

**22 May 2018**

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

**Preliminary results for the year ended 28 February 2018**

FD (AIM:FDP.L, ESM:FDP.I) today announces its results for the year ended 28 February 2018.

**Financial Highlights**

Revenue £186.0m (2017: £151.7m)	+23%
Adjusted EBITDA* £34.1m (2017: £28.8m)	+19%
Profit before tax £12.1m (2017: £12.5m)	-3%
Adjusted** profit after tax £19.5m (2017: £16.1m)	+21%
Adjusted** fully diluted EPS 72.2p (2017: 61.3p)	+18%
Full year dividend 24.0p per share (2017: 20.0p)	+20%
Net debt £16.2m (2017: £13.5m)	

\*Adjusted for share-based payments and acquisition costs

\*\*Adjusted for amortisation of acquired intangibles, share-based payments, acquisition costs, foreign currency translation effect, share of loss of associate and exceptional taxation

**Business Highlights**

- Strong growth in software revenue, up 27% as a result of new contract wins and continued penetration of the existing customer base
- Strategic progression in our managed services and consulting activities resulting in revenue growth of 17%
- The implementation and ongoing support of a third-party system for a New York-based bank, representing one of the largest contracts in our history
- FinTech revenue up 22% to £142.9m (2017: £117.4m), driven by growth in recurring software revenue and an expansion of services provided to clients
- MarTech revenue up 24% to £38.2m (2017: £30.7m), driven by growth in subscriptions for our Marketing Cloud platform, powered by our Kx technology
- High-profile client wins including a Fortune 500 manufacturing company, a FTSE 100 gaming company and Aston Martin-Red Bull Racing, leading to inbound interest across a range of markets
- Continued investment across the Group, including machine learning and AI initiatives, to further penetrate our addressable market in software
- Boosted capabilities in telco, a key target market, through the acquisition of Telconomics
- Positive start to the current financial year, with a healthy pipeline of new business opportunities.

**Seamus Keating, Chairman of FD, commented:** “This has been another year where we have combined organic growth with selective investment in the business to realise the enormous market opportunity available to First Derivatives. Prompted by strong demand from our clients, we have continued to penetrate our markets enabling us to deliver our 21<sup>st</sup> consecutive year of double-digit revenue growth.

Our ability to capitalise on the investments we have made and the scale of our addressable software market provides us the potential for continued strong growth in future years. While we will continue to invest to stay at the forefront of our field, much has already been done to support our ambitious plans and our current structure is sufficient to achieve significant growth. Recognising that success always requires focus and effort, we nevertheless look to the future with confidence.”

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**About FD**

FD is a global technology provider with 20 years of experience working with some of the world’s largest finance, technology, retail, pharma, manufacturing and energy institutions. The Group’s Kx technology, incorporating the kdb+ time-series database, is a leader in high-performance, in-memory computing, streaming analytics and operational intelligence. Kx delivers the best possible performance and flexibility for high-volume, data-intensive analytics and applications across multiple industries. FD operates from 14 offices across Europe, North America and Asia Pacific, including its headquarters in Newry, and employs more than 2,200 people worldwide.

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

## **Chief Executive's Review**

This year has seen exciting progress in our ambitious growth plans, with important new contract wins across all our markets, the strengthening of our technology lead and an expansion of our routes to market. Revenue increased by 23% to £186.0m and, following our investment to target new opportunities, adjusted EBITDA increased by 19% to £34.1m.

Our software revenue grew by 27% with the highlight being our continued progress in penetrating our vast addressable market. In FinTech, revenue was up 22% as our strong market presence translated into further market share gains. In MarTech, increasing awareness of the high return on investment that our solutions deliver, combined with the release of additional functionality, drove revenue growth of 24%. In other markets we remain in 'launch mode' with revenue growth of 41% representing a scratch on the surface of the market opportunity.

We reported our 21<sup>st</sup> consecutive year of double-digit revenue growth in managed services and consulting. This was achieved despite a reallocation of some resource to deliver implementations in our software division and underlines the strong demand for our services, which was reflected in our decision to accelerate graduate recruitment during the year, up by 94% to 390 people.

The combination of our technology lead and large addressable market fuels our confidence in the outlook for FD and the associated continuing investment to unlock this potential. While the technology landscape continues to evolve rapidly, our core strength of ultra-high performance data analytics is an important enabler in areas such as machine learning, industrial IoT and blockchain. Our technology is applicable all the way from the chip, to the edge, to the Cloud and, as data volumes and velocity trend higher and faster, we are excited by the potential to enable the next generation of analytics.

### **Software**

Our proprietary Kx technology leads the market in its ability to capture and analyse vast quantities of data, both real-time and historic. Kx comprises the kdb+ database, with its highly-efficient 500kb footprint, and an enterprise layer providing vital functions such as control and visualisation. Together they provide a platform that enables organisations to meet the most demanding data challenges they face, with an efficient design ensuring it can run on a fraction of the hardware required by competing solutions. These core capabilities, along with the capacity to operate on the chip, edge or cloud delivers a compelling solution for our clients. This was evidenced in the year with our software being deployed for edge computing to public environments such as AWS, Azure and the Google cloud.

