

FY23 full year results

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Delivering on strategy

- Investment producing returns
- KX and First Derivative exceeded targets with attractive, sustainable growth rates
- Addressable markets remain attractive and growing quickly
- Confident in our business outlook

Momentum in KX and FD with further cost action in MRP to mitigate market conditions



- ARR growth of 39% to £65m
- The engine for time series and real-time analytics
- Partnership progress – GA on Azure, partnering with AWS, collaboration with Snowflake

FIRST DERIVATIVE

- Revenue up 18%, ahead of our guidance for the year
- Scalable operating model
- Customer caution leading to longer sales cycles
- Structural growth drivers provide confidence in outlook



- Weak demand impacted MRP through the year
- Revenue stabilised and cost base aligned to maintain profitability
- Opportunity for return to growth as business confidence improves

KX – strong performance across key strategic growth vectors

► Strategic products > 50% of ACV

Azure GA, AWS GA
PyKX, OEM/SI channels,
free trial, KDB.AI

► £18.7m ACV added

Incremental annual
contract value added
up 93%

► Industry recurring revenue up 102%

New customer wins across
healthcare, energy, telco
and manufacturing

► NRR up to 119%

Accelerating growth in
existing customers
and low churn



Today's enterprise is powered by millions of time-sensitive data and AI-driven decisions.

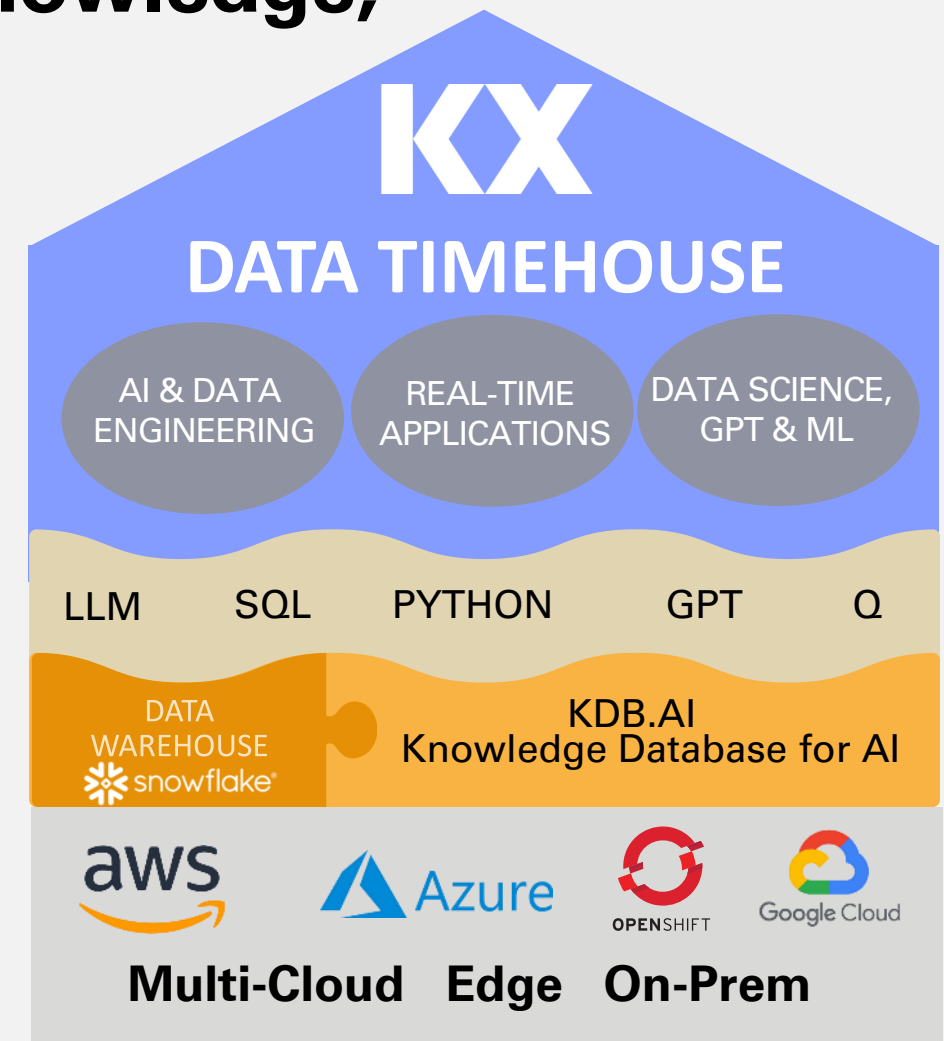
What if you could make those decisions 100x faster at 1/10th the cost?

KX provides a Data Timehouse that helps any enterprise to extract and search knowledge, 100x faster at 1/10th the cost

1 **Designed for Vector & Time**, for data that doesn't fit efficiently into previous generations of store.

2 **Any Language:** Python, SQL, Q, APIs, Tensorflow. Low code. DSML platform / data science toolchain.

3 **Cloud native and integrated with data warehouses:** AWS, Azure, GCP, Snowflake, OpenShift, Anaconda...



KX enables AI-driven business innovation and efficiency maximising the value of proprietary and public data

Financial Services

Trade billions per day while managing risk intelligently and provide efficient market access to clients around the world.

Telco

Optimise capacity and coverage, deliver control at the edge, and maintain critical services with self-organising networks.

Automotive

Connect insights from wind tunnel simulations and trackside telemetry to build faster, safer cars and make better in-race decisions.

KX



Manufacturing

Enable self-optimising equipment to make autonomous decisions from historical and real-time sensor data for smarter, more efficient plants.

