10 May 2022

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

Results for the year ended 28 February 2022

FD Technologies (AIM: FDP.L, Euronext Growth: FDP.I) today announces its results for the year ended 28 February 2022.

Business highlights

- Successful delivery of accelerated growth strategy, with new Group structure enabling each business unit to deliver its performance targets and investment in KX driving our key metric of growth in recurring revenue
- KX Insights platform launched, with 22 customers signed across financial services, pharma, manufacturing and automotive contributing to growth in exit Annual Recurring Revenue (ARR) of 25%, in line with our target
- Go-to-market strategy on track, enabling KX to sign 99 subscription agreements during the year (2021: 40), a 148% increase, while also growing our existing customer base with Net Revenue Retention increasing to 106%
- 40% of KX new deal value in the year generated from Industry (2021: 19%), confirming our growing presence outside our core market of financial services driven by high return on investment evidenced by a Forrester report that shows typical payback on KX in less than six months
- Landmark KX and Microsoft strategic partnership agreement, covering the native integration of KX Insights on Azure and joint development of financial services applications and services, validates our strategy and provides significant growth potential
- Strong growth performance for First Derivative, ahead of our expectations and built on enhancements in our engagement model and investment in business leadership and go-to-market
- MRP delivered good growth and is well placed following the launch of Prelytix 3.0, with enhanced AI and self-service capabilities
- Positive outlook across our business units, with FY23 guidance for growth in KX ARR in the range of 35-40% and FY23 guidance for Group revenue and adjusted EBITDA which target a return to double-digit growth.

Seamus Keating, CEO of FD Technologies, commented: “We have delivered a year of transformation across the Group, with each business unit achieving the Key Performance Indicators we set out in our strategy one year ago to accelerate our growth. KX, which was the principal focus of our investment in the year, delivered our target ARR growth, and enters the new financial year with increased momentum from our partnership with Microsoft enabled by the launch of our cloud native KX Insights platform. First Derivative recorded strong growth as it built on its reputation for domain knowledge and delivery excellence, while MRP continued to grow strongly from its leadership position in predictive lead generation. Across the Group, our investment in systems and people positions us to scale our operations to meet our growth ambitions. The opportunities across the markets in which we operate are significant and through continued execution of our strategy I am confident we can unlock value for our customers and accelerate our growth in the years ahead."

Financial Highlights

Year to end February	2022	2021	*Change*
Revenue	£263.5m	£237.9m	*11%*
Gross profit	£106.1m	£101.0m	*5%*
Profit before tax	£9.0m	£11.1m	*(19%)*
Reported diluted EPS	22.9p	32.0p	*(28%)*
Net cash / (debt)*	£0.3m	(£9.9m)	*n/a*
Adjusted performance measures			
Adjusted EBITDA**	£31.0m	£40.5m	*(23%)*
Adjusted diluted EPS (see note 4)	32.3p	59.0p	*(45%)*

Performance against Key Performance Indicators	Target	Actual
KX exit Annual Recurring Revenue (ARR) growth	**+25%**	**+25%**
First Derivative revenue growth	**+10%**	**+24%**
MRP platform revenue growth	**+20%**	**+18%*** **

* Excluding lease liabilities

** Adjusted for share-based payments, acquisition and non-operational costs and income, depreciation and amortisation and IT Systems implementation costs expensed

*** At constant currency

Financial Highlights

- Revenue up 11% to £263.5m (up 14% on a constant currency basis), ahead of guidance, driven by good growth at First Derivative and MRP balanced by a reduction in KX perpetual license revenue in line with strategy
- KX exit Annual Recurring Revenue of £47.0m, up 25% in line with target with recurring revenue representing 61% of revenue (2021: 51%) as we focus on high-value subscription revenue growth
- First Derivative revenue £148.0m, up 24%, driven by market demand and strategy of generating value from our expertise and investment in leadership and go-to-market capability
- MRP revenue up 16% to £51.1m, with platform revenue growth of 18% on a constant currency basis, as we focused the launch of Prelytix 3.0 on existing customers
- Adjusted EBITDA £31.0m, within our guidance range following the investment in R&D, go-to-market and operations in line with our accelerated growth strategy
- Net cash £0.3m (2021: net debt £9.9m) excluding lease liabilities, better than market consensus driven by continued focus on working capital.

Current trading and outlook

The Group enters the new financial year with good momentum and growing recurring revenue, providing a positive outlook for the year ahead. Our focus remains growth. In KX, we anticipate an acceleration in the key metric of ARR, with growth targeted in the range 35-40%. We expect both First Derivative and MRP to continue to deliver double-digit revenue growth and an improvement in margin.

FY23 guidance for the Group is for revenue in the range £290m to £300m and adjusted EBITDA in the range £36.5m to £38.5m.

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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 12 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 BST 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 BST today.

Business Review

FD Technologies comprises KX, which operates at the frontier of real-time data analytics; First Derivative, which provides business and software engineering solutions for capital markets; and MRP, which uses KX to deliver predictive analytics for enterprise demand generation.

During the financial year the Group delivered on its accelerated growth strategy, making the investments in KX in R&D and go-to-market capability while also investing in operations to enable the Group to scale its growth. All the Group's business units performed strongly , with KX delivering 25% growth in exit ARR, First Derivative reporting a 24% increase in revenue and MRP achieving 18% growth in platform revenue at constant currency.

The investment and business unit performance resulted in the Group achieving its revenue and adjusted EBITDA guidance for the year. Revenue increased by 11% to £264m, slightly ahead of expectations. The underlying performance was even stronger following the planned reduction in KX perpetual license and software implementation revenue as we target growth in annual recurring revenue. Adjusted EBITDA was £31m, down 23% as a result of the investment to deliver our accelerated growth strategy and in line with our guidance in the half year report.

The work completed across our business units and at the Group level leaves us well positioned to accelerate our growth in the years ahead in addressable markets which are significant and where we have a strong customer proposition.

KX – at the frontier of real-time data analytics

KX is the leading technology for real-time decision intelligence, uniquely combining time-series data with historical context to enable in-the-moment decision making at scale. Deployable on-premise, in the cloud or at the edge, KX is widely adopted in financial services and is ideally suited to data-intensive areas including manufacturing, automotive, energy and telecommunications.

