

18 May 2021

**First Derivatives plc**  
**("FD", the "Company" or the "Group")**

**Full year results for the year ended 28 February 2021**

FD (AIM: FDP.L, Euronext Growth: FDP.I) today announces its results for the year ended 28 February 2021.

**Financial Highlights**

<b>Year to end February</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Revenue	£237.9m	£237.8m	-
Gross profit	£101.0m	£101.1m	-
Profit before tax	£11.1m	£18.3m	(39%)
Reported diluted EPS	32.0p	54.2p	(41%)
Dividend per share	0.0	8.5p	(100%)
Net debt*	£9.9m	£49.4m	(80%)
<b>Key performance measures</b>			
Adjusted EBITDA**	£40.5m	£45.5m	(11%)
Adjusted diluted EPS	59.0p	77.4p	(24%)

\* Excluding lease obligations

\*\* Adjusted for share-based payments and acquisition and non-operational costs

**Business Highlights**

- Delivered robust performance despite impact of COVID-19, in line with market expectations, underpinned by the strength of our customer propositions and enabled by high levels of customer retention
- Continued to invest in technology, product and people, reflecting our confidence in our business and the market opportunity
- Strengthened the leadership team across the business, providing the capability to scale the business and capitalise on growing market opportunities
- Momentum increased towards the end of the financial year and continued into FY22 with contract wins across the Group and substantially strengthened pipeline
- Launched KX Insights for cloud-native streaming analytics, generating positive customer reaction and early commercial traction, with major sales campaigns planned during current year
- Multiple new contracts won in key target markets, with examples across automotive (Williams Racing), energy (major US gas and electricity utility), manufacturing (semiconductor manufacturer), telecoms (leading North American telco) and FinTech (MUFG).

## Acceleration of growth strategy and change in Group structure

- **New Group structure and focus:** Proposed renaming of the Group as FD Technologies plc, comprising three businesses - KX, First Derivative and MRP - to enable each brand to communicate its distinct value proposition for its respective market and maximise its growth opportunity
- **Accelerated growth strategy** based on growing demand for real-time continuous intelligence and increased ability to deliver following advances in our technology, leadership and commercialisation capabilities
- **KX at the heart of our propositions:** KX will be the focus of investment and our goal is to enable KX to become the market-leading technology for real-time streaming analytics, which represents a \$39bn addressable market by 2025 growing at 30% per annum
  - Targeting growth in KX exit annual recurring revenue (ARR)\* of at least 25% for the current financial year
- **Greater focus in First Derivative:** First Derivative, which comprises our managed services and consulting business plus elements of our software services revenue, will benefit from sharper focus on target markets where it has the greatest in-depth expertise, and which are areas of key focus for our clients
  - Targeting 10% revenue growth for the current financial year
- **Driving returns in MRP:** MRP will seek to consolidate its position as a market leading digital platform in Account Based Marketing offering the only enterprise class, predictive ABM solution
  - Targeting 20% growth in platform revenue for the current financial year
- **Strategic investment:** Increased investment in the coming years focused on KX, funded through internally generated cash, to accelerate our technology development, increase sales and marketing spend and scale the Group
- **Rationale:** This evolution of the Group strategy will maximise the potential opportunity addressed by each division and significantly accelerate our growth potential over the medium term, targeting a doubling of revenue by FY25 with a significant bias in growth to recurring software revenue.

## Current trading and outlook

- The Board is providing guidance for the current financial year which reflects the improved momentum across the Group's business units, as well as the cost impact of the investment to accelerate growth
- The Board anticipates that revenue for the year will be in the range of £255m to £260m, with adjusted EBITDA in the range of £31m - £33m.

**Donna Troy, Chairman of FD, commented:** "Following a detailed review by the Board, informed by growing market opportunities resulting from the increasing capabilities of our technology, we have concluded that now is the time for targeted investment that will accelerate our growth and establish KX as a world-leading horizontal technology for real-time streaming analytics. We are excited to announce this acceleration of our strategy and look forward to delivering enhanced value for our customers and shareholders."

**Seamus Keating, CEO of FD, commented:** "Using streaming analytics to inform and automate operational decisions is one of the most important growth areas in technology today, and KX enables this for our customers. During the past year we have positioned the business to scale rapidly to address this opportunity, by accelerating our technology roadmap, strengthening our leadership, developing our commercial strategy and putting in place enhanced systems and processes to scale the Group. By increasing our investment in the business we unlock the potential for rapid growth and for KX to become a key part of tomorrow's technology ecosystem."

\* Exit annual recurring revenue (ARR) is the value at the end of the accounting period of the software and subscription recurring revenue to be recognised over the preceding twelve months

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**About FD**

FD is a group of data-driven businesses that unlock the value of insight, hindsight and foresight to drive organisations forward. The Group comprises KX, the leading technology for real-time continuous intelligence; First Derivative, a provider of technology-led services in capital markets; and MRP, the only enterprise-class, predictive Accounts Based Marketing solution. FD operates from 15 offices across Europe, North America and Asia Pacific, and employs more than 2,500 people worldwide.

For further information, please visit [www.firstderivatives.com](http://www.firstderivatives.com) and [www.kx.com](http://www.kx.com)

**Results presentation**

FD will publish a pre-recorded presentation today at 07.05 BST on its website at <https://firstderivatives.com/investor-relations/presentations/>. The Group will also host a live results Q&A session for analysts at 09.30 BST today. Further details can be obtained by contacting FTI Consulting.

## Business Review

FD comprises three businesses – KX, First Derivative and MRP - that unlock the value of data to drive organisations forward. During the year, the Group delivered a robust financial performance, responding effectively to the challenges resulting from COVID-19. Revenue was flat at £237.9m and, after continuing to invest in line with our growth strategy, adjusted EBITDA of £40.5m was achieved, down 11%. The Board has decided not to recommend a final dividend in light of the investment announced today.

We made good operational progress:

**Technology** – we prioritised interoperability, ease of use and cloud native capabilities as we seek to build our base of recurring revenue. Most notably, we recently released KX Insights, a cloud-first platform that fully leverages the benefits of cloud architecture natively to deliver fast, scalable real-time data insights without the added burden of infrastructure, complicated upgrades or the need to optimise for different cloud environments. KX Insights has been certified to run natively on all major hyperscale cloud providers including AWS, Azure and Google Cloud. Our roadmap goes beyond this, as we plan to package streaming data analytics workloads into cloud native microservices. Existing customers who move to this new subscription will benefit from faster migrations to the cloud by integrating these new components into their applications.

Furthermore, these components will be combined to create a cloud native horizontal platform, applicable to a wide range of use cases and industries and appealing to a broad community of users. New subscription customers will consume the whole KX Insights platform as an end-to-end application that will seamlessly unify streaming data with the universe of stored data. Key roadmap goals are to reduce deployment times to accelerate ‘time to value’ and to appeal to as wide a developer community as possible, which will be achieved by abstracting our proprietary programming language away from the end user.