Our efficiency also extends to internal development. Since our solutions are based on a common technology platform, we run single R&D and support teams, providing significant economies of scale and reduced development time for new products.

These technology and commercial advantages are being increasingly recognised across industries and creating significant opportunities for the Group. Clients have flexibility to develop bespoke analytics for their particular requirements or can implement applications developed by ourselves or a growing number of OEM partners who use their own domain expertise to provide solutions targeting a particular market.

The market opportunity for our platform and applications is enormous. During the year, working with industry analysts Gartner, we assessed its value, based on annual licenses alone, at least \$63 billion in

2018 rising to \$83 billion in 2020. The market for professional services associated with these licenses was estimated at a further \$23bn for 2018.

We continued to expand our routes to market during the year, in line with our strategy, to help address this opportunity. In addition to direct sales, we offer our software through OEM partners such as Thomson Reuters and via revenue share agreements with companies that have specific domain expertise. We signed agreements with companies such as Quantile, Cobalt, Rx Data Science Inc., AuditComply and Brainwave Bank that entitle us to a share of their revenue in return for the use of Kx to power their solutions. We continue, in conjunction with our strategic financial partners such as the Business Growth Fund (BGF), to identify and work with companies that wish to use Kx to disrupt markets and have a pipeline of exciting opportunities.

### *FinTech*

Revenue from our most mature market, FinTech, increased by 22% to £142.9m. A key driver of growth in FinTech is the imperative for our clients, particularly investment banks, to maximise the value of the data they generate. As a result of our technology's ability to meet this challenge, we are increasingly involved in strategic discussions in which our Kx platform is an enabling technology to achieve desired benefits.

The platform not only provides world leading data analytics capability, but also manages the ingestion, cleansing and normalising of vast quantities of market, reference and client data, removing manual effort and improving accuracy and data accessibility.

Once implemented, we are able to provide a further range of applications that use Kx to help our clients achieve regulatory compliance and deliver operational efficiencies. An example is our surveillance solution, which continues to win market share driven by its cross-asset capabilities, out-of-the-box alerts, flexible configuration and real-time operation. Regulation, including MiFID II, continues to drive contract wins, with planning for the Securities Financing Transactions Regulation (SFTR) and Consolidated Audit Trail (CAT) requirements, among others, driving demand for our applications.

Our liquidity management platform also delivered good growth during the year and has a strong pipeline of opportunities, with its comprehensive analytics capability complementing an efficient trading platform.

Overall, we continue to develop our solutions within FinTech and see strong growth potential from machine learning, with many of our existing clients initiating discussions around the capability of our technology to improve the efficiency of their business.

### *MarTech*

Revenue from MarTech increased by 24% to £38.2m. In this market we leverage the power of Kx to deliver a full B2B account-based marketing platform, with an emphasis on predictive analytics using intent data from internet search. In other words, we help our clients predict and convert their next customer using a range and depth of data that is so vast other technologies cannot compete. The return on investment for our clients is compelling and, despite its short history, we are seeing impressive growth in the platform's subscription revenue.

We continue to develop this platform, branded as MRP Prelytix, particularly to increase its intuitiveness and ability to integrate into a wide range of our clients' systems. During the year we launched an

upgraded version of the platform, which has been well received and resulted in an acceleration of growth in the second half of our financial year with good momentum in the current financial year.

While to date the majority of our MarTech clients have been technology companies, MRP Prelytix is applicable to a wide range of industries and we are actively promoting it into new areas. For example, we have signed significant deals with companies operating in the banking, financial services, healthcare, food services and industrial markets.

Looking forward we aim to increase both the functionality and ease of use of our platform to increase its applicability to businesses of all sizes and industries. We believe the macro trends in marketing are playing to our strengths, particularly the desire among organisations to roll out systems across their operations, which our global footprint enables us to achieve. MarTech represents a large addressable market in which we are clearly differentiated.

#### *Other Markets*

While FinTech and MarTech are the markets in which we have achieved the greatest commercial progress to date, a key element of our strategy is to establish Kx in other markets which are challenged by data volumes and velocity. During the year, revenue from these other markets increased by 41% to £5.0m, representing encouraging initial traction across a range of high-value opportunities. In particular:

- *Sensor analytics* – we secured an important contract win with a Fortune 500 engineering solutions company for the use of Kx as the high-performance data historian and analytics engine in the client's fault detection product range. Initial implementations, which started after the year-end and have progressed well, should contribute to our growth in the current year. This is a high-value contract where Kx's superior analytics performance, handling millions of sensor readings per second, enabled us to displace the incumbent solution.
- *Automotive* – we announced that Aston Martin-Red Bull Racing had selected Kx for analytics on data from its Formula 1 cars. This reinforces the cutting-edge performance of Kx for sensor analytics within automotive, where a wider opportunity to provide analytics for mass produced cars represents a target for the Group.
- *Gaming* – we announced a contract win with a FTSE 100 gaming company for the use of Kx to provide data analytics for its operations.

