



Gresham

Annual Financial Results

FY 2020 Investor Presentation

9 March 2021

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www.greshamtech.com

2020 Full Year Financial Results

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Topics For Discussion

- Progress vs Group Strategic Plan
- Operational Highlights
- Group Financial Headlines
- Business Analysis
 - Group Revenues (including Legacy)
 - Clareti Revenues
 - Clareti Annualised Recurring Revenues
 - Group Operating Costs & Investments
 - Margins, Earnings & Cash Generation
 - Key Accounts
- Vision & Products – “digital integrity”
- 2021 Plans
- Future Opportunity

Clareti
ARR
up 29%

New
Tier 1 bank
wins

Acquisition
strengthens
regulatory
offering

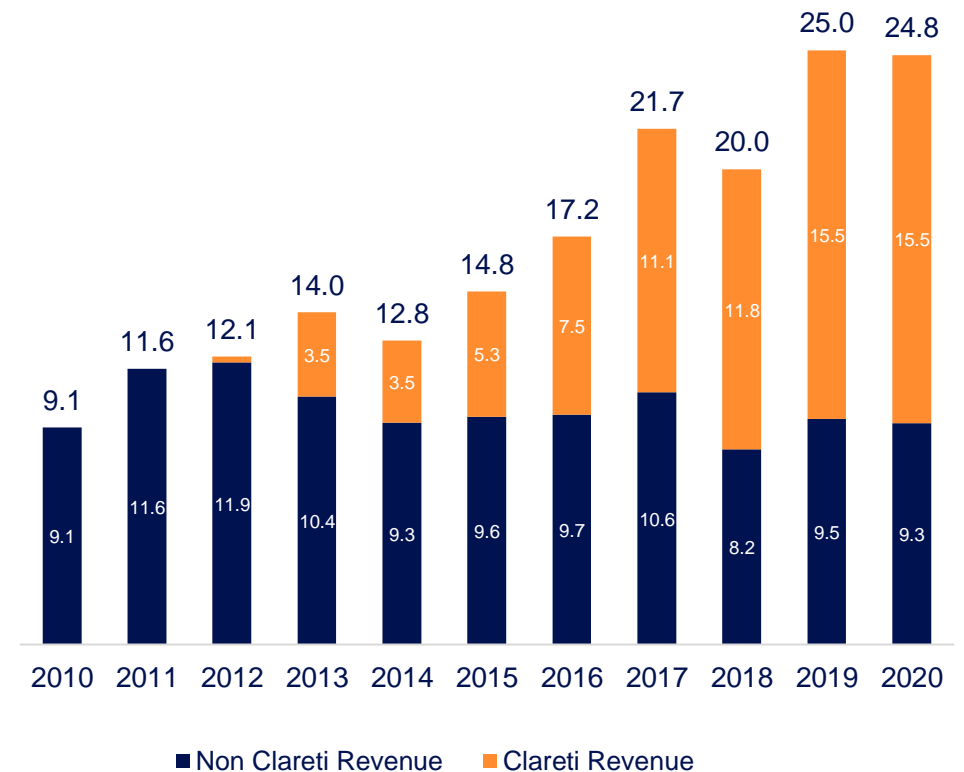


Progress vs Group Strategic Plan

Continued Clareti-led Transformation

- Recurring software is now **61%** of Group revenues* (FY19: 54%)
- Clareti forward looking ARR **CAGR** of **45%** over 5 years
- Successful transition to subscription model over last 2 years
- Clareti **on track** to be **standalone cash profitable**
- Non-Clareti revenues remain stable, with historically falling margins continuing to level off

*Note: The FY18 and prior non-Clareti revenues include the discontinued VME business (FY18: £0.7m) which was completed 31 Jan 2019



Operational Highlights

- All new business on 'subscription terms'
- New Tier 1 bank wins in Europe and US
- Growth within existing global key accounts
- Go-lives of first cash & securities deployments into Tier 1 banking
- Acquisition of Inforalgo to accelerate Clareti into regulatory use cases
- Cash management partnership with ANZ delivering to plan
- High levels of customer service maintained throughout COVID-19 pandemic
- New company & product positioning
- Strong sales & marketing team in place



Group Financial Headlines

*Adjusted EBITDA refers to earnings before interest, tax, depreciation, impairment and amortisation, adjusted for one-off exceptional charges and share-based payments. All years are stated after the application of IFRS 16 (leases) which reclassified rental expenses as amortisation and interest. Discontinued operations are not included in either year.

+All figures reflect continuing operations only. Discontinued operations are solely related to the Group's VME business in January 2019.