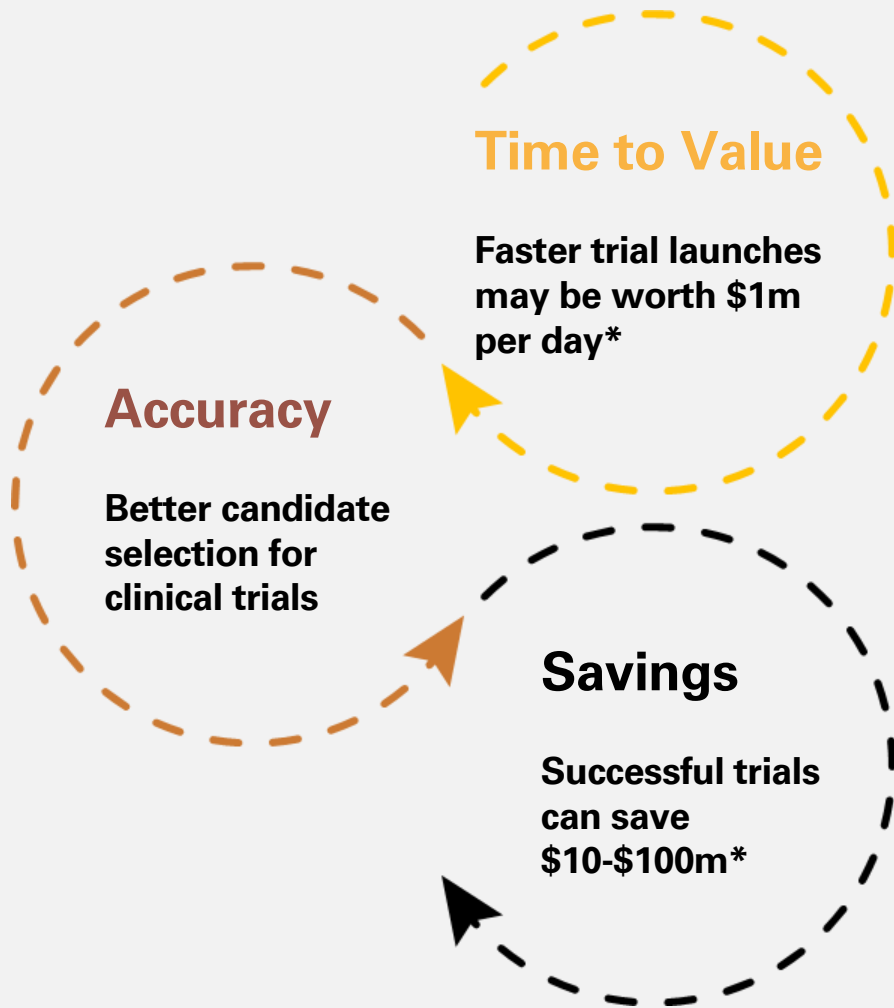
Energy & Utilities

Analyse billions of data points instantly for grid and resource optimisation, and improved customer experience.

Healthcare

Model disease and interventions in virtual clinical trials to predict patient responses and required treatment dosages.

With performance that delivers huge economic impact

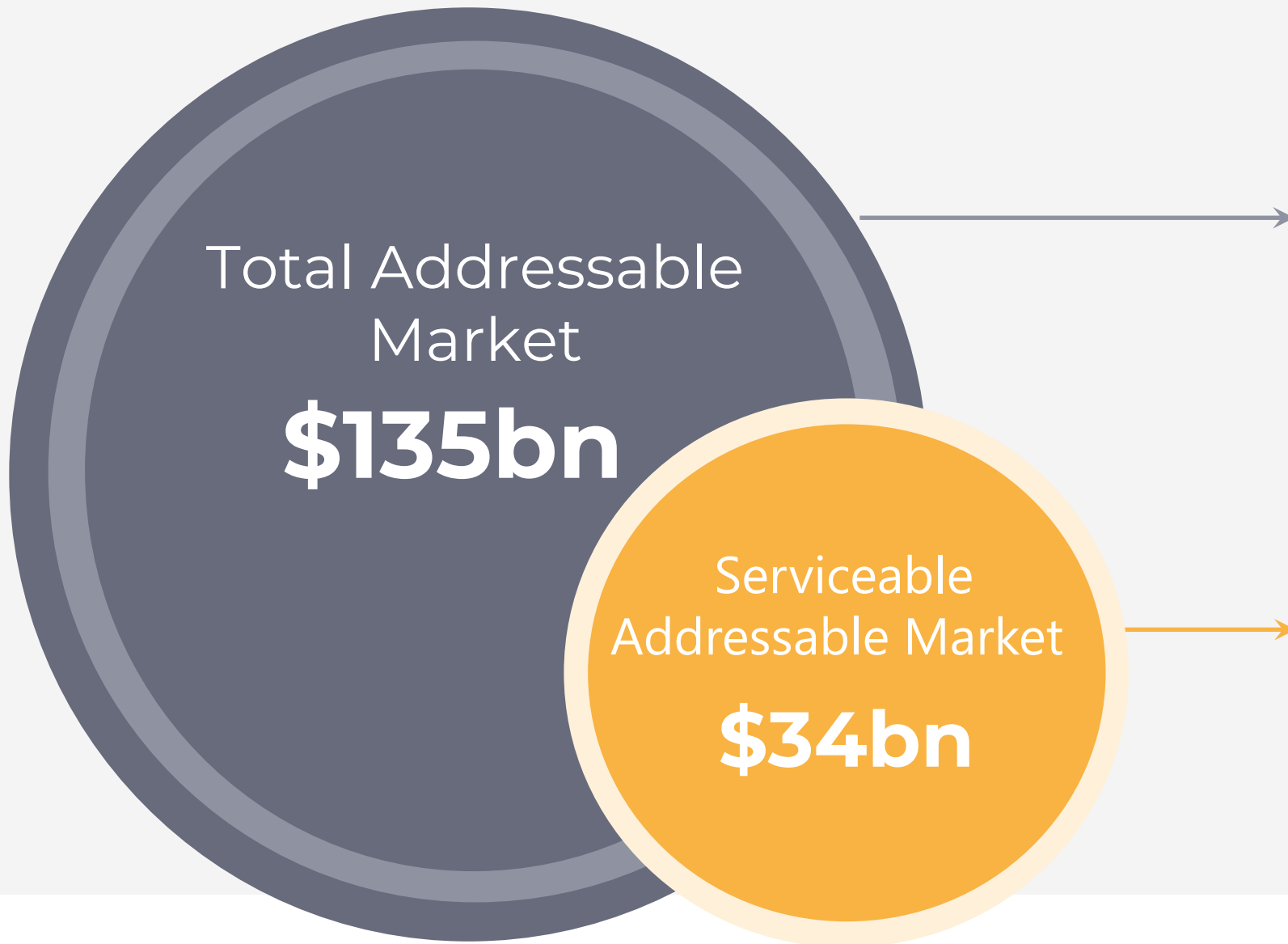


“We’ve seen first-hand the ability of KX to dramatically accelerate the most complex clinical development and commercialisation challenges”

Baba Shetty, President, Technology and Data Solutions, Syneos Health

*Daryl Plummer Gartner Keynote: The New Economics of Technology and Data
(See 18:30 on <https://www.youtube.com/watch?v=USkXsD8eMBE>)

Targeting a massive, rapidly growing market with increasing investment behind key proof points



