FDTechnologies

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FY24 full year results

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FY24 in review

Difficult year across the Group with enterprise software and services demand subdued

Addressed execution challenges in KX with improvements to product, greater sector focus and additions to the team

- KX gross ARR increased **21%**
- First Derivative adjusted EBITDA margin maintained at **11%**
- Structure review and MRP merger **completed**
- Business Units set up for success

First Derivative: protecting margin and competitive positioning

- FY24 a challenging year with reduced investment bank technology budgets
- Focused on areas where customers maintained spending and we are protected by deep domain expertise

We responded to the challenges in FY24 by becoming leaner, adapting our service delivery and focusing on those areas where customer demand held up, particularly in technology and engineering services. Our deep domain skills allied to the market fit of the services we provide leave us well placed to benefit as investment bank technology budgets are released.

FY25 guidance:

- Revenue is expected to be in the range of £160m to £170m at maintained EBITDA margin, based on continued caution in customer spending
- Revenue stabilised at Q4 run rate

Driving growth opportunities in FY25

Priorities

Scalable sustainable growth in KX to drive value

Delivering the First Derivative divestment transaction

A pure play well funded high growth KX software business

Group structure review concluded

Merger of MRP with CONTENTgine

- Creates a leader in B2B demand generation services
- Expected to generate positive cash EBITDA by end calendar 2024
- Future exit to generate return on our 49% holding

Separation of KX and First Derivative

- Process under way with advisers appointed
- Measured approach to ensure value achieved
- Further updates as appropriate

FY24 progress and actions

Transformation from custom solutions to repeatable products & use cases

	PROGRESS	ACTIONS
Innovate & Democratise	• kdb+ 4.1 • PyKX - open source • Insights offerings • KDB.AI launch	• Modernised heritage code for improved price/performance • Hardened feature maturity in priority use cases
Establish new verticals	• Significant wins (>£1m) in Aerospace & Defence, High Tech Manufacturing (Semiconductor)	• Building on proven use cases in focused verticals
New channels and partners	• Initial wins via CSPs • OEM channel success	• Joint GTM strategy for high value use case development • MDaaS service with multiple providers vs one CSP

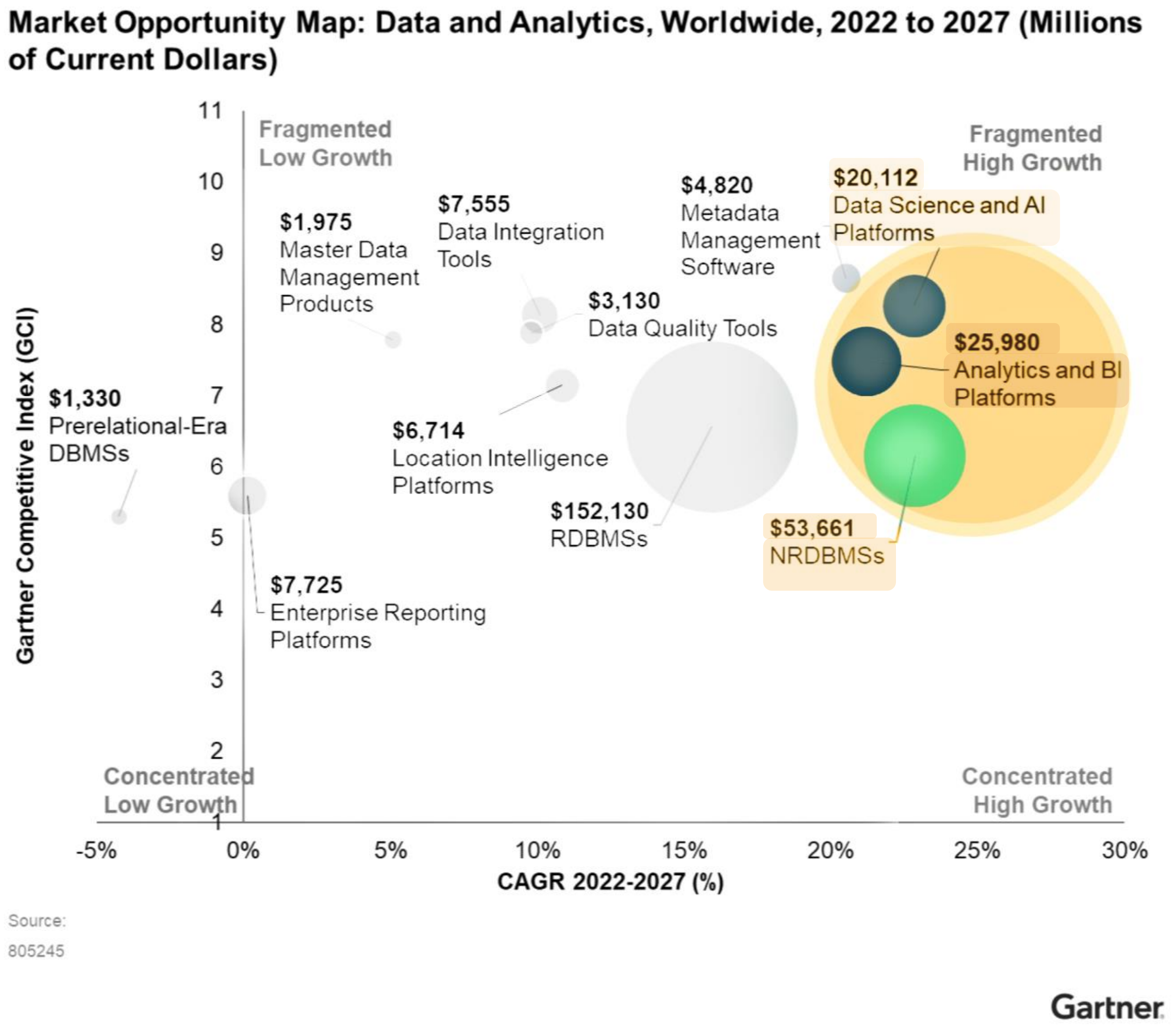
KX market opportunity

KX plays in the highest growth Data and Analytics segments

- High-growth opportunities in Data Science and AI Platforms ($20B), Analytics and BI Platforms ($26B), and NRDBMSs ($53B)

