

# FDTechnologies

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# FY25 interim results

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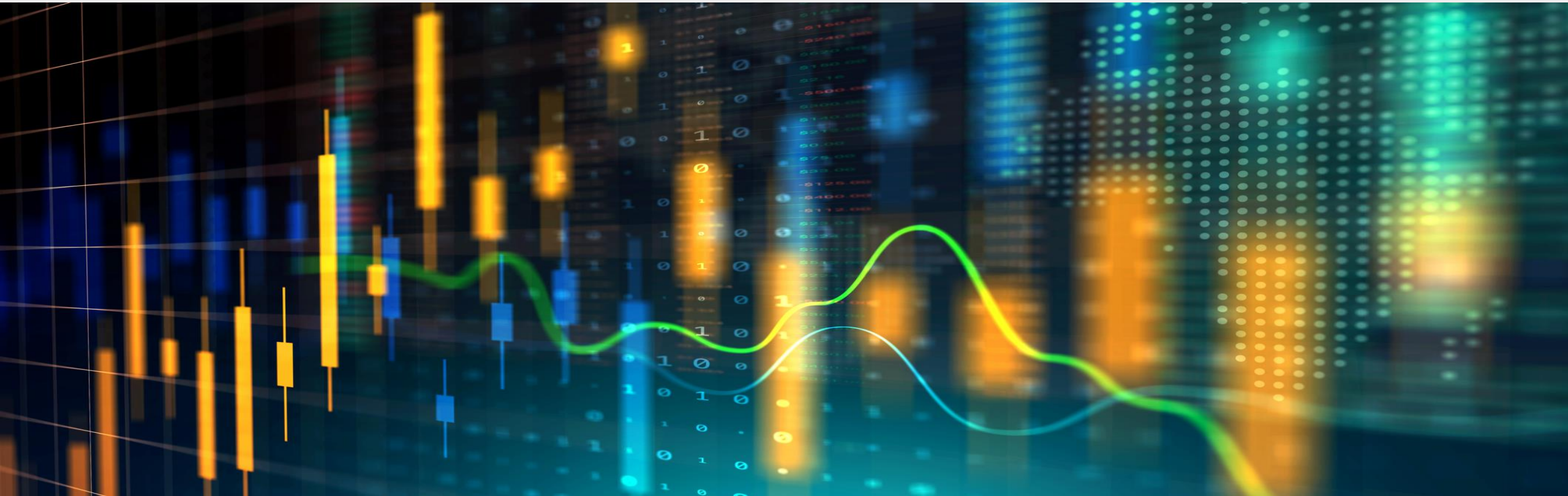
# Significant strategic and operational progress

➤ **Divestment of First Derivative**

➤ **Strong execution in KX**

➤ **£120m cash to be returned to shareholders**

➤ **Confident in the outlook**







**KX**

# Recap: changes we 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**

# FY25 progress against strategic priorities

Delivered £7.4M in bookings

## PROGRESS



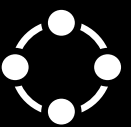
**GTM: focus on established verticals**

- **Capital Markets:** 60% of bookings driven by repeatable use cases (research, algo development & back-testing, and trading analytics)
- **Industry:** 40% of bookings from:
  - Aerospace & Defense** (situational awareness, intelligence, signal detection)
  - High-Tech Manufacturing** (monitoring, fault detection and classification)



**Disciplined investment; aligned to priorities**

- **Land and expand** teams and motions established with NRR expansion of 110%
- **Accelerated customer outcomes** with KDB Insights, KDB.AI, PyKX 3.0
- **Secured wins** AWS FinSpace and Microsoft Azure