These contract wins with high profile companies are helping to establish our presence in these new target markets. Each of them has led to further inbound interest in our capabilities, helping to boost our pipeline and giving us confidence in the outlook for our software business in these markets.

A further key target market is telco, where we consider Kx to be ideally suited to providing operational intelligence. To boost our presence in this market we acquired Telconomics in December 2017, which provides several software products in areas including network development strategy, network planning and network optimisation.

We are also exploring a number of cutting-edge technology themes that have the potential to produce significant commercial returns. These include blockchain, where Kx is embedded in solutions provided by Cobalt DL as it seeks to reduce post-trade risk and cost for financial market participants; dynamic pricing, where Kx can analyse multiple variables in real-time to maximise revenue for gaming

companies; and machine learning, where we are involved in a number of projects where Kx is being evaluated as a core element of potential solutions.

### *Research and development*

We have made significant progress in both the performance and the capabilities of our technology stack over the past year, protecting our technology lead and expanding the use of our platform. In particular we:

- Released new versions of our kdb+ database and enterprise platform, which set new benchmarks as measured by the Securities Technology Analysis Center, an independent body. We currently hold 34 of the 41 STAC benchmarks, reinforcing our credentials as the world's best performing time-series database.
- Announced a range of measures to put machine learning capabilities at the heart of our platform, in response to customer demand, including improving access to the power of kdb+ for Python programmers.
- Released, after the year end, an on-demand service for our software for use on-premises as well as in the Cloud. We also announced that the latest version of Kx supports rapid access to unstructured data, broadening our addressable market.

In addition to technical enhancements we have developed our platform to ensure it is optimised for certain use cases such as sensor data analytics and developed analytics which are applicable to a number of the new markets we are targeting. This development work represents a significant element of our ongoing investment to target opportunities in new markets.

### **Managed Services and Consulting**

Our managed services and consulting activities delivered another solid performance, with growth accelerating through the year as a result of our increased recruitment and training efforts. Our activities focus on the support of mission-critical systems within banks, ranging from those developed by our clients in-house to those supplied by a range of third parties such as Murex and Calypso. We have more than 20 years of experience working with these systems, which has enabled us to gain deep insights into our clients' systems and respond rapidly to changing themes and priorities.

Revenue increased by 17% to £74.1m, driven by growth in the U.S. and Europe as our clients sought our assistance with digital transformation projects, complementing our core support activities. Our increasing scale enables us to present teams of diverse experience levels across the landscape of business and technology and to widen the range of services we provide. In particular, over the past year we have successfully introduced proprietary methodologies for testing and migration, which are key areas for banks as they seek to modernise their IT architecture.

A key focus for the Group in recent years has been assisting our clients with their regulatory compliance initiatives. This has now broadened into wider conversations about data governance, involving systems spanning operations, legal and compliance within banks. FD is able to assist through both consulting and software solutions around data quality, streamlined processing and global standardisation of processes.

The quality of our relationships with major banks and the increasingly strategic nature of our engagements is encouraging for future growth prospects. We continue to grow the proportion of our revenues that are performed remotely, from our near-shore centres and particularly our headquarters in Newry.

A selection of our new contract wins during the year included:

- The implementation and support of a third-party system for a New York-based bank, representing one of the largest contracts in our history.
- A major upgrade to a third-party system deployed in the U.S. by a European financial institution.
- The development, implementation and support of robotic process automation (RPA) software for a major client, delivering significant operational efficiencies through the elimination of manual processes.

Our reputation for delivery and client satisfaction, coupled with the repeat nature of the majority of our support engagements with clients, provides a solid revenue base in managed services and consulting. Our growth is driven by our increasing scale and the growing breadth of our capabilities, as referenced in the contract wins above.

### **Management and Personnel**

The Group now employs more than 2,200 people, up from over 1,750 at the same time last year. FD is a dynamic organisation, providing high quality training and development and offering opportunities for rapid career development in some of the most exciting technology markets in the world. As a result, roles within the Group are in high demand and we enjoy strong retention rates.

Our record growth in graduate recruitment is a statement of confidence both in the talent we are able to attract and our growth prospects. We operate a comprehensive training programme for our graduates spanning data science and capital markets, which differentiates us from our competitors and provides the flexibility to direct our people to those areas where they can generate the most value for the Group.

During the year we won two awards, namely Company of the Year at the UK Tech Awards and FinTech Company of the Year at the QCA Awards. In large part this was recognition of the efforts of our staff and I would like to thank all FD employees for the contribution they have made to our success through their hard work, talent and flexibility.

### **Current Trading and Outlook**

The new financial year has started well, with a healthy pipeline of new business opportunities and strong demand generated by our increasing strategic importance to clients. In particular, we continue to capitalise on the investments we have made in recent years in R&D, sales and marketing and expanding our channels to market. The scale of our addressable markets in FinTech, MarTech and elsewhere for our Kx technology provides the potential for the Group to continue growing strongly.

Our solid base of repeat and recurring revenue coupled with the strength of our pipeline provides confidence in our outlook and we remain confident that we are on track to deliver further for shareholders.