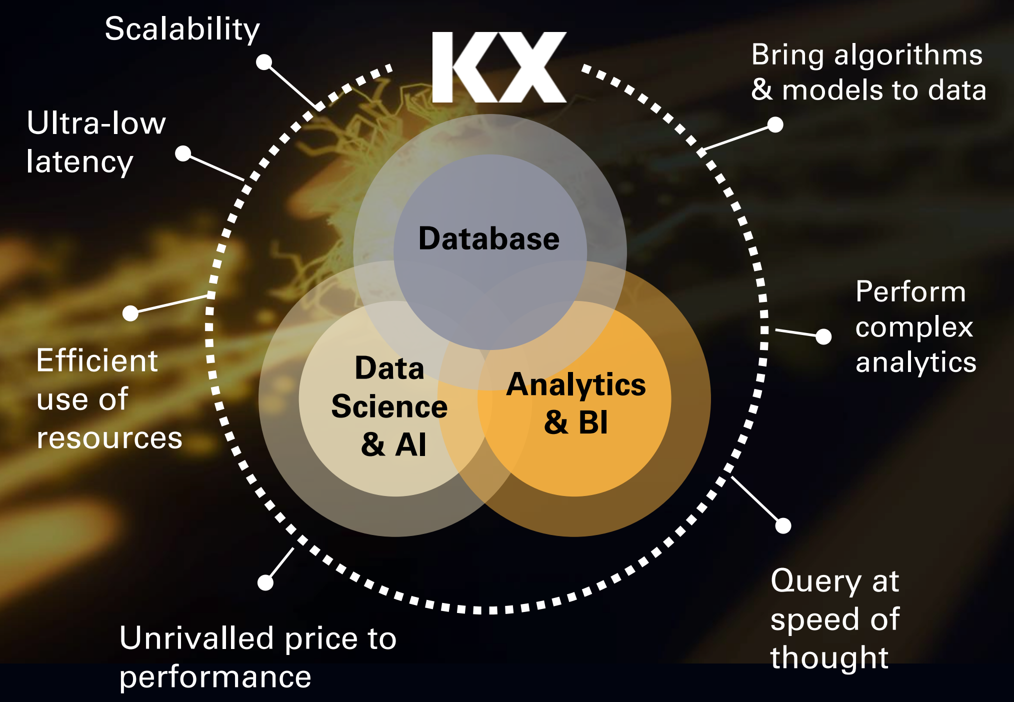
KX is strategically positioned

- Operates at the intersection of these high-growth segments.
- Provides a unique, integrated platform combining database, analytics & BI & Data science & AI



Why customers choose KX

High-performance timeseries database and analytics platform



Increased data throughput by 20,000%... never before seen capability

A&D partner (SRC) customer case study

Enhanced performance, scale and yield at 1/4 the TCO

Semi-conductor Partner, case study

“The only limitation is the questions we think to ask”

Major North American equities Exchange

“The ability to marry disparate processes and metrics quickly, reliably and with flexibility”

Tier 2 capital markets customer (Stifel)

