

18 October 2022

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

Results for the six months ended 31 August 2022

FD Technologies (AIM: FDP.L, Euronext Growth: FDP.I) today announces its interim results for the six months ended 31 August 2022.

Business highlights

Momentum continues, strong growth in KPIs

- Growing momentum in KX reflected in H1 annual recurring revenue (ARR) growth of 41% and annual contract value signed of £11.4m, surpassing FY22 (£9.8m)
- Customer expansion strategy delivering results, with net revenue retention (NRR) increasing to 119% (H1 FY22: 102%), reflecting the value our customers achieve through increasing their use of KX
- ARR growth in Industry of 120%, led by new customer wins and expansion in healthcare, manufacturing and energy, while Financial Services delivered ARR growth of 35% through new customer wins and upsells of existing customers to KX Insights
- Growth driven by 51 subscription deals signed (H1 FY22: 41), of which 21 were for KX Insights (H1 FY22: 6), our cloud-first integrated data management and real-time analytics platform
- Strategic agreement with Microsoft progressing as planned, with joint marketing initiatives helping to build customer interest and pipeline ahead of general availability of KX Insights on Azure in H1 2023
- Appointment of Ashok Reddy as KX CEO to deliver product and commercial strategies that will accelerate growth
- Continued strong growth in First Derivative, ahead of our expectations and built on our capability to assist clients with their strategic objectives
- Weaker demand environment at MRP, with measures taken to restore adjusted EBITDA margin in H2 and building pipeline for Prelytix 3.0
- Increasing FY23 Group revenue guidance to at least £300m, while maintaining adjusted EBITDA guidance to reflect strong KX and First Derivative performance

Seamus Keating, CEO of FD Technologies, commented: 'The Group has enjoyed a strong H1, growing revenue and profitability and laying the foundations for accelerated growth from here. In KX the momentum we have built since the launch of KX Insights is delivering results, as evidenced by the 41% growth in annual recurring revenue. The recent appointment of Ashok Reddy is already benefiting KX through his significant experience in scaling product-led enterprise technology businesses. Likewise, First Derivative maintained its strong growth, while we have taken action to enable MRP to improve its performance in H2 despite the market conditions experienced there.'

These results demonstrate that our strategy of investing to accelerate growth is working. We have added significant value to the Group during H1 as our investments in product, systems and people are delivering. We are very well placed to continue to create value, with major growth opportunities ahead.'

Financial summary

Six months to end August	2022	2021	Change
Revenue	£147.4m	£128.0m	15%
Gross profit	£60.2m	£51.7m	16%
Profit / (loss) before tax	£1.1m	(£1.6m)	N/A
Reported diluted EPS	2.9p	(7.5p)	N/A
Net debt*	£7.4m	£11.7m	37%
Adjusted performance measures			
Adjusted EBITDA**	£16.0m	£14.9m	7%
Adjusted diluted EPS	14.2p	11.7p	21%
Performance against Key Performance Indicators			
	FY23 target	H1 performance	
KX annual recurring revenue (ARR) growth	35-40%	41%	
KX net revenue retention (NRR)	110%	119%	
First Derivative revenue growth	15%	22%	
MRP revenue growth	10%	(8%)	

* Excluding lease obligations

** Adjusted for share-based payments and restructure and non-operational costs

Financial highlights

- Revenue up 15% to £147.4m (9% at constant currency), led by performance at KX and First Derivative both above our full year guidance, balanced by a reduction in revenue at MRP
- KX returned to growth, with revenue up 19% to £37.8m, with ARR up 41% and now representing 71% of total KX revenue (H1 FY22: 59%) as we continue to focus on growing our subscription revenue
- First Derivative revenue £86.2m, up 22%, driven by our investment to deliver services that map to our customers' strategic goals and our strategy to achieve greater value from our deep domain expertise
- MRP revenue down 8% to £23.4m, resulting from lower demand for lead generation activities in the current market conditions
- Adjusted EBITDA £16.0m, up 7%, with stronger growth at KX and First Derivative tempered by a decline at MRP
- Net debt £7.4m (H1 FY22: £11.7m) after significant investment in implementation of an Oracle ERP system

Current trading and outlook

The Group is delivering growth in both revenue and profitability. In KX, the acceleration in ARR in H1 leaves us well placed to deliver growth in this key metric at the top end of our range of 35-40%. In First Derivative, while H1 was particularly strong, we continue to believe that a growth rate of 15% is the appropriate medium term target, while in MRP we expect revenue to decline by approximately 8% for the full year.

For the Group's FY23 performance we increase our revenue guidance and now expect revenue to be at least £300m, while maintaining our adjusted EBITDA guidance in the range of £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 14 locations across Europe, North America and Asia Pacific, and employs more than 3,100 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.

KX – at the frontier of real-time data analytics

As industries increasingly adopt real-time decision making, KX is benefitting from its leading performance in time series data management and analytics, as well as the work we have done to make our technology easier to adopt and use. These capabilities, allied to the investment in our go-to-market strategy, are cementing KX's place as a core component of a modern data architecture, resulting in deeper and broader conversations with existing and potential customers. It is also attracting partners, such as Microsoft, who see competitive advantage in the ability to deliver real-time and historical analytics solutions based on KX.

Despite the rapid growth in data generated from machines and sensors, McKinsey's report 'The Data-driven Enterprise of 2025' asserts that 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 and the high computational demands of real-time processing. Organisations are increasingly aware of the benefits of real-time analytics, as evidenced by Forrester and others, and McKinsey forecasts that by 2025 the challenges will be overcome to enable the creation of vast networks of real-time data and insights.