Brian Conlon  
*Chief Executive Officer*

21 May 2018

## Financial Review

Group revenue increased by 23% to £186.0m (2017: £151.7m), which was predominantly organic. An analysis of revenue is provided in the table below.

	<b>2018</b>	<b>2017</b>	Increase
	<b>£'000</b>	<b>£'000</b>	
<b>Group Revenue</b>	<b>186,042</b>	<b>151,697</b>	<b>23%</b>
<b>FinTech</b>	<b>142,857</b>	<b>117,449</b>	<b>22%</b>
<i>Managed services and consulting</i>	74,130	63,495	17%
<i>Software: Recurring</i>	24,660	20,492	20%
<i>Perpetual licenses</i>	7,016	7,187	-2%
<i>Implementation and support</i>	37,051	26,275	41%
<b>MarTech</b>	<b>38,154</b>	<b>30,668</b>	<b>24%</b>
<i>Software: Recurring</i>	15,454	10,178	52%
<i>Services</i>	22,700	20,490	11%
<b>Other Markets</b>	<b>5,031</b>	<b>3,580</b>	<b>41%</b>
<i>Software: Recurring</i>	1,088	855	27%
<i>Perpetual licenses</i>	270	-	-
<i>Implementation and support</i>	3,673	2,725	35%

Managed services and consulting revenue increased by 17% to £74.1m and represents 40% of Group revenue (2017: 42%). Software revenue increased by 27% to £111.9m, with recurring software revenue increasing by 31% to £41.2m.

Adjusted EBITDA increased by 19% to £34.1m (2017: £28.8m), with an adjusted EBITDA margin of 18% for the period (2017: 19%), a strong performance given the ongoing investment to deliver future growth. We have continued to grow our sales and marketing capability across the Group, in addition to adding domain expertise to assist our move into new markets, building out our software solutions delivery teams and investing in recruitment and training.

The Group continued to invest in R&D to maintain its technology lead, albeit with a greater proportion of spend amortised such that the net benefit to the profit and loss fell during the period, as detailed in the table below.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Capitalisation of R&D costs	7,486	7,085
Amortisation of R&D	(6,214)	(4,944)
<b>Net capitalisation</b>	<b>1,272</b>	<b>2,141</b>
Proportion of software revenue	1%	2%



The adjusted profit after tax for the year of £19.5m (2017: £16.1m) represented growth of 21%. The Group's effective tax rate was 16% (2017: 28%), the reduction being predominantly attributable to a tax credit of £1,431k as a result of the revaluation of our U.S. deferred tax balances following the U.S. tax reforms. The adjusted tax rate was 20% (2017: 23%) with the decrease resulting from the reduction in the U.K. main rate of corporation tax and an increase in expenses deductible in the U.S. for tax purposes.

The fully diluted average number of shares in issue increased to 27.0m (2017: 26.2m). This resulted in adjusted fully diluted earnings per share of 72.2p, representing growth of 18% for the year (2017: 61.3p).

The calculation of adjusted profit after tax is detailed below.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Reported profit after tax	10,208	9,012
Adjustments for:		
Amortisation of acquired intangibles	4,684	4,759
Share-based payment and related costs	2,710	2,056
Acquisition costs and changes in contingent purchase consideration	3,570	2,953
Loss/(gain) on foreign currency translation	1,386	(1,475)
Share of loss of associate	70	24
Tax effect of the above and U.S. tax reform	(3,123)	(1,252)
	<hr/>	<hr/>
Adjusted profit after tax	19,505	16,077
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares (diluted)	27.0m	26.2m
Adjusted EPS (fully diluted)	72.2p	61.3p

The Group generated £25.3m of cash from operating activities before taxation payments (2017: £30.3m), representing a 74% conversion of adjusted EBITDA (2017: 105%). The factors affecting conversion include the impact of strong trade debtor conversion at the end of the prior year and increased working capital absorption in line with the strong revenue growth in the second half of the year.

The Board has recommended payment of a final dividend of 17.00p per share (2017: 14.00p per share) which, together with the interim dividend of 7.00p per share paid in December 2017, gives a total dividend for the year of 24.00p per share, an increase of 20% compared to the prior year. The final dividend, if approved at the AGM on 27 June 2018, will be paid on 20 July 2018 to those shareholders on the register on 22 June 2018.

Total assets at 28 February 2018 were £254.6m compared to £253.2m at 28 February 2017.

