

Interim Results for the six months ended 31 December 2017

22/02/2018

ARCONTECH GROUP PLC

("Arcontech" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

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 2017.

Highlights:

- Turnover increased by 9% to £1,213,776 (six months ended 31 December 2016: £1,115,232)
- Profit before tax increased by 10% to £237,581 (six months ended 31 December 2016: £216,270)
- Annual run-rate of recurring revenues at 31 December 2017 increased by 13% to £2.43 million (at 31 December 2016: £2.15 million). Net cash of £2,663,935 as at 31 December 2017 (31 December 2016: £2,089,855)
- Trading in line and on track to meet management's full year expectations

Richard Last, Chairman of Arcontech Group, said:

"Arcontech's ongoing investment in product development and enhancement, coupled with the flexibility provided by its strong balance sheet and high level of recurring revenues, supports the Board's confidence in the Groups long term future and its ability to meet the challenges in its business environment. Although we remain mindful of the long and unpredictable sales cycles we often face and the challenges

this brings in predicting the timing of contract wins, the Board expects results for the full year to be in line with expectations.”

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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 2017, reporting an operating profit of £231,248 (2016: £212,006) and profit before tax of £237,581 (2016: £216,270). Turnover increased by 9% to £1,213,776 compared to the corresponding six-month period where turnover amounted to £1,115,232. This reflects the continued steady growth in recurring annual licence fees, which on an annualised basis amounted to £2.43 million at 31 December 2017, compared to £2.15 million as at 31 December 2016.

Fully diluted earnings per share were 2.36 pence per share

compared to 2.45 pence per share for the corresponding period last year. This reduction is attributable to the reduction in tax credits in respect of our investment in eligible product Research and Development compared to the same period last year.

During the half year to 31 December 2017 we have secured another client for our new desktop software solution, now giving Arcontech a presence in two large global financial institutions. This new client sees much potential in the offering and we hope to expand its usage across the organisation as we jointly identify and incorporate additional features and functionality to enable greater efficiencies to be achieved. Details of the product enhancements have been well received by our trial base of Tier 1 banks. Usage of our Excelerator product has also grown with 70 additional positions across three existing clients.

For the server-side of the business we have been busy installing the previously contracted and reported MVCS upgrades which have gone to plan. Arcontech has also signed an agreement with a new client for our real-time cache and calculations engine which is scheduled to be commissioned in the near future.

As usual the sales cycles remain long and unpredictable due mainly to the nature of our customer base and our prospects. To an extent the situation has been exacerbated by our client's need to focus on meeting MiFID II and GDPR requirements. We have relocated our Hong Kong sales resource to London to enable us to focus on the larger global organisations which are in the main, headquartered in London, New York and Europe.

Financing

Arcontech had net cash balances at 31 December 2017 of £2,663,935 (31 December 2016: £2,089,855). The small increase

in cash resources between the year-end and 31 December, 2017, reflects the payment of our maiden dividend and timing issues related to the collection of year-end debtors and the Research and Development tax credit. The Group's strong financial position provides a sound basis for future growth and continued investment in product development.

Dividend

Although no interim dividend is proposed, subject to continued growth and meeting expectations for the business, the Board expects to continue its policy of paying a dividend following the announcement of its full year results.

Employees

I should like to take this opportunity to thank our employees and Directors for their hard work and dedication, and I look forward to continuing to work together in the future.

Outlook

Arcontech's ongoing investment in product development and enhancement, coupled with the flexibility provided by its strong balance sheet and high level of recurring revenues, supports the Board's confidence in the Groups long term future and its ability to meet the challenges in its business environment. Although we remain mindful of the long and unpredictable sales cycles we often face and the challenges this brings in predicting the timing of contract wins, the Board expects results for the full year to be in line with expectations.

Richard Last

Chairman and Non-Executive Director

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