KX has the potential to play a central role in the delivery of time series analytics at scale, particularly as a result of the investments we made in the past two years to develop and launch KX Insights, our cloud-first real-time analytics and data management platform. Our technology is currently a mission critical component in the most demanding use cases, including the real-time ingestion and analysis of more than seven billion messages per day at an Exchange customer, and delivering complex queries on disparate data sets at a fraction of the cost and more than 25x faster than the next best option for a healthcare customer. These performance advantages are typical of the benefits our technology delivers and with the added benefits of scalability from our cloud partnerships and the ease of use and rapid time-to-value delivered by KX Insights we see enormous potential for growth in recurring revenue in the years ahead.

Appointment of KX CEO

During the period Ashok Reddy was appointed CEO of KX. He brings a track record of success driving product revenue growth and commercial strategies at enterprise technology companies (including IBM, CA Technologies, Broadcom and Digital.AI) and his priorities are to use his expertise in driving growth, particularly through partners, to help KX scale faster.

Microsoft strategic partnership agreement

We are making good progress with our strategic partnership with Microsoft, signed earlier this year, which positions KX Insights as the premier real-time analytics technology on Azure. This progress covers both our go-to-market activities and technical development as we move towards general availability of KX Insights as a tightly integrated component within Azure, expected in H1 2023. Ahead of this, general availability of KX on the Azure platform as either a customer managed deployment or as a service managed by KX is expected in Q4 2022.

The Microsoft and KX sales teams have already started working together to build pipeline, with Microsoft salespeople fully incentivised to sell KX. A programme to support the sales effort through joint product marketing and technical support has commenced and engagement to date has been positive. We already have a number of customers in private preview of KX Insights on Azure, across industries including financial services, automotive, healthcare and industrial IoT. Initial feedback from these clients is extremely positive, with the rapid time to value and performance they are achieving increasing our confidence in the potential of KX Insights on Azure.

The progress and engagement with both Microsoft and potential customers is encouraging and reinforces the significant potential of the partnership to deliver KX Insights to a broad user base. We also continue our joint development work with

Microsoft ahead of a planned launch next year of applications and services for the financial services sector that are built on KX.

More generally we are seeing strong interest from cloud platforms in working with us, recognising the unique capabilities of our technology. Our customers who are moving their KX workloads to the cloud are driving us to work with their preferred cloud vendors and this is leading to stronger collaboration with the leading vendors.

Operational and commercial progress

We continue to make good progress in areas such as product development and go-to-market as we seek to deliver on the opportunity for KX. As a result, we saw momentum that enabled us to deliver more annual contract value in H1 than we did in the whole of last year, while continuing to increase our pipeline and investing in our opportunities with partners.

Our focus on rapid time-to-value for our customers is delivering success and is leading to growth in new opportunities and shorter sales cycles. While more rapid deployment results in lower implementation services revenue per customer, it reduces complexity and cost for customers and increases their return on investment. Our product and go-to-market priorities are to continue to make KX easier to adopt and use, in order to drive further growth in recurring software revenue.

Research and development

The launch last year of KX Insights was a major milestone and puts KX at the heart of the modern data management landscape for time series data. KX Insights leverages the benefits of cloud architecture to deliver rapid, scalable insights without the burden of managing infrastructure and is built on open standards such as Docker and Kubernetes, using a microservices-based architecture. The ability for SQL and Python developers to use their preferred programming language rather than learn our proprietary q language is a particularly attractive feature of KX Insights, opening up opportunities for existing customers to broaden their use of KX and encouraging adoption by new customers.

In H1 we continued to focus on prioritising ease of adoption and use, interoperability with other technologies and integration with partners, particularly hyperscale cloud providers. In particular, we focused on the deployment of KX Insights on Azure, working with Microsoft and private preview customers to ensure the optimal performance of our technology. We also worked to develop accelerators for our key target markets that will enable customers to speed up time-to-value by providing common integrations and business requirements for our customers in those industries.

Go-to-market

We signed 56 new deals during the period, of which 51 (H1 FY22: 41) were subscription deals including 10 new customers, with the remainder being upsells to existing customers. Churn remained at low single digits in percentage terms, and together with expansion from existing customers attracted by the value they derive from KX, drove NRR of 119%.

Of our new customers, 40% came from Industry, highlighting the progress we are making in entering new markets. We also saw significant expansion within our Industry user base, for example with a healthcare manufacturer expanding its use of KX to more of its facilities in recognition of the return on investment it has achieved from KX to date.

First Derivative – business and software engineering solutions for capital markets

H1 revenue growth of 22% in First Derivative was ahead of our expectations, driven by our strategy to deliver more value from our domain and technology expertise together with continuing demand for key skills and capabilities from our capital markets client base. We are well placed to continue to assist our clients with their strategic goals – delivering value from their investment in technology, meeting their regulatory and compliance imperatives and digital transformation.

We continue to refocus our strategy in First Derivative away from hours worked to delivering outcomes for clients, which is driving deeper engagement and leading to larger revenue projects. Examples here include transaction reporting and Know Your Customer where we are now managing ongoing programmes for a number of major clients.

We invested during the period in equipping more of our consultants with skills in cloud and real-time data architectures, to enhance our capability to deliver digital transformation programmes for our clients. We launched an application development centre in Poland to support this effort on a global basis, providing us with the potential to scale significantly in response to demand.

Our clients continue to focus on getting value for their technology investment and we are able to help them achieve the optimal delivery structure through our near shore capabilities, particularly in Ireland where we are seeing continued growth.

Against these growth drivers, the industry is dealing with the twin challenges of attrition and wage inflation as banks and professional services firms compete for talent. To manage these challenges we provide highly flexible and rewarding careers, with interesting roles, good career development opportunities and a sensible work/life balance. Our recruitment and retention programmes are industry-leading and during the period we continued to attract both graduates and experienced consultants to assist our growth ambitions.

