2 November 2021

FD Technologies plc
("FD Technologies", the "Company" or the "Group")

Results for the six months ended 31 August 2021

FD Technologies (AIM: FDP.L, Euronext Growth: FDP.I) today announces its results for the six months ended 31 August 2021.

Seamus Keating, CEO of FD Technologies, commented: "I am very encouraged by the increasing momentum across the business since we announced our accelerated growth strategy in May 2021. The opportunity for KX to deliver continuous intelligence remains enormous, and we are excited by the traction we are achieving across industries. Our cloud-first platform, KX Insights, was launched during the period and we have already signed new enterprise customers who, importantly, are already getting value from their investment. The investment in our go-to-market strategy is also starting to deliver returns, evidenced by accelerating growth in recurring revenue, partner engagement, industry accreditation and strengthening pipeline. We have signed three times as many subscription deals as we did in the same period last year. Both First Derivative and MRP are performing strongly, driven by good demand from both existing and new customers.

The outlook across our businesses is positive, with each business unit expected to meet or exceed its full year growth target. We are particularly excited by the growing evidence that KX Insights can make real-time decision-making easy to implement for organisations. With its increasing ease of use, deployment freedom and interoperability, backed by our investment in leadership and go-to-market capability, we see KX as strongly positioned to build a market-leading position in continuous intelligence."

Business Highlights

- Key investment targets met including a 52% increase in the size of the KX go-to-market team, delivering on technology development milestones and upgrading systems and processes
- Total of 41 KX subscription deals in the period (H1 FY21: 14), a threefold increase on the prior year period as we focus on growing recurring subscription revenue
- Signed 12 new customers across financial services, automotive, manufacturing, utilities and healthcare, all of which have significant expansion potential
- Launch of KX Insights, our cloud-first platform, during the period with six customers signed during the period, including a global enterprise deal with Alpine F1, using Microsoft Azure for actionable intelligence on and off the track
- Executing the shift to high-value recurring revenue in KX, with Net Retention Rate increasing to 102% from 99% at the year end
- Reduced the sales cycle and the deployment effort required for KX, accelerating the time to value for our customers as we focus on growth in annual recurring license revenue
- Increased strategic engagement with major cloud partners, with multiple pipeline deals for KX Insights with Microsoft Azure, Amazon Web Services and Google Cloud
- Recognition from industry analysts Forrester and Gartner of KX's strengths in real-time streaming analytics

Financial Highlights

Six months to end August	**2021**	**2020**	***Change***
Revenue	£128.0m	£119.6m	*7%*
Gross profit	£51.7m	£48.2m	*7%*
(Loss)/profit before tax	(£1.6m)	£7.4m	*NM*
Reported diluted EPS	(7.5p)	21.8p	*NM*
Net debt*	£11.7m	£30.6m	*(62%)*
Adjusted performance measures			
Adjusted EBITDA**	£14.9m	£21.5m	*(31%)*
Adjusted diluted EPS	11.7p	31.7p	*(63%)*
Progress on Key Performance Indicators	**Target**	**Status**	
KX exit Annual Recurring Revenue (ARR) growth	+25%	On track for year end, 40% of target achieved in H1, c.60% achieved by the end of October	
First Derivative revenue growth	+10%	Currently ahead, +18% in H1	
MRP platform revenue growth	+20%	On track for year end, +17% in H1	

* Excluding lease obligations
** Adjusted for share-based payments and acquisition and non-operational costs

Financial Highlights

- Financial performance in line with expectations following the announcement of our accelerated growth strategy
- Growth metrics trending upwards through the period, with c.60% growth in KX ARR achieved by end of October; advanced pipeline provides confidence in achieving full year target
- Revenue growth of 18% in First Derivative, delivered through a combination of improving market conditions, focus on key areas of expertise and enhancements to our leadership and go-to-market strategy
- MRP platform revenue growth of 17%, driven by rebound in activity from existing customers and new client wins
- Adjusted EBITDA down 31% to £14.9m, driven by previously announced investment in KX in line with our strategy
- Net debt at period end of £11.7m, with 62% reduction from prior period reflecting our continued focus on working capital

After the period end, the Group sold its stake in associate RxDataScience Inc. We are currently assessing the fair value of the initial and deferred consideration which will be reported at year end. The proceeds from the sale eliminate the Group's net debt position, with the acquiror committing to a KX license subscription agreement.

Current trading and outlook

- The investments made to date in sales and marketing, R&D and scaling the Group are on track and showing encouraging early returns, providing a positive outlook across our businesses with greater visibility from higher levels of recurring revenue
- The Board reiterates revenue guidance for the current financial year in the range of £255m to £260m, with adjusted EBITDA in the range of £31m to £33m.

For further information, please contact:

FD Technologies plc +44(0)28 3025 2242
Seamus Keating, Chief Executive Officer www.fdtechnologies.com
Ryan Preston, Chief Financial Officer
Ian Mitchell, Head of Investor Relations

Investec Bank plc +44 (0)20 7597 5970
(Nominated Adviser and Broker)
Andrew Pinder
Carlton Nelson
Virginia Bull

Goodbody (Euronext Growth Adviser and Broker) +353 1 667 0420
David Kearney
Don Harrington
Finbarr Griffin

FTI Consulting +44 (0)20 3727 1000
Matt Dixon
Dwight Burden
Elena Kalinskaya

About FD Technologies

FD Technologies 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, which provides technology-led services in capital markets; and MRP, the only enterprise-class, predictive Accounts Based Marketing solution. FD Technologies operates from 15 offices across Europe, North America and Asia Pacific, and employs more than 3,000 people worldwide.

For further information, please visit www.fdtechnologies.com and www.kx.com

Results presentation

FD Technologies will publish a pre-recorded presentation today at 07.05 GMT on its website at https://fdtechnologies.com/investor-relations/presentations/. The Group will also host a live results Q&A session for analysts at 09.30 GMT today.

Business Review

FD Technologies comprises KX, the leading technology for real-time continuous intelligence; First Derivative, which provides technology-led services in capital markets; and MRP, which uses KX to power the only enterprise-class, predictive Account Based Marketing (ABM) solution.

During the period the Group executed on its strategy and made good progress on its financial targets. Revenue increased by 7% to £128m, with a stronger underlying performance balanced by a planned reduction in perpetual license revenue and software implementation revenue as we target growth in annual recurring revenue. Adjusted EBITDA was £15m, down 31% as a result of the investment in KX announced in May 2021 and in line with our expectations.

