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First Derivatives PLC
("First Derivatives", the "Group" or the "Company")

First Derivatives secures a majority shareholding in Kx Systems in transformational deal

First Derivatives (AIM:FDP.L, ESM:FDP.I), a leading provider of software and consulting services to the financial services industry, today announces it has reached agreement with the founders of Kx Systems ("Kx") to acquire a further 46.47% stake in Kx for a total consideration of £36.0m. As a result First Derivatives' holding in Kx will increase from its current 20.1% to 65.2% on a fully diluted basis. This increase in holding is expected to be earnings enhancing in the current financial year for the Company.

Kx Systems

Kx, based in Palo Alto, California, is one of the world's leading Big Data vendors. Its principal product, kdb+, is widely acknowledged as the world's pre-eminent time series database and is the technology of choice in the Capital Markets sector for Big Data solutions. As well as leading exchanges, regulators, and hedge funds Kx lists nine of the top ten global investment banks as its customers. kdb+ is ideally suited for problems involving high data volumes, low latency and high availability and Kx has recently signed major deals in the Oil and Gas, Pharmaceutical and Utilities sectors.

This transaction provides the Group with the complete technology stack to address the Big Data issues prevalent in today's market. It allows the Group to offer customers the alternative of either building Big Fast Data solutions using kdb+ and First Derivatives' consulting talent or buying applications using Delta, which is powered by kdb+. Whilst the Group is currently focussed on Capital Markets, the deal provides a clear path to expansion into other vertical markets.

The Kx senior management team will provide additional leadership to the Group with the full management team, including co-founders Arthur Whitney and Janet Lustgarten, continuing in their respective roles post the transaction. Janet Lustgarten is also expected to join the board of First Derivatives.

Financial impact of the transaction

In its latest financial year to 31 December 2013, Kx reported revenues of \$13.6m and profit before tax of \$8.8m. This included sales to First Derivatives in the 12 months to December 2013 of \$0.65m. First Derivatives' share of profits of Kx in the year to February 2014 was £268,000 and the Group received dividends from Kx during this period of £773,000. The net assets of Kx at 31 December 2013 were \$3.2m.

Terms of the Acquisition

First Derivatives has agreed to acquire 717,160 Kx Systems shares on 31 October 2014, and the right to acquire up to a further 84,099 Kx shares on or before 20 November 2014, which represents approximately 46.47 per cent of the Kx diluted issued share capital, for an aggregate total consideration of £36.0m. The vendors are to receive cash of £23.9m, funded from the Company's

own resources, and 1,247,308 First Derivatives new ordinary shares (the "Consideration Shares") at a price of 968.6p per share.

To support the financing of this share purchase and other potential investments the Company has agreed a new five year loan facility of £24m with Bank of Ireland in addition to its other banking arrangements.

First Derivatives has also agreed with the founders of Kx Systems to purchase their remaining shareholding at the same valuation for a period of seven years at their request on one year's notice.

Application will be made to the London Stock Exchange and the Irish Stock Exchange for the Consideration Shares to be admitted to trading on AIM and ESM ("Admission") which is expected to be on 3 November 2014.

The Consideration Shares will rank pari passu in all respects with the existing ordinary shares. Following Admission the enlarged issued share capital of the Company will increase to 21,562,584 ordinary shares. At completion Arthur Whitney will hold 955,708 First Derivatives ordinary shares, representing 4.4% of the Company's issued share capital, while Janet Lustgarten will hold 664,076 First Derivatives ordinary shares representing 3.1% of the Company's issued share capital.

Arthur Whitney, Co-Founder of Kx Systems, commented: "We have worked with First Derivatives for many years and they appreciate our core philosophy. Every year they recruit and train large numbers of kdb+ programmers."

Janet Lustgarten, CEO and Co-Founder of Kx Systems, commented: "We have been successfully focused on Wall Street for 20 years because of the large data sets they have. Now because the Internet of Things is generating large data sets in other industries we need to grow to be able to address these new opportunities. First Derivatives, with its deep pool of engineering talent and its global footprint is the ideal partner to help accelerate our growth, scale the company and to bring kdb+ to a wider audience."

Brian Conlon, Chief Executive Officer of First Derivatives, commented: "Having worked closely with the team at Kx Systems for more than a decade, First Derivatives understands the power and value of kdb+. Together we look forward to exploiting its capabilities to its full potential as we further penetrate the Financial Services sector and to build upon the foothold that has been established in other vertical sectors. We intend to make significant investments in Kx to allow the founders and their team to scale the company whilst staying true to its heritage. Transformational is a term often overused in the technology industry, but in this case I can confidently use it to describe the impact this transaction will have on our collective prospects."

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About First Derivatives

First Derivatives is a global provider of software and consulting services to the financial services industry. With over 17 years' experience working with leading financial institutions, it continues to deliver technologically advanced, award winning products and services that anticipate and respond to the evolving needs of global capital markets. First Derivatives currently employs over 1,000 people worldwide and counts many of the world's top investment banks, brokers and hedge funds as its customers. It has operations in London, New York, Stockholm, Singapore, Hong Kong, Sydney, Toronto, Philadelphia, Dublin and its headquarters in Newry.

About Kx Systems

Kx is a leader in high-performance database and time-series analytics. Based in Palo Alto, California, the company was founded in 1993 and its kdb+ database platform incorporates a portable, expressive query and programming language, q, to analyze and store streaming events, manipulate in-memory and on-disk databases, and build distributed, low-latency applications. According to independent testing by the Securities Technology Analysis Center (STAC) in June 2013, kdb+ produced results up to 8x faster than the previous best. Originally targeting the capital markets, in recent years Kx Systems has expanded its presence in other vertical markets including Petrochemicals and Utilities, in response to customer demand.