

Full year results

Year to 28 February 2021



Safe Harbour Statement

Cautionary Statement

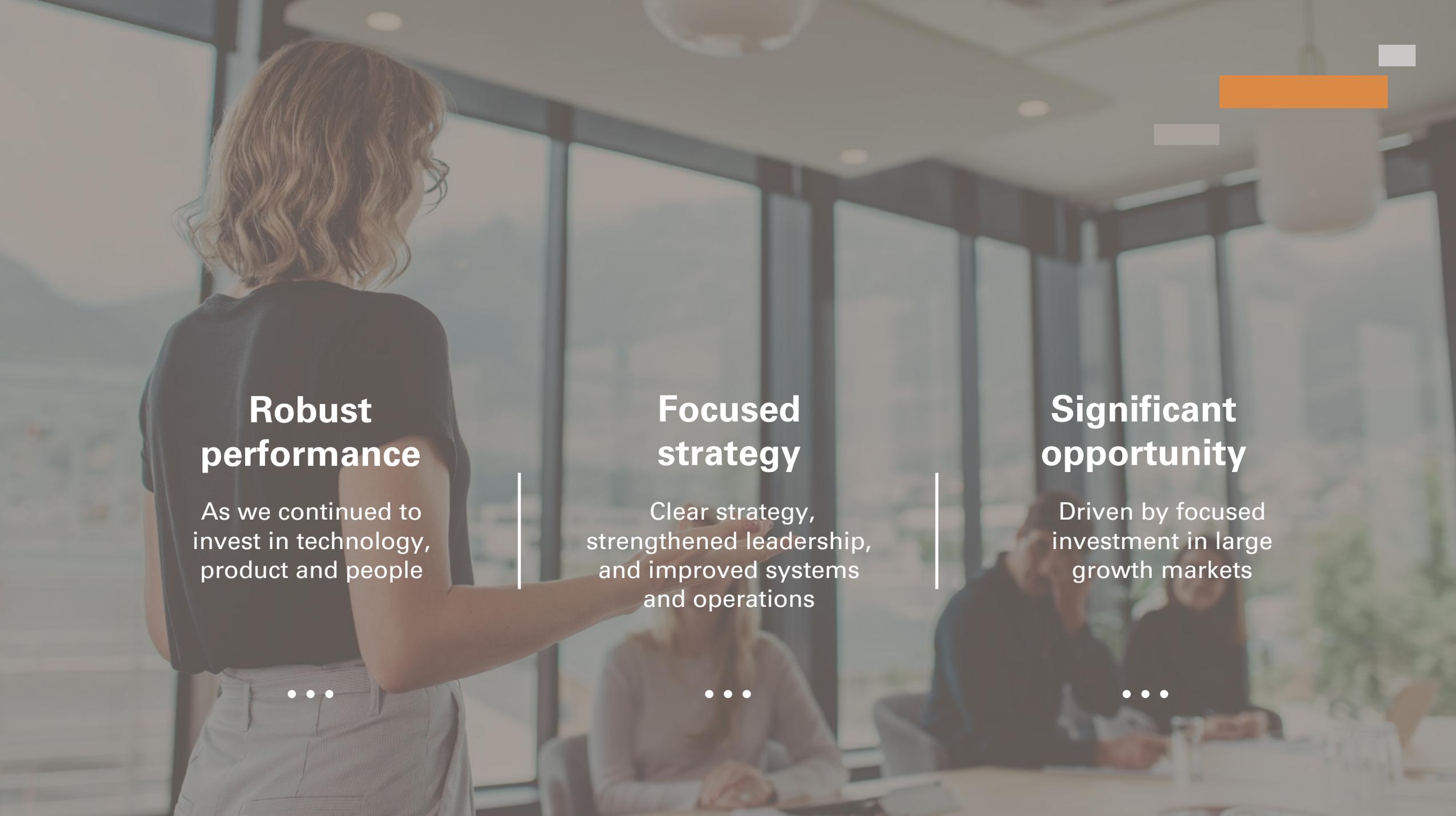
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**Robust
performance**

As we continued to invest in technology, product and people



**Focused
strategy**

Clear strategy, strengthened leadership, and improved systems and operations



**Significant
opportunity**

Driven by focused investment in large growth markets



Unlocking potential to create value

FD Technologies plc*

KX

Real-time continuous intelligence

FIRST DERIVATIVE

Technology-led services in capital markets

MRP

Enterprise-class, predictive Account Based Marketing (ABM)

Investment to drive growth:

- Sales & marketing
- Research & development
- Operations

Increasing growth and profitability

Growth in programme delivery

Growth in platform revenue

FOCUS:

**subject to shareholder approval for name change*



Financial performance



First Derivatives

Financial Highlights

£237.9m

Revenue
(2020: £237.8m)

+5%

Growth in KX software
license revenue

+10%

Growth in KX recurring
software revenue

£40.5m

Adjusted EBITDA
(2020: £45.5m)

£9.9m

Net Debt
(2020: £49.4m)

Key drivers of financial performance

- ✓ Robust performance despite impact of COVID-19 for entire year
- ✓ Continued to invest in technology, product and people
- ✓ Net debt down through good working capital management and partial sale of Quantile Technologies stake
- ✓ Return to growth in KX and First Derivative in H2 FY21 with MRP starting FY22 strongly

Revenue and adjusted EBITDA

£m	2021	2020	Change
Total Group			
Revenue	237.9	237.8	-
Cost of revenue	(136.9)	(136.6)	-
Gross profit	101.0	101.1	-
Gross margin	42%	43%	-
Adjusted operating costs			
Total R&D	(15.9)	(13.1)	21%
(of which capitalised)	13.4	10.4	28%
Sales and marketing costs	(39.3)	(35.4)	11%
Administrative costs	(18.7)	(17.5)	6%
Adjusted EBITDA	40.5	45.5	(11%)
Adjusted EBITDA margin	17%	19%	(2%)