KX addresses a large and high growth opportunity as organisations evolve their decision-making processes to drive value from their real-time data assets. According to McKinsey, in its report the Data-driven Enterprise of 2025, currently only a fraction of data from connected devices is ingested, processed, queried, and analysed in real time due to the limits of legacy technology structures, the challenges of adopting more modern architectural elements, and the high computational demands of intensive, real-time processing. By 2025, McKinsey believes that reductions in cloud computing costs and advances in technology will result in the creation of vast networks of real-time data and insights.

IDC forecasts that by 2025, 30% of global data will be real-time with 49% stored and managed in the public cloud. This deluge of real-time data is driving demand for real-time analytics technologies and according to research firm MarketsandMarkets, the real-time analytics market is expected to grow from US$ 15.4 billion in 2021 to US$ 50.1 billion by 2026, at a CAGR of 26.5%.

KX, as the world's most integrated real-time analytics and data management platform, is well placed to benefit from these trends. Forrester, in a recent total economic impact assessment, reported that KX delivered a typical 315% return on investment over three years, with payback in less than six months, underlining the value achievable from real-time decision making. During the year the strengths of KX were also recognised for the first time by leading industry analysts including Gartner in their report on the streaming analytics market.

The growing market opportunities drove the decision in May 2021 to accelerate growth in KX by investing in R&D, go-to-market and operations. This investment was successfully delivered during the year, as evidenced by the launch of the cloud-native KX Insights platform, the increasing ease-of-use and interoperability of KX, the investment in sales and marketing spend which contributed to a 148% increase in subscription deals, and the improved visibility provided by enterprise sales and marketing systems implemented during the year.

Microsoft strategic partnership agreement

These positive developments put us in a strong position to capitalise on our significant market opportunity, as evidenced by the signing of a strategic partnership agreement with Microsoft that positions KX Insights as the premier real-time analytics technology on Azure.

The landmark agreement has two parts – firstly, KX Insights will be natively integrated on Azure so that it will appear as a Microsoft application and will be tightly integrated within its intelligent cloud ecosystem. Azure customers will be able to use their existing Microsoft commitment to consume KX Insights and the Azure salesforce will be incentivised to sell KX Insights. KX will be one of only a small number of software vendors to be natively integrated within Azure in this way.

Secondly, KX and Microsoft will jointly develop applications and services for the financial services sector, utilising the KX Insights platform for delivery. This will support existing and potential financial services customers with their cloud migration strategies.

These agreements represent a validation from Microsoft of the market-leading capabilities of the KX Insights platform, while KX chose Microsoft as a strategic partner due to its customer reach (95% of the Fortune 500 are Azure customers) and the commitment Microsoft displayed to the partnership during the detailed commercial and technical discussions. General public availability of services under both agreements is anticipated in H1 calendar 2023, with considerable customer interest already expressed during the market testing phase.

Operational and commercial progress

During the year KX made good operational progress, benefiting from additional spend in sales and marketing and R&D. These investments enabled KX to capitalise on the growing market opportunities and accelerate its growth during the year, as we focused on growing annual recurring revenue through subscription deals.

We adopted a 'land and expand' approach under which we expect the value of subscription deals to grow over time as customers increase their use of KX, given the high return on investment it delivers. We also successfully targeted upselling to existing customers as we make KX easier to adopt and use. Key to our approach was accelerating the time to value for our customers, by solving our customer's most pressing challenges and demonstrating the ROI of our technology.

Research and development

Our technology development priorities are aligned to our strategic objective to increase KX recurring revenue, by prioritising ease of adoption and use, interoperability with other technologies and integration with partners, particularly hyperscale cloud providers. In particular, we:

- Launched our cloud-native platform KX Insights, leveraging the benefits of cloud architecture to deliver rapid, scalable insights without the burden of managing infrastructure or the need to optimise for different cloud environments. Built on open standards such as Docker and Kubernetes and using a microservices-based architecture enables streamlined delivery and faster development, resulting in faster time to value for our customers

- Made the power of KX accessible and easy to use by a broad range of developers, including Python and SQL, through native integration without degradation of performance, opening up a range of new opportunities within existing and new customers

- Worked closely with partners, including Microsoft and Telit, to integrate our technologies and embed KX as a key component in the analytics ecosystem.

Our technology priorities of increasing adoption by promoting ease of use and interoperability remain unchanged. In the current year our focus will be on delivering industry accelerators that enable the adoption of KX across our target markets, further enhancements to KX Insights to promote ease-of-use, and integration with Microsoft Azure ahead of general availability of KX Insights on Azure and applications and services for the financial services market.

Go-to-market

In line with our accelerated growth strategy we increased our investment in go-to-market significantly during the year. We also delivered systems and process improvements and adjusted our marketing propositions and sales commission structure, such that we now have a good understanding of the most effective methods to grow sales and increase our annual recurring revenue.

With our investment in go-to-market during the year, including new CRM systems in place to support pipeline qualification and development, together with compelling marketing messages around the value provided by KX, we are in a good position to deliver on the market opportunity.

Commercial progress

We achieved our key target of a 25% increase in exit ARR during the year, driven by growth in both existing and new customers and across both financial services and industry.

We signed 127 new deals during the year (2021: 77), of which 99 (2021: 40) were subscription deals as we transitioned away from perpetual license deals, in line with our strategy of focusing on ARR growth. We sell to new customers only on a subscription basis, and as a result we expect to see perpetual license revenue progressively decline.

Of our subscription deals, 30% by volume and 40% by value were in industry, highlighting the progress we are making in entering new markets. We are also growing our customer base, signing 26 new customers on subscription deals, of which 55% by value were from industry customers. Each of these new customers has significant expansion potential.