This platform will also support advanced analytics and SQL querying, opening up more use cases to KX and further promoting adoption and ease of use.

**Commercial** – we made progress with cross-selling and up-selling to existing customers, adding a number of new customers and signing several new partnership agreements across our target markets. In capital markets, we signed deals with major financial institutions including a European bank and a stock exchange in South America for the use of KX; in other target markets notable deals included a major utility in the US for use cases built on the analysis of streaming meter data, an electronics manufacturer for anomaly detection and predictive alerts for yield management and a major telco for revenue assurance and usage querying. We formalised our partner agreements with the hyperscale cloud providers to enable seamless scaling of KX and recently signed an agreement with Databricks for the use of KX as a high-performance solution for its customers.

**Scaling the Group** – to support our growth plans we invested in our leadership capabilities and systems. At the Group level we added three new Non-Executive Directors, each bringing expertise and experience in scaling world-leading technology companies, and new executive appointments in a Chief Operating Officer and Chief Marketing Officer. At our business units we appointed a Chief Technology Officer and Chief Revenue Officer for KX; in MRP and First Derivative we appointed new leaders.

Progress across these key strategic priorities was a key determining factor in the Board’s decision to accelerate its growth strategy.

### Investment in growth strategy

During the year the Board conducted a review of the opportunities arising from the evolution of the market for streaming analytics and the market-leading performance capabilities of KX. It was concluded from independent market analysis, as well as our discussions with strategic partners and existing and potential customers, that demand for continuous

intelligence was increasing and that KX has a key role to play in enabling performant access to the data that decisions are based on.

During the past year we have seen increasing focus from leading industry analysts such as Gartner and Forrester on the use of real-time streaming analytics to improve business operations and increase efficiency. This coincides with growing demand post COVID-19 for greater automated decision-making based on real-time data as part of digital transformation initiatives. Gartner forecasts that by 2022 most business systems will feature real-time data capabilities and this, together with rapidly growing streaming data volumes, underpins the requirement for performant access to the data through technologies such as KX.

To deliver on this opportunity, the Board has approved additional investment of £16m in the current year, of which £11m represents operating cost. This investment is focused on KX, and will:

- **Accelerate the KX technology road map:** focused on enabling KX to operate natively on the cloud, and further increasing its ease of use and interoperability.
- **Greatly increase the go-to-market capability of the business:** by increasing our sales team depth and industry / geographical coverage, growing our contribution from strategic partners and investing in brand marketing.
- **Further increase our ability to scale rapidly** to deliver the growth envisaged by the Board.

Together with this investment the Board has approved a new structure for the Group with three business units, KX, First Derivative and MRP, each with its own distinct commercial proposition, go-to-market strategy, addressable market and target growth rate. Subject to shareholder approval at the forthcoming Annual General Meeting, the Group will be renamed FD Technologies plc. These changes enable clearer commercial focus on the opportunities for each business while our financial reporting will also provide greater insight for stakeholders.

### **KX – the leading technology for real-time continuous intelligence**

Its ultra-high-performance analytics capability enables KX to be the technology that powers continuous intelligence. Our goal is to see widespread adoption of our technology across industries, with complete deployment freedom spanning down to the device level, installed within the customer's operations or operating seamlessly across cloud infrastructures. This power and flexibility, together with the cost of ownership and return on investment benefits, provide the opportunity for KX to become the market-leading technology for real-time streaming analytics.

This opportunity is forecast to be valued at \$39bn per annum by 2025, growing at 30% per annum, according to Adroit Market Research, which resonates with our own assessment of the opportunities in our target markets.

To position KX to benefit fully from this growth opportunity, in the current financial year an additional £16m will be invested, comprising:

- An additional £7m in sales and marketing to build out our sales capabilities and strengthen our brand and market awareness
- A further £5m in R&D to accelerate the cloud capabilities of KX and its interoperability and ease-of-use
- Infrastructure investment of £4m in FY22, including new ERP and CRM systems, to support the delivery of growth.

As part of this reorganisation, all KX services other than pre-sales, implementation and support services revenue will be delivered by and reported within First Derivative. We will also phase out sales of our technology on a perpetual license basis. As a result, KX revenue will predominantly comprise high-margin recurring license revenue which, if we achieve our plans for KX, will be growing at market-leading rates. To enable stakeholders to assess our performance against our targets, we will provide additional non-statutory metrics, including annual recurring revenue and net revenue retention rates.

KX is targeting growth in exit ARR of at least 25% per annum through FY25 and a gross margin of at least 80% by FY25.

### **First Derivative – technology-led services in capital markets**

First Derivative is formed by merging FD's former managed services and consulting business with the KX services capability to form a technology and data services provider in our primary market of FinTech. It has three key offerings:

- **Vendor services:** implementation, support and managed services for third-party vendor systems including Calypso and Murex
- **Business services:** regulation and compliance, client services and automation
- **Data services:** Data preparation, data management, data science, KX services and cloud migration support

While not requiring significant further investment, First Derivative will benefit from sharper focus on its target markets where it has the greatest in-depth expertise, and which are areas of key focus for our clients. This approach has already returned the business to growth in H2 2021, despite the impact of COVID-19, and we believe it can return to double digit revenue growth during the current year.

### **MRP – the only enterprise-class, predictive ABM solution**

MRP is at the forefront of Account Based Marketing (ABM), with its Prelytix platform enabling sales and marketing organisations to grow new business by identifying and engaging the most likely buyers of our clients' products and services. Powered by KX to provide deep and timely insights into customer and potential customer behaviour, Prelytix provides a high return on investment and is rated among the leaders in its space by industry analysts such as Forrester and Ovum. Prelytix subscribers are supported by MRP through the provision of engagement services that together drive industry-leading return on investment for our clients.

Our assessment of the current addressable market for MRP is \$12 billion per annum in 2022, growing at a rate in excess of 20% per annum.

The Board expects MRP will benefit from recovery in its end markets, which were impacted by COVID-19, and as a result of planned product launches. MRP is targeting growth in platform revenue of at least 20% per annum through FY25 and a 70% gross margin by FY25.

## **People**

Strengthening leadership at the Group and business unit level to support our growth strategy was a key focus during the year. We appointed three Non-Executive Directors, each bringing expertise and experience in scaling world-leading technology companies - Ayman Sayed, CEO of BMC Software; Thomas Seifert, CFO of Cloudflare; and Steve Fisher, former CTO of eBay and who also held senior technology leadership roles at salesforce.com. We also made Group senior executive appointments, including Kathy Schneider, formerly of Sungard and Level 3, as Chief Marketing Officer.

We also made significant additions to the executive teams within our business units, with the recruitment of high calibre individuals including: within KX, Eric Raab, who has a wealth of CTO experience gained at high-growth technology companies including Information Builders and Yodle, as Chief Technology Officer and Alan Coad, formerly leading enterprise sales at Google Cloud and Pivotal, as Chief Revenue Officer; at MRP, Scott Matthews, who has a track record building successful SaaS companies including Crowdtwist, as Chief Executive Officer; and at First Derivative, David Collins, formerly of GFT and Capco, as Managing Director. All have previous experience in high growth enterprise technology companies.