In May 2021 we detailed our plans to invest in growth, driven by increasing market opportunities for KX. Below we detail that opportunity and the progress made in H1 to enable KX to become the market-leading technology for real-time streaming analytics.

The KX opportunity

KX achieved prominence in capital markets, where its unmatched performance enabled investment banks to combine the millions of data points received each second from financial markets with historical data to provide actionable intelligence, for example through algorithmic trading and market surveillance. Over the past two decades KX has become the leading technology in this space and continues to grow as new ways to derive value from market data are developed.

Now, other industries are recognising the benefits that operational intelligence powered by streaming analytics can bring to their organisations. IDC estimates that from 2021 to 2025 there will be a 4x increase in data created annually to 175 zettabytes per year, with the biggest driver of that growth being enterprise, particularly IoT, and real-time data. Gartner forecasts that by next year more than half of major new business systems will incorporate continuous intelligence that uses real-time context data to make improved decisions. KX is ideally positioned to enable organisations to benefit from the growth in data so that they can make better, in-the-moment decisions that drive competitive advantage.

The addressable market for such solutions is very large, with Adroit Market Research estimating the global streaming analytics market to be worth $39bn per annum by 2025. In situations where the data sets being analysed are large and/or fast moving, KX performs without equal and as data volumes increase and contextual intelligence become key, it is an important technology to unlock value for organisations.

To capitalise fully on the market opportunity, we are undertaking a programme of investment to increase KX's ease-of-use and interoperability, while growing the go-to-market capability through greater sales and marketing spend and scaling the business to deliver this growth. We are the world's most powerful streaming analytics platform available however customers and partners wish to deploy it, whether that is natively on the cloud, on premise, at the edge or any combination of those.

We have already seen early examples of how KX can deliver actionable insights in ways such as identifying machinery faults in manufacturing before they break, by helping multiple motor sport teams to improve their performance on and off the track and enabling next generation systems to transform the energy market. We are engaged in multiple discussions, both directly and through partners, with companies across industries that see the power of KX to drive competitive advantage.

Operational progress

During the period we made good progress in the areas we identified for investment:

Sales and marketing
In line with our accelerated growth strategy, our focus during the period has been on closing deals to achieve our financial targets, scaling our sales team to grow our pipeline and increasing recognition of KX as the leading technology for real-time continuous intelligence.

Closing more deals more quickly. We signed 53 new deals in H1 (H1 FY21: 29) of which 41 were subscription (H1 FY21: 14). This delivered 40% of our full-year target of 25% growth in exit ARR. Since the period end, we have signed further deals that took us c.60% towards our target at the end of October which, when combined with our advanced pipeline, provides us with confidence in achieving our full-year target.

Highlights from these deals include:

- Deployment of KX to power a major healthcare manufacturing facility, providing a complete analytics system capturing sensor data from multiple sources to improve the efficiency of the facility. The initial deal is for a single factory, with plans under discussion to roll out across the customer's operations around the world. The customer was looking for more advanced analytics and the deployment in the first factory has been successful, enabling the customer to terminate its legacy analytics solution.
- Initial migration of an existing investment bank customer from maintenance to KX Insights on Amazon Web Services. The customer has migrated part of its KX plant and is live with KX Insights, setting new records for workload migration in the bank with complete business continuity. We are currently discussing the roadmap for further migrations with this client, as well as the potential for KX Insights to deliver more of its real-time analytics. In addition, we are engaged in discussions with the majority of our top 20 investment bank customers regarding migrating to KX Insights.
- A significant deal with a major pharmaceutical company to use KX Insights as the data management and analytics platform for all clinical trial and patient data.

Scaling our sales capability. Our investment in sales and marketing in the period included a 52% increase in the go-to-market team to over 100 people, with senior experience in enterprise software. We also implemented new CRM and sales management systems to increase our capability to scale and re-aligned our commission structure to focus on the generation of annual recurring revenue, in line with our strategy.

Our strategy also involves accelerating the time to value for our customers, encompassing technology development to ensure KX is easier to configure and deploy and building our customer success team to ensure rapid and successful deployments. As expected, the success of this approach resulted in lower revenue from implementation services during the period but will enable more rapid scaling of recurring software license revenues and lead to higher customer satisfaction and advocacy.

We saw encouraging early returns from this investment, with pipeline growth ahead of our expectations, backed by improved sales execution. Conversion rates also improved through the period, providing momentum into H2.

Increasing recognition of KX. Our marketing efforts continue to generate awareness of and recognition for KX. We stepped up our efforts to generate greater awareness of KX, building a position as a thought leader in the real-time streaming analytics landscape. During the period the strengths of KX were also recognised for the first time by leading industry analysts Forrester and Gartner in their reports on the streaming analytics market.

Technology development
Our R&D roadmap is designed to support our strategic objective of making KX the platform of choice for continuous intelligence, by prioritising ease of use, interoperability with other technologies and integration with partners such as hyperscale cloud providers. By advancing these goals KX will enable its customers to gain competitive advantage more quickly, driving growth in our recurring revenue.

During the period we made good progress, assisted by the recruitment of more engineers with deep understanding of building and deploying technologies in cloud environments. We:

- Launched KX Insights, a cloud-first platform that fully leverages the benefits of cloud architecture natively to deliver fast, scalable real-time 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 Amazon Web Services, Microsoft Azure and Google Cloud.
- Completed integration work with complementary technologies. Enabling KX to integrate seamlessly with other technologies in the analytics ecosystem such as the hyperscale cloud providers and data platforms is a key objective and we continued this work in the period. We also announced integration with Telit's deviceWISE IOT platform to provide manufacturers with a deeper, richer understanding of their manufacturing process, with use cases such as quality control and predictive maintenance.
- Launched new versions of several of our applications, including our sensors and surveillance offerings, with additional functionality.

Our roadmap is focused on making KX Insights a platform that operates seamlessly within the cloud ecosystem and is easily consumable by organisations and developers. Our focus in H2 will be launching support for advanced analytics, Python and SQL querying, opening more use cases to KX and further promoting adoption and ease of use. Our goal is for the platform to be an end-to-end application that will seamlessly unify streaming data with the universe of stored data.

Infrastructure investment

Our strategy to accelerate growth includes £4m external investment in the current year to support delivery of growth, principally through new ERP and CRM systems. Our CRM systems are installed and delivering value, while we have selected Oracle Cloud Fusion as our cloud-based ERP vendor, with the configuration and deployment work expected to be completed by the end of the current financial year. These systems underpin our capability to scale the Group and assist us to deliver our growth targets.