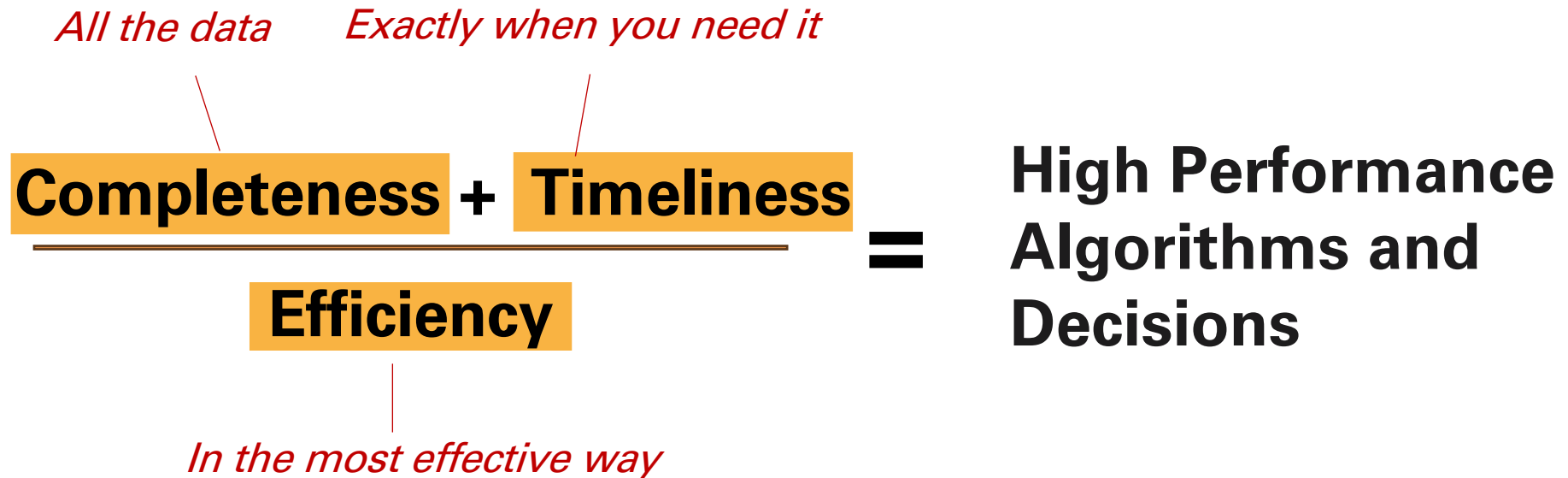


**Predictable business model**

- **Strong pipeline** and momentum for H2 in focused use cases
- **Leverage partnerships** with ICE, Databricks and NVIDIA developing new use cases

# The KX superiority equation

Unlocking High Performance



The diagram illustrates the KX superiority equation. It features three main components in orange boxes: 'Completeness', 'Timeliness', and 'Efficiency'. 'Completeness' and 'Timeliness' are positioned above a horizontal line, with 'Completeness' on the left and 'Timeliness' on the right, separated by a plus sign. 'Efficiency' is positioned below the line. A red italicized line connects 'All the data' to 'Completeness' and 'Exactly when you need it' to 'Timeliness'. Another red italicized line connects 'In the most effective way' to 'Efficiency'. To the right of the equation is an equals sign followed by the text 'High Performance Algorithms and Decisions'.

*All the data*    *Exactly when you need it*

**Completeness** + **Timeliness**

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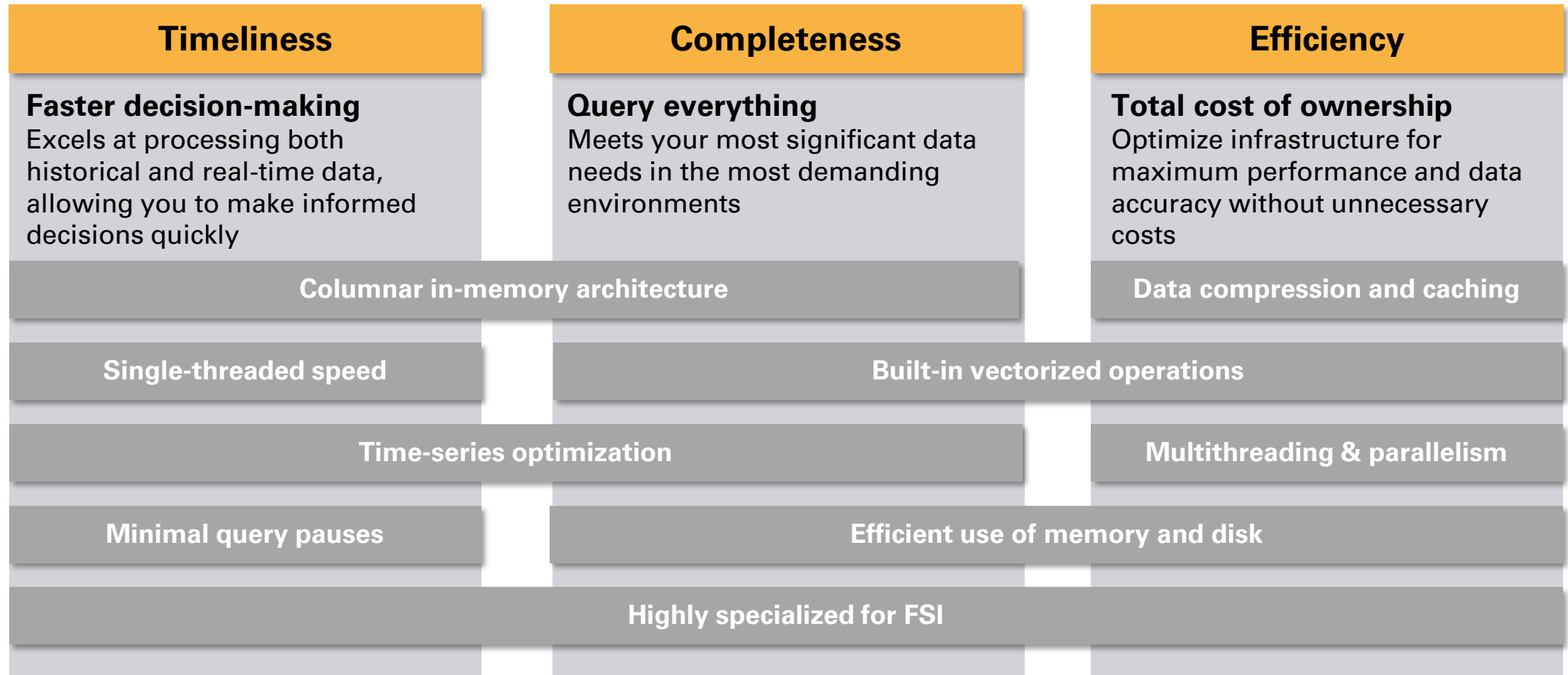
**Efficiency**