Key deals during the year included:

- Providing a major telecommunications network with real-time network orchestration capability to improve network performance, increase customer satisfaction and deliver better spectrum utilisation
- Consolidated high performance analytics and back-testing platform for all asset classes for a major sovereign wealth fund
- A contract with a global automotive manufacturer for wind-tunnel analytics, with potential to extend further across its wind tunnel facilities and deeper into its operations
- A significant contract with a major pharmaceutical company to use KX Insights as the data management and analytics platform for all clinical trial and patient data
- A contract to provide a hosted service for a major cryptocurrency analytics platform, delivering real-time data management to support retail and institutional investors with benefits including stability, scalability and predictive analytics
- 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, signed during H1, was for a single factory and we expect to close the next phase of roll out during the current year.

Infrastructure investment

Our accelerated growth strategy was supported during the year by investment to enable us to scale our operations. This included the implementation of CRM systems that are already delivering value, while we are in the process of implementing Oracle Cloud Fusion as the Group enterprise resource planning system. We also added resources across the business to support our growth ambitions.

First Derivative – business and software engineering solutions for capital markets

First Derivative delivered revenue growth of 24%, ahead of expectations and representing its strongest growth rate since 2016. This performance resulted from a range of measures taken to maximise the value First Derivative generates from its expertise, delivered into a solid market environment. In particular, improvements to our operating model saw more emphasis on the digital change market with new initiatives in cloud, data analytics and software development.

First Derivative has a very large addressable market, with Gartner forecasting that by 2025 investment banks will spend $761bn on technology services, representing annual growth of 6.5%. Of this we estimate more than $200 billion is addressable by First Derivative. We work with all the top 20 global investment banks and our focus during the year has been on delivering more for them, which in some cases has resulted in a doubling of their spend with us.

We deliver our services through business practices focused on our core competencies of expertise in the technologies used within capital markets and deep domain expertise. Our reputation for delivery excellence is key to our growth, with significant expansion potential in our customer base. Demand was solid throughout the year, driven by change programmes, regulatory and compliance work and managed services.

An example of First Derivative in action was the delivery during the year of a cloud migration project for a Tier 1 bank's critical risk management function. Working with Google Cloud platform, the team built a highly scalable, fault tolerant solution with much lower running costs and significant technical benefits for the bank including scalability and improved data access. The project took a year to complete from the discovery phase to successful go-live.

We increased our leadership and go-to-market spend to drive future growth and evolved our go-to-market and account management strategy to ensure we maximise the value of our expertise. We have evolved the way in which we engage with clients, resulting in a more sophisticated model that focuses on project outcomes rather than resources. This approach helped to deliver improved gross margins for the year, despite the additional leadership and sales and marketing spend.

To meet customer demand, we hired record employee numbers during the year, with the change in our engagement model resulting in the number of experienced hires exceeding graduate recruitment. Our recruitment and training programmes continue to be competitive differentiators and enable us to respond effectively to demand trends. Attrition levels as we exited lockdown were at the high end of our typical range, while wage inflation is also a factor but is mitigated through pricing and the more efficient delivery structures reference above. We are experiencing continued strong demand and anticipate another year of good growth in First Derivative, as well as continued margin improvement.

MRP – predictive analytics for enterprise demand generation

MRP provides global sales and marketing leaders with an account-based marketing platform (Prelytix), powered by KX, and supporting products and services that deliver high response rates and pipeline conversion. Tracking more than 1.5 billion intent signals per day, MRP enables customers to identify and engage targets earlier and more effectively. Its global presence is a further differentiator, resulting in Forrester naming it as a leader in ABM in its Q1 2022 report on the sector.

MRP delivered good growth during the year, up 16% to £51.1m, with margin improvement.

Customer contracts signed included:

- A global enterprise communications company contracted with MRP to develop a data-led omnichannel engagement strategy. Using Prelytix enabled them to expand their marketing programmes and deliver a near 500% increase in pipeline conversion
- A US-based fibre network provider using Prelytix to provide business-critical account insights within a highly complex environment that requires sophisticated, location-based sales and marketing strategies, delivering a predictable qualified pipeline
- A multi-year contract to build and manage a global demand generation engine for a financial software provider across its target markets. From MRP Prelytix platform insights to a suite of engagement channels, our approach consistently increases the brand's footprint, account penetration and overall pipeline revenue.

A major milestone was the launch in H2 of the financial year of Prelytix 3.0, which has enhanced self-service capabilities that enable customers to drive greater value from the platform without the need for services support, as well as AI capabilities to increase the customer's return on investment. Our initial focus has been transitioning our existing customer base to the new platform, and during the current financial year we anticipate our focus shifting to growth in new customers. This provides confidence in the growth outlook for MRP for FY23.

People

The Group currently employs more than 3,000 people, up from more than 2,500 at the same time last year. The increase was driven by the growth across the Group, particularly at First Derivative, and delivered by sustained recruitment campaigns through the year. Our employee policies are aimed at making FD Technologies an employer of choice within technology to support the growth opportunities across the Group.

Engaging with our employees has become even more important post pandemic as we seek to navigate more flexible approaches to work, ensuring we continue to deliver for our customers and collaborate effectively. Our annual engagement survey shows that 80% of our employees feel engaged, which we believe is an industry-leading figure that positively impacts productivity, customer service and retention rates. We have also introduced additional inclusion and diversity initiatives and programmes that are helping us to retain and develop our employees and invested in learning and development through the year to support career development across the Group.

Across the Group the delivery of our growth and our accelerated growth strategy has required the commitment and dedication of all employees and the Board would like to thank them for their contribution.

Summary and outlook

We successfully delivered a year of transformation across the business in line with our accelerated growth strategy, hitting our key targets and positioning ourselves for future growth. The market opportunities across our business units are exciting, particularly in KX where our KX Insights platform is driving an acceleration of growth in annual recurring revenue.

For FY23, we expect KX to generate growth in ARR in the range 35-40%, while in First Derivative and MRP we expect double digit revenue growth and continued margin improvement. At the Group level, our guidance is for revenue in the range £290m to £300m and adjusted EBITDA in the range £36.5m to £38.5m.

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.