First Derivative – technology-led services in capital markets

First Derivative had a busy and successful period which resulted in revenue growth of 18%. While there was growth in the market for our services, our performance was driven by a range of our own measures, including the successful launch of the First Derivative brand, improvements to our go-to-market strategy and enhancements to the organisational structure.

First Derivative has a very large addressable market, with Gartner estimating that investment banks spend more than $200bn per annum on technology services. We work with all the top 20 global investment banks and during the past six months we have focussed on delivering more for them, which in some cases has resulted in a doubling of their spend with us.

The market backdrop was one where customers were keen to deliver change programmes and had sufficient budget for this, although regulatory compliance and cost pressures still exert their influence. Our key strength is our reputation for excellence in delivery, which we have built on during the year by increasing our focus on helping our customers meet their challenges, rather than by augmenting their teams.

We hired a record number of experienced consultants in the business in the period and had 232 graduates start their careers with First Derivative. We improved our internal processes and capabilities, including improvements to recruitment and training processes that enable us to respond more quickly to demand from customers. We also changed the business structure, rebranding our business activities as People, Data and Technology, each of which has its own leadership, while our go-to-market strategy places emphasis on the depth of our domain knowledge across these areas.

The measures we have taken above, coupled with improved market conditions, have accelerated our growth and we are comfortable we can maintain the current growth rate. They have also resulted in a strong pipeline of opportunities giving confidence over the outlook beyond the current year.

MRP – the only enterprise-class, predictive ABM solution

MRP provides global sales and marketing leaders with an enterprise class predictive Account Based Marketing (ABM) platform, powered by KX, and supporting products and services to enable them to identify and engage potential customers earlier and more effectively. MRP had a strong H1 as global economies recovered, driven by both adding new customers and existing customers resuming spending, following a pause last year due to the impact of COVID-19.

Examples included:

- A leading global enterprise technology provider which paused much of its spending in early 2021 is now investing across more geographies to drive business growth.
- A global cloud security company which became a client in June 2021 has rapidly scaled investment across MRP's product line.
- A global cloud platform computing leader that piloted with MRP in FY21 has significantly increased its spending with MRP in FY22 to drive new customer acquisition.

The imminent launch of Prelytix 3.0, our next-generation ABM platform, will provide additional functionality that will strengthen the ability of our customers to analyse their market and identify and engage with their potential customers, as well as making it easier for new customers to obtain value from their investment in Prelytix. This and the momentum in the market provides us with confidence in continued strong growth in MRP and the ability to meet our target growth of 20% in platform revenue.

People

The Group currently employs more than 3,000 people, up from more than 2,400 at the same time last year. The increase was driven by a combination of investment, particularly in sales and marketing within KX, and growth at First Derivative.

Within KX, we recruited multiple senior salespeople covering particular industries and geographies. They included Mark Bannon, President of North American sales, who joined from TIBCO, and John Olsen, also with a background in enterprise software sales, who joined to head up our Industry sales. At First Derivative, we increased our recruitment to pre-pandemic levels to meet growing demand for our services.

During the period we were pleased to be selected as the Best Company for Diversity & Inclusion in the Water's Women in Tech & Data Awards and continue to focus on these important areas, through programmes aimed at making FD Technologies an employer of choice within technology.

Current trading and outlook

During the period we executed on our investment plan in sales and marketing, R&D and infrastructure to support growth, with encouraging early signs of the potential returns from that investment in the form of strengthened customer and partner engagement. The positive trends seen in the period have continued into the second half of the financial year with strong pipelines across the business, leaving the Group's business units on track to meet or exceed their revenue targets. The Board reiterates that revenue for the current financial year will be in the range of £255m to £260m, with adjusted EBITDA in the range of £31m to £33m.

Financial review

Revenue and Margins

The table below shows the breakdown of Group performance by business unit for each of KX, First Derivative and MRP.

	H1 FY22				H1 FY21				
	Group	KX	First Derivative	MRP	**Group**	KX	First Derivative	MRP	*Group change*
	£m	£m	£m	£m	**£m**	£m	£m	£m	
Revenue	**128.0**	**31.9**	**70.7**	**25.3**	**119.6**	**37.7**	**59.8**	**22.2**	***7%***
Cost of sales	**(76.2)**	(9.8)	(51.1)	(15.3)	**(71.4)**	(11.7)	(45.7)	(13.9)	***7%***
Gross profit	**51.7**	**22.1**	**19.6**	**10.0**	**48.2**	**25.9**	**14.0**	**8.2**	***7%***
Gross margin	*40%*	*69%*	*28%*	*40%*	*40%*	*69%*	*23%*	*37%*	
R&D expenditure	**(10.7)**	(9.5)	(0.1)	(1.1)	**(7.7)**	(7.7)	0.0	0.0	***39%***
R&D capitalised	**9.3**	8.1	0.1	1.1	**6.1**	6.1	0.0	0.0	***53%***
Net R&D	**(1.4)**	(1.4)	(0.0)	(0.0)	**(1.6)**	(1.6)	0.0	0.0	***(13%)***
Sales and marketing costs	**(25.0)**	(12.1)	(7.9)	(5.0)	**(17.5)**	(8.3)	(5.0)	(4.2)	***43%***
Adjusted admin expenses	**(10.4)**	(4.2)	(4.7)	(1.5)	**(7.6)**	(2.9)	(3.1)	(1.5)	***37%***
Adjusted EBITDA	**14.9**	4.5	6.9	3.4	**21.5**	13.1	5.9	2.5	***(31%)***
Adj. EBITDA margin	*12%*	*14%*	*10%*	*14%*	*18%*	*35%*	*10%*	*11%*	

Group revenue increased by 7% to £128.0m (H1 FY21: £119.6m), driven by growth in First Derivative and MRP balanced by lower professional services and perpetual license revenue in KX, in line with our stated strategy to focus on growth in ARR. Group gross profit increased by 7% to £51.7m, reflecting improved margin performance in First Derivative and MRP due to increased utilisation while KX maintained its margin at 69%. Group gross margin was unchanged at 40%.

As stated at our full year results in May 2021, the Group is accelerating its investment in KX in light of the growing market opportunities, including sales and marketing (additional £7m in the current financial year), R&D (£5m) and infrastructure, including new CRM and ERP systems (£4m). This investment is reflected during the period in the £7.5m (43%) increase in sales and marketing costs, £3.0m (39%) increase in R&D expenditure and £2.8m (37%) increase in adjusted admin expenses. As a result, Group adjusted EBITDA fell by 31%, in line with our expectations.