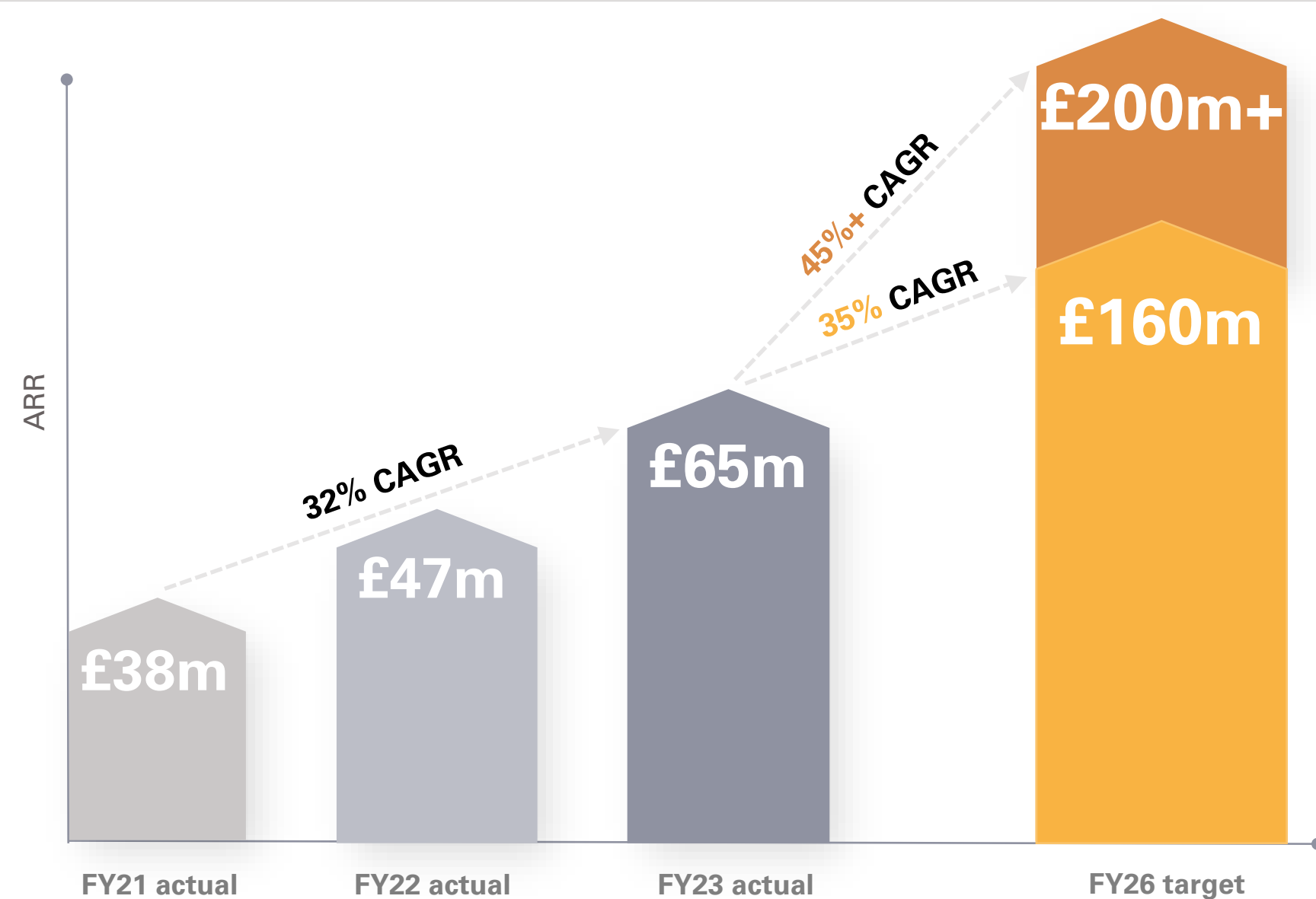
\$135bn by 2025, growing at 29%

KX's addressable market is best represented by the opportunity for AI and data science platforms and applications, covering use cases such as predictive maintenance, temporal historian, anomaly detection and similarity search. Gartner estimates this opportunity will grow by 29% CAGR to reach \$135bn by 2025

\$34bn serviceable by 2025

We estimate that our serviceable market opportunity is approximately \$34bn by 2025 for the industries and geographic markets we are targeting

Building a valuable, high-growth software business

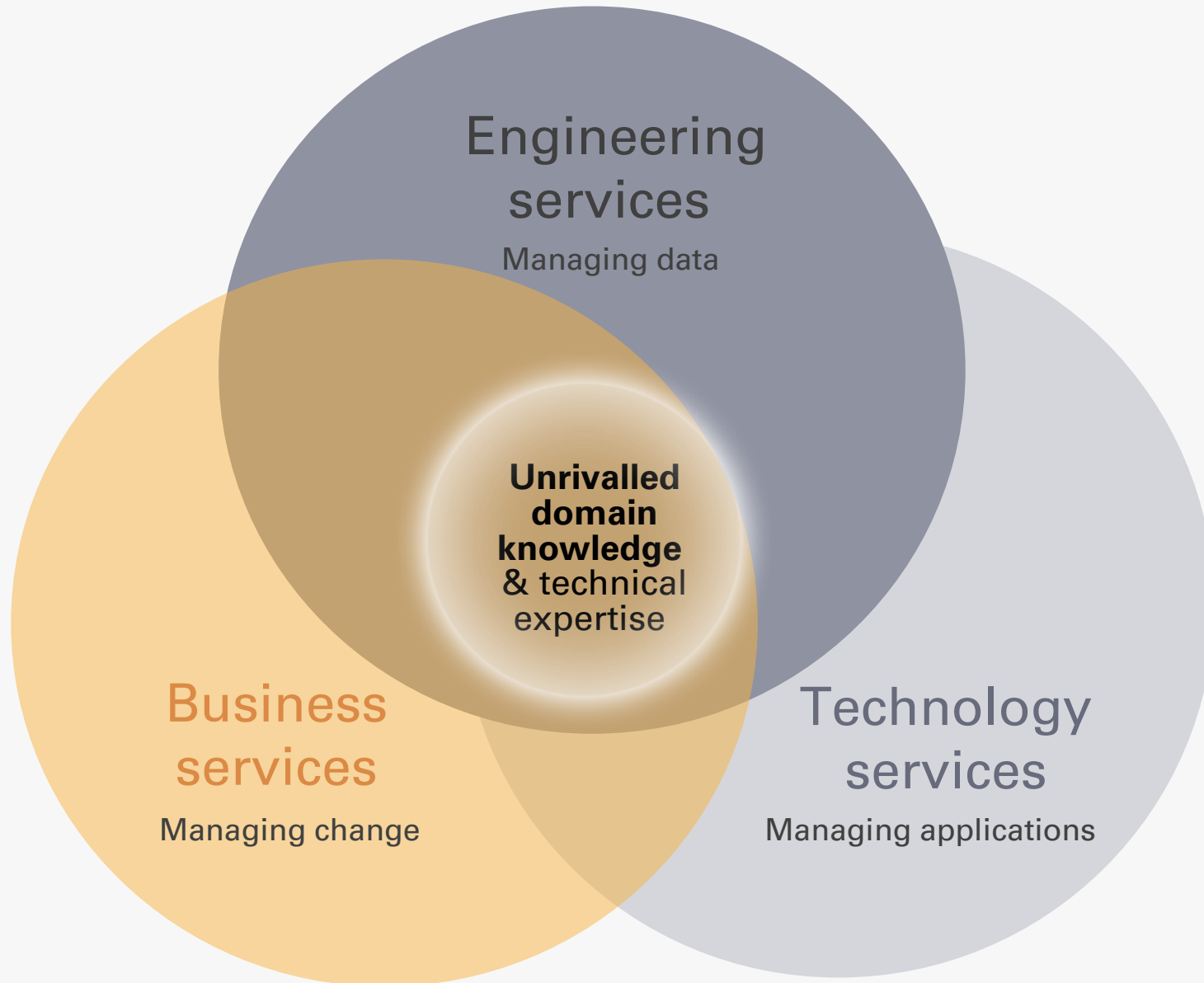


- > Base case c. 35% CAGR
- > Opportunity for accelerated growth from expanding TAM and scale with partners
- > Targeting FY26 gross margin of 80% with significant cash generation



FIRST DERIVATIVE

Strong growth supported by strategic levers and positioning in areas of structural demand