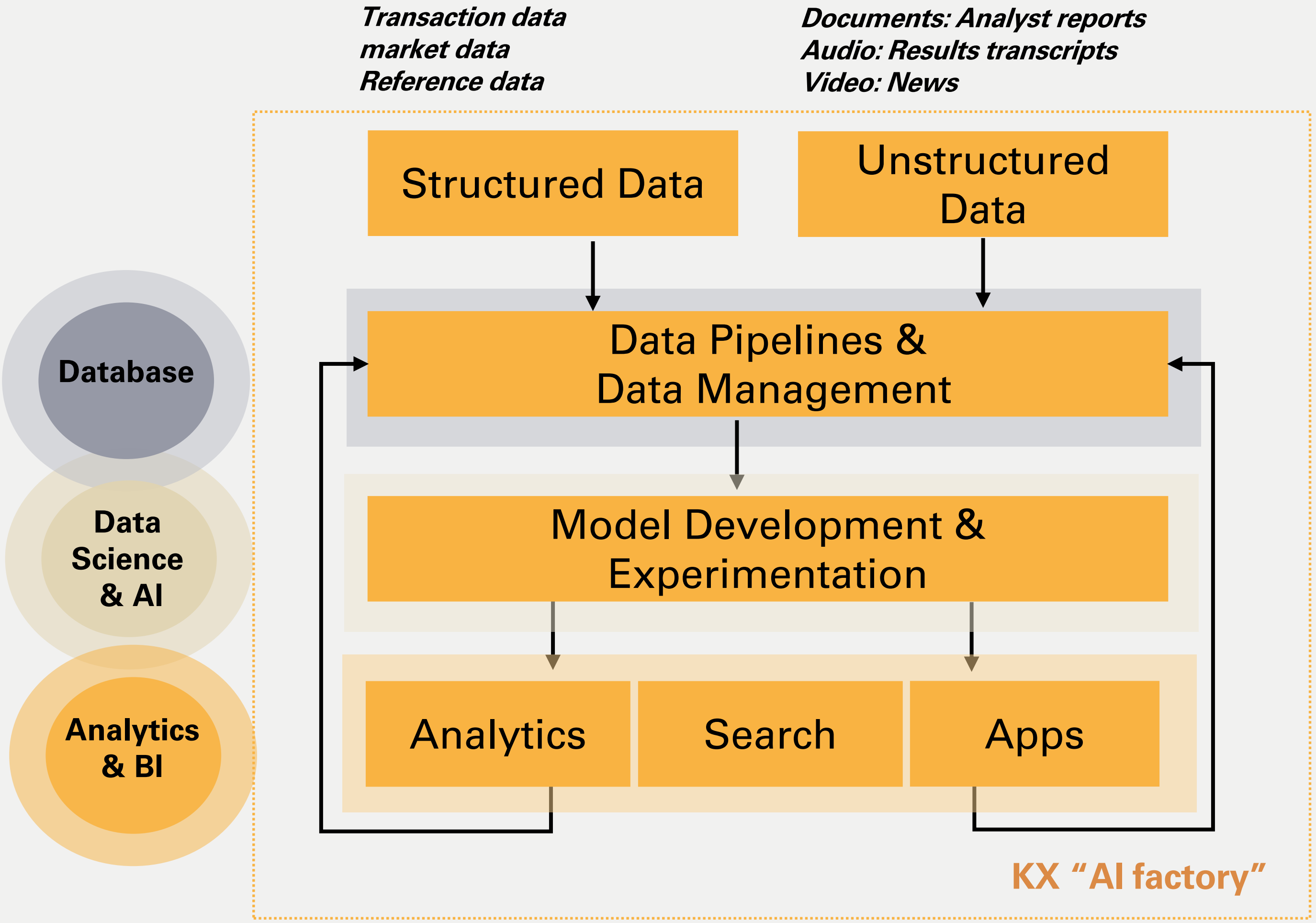
STAC validates kdb+ as the clear winner in **17** out of **18** speed tests

KX

5 star status on G2.com

Generative AI is an expanding market opportunity for KX

Broadening use cases through generative AI
Example: Generating Alpha



At unbeatable scale and performance

Setup	Search Results Per Second	Search Compute Efficiency (vCPU)
KDBAI v1.2.0-rc.1	831	3.7
qdrant	640	9.4
milvus	640	15.9
weaviate	547	15.9
opensearch	104	15.3

Changes we have made for FY25

Focus and discipline for sustainable growth

1 GTM: Established verticals

Cap Markets, A&D, High Tech Manufacturing

Proven use cases

2 Disciplined investment; aligned to priorities

Restructured skills & reduced costs to invest in priorities

Investment in new teams & skills

3 Predictable business model

Proven, repeatable software product motions

Leverage partners but realistic expectations

KX first principle:

Repeatable, scalable use cases…..solving problems that matter…

…where KX is highly differentiated

Business model momentum flywheel

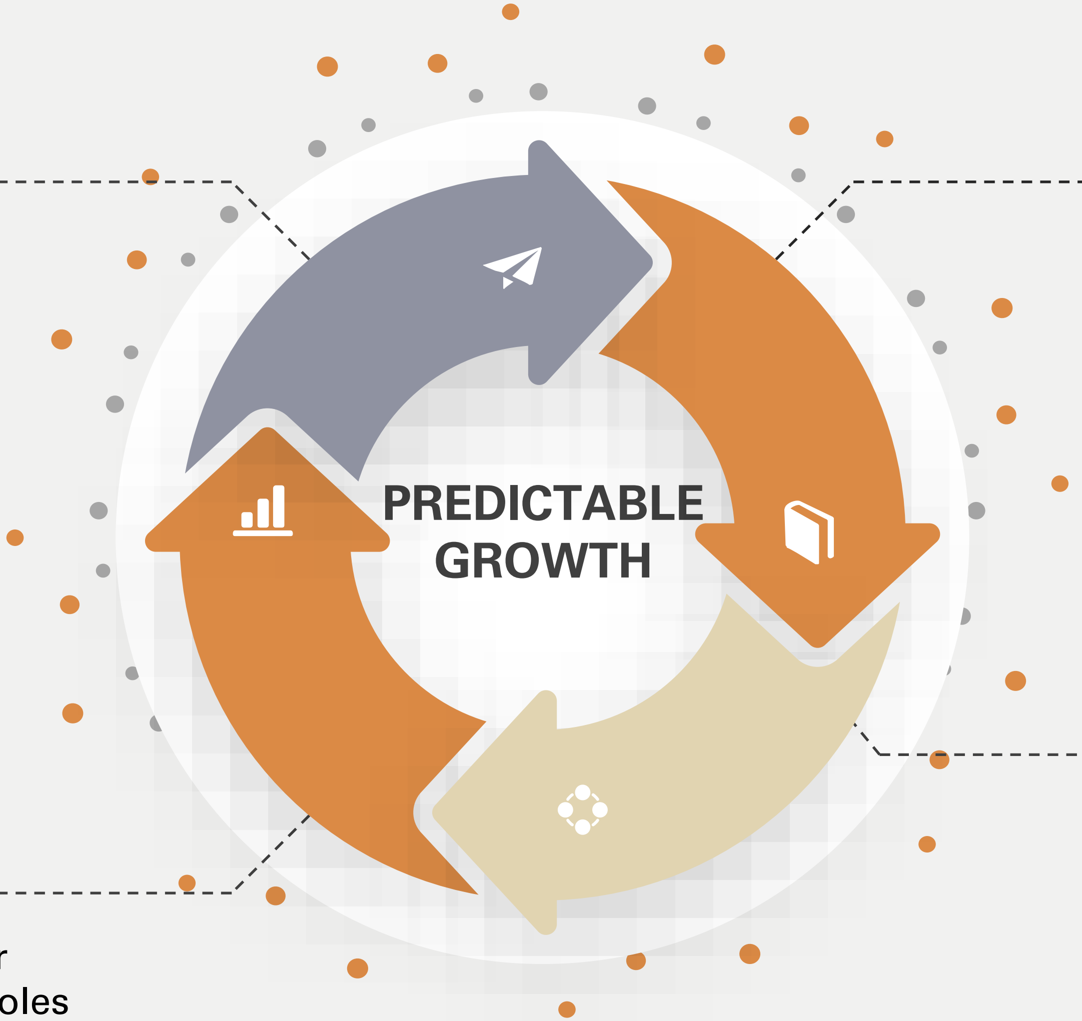
Investments enabling a sustainable repeatable revenue model