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. Prelytix tracks more than 1.5 billion intent signals per day, enabling MRP 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 Account Based Marketing (ABM) in its Q2 2022 report on the sector.

MRP's customer budgets are lead indicators of macroeconomic conditions, with spend on lead generation one of the first areas to be cut since it does not typically affect the business until more than six months later. Conversely, as economic conditions recover, customers often rapidly increase their spend on lead generation to help focus their sales effort. We saw these trends during the Covid-19 pandemic and again in H1 FY23, with MRP recording an 8% decline in revenue as customers reduced or suspended their lead generation activities.

In response, MRP implemented cost savings during the period that will reduce operating expenses by £3.5m on an annualised basis. These measures, combined with a stabilisation of revenue over the past quarter, provide us with the confidence that MRP can achieve our full year revenue guidance.

Prelytix 3.0, the latest version of our platform with enhanced self-service capabilities, has now been rolled out to our existing customer base. In H1 we signed several new customers for the platform and have a solid pipeline of opportunities.

While MRP's H1 performance is disappointing, we continue to believe it is a leader in an important market and that the measures we have taken will enable it to return to double digit growth when economic conditions normalise.

People

The Group currently employs more than 3,100 people, up from more than 3,000 at the same time last year. Our employee policies are aimed at making FD Technologies an employer of choice within technology to support the growth opportunities across the Group.

During the period we paid particular attention to learning and development, with a strong focus on leadership, as well as the Group's culture. We introduced our Aspiring Leadership programme, which offers a structured and practical path to fast-track high potential individuals into leadership roles, while we also appointed leaders to run our talent and people initiatives.

We continue to evolve the ways in which our people connect and collaborate, building on our latest annual engagement survey which shows that 80% of our employees feel engaged. We encourage employees to use offices as business hubs to meet colleagues and customers and ensure that those at the early stage of their FD Technologies career are connected with colleagues across the organisation. We are also seeing and encouraging a gradual resumption of the social element of work life, which promotes collaboration and development.

Principal risks and uncertainties

The key principal risks and uncertainties relating to the Group's operations for the next six months are considered to remain consistent with those disclosed in the Group's Annual Report and Accounts 2022. Please refer to pages 29 to 33 thereof which can be found at www.fdtechnologies.com/investor-relations/news-results/results-centre/.

Summary and outlook

KX and First Derivative both delivered strong growth in H1, ahead of our guidance and are well placed to deliver on their potential. In KX the growing importance of time series analytics and our product and commercial strategies are establishing us as a key component of modern data architecture and driving rapid growth. First Derivative is well placed to assist customers with their strategic objectives and delivered growth ahead of our guidance. MRP's performance was impacted by market conditions, however the initiatives we have taken are expected to see an improvement in adjusted EBITDA margin in H2 on revenue similar to H1.

At the Group level we increase our FY23 revenue guidance to at least £300m while maintaining adjusted EBITDA guidance in the range of £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.

	H1 FY23				H1 FY22				Group change
	Group £m	KX £m	First Derivative £m	MRP £m	Group £m	KX £m	First Derivative £m	MRP £m	
Revenue	147.4	37.8	86.2	23.4	128.0	31.9	70.7	25.3	15%
Cost of sales	(87.2)	(10.8)	(62.7)	(13.7)	(76.2)	(9.8)	(51.1)	(15.3)	14%
Gross profit	60.2	27.1	23.4	9.7	51.7	22.1	19.6	10.0	16%
<i>Gross margin</i>	<i>41%</i>	<i>72%</i>	<i>27%</i>	<i>42%</i>	<i>40%</i>	<i>69%</i>	<i>28%</i>	<i>40%</i>	
R&D expenditure	(11.9)	(10.2)	(0.1)	(1.5)	(10.7)	(9.5)	(0.1)	(1.1)	11%
R&D capitalised	10.1	8.4	0.1	1.5	9.3	8.1	0.1	1.1	8%
Net R&D	(1.8)	(1.8)	0.0	0.0	(1.4)	(1.4)	(0.0)	(0.0)	31%
Sales and marketing costs	(27.1)	(14.4)	(7.8)	(4.9)	(25.0)	(12.1)	(7.9)	(5.0)	7%
Adjusted admin expenses	(15.4)	(5.4)	(6.9)	(3.1)	(10.4)	(4.2)	(4.7)	(1.5)	47%
Adjusted EBITDA	16.0	5.5	8.8	1.7	14.9	4.5	6.9	3.4	7%
<i>Adj. EBITDA margin</i>	<i>11%</i>	<i>14%</i>	<i>10%</i>	<i>7%</i>	<i>12%</i>	<i>14%</i>	<i>10%</i>	<i>14%</i>	

The Group delivered growth in both revenue and adjusted EBITDA driven by factors including strong growth in recurring revenue at KX, solid growth above our guidance at First Derivative and market conditions at MRP, added to investments in systems and people and inflationary cost pressures which increased admin expenses. We continued to invest in line with our strategic objectives, while taking steps to ensure MRP returns to growth as quickly as possible.

Group revenue increased by 15% to £147.4m (H1 FY22: £128.0m) while gross margin increased by 1% to 41%, led by a 3% increase at KX due to a higher proportion of software revenue in the mix. Revenue growth was boosted during the period by the strength of the dollar against sterling, our reporting currency, with constant currency revenue growth of 9%. Due to the natural hedge of our operations in the US the impact on profitability was marginal.