	FY22				FY21				
	Group	KX	First Derivative	MRP	**Group**	KX	First Derivative	MRP	*Group change*
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	
Revenue	**263.5**	**64.4**	**148.0**	**51.1**	**237.9**	**74.3**	**119.4**	**44.2**	***11%***
Cost of sales	**(157.3)**	(19.9)	(108.6)	(28.8)	**(136.9)**	(20.5)	(90.3)	(26.1)	***15%***
Gross profit	**106.1**	**44.5**	**39.4**	**22.2**	**101.0**	**53.8**	**29.1**	**18.0**	***5%***
Gross margin	*40%*	*69%*	*27%*	*44%*	*42%*	*72%*	*24%*	*41%*	
R&D expenditure	**(21.1)**	(18.6)	(0.2)	(2.3)	**(15.9)**	(13.9)	(0.1)	(1.9)	***32%***
R&D capitalised	**18.6**	16.1	0.2	2.3	**13.4**	11.5	0.1	1.8	***38%***
Net R&D	**(2.6)**	(2.6)	0.0	0.0	**(2.6)**	(2.4)	0.0	(0.1)	***1%***
Sales and marketing costs	**(47.4)**	(23.6)	(14.5)	(9.3)	**(39.3)**	(20.6)	(10.8)	(7.9)	***21%***
Adjusted admin expenses	**(25.2)**	(8.6)	(10.9)	(5.7)	**(18.7)**	(6.6)	(7.8)	(4.3)	***35%***
Adjusted EBITDA	**31.0**	9.8	14.0	7.3	**40.5**	24.3	10.5	5.7	***(23%)***
Adj. EBITDA margin	*12%*	*15%*	*9%*	*14%*	*17%*	*33%*	*9%*	*13%*	

The financial performance for the year reflected the successful implementation of the Group's accelerated growth strategy, with investment in R&D, sales and marketing and operations enabling higher growth during the year and setting KX on the path to becoming the market-leading technology for real-time streaming analytics. The change in Group structure to comprise three business units – KX, First Derivative and MRP – was designed to enable each to communicate its distinct value proposition and maximise its growth opportunity, and the results in FY22 show that strategy is delivering the benefits anticipated.

Group revenue increased by 11% to £263.5m (2021: £237.9m), 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 5% to £106.1m, reflecting improved margin performance in First Derivative and MRP while in KX the reduction in high-margin perpetual license revenue in line with our strategy resulted in gross margin of 69% (2021:72%).

The Group's accelerated growth strategy resulted in increased expenditure on R&D (£5.2m), sales and marketing (£8.1m) and operational costs to scale the business (£6.5m). These investments for growth enabled our business units to achieve their targets for the year, particularly KX where exit ARR grew by 25%. The impact of the investment and the focus on ARR resulted in EBITDA falling by 23% to £31.0m, in line with our guidance.

KX

	KX total			Financial services			Industry		
	FY22	**FY21**	*Change*	**FY22**	**FY21**	*Change*	**FY22**	**FY21**	*Change*
	£m	**£m**		**£m**	**£m**		**£m**	**£m**	
Revenue	**64.4**	**74.3**	***(13%)***	**55.4**	**65.3**	***(15%)***	**9.1**	**9.0**	***0%***
Perpetual	3.6	10.7	*(66%)*	1.8	7.9	*(77%)*	1.8	2.8	*(36%)*
Recurring	39.2	37.7	*4%*	35.5	35.0	*1%*	3.7	2.7	*37%*
Total licenses	42.8	48.4	*(12%)*	37.4	43.0	*(13%)*	5.4	5.4	*0%*
Services	21.6	25.9	*(17%)*	18.0	22.3	*(19%)*	3.6	3.6	*0%*
Gross profit	**44.5**	**53.8**	***(17%)***						
Adjusted EBITDA	**9.8**	**24.3**	***(60%)***						

FY22 was a transformational year for KX as it invested to accelerate growth in ARR while phasing out perpetual license sales and focusing on delivering customer value, resulting in faster implementations and therefore lower services revenue. This strategy resulted in a decrease of 13% in KX revenue to £64.4m, although recurring revenue increased by 4% to £39.2m and now represents 61% of KX revenue (2021: 51%).

Our Industry sector performed strongly during the year, with recurring revenue up by 37% led by deals across industries such as pharma, telecommunications, manufacturing and automotive. Financial services revenue declined principally as a result of the reduction in perpetual license and professional services revenue set out above. Gross profit decreased by £9.3m (17%), principally due to the £7.1m reduction in high margin perpetual license revenue and £4.3m decrease in services revenue, while adjusted EBITDA fell by £14.5m (60%) principally as a result of the decline in gross profit and increase in sales and marketing cost, in line with our growth acceleration strategy.

Performance metrics	**FY22**	**FY21**	*Change*
Exit annual recurring revenue (ARR) £m	47.0	37.6	*25%*
Net revenue retention (NRR)	106%	99%	
Gross profit margin	69%	72%	
R&D expenditure as % of revenue	29%	19%	
Sales and marketing spend as % of revenue	37%	28%	
Adjusted EBITDA margin	15%	33%	

KX achieved its target of 25% growth in exit ARR to £47m. The Net Revenue Retention rate of 106% is ahead of the 99% recorded for 2021 and tracking towards our mid-term goal of more than 120%. Churn remains minimal and we are confident that our strategy of targeting expansion within new customers will enable us to achieve this goal.

First Derivative

	FY22 £m	FY21 £m	*Change*
Revenue	**148.0**	**119.4**	*24%*
Gross profit	**39.4**	**29.1**	*35%*
Adjusted EBITDA	**14.0**	**10.5**	*33%*

Revenue growth in the year was ahead of expectations at 24%, reflecting a solid demand environment and improvements to our delivery model, as outlined in the Business review. This is enabling us to achieve greater value for our expertise and domain knowledge, which resulted in improved margins despite the impact of wage inflation and attrition during the year. Growth was delivered from a combination of doing more for existing clients and also winning new contracts, including 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.

There is considerable opportunity for First Derivative to build on its existing customer relationships and to increase its share of the market for digital change, and we continue to believe it can deliver double digit revenue growth while growing its gross margin.

