For the year ended 31 December 2021

14. Subsidiaries

The Company's trading subsidiaries as at 31 December 2021 are as follows:

Name	Country of incorporation	Proportion of ordinary shares held
Direct Holding		
Alpha FX Institutional Limited	England[1]	79.4%
Alpha Foreign Exchange (Canada) Limited	Canada[2]	75.0%
Alpha FX Netherlands Limited	England[1]	83.5%
Alpha FX Europe Limited	Malta[3]	100%

The principal activity of the Company 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. The accounting year-ends of all subsidiaries is 31 December 2021.

During the year, there were amendments to share schemes in two subsidiaries. In January 2021 Alpha FX Limited increased its shareholding in Alpha FX Institutional Limited from 74.4% to 79.4%. In May 2021, Alpha FX Limited decreased its shareholding in Alpha FX Netherlands Limited from 100% to 83.5%. More information regarding the share schemes is included in note 23.

The Company's dormant subsidiaries as at 31 December 2021 are as follows:

Name	Country of incorporation	Proportion of ordinary shares held
Direct Holding		
Alpha FX Italy Limited	England[1]	100%
Alpha Europe	Luxembourg[4]	100%
Alpha Financial Solutions Ltd	England[5]	100%
We Are Alpha Ltd	England[5]	100%
Alpha FS Ltd	England[5]	100%

Alpha Financial Solutions Ltd was incorporated in July 2021. Alpha FX Italy Limited, Alpha FS Ltd and We are Alpha Ltd were incorporated in November 2021. Alpha Europe was incorporated in December 2021.

Registered addresses:
1. Brunel Building, 2 Canalside Walk, London, UK, W2 1DG
2. Suite 2400, 745 Thurlow Street, Vancouver BC, Canada, V6E 0C5
3. 171, Old Bakery Street, Valletta VLT1455, Malta
4. 17 Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
5. Kemp House, 160 City Road, London, UK, EC1V 2NX

Notes to the financial statements (continued)

For the year ended 31 December 2021

15. Derivative financial assets and financial liabilities

Derivative financial assets not designated as hedging instruments	31 December 2021 Fair value	31 December 2021 Notional principal	31 December 2020 Fair value	31 December 2020 Notional principal
	£	£	£	£
Foreign currency forward and option contracts with customers	53,522,104	9,792,419,151	51,347,729	2,851,993,873
Foreign currency forward and option contracts with banking counterparties	9,927,892	12,396,762,537	1,182,257	2,462,538,071
Other foreign exchange forward contracts	514,106	17,569,697	2,114,495	37,662,514
	63,964,102	22,206,751,385	54,644,481	5,352,194,458

Foreign currency forward contracts with customers generally require immediate settlement on the value date of the individual contract.

Derivative financial liabilities not designated as hedging instruments	31 December 2021 Fair value	31 December 2021 Notional principal	31 December 2020 Fair value	31 December 2020 Notional principal
	£	£	£	£
Foreign currency forward and option contracts with customers	30,810,572	7,555,335,512	17,590,772	4,278,424,926
Foreign currency forward and option contracts with banking counterparties	1,357,396	413,905,263	-	-
	32,167,968	7,969,240,775	17,590,772	4,278,424,926

Net (losses) on financial assets at fair value through profit or loss	31 December 2021	31 December 2020
	£	£
Foreign exchange derivatives	(113,373)	(698,658)
	(113,373)	(698,658)

Derivatives not designated as hedging instruments are intended to reduce the level of foreign currency risk for expected future cash flows. The tables above show the fair value of those foreign exchange forward contracts as at each year-end.

Notes to the financial statements (continued)

For the year ended 31 December 2021

15. Derivative financial assets and financial liabilities (continued)

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.

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 approximate to their carrying value.

As the Company continues to grow, it is entering into an increasing number of longer dated trades that are due for settlement in over 12 months' time. In the prior year, a higher proportion of clients took the decision to close out their contracts early due to uncertainty over their cashflows as a result of COVID-19. Management now believe that a higher proportion of contracts will run to their original value date as clients have increasing certainty over their cash flows. As a result, management has taken the decision to present derivative financial assets and derivative financial liabilities as current and non-current (see note 18 and note 21). Contracts due for settlement in less than 12 months' time are classified as current, and contracts that are due for settlement in over 12 months' time are non-current. If a contract due for settlement in over 12 months' time was closed out by a client within 12 months, the Company would also close out its corresponding contract with its banking counterparty, therefore the treatment of derivative financial assets matches the treatment of derivative financial liabilities.