*In the most effective way*

**= High Performance Algorithms and Decisions**

# Why customers use KX



Value framework example for existing customer (tier 1 Bank, Japan)






# Customer case studies: Capital Markets

Land and expand with repeatable products & use cases

	H1 new logo	H1 new logo	H1 expansion
	<b>U.S. Challenger bank (Tier 2)</b> 	<b>US investment fund (Tier 2)</b>	<b>Canadian financial group: investment (Tier 2)</b>  Microsoft
	Kdb Insights SDK on AWS Finspace	Kdb Insights Enterprise using FSI Accelerator	Additional capacity, 12 months after initial license (1.8x original license fee)
<b>Problem</b>	No infrastructure in place to support trading and quantitative research	Existing solution struggles with high-volume data and doesn't have necessary granularity	Complex problem of multiple data sources ingestion, high volume capture, queries and publishing for applications
<b>Use Case</b>	Research and trading Analytics	Trading analytics	Trading analytics
<b>Why KX?</b>	Proven technology, large amounts of data, Historical and real-time	high-volume analytics, real-time analytics, improved execution quality	Seamless integration of data sources, effective ingestion performant query speeds


# Customer case studies: Industry

Land and expand with repeatable products & use cases

	A&D H1 expansion	High Tech Manufacturing H1 new logo
	<b>Government defense organization</b>	<b>U.S. multinational chip designer &amp; manufacturer</b> 
	4th deal in 3 years; 18x original license value	Initial site license, partner with Applied Materials
<b>Problem</b>	Digitization of modern threats and warfare, increasing data volumes and sources	Increasing complexity in manufacturing process with pressures for innovation and profitability in a hyper competitive industry
<b>Use Case</b>	real-time intelligence, situational awareness	Process monitoring, fault detection and classification
<b>Why KX?</b>	<ul style="list-style-type: none"><li>▪ Ingesting data from disparate sources,</li><li>▪ Realtime exploration and visualisation,<ul style="list-style-type: none"><li>▪ integration of machine learning</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ Ingest and query more than 15 million sustained sensor readings per second,</li><li>▪ Latency to support yield improvements</li></ul>