KX

	KX total			Financial services			Industry		
	H1 FY23	H1 FY22	Change	H1 FY23	H1 FY22	Change	H1 FY23	H1 FY22	Change
	£m	£m		£m	£m		£m	£m	
Revenue	37.8	31.9	19%	32.3	27.8	16%	5.6	4.1	36%
Annual recurring	26.8	19.0	41%	23.5	17.5	35%	3.2	1.5	120%
Perpetual	0.8	1.5	(44%)	0.2	0.7	(70%)	0.6	0.8	(19%)
Total software	27.6	20.4	35%	23.8	18.2	30%	3.9	2.2	73%
Services	10.2	11.5	(11%)	8.5	9.6	(11%)	1.7	1.9	(8%)
Gross profit	27.1	22.1	22%						
Adjusted EBITDA	5.5	4.5	22%						

KX returned to strong growth in H1, with 41% growth in ARR to £26.8m balanced by an 11% reduction in services to £10.2m to deliver revenue of £37.8m, representing growth of 19%. The growth in ARR is ahead of our expectations, while the reduction in services revenue reflects our success in making KX Insights easier to adopt, speeding up the time to value for our customers and increasing their return on investment. Perpetual license revenue continued to fall and now represents just 2% of KX revenue as we complete our planned transition to a subscription model for our software. Software churn continued to be minimal, at low single digit percentages.

Financial services revenue grew by 16% to £32.3m, with recurring revenue up 35% as we upsold a number of our existing customers to KX Insights and added new customers across Europe and in North America. The revenue uplift from KX Insights upsells is expected to positively impact performance over the next few years. We also see significant potential for new financial services customers to subscribe for the KX Insights platform for its performance and ease of adoption, particularly for users with SQL and Python skills. The native integration of these important developer languages is also leading to conversations with existing financial services customers regarding extending their use of KX within their operations.

Industry revenue grew by 36% to £5.6m with recurring revenue growing by 120% to £3.2m. Growth was led by subscription contracts across the energy and manufacturing markets with both new and existing customers, as well as in pharma.

Alongside the growth in ARR our go-to-market team was also engaged with the Microsoft team to sign preview customers for KX Insights on Azure and to build a pipeline of opportunities as we move closer to the general availability of KX Insights on Azure.

Performance metrics	H1 FY23	H1 FY22	Change
Annual recurring revenue (ARR) £m	26.8	19.0	41%
Exit annual recurring revenue £m	60.2	40.3	49%
Net revenue retention (NRR)	119%	102%	
Gross margin	72%	69%	
R&D expenditure as % of revenue	27%	30%	
Sales and marketing spend as % of revenue	38%	38%	
Adjusted EBITDA margin	14%	14%	

The annual contract value signed in the period was £11.4m, up 207% on the prior year period (H1 FY22: £3.7m) and driven by the growth in new subscription deals in the period and our work with partners. This resulted in ARR increasing by 41%

to £26.8m and exit ARR increasing by 49% to £60.2m. NRR of 119% is ahead of the 102% recorded in H1 FY22 and close to our mid-term goal of more than 120%. Churn remained minimal during the period while both upsells to KX Insights from existing customers and expansion across our customer base boosted this key metric. As we scale, we continue to see opportunities within our existing customers and have a pipeline of new customer opportunities.

First Derivative

	H1 FY23	H1 FY22	Change
	£m	£m	
Revenue	86.2	70.7	22%
Gross profit	23.4	19.6	20%
Adjusted EBITDA	8.8	6.9	27%

Revenue for the period was £86.2m, with growth of 22% ahead of our target of 15%. This reflected a number of factors, including demand for our services and a skills shortage within capital markets. We saw the strongest growth in our near shore operations, which are expanding as our customers pull work from offshore development centres into centres such as Dublin.

Current attrition and wage inflation rates continue to be challenges across the industry which we are managing effectively, although they do limit scope for margin improvement.

We expect demand for our services to continue to be strong, with regulatory change and digital transformation at the top of our customers' agenda, while our focus on outcomes and strengthened customer engagement are also driving growth. However, we remain cautious around the macroeconomic pressures and the challenges of recruitment and onboarding in current market conditions. While our pipeline remains strong, we expect H2 to see revenue growth of 15%, in line with our view of sustainable growth in this business.

Performance metrics	H1 FY23	H1 FY22
Gross margin	27%	28%
Adjusted EBITDA margin	10%	10%

Gross margin fell slightly in H1 due to the costs involved in recruiting, training and deploying new consultants, mitigated by our ability to pass through wage inflation and the impact of delivering greater value from our expertise and domain knowledge.

MRP

	H1 FY23	H1 FY22	Change
	£m	£m	
Revenue	23.4	25.3	<i>(8%)</i>
Platform	12.7	14.0	<i>(9%)</i>
Services	10.7	11.4	<i>(6%)</i>
Gross profit	9.7	10.0	<i>(3%)</i>
Adjusted EBITDA	1.7	3.4	<i>(51%)</i>

MRP derives revenue from its Prelytix platform, powered by KX, and data-driven engagement between our customers and their prospects, either through Prelytix or MRP's services. During the period, concerns over market conditions caused

some of our customers to pause or reduce their lead generation activity, leading to a decline in revenue at MRP. This decline occurred during Q1, with monthly revenue stabilising in Q2 and into early H2.

As a result of this, adjusted EBITDA during the period decreased by £1.7m from H1 FY22. In response, during H1 MRP implemented cost savings that will reduce annualised operating costs by c. £3.5m. We expect this to drive an improved performance in adjusted EBITDA in H2, despite the assumption in our forecast of no improvement in customer spending in the period.

Performance metrics	H1 FY23	H1 FY22
Platform revenue £m	12.7	14.0
Gross margin	42%	40%
Adjusted EBITDA margin	7%	14%

Gross margin improved to 42% (H1 FY22: 40%) as we achieved efficiencies in third party costs incurred in our display marketing offering. Admin expenses increased as we invested in upgrading cyber security protection, improved legal capability and incurred wage inflation as the business prepares for future growth.