Performance metrics	**FY22**	**FY21**
Gross profit margin	27%	24%
Adjusted EBITDA margin	9%	9%

Gross margins increased to 27% from 24% reflecting a combination of improved utilisation resulting from the changes to our delivery model, while adjusted EBITDA margin was maintained at 9% following investment in our sales and leadership capability to drive our longer-term growth.

MRP

	FY22 £m	FY21 £m	*Change*
Revenue	**51.1**	**44.2**	*16%*
Platform	27.0	24.2	*11%*
Services	24.0	19.9	*21%*
Gross profit	**22.2**	**18.0**	*23%*
Adjusted EBITDA	**7.3**	**5.7**	*27%*

MRP targets growth in platform 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 year, with platform revenue increasing by 11% to £27.0m (18% at constant currency, just short of our target of 20% growth). The launch during H2 of Prelytix 3.0, containing increased AI and self-service capabilities, provides confidence in another period of good growth for platform revenue during FY23.

Performance metrics	FY22	FY21
Platform revenue £m	27.0	24.2
Gross profit margin	44%	41%
Adjusted EBITDA margin	14%	13%

MRP achieved its target of increasing its gross margin, up from 41% to 44% as a result of improved utilisation of its services, which also helped to increase adjusted EBITDA margin to 14%. MRP continues to target revenue and margin growth as it executes on its market opportunity.

Adjusted EBITDA

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

	FY22 £m	FY21 £m
Operating Profit	**6.4**	**17.0**
Acquisition and non-operational costs	3.1	1.3
Non-Operational Other Income	(2.5)	-
IT Systems implementation costs expensed *	2.3	-
Share based payment and related costs	1.7	2.4
Depreciation and amortisation	20.1	19.8
Adjusted EBITDA	**31.0**	**40.5**

* IT Systems implementation costs expensed represents ERP and CRM implementation costs following the IFRIC update on accounting for cloud implementation costs

Profit before tax

Adjusted profit before tax decreased by 46% to £11.0m (2021: £20.2m). The principal cause was adjusted EBITDA being £9.5m lower than 2021 as a result of the investment made during the year to accelerate growth and the planned reduction in perpetual license revenue. Increased amortisation costs relating to investment in R&D was more than offset by a reduction in financing costs as our gross debt position improves, resulting in adjusted profit before tax falling by £9.2m.

Reported profit before tax was down 19% on 2021 to £9.0m. 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 corporate finance activity, balanced by a lower impact from foreign currency translation and a profit on the disposal of associate RXDataScience Inc, during the year.

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

	FY22 £m	FY21 £m
Adjusted EBITDA	**31.0**	**40.5**
Adjustments for:		
Depreciation and amortisation	(6.8)	(6.9)
Amortisation of software development costs	(10.2)	(9.3)
Financing costs	(3.0)	(4.2)
Adjusted profit before tax	11.0	20.2
Adjustments for:		
Amortisation of acquired intangibles	(3.1)	(3.6)
Share based payment and related costs	(1.7)	(2.4)
Acquisition and non-operational costs	(3.1)	(1.3)
Non Operational Other Income	2.5	-
IT Systems implementation costs expensed *	(2.3)	-
Loss on foreign currency translation	(1.8)	(3.2)
Share of profit/(loss) of associate	0.3	(0.1)
Gain on disposal of associate	6.9	-
Finance income	0.2	1.6
Reported profit before tax	**9.0**	**11.1**

* IT Systems implementation costs expensed represents 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 profit of £6.4m after tax, compared to £9.0m in the prior year, for the reasons stated above as well as a higher tax charge of £2.6m (2021: £2.1m). Reported diluted earnings per share was 22.9p (2021: 32.0p), adjusted diluted earnings per share was 32.3p (2021: 59.0p per share).

The adjusted profit after tax for the year of £9.1m (2021: £16.6m) represented a decrease of 45%. The calculation of adjusted profit after tax is detailed below:

	FY22 £m	FY21 £m
Reported profit after tax	6.4	9.0
Adjustments from profit before tax (as per the table above)	2.1	9.0
Tax effect of adjustments	(1.3)	(1.4)
Discrete tax items	1.9	-
Adjusted profit after tax	9.1	16.6

Weighted average number of ordinary shares (diluted)	28.0m	28.1m
Reported EPS (fully diluted)	22.9p	32.0p
Adjusted EPS (fully diluted)	32.3p	59.0p

Balance sheet

Total assets increased by £2.1m to £352.1m (2021: £350.0m), driven by increases in intangible assets of £8.1m to £155.6m (2021: 147.5m), as the Group capitalises internal software development costs in accordance with IFRS Accounting Standards and the deferred tax asset of £3.3m to £18.0m (2021: £14.7m). These were partially offset by cash and cash equivalents decreasing by £6.6m to £48.6m (2021: £55.2m) due to repayment of borrowings . As a result, loans and borrowings fell to £71.6m (2021: £92.8m) of which £48.2m related to bank loans (2021: £65.1m) and the remainder to lease liabilities. Total liabilities decreased by £7.7m to £159.6m (2021: £167.3) primarily due to the reduction in loans and borrowings.

Cash generation and net debt

The Group generated £28.9m of cash from operating activities before taxes paid (2021: £46.7m) representing 93% conversion of adjusted EBITDA. We continued to focus on cash collection, which resulted in a conversion rate ahead of our target of 80-85% of adjusted EBITDA.

At the year end, the Group had returned to net cash of £0.3m (2021: net debt* £9.9m), excluding lease liabilities. The factors impacting the movement in net debt are summarised in the table below:

	FY22 **£m**	**FY21** **£m**
Opening net debt*	(9.9)	(49.4)
Cash generated from operating activities	28.9	46.7
Taxes paid	(0.4)	(1.3)
Capital expenditure: property, plant and equipment	(2.8)	(1.5)
Proceeds from sale of property plant and equipment	0.9	-
Capital expenditure: intangible assets	(18.9)	(13.8)
Disposal of associate	11.0	-
Investment movements	0.1	11.3
Issue of new shares	0.8	8.3
Interest, foreign exchange and other	(9.3)	(10.3)
Closing net cash / (debt)*	**0.3**	**(9.9)**

* Excluding lease liabilities

During the year the Group sold its stake in associate RxDataScience Inc for proceeds of £11m, recording a gain of £6.9m. The investment in RXDataScience 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. During the year another of the Group’s investments, Quantile Technologies, was conditionally acquired by the London Stock Exchange. On completion the Group expects to receive net proceeds of approximately £8.6m. In addition there are potential deferred consideration payments for both RXDataScience and Quantile Technologies dependent on future performance.