# Progress on KX AI opportunity

Validating use cases with customers and building pipeline



**Time based  
pattern  
matching**



**Large scale  
multi-modal  
RAG**



**Accelerating  
ML/DL  
algorithms**

# Confident in H2 outlook

## > H2 incremental ACV of £9-11m

### 01.

#### Pipeline:

Coverage and quality in focused repeatable use cases

### 02.

#### Capital Markets:

- Expansion
- New logos
- AI Use Cases

### 03.

#### A&D, High Tech Manufacturing:

- Expansion
- New logos
- AI Use Cases



**Market & opportunity**





# Powering the datasphere for over 30 years

KX — the **high-performance analytical database** for the AI era

## Software 1.0

1990-2000s

### Rule-based algorithms

Global data 55 exabytes

## Software 2.0

2010s

### Machine learning algorithms

Global data 46,200 exabytes

## Software 3.0

2020s

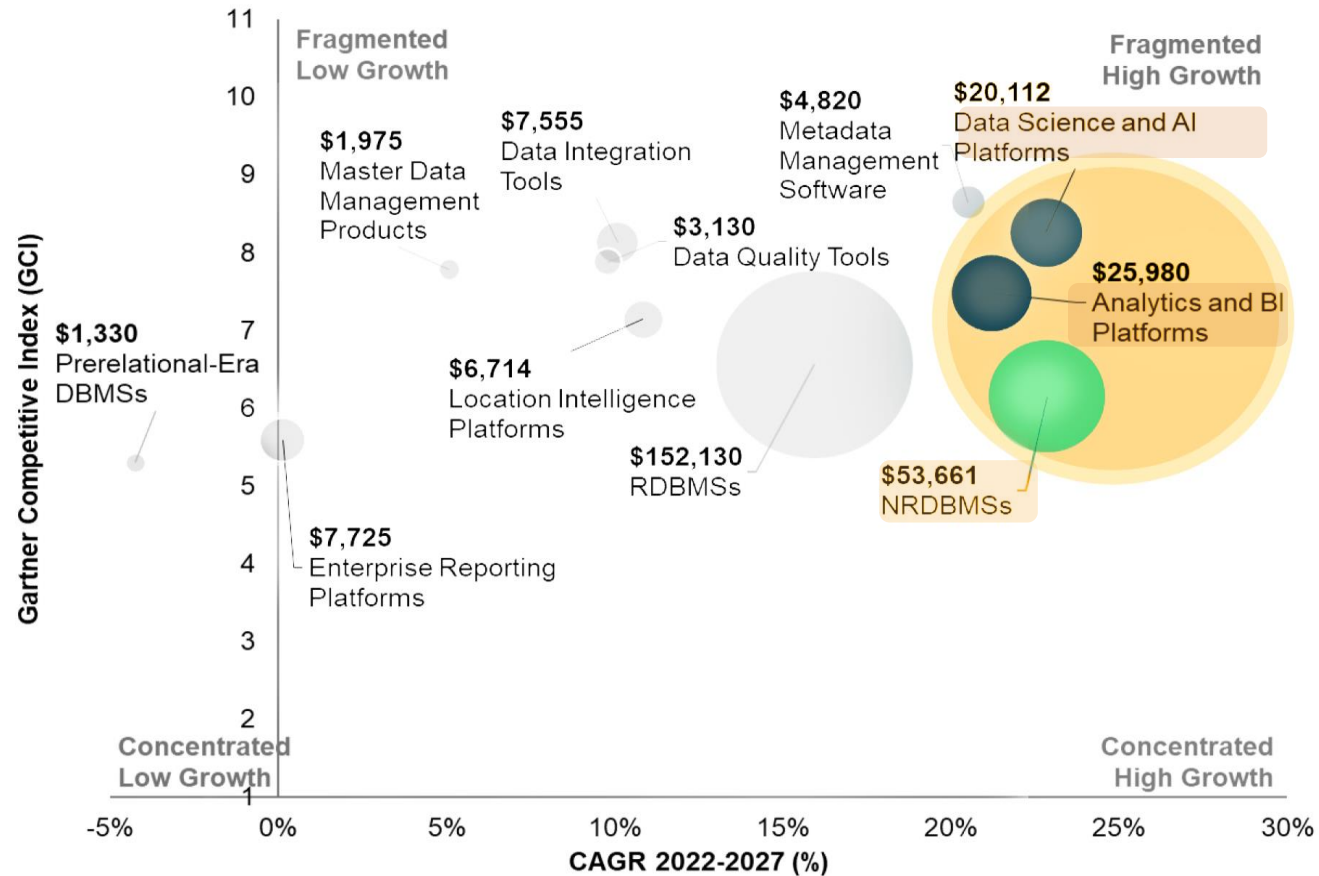
### Dynamic AI algorithms

Global data 149,000 exabytes

# KX market opportunity

Large, high growth segments; accelerated by AI

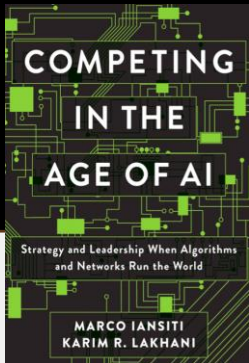
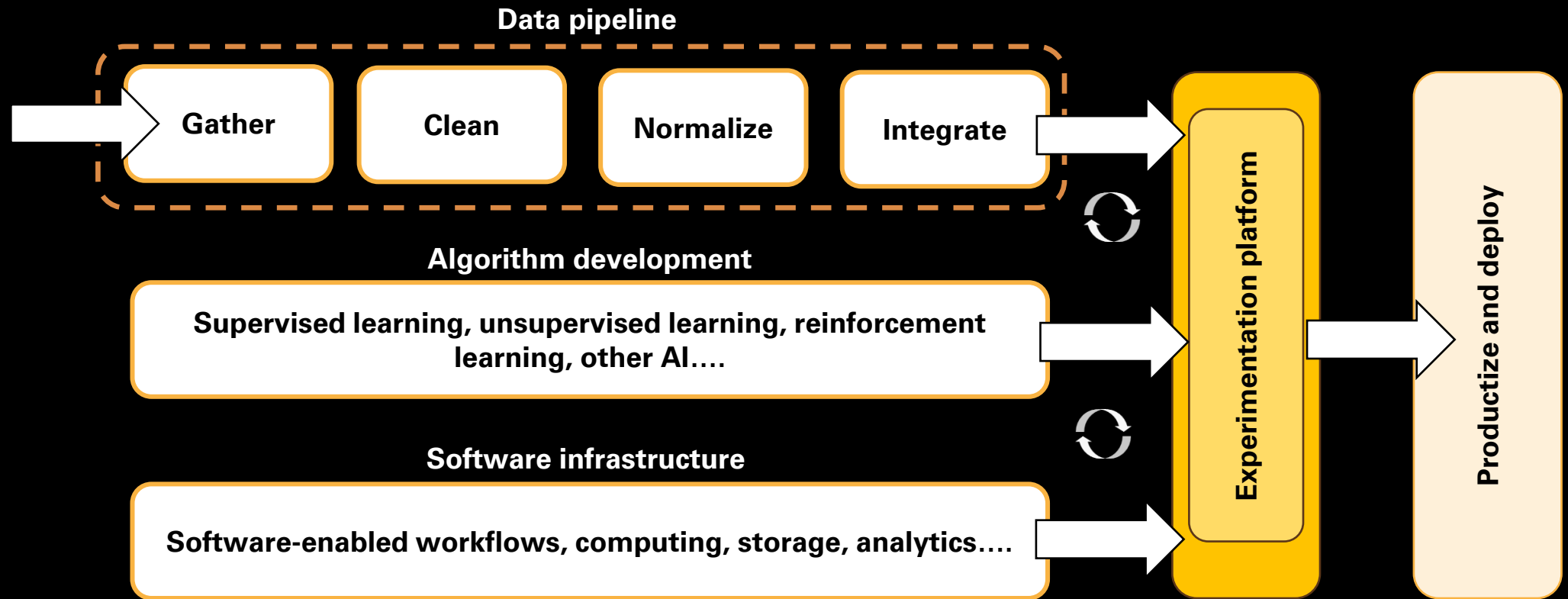
**Market Opportunity Map: Data and Analytics, Worldwide, 2022 to 2027 (Millions of Current Dollars)**



Source:  
805245

# The AI Factory

Transform data into algorithms for automation and decision intelligence at scale.