Adjusted EBITDA

The reconciliation of operating (loss)/ profit to adjusted EBITDA is provided below:

	H1 FY23	H1 FY22
	£m	£m
Operating (loss) /profit	(1.0)	1.5
Restructure and non-operational costs	2.5	1.4
Non-operational IT expenses*	2.6	1.1
Share based payment and related costs	0.9	1.1
Depreciation and amortisation	<u>11.0</u>	<u>9.7</u>
Adjusted EBITDA	<u>16.0</u>	<u>14.9</u>

**Non-operational IT expenses represents ERP implementation costs following the IFRIC update on accounting for cloud implementation*

Profit before tax

Adjusted profit before tax was broadly flat at £5.0m, with the increase in adjusted EBITDA balanced by higher depreciation and software amortisation charges. Financing costs fell by £0.3m, reflecting the decrease in our outstanding loans balanced by the impact of the stronger dollar on our dollar-denominated interest payments.

The Group reported a profit before tax of £1.1m for the period, compared to a loss of £1.6m in H1 FY22. The major factors here were the movement in foreign currency translation reflecting the strength of the dollar in the period and the cost of implementing the Group's new Oracle ERP system.

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

	H1 FY23	H1 FY22
	£m	£m
Adjusted EBITDA	16.0	14.9
Adjustments for:		
Depreciation	(3.7)	(3.3)
Amortisation of software development costs	(5.5)	(4.9)
Financing costs	(1.7)	(2.0)
Finance income	-	0.2
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Adjusted profit before tax	5.0	4.9
Adjustments for:		
Amortisation of acquired intangibles	(1.7)	(1.5)
Share based payment and related costs	(0.9)	(1.1)
Restructure and non-operational costs	(2.5)	(1.4)
Non-operational IT expenses	(2.6)	(1.1)
Profit / (loss) on foreign currency translation	3.7	(1.4)
Gain on disposal of associate	0.1	-
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Reported profit / (loss) before tax	1.1	(1.6)
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Earnings per share

The Group reported a profit after tax of £0.8m for the period, compared to a £2.1m loss in H1 FY22. Adjusted profit after tax was £4.0m, a 21% increase on the prior period and generating a 21% increase in adjusted diluted earnings per share for the period to 14.2p.

The calculation of adjusted profit after tax is detailed below:

	H1 FY23	H1 FY22
	£m	£m
Reported profit / (loss) before tax	1.1	(1.6)
Tax	(0.3)	(0.5)
Reported profit / (loss) after tax	0.8	(2.1)
Adjustments from profit / (loss) before tax (as per the table above)	3.9	6.5
Tax effect of adjustments	(0.8)	(1.1)
Adjusted profit after tax	4.0	3.3
Weighted average number of ordinary shares (diluted)	28.0m	28.1m
Reported EPS (diluted)	2.9p	(7.5p)
Adjusted EPS (diluted)	14.2p	11.7p

Cash generation and net debt

The Group generated £12.0m of cash from operating activities before the exceptional Oracle ERP implementation costs incurred in H1 FY23 of £2.6m, representing a 75% conversion of adjusted EBITDA. We continued to focus on cash collection and working capital improvements and the target for the full year from operating activities cash conversion remains in the range of 80-85% of adjusted EBITDA.

At the period end, net debt had fallen to £7.4m (H1 FY22: £11.7m). The factors impacting the movement in net debt are summarised in the table below:

	H1 FY23	H1 FY22
	£m	£m
Opening net cash/(debt) (excluding lease liabilities)	0.3	(9.9)
Cash generated from operating activities before non-operational IT expenses	12.0	13.5
Non-operational IT expenses	(2.6)	(1.1)
Cash generated from operating activities	9.4	12.4
Taxes paid	(0.7)	(0.5)
Capital expenditure: property, plant and equipment	(2.0)	(0.2)
Capital expenditure: intangible assets	(10.6)	(9.6)
Sale/(Acquisition) of other investments and associates	0.1	(0.1)
Issue of new shares	2.6	0.6
Interest, foreign exchange and other	(6.6)	(4.4)
Closing net debt (excluding lease liabilities)	(7.4)	(11.7)

Cash generated from operating activities is lower due to investments in the new ERP system and restructuring costs. The driver of the movement in capital expenditure was an increase in property, plant and equipment to more typical levels. In addition, a higher impact from dollar strength has increased our predominantly dollar-denominated debt, as seen in the foreign exchange line.

Definition of terms

The Group uses the following definitions for its key metrics:

Annual recurring revenue (ARR): The value of recurring software revenue recognised in the reporting period.

Exit annual recurring revenue: is the value at the end of the accounting period of recurring software revenue to be recognised in the next 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 £31.2m (H1 FY22: £23.5m) adjusted for depreciation and amortisation of £11.0m (H1 FY22: £9.7m), share based payments and related costs of £0.9m (H1 FY22: £1.1m) and restructure and non-operational costs of £2.5m (H1 FY22: £1.4m), IT Systems implementation costs expensed £2.6m (H1 FY22: £1.1m), and other £(1.1)m (H1 FY22: £(0.2)m).