We also appointed Ryan Preston as CFO in January 2021, succeeding Graham Ferguson who wished to devote more time to his other interests including supporting the development of Northern Ireland-based SMEs. Ryan was formerly the Group's Deputy CFO.

The Group employs more than 2,500 people, up from more than 2,400 at the same time last year. While we initially paused recruitment in response to COVID-19, we resumed hiring to keep pace with growing demand, and during the year added 424 new employees. Attrition rates were at the lower end of the typical range.

The past year has placed unprecedented demands on employees, who have demonstrated great commitment and flexibility to support our clients and each other. The Board thanks them for their efforts and continued engagement.

## **COVID-19**

The pandemic was a significant factor throughout our financial year, impacting both our operations and the business environment. Operationally, our priorities were the safety and health of our employees and supporting the mission-critical activities of our clients. The effectiveness of our planning and the measures we introduced enabled us to transition seamlessly to the remote delivery of all the services we provide to clients. We put in place measures that supported our employees' physical and mental well-being and liaised closely with clients to meet their needs effectively and pre-empt any change in requirements.

To safeguard the business we put in place mitigating measures including suspending non-essential travel, deferring executive bonuses and suspending dividend payments. The Group did not utilise any Government financial assistance measures related to COVID-19 and nor did it furlough any employees during the year. To ensure liquidity, in March 2020 we drew down £34.2m from our available finance facility with the funds placed on deposit. Given the Group's strong cash generation in the first half of the year, this was repaid in the second half.

The business impact was felt predominantly in changes in customer behaviour, including a lengthening of sales cycles, particularly in the early months of the pandemic, which resulted in lower growth rates across our businesses and a reduction in adjusted EBITDA. As we emerge from the pandemic, we expect to see an acceleration of digital transformation in general, and continuous intelligence in particular, opening up many new opportunities for KX.

## **Current trading and outlook**

The Board is providing guidance for the current financial year which reflects the improved momentum across our business units, as well as the cost impact of the accelerated growth detailed today.

The Board anticipates that revenue for the current financial year will be in the range £255m to £260m, with adjusted EBITDA in the range £31m - £33m. The factors affecting this guidance include:

- KX: while the pipeline is considerably stronger than at the same point in 2020 and we expect growth in exit ARR of at least 25%, growth in recurring software revenue is expected to be offset by a planned reduction in perpetual license revenue
- First Derivative and MRP: we expect improved performance such that adjusted EBITDA for each division will exceed pre-COVID-19, FY20 levels
- Incremental increase in operating expenses of £11m as a result of the additional investment to accelerate growth announced today, together with an additional £5m of R&D cost, the majority of which is expected to be capitalised.

The Board considers that the actions announced today position the Group to deliver on exciting growth opportunities in KX while driving profitability in First Derivative and MRP. It has set growth targets that, if achieved, should generate strong returns for investors driven by high levels of recurring software revenue as KX builds on its market-leading position within continuous intelligence.

# Financial review

## Revenue and Margins

The table below shows the movement in FY21 from the historical analysis of the Group's performance between software & services and managed services & consulting, to the new segmental analysis of KX, First Derivative and MRP. **KX** comprises the FinTech and Industry segments of software & services, including services revenue from pre-sales, implementation and support. **First Derivative** comprises the managed services and consulting segment, along with other KX services which represented £28.9m of revenue in FY21, as detailed in the first column in italics below. MarTech revenue, formerly included in software and services, is now reported under **MRP**, as detailed in the second column in italics. FY20 is reported on the same basis for KX, First Derivative and MRP. In addition we have provided performance metrics for each Business Unit which will further highlight how we are delivering growth.

	2021					2020					Group change		
	Group	Former reporting		New segmental reporting			Group	KX	First Derivative	MRP			
		Software & Services	Managed Services & Consulting	<i>Software to First Derivative</i>	<i>Software to MRP</i>	KX						First Derivative	MRP
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
<b>Revenue</b>	<b>237.9</b>	<b>147.4</b>	<b>90.5</b>	<b>28.9</b>	<b>44.2</b>	<b>74.3</b>	<b>119.4</b>	<b>44.2</b>	<b>237.8</b>	<b>71.2</b>	<b>119.3</b>	<b>47.3</b>	<b>0%</b>
Cost of sales	<b>(136.9)</b>	(66.1)	(70.8)	<i>(19.5)</i>	<i>(26.1)</i>	(20.5)	(90.3)	(26.1)	<b>(136.6)</b>	(22.4)	(88.3)	(26.0)	<b>0%</b>
<b>Gross profit</b>	<b>101.0</b>	<b>81.3</b>	<b>19.7</b>	<b>9.5</b>	<b>18.0</b>	<b>53.8</b>	<b>29.1</b>	<b>18.0</b>	<b>101.1</b>	<b>48.8</b>	<b>31.0</b>	<b>21.3</b>	<b>(0%)</b>
<i>Gross margin</i>	42%					72%	24%	41%	43%	68%	26%	45%	
R&D expenditure	<b>(15.9)</b>	(15.8)	(0.1)	<i>0.0</i>	<i>(1.9)</i>	(13.9)	(0.1)	(1.9)	<b>(13.1)</b>	(12.0)	0.0	(1.2)	<b>21%</b>
R&D capitalised	<b>13.4</b>	13.3	0.1	<i>0.0</i>	<i>1.8</i>	11.5	0.1	1.8	<b>10.4</b>	10.4	0.0	0.0	<b>28%</b>
Net R&D	<b>(2.6)</b>	(2.6)	0.0	<i>0.0</i>	<i>(0.1)</i>	(2.4)	0.0	(0.1)	<b>(2.7)</b>	(1.5)	0.0	(1.2)	<b>(6%)</b>
Sales and marketing costs	<b>(39.3)</b>	(30.8)	(8.5)	<i>(2.3)</i>	<i>(7.9)</i>	(20.6)	(10.8)	(7.9)	<b>(35.4)</b>	(15.7)	(10.8)	(8.9)	<b>11%</b>
Adjusted admin expenses	<b>(18.7)</b>	(11.9)	(6.8)	<i>(1.0)</i>	<i>(4.3)</i>	(6.6)	(7.8)	(4.3)	<b>(17.5)</b>	(6.1)	(7.6)	(3.8)	<b>6%</b>
<b>Adjusted EBITDA</b>	<b>40.5</b>	36.1	4.4	<b>6.1</b>	<b>5.7</b>	24.3	10.5	5.7	<b>45.5</b>	25.5	12.6	7.4	<b>(11%)</b>
<i>Adj. EBITDA margin</i>	17%					33%	9%	13%	19%	36%	11%	16%	

Group revenue was unchanged at £237.9m (2020: £237.8m), driven by growth in KX balanced by lower revenue in MRP and a flat performance in First Derivative. Group gross profit was also unchanged at £101.0m, representing gross margin of 42%, down marginally from 43% in the prior period. Lower services utilisation in First Derivative and MRP was balanced by margin improvement in KX. As stated in our results and trading updates during the year, we continued to invest in R&D and sales and marketing which resulted in adjusted EBITDA declining by 11% to £40.5m.

