

Interim Results for the six months ended 31 December 2018

27/02/2019

ARCONTECH GROUP PLC

("Arcontech" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

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 2018.

Highlights:

- Turnover increased by 13% to £1,371,107 (six months ended 31 December 2017: £1,213,776)
- Profit before tax increased by 91% to £452,756 (six months ended 31 December 2017: £237,581)
- Adjusted profit before tax (before release of accruals for administrative costs in respect of prior years) increased by 41% to £335,470 (six months ended 31 December 2017: £237,581)
- Annual run-rate of recurring revenues at 31 December 2018 increased by 14% to £2.78 million (at 31 December 2017: £2.43 million)
- Cash of £3,231,830 as at 31 December 2018 (31 December 2017: £2,663,935)
- Trading in line and on track to meet management's full year expectations

Richard Last, Chairman of Arcontech Group, said:

"The Board is pleased with Arcontech's growth in revenue and adjusted profit before tax. Cash at the half year was £567,895 higher than the previous half year, further strengthening the

Balance Sheet. We have continued to invest in product development to maintain and enhance our propositions to the market. Our sales cycle is often long and unpredictable however we remain positive about the Group's long term prospects and 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 2018, reporting an adjusted profit before tax of £335,470 (six months ended 31 December 2017: £237,581) an increase of 41%. Turnover increased by 13% to £1,371,107 compared to the corresponding six-month period in 2017 where turnover amounted to £1,213,776. This reflects the growth in recurring annual licence fees, primarily from existing customers, which on an

annualised basis amounted to £2.78 million at 31 December 2018, compared to £2.43 million as at 31 December 2017. Fully diluted earnings per share were 3.72 pence per share compared to 2.36 pence per share for the corresponding period last year.

During the half year to 31 December 2018 Arcontech's increase in revenues reflects the full year effect of sales made during the year to 30 June 2018 and the impact of selling more products into the existing customer base. We are continuing to trial our Desktop software solution and have made a number of enhancements following positive comments from customers and prospective users. Usage has increased with existing customers by approximately 75% to 70. We also continue to see demand for our Excelerator product with additional users to an approximate value of £225,000-pa being deployed by two existing clients.

For the server-side of the business our MVCS (Multi-Vendor Contribution System) and Real-time Cache continue to make a significant contribution to group revenue. We have continued to invest in the development and enhancement of these products to further optimise their efficiency whilst enhancing the customer experience. This work helps integrate the products further within the client environment, however, new sales in this area are significant projects in themselves and although we have a number of qualified prospects, none have contracted in the half year. A further benefit of that work is that both the MVCS and our Real-time Cache are increasingly seen as preferable alternatives to competitive offerings which also help our pipeline.

Financing

The Group has a strong financial position with cash balances at the 31 December 2018 of £3,231,830 (31 December 2017 £2,663,935), an increase of £567,895, providing a sound basis for continued investment in the business. The small increase

in cash between 30 June 2018 and 31 December 2018 principally reflects timing differences in relation to advance payments.

Dividend

No interim dividend is proposed to be paid in respect of the half year, although the Board does expect to continue its policy of paying a dividend following the announcement of its full year results.

Employees

I should like to thank our employees and directors for their continued hard work and dedication, which I know is appreciated by our customers and shareholders alike.

Outlook

Arcontech has a sound business base supported by a high level of recurring revenues and a strong balance sheet. Our business is international with customers operating in the UK, Europe, the USA, Hong Kong and Singapore. As such it is the Board's view that we are unlikely to be adversely affected by Brexit. We propose to maintain ongoing investment in product development and enhancement, and as a result of working with existing customers we are delivering world class solutions which provide cost savings and competitive advantage. As we repeatedly note in our statements to shareholders 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. Nevertheless, the Board views the long term future for the business with optimism and in the short term expects results for the full year to be in line with expectations.

Richard Last

Chairman and Non-Executive Director

Please click below for the full interim results:

Arcontech Interim Results for the six months ended 31 December
2018