**Consolidated statement of comprehensive income**  
**Year ended 28 February 2018**

	<i>Note</i>	<b>2018</b> £'000	2017 £'000																				
Revenue	<b>2</b>	<b>186,042</b>	151,697																				
Cost of sales		<b>(134,402)</b>	(110,121)																				
<b>Gross profit</b>		<b>51,640</b>	41,576																				
Other income		<b>1,382</b>	2,148																				
Administrative expenses		<b>(38,320)</b>	(31,485)																				
<b>Operating profit</b>		<b>14,702</b>	12,239																				
<table> <tbody> <tr> <td>Acquisition costs and changes in contingent purchase consideration</td> <td></td> <td style="text-align: right;"><b>3,570</b></td> <td style="text-align: right;">2,953</td> </tr> <tr> <td>Share-based payment and related costs</td> <td></td> <td style="text-align: right;"><b>2,710</b></td> <td style="text-align: right;">2,056</td> </tr> <tr> <td>Depreciation and amortisation</td> <td style="text-align: center;"><b>5 &amp; 6</b></td> <td style="text-align: right;"><b>8,460</b></td> <td style="text-align: right;">6,750</td> </tr> <tr> <td>Amortisation of acquired intangible assets</td> <td style="text-align: center;"><b>6</b></td> <td style="text-align: right;"><b>4,684</b></td> <td style="text-align: right;">4,759</td> </tr> <tr> <td><b>Adjusted EBITDA</b></td> <td></td> <td style="text-align: right;"><b>34,126</b></td> <td style="text-align: right;">28,757</td> </tr> </tbody> </table>				Acquisition costs and changes in contingent purchase consideration		<b>3,570</b>	2,953	Share-based payment and related costs		<b>2,710</b>	2,056	Depreciation and amortisation	<b>5 &amp; 6</b>	<b>8,460</b>	6,750	Amortisation of acquired intangible assets	<b>6</b>	<b>4,684</b>	4,759	<b>Adjusted EBITDA</b>		<b>34,126</b>	28,757
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<b>Adjusted EBITDA</b>		<b>34,126</b>	28,757																				
Finance income		<b>1</b>	1																				
Finance expense		<b>(1,150)</b>	(1,193)																				
(Loss)/gain on foreign currency translation		<b>(1,386)</b>	1,475																				
<b>Net finance (costs)/income</b>		<b>(2,535)</b>	283																				
Share of loss of associate using the equity method, net of tax		<b>(70)</b>	(24)																				
<b>Profit before taxation</b>		<b>12,097</b>	12,498																				
Income tax expense		<b>(1,889)</b>	(3,486)																				
<b>Profit for the year</b>		<b>10,208</b>	9,012																				

	<i>Note</i>	<b>2018</b> £'000	2017 £'000
<b>Profit for the year</b>		<b>10,208</b>	9,012
<b>Other comprehensive income</b>			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Net exchange (loss)/gain on net investment in foreign subsidiaries		<b>(16,779)</b>	10,836
Net gain/(loss) on hedge of net investment in foreign subsidiaries		<b>1,570</b>	(2,871)
<b>Other comprehensive income for the period, net of tax</b>		<u><b>(15,209)</b></u>	<u>7,965</u>
<b>Total comprehensive income for the period attributable to owners of the parent</b>		<u><b>(5,001)</b></u>	<u>16,977</u>
<b>Earnings per share</b>		<b>Pence</b>	Pence
Basic	<i>4a</i>	<b>40.4</b>	36.7
Diluted	<i>4a</i>	<u><b>37.8</b></u>	<u>34.4</u>

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

**Consolidated balance sheet**  
**As at 28 February 2018**

	<i>Note</i>	<b>2018</b> £'000	2017 £'000
<b>Assets</b>			
Property, plant and equipment	5	7,714	6,628
Intangible assets and goodwill	6	149,744	163,391
Trade and other receivables		6,594	3,630
Investments in equity – associated investees		2,631	1,548
Other financial assets		3,433	3,121
Deferred tax asset		18,353	14,859
<b>Non-current assets</b>		<u>188,469</u>	<u>193,177</u>
Trade and other receivables		53,718	43,738
Cash and cash equivalents		12,365	16,250
<b>Current assets</b>		<u>66,083</u>	<u>59,988</u>
<b>Total assets</b>		<u>254,552</u>	<u>253,165</u>
<b>Equity</b>			
Share capital		128	124
Share premium		81,286	72,275
Share option reserve		14,341	10,225
Currency translation adjustment reserve		(6,874)	8,335
Retained earnings		49,218	40,772
<b>Equity attributable to owners of the Company</b>		<u>138,099</u>	<u>131,731</u>
<b>Liabilities</b>			
Loans and borrowings		25,205	26,357
Trade and other payables		32,127	35,114
Deferred tax liabilities		9,811	12,932
Contingent deferred consideration		-	3,169
<b>Non-current liabilities</b>		<u>67,143</u>	<u>77,572</u>
Loans and borrowings		3,346	3,404
Trade and other payables		34,070	33,681
Current tax payable		1,195	426
Employee benefits		5,011	5,492
Contingent deferred consideration		5,688	859
<b>Current liabilities</b>		<u>49,310</u>	<u>43,862</u>
<b>Total liabilities</b>		<u>116,453</u>	<u>121,434</u>
<b>Total equity and liabilities</b>		<u>254,552</u>	<u>253,165</u>