### KX

	KX total			FinTech			Industry		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
	£m	£m		£m	£m		£m	£m	
<b>Revenue</b>	<b>74.3</b>	<b>71.2</b>	<b>4%</b>	<b>65.3</b>	<b>59.5</b>	<b>10%</b>	<b>9.0</b>	<b>11.7</b>	<b>(23%)</b>
Perpetual	10.7	11.9	<i>(10%)</i>	7.9	7.8	2%	2.8	4.0	<i>(32%)</i>

Recurring	37.7	34.2	10%	35.0	31.4	12%	2.7	2.8	(4%)
Total licenses	48.4	46.0	5%	43.0	39.2	10%	5.4	6.8	(21%)
Services	25.9	25.2	3%	22.3	20.3	9%	3.6	4.9	(26%)
<b>Gross profit</b>	<b>53.8</b>	<b>48.8</b>	<b>10%</b>						
<b>Adjusted EBITDA</b>	<b>24.3</b>	<b>25.5</b>	<b>(5%)</b>						

KX revenue increased by 4% to £74.3m, driven by growth in recurring license revenue of 10% to £37.7m, with recurring license revenue representing 51% of total revenue (2020: 48%). Pre-sales, implementation and support services revenue increased by 3% to £25.9m, despite investment in our customer success team which resulted in some senior staff being removed from short-term revenue-generating roles to focus on pre-and post-sales engagement with customers. Perpetual license revenue decreased by 10% as we started the transition to focus on recurring revenue, to further increase revenue predictability.

Growth was strongest in our core FinTech market, where recurring revenue increased by 12%. We won a number of new contracts, including a major European bank which made a significant commitment to use KX within its capital markets trading operation and a major Japanese bank which consolidated all its on-premise data into KX on AWS to enable real-time monitoring and alerts. Industry revenue declined by 23% to £9.0m, reflecting a lengthening of sales cycles as potential customers focused on transitioning their existing operations to remote working rather than transformational projects.

Gross profit increased by 10% as a result of the increase in software license revenue in the revenue mix, while adjusted EBITDA fell by 5% principally due to a 31% increase in sales and marketing costs.

Performance metrics	2021	2020
Exit annual recurring revenue (ARR) £m	37.6	37.5
Net revenue retention (NRR)	99%	105%
Gross profit margin	72%	68%
R&D expenditure as % of revenue	19%	17%
Sales and marketing spend as % of revenue	28%	22%
Adjusted EBITDA margin	33%	36%

We increased our spend on R&D and sales and marketing as a proportion of revenue as we continue to invest to benefit from the growing opportunities for streaming analytics and continuous intelligence.

#### First Derivative

The table below shows the performance of First Derivative, which incorporates the revenue shown as managed services and consulting with KX services revenue other than pre-sales, implementation and support services revenue, which remains within KX. The KX services revenue within First Derivative principally consists of development work for clients and associated services.

	2021 £m	2020 £m	Change
<b>Revenue</b>	119.4	119.3	0%
Managed services	21.3	20.9	2%
Other services	98.1	98.4	(0%)

<b>Gross profit</b>	<b>29.1</b>	<b>31.0</b>	<b>(6%)</b>
<b>Adjusted EBITDA</b>	<b>10.5</b>	<b>12.6</b>	<b>(17%)</b>

Despite the impact of COVID-19, First Derivative revenue was unchanged from the prior year at £119.4m, reflecting the long-term and mission-critical nature of the services we provide and the strength of client relationships. We transitioned quickly to remote working to deliver our services and, while the pandemic impacted levels of new project work in the short term, we saw a strengthening of demand towards the end of the period, continuing into the current year. The lockdown in December 2020 led to onboarding delays for a number of projects, without which we would have reported growth for the year - these projects are now running and provide confidence that First Derivative will deliver growth in the current year.

To drive predictable growth, First Derivative is seeking to increase the number of managed service contracts it signs, under which it takes responsibility for the delivery of a service typically on a multi-year contract. Recent examples of such deals include a multi-year application support and development contract signed with a major Japanese bank. Across its practices, First Derivative is seeking to take greater responsibility for the delivery of packages of work, which should provide increased value to our clients and translate to increased gross margins for First Derivative over time.

<b>Performance metrics</b>	<b>2021</b>	<b>2020</b>
Gross profit margin	24%	26%
Adjusted EBITDA margin	9%	11%

Gross and EBITDA margins held up well as we managed the cost in First Derivative in response to COVID-19 and would have improved on the prior year but for delays to project onboarding towards the end of the financial year as a result of the lockdowns in Europe in late 2020 / early 2021.

#### MRP

The table below shows the performance of MRP, which previously was included within the Group's software revenue under MarTech.

	<b>2021</b>	<b>2020</b>	
	<b>£m</b>	<b>£m</b>	<i>Change</i>
<b>Revenue</b>	<b>44.2</b>	<b>47.3</b>	<i>(7%)</i>
Platform	24.2	25.6	<i>(5%)</i>
Services	19.9	21.7	<i>(8%)</i>
<b>Gross profit</b>	<b>18.0</b>	<b>21.3</b>	<i>(15%)</i>
<b>Adjusted EBITDA</b>	<b>5.7</b>	<b>7.4</b>	<i>(22%)</i>

MRP provides global sales and marketing leaders with an enterprise class predictive Account Based Marketing (ABM) platform and supporting products and services to enable them to identify and engage potential customers earlier and more effectively, driving greater revenue and market share. MRP's Prelytix platform uses KX's data analytics capabilities to deliver predictive analytics derived from billions of data points, enabling clients to dynamically assess their marketplace and to activate a wide range of sales and marketing tactics informed by real-time insights. Our focus is on growing recurring software revenue, which is derived from a combination of subscriptions to MRP's Prelytix platform and data-driven engagement between our clients and their prospects using Prelytix. We also provide marketing products and services to enable clients to engage with prospective customers and to progress them through their sales funnel.

COVID-19 impacted the entire year and all of the geographies in which MRP operates. In H1, some existing clients paused subscription renewals and services spend as a result of macroeconomic uncertainty and their desire to focus on serving existing customers rather than driving new sales. In H2, while customer spending in Europe and the Asia Pacific region improved, North America was weaker than expected, partly driven by cuts in marketing budgets and also by the ongoing impact of COVID-19. Against this backdrop for the year, software revenue held up well, while services revenue experienced a 10% reduction.