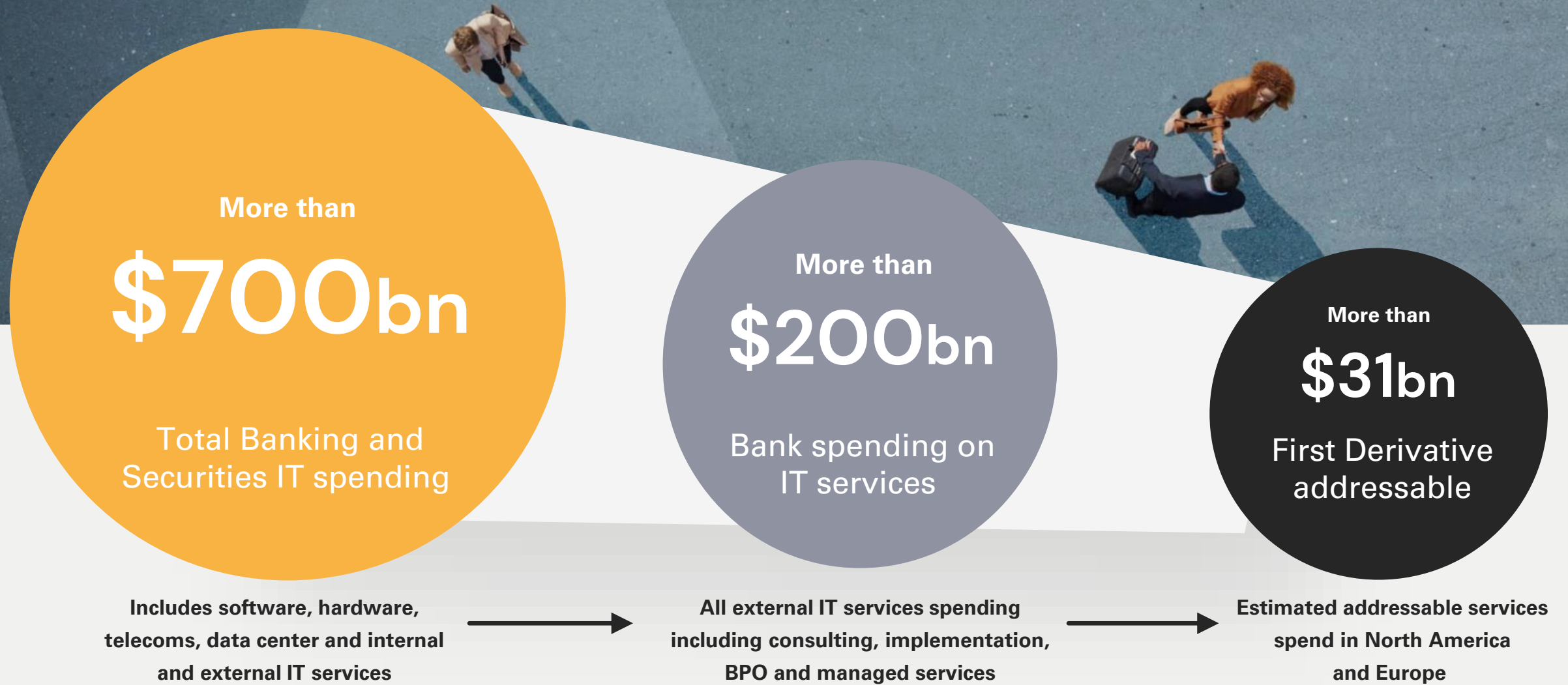
Drivers of structural growth:

- Regulatory compliance
- Digital transformation and the move to the cloud
- Achieving value for IT investment

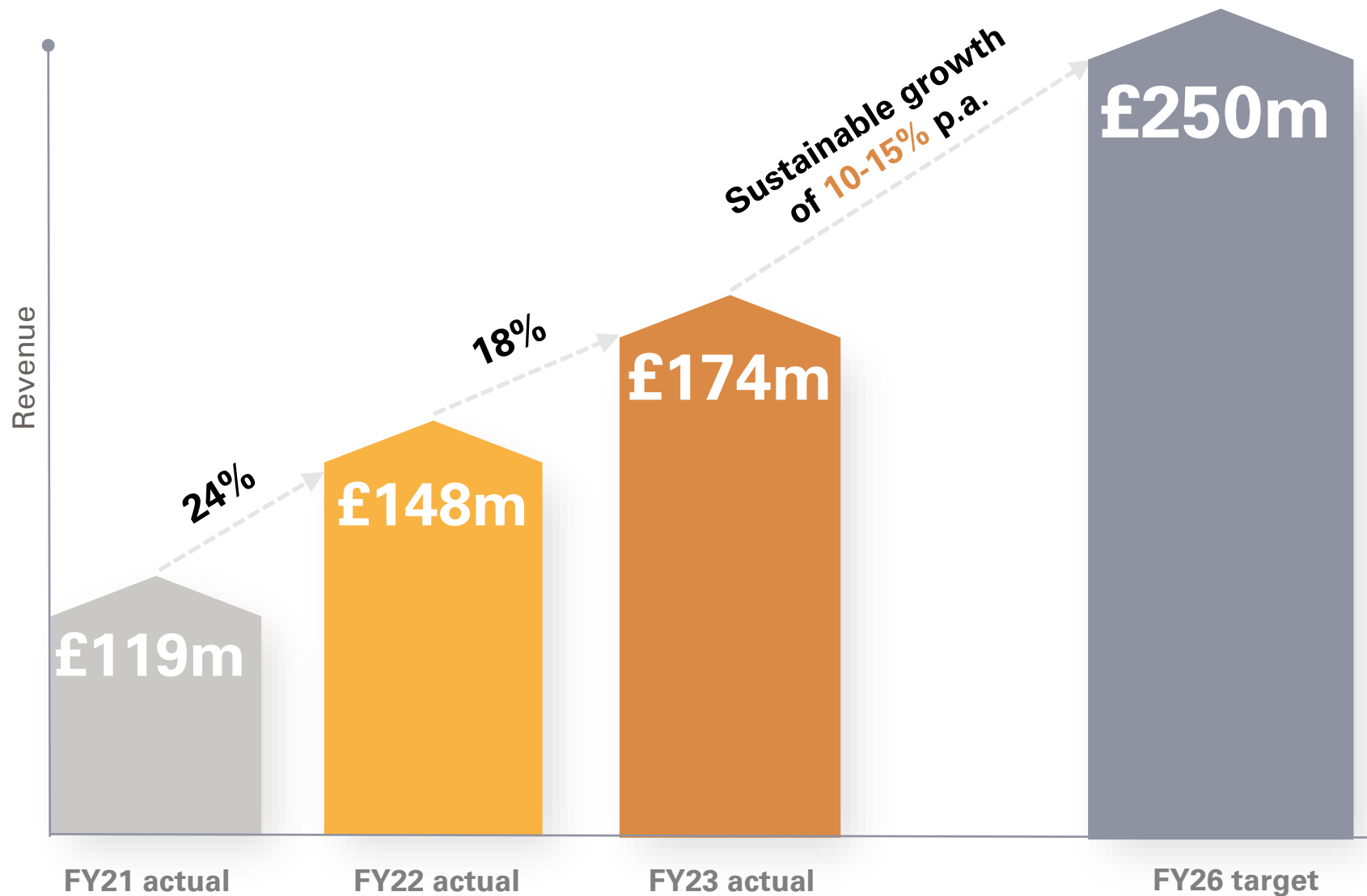
First Derivative initiatives:

- Shift from resourcing to consulting
- Engineering capability
- Expansion in existing customers

Addressing a massive market opportunity



Building a valuable consulting business with sustainable revenue growth and margin improvement targets



Driving margin expansion from 10% (FY23) to 15% (FY26):