Notes to the financial statements (continued)

For the year ended 31 December 2021

16. Financial instruments

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

(a) Financial assets per statement of financial position	31 December 2021 £	31 December 2020 £
Fair value assets		
Derivatives not designated as hedging instruments (note 15)	63,964,102	54,644,481
Total fair value assets	63,964,102	54,644,481
Amortised cost assets		
Financial assets at amortised cost	5,803,287	17,636,404
Other receivables excluding prepayments	2,997,413	3,209,513
Cash and cash equivalents	102,804,913	82,971,922
Other cash balances	3,505,951	4,025,094
Total amortised cost assets	115,111,564	107,842,933
Total financial assets	179,075,666	162,487,414

(b) Financial liabilities per statement of financial position	31 December 2021 £	31 December 2020 £
Fair value liabilities		
Derivatives not designated as hedging instruments (note 15)	32,167,968	17,590,772
Total fair value liabilities	32,167,968	17,590,772
Other payables measured at amortised cost		
Intercompany balances	32,130,812	59,416,551
Other payables and accruals	20,183,341	54,904,607
Total other payables	52,314,153	114,321,158
Total financial liabilities	84,482,121	131,911,930

(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 separate financial assets and financial liabilities in the statement of financial position. 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.

Notes to the financial statements (continued)

For the year ended 31 December 2021

16. Financial instruments (continued)

In accordance with the master agreements, contracts with banking counterparties are assessed daily on a net basis. However, contracts with customers are assessed daily on a gross basis.

		Amounts subject to enforceable netting arrangements			
2021	**Gross fair value** £'000	**Variation margin offset** £'000	**Fair value Offset** £'000	**Net derivative financial asset/(liability) (Note 15)** £'000	**Other cash balances** £'000
Derivative financial assets	94,942,459	-	(30,978,357)	**63,964,102**	3,505,951
Derivative financial liabilities	(71,526,196)	8,379,871	30,978,357	**(32,167,968)**	-

		Amounts subject to enforceable netting arrangements			
2020	**Gross fair value** £'000	**Variation margin offset** £'000	**Fair value Offset** £'000	**Net derivative financial asset/(liability) (Note 15)** £'000	**Other cash balances** £'000
Derivative financial assets	76,898,129	-	(22,253,648)	**54,644,481**	4,025,094
Derivative financial liabilities	(57,578,166)	17,733,747	22,253,648	**(17,590,772)**	-

17. Fair value

Management assessed that the fair values of cash and short-term deposits, trade and other receivables, trade and other payables as well as other current liabilities approximated to their carrying amounts. This was due to the short-term maturities of these instruments.

The fair values of the Company's interest-bearing loans and borrowings are determined by discounting the cash flow using a market rate of interest that reflects the issuer's borrowing rate as at the end of the reporting period which approximate their carrying amounts.

Management is of the opinion that the fair value of loans and borrowings approximates to their carrying values as these are subject to interest rates, which are comparable to open market rates.

Notes to the financial statements (continued)

For the year ended 31 December 2021

17. Fair value (continued)

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All loans are classed as Level 2 in the fair value hierarchy.

18. Trade and other receivables

	31 December 2021	31 December 2020
Current:	£	£
Trade receivables (derivative financial assets - note 15)*	50,833,168	54,644,481
Financial assets at amortised cost	5,803,287	11,804,158
Other receivables	2,997,413	2,197,873
Amounts owed by subsidiary undertakings	-	1,011,640
Prepayments	1,356,119	1,292,546
	60,989,987	70,950,698
Non-current:		
Trade receivables (derivative financial assets - note 15)*	13,130,934	-
Financial assets at amortised cost	-	5,832,246
	13,130,934	5,832,246
Total Trade and other receivables	74,120,921	76,782,944

*Trade receivables represent the fair value of derivative financial assets arising as a result of matched principal transactions (note 15). At 31 December 2021 and 31 December 2020, the receivables are shown net of the Credit Value Adjustment.