Towards the period end and in early FY22 we have seen an encouraging rebound in spending, particularly in North America, with both new customer wins representing significant multi-year commitments and existing customers increasing their spend with MRP. Our development roadmap for MRP includes ongoing upgrades to the Prelytix platform, along with new and enhanced products that provide the potential to accelerate growth and help us achieve our target growth rate in software revenue through to FY25.

Performance metrics	2021	2020
Platform revenue £m	24.2	25.6
Gross profit margin	41%	45%
Adjusted EBITDA margin	13%	16%

Software revenue held up well despite the impact of COVID-19, declining by 4% for the reasons discussed above. Gross and adjusted EBITDA margins declined as we continued to invest to support MRP's growth opportunity.

### Adjusted EBITDA

The reconciliation of operating profit to adjusted EBITDA is provided below:

	2021 £m	2020 £m
<b>Operating Profit</b>	<b>17.0</b>	<b>21.7</b>
Acquisition and non-operational costs	1.3	2.0
Share based payment and related costs	2.4	3.1
Depreciation and amortisation	19.8	18.7
<b>Adjusted EBITDA</b>	<b>40.5</b>	<b>45.5</b>

### Profit before tax

Adjusted profit before tax decreased by 22% to £20.2m (2020: £25.9m) held back by higher depreciation and software amortisation charges due to the impact of increased R&D in recent years. This was balanced by increased finance income related to the sale of the Group's stake in Quantile Technologies, which is excluded from adjusted profit before tax. Reported profit before tax decreased by 39% to £11.1m (2020: £18.3m) with a major non-operational factor being exchange rate differences which represented a £3.2m charge for the period compared with a £1.0m benefit in the prior year. This was driven by a higher than typical level of dollar balances held, due to lower investments / acquisitions and improved cash collection in the US.

The reconciliation of adjusted EBITDA to reported profit before tax is provided below.

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
<b>Adjusted EBITDA</b>	<b>40.5</b>	<b>45.5</b>
Adjustments for:		
Depreciation	(6.9)	(6.3)
Amortisation of software development costs	(9.3)	(8.7)
Financing costs	(4.2)	(4.6)
	<hr/>	<hr/>
Adjusted profit before tax	20.2	25.9
Adjustments for:		
Amortisation of acquired intangibles	(3.6)	(3.7)
Share based payment and related costs	(2.4)	(3.1)
Acquisition and non-operational costs, associate disposal costs and changes in deferred consideration	(1.3)	(2.0)
Profit / (loss) on foreign currency translation	(3.2)	1.0
Share of profit of associate	(0.1)	0.1
Finance income	1.6	-
	<hr/>	<hr/>
<b>Reported profit before tax</b>	<b>11.1</b>	<b>18.3</b>
	<hr/> <hr/>	<hr/> <hr/>

### Earnings per share

Reported profit after tax decreased by 40% to £9.0m (2020: £14.9m) and reported diluted earnings per share decreased by 41% to 32.0p per share (2020: 54.2p). Exchange rate differences accounted for a major part of this decline.

The adjusted profit after tax for the period of £16.6m (2020: £21.3m) represented a decrease of 22%. The calculation of adjusted profit after tax is detailed below:

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Reported profit after tax	9.0	14.9
Adjustments from profit before tax	9.0	7.6
Tax effect of adjustments	(1.4)	(1.3)
	<hr/>	<hr/>
Adjusted profit after tax	16.6	21.3
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares (diluted)	28.1m	27.5m
Adjusted EPS (fully diluted)	59.0p	77.4p

## Balance sheet

Total assets increased by £14.2m with cash and cash equivalents increasing by more than 100% to £55.2m (2020: £26.1m). Loans and borrowings fell to £92.8m (2020: £105.2m) of which £65.1m related to bank loans (2020: £75.5m) and the remainder to lease liabilities.

## Cash generation and net debt

The Group generated £46.7m of cash from operating activities before taxes paid (2020: £34.4m) representing 115% conversion of adjusted EBITDA (2020: 75%). The performance during the period benefited from lower growth rates which improved working capital as well as an increased focus on cash collection, while there was also a benefit from revenue recognised in 2020 where the cash was collected in early 2021. We continue to expect cash generated from operating activities to represent 80-85% of adjusted EBITDA in a year where growth reaches our target levels.

The Group also benefitted from an £11.3m inflow from investments, of which £11.0m represents an inflow from the partial sale of our holding in Quantile Technologies. The investment occurred as part of FD's strategy of assisting companies that were adopting KX in new and innovative ways. This programme has been de-emphasised in recent years and the Group has instead focused its efforts on signing partnership agreements with OEMs, systems integrators and hyperscale cloud providers.

At the period end, net debt was £9.9m (2020: £49.4m). The factors impacting the movement in net debt are summarised in the table below:

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Opening net debt (excluding lease liabilities)	(49.4)	(16.5)
Cash generated from operating activities	46.7	34.4
Taxes paid	(1.3)	(3.0)
Dividends paid	-	(7.4)
Capital expenditure: property, plant and equipment	(1.5)	(2.3)
Capital expenditure: intangible assets	(13.8)	(11.0)
Acquisition of subsidiaries	-	(42.9)
Investments	11.3	(1.6)
Issue of new shares	8.3	10.1
Interest, foreign exchange and other	(10.3)	(9.2)
<b>Closing net debt (excluding lease liabilities)</b>	<b>(9.9)</b>	<b>(49.4)</b>

## Dividend

The Board did not declare an interim dividend due to uncertainty regarding COVID-19. In light of the decision to increase investment in KX, the Board has decided not to recommend the payment of a final dividend for the full year.

## Definition of terms

The Group uses the following definitions for its key metrics:

**Exit annual recurring revenue (ARR)** is the value at the end of the accounting period of the software and subscription recurring revenue to be recognised over the proceeding twelve months.

**Net retention rate (NRR):** is based on the actual revenues in the quarter annualised forward to 12 months and compared to the annualised revenue from the four quarters prior. The customer cohort is comprised of customers in the quarter that have generated revenue in the prior four quarters.

**Adjusted admin expenses** is a measure used in internal management reporting which comprises administrative expenses per the statement of comprehensive income of £42.0m (2020: £41.8m) adjusted for depreciation and amortisation of £19.8m (2020: £18.7m), share based payments and related costs of £2.4m (2020: £3.1m), acquisition and non-operational costs of £1.3m (2020: £2.0m) and net of impairment (loss)/gain on trade and other receivables of £0.2m (2020: gain of £0.3m) and other income of £0.1m (2020: £0.2m).