LAND

- New products
- Dedicated teams
- New lead sources

ADOPT

- Standardised configurations
- Reduced complexity



EXPAND

- New licensing
- New offerings
- New teams

RENEW

- New customer engagement roles

High velocity, repeatable motions in target verticals

Current trading and outlook

FY25

New bookings

£16-18m

- YoY bookings growth of 18%-30%

Gross ARR growth

20-25%

- 11%-15% ARR growth
- Churn expected to normalise to 5% to 7% in FY26

Cash EBITDA

In line with FY24

FY26-FY28

ARR growth

25%+

Cash EBITDA

Positive in FY27

Financial performance

Group financial headlines

£249m
Group revenue
(FY23: £255m)

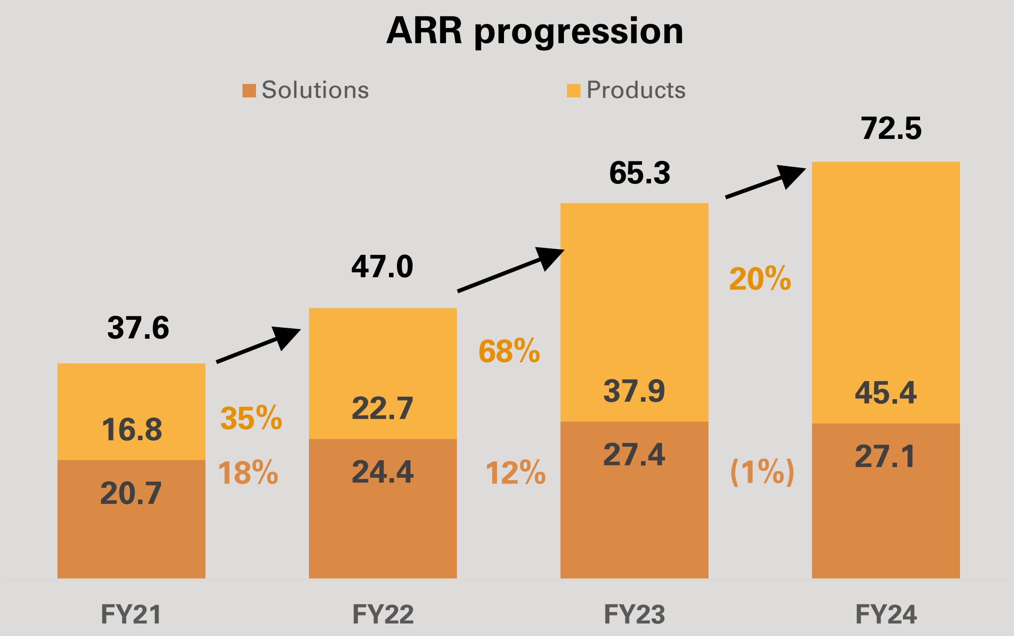
£23m
Adjusted EBITDA
(FY23: £33m)

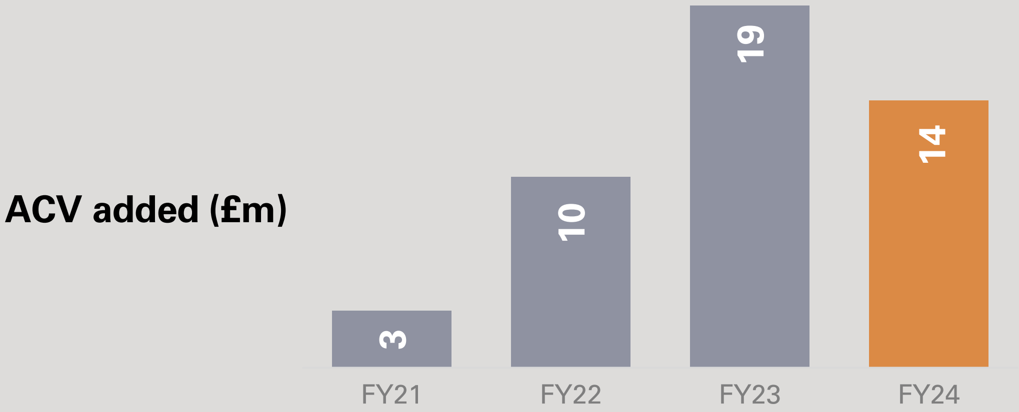
£14m
Net debt
(FY23: £4m)