## Consolidated statement of changes in equity

Year ended 28 February 2018

	Share capital	Share premium	Share option reserve	Currency translation adjustment	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 March 2017</b>	<b>124</b>	<b>72,275</b>	<b>10,225</b>	<b>8,335</b>	<b>40,772</b>	<b>131,731</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	10,208	10,208
<b>Other comprehensive income</b>						
Net exchange loss on net investment in foreign subsidiaries	-	-	-	(16,779)	-	(16,779)
Net exchange gain on hedge of net investment in foreign subsidiaries	-	-	-	1,570	-	1,570
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,209)</b>	<b>10,208</b>	<b>(5,001)</b>
<b>Transactions with owners of the Company</b>						
Income tax relating to share options	-	-	3,910	-	-	3,910
Exercise of share options	4	8,542	(1,427)	-	-	7,119
Change in fair value of NCI put	-	-	-	-	3,557	3,557
Issue of shares	-	28	-	-	-	28
Issue of shares as purchase consideration	-	441	-	-	-	441
Share based payment charge	-	-	1,586	-	-	1,586
Transfer on forfeit of share options	-	-	47	-	(47)	-
Dividends	-	-	-	-	(5,272)	(5,272)
<b>Balance at 28 February 2018</b>	<b>128</b>	<b>81,286</b>	<b>14,341</b>	<b>(6,874)</b>	<b>49,218</b>	<b>138,099</b>

## Consolidated statement of changes in equity

Year ended 28 February 2017

	Share capital	Share premium	Share option reserve	Currency translation adjustment	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 March 2016</b>	<b>120</b>	<b>65,903</b>	<b>7,217</b>	<b>370</b>	<b>39,654</b>	<b>113,264</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	9,012	<b>9,012</b>
<b>Other comprehensive income</b>						
Net exchange gain on net investment in foreign subsidiaries	-	-	-	10,836	-	<b>10,836</b>
Net exchange loss on hedge of net investment in foreign subsidiaries	-	-	-	(2,871)	-	<b>(2,871)</b>
<b>Total comprehensive income for the year</b>	-	-	-	<b>7,965</b>	<b>9,012</b>	<b>16,977</b>
<b>Transactions with owners of the Company</b>						
Income tax relating to share options	-	-	2,561	-	-	<b>2,561</b>
Exercise of share options	4	5,190	(877)	-	-	<b>4,317</b>
Change in fair value of NCI put	-	-	-	-	(3,504)	<b>(3,504)</b>
Issue of shares	-	57	-	-	-	<b>57</b>
Issue of shares as purchase consideration	-	1,125	-	-	-	<b>1,125</b>
Share based payment charge	-	-	1,334	-	-	<b>1,334</b>
Transfer on forfeit of share options	-	-	(10)	-	10	-
Dividends	-	-	-	-	(4,400)	<b>(4,400)</b>
<b>Balance at 28 February 2017</b>	<b>124</b>	<b>72,275</b>	<b>10,225</b>	<b>8,335</b>	<b>40,772</b>	<b>131,731</b>

**Consolidated cash flow statement**  
**Year ended 28 February 2018**

	2018	2017
	£'000	£'000
<b>Cash flows from operating activities</b>		
Profit for the year	10,208	9,012
Adjustments for:		
Net finance costs/(income)	2,535	(283)
Depreciation of property, plant and equipment	2,246	1,806
Amortisation of intangible assets	10,898	9,703
Increase in deferred consideration	2,980	2,125
Equity settled share-based payment transactions	1,586	1,100
Grant income	(1,382)	(2,148)
Share of loss of associate	70	24
Tax expense	1,889	3,486
	<u>31,030</u>	<u>24,825</u>
Changes in:		
Trade and other receivables	(8,711)	(2,536)
Trade and other payables	2,992	7,970
Cash generated from operating activities	<u>25,311</u>	<u>30,259</u>
Taxes paid	(5,733)	(6,592)
<b>Net cash from operating activities</b>	<u>19,578</u>	<u>23,667</u>
<b>Cash flows from investing activities</b>		
Interest received	1	1
Net increase in loans to other investments	(5,805)	-
Acquisition of subsidiaries, net of cash acquired	(114)	-
Acquisition of other investments and associates	(1,865)	(4,269)
Acquisition of property, plant and equipment	(3,443)	(1,800)
Acquisition of intangible assets	(8,246)	(7,656)
Deferred consideration paid	(897)	(1,275)
<b>Net cash used in investing activities</b>	<u>(20,369)</u>	<u>(14,999)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	7,119	4,317
Drawdown of new facility	5,300	-
Repayment of borrowings	(3,750)	(3,585)
Payment of finance lease liabilities	(62)	(58)
Interest paid	(1,143)	(1,216)
Dividends paid	(8,310)	(7,253)
<b>Net cash used in financing activities</b>	<u>(846)</u>	<u>(7,795)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,637)</b>	<b>873</b>
Cash and cash equivalents at 1 March	16,250	15,100
Effects of exchange rate changes on cash held	(2,248)	277
<b>Cash and cash equivalents at 28 February</b>	<u><u>12,365</u></u>	<u><u>16,250</u></u>



## Notes

### 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 2018 or 28 February 2017, but is derived from those accounts. Statutory accounts for 2017 have been delivered to the Registrar of Companies and those for 2018 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 as adopted by the EU ("IFRSs").