As the Company continues to grow, it is entering into an increasing number of longer dated trades that are due for settlement in over 12 months' time. In the prior year, a higher proportion of clients took the decision to close out their contracts early due to uncertainty over their cashflows as a result of COVID-19. Management now believe that a higher proportion of contracts will run to their original value date as clients have increasing certainty over their cash flows. As a result, management has taken the decision to present derivative financial assets as current and non-current as at 31 December 2021, based upon their expectations of when the contract will be realised.

Contracts due for settlement in less than 12 months' time are classified as current, and contracts that are due for settlement in over 12 months' time are non-current. However, as this has been a change in management expectation in the year to 31 December 2021, the derivative financial assets in the year to 31 December 2020 have not been reclassified as current and non-current.

Notes to the financial statements (continued)
For the year ended 31 December 2021

19. Cash

Cash and cash equivalents comprise cash balances and deposits held at call with banks.

Other cash balances comprise cash held as collateral with banking counterparties for which the Company does not have immediate access.

Cash balances included within derivative financial assets relate to the variation margin called against out of the money trades with banking counterparties.

	31 December 2021 £	31 December 2020 £
Cash and cash equivalents	102,804,913	82,971,922
Variation margin called by counterparties (note 16c)	8,379,871	17,733,747
Other cash balances	3,505,951	4,025,094
Total cash	114,690,735	104,730,763

Cash at bank is made up of the following currency balances:

	31 December 2021 £	31 December 2020 £
British Pound	81,869,422	52,276,380
Euro	(33,236,212)	43,123,833
US Dollar	13,064,900	5,871,853
Canadian Dollar	1,370,318	644,095
Other currencies	51,622,307	2,814,602
	114,690,735	104,730,763

The overdrawn euro balance of (£33,236,212) at 31 December 2021 represents the impact of a short-term timing difference over the year end. One leg of a trade settled on the last working day of the year, and the second leg was settled on the first working day of 2022.

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

Notes to the financial statements (continued)
For the year ended 31 December 2021

20. Capital and reserves

Share capital

		As at 31 December 2021		As at 31 December 2020
	No.	£	No.	£
Authorised and allotted				
Ordinary shares of £1 each	18,558	18,558	17,996	17,996
A Ordinary shares of £1 each	50,000,000	50,000,000	-	-
B Ordinary shares of £1 each	709	709	1,012	1,012
C Ordinary shares of £1 each	568	568	827	827
D Ordinary shares of £0.01 each	80,875	809	79,000	790
D1 Ordinary shares of £0.01 each	8,125	81	13,500	135
D2 Ordinary shares of £0.01 each	5,250	53	6,500	65
D3 Ordinary shares of £0.01 each	1,500	15	-	-
D4 Ordinary shares of £0.01 each	3,500	35	-	-
E Ordinary shares of £1 each	882	882	882	882
	50,119,967	50,021,710	119,717	21,707

On 23 March 2021, following the vesting of shares under the Growth Share schemes, 303 B shares and 259 C shares were converted into 562 ordinary shares.

On 30 September 2021 the Company issued 50,000,000 'A' ordinary shares of £1 each to its immediate parent undertaking, Alpha FX Group plc.

On 23 December 2021 the Company issued 1,500 'D3' and 3,500 'D4' shares in respect of the Alpha Pay division (see note 23).

During the year ended 31 December 2021 the Company cancelled 1,250 'D2' ordinary shares and 3,500 'D1' ordinary shares and 1,875 'D1' ordinary shares were converted into 1875 D ordinary shares,

On 4 June 2020, a new class of shares ("E shares") in Alpha FX Limited was created, under which 882 E ordinary shares were issued to selected employees. The E Shares contain a put option, such that, when and to the extent vested, they can be converted into ordinary shares in the Alpha FX Group plc. The E Shares will vest in four equal tranches, occurring annually, starting on 31 December 2021 until 31 December 2024. Vesting will require Alpha FX Group plc revenue growth of 25% in 2021, 20% in 2022, 20% in 2023 and 20% in 2024.

Notes to the financial statements (continued)

For the year ended 31 December 2021

20. Capital and reserves (continued)

Share premium account

On 23 December 2021 the Company issued 1,500 'D3' and 3,500 'D4' shares in respect of the Alpha Pay division at a subscription price of £1,195,500. The share premium amount of £1,195,450 on the D3 and D4 shares represents the difference between the subscription price and the nominal value of the shares.