KX

	KX total			Financial services			Industry		
	H1 FY22	**H1 FY21**	***Change***	**H1 FY22**	**H1 FY21**	***Change***	**H1 FY22**	**H1 FY21**	***Change***
	£m	£m		£m	£m		£m	£m	
Revenue	**31.9**	**37.7**	***(15%)***	**27.8**	**34.5**	***(19%)***	**4.1**	**3.2**	***29%***
Perpetual	1.5	4.9	*(70%)*	0.7	4.6	*(84%)*	0.8	0.4	*103%*
Recurring	19.0	18.4	*3%*	17.5	17.3	*1%*	1.5	1.2	*27%*
Total licenses	20.4	23.4	*(12%)*	18.2	21.8	*(17%)*	2.2	1.5	*45%*
Services	11.5	14.3	*(20%)*	9.6	12.7	*(24%)*	1.9	1.7	*13%*
Gross profit	**22.1**	**25.9**	***(15%)***						
Adjusted EBITDA	**4.5**	**13.1**	***(66%)***						

KX revenue decreased by 15% to £31.9m, driven by reductions in perpetual license and services revenue, with a 3% increase in recurring license revenue. In line with our strategy, we are phasing out sales of KX on a perpetual license basis, with such revenue falling by 70% to £1.5m during the period. Recurring license revenue represented 60% of total KX revenue (H1 FY21: 49%). Services revenue declined due to a combination of lower license sales in the prior year and our efforts to speed up time to value for KX, resulting in faster and less costly implementations of our technology for our customers.

Our Industry sector performed strongly during the period, led by deals across industries such as F1 motor racing, manufacturing, healthcare, and utilities. Financial services revenue declined principally as a result of the reduction in perpetual license and professional services revenue set out above. Performance in Q2 was stronger than Q1 and across our business we have a promising pipeline of direct and partner-led opportunities that provide confidence that this momentum can be maintained.

Gross profit decreased by £3.8m (15%), principally due to the £3.4m reduction in perpetual license revenue, while adjusted EBITDA fell by £8.6m (66%) as a result of the £3.8m decline in gross profit, £3.8m increase in sales and marketing cost and £1.3m increase in adjusted admin expenses, in line with our growth acceleration plan.

Performance metrics	**H1 FY22**	**H1 FY21**
Exit annual recurring revenue (ARR) £m	40.3	36.1
Net revenue retention (NRR)	102%	102%
Gross profit margin	69%	69%
R&D expenditure as % of revenue	30%	20%
Sales and marketing spend as % of revenue	38%	22%
Adjusted EBITDA margin	14%	35%

Exit ARR was 11% ahead of H1 FY21, with deals signed post the period end and our pipeline providing confidence in achieving our full year target of exit ARR growth of at least 25% for FY22. Net retention rate of 102% is ahead of the 99% recorded for FY21.

First Derivative

	H1 FY22 £m	H1 FY21 £m	Change
Revenue	70.7	59.8	*18%*
Managed services	14.3	12.0	*19%*
Consulting services	56.4	47.8	*18%*
Gross profit	**19.6**	**14.0**	***40%***
Adjusted EBITDA	**6.9**	**5.9**	***17%***

During the period we delivered 18% growth, resulting from improved market conditions and a range of measures taken by the business, as described in the Business review. During the period we won several key contracts, including the transition of a major Bank's risk system to the Google cloud, where we worked in partnership with Google; the renewal of a large managed services contract, for a further five years with an increased scope; and assisting with the strategic reorganisation of one of our customers. It remains the case that most of our engagements are long-term in nature.

Due to COVID-19 the vast majority of our assignments are currently delivered through remote working. We continue to work with our customers to determine the future shape of our engagements and the balance between on-site and remote working.

Performance metrics	**H1 FY22**	**H1 FY21**
Gross profit margin	28%	23%
Adjusted EBITDA margin	10%	10%

Gross margins increased to 28% from 23% reflecting a combination of improved utilisation and higher value services provided to customers, while EBITDA margins were maintained during the period as we invested in our sales and leadership capability to drive our longer-term growth.

MRP

	H1 FY22 £m	H1 FY21 £m	*Change*
Revenue	**25.3**	**22.2**	*14%*
Platform	14.0	11.9	*17%*
Services	11.4	10.2	*11%*
Gross profit	**10.0**	**8.2**	*22%*
Adjusted EBITDA	**3.4**	**2.5**	*39%*

MRP targets growth in recurring revenue, from a combination of subscriptions to the Prelytix platform and data-driven engagement between our customers and their prospects. Our services revenue is derived from enabling customers to engage with prospective customers and to progress them through their sales funnel.

MRP reported a strong performance in the period, with platform revenue increasing by 17% to £14.0m, representing 55% of total revenue (H1 FY21: 54%). Growth was consistently in double digits across the geographies MRP serves for its global customer base.

Performance metrics	**H1 FY22**	**H1 FY21**
Platform revenue £m	14.0	11.9
Gross profit margin	40%	37%
Adjusted EBITDA margin	14%	11%

Gross profit increased by 22% and adjusted EBITDA by 39% due to the greater proportion of higher margin platform revenue and operational gearing in MRP's services business.

Adjusted EBITDA

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

	H1 FY22 £m	**H1 FY21 £m**
Operating Profit	**1.5**	**10.1**
Acquisition and non-operational costs*	2.5	0.5
Share based payment and related costs	1.1	0.8
Depreciation and amortisation	9.7	10.1
Adjusted EBITDA	**14.9**	**21.5**

* Acquisition and non-operational costs include £1.0m (H1 FY21: £0.0m) of ERP and CRM implementation costs following the IFRIC update on accounting for cloud implementation costs

Profit before tax

Adjusted profit before tax decreased by 54% to £4.9m (H1 FY21: £10.7m) as a result of the investment to accelerate growth announced in May 2021. The resulting £6.6m reduction in adjusted EBITDA largely flowed through to adjusted profit before tax, with only minor movements in depreciation and amortisation and a reduction in finance costs resulting from lower net debt.

On a reported basis, the Group recorded a loss of £1.6m in the period compared with a profit of £7.4m in the prior period. The major factors here were an increase in acquisition and non-operational related costs, mainly due to costs associated with the ERP programme being expensed as incurred, and costs in relation to M&A activity in the period, and a £1.4m loss on foreign currency translation due largely to the impact of the movement in US$ rate on our USD$ loan.

