

21 January 2025

Alpha Group International plc
("Alpha" or the "Group")

Trading Update

Alpha Group International plc, a global provider of high-tech, high-touch financial solutions to corporates and institutions, today provides a trading update for FY 2024.

Key Highlights (unaudited)

- Revenue from underlying activities up 23% to c. £135m (FY 2023: £110m)
- Total Income of c. £221m (2023: £186m), growth of c.18%, including income from interest ("net treasury income") on client and own balances of c. £85m (FY 2023: £76m)
- Underlying profit before tax and profit margin in line with expectations following continued investment across the Group
- Strong cash and liquidity position with adjusted net cash increasing by nearly £40m to c. £217m (FY 2023: £179m) after £30m of share buybacks
- Inclusion in the FTSE 250 in June, following a successful listing on the Premium Segment of the Main Market in May 2024
- Board transition completed as planned, with Dame Jayne-Anne Gadhia assuming role of Non-Executive Chair on 1 November 2024 and Clive Kahn as CEO on 1 January 2025. Further NED recruitment progressing well, to augment Board.

Overview

The Group performed strongly in 2024, with revenue growth of 23% despite a continuing difficult economic backdrop. Pleasingly, the growth was delivered across the business with both Corporate and Institutional divisions up by c. 20% year on year, driven by increasing contributions from overseas offices and new product offerings. Cobase also contributed strongly in its first year with the Group, following its acquisition in December 2023. H2's revenue performance was aided by a gradual market recovery and a more normalised seasonal pattern of activity in the Corporate market.

The interest rate environment throughout 2024 was similar to the previous year, and client balances continued to grow, thereby delivering record levels of net treasury income, profit, and cash. Underlying profit before tax is expected to be in line with expectations, notwithstanding the cost of investments in Cobase, increased operational headcount and further investment in technology across the Group, all of which will support future growth.

Balance sheet strength increased throughout the year, with year-end net cash increasing by nearly £40m to £217m. This increase in cash balance was fuelled by strong operating profit and c. £85m net treasury income, primarily from client balances. It was also achieved despite outflows from two separate £20m buyback programmes, of which £30m was completed by year-end.

The Group benefited from its entrepreneurial, client-focused team culture, and increasing diversity of products, client base and geographical reach, enabling it to drive strong top-line growth despite a challenging macro-economic environment, particularly within the Institutional division. That environment is likely to remain challenging in 2025, although the divergence in monetary policies globally should increase FX volatility and therefore increase demand for effective FX risk management within Corporate and Institutional markets as organisations look to plan ahead and review their approach to FX and treasury.

The Board remains confident in the outlook for the year ahead and in the broader strategy to take advantage of the vast growth opportunity across the Group. Each of Alpha's offices is still barely scratching the surface of its addressable markets, and the Group has entered 2025 with more products and stronger capabilities to support clients than ever before. The full-year results statement for 2024 will be published week commencing 17 March 2025.

Reporting

As highlighted at the half-year, FY24 results will be reported for two key markets: the Corporate market and the Institutional market. This move from a product-centric reporting focus (FX risk management and alternative banking) to a client-centric reporting focus (Corporates and Institutions) has been undertaken to align with Alpha's revised organisational structure.

Corporate

Throughout 2024 the Corporate division continued to adapt to the more challenging macroeconomic conditions by supporting clients with their FX hedging strategies and decisions while maintaining a disciplined approach to credit risk. Corporate revenues grew by 20% to c. £64m (£53m), with client numbers increasing by 16% to 974 (2023: 838).

In 2023, investments were made in all seven corporate offices to ensure they had the right structure and sufficient resources in place. It has been pleasing to see the benefits of these investments bearing fruit in 2024. The UK office returned to growth in 2024 following an investment in rebuilding the talent and experience in the team, having been impacted by the necessary exporting of talent to launch the overseas offices in the prior year. UK revenue growth in 2024 was c. 7% year on year, with momentum building in the second half.

All overseas offices showed excellent YoY growth except Canada, which was flat. A new Canadian leadership team was

installed in late 2023. Canada began to reflect the benefits of this change in 2024, with revenues growing sequentially in H2 over H1, giving confidence that the right structure is in place to return to growth in 2025. The collective growth rate of Alpha's remaining overseas offices meanwhile was nearly 60%, highlighting the merit of the Group's global expansion strategy.

Institutional

Institutional 2024 revenues grew by c. 20% to c. £69m (2023: £57m). This strong performance is even more pleasing in the context of the wider institutional business environment, with deal activity in private capital markets remaining significantly below historical norms, largely as a result of relatively high interest rates. Equally, it is important to remember that this same interest rate environment has also helped to generate over £85m in net treasury income, providing somewhat of a natural hedge against the suppressed underlying client activity.

Alpha's growing product portfolio, strong demand for these products, and the team's cross-selling capabilities were key drivers in this outperformance.

- At a divisional level, the Institutional FXRM team delivered another strong performance. Revenue increased 17% in the period, with client numbers increasing 33% to 311 (December 2023: 233).
- Alternative Banking revenues increased by 20%, and account numbers increased to over 7,100 (2023: 6,467) despite the subdued levels of deal activity within the market and the knock-on effect this had on the need for accounts.
- The Fund Finance team continues to see strong interest in its service and is winning increasingly larger value mandates, which has resulted in revenues increasing by over 130%.

Cobase

Momentum continues to build in Cobase, acquired in December 2023. Cobase operates a SaaS-based subscription fee model, and on a proforma basis, client numbers and revenues increased by 59% and 70% respectively in the year to 214 and €3m (2023: €2m). This growth in its first full year of ownership validates the acquisition rationale and supports confidence in Cobase's ability to make an increasingly meaningful contribution over time as it continues to integrate with the wider group.

Net Treasury Income from Client Balances

Average client balances grew to £2.3bn in Q4 (Q4 2023: £2.1bn). This increase is linked to the growth in account numbers. Interest rates received on these balances averaged 3.5% for the quarter. On an annualised basis, client balances averaged £2.1bn (2023: £1.9bn) with an average interest rate of 3.8% (2023: 3.6%), contributing to c. £85m in net treasury income in 2024 (2023: £76m). Included within this £85m figure is also circa £1m of net interest income generated on client margins ('NTI - own').

Clive Kahn, CEO, commented:

"I am pleased to start my tenure as CEO by confirming strong growth and an impressive result, particularly given the challenging macro-economic backdrop. The fact that Alpha has produced such levels of growth in challenging economic times is the greatest accolade to the strength of our model and team, particularly with the strong cash generation aided by the continuing high-interest rate environment. The Group's focus will be to build on the strong foundations already established, by maintaining investment in innovation to scale the business even further, whilst continuing to deliver high returns for shareholders."

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Notes to editors

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

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

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

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