# Consolidated statement of comprehensive income

Year ended 28 February 2021

	Note	2021 £'000	2020 £'000
<b>Revenue</b>			
Software licenses and services	2	147,365	148,401
Managed services and consulting	2	90,502	89,389
Total revenue		237,867	237,790
<b>Cost of sales</b>			
Software licenses and services	2	(66,062)	(67,184)
Managed services and consulting	2	(70,826)	(69,458)
Total cost of sales		(136,888)	(136,642)
<b>Gross profit</b>		100,979	101,148
<b>Operating costs</b>			
Research and development costs		(15,948)	(13,132)
– Of which capitalised		13,398	10,431
Sales and marketing costs		(39,252)	(35,399)
Administrative expenses		(42,036)	(41,818)
Impairment (loss)/gain on trade and other receivables		(215)	336
Other income		96	179
Total operating costs		(83,957)	(79,403)
<b>Operating profit</b>		17,022	21,745
Finance income		1,606	26
Finance expense		(4,183)	(4,666)
(Loss)/gain on foreign currency translation		(3,240)	1,019
<b>Net finance costs</b>		(5,817)	(3,621)
Share of (loss)/gain of associate, net of tax		(58)	126
<b>Profit before taxation</b>		11,147	18,250
Income tax expense		(2,150)	(3,357)
<b>Profit for the year</b>		8,997	14,893
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Equity investments at FVOCI – net change in fair value		2,349	—
Net gain on sale of FVOCI holding		4,746	—
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Net exchange (loss)/gain on net investment in foreign subsidiaries		(10,657)	1,394
Net gain/(loss) on hedge of net investment in foreign subsidiaries		2,611	(2,920)
<b>Other comprehensive income for the period, net of tax</b>		(951)	(1,526)
<b>Total comprehensive income for the period attributable to owners of the parent</b>		8,046	13,367
<b>Earnings per share</b>			
Basic	4a	32.7	55.9
Diluted	4a	32.0	54.2

All profits are attributable to the owners of the Company and relate to continuing activities.

# Consolidated balance sheet

As at 28 February 2021

	Note	2021 £'000	2020 £'000
<b>Assets</b>			
Property, plant and equipment	5	33,541	37,143
Intangible assets and goodwill	6	147,513	154,416
Equity accounted investee		2,649	2,937
Other financial assets		14,760	15,750
Trade and other receivables		3,312	5,000
Deferred tax assets		14,719	14,982
<b>Non-current assets</b>		<b>216,494</b>	<b>230,228</b>
Trade and other receivables		75,102	76,330
Current tax receivable		3,208	3,142
Cash and cash equivalents		55,198	26,068
<b>Current assets</b>		<b>133,508</b>	<b>105,540</b>
<b>Total assets</b>		<b>350,002</b>	<b>335,768</b>
<b>Equity</b>			
Share capital		139	136
Share premium		99,396	91,002
Merger reserve		8,118	8,118
Share option reserve		16,790	13,775
Fair value reserve		10,682	3,587
Currency translation adjustment reserve		(5,628)	2,418
Retained earnings		53,177	44,125
<b>Equity attributable to owners of the Company</b>		<b>182,674</b>	<b>163,161</b>
<b>Liabilities</b>			
Loans and borrowings		83,596	94,311
Trade and other payables		2,431	2,610
Deferred tax liabilities		11,428	10,585
<b>Non-current liabilities</b>		<b>97,455</b>	<b>107,506</b>
Loans and borrowings	7	9,244	10,868
Trade and other payables		53,591	47,719
Current tax payable		269	312
Employee benefits		6,769	6,202
<b>Current liabilities</b>		<b>69,873</b>	<b>65,101</b>
<b>Total liabilities</b>		<b>167,328</b>	<b>172,607</b>
<b>Total equity and liabilities</b>		<b>350,002</b>	<b>335,768</b>

# Consolidated statement of changes in equity

Year ended 28 February 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Fair value reserve £'000	Currency translation adjustment £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 March 2020</b>	<b>136</b>	<b>91,002</b>	<b>8,118</b>	<b>13,775</b>	<b>3,587</b>	<b>2,418</b>	<b>44,125</b>	<b>163,161</b>
<b>Total comprehensive income for the year</b>								
Profit for the year	—	—	—	—	—	—	8,997	8,997
<b>Other comprehensive income</b>								
Net exchange loss on net investment in foreign subsidiaries	—	—	—	—	—	(10,657)	—	(10,657)
Net exchange gain on hedge of net investment in foreign subsidiaries	—	—	—	—	—	2,611	—	2,611
Net change in fair value of equity investments at FVOCI	—	—	—	—	2,349	—	—	2,349
Net Gain on sale of FVOCI holding	—	—	—	—	4,746	—	—	4,746
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,095</b>	<b>(8,046)</b>	<b>8,997</b>	<b>8,046</b>
<b>Transactions with owners of the Company</b>								
Tax relating to share options	—	—	—	820	—	—	—	820
Exercise of share options	3	8,281	—	—	—	—	—	8,284
Issue of shares	—	113	—	—	—	—	—	113
Share based payment charge	—	—	—	2,250	—	—	—	2,250
Transfer on forfeit of share options	—	—	—	(55)	—	—	55	—
<b>Balance at 28 February 2021</b>	<b>139</b>	<b>99,396</b>	<b>8,118</b>	<b>16,790</b>	<b>10,682</b>	<b>(5,628)</b>	<b>53,177</b>	<b>182,674</b>

# Consolidated statement of changes in equity

Year ended 29 February 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Fair value reserve £'000	Currency translation adjustment £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 March 2019</b>	131	79,726	8,118	10,744	3,587	3,944	36,560	142,810
<b>Total comprehensive income for the year</b>								
Profit for the year	—	—	—	—	—	—	14,893	14,893
<b>Other comprehensive income</b>								
Net exchange gain on net investment in foreign subsidiaries	—	—	—	—	—	1,394	—	1,394
Net exchange loss on hedge of net investment in foreign subsidiaries	—	—	—	—	—	(2,920)	—	(2,920)
<b>Total comprehensive income for the year</b>	—	—	—	—	—	(1,526)	14,893	13,367
<b>Transactions with owners of the Company</b>								
Tax relating to share options	—	—	—	1,411	—	—	—	1,411
Exercise of share options	4	10,123	—	—	—	—	—	10,127
Issue of shares	—	58	—	—	—	—	—	58
Issue of shares as contingent deferred consideration	1	1,095	—	—	—	—	—	1,096
Share based payment charge	—	—	—	1,645	—	—	—	1,645
Transfer on forfeit of share options	—	—	—	(25)	—	—	25	—
Dividends to owners of the Company	—	—	—	—	—	—	(7,353)	(7,353)
<b>Balance at 29 February 2020</b>	136	91,002	8,118	13,775	3,587	2,418	44,125	163,161