Consolidated income statement (unaudited)
Six months ended 31 August

	<i>Note</i>	2022 £'000	2021 £'000
Revenue	3 & 4	147,411	127,950
Cost of sales		(87,210)	(76,209)
Gross profit		60,201	51,741
Operating costs			
Research and development costs		(11,908)	(10,733)
Of which capitalised		10,092	9,347
Sales and marketing costs		(27,060)	(25,042)
Administrative expenses		(31,222)	(23,486)
Impairment loss on trade and other receivables		(1,162)	(345)
Total operating costs		61,260	50,259
Other income		62	46
Operating (loss)/profit		(997)	1,528
Finance income		8	248
Finance expense		(1,720)	(2,011)
Gain/(Loss) on foreign currency translation		3,680	(1,377)
Net finance income/(costs)		1,968	(3,140)
Profit on sale of Investment		100	-
Profit/(Loss) before taxation		1,071	(1,612)
Income tax expense	6	(250)	(498)
Profit/(Loss) for the period		821	(2,110)
		Pence	Pence
Earnings per share	7		
Basic		2.9	(7.6)
Diluted		2.9	(7.5)

Consolidated balance sheet (unaudited)
As at 31 August 2022

	<i>Note</i>	As at 31 August 2022 £'000	As at 31 August 2021 £'000	As at 28 February 2022 £'000
Assets				
Property, plant and equipment		28,734	30,612	28,343
Intangible assets and goodwill		173,636	151,655	155,607
Equity accounted investee		-	2,681	-
Other financial assets		18,407	16,673	19,676
Trade and other receivables		4,130	3,751	3,745
Deferred tax assets		20,838	17,774	17,998
Non-current assets		245,745	223,146	225,369
Trade and other receivables		78,270	63,407	74,029
Current tax receivable		5,566	4,443	4,172
Cash and cash equivalents		44,777	50,828	48,564
Current assets		128,613	118,678	126,765
Total assets		374,358	341,824	352,134
Equity				
Share capital	8	140	139	139
Share premium		103,359	100,232	100,424
Merger reserve		-	8,118	-
Shares option reserve		19,243	17,909	18,404
Fair value reserve		8,393	10,762	9,755
Currency translation adjustment reserve		8,045	(5,014)	(3,574)
Retained earnings		68,212	50,586	67,391
Equity attributable to shareholders		207,392	182,732	192,539
Liabilities				
Loans and borrowings	9	65,127	79,644	62,504
Trade and other payables	10	3,799	2,976	3,190
Deferred tax liabilities		16,444	14,507	15,307
Non-current liabilities		85,370	97,127	81,001
Loans and borrowings	9	9,866	9,245	9,054
Trade and other payables	10	64,073	43,661	60,596
Current tax payable		197	231	382
Employee benefits		7,460	8,828	8,562
Current liabilities		81,596	61,965	78,594
Total liabilities		166,966	159,092	159,595
Total equity and liabilities		374,358	341,824	352,134

Consolidated statement of changes in equity (unaudited)
Six months ended 31 August 2022

	Share capital £'000	Share premium £'000	Share option reserve £'000	Fair value reserve £'000	Currency translation adjustment £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2022	139	100,424	18,404	9,755	(3,574)	67,391	192,539
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	821	821
Other comprehensive income							
Net exchange gain on net investment in foreign subsidiaries	-	-	-	-	15,321	-	15,321
Net exchange loss on hedge of net investment in foreign subsidiaries	-	-	-	-	(3,702)	-	(3,702)
Net change in fair value of equity investments at FVOCI	-	-	-	(1,362)	-	-	(1,362)
Total comprehensive income for the period	-	-	-	(1,362)	11,619	821	11,078
Transactions with owners of the Company							
Tax relating to share options	-	-	39	-	-	-	39
Exercise of share options	-	-	-	-	-	-	-
Issue of shares	1	2,935	-	-	-	-	2,936
Share-based payment charge	-	-	800	-	-	-	800
Dividends to owners of the Company	-	-	-	-	-	-	-
Balance at 31 August 2022	140	103,359	19,243	8,393	8,045	68,212	207,392

Consolidated statement of changes in equity (unaudited)
Six months ended 31 August 2021

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

Consolidated cash flow statement (unaudited)**Six months ended 31 August**

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Profit/(Loss) for the period	821	(2,110)
Adjustments for:		
Net finance (income)/costs	(1,968)	3,140
Depreciation of property, plant and equipment	3,636	3,202
Amortisation of intangible assets	7,331	6,531
Loss on Disposal of Fixed Assets	3	3
Profit on sale of Investment	(100)	-
Equity settled share-based payment transactions	800	1,000
Grant income	(191)	(44)
Tax expense	250	498
	10,582	12,220
<i>Changes in:</i>		
Trade and other receivables	(1,100)	9,182
Trade and other payables	(63)	(8,975)
Cash generated from operating activities	9,419	12,427
Taxes paid	(695)	(550)
Net cash from operating activities	8,724	11,877
Cash flows from investing activities		
Interest received	8	5
Sale/(Acquisition) of other investments and associates	100	(54)
Acquisition of property, plant and equipment	(1,967)	(183)
Capitalisation of intangible assets	(10,618)	(9,625)
Net cash used in investing activities	(12,477)	(9,857)
Cash flows from financing activities		
Proceeds from issue of share capital	2,650	581
Drawdown of loans and borrowings	-	-
Repayment of borrowings	(3,072)	(3,377)
Payment of finance lease liabilities	(1,928)	(1,390)
Interest paid	(1,385)	(1,733)
Dividends paid	-	-
Net cash used in financing activities	(3,735)	(5,919)
Net decrease in cash and cash equivalents	(7,488)	(3,899)
Cash and cash equivalents at 1 March	48,564	55,198
Effects of exchange rate changes on cash held	3,701	(471)
Cash and cash equivalents at 31 August	44,777	50,828

Notes to the Interim Results

1. General information

FD Technologies plc ("FD Technologies", the "Company" or the "Group") is a public limited company incorporated and domiciled in Northern Ireland. The Company's registered office is 3 Canal Quay, Newry BT35 6BP. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 17 October 2022.

This condensed consolidated interim financial information does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory financial statements for the year ended 28 February 2022 were approved by the Board of Directors on 9 May 2022 and delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

Basis of Preparation

The annual financial statements for the Group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. This condensed consolidated interim financial information for the half-year ended 31 August 2022 has been prepared in accordance with United Kingdom adopted IAS 34, 'Interim financial reporting'. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 28 February 2022, which have been prepared in accordance with UK-adopted IFRSs.