### 2 Operating segments

#### *Business segments*

The group has disclosed below certain information on its revenue by geographical location. Details of total revenue can be found in the statement of comprehensive income.

The Group's two revenue streams are separated as follows:

- Consulting activities involves providing services to Capital Markets; and
- Software activities which includes the licence of intellectual property and related services.

#### *Revenue by division*

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Managed services and consulting	<b>74,130</b>	63,495
Software	<b>111,912</b>	88,202
	<hr/>	<hr/>
Total	<b>186,042</b>	151,697
	<hr/>	<hr/>

### ***Geographical location analysis***

	<b>Revenues</b>		<b>Non-current assets</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
UK	<b>58,054</b>	55,821	<b>34,783</b>	32,155
Rest of Europe	<b>29,824</b>	23,413	<b>13,340</b>	16,620
North America	<b>79,673</b>	60,578	<b>120,529</b>	127,958
Australasia	<b>18,491</b>	11,885	<b>1,464</b>	1,585
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>186,042</b>	151,697	<b>170,116</b>	178,318
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### ***Revenue by industry***

	<b>2018</b>	2017
	<b>£'000</b>	£'000
FinTech	<b>142,857</b>	117,449
MarTech	<b>38,154</b>	30,668
Other	<b>5,031</b>	3,580
	<hr/>	<hr/>
Total	<b>186,042</b>	151,697
	<hr/> <hr/>	<hr/> <hr/>

### **3 Dividends**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Final dividend relating to the prior year	<b>3,499</b>	2,918
Interim dividend paid	<b>1,773</b>	1,482
	<hr/>	<hr/>
	<b>5,272</b>	4,400
	<hr/> <hr/>	<hr/> <hr/>

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.

The final dividend relating to the prior year amounted to 14.00 (previous year: 12.00) pence per share and the interim dividend paid during the year amounted to 7.00 (previous year: 6.00) pence per share. The cumulative dividend paid during the year amounted to 21.00 (previous year: 18.00) pence 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.

	<b>2018</b> <b>£'000</b>	2017 £'000
17.00 pence per ordinary share (2017: 14.00 pence)	<b>4,359</b>	3,482

#### **4 (a) Earnings per ordinary share**

##### ***Basic***

The calculation of basic earnings per share at 28 February 2018 was based on the profit attributable to ordinary shareholders of £10,208k (2017: £9,012k), and a weighted average number of ordinary shares in issue of 25,239k (2017: 24,542k).

	<b>2018</b> <b>Pence per share</b>	2017 Pence per share
Basic earnings per share	<b>40.4</b>	36.7

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

	<b>2018</b> <b>Number '000</b>	2017 Number '000
Issued ordinary shares at 1 March	<b>24,868</b>	24,009
Effect of share options exercised	<b>367</b>	513
Effect of shares issued as purchase consideration	<b>3</b>	19
Effect of shares issued as remuneration	<b>1</b>	1
Weighted average number of ordinary shares at 28 February	<b>25,239</b>	24,542

##### ***Diluted***

The calculation of diluted earnings per share at 28 February 2018 was based on the profit attributable to ordinary shareholders of £10,208k (2017: £9,012k) and a weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 27,017k (2017: 26,212k).

	<b>2018</b> <b>Pence per share</b>	2017 Pence per share
Diluted earnings per share	<b>37.8</b>	34.4

*Weighted average number of ordinary shares (diluted)*

	<b>2018</b>	2017
	<b>Number '000</b>	Number '000
Weighted average number of ordinary shares (basic)	<b>25,239</b>	24,542
Effect of dilutive share options in issue	<b>1,778</b>	1,670
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 28 February	<b>27,017</b>	26,212
	<hr/> <hr/>	<hr/> <hr/>

At 28 February 2018 no options (2017: 90,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive and 200,000 (2017: 250,000) were excluded as the related conditions had not been satisfied. 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 £12,097k (2017: £12,498k). The number of shares used in this calculation is consistent with note 4(a) above.

	<b>2018</b>	2017
	<b>Pence per share</b>	Pence per share
Basic earnings before tax per ordinary share	<b>47.9</b>	50.9
Diluted earnings before tax per ordinary share	<b>44.8</b>	47.7
	<hr/>	<hr/>

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

	<b>2018</b>	2017
	<b>Pence per share</b>	Pence per share
Basic earnings per share	<b>40.4</b>	36.7
Impact of taxation charge	<b>7.5</b>	14.2
	<hr/>	<hr/>
Basic earnings before tax per share	<b>47.9</b>	50.9
	<hr/> <hr/>	<hr/> <hr/>
Diluted earnings per share	<b>37.8</b>	34.4
Impact of taxation charge	<b>7.0</b>	13.3
	<hr/>	<hr/>

Diluted earnings before tax per share	<b>44.8</b>	47.7
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Earnings before tax per share has been 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 are based on an adjusted profit after taxation of £19,505k (2017: £16,077k). The adjusted profit after tax has been calculated by adjusting for the amortisation of acquired intangibles after tax effect £4,266k (2017: £3,955k), share based payment and related charges after tax effect £2,430k (2017: £1,853k), acquisition costs after tax effect £2,852k (2017: £2,412k), share of loss of associate after tax effect £70k (2017: £24k), and for the loss on foreign currency translation after tax effect £1,110k (2017: gain of £1,179k) and the deferred tax credit following the US Tax Reform of £1,431k. The number of shares used in this calculation is consistent with note 4(a) above.