- > Operational leverage from revenue growth
- > Higher margin services e.g. software engineering
- > Moving from 'hours' to 'outcomes'



MRP market remains subdued as tech sector continues cost reduction



Revenue stabilised at \$9m through Q1



Costs aligned to protect EBITDA



Increased focus on digital product set positions business to benefit as market improves

Confident in our FY24 outlook

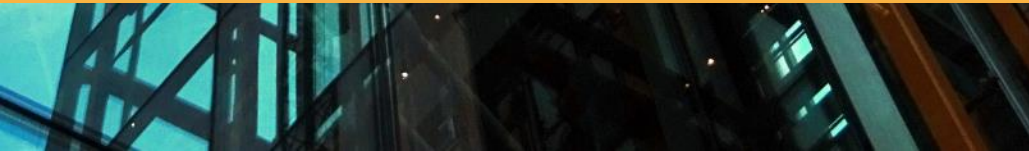
- **KX – accelerating AI-driven business innovation with at least 35% ARR growth**

- **First Derivative – positioned for growth and margin improvement**

- **Creating value from our strategic growth levers**



Financial performance



Financial Headlines

£296.0m

Group revenue
(FY22: £263.5m)

£65.3m

KX ARR
(FY22: £47.0m)

£34.8m

Adjusted EBITDA
(FY22: £31.0m)

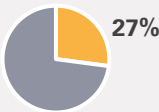
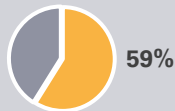
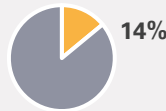
£0.4m

Net cash
(FY22: £0.3m)

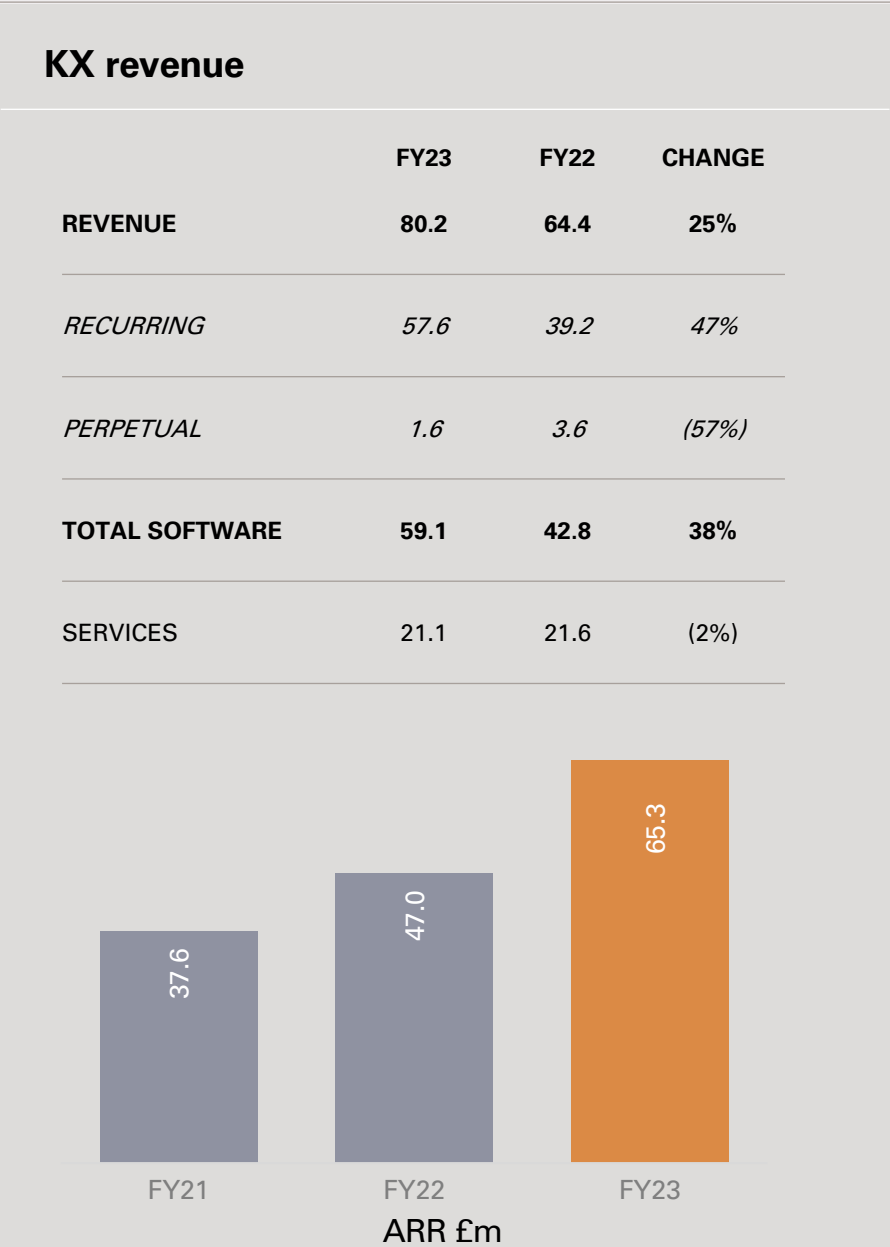
Key drivers of financial performance

- ✓ Group revenue up 12%, driven by performance in KX and First Derivative, both ahead of expectation
- ✓ KX ARR increased by 39% with £19m of new annual contract value signed in the year
- ✓ Adjusted EBITDA growth of 12% after allowing for continued investment to support future growth
- ✓ Continued strong balance sheet with renewed banking facilities signed after year-end

Momentum in the key business units

Business Unit	FY23 revenue	% of Group revenue	Revenue growth	Gross margin%	Adjusted EBITDA	Adj. EBITDA margin
KX	£80m	 27%	25%	72%	£17m	21%
First Derivative	£174m	 59%	18%	27%	£17m	10%
MRP	£42m	 14%	(19%)	41%	£1m	3%
Group	£296m		12%	41%	£35m	12%

KX delivering sustainable growth



Financial Services				Industry			
	FY23	FY22	CHANGE		FY23	FY22	CHANGE
REVENUE	67.9	55.4	23%	REVENUE	12.4	9.1	37%
RECURRING	50.2	35.5	41%	RECURRING	7.4	3.7	102%
PERPETUAL	0.2	1.8	(88%)	PERPETUAL	1.3	1.8	(24%)
TOTAL SOFTWARE	50.4	37.4	35%	TOTAL SOFTWARE	8.7	5.4	61%
SERVICES	17.5	18.0	(3%)	SERVICES	3.6	3.6	0%