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 revenue 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 £51.9m (2021: £42.0m) adjusted for depreciation and amortisation of £20.1m (2021: £19.8m), share based payments and related costs of £1.7m (2021: £2.4m), acquisition and non-operational costs of £3.1m (2021: £1.3m), IT Systems implementation costs expensed £2.3m (2021: nil), and Other £(0.5)m (2021: £(0.2)m).

Consolidated statement of comprehensive income

Year ended 28 February 2022

	Note	**2022** **£'000**	2021 £'000
Revenue	2	**263,463**	237,867
Cost of sales	2	**(157,327)**	(136,888)
Gross profit	2	**106,136**	100,979
Operating costs			
Research and development costs		**(21,125)**	(15,948)
– Of which capitalised		**18,553**	13,398
Sales and marketing costs		**(47,355)**	(39,252)
Administrative expenses		**(51,949)**	(42,036)
Impairment loss on trade and other receivables		**(695)**	(215)
Total operating costs		**(102,571)**	(84,053)
Other income		**2,816**	96
Operating profit		**6,381**	17,022
Finance income		**262**	1,606
Finance expense		**(3,015)**	(4,183)
Loss on foreign currency translation		**(1,834)**	(3,240)
Net finance costs		**(4,587)**	(5,817)
Share of gain/(loss) of associate, net of tax		**262**	(58)
Profit on sale of Associate		**6,943**	—
Profit before taxation		**8,999**	11,147
Income tax expense		**(2,572)**	(2,150)
Profit for the year		**6,427**	8,997
Profit for the year		**6,427**	8,997
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Equity investments at FVOCI – net change in fair value		**(1,408)**	2,349
Net gain on sale of FVOCI holding		**150**	4,746
Items that will or may be reclassified subsequently to profit or loss			
Net exchange gain/(loss) on net investment in foreign subsidiaries		**3,237**	(10,657)
Net (loss)/gain on hedge of net investment in foreign subsidiaries		**(1,183)**	2,611
Other comprehensive income for the year, net of tax		**796**	(951)
Total comprehensive income for the year attributable to owners of the parent		**7,223**	8,046

	Note	**Pence**	Pence
Earnings per share			
Basic	4(a)	**23.1**	32.7
Diluted	4(a)	**22.9**	32.0

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

Consolidated balance sheet

As at 28 February 2022

	Note	**2022 £'000**	2021 £'000
Assets			
Property, plant and equipment	5	**28,343**	33,541
Intangible assets and goodwill	6	**155,607**	147,513
Equity accounted investee		**—**	2,649
Other financial assets		**19,676**	14,760
Trade and other receivables		**3,745**	3,312
Deferred tax assets		**17,998**	14,719
Non-current assets		**225,369**	216,494
Trade and other receivables		**74,029**	75,102
Current tax receivable		**4,172**	3,208
Cash and cash equivalents		**48,564**	55,198
Current assets		**126,765**	133,508
Total assets		**352,134**	350,002
Equity			
Share capital		**139**	139
Share premium		**100,424**	99,396
Merger reserve		**—**	8,118
Share option reserve		**18,404**	16,790
Fair value reserve		**9,755**	10,682
Currency translation adjustment reserve		**(3,574)**	(5,628)
Retained earnings		**67,391**	53,177
Equity attributable to owners of the Company		**192,539**	182,674
Liabilities			
Loans and borrowings	7	**62,504**	83,596
Trade and other payables		**3,190**	2,431
Deferred tax liabilities		**15,307**	11,428
Non-current liabilities		**81,001**	97,455
Loans and borrowings		**9,054**	9,244
Trade and other payables		**60,596**	53,591
Current tax payable		**382**	269
Employee benefits		**8,562**	6,769
Current liabilities		**78,594**	69,873
Total liabilities		**159,595**	167,328
Total equity and liabilities		**352,134**	350,002

Consolidated statement of changes in equity

Year ended 28 February 2022

	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 year								
Profit for the year	—	—	—	—	—	—	6,427	6,427
Other comprehensive income								
Net exchange gain on net investment in foreign subsidiaries	—	—	—	—	—	3,237	—	3,237
Net exchange loss on hedge of net investment in foreign subsidiaries	—	—	—	—	—	(1,183)	—	(1,183)
Net change in fair value of equity investments at FVOCI	—	—	—	—	(1,408)	—	—	(1,408)
Net gain/(loss) on sale of FVOCI holding	—	—	—	—	481	—	(331)	150
Total comprehensive income for the year	—	—	—	—	(927)	2,054	6,096	7,223
Transactions with owners of the Company								
Tax relating to share options	—	—	—	80	—	—	—	80
Exercise of share options	—	773	—	—	—	—	—	773
Issue of shares	—	255	—	—	—	—	—	255
Share based payment charge	—	—	—	1,534	—	—	—	1,534
Transfer	—	—	(8,118)	—	—	—	8,118	—
Balance at 28 February 2022	**139**	**100,424**	**—**	**18,404**	**9,755**	**(3,574)**	**67,391**	**192,539**