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

	H1 FY22 £m	H1 FY21 £m
Adjusted EBITDA	**14.9**	**21.5**
Adjustments for:		
Depreciation	(3.3)	(3.6)
Amortisation of software development costs	(4.9)	(4.7)
Financing costs	(2.0)	(2.5)
Finance income	0.2	-
Adjusted profit before tax	4.9	10.7
Adjustments for:		
Amortisation of acquired intangibles	(1.5)	(1.8)
Share based payment and related costs	(1.1)	(0.8)
Acquisition and non-operational costs *	(2.5)	(0.5)
(Loss) on foreign currency translation	(1.4)	(0.2)
Share of profit of associate	-	-
Finance income	-	-
Reported (loss)/profit before tax	**(1.6)**	**7.4**

* Acquisition and non-operational costs include £1.0m (H1 FY21: £0.0m) of ERP and CRM implementation costs following the IFRIC update on accounting for cloud implementation costs

Earnings per share

On a reported basis, the Group recorded a loss of £2.1m after tax, compared to a profit after tax of £6.1m in the prior period, for the reasons stated above mitigated by a lower tax charge of £0.5m (H1 FY21: £1.4m). Reported diluted loss per share was 7.5p (H1 FY21: 21.8p profit per share).

The adjusted profit after tax for the period of £3.3m (H1 FY21: £8.8m) represented a decrease of 63%. The calculation of adjusted profit after tax is detailed below:

	H1 FY22 £m	**H1 FY21 £m**
Reported (loss) / profit after tax	(2.1)	6.1
Adjustments from profit before tax (as per the table above)	6.5	3.2
Tax effect of adjustments	(1.1)	(0.5)
Adjusted profit after tax	3.3	8.8
Weighted average number of ordinary shares (diluted)	28.1m	27.9m
Reported EPS (fully diluted)	(7.5p)	21.8p
Adjusted EPS (fully diluted)	11.7p	31.7p

Balance sheet

Total assets decreased by £27.6m with cash and cash equivalents decreasing by more than 28% to £50.8m (H1 FY21: £71.6m), following repayment of the £34.2m drawdown on our finance facility at the beginning of the COVID-19 pandemic that is no longer required. Loans and borrowings fell to £88.9m (H1 FY21: £130.0m) of which £62.6m related to bank loans (H1 FY21: £102.2m) and the remainder to lease liabilities.

Cash generation and net debt

The Group generated £12.4m of cash from operating activities before taxes paid (H1 FY21: £24.3m) representing 84% conversion of adjusted EBITDA. We continued to focus on cash collection, while the performance during the prior period benefited from lower growth rates which improved working capital. We continue to expect cash generated from operating activities to represent 80-85% of adjusted EBITDA.

At the period end, net debt was £11.7m (H1 FY21: £30.6m). The factors impacting the movement in net debt are summarised in the table below:

	H1 FY22 £m	**H1 FY21 £m**
Opening net debt (excluding lease liabilities)	(9.9)	(49.4)
Cash generated from operating activities	12.4	24.3
Taxes paid	(0.5)	(0.4)
Capital expenditure: property, plant and equipment	(0.2)	(1.3)

Capital expenditure: intangible assets	(9.6)	(6.1)
Investments	(0.1)	(0.5)
Issue of new shares	0.6	5.5
Interest, foreign exchange and other	(4.4)	(2.7)
Closing net debt (excluding lease liabilities)	**(11.7)**	**(30.6)**

After the period end, the Group sold its stake in associate RxDataScience Inc. We are currently assessing the fair value of the initial and deferred consideration, which will be reported at year end, and the proceeds from the sale eliminate the Group's net debt position. It occurred as part of the Group'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.

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 twelve 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 £23.5m (H1 FY21: £18.7m) adjusted for depreciation and amortisation of £9.7m (H1 FY21: £10.1m), share based payments and related costs of £1.1m (H1 FY21: £0.8m) and acquisition and non-operational costs of £2.5m (H1 FY21: £0.5m).

Consolidated income statement (unaudited)
Six months ended 31 August

	Note	2021 £'000	2020 £'000
Revenue	*3 & 4*	**127,950**	119,601
Cost of sales	*3*	**(76,209)**	(71,413)
Gross profit		**51,741**	48,188
Operating costs			
Research and development costs		**(10,733)**	(7,691)
Of which capitalised		**9,347**	6,120
Sales and marketing costs		**(25,042)**	(17,535)
Administrative expenses		**(23,486)**	(18,737)
Impairment (loss)/gain on trade and other receivables		**(345)**	(221)
Other income		**46**	-
Total operating costs		**50,213**	38,064
Operating profit		**1,528**	10,124
Finance income		**248**	13
Finance expense		**(2,011)**	(2,511)
Loss on foreign currency translation		**(1,377)**	(203)
Net finance costs		**(3,140)**	(2,701)
Share of profit/ (loss) of associate, net of tax		**-**	17
(Loss) / Profit before taxation		**(1,612)**	7,440
Income tax expense		**(498)**	(1,351)
(Loss) / Profit for the period		**(2,110)**	6,089
		Pence	Pence
Earnings per share	*6*		
Basic		**(7.6)**	22.2
Diluted		**(7.5)**	21.8

Consolidated balance sheet (unaudited)
As at 31 August 2021

	Note	**As at 31 August 2021 £'000**	As at 31 August 2020 £'000	As at 28 February 2021 £'000
Assets				
Property, plant and equipment		**30,612**	34,725	33,541
Intangible assets and goodwill		**151,655**	150,537	147,513
Equity accounted investee		**2,681**	2,838	2,649
Other financial assets		**16,673**	16,228	14,760
Trade and other receivables		**3,751**	2,086	3,312
Deferred tax assets		**17,774**	15,674	14,719
Non-current assets		**223,146**	222,088	216,494
Trade and other receivables		**63,407**	73,854	75,102
Current tax receivable		**4,443**	1,909	3,208
Cash and cash equivalents		**50,828**	71,572	55,198
Current assets		**118,678**	147,335	133,508
Total assets		**341,824**	369,423	350,002
Equity				
Share capital	*7*	**139**	138	139
Share premium		**100,232**	96,559	99,396
Merger reserve		**8,118**	8,118	8,118
Shares option reserve		**17,909**	15,712	16,790
Fair value reserve		**10,762**	3,587	10,682
Currency translation adjustment reserve		**(5,014)**	(1,052)	(5,628)
Retained earnings		**50,586**	50,214	53,177
Equity attributable to shareholders		**182,732**	173,276	182,674
Liabilities				
Loans and borrowings	*8*	**79,644**	119,539	83,596
Trade and other payables		**2,976**	2,210	2,431
Deferred tax liabilities		**14,507**	11,086	11,428
Non-current liabilities		**97,127**	132,835	97,455
Loans and borrowings	*8*	**9,245**	10,442	9,244
Trade and other payables	*9*	**43,661**	46,814	53,591
Current tax payable		**231**	-	269
Employee benefits		**8,828**	6,056	6,769
Current liabilities		**61,965**	63,312	69,873
Total liabilities		**159,092**	196,147	167,328
Total equity and liabilities		**341,824**	369,423	350,002