# KX – a pure play, fast-growing, software business

Financial stability, growth, and innovation

- Improve profitability

- Accelerate growth

- Develop new opportunities





# Financial performance





# Group overview

**£118m**

Group revenue  
(H1 FY24: £127m)

**£75m**

KX ARR  
(H1 FY24: £69m)

**£11m**

Adjusted EBITDA  
(H1 FY24: £14m)

**£20m**

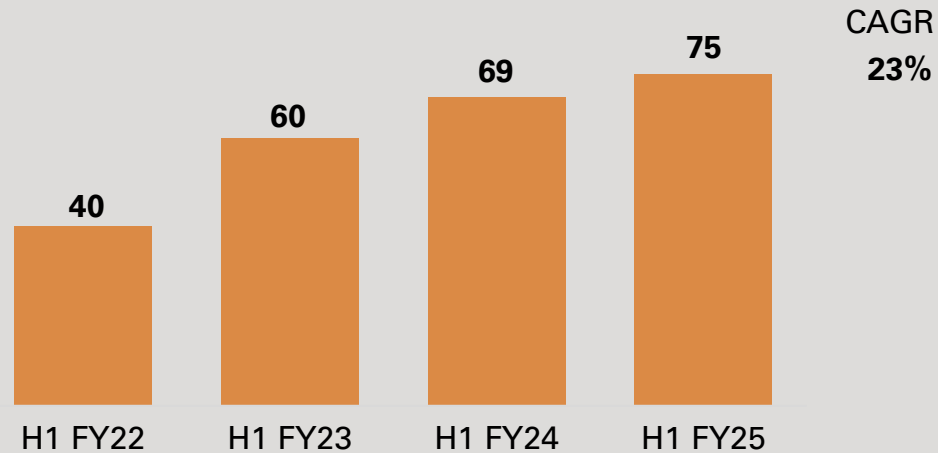
Net debt  
(H1 FY24: £11m)

## Key drivers of H1 financial performance

- ✓ Divestment of MRP complete, divestment of First Derivative expected to complete 2<sup>nd</sup> December for £230m
- ✓ KX revenue continued to grow offset by expected decline in First Derivative as challenging conditions continue
- ✓ KX ARR increased by 8% with the pipeline continuing to grow strongly for H2 and beyond
- ✓ Adjusted EBITDA of £10.5m with KX increasing on H2 in the prior year

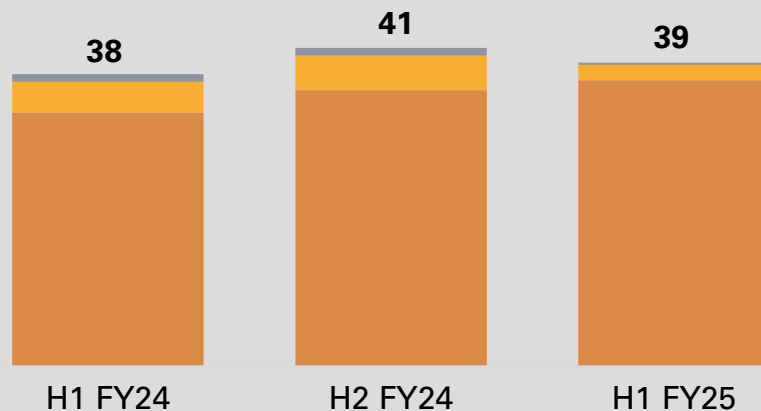
# Delivering sustainable growth in ARR

ARR  
(£m)



Revenue\*  
(£m)

■ Perpetual  
■ Services  
■ Recurring



- **ARR** grew 8% to £74.6m, or 10% at constant currency
- **Annual Contract Value (ACV)** added of £7.4m in line with expected range of £6-8m
- **13 new logos** added providing future growth opportunities as we land and expand
- **Net revenue retention (NRR)** was 110% reported, or 112% at constant currency
- **Churn** in line with expectation
- ARR growth driven by Product portfolio
- Continued growth in **Recurring Revenue**, up 13%

\* Figures reflect transfer of post implementation consultancy and development from KX to First Derivative, with prior periods restated

# KX EBITDA improving

Year to February (£m)	H1 FY24	H2 FY24	H1 FY25
<b>Incremental ACV</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Revenue</b>	<b>38</b>	<b>41</b>	<b>39</b>
<i>% YoY Growth</i>	12%	11%	5%
<b>Software revenue</b>	<b>34</b>	<b>37</b>	<b>38</b>
<b>Gross Profit</b>	<b>29</b>	<b>33</b>	<b>33</b>
<i>% Gross margin</i>	78%	79%	83%
<i>% Software gross margin</i>	87%	93%	90%
<b>S&amp;M</b>	(15)	(17)	(16)
<i>% of revenue</i>	39%	41%	40%
<b>LTM Magic Number</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>
<b>R&amp;D</b>	(15)	(15)	(16)
<i>% of revenue</i>	39%	37%	40%
Capitalised R&D	12	12	11
<i>% of revenue</i>	32%	28%	29%
<b>G&amp;A</b>	(7)	(12)	(9)
<i>% of revenue</i>	19%	29%	23%
<b>Adj. EBITDA</b>	<b>5</b>	<b>0</b>	<b>3</b>
<i>% margin</i>	13%	1%	8%
<b>Cash EBITDA</b>	<b>(7)</b>	<b>(11)</b>	<b>(8)</b>
<i>% margin</i>	(19%)	(28%)	(21%)