# Consolidated cash flow statement

Year ended 28 February 2021

	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>		
Profit for the year	8,997	14,893
Adjustments for:		
Net finance costs	5,818	3,621
Depreciation of property, plant and equipment	6,876	6,291
Amortisation of intangible assets	12,889	12,377
Equity-settled share based payment transactions	2,250	1,645
Grant income	(49)	(179)
Share of loss of associate	58	(126)
Tax expense	2,150	3,357
	<b>38,989</b>	41,879
Changes in:		
Trade and other receivables	1,707	(18,869)
Trade and other payables	5,972	11,340
Cash generated from operating activities	<b>46,668</b>	34,350
Taxes paid	<b>(1,253)</b>	(2,957)
<b>Net cash from operating activities</b>	<b>45,415</b>	31,393
<b>Cash flows from investing activities</b>		
Interest received	40	26
(increase) in loans to other investments	(122)	—
Decrease in loans to other investments	992	(604)
Settlement of NCI forward	—	(42,874)
Acquisition of other investments and associates	(510)	(1,044)
Sale of other investments	10,987	—
Acquisition of property, plant and equipment	(1,502)	(2,295)
Acquisition of intangible assets	(13,775)	(10,972)
<b>Net cash used in investing activities</b>	<b>(3,890)</b>	(57,763)
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	8,284	10,127
Drawdown of loans and borrowings	34,208	76,933
Repayment of borrowings	(38,350)	(36,751)
Payment of lease liabilities	(4,554)	(4,531)
Interest paid	(4,564)	(3,482)
Dividends paid	—	(7,397)
<b>Net cash generated from financing activities</b>	<b>(4,976)</b>	34,899
<b>Net increase in cash and cash equivalents</b>	<b>36,549</b>	8,529
Cash and cash equivalents at 1 March	26,068	18,798
Effects of exchange rate changes on cash held	(7,419)	(1,259)
<b>Cash and cash equivalents at 28/29 February</b>	<b>55,198</b>	26,068

## 1. Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The financial information included in this preliminary announcement does not constitute statutory accounts of the Group for the years ended 28 February 2021 nor 29 February 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Both the consolidated financial statements and the Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs").

### No changes in accounting policies

## 2. Operating and business segments

### Information about reportable segments

	Managed services and consulting		Software		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Revenue by industry</b>						
Revenue	<b>90,502</b>	89,389	<b>147,365</b>	148,401	<b>237,867</b>	237,790
Cost of sales	<b>(70,826)</b>	(69,458)	<b>(66,062)</b>	(67,184)	<b>(136,888)</b>	(136,642)
Gross profit	<b>19,676</b>	19,931	<b>81,303</b>	81,217	<b>100,979</b>	101,148

### Geographical location analysis

	Revenues		Non-current assets	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
UK	<b>68,718</b>	66,878	<b>59,837</b>	56,485
Rest of Europe	<b>39,371</b>	42,862	<b>16,561</b>	15,218
America	<b>103,401</b>	100,596	<b>122,313</b>	142,476
Australasia	<b>26,377</b>	27,454	<b>3,064</b>	1,067
Total	<b>237,867</b>	237,790	<b>201,775</b>	215,246

### Disaggregation of revenue

	Managed services and consulting		Software		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Revenue by industry</b>						
FinTech	<b>90,502</b>	89,389	<b>94,162</b>	89,398	<b>184,664</b>	178,787
MarTech	—	—	<b>44,161</b>	47,299	<b>44,161</b>	47,299
Other	—	—	<b>9,042</b>	11,704	<b>9,042</b>	11,704
	<b>90,502</b>	89,389	<b>147,365</b>	148,401	<b>237,867</b>	237,790
<b>Type of good or service</b>						
Sale of goods – perpetual	—	—	<b>10,595</b>	11,856	<b>10,595</b>	11,856
Sale of goods – recurring	—	—	<b>61,951</b>	59,789	<b>61,951</b>	59,789
Rendering of services	<b>90,502</b>	89,389	<b>74,819</b>	76,756	<b>165,321</b>	166,145
	<b>90,502</b>	89,389	<b>147,365</b>	148,401	<b>237,867</b>	237,790
<b>Timing of revenue recognition</b>						
At a point in time	—	—	<b>10,595</b>	11,856	<b>10,595</b>	11,856
Over time	<b>90,502</b>	89,389	<b>136,770</b>	136,545	<b>227,272</b>	225,934
	<b>90,502</b>	89,389	<b>147,365</b>	148,401	<b>237,867</b>	237,790

### 3. Dividends

	2021 £'000	2020 £'000
<b>Dividends paid to the owners of the parent</b>		
Final dividend relating to the prior year	—	5,084
Interim dividend paid	—	2,269
	—	7,353

The dividends recorded in each financial year represent the final dividend of the preceding financial year and the interim dividend of the current financial year.

No final dividend was declared in relation to the comparative period and no interim dividend was declared or paid relating to the current year. In the prior year the 2019 final dividend of 19.30p per share and the 2020 interim dividend of 8.50p per share were paid. The cumulative dividend paid during the year amounted to nil (previous year: 27.80p) per share.

After the respective reporting dates, the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

	2021 £'000	2020 £'000
Nil per ordinary share (2020: Nil)	—	—

### 4. a) Earnings per ordinary share

#### **Basic**

The calculation of basic earnings per share at 28 February 2021 was based on the profit attributable to ordinary shareholders of £8,997k (2020: £14,893k), and a weighted average number of ordinary shares in issue of 27,505k (2020: 26,628k).

	2021 Pence per share	2020 Pence per share
Basic earnings per share	32.7	55.9

#### *Weighted average number of ordinary shares*

	2021 Number '000	2020 Number '000
Issued ordinary shares at 1 March	27,150	26,162
Effect of share options exercised	352	437
Effect of shares issued as purchase consideration	—	27
Effect of shares issued as remuneration	3	2
Weighted average number of ordinary shares at 28/ 29 February	27,505	26,628

## **Diluted**

The calculation of diluted earnings per share at 28 February 2021 was based on the profit attributable to ordinary shareholders of £8,997k (2020: £14,893k ) and a weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 28,126k (2020: 27,502k).

	2021 Pence per share	2020 Pence per share
Diluted earnings per share	<b>32.0</b>	54.2

### *Weighted average number of ordinary shares (diluted)*

	2021 Number '000	2020 Number '000
Weighted average number of ordinary shares (basic)	<b>27,505</b>	26,628
Effect of dilutive share options in issue	<b>621</b>	874
Weighted average number of ordinary shares (diluted) at 29 February	<b>28,126</b>	27,502

At 28 February 2021 120,058 shares (2020: 18,885) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. The average market value of the Group's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

## **4. b) Earnings before tax per ordinary share**

Earnings before tax per share are based on profit before taxation of £11,147k (2020: £18,250). The number of shares used in this calculation is consistent with note 4(a) above.

	2021 Pence per share	2020 Pence per share
Basic earnings before tax per ordinary share	<b>40.5</b>	68.5
Diluted earnings before tax per ordinary share	<b>39.6</b>	66.4

Reconciliation from earnings per ordinary share to earnings before tax per ordinary share:

	2021 Pence per share	2020 Pence per share
Basic earnings per share	<b>32.7</b>	55.9
Impact of taxation charge	<b>7.8</b>	12.6
Basic earnings before tax per share	<b>40.5</b>	68.5
Diluted earnings per share	<b>32.0</b>	54.2
Impact of taxation charge	<b>7.6</b>	12.2
Diluted earnings before tax per share	<b>39.6</b>	66.4

Earnings before tax per share is presented to facilitate pre-tax comparison returns on comparable investments.