Consolidated statement of changes in equity (unaudited)
Six months ended 31 August 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
Balance at 1 March 2021	139	99,396	8,118	16,790	10,682	(5,628)	53,177	182,674
Total comprehensive income for the period								
(Loss) for the period	-	-	-	-	-	-	(2,110)	(2,110)
Other comprehensive income								
Net exchange loss on net investment in foreign subsidiaries	-	-	-	-	-	964	-	964
Net exchange gain on hedge of net investment in foreign subsidiaries	-	-	-	-	-	(350)	-	(350)
Net change in fair value of equity investments at FVOCI	-	-	-	-	(401)	-	-	(401)
Crystalisation of FV loss on disposal of investment	-	-	-	-	481	-	(481)	-
Total comprehensive income for the period	-	-	-	-	80	614	(2,591)	(1,897)
Transactions with owners of the Company								
Tax relating to share options	-	-	-	119	-	-	-	119
Exercise of share options	-	-	-	-	-	-	-	-
Issue of shares	-	836	-	-	-	-	-	836
Share-based payment charge	-	-	-	1,000	-	-	-	1,000
Dividends to owners of the Company	-	-	-	-	-	-	-	-
Balance at 31 August 2021	**139**	**100,232**	**8,118**	**17,909**	**10,762**	**(5,014)**	**50,586**	**182,732**

Consolidated statement of changes in equity (unaudited)
Six months ended 31 August 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
Balance at 1 March 2020	136	91,002	8,118	13,775	3,587	2,418	44,125	163,161
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	6,089	6,089
Other comprehensive income								
Net exchange gain on net investment in foreign subsidiaries	-	-	-	-	-	(6,964)	-	(6,964)
Net exchange loss on hedge of net investment in foreign subsidiaries	-	-	-	-	-	3,494	-	3,494
Net change in fair value of equity investments at FVOCI	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(3,470)	6,089	2,619
Transactions with owners of the Company								
Tax relating to share options	-	-	-	1,187	-	-	-	1,187
Exercise of share options	2	5,444	-	-	-	-	-	5,446
Issue of shares	-	113	-	-	-	-	-	113
Share-based payment charge	-	-	-	750	-	-	-	750
Dividends to owners of the Company	-	-	-	-	-	-	-	-
Balance at 31 August 2020	**138**	**96,559**	**8,118**	**15,712**	**3,587**	**(1,052)**	**50,214**	**173,276**

Consolidated cash flow statement (unaudited)

Six months ended 31 August

	2021	2020
	£'000	£'000
Cash flows from operating activities		
(Loss) / Profit for the period	**(2,110)**	6,089
Adjustments for:		
Net finance costs	**3,140**	2,701
Depreciation of property, plant and equipment	**3,202**	3,544
Amortisation of intangible assets	**6,531**	6,539
Profit on Disposal of Fixed Assets	**3**	-
Associate income	**-**	17
Equity settled share-based payment transactions	**1,000**	750
Grant income	**(44)**	-
Tax expense	**498**	1,351
	12,220	20,991
Changes in:		
Trade and other receivables	**9,182**	7,273
Trade and other payables	**(8,975)**	(3,948)
Cash generated from operating activities	**12,427**	24,316
Taxes paid	**(550)**	(351)
Net cash from operating activities	**11,877**	23,965
Cash flows from investing activities		
Interest received	**5**	13
Acquisition of other investments and associates	**(54)**	(378)
Increase in loans to other investments	**-**	(161)
Acquisition of property, plant and equipment	**(183)**	(1,318)
Capitalisation of intangible assets	**(9,625)**	(6,169)
Net cash used in investing activities	**(9,857)**	(8,013)
Cash flows from financing activities		
Proceeds from issue of share capital	**581**	5,559
Drawdown of loans and borrowings	**-**	34,208
Repayment of borrowings	**(3,377)**	(3,280)
Payment of finance lease liabilities	**(1,390)**	(2,151)
Interest paid	**(1,733)**	(2,702)
Dividends paid	**-**	-
Net cash generated from financing activities	**(5,919)**	31,634
Net increase in cash and cash equivalents	**(3,899)**	47,586
Cash and cash equivalents at 1 March	**55,198**	26,068
Effects of exchange rate changes on cash held	**(471)**	(2,082)
Cash and cash equivalents at 31 August	**50,828**	71,572

Notes to the Interim Results

1. General information

FD Technologies plc ("FD Technologies", the "Company" or the "Group") is a public limited company incorporated and domiciled in Northern Ireland. The Company's registered office is 3 Canal Quay, Newry BT35 6BP. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 1 November 2021.

This condensed consolidated interim financial information does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory financial statements for the year ended 28 February 2021 were approved by the Board of Directors on 17 May 2021 and delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

Basis of Preparation

The annual financial statements for the Group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. This condensed consolidated interim financial information for the half-year ended 31 August 2021 has been prepared in accordance with United Kingdom adopted IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 28 February 2021, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated interim financial information is unaudited and has not been reviewed by the Company's Auditors. Except as described below they have been prepared on accounting bases and policies that are consistent with those used in the preparation of the financial statements of the Company for the year ended 28 February 2021.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, we continue to adopt the going concern basis in preparing the condensed financial statements.

Changes in accounting policies

The following standards, amendments and interpretations were effective for accounting periods beginning on or after 1 March 2021 and these have been adopted in the Group financial statements where relevant:

- IFIRC Update – Configuration or Customisation costs in a Cloud Computing Arrangement (IAS38 – Intangible Assets)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Critical accounting estimates and judgements

The critical accounting judgements and key sources of estimation uncertainty are consistent with the Group financial statements for the year to 28 February 2021 and no additional new uncertainties or estimation uncertainty have arisen.