On 4 June 2020, the Company issued 883 'E' ordinary shares at a subscription price of £935,962. The share premium amount of £935,080 on the E shares represents the difference between the subscription price and the nominal value of the shares.

During 2021 there was a deduction to the share premium of £74,730 (2020 - £61,994) in respect of the shares cancelled during the year.

Capital contribution reserve

The capital contribution reserve increased in 2021 by £192,736 as a result of the share-based payment charge (2020:£1,388,574).

Capital redemption reserve

The capital redemption reserve increased in 2021 by £74,777 (2020: £62,068).

Retained earnings

Represents all other net gains and losses and transactions not recognised elsewhere.

Notes to the financial statements (continued)

For the year ended 31 December 2021

21. Trade and other payables

	31 December 2021 £	31 December 2020 £
Current:		
Trade payables (Derivative financial liability - note 15)*	26,224,184	17,590,772
Other payables	16,214,771	53,254,467
Other taxation and social security	809,478	816,204
Amounts due from Group undertakings	32,130,812	59,416,551
Accruals and deferred income	3,968,570	1,650,140
	79,347,815	132,728,134
Non-current:		
Trade payables (Derivative financial liability - note 15)*	5,943,784	-
	5,943,784	-
Total Trade and other payables	85,291,599	132,728,134

*Trade payables represent the fair value of derivative financial liabilities arising as a result of matched principal transactions (note 15).

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.

Included within accruals and deferred income is £2,192,742 (2020: £nil) relating to deferred annual account fee revenue.

In the scenario of longer-dated trades due for settlement in over 12 months' time (see note 18), although a client can close out their position within 12 months, the Company would still be obliged to fulfil the terms of that contract with the respective banking counterparty at the original value date. Therefore, the liability would remain non-current. Due to this, management have taken the decision to present derivative financial liabilities as current and non-current, matching the treatment of derivative financial assets. Contracts due for settlement in less than 12 months' time are classified as current, and contracts that are due for settlement in over 12 months' time are non-current. However, as there has been a change in management expectation in the year to 31 December 2021, the derivative financial liabilities in the year to 31 December 2020 have not been reclassified as current and non-current.

Notes to the financial statements (continued)
For the year ended 31 December 2021

22. Related party transactions

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.

The parent company is Alpha FX Group plc. Note 14 provides information about the subsidiaries and the holding company. Details of the ultimate controlling party can be found in note 24.

Loans with key management personnel:

As at 31 December 2021 there was a loan balance outstanding with A J Hall, a Director of Alpha FX Institutional Limited, amounting to £127,300 (2020: £63,650) and a loan balance outstanding with S J Marsh, a Director of Alpha FX Institutional Limited, amounting to £173,850 (2020: £nil). Both loans were in respect of shares that were issued partly paid. The intention is for the remainder of the loan balances to be repaid via a deduction from dividends payments throughout 2022.

Transactions with key management personnel:

During the year, Alpha FX Limited traded gross foreign currency contracts with; C I Kahn £31,102 (2020: £nil) and M E Stuart £49,768 (2020: £93,814).

Other entities:

During the year, the Company purchased goods and services totalling £511,516 (2020: £209,197) on an arms-length basis from Klarify Group Limited (formerly Alphaware Group Limited), a multi cloud and cyber security specialist in which M J Tillbrook has a 42% (2020: 40%) beneficial ownership.

23. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

B Growth Share Scheme

Under the B Growth Share Scheme, selected employees of the Company who were employed prior to the Group'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 Alpha FX Group plc.

The rate of conversion is that the B shares will be regarded as worth a pro rata share of the gain above a specific hurdle set at £25m.

Notes to the financial statements (continued)
For the year ended 31 December 2021

23. Share-based payments (continued)

The B shares vest in five equal annual instalments from 31 December 2017 to 31 December 2021. Vesting required 30% revenue growth per annum for the first three years and 20% revenue growth per annum in years four and five. Conversion each year is following the publication of the audited financial statements of Alpha FX Limited. The share options granted will not vest if performance conditions are not met.

Providing the vesting conditions have been met, the Company will issue shares in consideration of the B shares based on the average share price of Alpha FX Group plc over the 60 days prior to the exercise of the put option. The B shares were subscribed for at their nominal value with the employee settling the applicable tax based on the market value at the date of grant.