#### 4. c) Adjusted earnings after tax per ordinary share

Adjusted earnings after tax per share is based on an adjusted profit after taxation of £16,602k (2020: £21,283k). The adjusted profit after tax has been calculated by adjusting the Profit after tax £8,997k (2020: £14,894k) for the amortisation of acquired intangibles after tax effect of £3,184k (2020: £3,155k), share based payment and related charges after tax effect of £1,911k (2020: £2,526k), acquisition costs after tax effect of £1,102k (2020: £1,635k), share of loss of associate after tax effect of £58k (2020: profit £126k), the loss on foreign currency translation after tax effect of £2,613k (2020: profit £802k), and finance income from sale of investment after tax effect of £1,263k (2020:nil). The number of shares used in this calculation is consistent with note 4(a) above.

	2021 Pence per share	2020 Pence per share
Adjusted basic earnings after tax per ordinary share	<b>60.4</b>	79.9
Adjusted diluted earnings after tax per ordinary share	<b>59.0</b>	77.4

#### 5. Property, plant and equipment

##### Group

	Leasehold improvements £'000	Plant and equipment £'000	Office furniture £'000	Right- of-use assets £'000	Total £'000
<b>Cost</b>					
At 1 March 2020	5,958	17,163	1,763	30,914	55,798
Additions	371	1,090	42	2,975	4,478
Disposals	(60)	(6,169)	(450)	(379)	(7,058)
Exchange adjustments	(45)	(198)	(6)	(920)	(1,169)
<b>At 28 February 2021</b>	<b>6,224</b>	<b>11,886</b>	<b>1,349</b>	<b>32,590</b>	<b>52,049</b>
<b>Depreciation</b>					
At 1 March 2020	2,851	11,228	1,096	3,480	18,655
Charge for the year	624	1,790	249	4,214	6,877
Disposals	(60)	(6,169)	(450)	—	(6,679)
Exchange adjustments	(94)	(4)	(1)	(246)	(345)
<b>At 28 February 2021</b>	<b>3,321</b>	<b>6,845</b>	<b>894</b>	<b>7,448</b>	<b>18,508</b>

	Leasehold improvements £'000	Plant and equipment £'000	Office furniture £'000	Right- of-use assets £'000	Total £'000
<b>Cost</b>					
At 1 March 2019	5,092	16,151	1,201	—	22,444
Recognition of right-of-use asset on initial application of IFRS 16	—	—	—	24,964	24,964
Additions	124	1,767	404	5,612	7,907
Exchange adjustments	742	(755)	158	338	483
<b>At 29 February 2020</b>	<b>5,958</b>	<b>17,163</b>	<b>1,763</b>	<b>30,914</b>	<b>55,798</b>
<b>Depreciation</b>					
At 1 March 2019	2,099	9,425	758	—	12,282
Charge for the year	657	1,848	288	3,498	6,291
Exchange adjustments	95	(45)	50	(18)	82
<b>At 29 February 2020</b>	<b>2,851</b>	<b>11,228</b>	<b>1,096</b>	<b>3,480</b>	<b>18,655</b>
<b>Carrying amounts</b>					
At 1 March 2019	2,993	6,726	443	—	10,162
At 29 February 2020	3,107	5,935	667	27,434	37,143
<b>At 28 February 2021</b>	<b>2,903</b>	<b>5,041</b>	<b>455</b>	<b>25,142</b>	<b>33,541</b>

## 6. Intangible assets and goodwill

### Group

	Goodwill £'000	Customer lists £'000	Acquired software £'000	Brand name £'000	Internally developed software £'000	Total £'000
<b>Cost</b>						
Balance at 1 March 2020	110,639	13,259	29,908	769	70,280	224,855
Development costs	—	—	—	—	13,398	13,398
Additions	—	—	377	—	—	377
Exchange adjustments	(7,112)	(792)	(1,750)	(36)	(147)	(9,837)
<b>At 28 February 2021</b>	<b>103,527</b>	<b>12,467</b>	<b>28,535</b>	<b>733</b>	<b>83,531</b>	<b>228,793</b>
<b>Amortisation</b>						
Balance at 1 March 2020	—	9,848	21,556	633	38,402	70,439
Amortisation for the year	—	1,235	2,332	50	9,272	12,889
Exchange adjustment	—	(657)	(1,269)	(31)	(91)	(2,048)
<b>At 28 February 2021</b>	<b>—</b>	<b>10,426</b>	<b>22,619</b>	<b>652</b>	<b>47,583</b>	<b>81,280</b>

	Goodwill £'000	Customer lists £'000	Acquired software £'000	Brand name £'000	Internally developed software £'000	Total £'000
<b>Cost</b>						
Balance at 1 March 2019	107,390	12,897	28,668	751	59,559	209,265
Development costs	—	—	541	—	10,431	10,972
Additions	—	—	—	—	—	—
Exchange adjustments	3,249	362	699	18	290	4,618
<b>At 29 February 2020</b>	<b>110,639</b>	<b>13,259</b>	<b>29,908</b>	<b>769</b>	<b>70,280</b>	<b>224,855</b>
<b>Amortisation</b>						
Balance at 1 March 2019	—	8,303	18,818	566	29,613	57,300
Amortisation for the year	—	1,315	2,315	54	8,693	12,377
Exchange adjustment	—	230	423	13	96	762
<b>At 29 February 2020</b>	<b>—</b>	<b>9,848</b>	<b>21,556</b>	<b>633</b>	<b>38,402</b>	<b>70,439</b>

### Carrying amounts

At 1 March 2019	107,390	4,594	9,850	185	29,946	151,965
At 29 February 2020	110,639	3,411	8,352	136	31,878	154,416
<b>At 28 February 2021</b>	<b>103,527</b>	<b>2,041</b>	<b>5,916</b>	<b>81</b>	<b>35,948</b>	<b>147,513</b>

## 7. Loans and borrowings

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Current liabilities</b>				
Secured bank loans	5,492	6,337	5,492	6,337
Lease liabilities	3,752	4,531	1,398	1,814
	<b>9,244</b>	<b>10,868</b>	<b>6,890</b>	<b>8,151</b>
<b>Non-current liabilities</b>				
Secured bank loans	59,622	69,156	59,622	69,156
Lease liabilities	23,974	25,155	11,442	11,098
	<b>83,596</b>	<b>94,311</b>	<b>71,064</b>	<b>80,254</b>

## 8. Report and accounts

Copies of the Annual Report will be available as of 8 June 2021 on the Group's website, [www.firstderivatives.com](http://www.firstderivatives.com) and from the Group's headquarters at 3 Canal Quay, Newry, BT35 6BP.