Information about critical judgements in applying accounting policies that have the most significant impact on the amounts recognised in the financial statements are as follows:

- Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised in respect of software assets includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised through profit and loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

- Management has assessed that in respect of equity investments, the Group does not hold significant influence over the investees' financial and operating policies.
- Management applies judgement in the recognition of revenue, determining when performance obligations are satisfied and control transferred. In particular, for software products provided as an annual license, including the right to regular upgrades, judgement is required when assessing whether the annual license is a separate performance obligation from the provision of upgrades to the customer. Management has assessed that the ongoing updates and upgrades to the software are fundamental to the value of the software and that without these updates the value of the software will substantially deteriorate over time. Therefore, the annual license and the updates and upgrades are combined as one performance obligation and revenue is recognised over the life of the license as the service is delivered.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Under IFRS goodwill on acquisitions is not amortised but is tested for impairment on an annual basis. Management has assessed goodwill for impairment based on the projected profitability of the individual cash-generating unit to which the goodwill relates. No impairments have been identified. Other intangibles are being amortised and tested for impairment if an indicator of impairment is identified.
- Management has estimated the fair value of equity investments and convertible loans. Management has reviewed recent market activity and has applied a discounted cash flow valuation technique to assess the fair value of the assets as at year end considering the forecast revenue and EBITDA, together with forecast exit value applying market multiples, discounted using a risk-adjusted discount rate.
- For financial assets held at amortised cost, management has estimated an expected credit loss allowance on a forward-looking basis. Loss rates for trade receivables and accrued income (contract assets) are based on; historical payment behaviours, current economic circumstances of customers and type of product purchased. For non-convertible loans and other receivables the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information) and applying experienced credit judgement.

Management has assessed that there are no other estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

3. Segmental Reporting

Information about reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as Mr. Seamus Keating, Chief Executive Officer and his executive management team.

The Group is organised into three operating segments (as identified under IFRS 8 Operating Segments) and generates revenue through the following activities:

KX – the leading technology for real-time continuous intelligence.
First Derivative (FD) – which provides technology and data services in its primary market of Financial Services.

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 customers' products and services.

The chief operating decision maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before acquisition and non-operational costs, share based payment and related costs, depreciation and amortisation of intangible assets ('adjusted EBITDA'). These costs are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the chief operating decision maker and accordingly are not included in the detailed segmental analysis.

Intersegment revenue is not material and thus not subject to separate disclosure.

	KX		**First Derivative**		**MRP**		**TOTAL**	
	H1 2022 £'000	H1 2021 £'000	**H1 2022 £'000**	H1 2021 £'000	**H1 2022 £'000**	H1 2021 £'000	**H1 2022 £'000**	H1 2021 £'000
Revenue by segment	**31,917**	37,676	**70,704**	59,758	**25,330**	22,167	**127,950**	119,601
Gross Profit	**22,135**	25,944	**19,573**	14,043	**10,034**	8,200	**51,741**	48,188
Adjusted EBITDA	**4,486**	13,057	**6,936**	5,944	**3,449**	2,499	**14,871**	21,500
Acquisition and non-operational costs							**(2,473)**	(482)
Share based payment and related costs							**(1,137)**	(811)
Depreciation and amortisation							**(8,184)**	(8,294)
Amortisation of acquired intangible assets							**(1,549)**	(1,789)
Operating Profit							**1,528**	10,124

Geographical location analysis

	H1 2022 £'000	H1 2021 £'000
UK	**34,948**	34,374
Rest of Europe	**21,885**	21,824
North America	**56,247**	49,334
Asia Pacific	**14,870**	14,069
Total	**127,950**	119,601

4. Revenue

Disaggregation of revenue

	KX		First Derivative		MRP		Total	
	H1	H1	**H1**	H1	**H1**	H1	**H1**	H1
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Revenue by industry								
Financial services	**27,820**	34,489	**70,568**	59,458	**-**	-	**98,388**	93,947
MarTech	**-**	-	**-**	-	**25,330**	22,167	**25,330**	22,167
Industry	**4,097**	3,187	**136**	300	**-**	-	**4,233**	3,487
	31,917	37,676	**70,704**	59,758	**25,330**	22,167	**127,950**	119,601
Type of good or service								
Sale of goods – perpetual	**1,464**	4,921	**-**	-	**-**	-	**1,464**	4,921
Sale of goods – recurring	**18,975**	18,433	**-**	-	**13,979**	11,934	**32,954**	30,368
Rendering of services	**11,478**	14,322	**70,704**	59,758	**11,351**	10,233	**93,533**	84,312
	31,917	37,676	**70,704**	59,758	**25,330**	22,167	**127,950**	119,601
Timing of revenue recognition								
At a point in time	**1,464**	4,921	**-**	-	**-**	-	**1,464**	4,921
Over time	**30,453**	32,755	**70,704**	59,758	**25,330**	22,167	**126,487**	114,680
	31,917	37,676	**70,704**	59,758	**25,330**	22,167	**127,950**	119,601

5. Tax Expense

The total tax charge for the six months ended 31 August 2021, including discrete items, is £0.5m (H1 FY21: £1.4m). This tax charge equates to an effective tax rate of -30.9% (H1 FY21: 18.2%).

The total tax credit for the six months ended 31 August 2021, excluding discrete items, is £0.3m (H1 FY21: £1.4m charge). This tax credit equates to an effective tax rate of 18.9% (H1 FY21: 18.2%).

In the 2021 UK Budget, the Government announced several legislative changes to corporation tax including an increase in the rate of corporation tax to 25% from 1 April 2023. Deferred tax balances have to be measured using the tax rates that have been substantively enacted and that are expected to apply to the period when the asset is realised or the liability is settled. The rebasing of the UK deferred tax balances has resulted in a discrete one-off tax charge to the Income Statement of £0.8m, which has been reflected in the effective tax rate of the Group.

The Group has also remeasured the deferred tax balances accordingly in SOCIE with the enacted rate and has recognised a tax credit of £1.5m in the period.

6. Earnings per Share

Basic earnings per share for the six months ended 31 August 2021 has been calculated on the basis of the reported loss after taxation of £2.1m (H1 FY21: profit of £6.1m) and the weighted average number of shares for the period of 27,738,539 (H1 FY21: 27,405,169). This provides basic earnings per share of -7.6 pence (H1 FY21: 22.2 pence).