Commentary

- Revenue maintained despite the challenges of COVID-19
- Increased investment in R&D to accelerate our technology roadmap
- Investment in sales and marketing to increase our sales capabilities
- Investment in new Board members and leadership across the business
- Laying the foundations to position our business to address the growth opportunity

Profit and earnings

£m	2021	2020	Change
Adjusted EBITDA reconciliation			
Adjusted EBITDA	40.5	45.5	(11%)
Acquisition and non-operational costs	(1.3)	(2.0)	(33%)
Share based payment costs	(2.4)	(3.1)	(24%)
Depreciation and software amortisation	(16.2)	(15.0)	8%
Amortisation of acquired intangibles	(3.6)	(3.7)	(2%)
Operating profit	17.0	21.7	(22%)
Net finance costs and share of associate	(5.9)	(3.5)	68%
Profit before tax	11.1	18.3	(39%)
Taxation	(2.2)	(3.4)	(35%)
Profit after tax	9.0	14.9	(40%)
Earnings per share			
Profit after tax	9.0	14.9	(40%)
Acquisition and non-operational costs	1.3	2.0	(33%)
Share based payment costs	2.4	3.1	(24%)
Amortisation of acquired intangibles	3.6	3.7	(2%)
Finance translation and share of associate	3.3	(1.1)	(388%)
Finance income	(1.6)	0.0	NM
Tax effect of adjustments	(1.4)	(1.3)	8%
Adjusted profit after tax	16.6	21.3	(22%)
Diluted shares in issue (m)	28.1	27.5	2%
Reported diluted earnings per share	32.0p	54.2p	(41%)
Adjusted diluted earnings per share	59.0p	77.4p	(24%)

Commentary

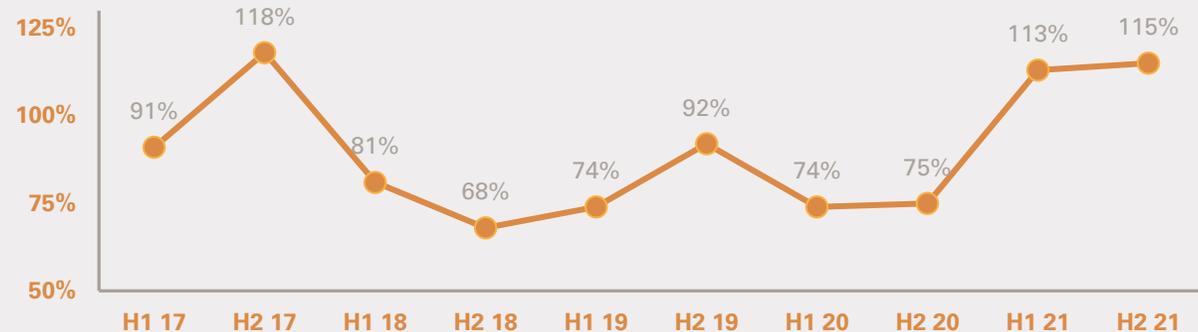
- Depreciation and software amortisation costs continue to increase due to investment in R&D and operations
- Net finance costs increased due to exchange rate movements at year end
- Effective tax rate 19.3% (2020: 18.4%)
- Reported EPS down 41% to 32.0p
- Adjusted EPS down 24% to 59.0p

Net debt bridge



CASH FLOW AND NET DEBT

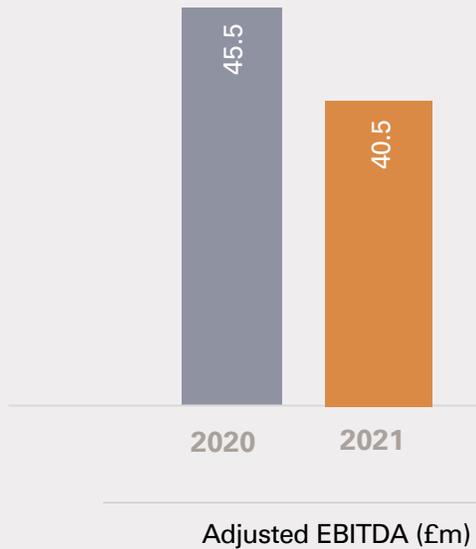
- Conversion of adjusted EBITDA to cash flow from operations: 115%
- Net debt at period end £9.9m, down from £49.4m at end February 2020
- Net debt 0.2x adjusted FY21 EBITDA
- Continue to expect 80-85% adjusted EBITDA cash conversion each year as the Group grows



Group performance



	2021	2020	Change
Group			
Total revenue	237.9	237.8	-
Gross profit	101.0	101.1	-
Adjusted EBITDA	40.5	45.5	(11%)



	2021	2020	Change
KX			
Software	48.4	46.0	5%
Services	25.9	25.2	3%
Total revenue	74.3	71.2	4%
Gross profit	53.8	48.8	10%
Adjusted EBITDA	24.3	25.5	(5%)

	2021	2020	Change
First Derivative			
Software	-	-	-
Services	119.4	119.3	-
Total revenue	119.4	119.3	-
Gross profit	29.1	31.0	(6%)
Adjusted EBITDA	10.5	12.6	(17%)

	2021	2020	Change
MRP			
Platform	24.2	25.6	(5%)
Services	19.9	21.7	(8%)
Total revenue	44.2	47.3	(7%)
Gross profit	18.0	21.3	(15%)
Adjusted EBITDA	5.7	7.4	(22%)

KX performance

KX

	2021	2020	CHANGE
TOTAL REVENUE	74.3	71.2	4%
GROSS PROFIT	53.8	48.8	10%
<i>GROSS MARGIN</i>	<i>72%</i>	<i>68%</i>	
R&D EXPENDITURE	(13.9)	(12.0)	16%
OF WHICH CAPITALISED	11.5	10.4	10%
NET R&D EXPENDITURE	(2.4)	(1.5)	58%
SALES AND MARKETING COST	(20.6)	(15.7)	31%
ADMIN EXPENSES	(6.6)	(6.1)	8%
ADJUSTED EBITDA	24.3	25.5	(5%)
<i>ADJ EBITDA MARGIN</i>	<i>33%</i>	<i>36%</i>	