COMMENTARY

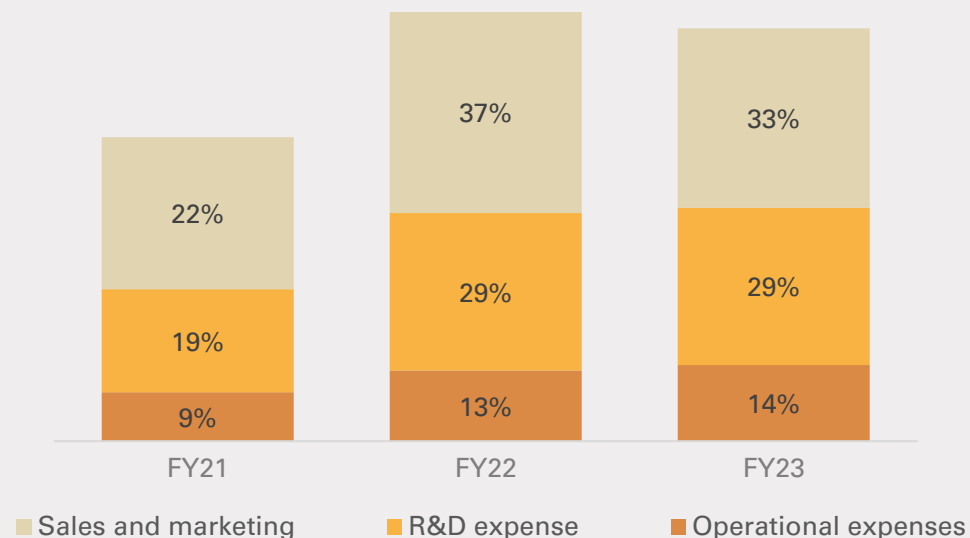
- Strongest year for ACV bookings with 18 new logos added
- Strong recurring revenue growth, benefiting from incremental ACV, NRR of 119%, and continued low rates of customer churn
- Opportunity in Industry being realised, validating KX as a horizontal platform
- Service revenue marginally declined with increased customers offset by faster implementations

KX gross margin continues to increase

KX

	FY23	FY22	CHANGE
TOTAL REVENUE	80.2	64.4	25%
GROSS PROFIT	58.0	44.5	30%
<i>GROSS MARGIN</i>	<i>72%</i>	<i>69%</i>	
R&D EXPENDITURE	(23.0)	(18.6)	23%
OF WHICH CAPITALISED	19.0	16.1	18%
NET R&D EXPENDITURE	(4.0)	(2.6)	56%
SALES AND MARKETING COST	(26.3)	(23.6)	12%
ADJ. ADMIN COSTS	(11.1)	(8.6)	28%
ADJUSTED EBITDA	16.6	9.8	70%
<i>ADJ EBITDA MARGIN</i>	<i>21%</i>	<i>15%</i>	

Costs as percentage of revenue



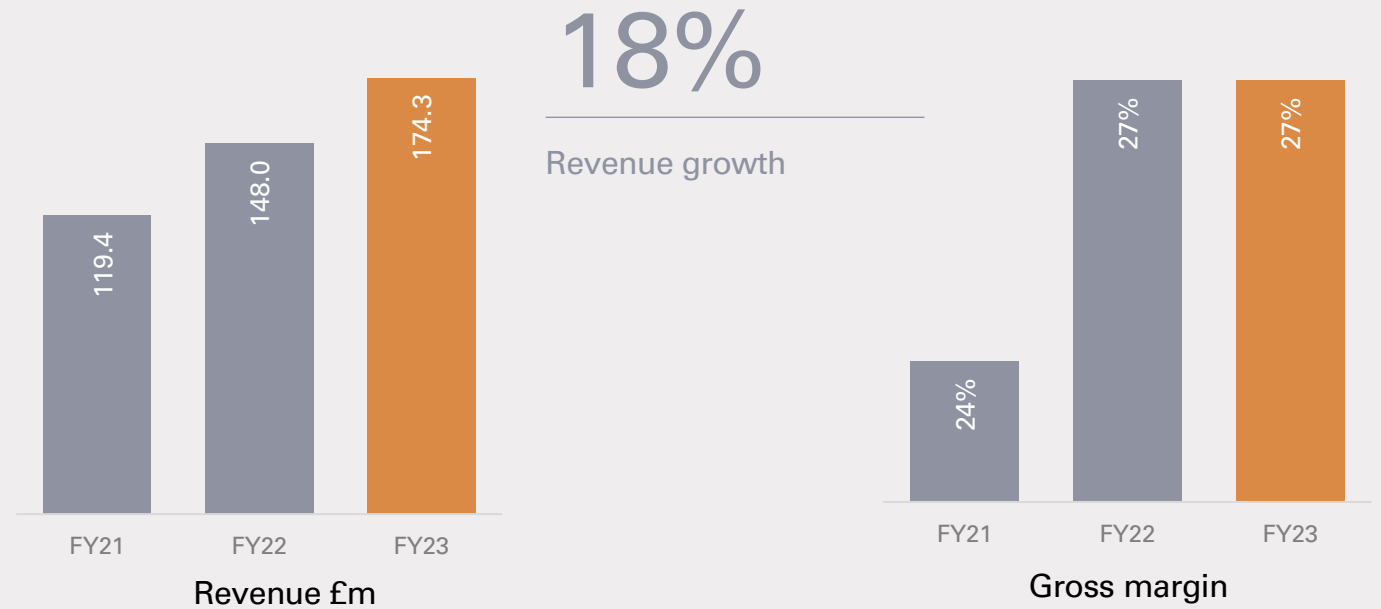
COMMENTARY

- Gross margin increased to 72%, as software revenue, with a margin of 90%, increased to over 70% of total revenue
- Continued investment in R&D as we develop kdb Insights and integration with the cloud vendors. 83% of R&D spend is capitalised.
- Increase in admin costs as we invest in leadership capability and improved system

First Derivative growing ahead of expectations

First Derivative

	FY23	FY22	CHANGE
TOTAL REVENUE	174.3	148.0	18%
GROSS PROFIT	47.3	39.4	20%
<i>GROSS MARGIN</i>	<i>27%</i>	<i>27%</i>	
NET R&D EXPENDITURE	-	-	-
SALES AND MARKETING COST	(15.3)	(14.5)	5%
ADJ. ADMIN COSTS	(15.4)	(10.9)	41%
ADJUSTED EBITDA	16.7	14.0	20%
<i>ADJ EBITDA MARGIN</i>	<i>10%</i>	<i>9%</i>	