This condensed consolidated interim financial information is unaudited and has not been reviewed by the Company's Auditors. Except as described below they have been prepared on accounting bases and policies that are consistent with those used in the preparation of the financial statements of the Company for the year ended 28 February 2022.

Going concern

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

Changes in accounting policies

The following standards, amendments and interpretations were effective for accounting periods beginning on or after 1 March 2022 and these have been adopted in the Group financial statements where relevant:

- Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

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

Critical accounting estimates and judgements

The critical accounting judgements and key sources of estimation uncertainty are consistent with the Group financial statements for the year to 28 February 2022 and no additional new uncertainties or estimation uncertainty have arisen.

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

- In determining Capitalised Internally Developed Software Costs management will need to apply judgement and evaluate the technical and commercial feasibility of each product, and the ability to yield future economic benefits, and assess likelihood of success, and ability of the Group to complete each product. Judgements are applied on a product basis in accordance with IAS 38.
- Management applies judgement in the recognition of revenue, determining when performance obligations are satisfied, and control transferred. For software products provided as an annual license, including the right to regular upgrades, judgement is required when assessing whether the annual license is a separate performance obligation from the provision of upgrades to the customer. Management has assessed that the ongoing updates and upgrades to the software are fundamental to the value of the software and that without these updates the value of the software will substantially deteriorate over time. Therefore, the annual license and the updates and upgrades are combined as one performance obligation and revenue is recognised over the life of the license as the service is delivered.

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

- Under IFRS goodwill on acquisitions is not amortised but is tested for impairment on an annual basis. Management has assessed goodwill for impairment based on the projected profitability of the individual cash-generating unit to which the goodwill relates. No impairments have been identified. Other intangibles are being amortised and tested for impairment if an indicator of impairment is identified.
- Management has estimated the fair value of equity investments and convertible loans. Management has reviewed recent market activity and has applied a discounted cash flow valuation technique to assess the fair value of the assets as at year end considering the forecast revenue and EBITDA, together with forecast exit value applying market multiples, discounted using a risk-adjusted discount rate.

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

Use of non-GAAP measures - Adjusted EBITDA

The Group believes that the consistent presentation of adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), adjusted effective tax rate, adjusted basic earnings per share and adjusted diluted earnings per share provides additional useful information to shareholders on the underlying trends and comparable performance of the Group over time. Adjusted EBITDA is defined as results from operating activities before restructure and non-operational costs, IT Systems implementation costs expensed, share based payments and related costs, depreciation of property, plant and equipment and amortisation of intangible assets, and non-recurring income from investments. Restructure and non-operational costs relate to items that are considered significant in size and non-operational in nature and include restructuring costs and costs associated with the management of our equity investment portfolio. The Group uses adjusted EBITDA as an underlying measure of its performance. A reconciliation between GAAP and underlying measures is set out in note 5 (Adjusted EBITDA).

3. Segmental Reporting

Information about reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and Chief Financial Officer jointly.

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

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

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

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

	KX		First Derivative		MRP		TOTAL	
	H1	H1	H1	H1	H1	H1	H1	H1
	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue by segment	37,841	31,917	86,150	70,704	23,420	25,330	147,411	127,950
Gross Profit	27,063	22,135	23,410	19,573	9,728	10,034	60,201	51,741
Adjusted EBITDA	5,474	4,486	8,800	6,936	1,691	3,449	15,965	14,871
Restructure and non-operational costs							(2,517)	(1,354)
IT systems implementation costs expensed							(2,557)	(1,119)
Share based payment and related costs							(921)	(1,137)
Depreciation and amortisation							(9,261)	(8,184)
Amortisation of acquired intangible assets							(1,706)	(1,549)
Operating (Loss)/Profit							(997)	1,528
Net Finance income/(costs)							1,968	(3,140)
Profit on sale of investment							100	-
Profit/(Loss) before taxation							1,071	(1,612)
Geographical location analysis							H1	H1
							2023	2022
							£'000	£'000
UK							46,484	34,948
Rest of Europe							28,243	21,885
North America							59,377	56,247
Asia Pacific							13,307	14,870
Total							147,411	127,950

4. Revenue

Disaggregation of revenue

	KX		First Derivative		MRP		Total	
	H1	H1	H1	H1	H1	H1	H1	H1
	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Type of good or service								
Sale of goods – perpetual	822	1,464	-	-	-	-	822	1,464
Sale of goods – recurring	26,785	18,975	-	-	12,715	13,979	39,500	32,954
Rendering of services	10,234	11,478	86,150	70,704	10,705	11,351	107,089	93,533
	37,841	31,917	86,150	70,704	23,420	25,330	147,411	127,950
Timing of revenue recognition								
At a point in time	822	1,464	-	-	-	-	822	1,464
Over time	37,019	30,453	86,150	70,704	23,420	25,330	146,589	126,487
	37,841	31,917	86,150	70,704	23,420	25,330	147,411	127,950

5. Adjusted EBITDA

	H1 2023 £'000	H1 2022 £'000
Operating (loss)/profit	(997)	1,528
Restructure and non-operational costs	2,517	1,354
IT Systems implementation costs	2,557	1,119
Share based payment and related costs	921	1,137
Depreciation and amortisation	10,967	9,733
Adjusted EBITDA	15,965	14,871

6. Tax Expense

The total tax charge for the six months ended 31 August 2022, including discrete items, is £0.3m (H1 FY22: £0.5m). This tax charge equates to an effective tax rate of 23.4% (H1 FY22: (30.9%)).