FinTech

	2021	2020	CHANGE
REVENUE	65.3	59.5	10%
PERPETUAL	7.9	7.8	2%
RECURRING	35.0	31.4	12%
LICENSES	43.0	39.2	10%
SERVICES	22.3	20.3	9%

Industry

	2021	2020	CHANGE
REVENUE	9.0	11.7	(23%)
PERPETUAL	2.8	4.0	(32%)
RECURRING	2.7	2.8	(4%)
LICENSES	5.4	6.8	(21%)
SERVICES	3.6	4.9	(26%)

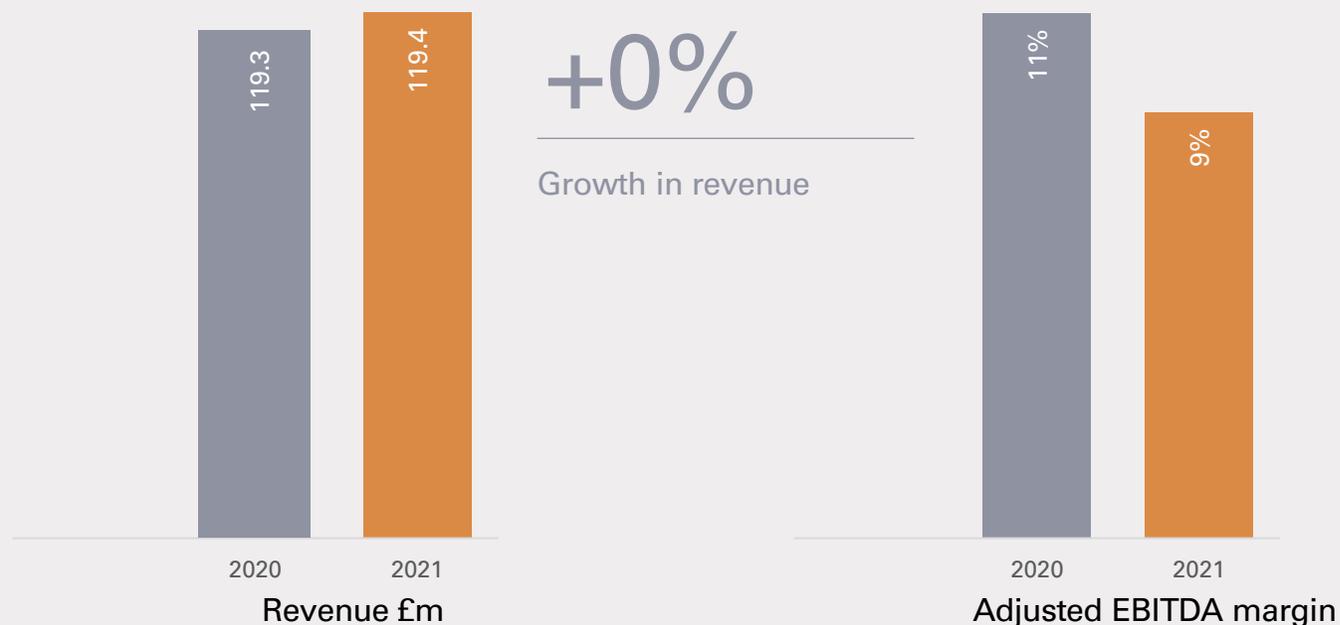
COMMENTARY

- KX recurring revenues grew at 10%
- Industry experienced lengthened sales cycles due to COVID-19
- Gross margin growth from increased software licenses in revenue mix
- Adjusted EBITDA held up well following increased sales and marketing investment

First Derivative performance

First Derivative

	2021	2020	CHANGE
TOTAL REVENUE	119.4	119.3	-
GROSS PROFIT	29.1	31.0	(6%)
<i>GROSS PROFIT MARGIN</i>	<i>24%</i>	<i>26%</i>	
R&D EXPENDITURE	(0.1)	-	NM
OF WHICH CAPITALISED	0.1	-	NM
NET R&D EXPENDITURE	-	-	-
SALES AND MARKETING COST	(10.8)	(10.8)	-
ADMIN EXPENSES	(7.8)	(7.6)	3%
ADJUSTED EBITDA	10.5	12.6	(17%)
<i>ADJ EBITDA MARGIN</i>	<i>9%</i>	<i>11%</i>	



