

Interim Results for the six months ended 31 December 2016

06/03/2017

ARCONTECH GROUP PLC

("Arcontech" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Arcontech (AIM: ARC), the provider of products and services for real-time financial market data processing and trading, is pleased to report its unaudited results for the six months ended 31 December 2016.

Highlights:

- Turnover £1,115,232 (six months ended 31 December 2015: £1,132,246).
- Profit before tax increased by 3% to £216,270 (six months ended 31 December 2015: £209,660).
- Annual run-rate of recurring revenues at 31 December 2016 increased by 21% to £2.3 million (at 31 December 2015: £1.9 million).
- Net cash of £2,089,855 as at 31 December 2016 (31 December 2015: £1,538,519).

Richard Last, Chairman of Arcontech Group, said:

"The Board is pleased to report that the Group has continued to make progress. Revenue lost in early 2015 has been replaced such that recurring annual licence fees amounted to £2.3m as at 31 December 2016, a 21% increase compared to the level at 31 December 2015. In addition, the Group has continued to invest in product development. The launch of a new desktop software solution is gaining positive interest with existing customers. The Board expects results for the full year will be

ahead of current market expectations and remains positive about the Group's prospects."

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To access more information on the Group please visit:

<http://www.arcontech.com>

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

The interim report will only be available to view online enabling the Group to communicate in a more environmentally friendly and cost effective manner.

Chairman's Statement

I am pleased to report that Arcontech has continued to grow profits in the six month period ended 31 December 2016, reporting an operating profit of £212,006 (2015: £205,889) and profit before tax of £216,270 (2015: £209,660) despite a small reduction in turnover to £1,115,232 for the six month period ended 31 December 2016, compared to £1,132,246 for the corresponding period in 2015. This reflects the residual impact of the termination of a significant contract with an Asia focussed bank (announced on 26 March 2015), effective from 1 January 2016. In the six month period ended 31 December 2016 the Group has continued to grow its recurring annual licence fees to an annualised £2.3 million by the end of this period, compared to £1.9 million as at 31 December 2015. Fully diluted earnings per share were 2.45 pence per share compared to 2.50 pence per share for the corresponding period last

year.

During the period we have continued to invest in the enhancement of our existing products to remain innovative and be in a position to respond to customers' changing needs. Additionally, we have allocated development resource and investment to building a new desktop software solution which is currently in the process of undergoing proof of concept trials at five Tier 1 banks. We believe this area holds significant potential for Arcontech.

Sales cycles remain long and unpredictable due mainly to the size of the organisations that the Group has as customers and the nature of our prospects. We continue to invest in sales and marketing and have recently employed a salesman in Asia to support our work with existing clients in the region and address the growing Asian financial markets.

Financing

Arcontech had net cash balances at 31 December 2016 of £2,089,855 (31 December 2015: £1,538,519). This reflects a cash conversion of 200% of operating profit (2015: 220%) which is in part due to timing of the collection of year-end debtors as well as good profit performance for the period. We expect the Group to maintain a good cash conversion ratio in the future.

The Group's positive financial position provides a sound basis for continued investment in product development and increased investment in sales and marketing resources and activity.

Dividend and Share Consolidation

At last year's Annual General Meeting shareholders supported the resolution to consolidate our shares which has subsequently been successfully completed. This paves the way to paying dividends as the business continues to progress. Although no interim dividend is proposed, subject to continued growth and meeting expectations for the business, the Board

will review the payment of a dividend in respect of the full year ending 30 June 2017.

Employees

Arcontech is made up of a small, highly dedicated and productive team of people without whom the Group would not have been able to achieve the results, both financial and product-related. We thank them and look forward to continuing to work together in the future.

Outlook

The Board is pleased to report that the Group has continued to make good progress. Revenue lost in early 2015 has been replaced such that recurring annual licence fees amounted to £2.3m as at 31 December 2016, a 21% increase compared to the level at 31 December 2015. In addition, the Group has continued to invest in product development. The launch of a new desktop software solution is gaining positive interest with existing customers. The Board expects results for the full year will be ahead of current market expectations and remains positive about the Group's prospects.

Richard Last

Chairman and Non-Executive Director

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