Following on from the 2021 UK Budget, the Government enacted several legislative changes to corporation tax including an increase in the rate of corporation tax to 25% from 1 April 2023. Deferred tax balances have to be measured using the tax rates that have been substantively enacted and that are expected to apply to the period when the asset is realised or the liability is settled.

7. Earnings per Share

Basic earnings per share for the six months ended 31 August 2022 has been calculated on the basis of the reported profit after taxation of £0.8m (H1 FY22: loss of £2.1m) and the weighted average number of shares for the period of 27,858,836 (H1 FY22: 27,738,539). This provides basic earnings per share of 2.9 pence (H1 FY22: (7.6) pence).

Diluted earnings per share for the six months ended 31 August 2022 has been calculated on the basis of the reported profit after taxation of £0.8m (H1 FY22: loss of £2.1m) and the weighted average number of shares after adjustment for the effects of all dilutive potential ordinary shares 27,990,830 (H1 FY22: 28,026,499). This provides diluted earnings per share of 2.9 pence (H1 FY22: (7.5) pence).

The Board considers that adjusted earnings is an important measure of the Group's financial performance. Adjusted earnings in the period were £4.0m (H1 FY22: £3.3m), which excludes the amortisation of acquired intangibles of £1.7m, (H1 FY22: £1.5m) share-based payments of £0.9m (H1 FY22: £1.1m), restructure and non-operational costs of £2.5m (H1 FY22: £1.4m), IT systems implementation costs £2.6m (H1 FY22 £1.1m), gain on foreign currency translation of £3.7m (H1 FY22: loss £1.4m), and associated taxation impact of these adjustments of £0.8m (H1 FY22: £1.1m). Using the same weighted average of shares as above provides adjusted basic earnings per share of 14.3 pence (H1 FY22: 11.8 pence) and adjusted diluted earnings per share of 14.2 pence (H1 FY22: 11.7 pence).

8. Share capital

During the period the Group issued 190,868 shares as part of share-based compensation for employees and remuneration. These increased the number of shares in issue from 27,826,486 to 28,017,354.

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

9. Loans and borrowings

	31 August 2022	28 February 2022
	£'000	£'000
Current liabilities		
Secured bank loans	6,131	5,311
Lease liabilities	3,735	3,743
	9,866	9,054
Non-current liabilities		
Secured bank loans	46,017	42,925
Lease liabilities	19,110	19,579
	65,127	62,504

Repayment of secured bank loans in line with previously disclosed repayment terms amounted to £3.1m.

The group's principal debt facilities totaling £52.1m are provided by a syndicate of banks and expire in 2024.

10. Trade and other payables

	31 August 2022 £'000	28 February 2022 £'000
Current liabilities		
Trade payables	11,400	12,833
Other payables	13,655	14,745
Accruals	6,291	5,214
Deferred income	31,908	26,990
Government grants	819	814
	64,073	60,596
Non-current liabilities		
Government grants	3,799	3,190
	3,799	3,190

11. Financial instruments

Fair values

a) Accounting classifications and fair values

Group

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

	Carrying value					Total £'000	Fair value £'000	Level
	FVPL £'000	FVOCI £'000	Financial assets at amortised cost £'000	Other financial liabilities £'000				
31 August 2022								
Financial assets measured at fair value								
Equity securities	-	18,407	-	-	18,407	18,407		3
Convertible loans	283	-	-	-	283	283		3
	283	18,407	-	-	18,690	18,690		
Financial assets not measured at fair value								
Trade and other receivables	-	-	72,433	-	72,433		[1]	
Cash and cash equivalents	-	-	44,777	-	44,777		[1]	
	-	-	117,210	-	117,210			
Financial liabilities not measured at fair value								
Secured bank loans	-	-	-	52,148	52,148		[1]	
Trade and other payables	-	-	-	56,963	56,963		[1]	
	-	-	-	109,111	109,111			

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

	Carrying value				Total £'000	Fair value £'000	Level
	FVPL £'000	FVOCI £'000	Financial assets at amortised cost £'000	Other financial liabilities £'000			
28 February 2022							
Financial assets measured at fair value							
Equity securities	-	19,676	-	-	19,676	19,676	3
Convertible loans	283	-	-	-	283	283	3
	283	19,676	-	-	19,959	19,959	
Financial assets not measured at fair value							
Trade and other receivables	-	-	68,030	-	68,030	[1]	
Cash and cash equivalents	-	-	48,564	-	48,564	[1]	
	-	-	116,594	-	116,594		
Financial liabilities not measured at fair value							
Secured bank loans	-	-	-	(48,236)	(48,236)	[1]	
Trade and other payables	-	-	-	(50,386)	(50,386)	[1]	
	-	-	-	(98,622)	(98,622)		

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

b) Measurement of fair values

Group

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

Reconciliation of Level 3 fair value:

Group

	Convertible loans £'000	Unquoted equities £'000
Balance at 1 March 2022	283	19,676
Adjustments to fair value	-	(1,609)
Foreign exchange gain	-	340
Balance at 31 August 2022	283	18,407
	Convertible loans £'000	Unquoted equities £'000
Balance at 1 March 2021	3,122	14,760
Purchases	-	5,106
Disposals	(2,311)	(699)
Adjustments to fair value	-	(95)
Transfers	(521)	521
Foreign exchange gain	(7)	83
Balance at 28 February 2022	283	19,676

12. Subsequent Events Note

There were no subsequent events at signing date.

13. Interim Report

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

14. Responsibility Statement

The Directors confirm that to the best of their knowledge:

- a) the condensed set of financial statements has been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting';
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

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

The Directors of FD Technologies plc are listed in the Company's Report and Accounts for the year ended 28 February 2022. A list of current Directors is maintained on the FD Technologies plc website: www.fdtechnologies.com.

15. Forward Looking Statements

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

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