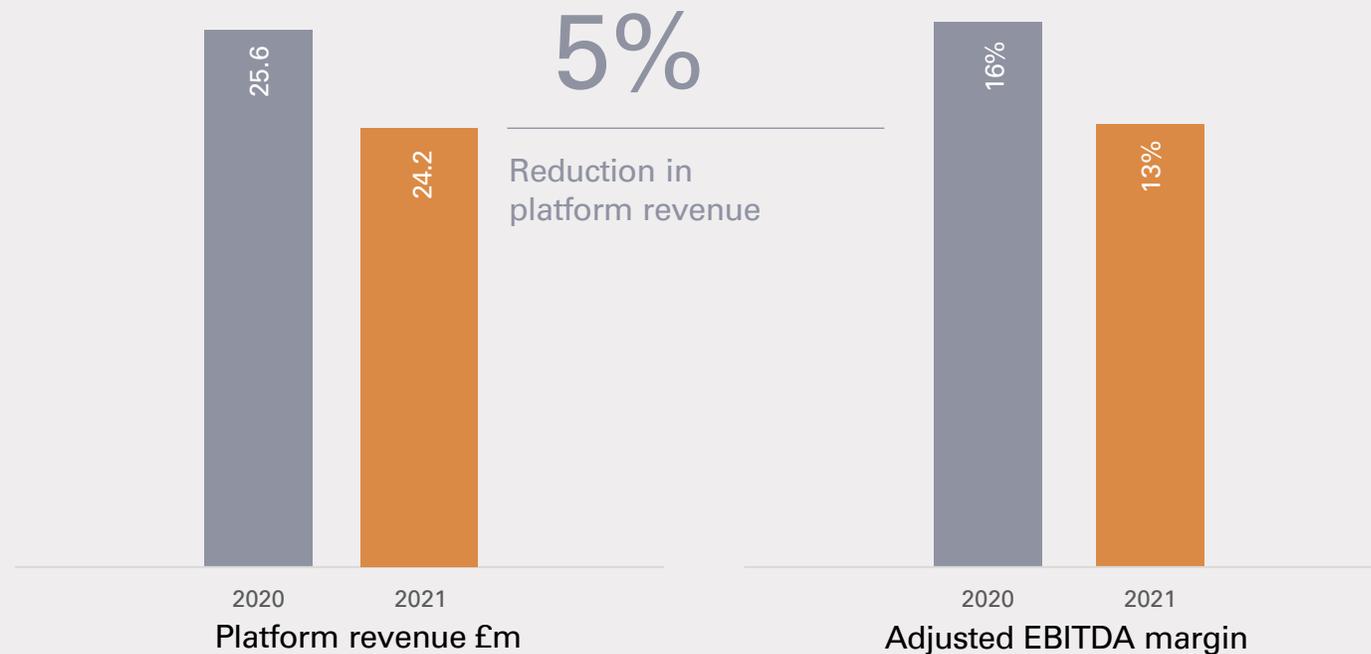
Commentary

- Revenue held up well during a period impacted by Covid-19
- High level of repeat/recurring revenue due to the strength of customer relationships resulting in return to growth in H2
- Margins impacted by additional investment in delivery capability and longer onboarding times due to Covid-19
- Positive signs that customers are resuming their change programmes

MRP performance

MRP

	2021	2020	CHANGE
TOTAL REVENUE	44.2	47.3	(7%)
GROSS PROFIT	18.0	21.3	(15%)
<i>GROSS MARGIN</i>	<i>41%</i>	<i>45%</i>	
R&D EXPENDITURE	(1.9)	(1.2)	58%
OF WHICH CAPITALISED	1.8	0.0	NM
NET R&D EXPENDITURE	(0.1)	(1.2)	NM
SALES AND MARKETING COST	(7.9)	(8.9)	(11%)
ADMIN EXPENSES	(4.3)	(3.8)	13%
ADJUSTED EBITDA	5.7	7.4	(23%)
<i>ADJ EBITDA MARGIN</i>	<i>13%</i>	<i>16%</i>	



Commentary

- All geographies impacted by COVID-19 reduction in client marketing budgets, as well as weak US in H2 partly due to election
- Gross margin down as we maintained our delivery capability
- Rebound in client spending at the start of FY22

Guidance



£255-£260m

Group revenue

£31-£33m

Adjusted EBITDA

25%

KX exit ARR growth



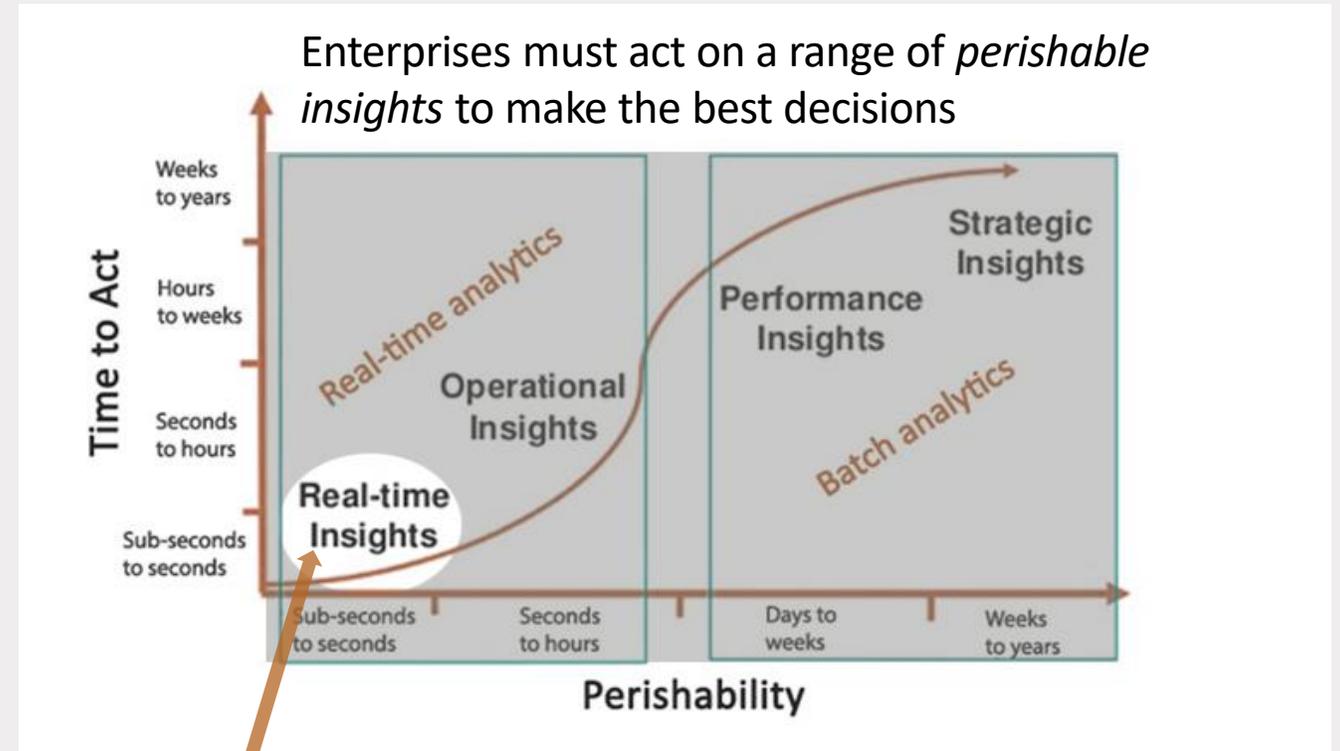
KX - the opportunity ahead

The blazing-fast Streaming Analytics imperative

Know right now, act right now

Thousands of use cases including:

- Manufacturing efficiency
- Customer experience
- Transaction fraud detection
- Predictive maintenance
- Trading strategies
- Autonomous driving
- Telco network optimisation
- Essential component of AI platforms



\$39bn market opportunity

Source: Forrester

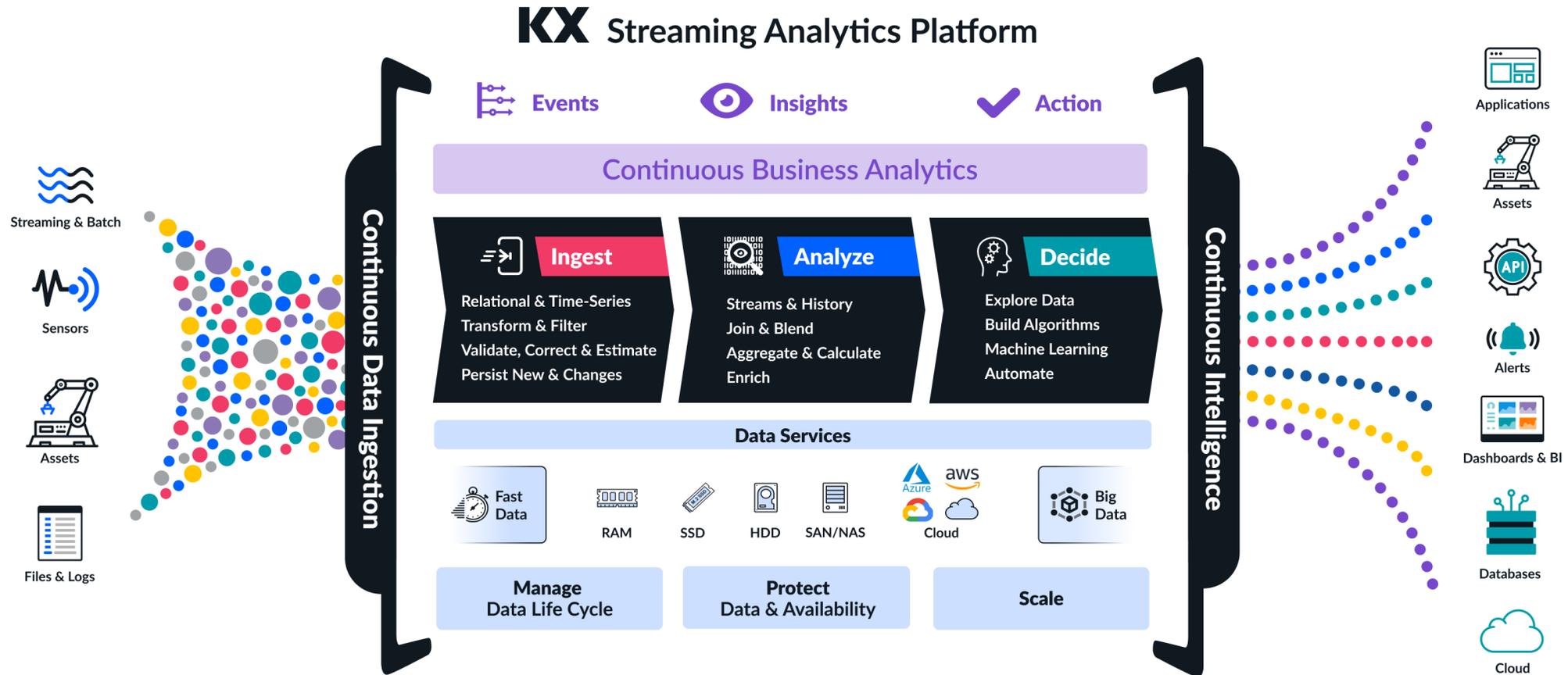
Forrester 'must haves' of a Streaming Analytics platform

To create Continuous Intelligence for a digital enterprise:

1 / Data	Handle variety of data, secure in-motion, broad connectors; store for historical analytics and real-time enrichment
2 / Real-Time Capabilities	Analyse in real-time with ultra-low-latency ingestion, transformation and in-memory analytics for speed and performance
3 / Developer Friendly	Integrate with existing IT architecture; developer and visual tools; interoperable with common developer languages
4 / Analytics	Able to perform time series analytics to find insights and build ML models; integration with open-source ML libraries
5 / Fault Tolerance	Able to run mission critical applications which require zero downtime, high availability and disaster recovery
6 / Model Operations	Repeatable, scalable process to move, monitor and govern model assets; secure and optimised for performance
7 / Deployment Freedom	Interoperable with multiple clouds and hybrid on-premise; leveraging container orchestration architecture

Source: Forrester

The KX advantage: the fastest way to make the best decisions



In one platform we combine streaming with historical data as the fastest way to make the best decisions

Customer updates demonstrate KX's breadth of use cases

> Williams Racing

increased F1 competitiveness through improved wind tunnel design and in-race telemetry analysis

> Major Japanese bank

consolidated all its on-premise data into KX on AWS to enable real-time monitoring and alerts and reduce storage costs

> North American utility

streaming analytics on smart meter data for operational intelligence, demand management and customer insights

> Electronics manufacturer

real-time automated computation of process performance for anomaly detection and predictive alerts

> Telco

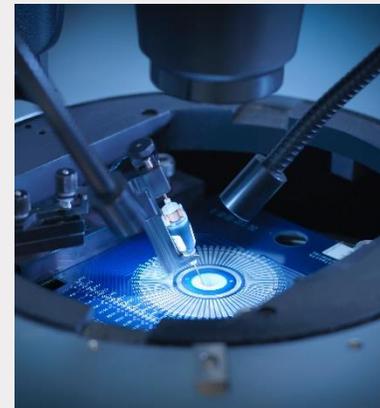
consolidated data across billing systems to drive revenue assurance and enable usage querying