Key drivers of financial performance

- Structure review complete, MRP divested through merger and First Derivative separation on track
- Group revenue down 2%, with continued growth in KX from repeatable use cases offset by a decline in First Derivative
- Adjusted EBITDA down as a result of accelerated investment in KX and lower revenue in First Derivative
- Net debt in line with expectation

KX: continued growth in ARR, led by product





COMMENTARY

- ARR of £72.5m, growth of 12% (constant currency) with strong growth in product revenue
- Annual contract value (ACV) added of £14m of which more than 80% was from repeatable use cases in financial services and aerospace and defence
- 19 new logos in the year (FY23: 16) providing growth potential from our land and expand strategy. NRR of 109%
- While below our expectations, we have addressed the operational challenges experienced
- Launched KDB.AI, kdb Insights and released kdb+ 4.1 which will support future growth

KX: investment to deliver growth strategy

£m	FY21	FY22	FY23	FY24	CAGR FY21-FY24
Revenue	**65**	**57**	**71**	**79**	**7%**
% Growth		*(13%)*	*25%*	*12%*	
Software Revenue	**48**	**43**	**59**	**71**	**14%**
Gross Profit	**51**	**43**	**54**	**62**	**7%**
% Gross Profit Margin	*78%*	*75%*	*76%*	*78%*	
% Software Gross Profit Margin	*91%*	*93%*	*90%*	*90%*	
S&M	(21)	(24)	(26)	(32)	16%
% of Revenue	*32%*	*41%*	*37%*	*40%*	
CAC/ACV	**6.2**	**2.5**	**1.4**	**2.3**	**(28%)**
R&D Expenditure	(14)	(19)	(23)	(30)	29%
% of Revenue	*21%*	*33%*	*32%*	*38%*	
Capitalised R&D	12	16	19	24	28%
% of Revenue	*(18%)*	*(28%)*	*(27%)*	*(30%)*	
G&A	(7)	(9)	(11)	(19)	43%
% of Revenue	*10%*	*15%*	*15%*	*24%*	
Adj. EBITDA	**21**	**8**	**13**	**5**	**(38%)**
% Margin	*33%*	*14%*	*18%*	*6%*	
Cash EBITDA	**10**	**(8)**	**(6)**	**(19)**	**n/a**
% Margin	*15%*	*(14%)*	*(9%)*	*(24%)*	

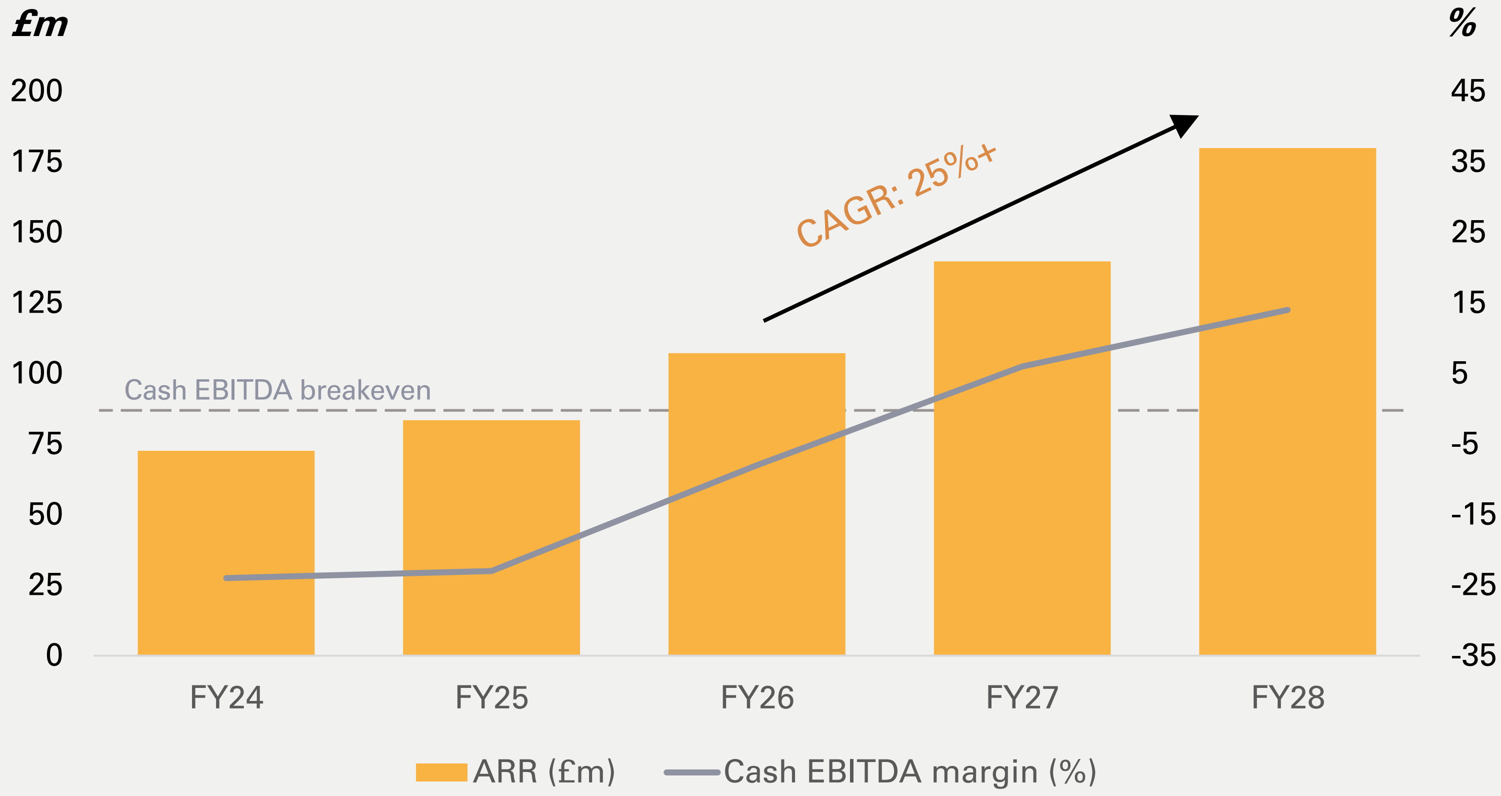
FY21 – FY23 restated for movement in services from KX to First Derivative for comparison purposes