Diluted earnings per share for the six months ended 31 August 2021 has been calculated on the basis of the reported loss after taxation of £2.1m (H1 FY21: profit of £6.1m) and the weighted average number of shares after adjustment for the effects of all dilutive potential ordinary shares 28,026,499 (H1 FY21:27,897,118). This provides diluted earnings per share of -7.5 pence (H1 FY21: 21.8 pence).

The Board considers that adjusted earnings is an important measure of the Group's financial performance. Adjusted earnings in the period were £3.3m (H1 FY21: £8.8m), which excludes the amortisation of acquired intangibles of £1.5m, (H1 FY21: £1.8m) share-based payments of £1.1m (H1 FY21: £0.8m), acquisition and non-operational costs of £2.5m (H1 FY21: £0.5m), loss on foreign currency translation of £1.4m (H1 FY21: £0.2m), share of profit of associate £nil (H1 FY21: £17k) and associated taxation impact of these adjustments of £1.1m (H1 FY21: £0.5m). Using the same weighted average of shares as above provides adjusted basic earnings per share of 11.8 pence (H1 FY21: 32.3 pence) and adjusted diluted earnings per share of 11.7 pence (H1 FY21: 31.7 pence).

7. Share capital

During the period the Group issued 81,162 shares as part of share-based compensation for employees and remuneration. These increased the number of shares in issue from 27,717,324 to 27,798,486.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

8. Loans and borrowings

	31 August 2021	28 February 2021
	£'000	£'000
Current liabilities		
Secured bank loans	**5,558**	5,492
Lease liabilities	**3,687**	3,752
	9,245	9,244
Non-current liabilities		
Secured bank loans	**56,998**	59,622
Lease liabilities	**22,646**	23,974
	79,644	83,596

Repayment of secured bank loans in line with previously disclosed repayment terms amounted to £3.0m. Additional repayments of £0.4m were made from the disposal proceeds of property sales.

The group's principal debt facilities totaling £62.6m are provided by a syndicate of banks and expire in 2024.

9. Trade and other payables

	31 August 2021 £'000	28 February 2021 £'000
Current liabilities		
Trade payables	**9,448**	9,045
Other payables	**8,563**	13,807
Accruals	**3,431**	6,214
Deferred income	**21,595**	23,899
Government grants	**624**	626
	43,661	53,591
Non-current liabilities		
Government grants	**2,976**	2,431
Accruals	**-**	-
	2,976	2,431

10. Financial instruments

Fair values

a) Accounting classifications and fair values

Group

The following table shows the carrying amounts and fair values of financial assets and liabilities. The carrying amount of all financial assets and liabilities not measured at fair value is considered to be a reasonable approximation of fair value.

	Carrying value						
31 August 2021	**FVPL £'000**	**FVOCI £'000**	**Financial assets at amortised cost £'000**	**Other financial liabilities £'000**	**Total £'000**	**Fair value £'000**	**Level**
Financial assets measured at fair value							
Equity securities	-	16,673	-	-	16,673	16,673	3
Convertible loans	854	-	-	-	854	854	3
	854	16,673	-	-	17,527	17,527	
Financial assets not measured at fair value							
Trade and other receivables	-	-	58,008	-	58,008	[1]	
Cash and cash equivalents	-	-	50,828	-	50,828	[1]	
	-	-	108,836	-	108,836		
Financial liabilities not measured at fair value							
Secured bank loans	-	-	-	(62,556)	(62,556)	[1]	
Trade and other payables	-	-	-	(39,606)	(39,606)	[1]	
	-	-	-	(102,162)	(102,162)		

[1] Fair value not disclosed as the carrying amounts are considered to be a reasonable approximation of fair value.

28 February 2021	FVPL £'000	FVOCI £'000	Financial assets at amortised cost £'000	Other financial liabilities £'000	Total £'000	Fair value £'000	Level
	Carrying value						
Financial assets measured at fair value							
Equity securities	-	14,760	-	-	14,760	14,760	3
Convertible loans	3,122	-	-	-	3,122	3,122	3
	3,122	14,760	-	-	17,882	17,882	
Financial assets not measured at fair value							
Trade and other receivables	-	-	66,781	-	66,781	[1]	
Cash and cash equivalents	-	-	55,198	-	55,198	[1]	
	-	-	121,979	-	121,979		
Financial liabilities not measured at fair value							
Secured bank loans	-	-	-	(65,114)	(65,114)	[1]	
Trade and other payables	-	-	-	(46,751)	(46,751)	[1]	
	-	-	-	(111,865)	(111,865)		

[1] Fair value not disclosed as the carrying amounts are considered to be a reasonable approximation of fair value.

b) Measurement of fair values

Group

Outside of external market events that showed a material change to the fair value of investment valuations, as reflected in the table below, no other indicators have arisen from the valuation model to indicate a change to the measurement of fair values of investments.

Reconciliation of Level 3 fair value:

Group

	Convertible loans £'000	Unquoted equities £'000
Balance at 1 March 2021	3,122	14,760
Purchases	-	54
Conversion of loan to equity	(2,311)	2,311
Disposals	-	(674)
Adjustments to fair value	-	22
Advances	43	200
Foreign exchange gain	-	-
Balance at 31 August 2021	**854**	**16,673**

	Convertible loans £'000	Unquoted equities £'000
Balance at 1 March 2020	3,447	15,750
Purchases	-	2,163
Disposals	(421)	(6,242)
Adjustments to fair value	-	3,175
Advances	165	-
Foreign exchange gain	(69)	(86)
Balance at 28 February 2021	3,122	14,760

11. Subsequent Events Note

On 5th October 2021 First Derivatives I Limited, a company wholly owned by FD Technologies Plc, executed an agreement for the disposal of its holding in its associate RxDataScience Inc. We are currently assessing the fair value of the initial and deferred consideration which will be reported at year end.

12. Interim Report

Copies can be obtained from the Company's head and registered office: 3 Canal Quay, Newry, Co. Down, BT35 6BP and are available to download from the Company's web site www.fdtechnologies.com.

13. Responsibility Statement

The Directors confirm that to the best of their knowledge:

a) the condensed set of financial statements has been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting';

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of FD Technologies plc are listed in the Company's Report and Accounts for the year ended 28 February 2021. A list of current Directors is maintained on the FD Technologies plc website: www.fdtechnologies.com.

14. Forward Looking Statements

The financial information contained in this announcement has not been audited. Certain statements made in this announcement are forward-looking statements. Undue reliance should not be placed on such statements, which are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements.

The Company accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.