Consolidated statement of changes in equity continued

Year ended 28 February 2021

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

Consolidated cash flow statement

Year ended 28 February 2022

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Profit for the year	**6,427**	8,997
Adjustments for:		
Net finance costs	**4,587**	5,818
Depreciation of property, plant and equipment	**6,308**	6,876
Amortisation of intangible assets	**13,817**	12,889
Equity-settled share based payment transactions	**1,534**	2,250
Profit on disposal of associate	**(6,943)**	—
Profit on disposal of fixed assets	**(222)**	—
Other income	**(2,499)**	—
Grant income	**(317)**	(49)
Share of (profit)/loss of associate	**(262)**	58
Tax expense	**2,572**	2,150
	25,002	38,989
Changes in:		
Trade and other receivables	**(1,585)**	1,707
Trade and other payables	**5,473**	5,972
Cash generated from operating activities	**28,890**	46,668
Taxes paid	**(407)**	(1,253)
Net cash from operating activities	**28,483**	45,415
Cash flows from investing activities		
Interest received	**19**	40
(Increase) in loans to other investments	**—**	(122)
Settlement of loans to other investments	**—**	992
Acquisition of subsidiaries	**(118)**	—
Acquisition of other investments	**(95)**	(510)
Sale of associate	**11,001**	—
Sale of other investments	**175**	10,987
Acquisition of property, plant and equipment	**(2,777)**	(1,502)
Proceeds from sale of property, plant and equipment	**920**	—
Acquisition of intangible assets	**(18,931)**	(13,775)
Net cash used in investing activities	**(9,806)**	(3,890)
Cash flows from financing activities		
Proceeds from issue of share capital	**773**	8,284
Drawdown of loans and borrowings	**—**	34,208
Repayment of borrowings	**(19,141)**	(38,350)
Payment of lease liabilities	**(3,598)**	(4,554)
Interest paid	**(2,932)**	(4,564)
Net cash used in financing activities	**(24,898)**	(4,976)
Net (decrease)/increase in cash and cash equivalents	**(6,221)**	36,549
Cash and cash equivalents at 1 March	**55,198**	26,068
Effects of exchange rate changes on cash held	**(413)**	(7,419)
Cash and cash equivalents at 28 February	**48,564**	55,198

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 2022 nor 29 February 2021 but is derived from those accounts. Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

2. Operating and business segments
Information about reportable segments

	KX		FD		MRP		Total	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Revenue by segment								
Revenue	**64,418**	74,294	**147,988**	119,412	**51,057**	44,161	**263,463**	237,867
Gross profit	**44,520**	53,826	**39,376**	29,128	**22,240**	18,025	**106,136**	100,979
Adjusted EBITDA	**9,782**	24,256	**13,982**	10,491	**7,283**	5,747	**31,047**	40,494
Acquisition and non operational costs							**(3,082)**	(1,337)
IT Systems implementation costs expensed							**(2,287)**	—
Non operational other income							**2,499**	—
Share based payment and related costs							**(1,671)**	(2,370)
Depreciation and amortisation							**(16,994)**	(16,081)
Amortisation of acquired Intangibles							**(3,131)**	(3,684)
Operating profit							**6,381**	17,022
Net finance costs							**(4,587)**	(5,817)
Profit on sale of associate							**6,943**	—
Share of profit/(loss) of associate, net of tax							**262**	(58)
Profit before taxation							**8,999**	11,147

Geographical location analysis

	Revenues		Non-current assets	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
UK	**79,355**	68,718	**87,448**	59,837
EMEA	**46,463**	39,371	**16,826**	16,561
The Americas	**110,697**	103,401	**118,576**	122,313
Asia Pacific	**26,948**	26,377	**2,952**	3,064
Total	**263,463**	237,867	**225,802**	201,775

Disaggregation of revenue

	KX		FD		MRP		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Type of good or service								
Sale of goods – perpetual	**3,589**	10,595	**—**	—	**—**	—	**3,589**	10,595
Sale of goods – recurring	**39,192**	37,707	**—**	—	**27,015**	24,244	**66,207**	61,951
Rendering of services	**21,637**	25,992	**147,988**	119,412	**24,042**	19,917	**193,667**	165,321
	64,418	74,294	**147,988**	119,412	**51,057**	44,161	**263,463**	237,867
Timing of revenue recognition								
At a point in time	**3,589**	10,595	**—**	—	**—**	—	**3,589**	10,595
Over time	**60,829**	63,699	**147,988**	119,412	**51,057**	44,161	**259,874**	227,272
	64,418	74,294	**147,988**	119,412	**51,057**	44,161	**263,463**	237,867

3. Dividends

	2022	2021
	£'000	£'000
Dividends paid to the owners of the parent		
Final dividend relating to the prior year	**—**	—
Interim dividend paid	**—**	—
	—	—

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

No final dividend was declared in relation to the comparative period and no interim dividend was declared or paid relating to the current or prior year. The cumulative dividend paid during the year amounted to nil (2021: nil) 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.

	2022	2021
	£'000	£'000
Nil per ordinary share (2021: nil)	**—**	—

4. a) Earnings per ordinary share

Basic

The calculation of basic earnings per share at 28 February 2022 was based on the profit attributable to ordinary shareholders of £6,427k (2021: £8,997k), and a weighted average number of ordinary shares in issue of 27,782k (2021: 27,505k).

	2022 Pence per share	2021 Pence per share
Basic earnings per share	**23.1**	32.7

Weighted average number of ordinary shares

	2022 Number ’000	2021 Number ’000
Issued ordinary shares at 1 March	**27,717**	27,150
Effect of share options exercised	**58**	352
Effect of shares issued as purchase consideration	**—**	—
Effect of shares issued as remuneration	**7**	3
Weighted average number of ordinary shares at 28 February	**27,782**	27,505

Diluted

The calculation of diluted earnings per share at 28 February 2022 was based on the profit attributable to ordinary shareholders of £6,427k (2021: £8,997k) and a weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares of 28,036k (2021: 28,126k).

	2022 Pence per share	2021 Pence per share
Diluted earnings per share	**22.9**	32.0

Weighted average number of ordinary shares (diluted)

	2022 Number ’000	2021 Number ’000
Weighted average number of ordinary shares (basic)	**27,782**	27,505
Effect of dilutive share options in issue	**254**	621
Weighted average number of ordinary shares (diluted) at 28 February	**28,036**	28,126

At 28 February 2022 518,137 shares (2021: 120,058 shares) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. The average market value of the Group’s shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

4. b) Earnings before tax per ordinary share

Earnings before tax per share are based on profit before taxation of £8,999k (2021: £11,147k). The number of shares used in this calculation is consistent with note 4(a) above.