COMMENTARY

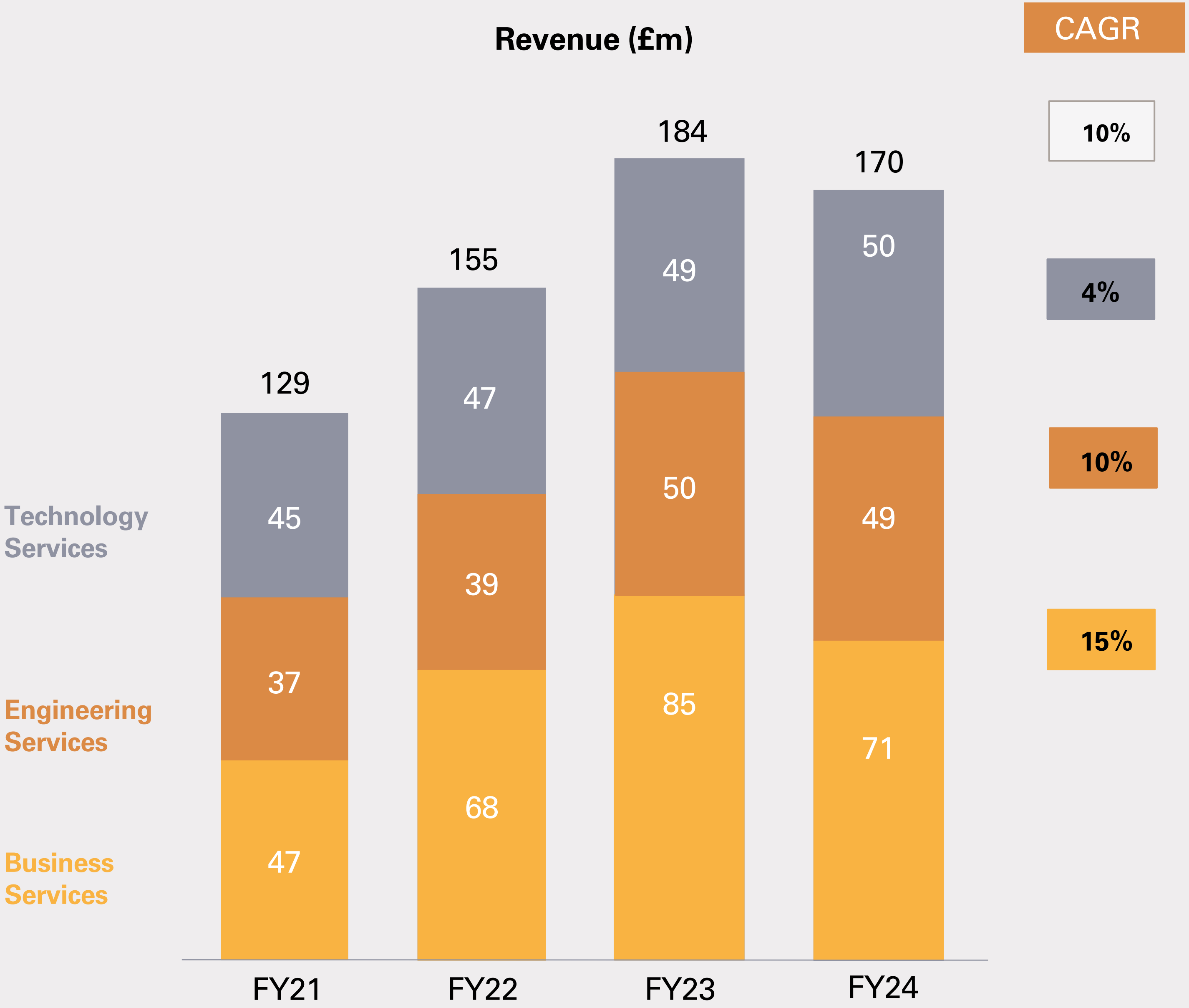
- Recurring revenue of £68m, with growth of 19%
- Continued gross margin improvement from an increasing proportion of high margin software sales
- Increased spend in S&M as we invested in marketing programmes to grow pipeline and sales capability
- Increased investment in research and development to develop products to match market opportunities including KDB.AI, kdb Insights and kdb+ 4.1
- G&A spend increased from full year effect of prior year system investments, leadership recruitment and bad debt provision
- Cash EBITDA of (£19m) as we continue to invest in the KX opportunity

ARR growth expected to drive positive cash EBITDA in FY27

- Focus on scalable, repeatable use cases to deliver accelerated growth in FY26 and beyond, with ARR CAGR of +25%
- KX cash EBITDA margin improves each year, becoming positive in FY27 and increasing going forward through operational leverage.