	<b>2018</b>	2017
	<b>Pence per share</b>	Pence per share
Adjusted basic earnings after tax per ordinary share	<b>77.3</b>	65.5
Adjusted diluted earnings after tax per ordinary share	<b>72.2</b>	61.3

#### 5 Property, plant and equipment

	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Office furniture</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 March 2017	2,893	10,582	676	14,151
Additions	819	2,426	198	3,443
Acquired in business combinations	-	6	-	6
Exchange adjustments	(90)	(174)	(5)	(269)
<b>At 28 February 2018</b>	<b>3,622</b>	<b>12,840</b>	<b>869</b>	<b>17,331</b>
<b>Depreciation</b>				
At 1 March 2017	1,239	5,862	422	7,523
Charge for the year	516	1,585	145	2,246
Exchange adjustments	(59)	(90)	(3)	(152)
<b>At 28 February 2018</b>	<b>1,696</b>	<b>7,357</b>	<b>564</b>	<b>9,617</b>

	Leasehold improvements £'000	Plant and equipment £'000	Office furniture £'000	Total £'000
<b>Cost</b>				
At 1 March 2016	2,757	8,288	543	11,588
Additions	19	1,666	115	1,800
Exchange adjustments	117	628	18	763
<b>At 28 February 2017</b>	<b>2,893</b>	<b>10,582</b>	<b>676</b>	<b>14,151</b>
<b>Depreciation</b>				
At 1 March 2016	868	4,099	320	5,287
Charge for the year	299	1,418	89	1,806
Exchange adjustments	72	345	13	430
<b>At 28 February 2017</b>	<b>1,239</b>	<b>5,862</b>	<b>422</b>	<b>7,523</b>
<b>Carrying amounts</b>				
At 1 March 2016	1,889	4,189	223	6,301
At 28 February 2017	1,654	4,720	254	6,628
<b>At 28 February 2018</b>	<b>1,926</b>	<b>5,483</b>	<b>305</b>	<b>7,714</b>

## 6 Intangible assets and goodwill

	Goodwill £'000	Customer lists £'000	Acquired software £'000	Brand name £'000	Internally developed software £'000	Total £'000
<b>Cost</b>						
Balance at 1 March 2017	113,436	13,613	28,567	777	43,578	199,971
Development costs	-	-	-	-	7,486	7,486
Additions	-	-	760	-	-	760
Acquired in business combinations	480	44	182	8	-	714
Exchange adjustments	(10,013)	(1,118)	(2,134)	(47)	229	(13,083)
<b>At 28 February 2018</b>	<b>103,903</b>	<b>12,539</b>	<b>27,375</b>	<b>738</b>	<b>51,293</b>	<b>195,848</b>
<b>Amortisation</b>						
Balance at 1 March 2017	-	6,008	13,829	463	16,280	36,580
Amortisation for the year	-	1,344	3,269	71	6,214	10,898
Exchange adjustment	-	(569)	(912)	(29)	136	(1,374)
<b>At 28 February 2018</b>	<b>-</b>	<b>6,783</b>	<b>16,186</b>	<b>505</b>	<b>22,630</b>	<b>46,104</b>

Goodwill	Customer	Acquired	Brand	Internally	Total
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		lists	Software	name	developed software	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
Balance at 1 March 2016	102,603	12,364	24,878	708	35,665	176,218
Development costs	-	-	-	-	7,085	7,085
Additions	-	-	863	-	-	863
Exchange adjustments	10,833	1,249	2,826	69	828	15,805
<b>At 28 February 2017</b>	<b>113,436</b>	<b>13,613</b>	<b>28,567</b>	<b>777</b>	<b>43,578</b>	<b>199,971</b>
<b>Amortisation</b>						
Balance at 1 March 2016	-	4,051	9,435	345	11,049	24,880
Amortisation for the year	-	1,475	3,203	81	4,944	9,703
Exchange adjustment	-	482	1,191	37	287	1,997
<b>At 28 February 2017</b>	<b>-</b>	<b>6,008</b>	<b>13,829</b>	<b>463</b>	<b>16,280</b>	<b>36,580</b>
<b>Carrying amounts</b>						
At 1 March 2016	102,603	8,313	15,443	363	24,616	151,338
At 28 February 2017	113,436	7,605	14,738	314	27,298	163,391
<b>At 28 February 2018</b>	<b>103,903</b>	<b>5,756</b>	<b>11,189</b>	<b>233</b>	<b>28,663</b>	<b>149,744</b>

## 7 Report and accounts

Copies of the Annual Report will be available as of 12 June 2018 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.