Following the exercise of 303 B Growth Shares in respect of the year ended 31 December 2019, 535,300 shares in Alpha FX Group plc were issued as consideration in March 2021. Due to the impact of COVID-19, the issuance of these shares had been deferred from March 2020, with all future issuances similarly deferred by a year.

In March 2021, following the revenue growth target for the year being met in respect of the year ended 31 December 2020, 351 B Growth Shares were exercised when the share price of the Alpha FX Group plc was 1371p. As a result, 630,279 shares in Alpha FX Group plc were due to be issued as consideration in March 2022.

Following the revenue growth target for the year ended 31 December 2021 being met and, based on share price of Alpha FX Group plc of 2185p as at 31 December 2021, it is estimated that upon exercise of the put options Alpha FX Group plc will issue 678,236 shares in March 2023. This represents the final vesting of the B Growth Share Scheme.

The share-based payment charge of the B Growth Shares in the year ended 31 December 2021 was £nil (2020: £nil).

C Growth Share Scheme

In October 2018, the Group adopted a C Growth Share Scheme, under which 863 C ordinary shares in Alpha FX Limited were issued to full-time employees of the Company.

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.

Notes to the financial statements (continued)

For the year ended 31 December 2021

23. Share-based payments (continued)

The C shares contain a put option, such that, when and to the extent vested, they can be converted into ordinary shares in Alpha FX Group plc. 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 FX Group plc above a hurdle price of 550p based upon the market price of Alpha FX Group plc at the time of allotment.

Upon conversion, the number of ordinary shares in Alpha FX Group 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.

In the prior year the terms of the C Share Growth Scheme were amended such that the remaining C Shares will vest in three tranches, occurring annually, starting on 31 December 2021 until 31 December 2023. The C Share Growth Scheme now also includes a requirement for Group revenue to grow 25% in 2021, 20% in 2022 and 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 FX Group plc 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 Company or commits a performance breach (broadly conduct detrimental to the business and reputation of the Company), the Company is entitled to buy back the relevant C Shares at cost.

In March 2020, 259 C Growth Shares were exercised when the share price of the Alpha FX Group plc was 1215p, in respect of the year ended 31 December 2019. Due to the impact of COVID-19, the issue of these shares was deferred to March 2021and 287,573 shares in Alpha FX Group plc were issued on that date as consideration. There is no vesting of C shares in respect of the year ended 31 December 2020.

Based on share price of the Alpha FX Group plc of 2185p as at 31 December 2021 and following the revenue growth target for the year being met for the C Growth Shares, it is estimated that upon exercise of the put options in respect of the year ended 31 December 2021, Alpha FX Group plc will issue 191,768 shares in March 2022.

The share-based payment charge of the C Growth Shares in the year ended 31 December 2021 was £123,024 (2020: £209,766).

Notes to the financial statements (continued)

For the year ended 31 December 2021

23. Share-based payments (continued)

E share growth scheme

In the prior year the Company adopted an E Share Growth Scheme under which 882 E ordinary shares were issued to full time employees of the Company. The E Shares contain a put option, such that, when and to the extent vested, they can be converted into ordinary shares in Alpha FX Group plc. The E Shares will vest in four equal tranches, occurring annually, starting on 31 December 2021 until 31 December 2024. Vesting will require revenue growth of the Alpha FX Group 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 FX Group plc 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 Alpha FX Group plc 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.

Based on share price of Alpha FX Group plc of 2185p as at 31 December 2021 and following the revenue growth target for the year being met for the E Growth Shares, it is estimated that upon exercise of the put options in respect of the year ended 31 December 2021, Alpha FX Group plc will issue 152,318 shares in March 2022.

The share-based payment charge of the E Growth Shares in the year ended 31 December 2021 was £69,713 (2020: £148,561).

Details of the outstanding shares in the Company in respect of the above schemes are as follows:

	31 December 2021			31 December 2020		
	B Growth Share Scheme No.	C Growth Share scheme No.	E Growth Share scheme No.	B Growth Share Scheme No.	C Growth Share Scheme No.	E Growth Share scheme No.
Outstanding at beginning of year	709	568	882	1,012	841	-
Granted in the year	-	-	-	-	-	882
Exercised in the year*	(351)	-	-	(303)	(259)	-
Forfeited in the year	-	-	-	-	(14)	-
Outstanding at end of year	358	568	882	709	568	882

Notes to the financial statements (continued)

For the year ended 31 December 2021

23. Share-based payments (continued)

*The 351 B shares that were exercised in the year were in respect of the ended 31 December 2020 and the shares in the Company will not be issued until March 2022.