- Sequential improvement in **EBITDA** H1 FY25 (versus H2 FY24)
- Gross margin** continues to increase driven by increased software revenue mix
- Our **Magic Number**<sup>\*</sup>, a measure of S&M efficiency, was depressed in H1 as recently hired reps were still ramping to full productivity
- Prioritising our investments in S&M and R&D, while focusing on efficiency and operating leverage

<sup>\*</sup> Magic number is calculated as LTM ACV/LTM S&M expense

# Indicative operating model

KX	% of revenue
<b>Gross margin</b>	<b>~86%</b>
R&D	~27%
S&M	~33%
G&A	~13% to 15%
<b>Cash EBITDA</b>	<b>~10 to 15%</b>

- **Gross margin:** maintained, software margin with small services impact
- **R&D:** significant operating leverage, declines to <30% revenue
- **S&M:** increased productivity and increasing Magic Number
- **G&A:** rationalising operations, streamlining processes, enhancing productivity

# KX use of funds

**c.£54m**

Funds to be retained by KX

**c.£30-35m**

To support business through to positive cash EBITDA in FY27

**c.£20m**

Available to drive additional ARR growth

## Financial stability and growth

- ✓ KX will retain **c.£54m** from the proceeds of the First Derivative divestment after eliminating all debt
- 
1. **c.£30m to £35m** will be used to support the business until it achieves positive cash EBITDA in FY27, covering operating costs, lease cost, tax dues and providing a level of contingency to manage macroeconomic uncertainty
- 
2. **c.£20m** to invest in ARR growth opportunities, right sizing the business and improving productivity in operating costs to increase profitability
- 
- ✓ Investments in accelerating growth and increasing profitability must enhance our current strategic plan and accelerate ARR growth and accelerate getting to positive cash EBITDA in FY27

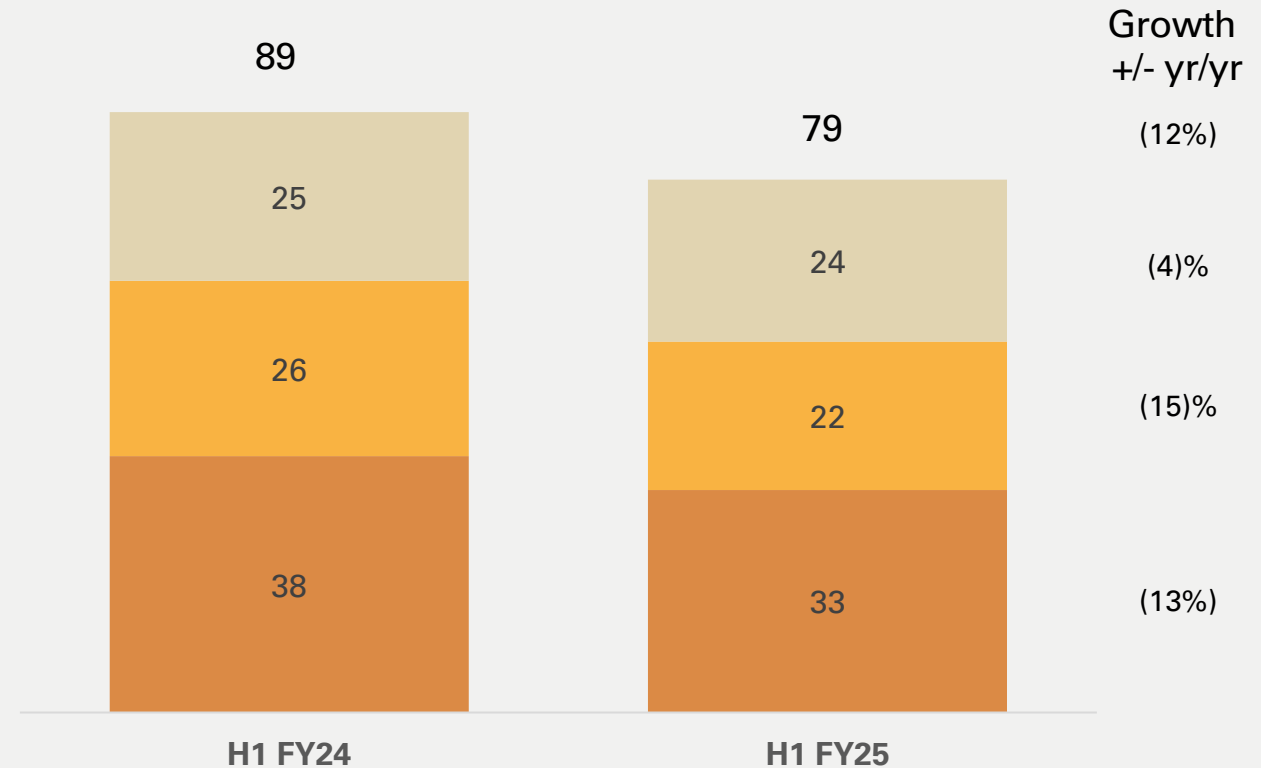


# First Derivative

- **Revenue** of £79m, down 12% on prior year but only a 2% decline on H2 FY24 of £81m
- A resilient performance against a challenging market backdrop
- Continued cautious spending trends among capital markets consulting customers
- Within our full year FY25 results, First Derivative will be reported as a **discontinued operation**