> KX Insights

early access program to KX Insights for existing customers to evaluate and upgrade to subscription

> Utility

data management platform combining disparate data sets to enable operational decision making and forecasting



Streaming Analytics – a large global growth opportunity

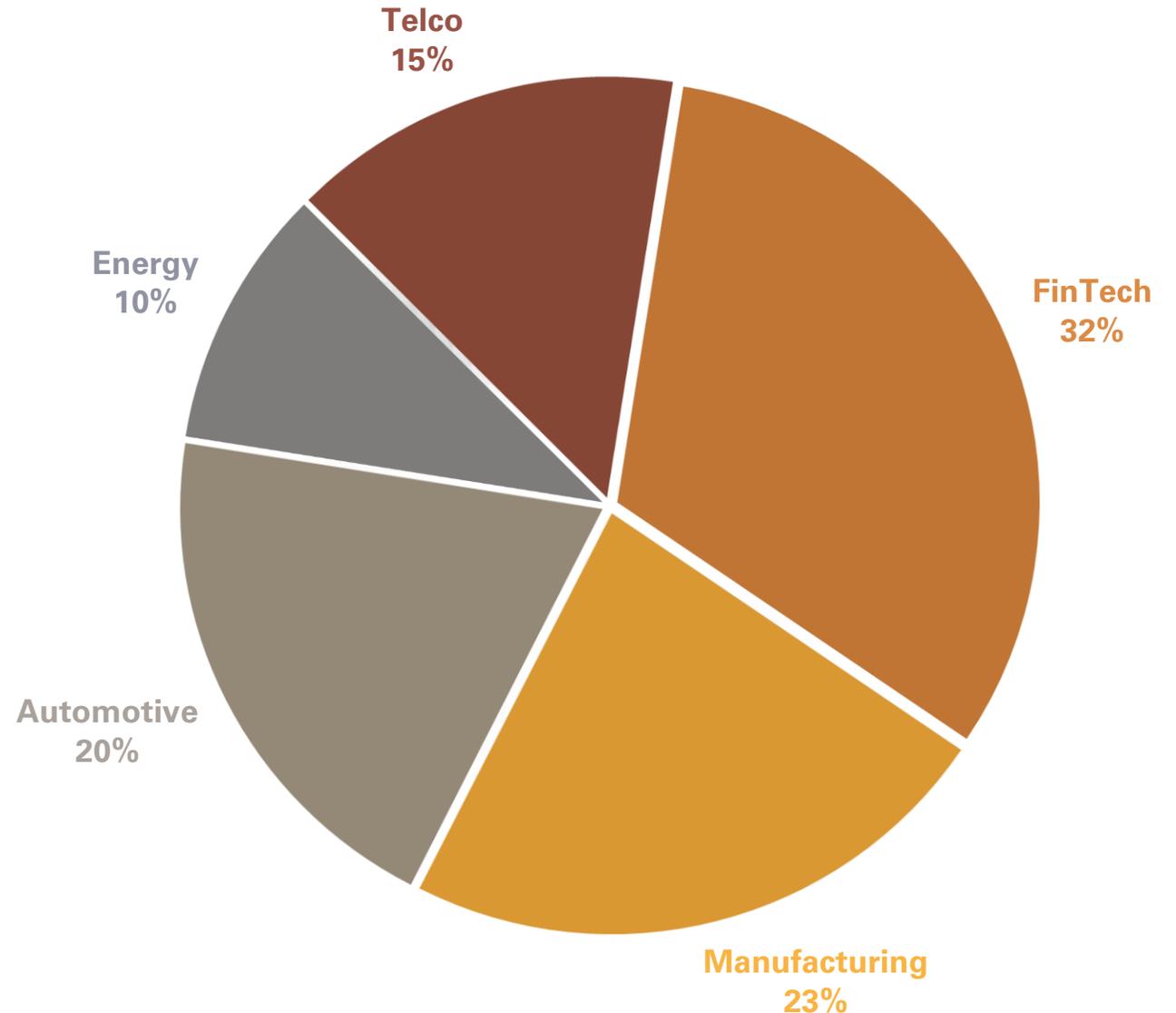
Enormous opportunity across key markets

\$39bn addressable market by 2025 growing at 30% per annum*

Key market participants

NOW TECH Streaming Data Platforms Q2 2021	LARGE >\$50M in annual category revenue	
	Alibaba Cloud	KX
	Amazon Web Services*	Microsoft*
	Cloudera	Oracle
	Confluent	Software AG
	Google Cloud*	Solace
	IBM*	

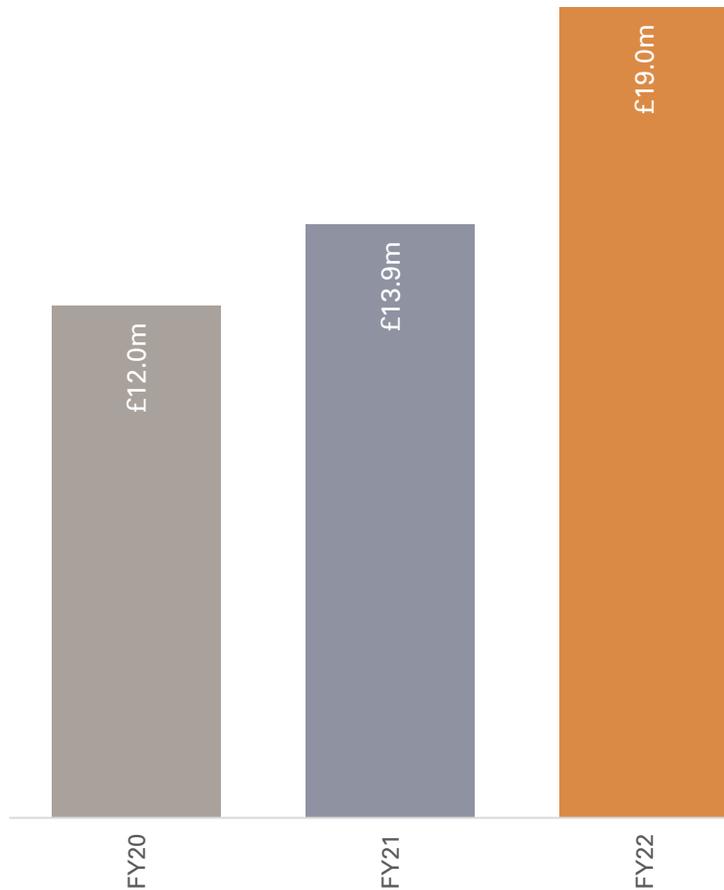
Forrester positions KX as a large player in the streaming data platforms market