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 Alpha FX Group plc 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 Company'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
Expected volatility %	25.0%	25.0%	45%-55%
Risk free interest rate %	0.09%	0.75%	0.10%
Option life (years)	3	5	5
Starting equity value (£m)	£33.6m	£186.6m	£300.0m

Alpha Pay (formerly Alpha Platform Solutions)

In 2019 the Company announced that it had put in place an employee share ownership incentive scheme for certain individuals employed in the Company's newly formed business division, Alpha Pay (formerly Alpha Platform Solutions). 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 Alpha FX Group plc 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 Alpha FX Group plc's holding will commensurately increase.

Notes to the financial statements (continued)
For the year ended 31 December 2021

23. Share-based payments (continued)

Following the continued success of Alpha Pay, in December 2021 the employee share ownership scheme was adjusted 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 Alpha FX Group plc's holding will commensurately increase.

The Company operates several growth share schemes where shares are awarded to employees and are converted into shares in the Alpha FX Group plc at a future date based on pre-determined vesting criteria. The Company obtains external tax valuations for all share schemes from an independent third party prior to issue and obtains indemnities 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 Company's net assets or the result for the year.

24. Ultimate controlling party

The ultimate controlling party and immediate parent is Alpha FX Group plc, a company incorporated and registered in the UK.

The consolidated financial statements of Alpha FX Group plc can be obtained from the website www.alphafx.co.uk/investors/financial-information/reports-and-accounts.

Notes to the financial statements (continued)

For the year ended 31 December 2021

25. Events after the reporting period

Ukraine

In the lead up to and following Russia's invasion of Ukraine, the Company has taken the necessary precautions to mitigate the impact on our business. The Company has historically had limited exposure to the Russian rouble, exposure is currently 0.09% of the forward book from one client with strong financial standing. In addition, there are only a small number of clients with direct exposure to Eastern European currencies making up 0.72% of the forward book. These clients have all undergone a detailed credit review in light of recent events and those that have not already closed out their contracts continue to hold positions based on the strength of their credit standing. We continue to monitor our client base for businesses that have the potential to feel wider knock-on effects from the conflict.

There has been no material impact to the Company to date, nor does the Company anticipate any material impact to trading moving forward. However, recognising that the situation is developing rapidly, we will continue to review and monitor it closely.

Share schemes

Following the exercise of 241 B growth shares, 186 C growth shares and 197 E growth shares, (see note 23), Alpha FX Group plc issued 1,024,118 shares in March 2022 as consideration.

Following the vesting of 348 B growth shares for the year ended 31 December 2021, Alpha FX Group plc will be issuing 665,852 shares in March 2023 as consideration.

Following the vesting of the SAYE scheme, Alpha FX Group plc will be issuing a total of 108,671 shares over the next few months starting on 25 March 2022, with the date of allotment dependent upon when employees elect to exercise their option during the prescribed window.

Norwegian client

In the prior year, the Group entered into a settlement agreement with its Norwegian client whereby weekly repayments would be required to be made until June 2022 in respect of their obligations for unpaid margin totalling £30.2m.

Throughout 2022 the client continued to meet their settlement agreement cash repayment obligations on time, with a gross balance of £2.9m outstanding as at 1 April 2022 and our relationship has continued to go from strength to strength.

Subsequently, we are pleased to be recommencing our trading relationship with the Norwegian client and as a gesture of goodwill, are allowing the client to spread their remaining weekly repayments over an additional 6 months, up until the end of December 2022.

Notes to the financial statements (continued)

For the year ended 31 December 2021

25. Events after the reporting period (continued)

For the avoidance of doubt, the total debt is still being repaid in full and the client is of an even stronger credit standing now than when the agreement was originally reached. Ultimately, this is a decision that is commercially beneficial to all parties and is an opportunity for us to strengthen our relationship with a key and loyal client.

As detailed within note 5, as at 31 December 2021, £55,533 remained to be reversed in finance income in 2022. The additional 6 month spread of repayments for the £2.9million due as at 1 April 2022 is immaterial for accounting purposes and has been treated as a non-adjusting event within the accounts as at 31 December 2021.