First Derivative: revenue impacted by customer caution



COMMENTARY

- Revenue declined by 8% as we continue to experience caution on customer spending, in line with our peers
- Technology services and Engineering services remain stable
- Business services declined by 16%
- Bookings grew year-on-year in Q4 FY24 although it remains too early to forecast the timing of a return to growth

Resilient EBITDA margin performance

£m	FY21	FY22	FY23	FY24	CAGR FY21-FY24
Revenue	**129**	**155**	**184**	**170**	**10%**
Growth		*21%*	*18%*	*(8%)*	
Gross Profit	**32**	**41**	**51**	**44**	**11%**
Margin	*25%*	*27%*	*28%*	*26%*	
S&M	(11)	(15)	(15)	(8)	(9%)
% of Revenue	*8%*	*9%*	*8%*	*5%*	
G&A	(8)	(11)	(16)	(18)	30%
% of Revenue	*6%*	*7%*	*8%*	*10%*	
Adjusted EBITDA	**13**	**16**	**21**	**18**	**11%**
Margin	*10%*	*10%*	*11%*	*11%*	

COMMENTARY

- Resilience demonstrated by EBITDA margin in line with FY23
- Gross margin impacted by downturn in customer spending, resulting in higher than typical bench that required rightsizing to return to normal levels
- Delivered approximately £9m of annualised cost efficiencies while simplifying the sales, delivery and practice management teams
- Additional cost benefits from lower attrition
- FY25 revenue in the range of £160m to £170m at maintained EBITDA margins based on continued customer spending caution

FY21 – FY23 restated for movement in services from KX to First Derivative for comparison purposes

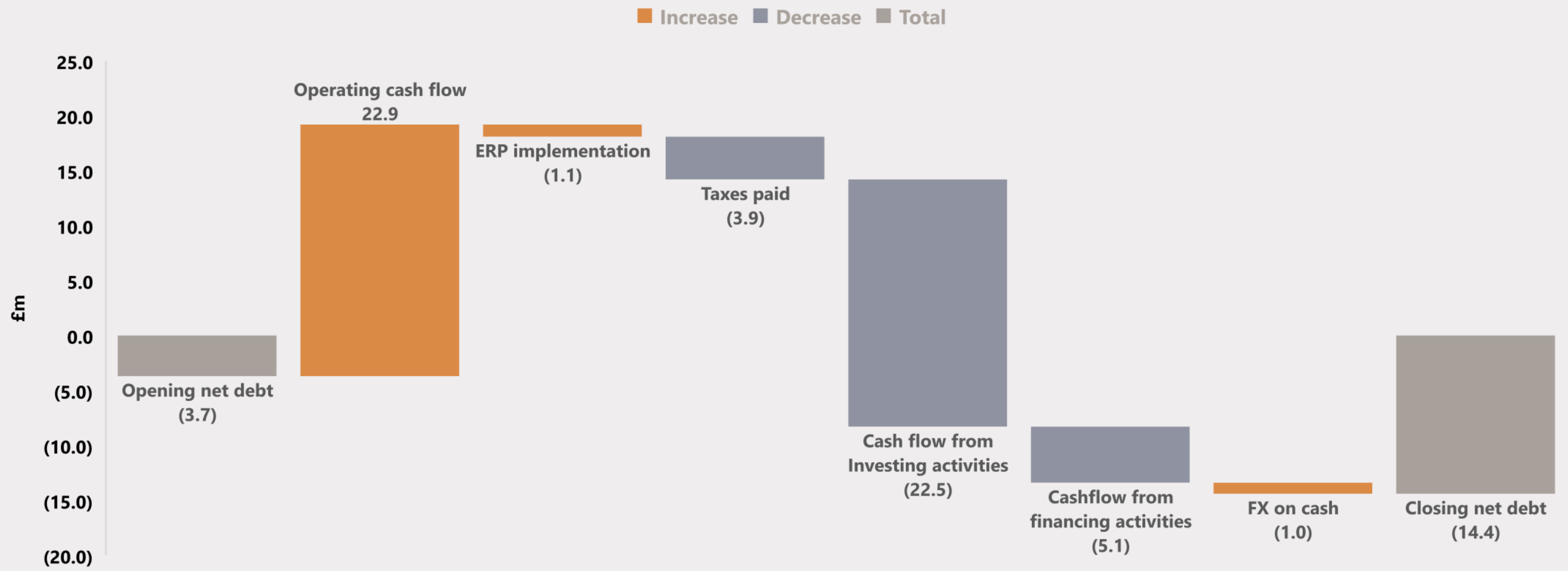
Group operational performance

£m	FY24	FY23	Change
Group (continuing operations)			
Revenue	**248.9**	**254.6**	**(2%)**
Cost of revenue	(143.2)	(149.3)	(4%)
Gross profit	**105.7**	**105.3**	**-**
Gross margin	*42%*	*41%*	
Adjusted operating costs			
Net R&D	(6.3)	(4.0)	58%
Sales and marketing costs	(40.1)	(41.6)	(4%)
Adjusted admin costs	(36.3)	(26.4)	37%
Adjusted EBITDA	**23.1**	**33.3**	**(31%)**
Adjusted EBITDA margin	*9%*	*13%*	