## Revenue by segment (£m)

■ Business services ■ Engineering services ■ Technology services

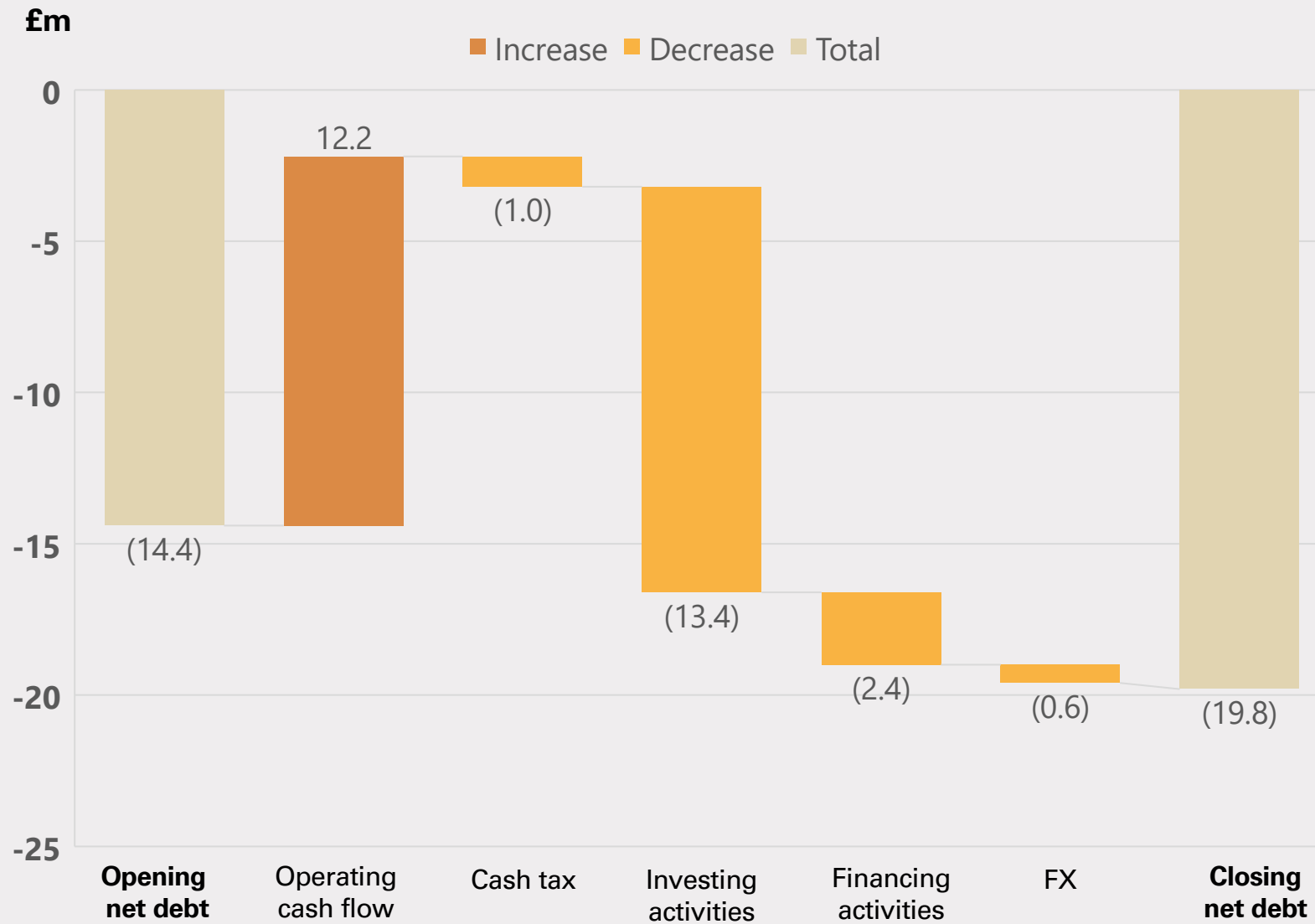


# Income Statement following divestments

Year to February (£m)	H1 FY25	H1 FY24
<b>Revenue</b>	118.2	126.8
<b>Gross profit %</b>	<b>44%</b>	<b>41%</b>
<i>Operating costs</i>	<i>(58.9)</i>	<i>(50.8)</i>
<b>Operating (loss)/profit</b>	<b>(6.7)</b>	<b>1.5</b>
Net finance costs	(2.5)	(3.2)
Share of loss from associate	(1.9)	-
Income tax expense	(0.7)	(1.1)
<b>Loss from continuing operations</b>	<b>(11.7)</b>	<b>(2.7)</b>
Loss from discontinued operations	(3.7)	(3.5)
Loss attributable to shareholders	(15.4)	(6.2)