	2022 Pence per share	2021 Pence per share
Basic earnings before tax per ordinary share	**32.4**	40.5
Diluted earnings before tax per ordinary share	**32.1**	39.6

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

	2022 Pence per share	2021 Pence per share
Basic earnings per share	**23.1**	32.7
Impact of taxation charge	**9.3**	7.8
Basic earnings before tax per share	**32.4**	40.5
Diluted earnings per share	**22.9**	32.0
Impact of taxation charge	**9.2**	7.6
Diluted earnings before tax per share	**32.1**	39.6

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

4. c) Adjusted earnings after tax per ordinary share

Adjusted earnings after tax per share is based on an adjusted profit after taxation of £9,051k (2021: £16,602k). The adjusted profit after tax has been calculated by adjusting the profit after tax £6,427k (2021: £8,997k) for the amortisation of acquired intangibles after tax effect of £2,715k (2021: £3,184k), share based payment and related charges after tax effect of £1,353k (2021: £1,911k), acquisition and non operational costs after tax effect of £4,473k (2021: £1,102k), profit on sale of associate after tax and share of profit of associate after tax effect of £7,206k (2021: loss £58k), the loss on foreign currency translation after tax effect of £1,485k (2021: loss £2,613k), and finance income from sale of investment after tax effect of £197k (2021: £1,263k). The number of shares used in this calculation is consistent with note 4(a) above.

	2022 Pence per share	2021 Pence per share
Adjusted basic earnings after tax per ordinary share	**32.6**	60.4
Adjusted diluted earnings after tax per ordinary share	**32.3**	59.0

5. Property, plant and equipment

Group

	Leasehold improvements £'000	Plant and equipment £'000	Office furniture £'000	Right-of-use assets £'000	Total £'000
Cost					
At 1 March 2021	6,224	11,886	1,349	32,590	52,049
Additions	318	2,442	17	377	3,154
Disposals	(1,144)	(10)	—	(3,131)	(4,285)
Exchange adjustments	46	54	—	335	435
At 28 February 2022	**5,444**	**14,372**	**1,366**	**30,171**	**51,353**
Depreciation					
At 1 March 2021	3,321	6,845	894	7,448	18,508
Charge for the year	531	1,673	219	3,885	6,308
Disposals	(337)	(10)	—	(1,636)	(1,983)
Exchange adjustments	29	36	3	109	177
At 28 February 2022	**3,544**	**8,544**	**1,116**	**9,806**	**23,010**

	Leasehold improvements £'000	Plant and equipment £'000	Office furniture £'000	Right-of-use assets £'000	Total £'000
Cost					
At 1 March 2020	5,958	17,163	1,763	30,914	55,798
Additions	371	1,090	42	2,975	4,478
Disposals	(60)	(6,169)	(450)	(379)	(7,058)
Exchange adjustments	(45)	(198)	(6)	(920)	(1,169)
At 28 February 2021	6,224	11,886	1,349	32,590	52,049
Depreciation					
At 1 March 2020	2,851	11,228	1,096	3,480	18,655
Charge for the year	624	1,790	249	4,214	6,877
Disposals	(60)	(6,169)	(450)	—	(6,679)
Exchange adjustments	(94)	(4)	(1)	(246)	(345)
At 28 February 2021	3,321	6,845	894	7,448	18,508
Carrying amounts					
At 1 March 2020	3,107	5,935	667	27,434	37,143
At 28 February 2021	2,903	5,041	455	25,142	33,541
At 28 February 2022	**1,900**	**5,828**	**250**	**20,365**	**28,343**

6. Intangible assets and goodwill

Group

	Goodwill £'000	Customer lists £'000	Acquired software £'000	Brand name £'000	Internally developed software £'000	Total £'000
Cost						
Balance at 1 March 2021	103,527	12,467	28,535	733	83,531	228,793
Development costs	—	—	—	—	18,553	18,553
Additions	—	—	378	—	—	378
Exchange adjustments	2,974	367	856	10	(544)	3,663
At 28 February 2022	**106,501**	**12,834**	**29,769**	**743**	**101,540**	**251,387**
Amortisation						
Balance at 1 March 2021	**—**	**10,426**	**22,619**	**652**	**47,583**	**81,280**
Amortisation for the year	—	1,083	2,475	42	10,217	13,817
Exchange adjustment	—	323	1,012	9	(661)	683
At 28 February 2022	**—**	**11,832**	**26,106**	**703**	**57,139**	**95,780**

	Goodwill £'000	Customer lists £'000	Acquired software £'000	Brand name £'000	Internally developed software £'000	Total £'000
Cost						
Balance at 1 March 2020	110,639	13,259	29,908	769	70,280	224,855
Development costs	—	—	—	—	13,398	13,398
Additions	—	—	377	—	—	377
Exchange adjustments	(7,112)	(792)	(1,750)	(36)	(147)	(9,837)
At 28 February 2021	**103,527**	**12,467**	**28,535**	**733**	**83,531**	**228,793**
Amortisation						
Balance at 1 March 2020	—	9,848	21,556	633	38,402	70,439
Amortisation for the year	—	1,235	2,332	50	9,272	12,889
Exchange adjustment	—	(657)	(1,269)	(31)	(91)	(2,048)
At 28 February 2021	**—**	**10,426**	**22,619**	**652**	**47,583**	**81,280**
Carrying amounts						
At 1 March 2020	110,639	3,411	8,352	136	31,878	154,416
At 28 February 2021	103,527	2,041	5,916	81	35,948	147,513
At 28 February 2022	**106,501**	**1,002**	**3,663**	**40**	**44,401**	**155,607**

7. Loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Current liabilities				
Secured bank loans	**5,311**	5,492	**5,311**	5,492
Lease liabilities	**3,743**	3,752	**1,445**	1,398
	9,054	9,244	**6,756**	6,890
Non-current liabilities				
Secured bank loans	**42,925**	59,622	**42,926**	59,622
Lease liabilities	**19,579**	23,974	**8,549**	11,442
	62,504	83,596	**51,475**	71,064

8. Report and accounts

Copies of the Annual Report will be available as of 8 June 2022 on the Group's website, www.fdtechnologies.com and from the Group's headquarters at 3 Canal Quay, Newry, BT35 6BP.