MRP: impact of its move to discontinued operations

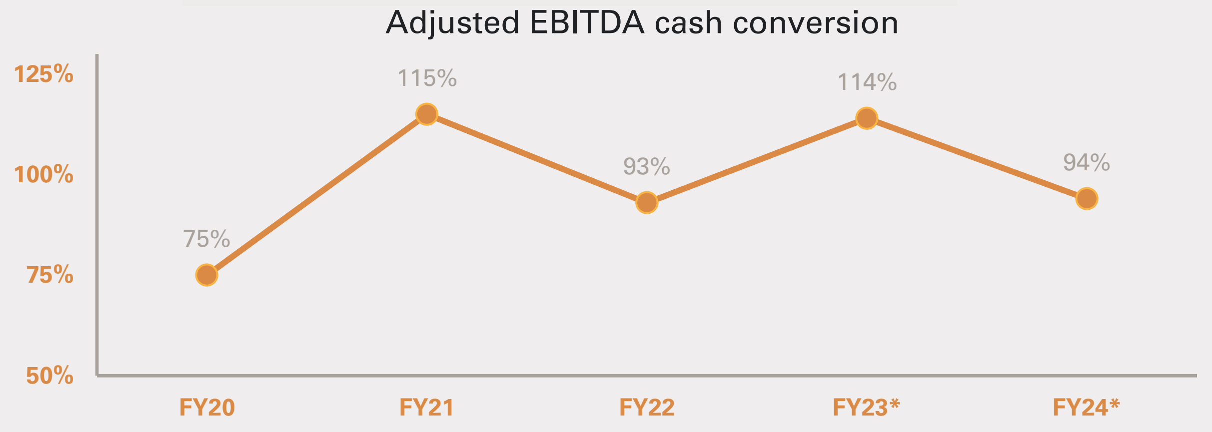
- In March 2024 the Board announced the separation of the three business units, KX, First Derivative and MRP
- The first step in the process was the merger of MRP with CONTENTgine, resulting in FD Technologies owning 49% of the merged entity
- MRP continued to experience weaker customer demand in FY24 and delivered an adjusted EBITDA loss of £4m for the year
- A total loss from discontinued operations of £27.4m has been recognised reflecting a £21.2m impairment of goodwill and intangible assets and the performance of MRP
- The merged entity is expected to be cash EBITDA positive in calendar 2025, providing potential upside value

Continued focus on cash management



CASH FLOW

- Net debt position of £14m, excluding lease liabilities, in line with guidance. Net debt higher than FY23 as we continue to invest in the KX opportunity
- Conversion of adjusted EBITDA to operating cash flow 94%
- Projected FY25 net debt in the range of £30m to £35m, prior to any disposal proceeds from First Derivative.



* Restated for continuing operations

Guidance and Summary

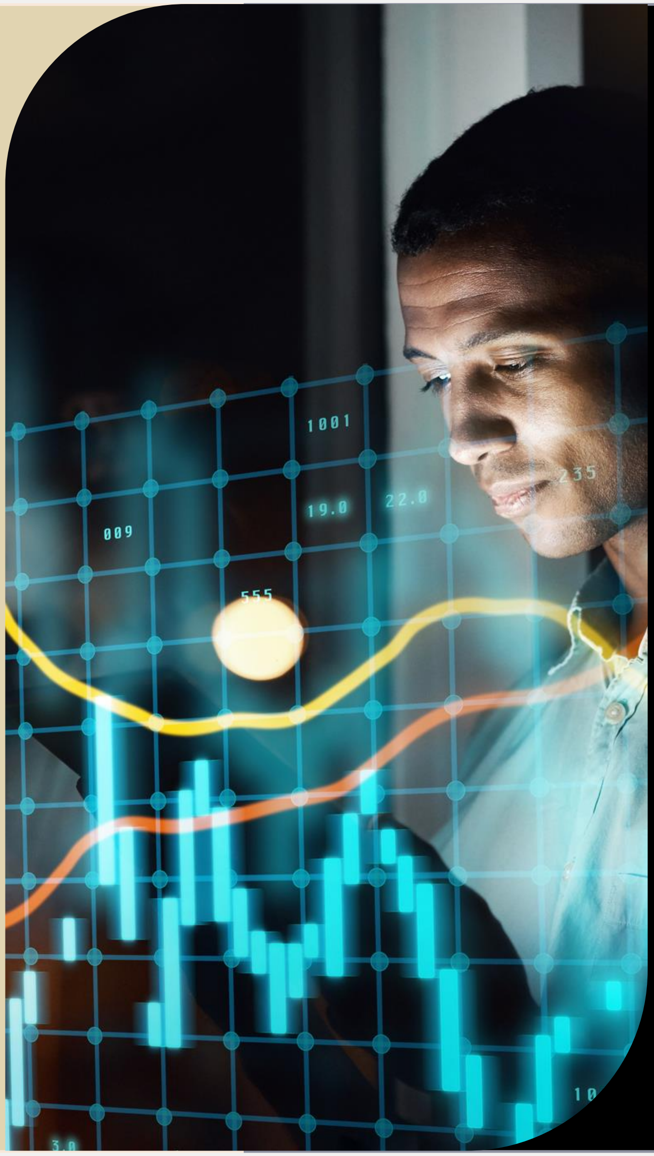
FY25 guidance

KX:

- ACV bookings in the range of £16m to £18m with £6m to £8m expected in H1
- Gross ARR growth of 20%-25%
- Churn in the range of 8% to 10%, in line with FY24
- ARR growth expected of 11%-15%
- FY25 cash EBITDA in line with FY24, with positive cash EBITDA in FY27

First Derivative:

- Revenue in the range of £160m to £170m
- EBITDA margin maintained for FY25



Summary

- Challenges in FY24 addressed
- Separation process underway
- KX opportunity is exciting and the team, technology and resources are in place to execute against it

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