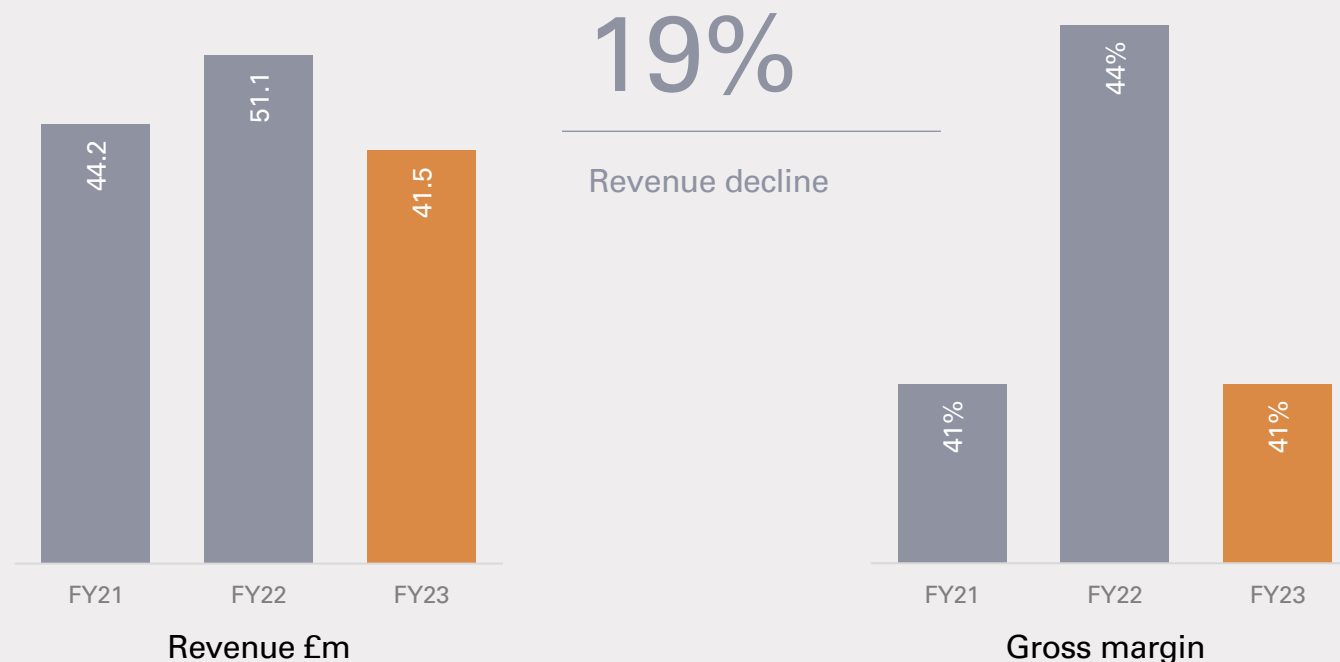
Commentary

- Continued demand for FD services with improved EBITDA margin
- Effective management of gross margin despite the challenges of wage inflation, attrition and deployment costs
- Investment in organisational structure and systems to deliver future growth targets
- Continue to target 15% EBITDA margin by FY26

MRP focus on improving EBITDA margin

MRP

	FY23	FY22	CHANGE
TOTAL REVENUE	41.5	51.1	(19%)
GROSS PROFIT	17.0	22.2	(23%)
<i>GROSS MARGIN</i>	<i>41%</i>	<i>44%</i>	
NET R&D EXPENDITURE	-	-	
SALES AND MARKETING COST	(9.4)	(9.3)	1%
ADJ. ADMIN COSTS	(6.2)	(5.7)	10%
ADJUSTED EBITDA	1.4	7.3	(80%)
<i>ADJ EBITDA MARGIN</i>	<i>3%</i>	<i>14%</i>	



Commentary

- Market conditions deteriorated in our largest customer segment
- FY23 cost efficiency savings offset by wage inflation and spend on cybersecurity
- Focus on improving EBITDA with £6m of annualised cost savings implemented in H2
- MRP is ready for growth when spend in demand generation returns

The Group continued to perform strongly in FY23

£m	FY23	FY22	Change
Group			
Revenue	296.0	263.5	12%
Cost of revenue	(173.7)	(157.3)	10%
Gross profit	122.3	106.1	15%
Gross margin	41%	40%	1%
Adjusted operating costs			
Net R&D	(4.0)	(2.6)	54%
Sales and marketing costs	(50.9)	(47.4)	8%
Adjusted Admin costs	(32.7)	(25.2)	30%
Adjusted EBITDA	34.8	31.0	12%
Adjusted EBITDA margin	12%	12%	-

Commentary

- Revenue growth of 12% to £296m (6% at constant currency)
- Gross margin increase driven by continued growth in KX recurring revenue
- Increased R&D expenditure as we continue to invest in product development including Insights Enterprise
- Increasing leadership capability and improving systems to support growth have resulted in increased Admin costs
- Well positioned for FY24 and beyond to deliver our ambitious growth targets in both KX and First Derivative

Adjusted profit before tax after one-off items

£m	FY23	FY22	Change
Group			
Adjusted EBITDA	34.8	31.0	12%
Depreciation and amortisation	(18.8)	(17.0)	11%
Net financing costs	(3.9)	(3.0)	28%
Adjusted profit before tax	12.1	11.0	10%
Amortisation of acquired intangibles	(2.8)	(3.1)	(11%)
Share-based payments and related costs	(0.4)	(1.7)	(74%)
Non-operational other income	-	2.5	NM
Non-operational IT expenses	(5.6)	(2.3)	143%
Restructure and non-operational costs	(8.7)	(3.1)	183%
Net financing (costs)/income	(0.9)	0.2	NM
Profit/(Loss) on foreign currency translation	2.1	(1.8)	NM
Associate related income and gains	3.0	7.3	(58%)
Reported (loss)/profit before tax	(1.2)	9.0	NM
Taxation	(2.8)	(2.6)	10%
Reported (loss)/profit after tax	(4.0)	6.4	NM

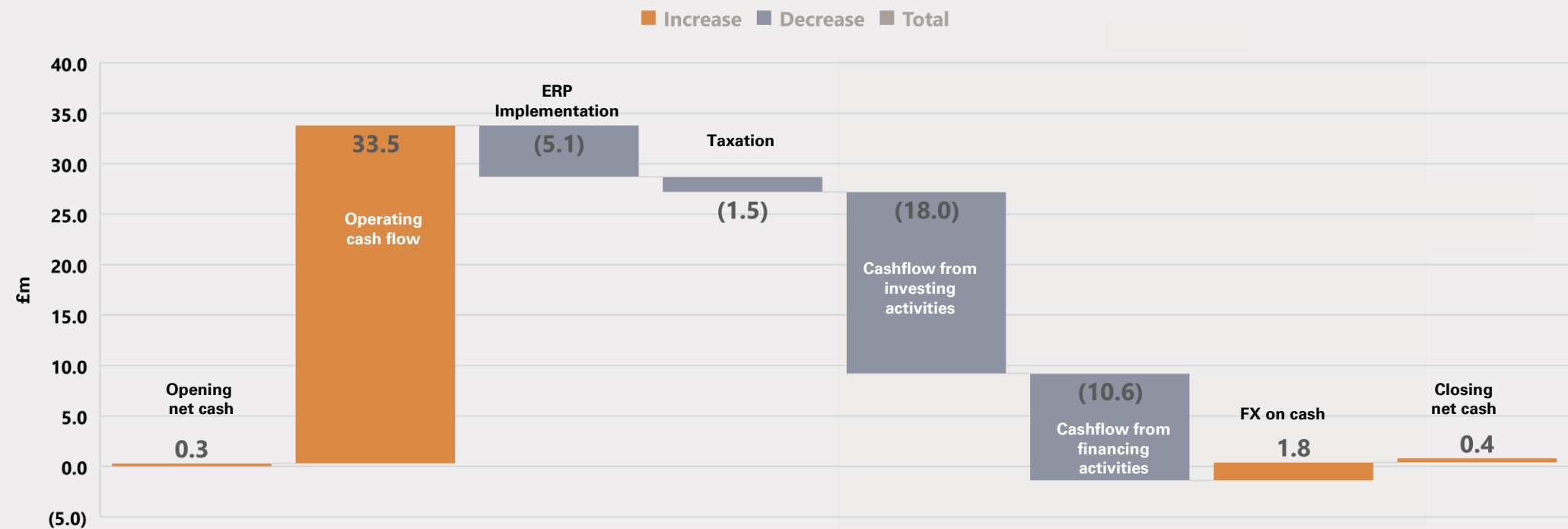
Commentary

- Amortisation charge increased to £11.5m and we capitalised £23m of R&D spend
- Finance costs marginally up on H1 as interest rate increases offset by debt repayments