- **First Derivative** will be treated as a discontinued operations posts divestment
- Our 49% share in **pharosIQ** (MRP), incurred a loss in H1, which includes restructuring costs
- **pharosIQ** bookings and revenue have significantly increased in Q3 and we expect the business to return to profit in H2
- The divestment of MRP completed in H1 and we incurred a loss on disposal of £3.7m
- **Operating costs** marginally higher than H2 FY24 due to investment in KX and costs relating to the divestment of First Derivative

# Net debt will be eliminated post divestment



- Strong **operating cashflow** in H1 with cash conversion of 116%
- **Net debt** of £19.8m in line with expectation
- **Net debt** projected to increase to £32m at date of completion which is in line with FY guidance

# Confidence in the outlook



	FY25e	FY26-FY28e
<b>Incremental ACV</b>	£16-18m	
<b>Churn</b>	8% to 10%	
<b>ARR growth</b>	11% to 15% <sup>1</sup>	Accelerate CAGR to c.25%
<b>Cash EBITDA</b>	In line with FY24	Positive in FY27



Thank you

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# Appendix

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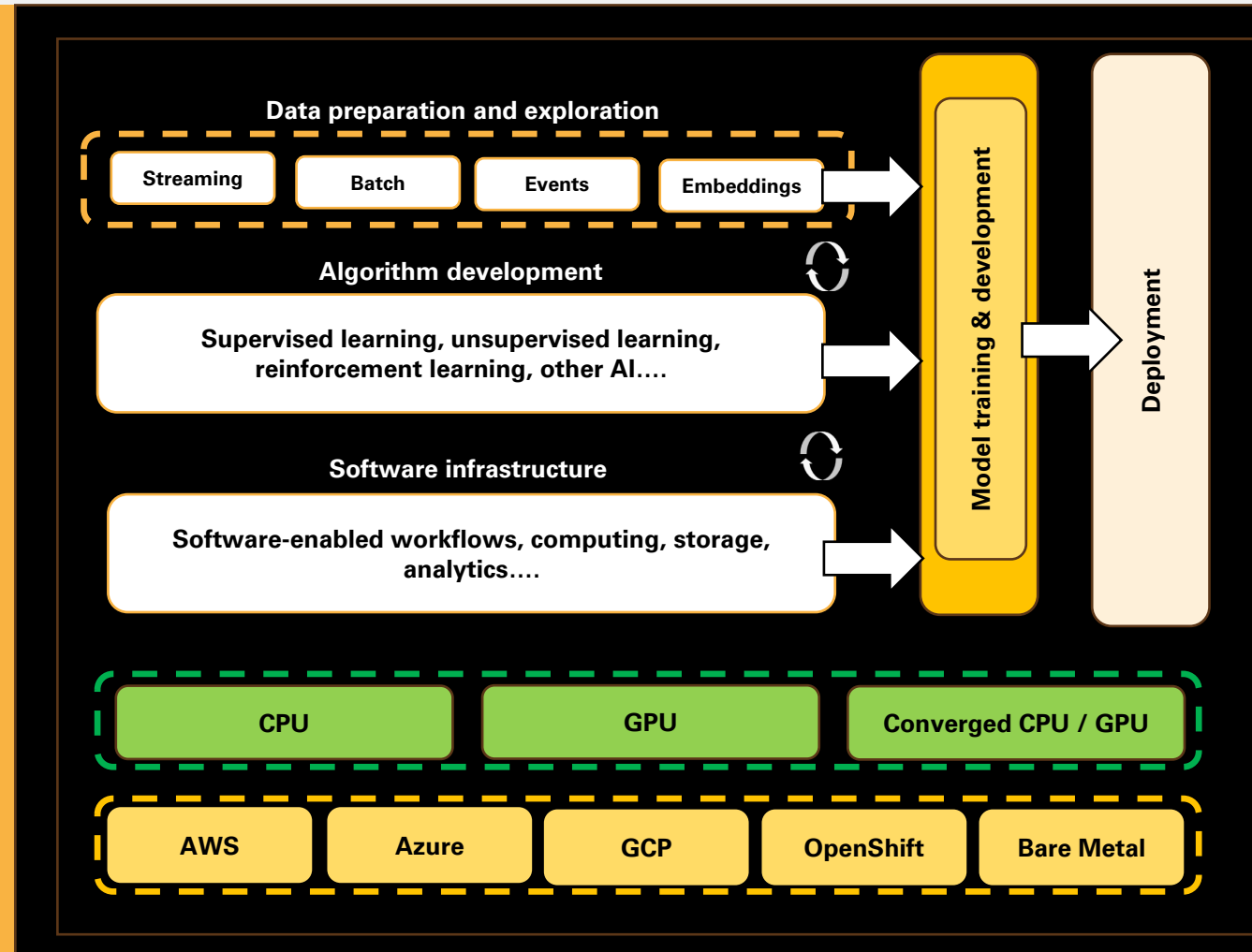
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# KX powering the AI factory

The engine driving decision intelligence for the AI era

*A high-performance database enabling real-time analytics and programmability at the core.*

- **Core foundation: analytical database SDK**
- **Integrated data pipelines**
- **Accelerated algorithm development**
- **Real-time visualization**
- **Scalable and flexible deployment**



# KX growth drivers are improving