**Sources: Adroit Market Research for market size, multiple / own research for industry segmentation*

Unlocking the opportunity – KX Insights

c.60% increase in R&D over two years



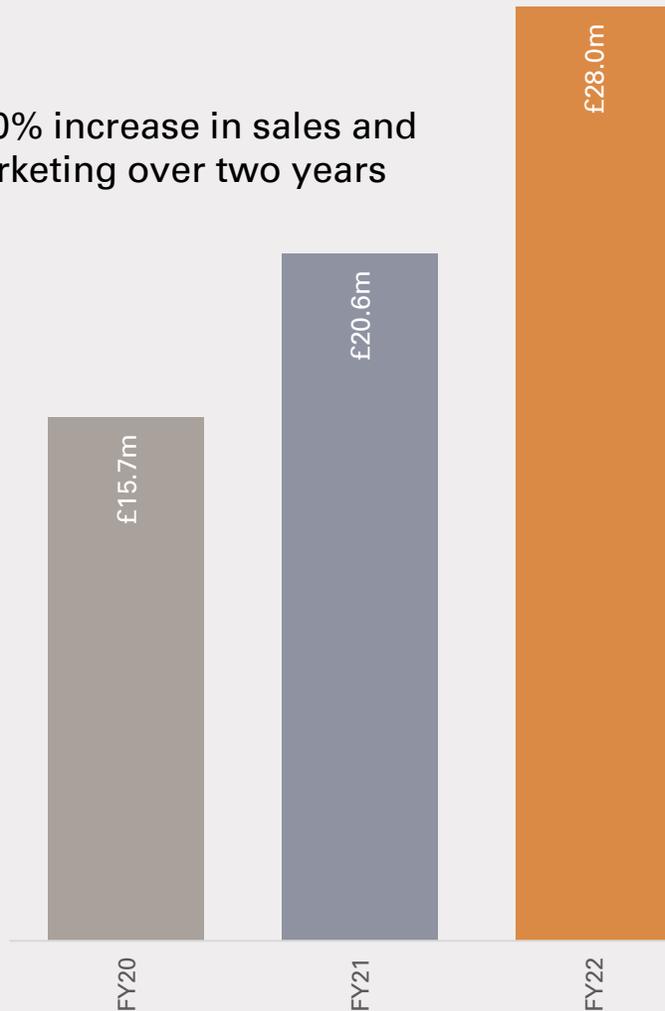
- Cloud native
- Deploy use cases from AWS, Google Cloud Platform and Azure Marketplace
- Subscription / consumption model
- Secure by design
- Edge computing support

Next up:

- Hybrid multi-cloud
- SQL support
- Delivery as a Service

Unlocking potential: go to market

c.80% increase in sales and marketing over two years



KX

The Evolving Role of Data Analytics in Winning Organizations
with Billy Beane

Join **Moneyball's** Billy Beane for a session on
The Evolving Role of Data Analytics in Winning Organizations
MAY 26, 2021 - 12 PM ET / 9AM PT

KX is pleased to invite you to this exclusive live event, featuring **Moneyball's** Billy Beane. The session will be moderated by President of Basketball Operations for the **Philadelphia 76ers**, Daryl Morey.

Discover how data analytics continues to change the game for sports, and learn how to transform your business using streaming analytics to efficiently gather, manage and analyze real-time data for critical decisions.

Spaces are limited for the invite-only event, so register now to secure your place.

[REGISTER NOW](#)

- Shift to subscription and consumption
- Systems to support scale
- Develop channel partnerships

KX

Inspiration. Innovation. Insight.

Peak Performance with David Coulthard hosted by KX
APRIL 21, 2021 - 1 PM GMT
REGISTER NOW TO SECURE YOUR PLACE

KX is pleased to invite you to this exclusive event where you will learn how to transform your business using streaming analytics to efficiently gather, manage and analyse real time data for critical decisions.

[REGISTER NOW](#)

- Brand awareness
- Double our field marketing and sales capability in existing markets

KX

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Partners in action



HYPERSCALE CLOUD PARTNERS

Transition

Customers are migrating existing KX workloads to our cloud partners for agility, flexibility, cost, resilience and security

On demand

KX is available across the major platforms on demand to enable our clients to scale and cope with spikes in demand

Integrated

KX is becoming embedded within partners as a solution for high-performance analytics requirements



OTHER PARTNERS

Industry solution

Embedding KX in solutions that change the game for their customers, across energy and manufacturing markets



Systems integration

Providing domain expertise and access to customers, as well as the ability to scale across all target markets



KX targets and investment

Investment in FY22

£16m total

£7m - Sales & Marketing

£5m - R&D

£4m - Infrastructure costs

FY22 guidance

+25%

Exit Annual Recurring
Revenue (ARR) –
maintained through FY25

Mid-term targets

120%

Net Revenue
Retention (NRR)

80%

Gross margin

First Derivative – delivering profitable growth

Technology-led services in capital markets

	Vendor Services	Business Services	Data Services
Offering	Implementation, support and managed services for third-party vendor systems including Calypso and Murex	Regulation and compliance, client services and automation	Data preparation, data management, data science, KX services and cloud migration support
USPs	Domain knowledge in capital markets, deep customer relationships, strong managed services execution, value-based pricing, breadth of offering and technical expertise		
Opportunity	Focus on higher value business, support and promote sales of KX, improve margin and operating efficiency		