10% increase in Adjusted profit before tax after adjusting for the following one-off items:-

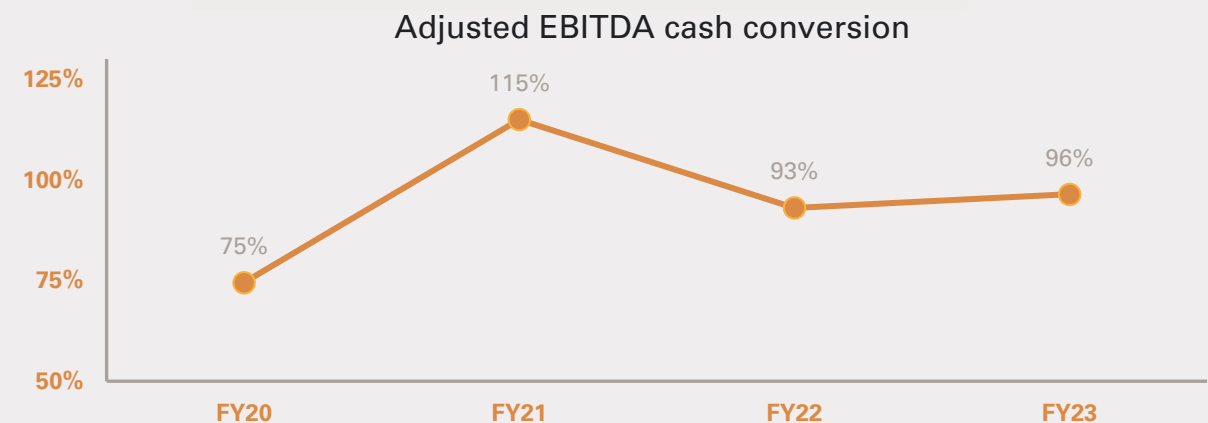
- One-off implementation costs relating to the Oracle ERP which went live in December 2022
- Increased restructuring costs primarily relating to MRP
- One-off costs provided for to address legacy employee tax liabilities while on assignment
- One-off gain from the disposal of an Associate
- Taxation increased as we derecognised a deferred tax asset relating to MRP

Disciplined cash management



CASH FLOW

- Net cash position of £0.4m at year end, as we funded investment in the business from working capital improvements and sale of an investment
- Cash conversion from adjusted operating activities 96% for the year
- In H2 \$15m of debt was repaid as we look to offset increased interest rates
- Gross debt at 1x EBITDA
- Refinancing complete with a new £130m RCF facility in place from May 2023.



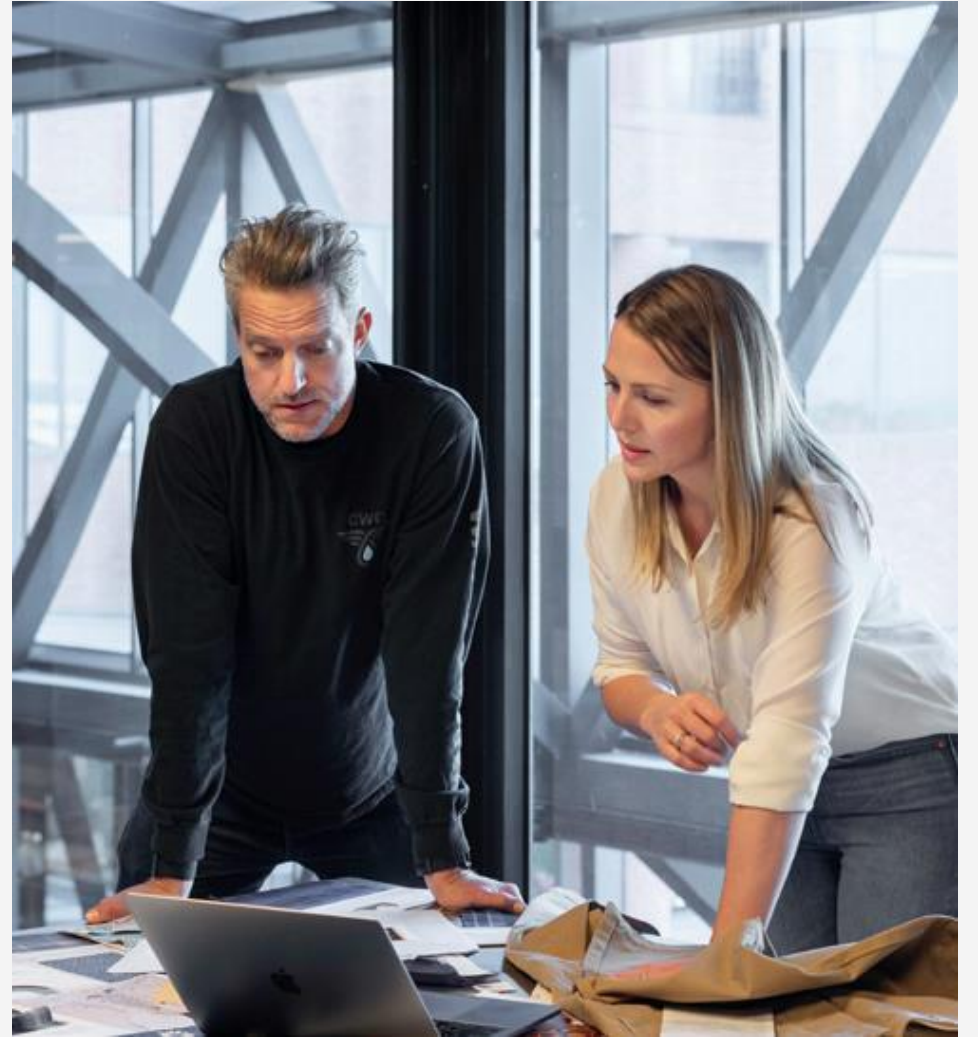
Confident in our FY24 outlook

- **KX – accelerating AI-driven business innovation with at least 35% ARR growth**

- **First Derivative – positioned for growth and margin improvement**

- **Creating value from our strategic growth levers**

Appendix



KX

(Geomeans on single subscriber tests completed by all vendors)

41 Wins
out of 48 tests

25x
Timescale

9x
Influx

5x
QuestDB

ZERO
Crashes

Times Faster Than Competitors

Fastest
Scalable
Stable

Crashes per Increased
Number of Subscribers

1

5

10

kdb

0

0

0

QuestDB

1

2

3

Influx

6

5

6

Timescale

0

0

2

kdb+ vector-based time-series database, the fastest and most stable in its class

KX advantage over competing approaches:

- **Data warehouse:** no vector support, no understanding of time
- **Vector database:** startups - unproven in production and not real-time
- **Streaming analytics:** Do not provide native storage or query support. Real-time only

Source: TSBS benchmarks

Shareholders above 3%

Shareholder	Number of shares held	% IC
Mrs Juliana Conlon	4,024,823	14.34
Baillie Gifford & Co	3,685,660	13.13
Octopus Investments	3,063,885	10.92
Columbia Threadneedle Investments	2,759,444	9.83
Liontrust Asset Management	1,661,407	5.92
T Rowe Price International	1,361,390	4.85
Canaccord Genuity	1,343,216	4.79
Invesco (Oppenheimer Funds)	1,219,761	4.35
TOTAL	20,144,141	71.78

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