Customer updates show value of tech and domain expertise

> MUFG

built a data ingestion tool and rolled out a global counterparty system to identify a single client view across multiple platforms

> Tier 1 US bank

implementing a data lake and data fabric for risk and finance functions, including defining the data and operating model

> European investment and wholesale bank

delivering a reporting remediation solution for transaction reporting, working with client's ops, compliance and IT teams

> Leading Canadian bank

managing a capital market system transformation covering all business functions to add agility and streamline operations

> Major Japanese bank

multi-year application support and development delivered as a managed service

> Global reinsurance provider

provision of First Derivative-developed testing and reconciliation software



Driving returns in First Derivative

Target in FY22

+10%

Revenue growth

Target in FY25

28%

Gross margin

Improving revenue
mix and visibility

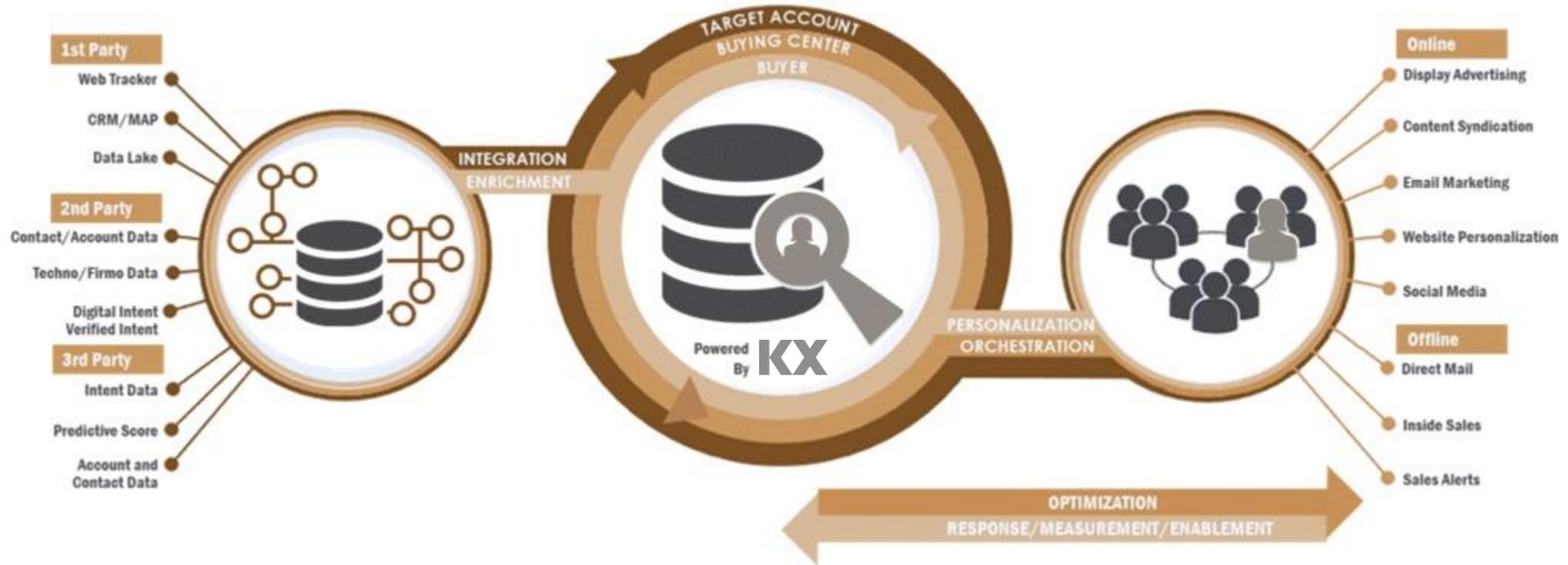
Increasing
Gross margin

MRP's ABM platform: delivering profitable growth

Data

Insights

Actions



MRP has a clear competitive advantage

<h2>Global Scale</h2> <p>The only platform built for the global enterprise:</p> <ul style="list-style-type: none">Multi-lingual	<h2>Depth</h2> <p>The only platform to connect Data > Insights > Actions:</p> <ul style="list-style-type: none">Simplify the complexity of data management
<h2>Real-Time</h2> <p>Powered by KX:</p> <ul style="list-style-type: none">The world's fastest streaming analytics time series database	<h2>Results</h2> <p>Revenue driving analytics</p> <ul style="list-style-type: none">Cross channel attribution

This is delivering growing industry recognition



* Source: Forrester New Wave ABM Platforms Q2 2020

Customer updates demonstrate MRP's competitive advantage

> Juniper Networks

Leveraging massive amounts of data to measure and improve marketing and sales effectiveness across its channel partners

> Global payment company

Leveraging predictive technologies to drive customer acquisition across its SME and enterprise customer bases

> Leading food services company

multi-year deal to provide a complete ABM program with expansion to other business units

> Global cloud services and application provider

insight-driven multichannel marketing, with North American platform agreement secured and global expansion planned

> Leading networking and security company

applying numerous data sources and coordinating multiple sales execution tactics in North America and LATAM

> Enterprise hardware / software company

multi-year, end-to-end ABM program, incorporating CRM data integration

> International business technology company

platform data insights to drive high-value lead generation tactics in Europe, Asia Pacific and ANZ



Driving returns in MRP



Platform revenue
target

+20%

Growth in FY22

Accelerating growth
and visibility in
platform revenue

Improving gross
margin



Summary and outlook

Well positioned to deliver on
exciting growth opportunities

Results

A robust performance that demonstrated the value to customers of our products and services

Strategy

Focused investment in KX to maximise growth while increasing profitability in First Derivative and MRP

Outlook

High level of repeat and recurring revenue and building momentum gives confidence in guidance and targets