FY20 vs FY19

Group revenues

£24.8m (1)%



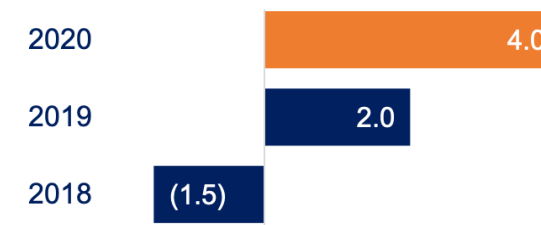
Clareti annualised recurring revenues

£12.3m +29%



Adjusted diluted EPS

4.0p +100%



Clareti revenues

£15.5m +0%



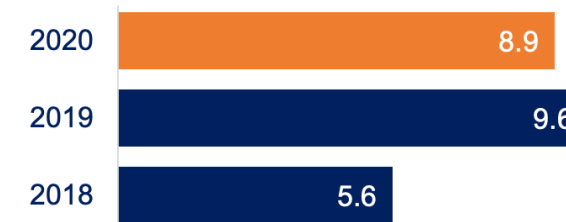
Adjusted EBITDA

£4.5m +10%



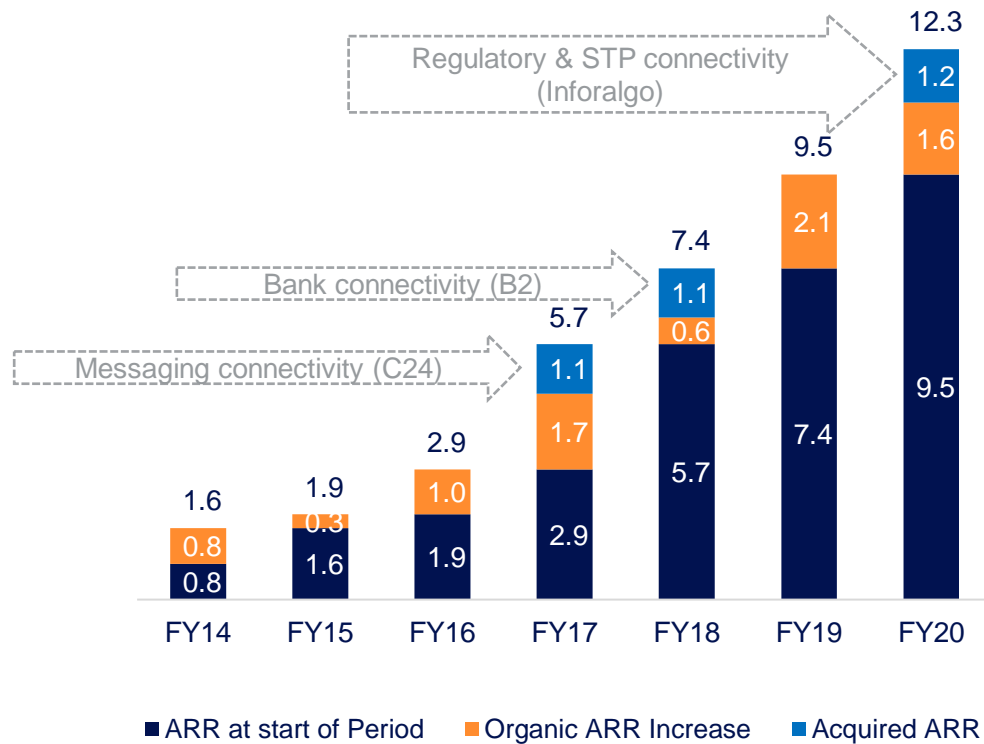
Net cash

£8.9m (7)%



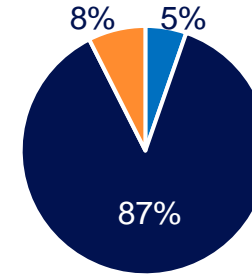
Clareti Annualised Recurring Revenues

Trends over time and by segment (£m)



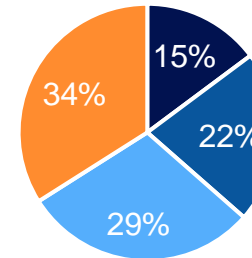
Licence Type

- Perpetual (M&S)
- Subscription
- Term (M&S)



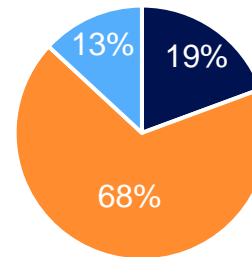
Region

- APAC
- EMEA (exc UK)
- NAM
- UK



Growth Initiative

- Cash management & payments
- Data integrity & control
- Regulatory



- Clareti Software ARR CAGR over 5 years of **45%**
- **29%** annual growth in forward-looking Clareti ARR
- **£12.3m** forward looking ARR underpins quality of future earnings



Group Revenues

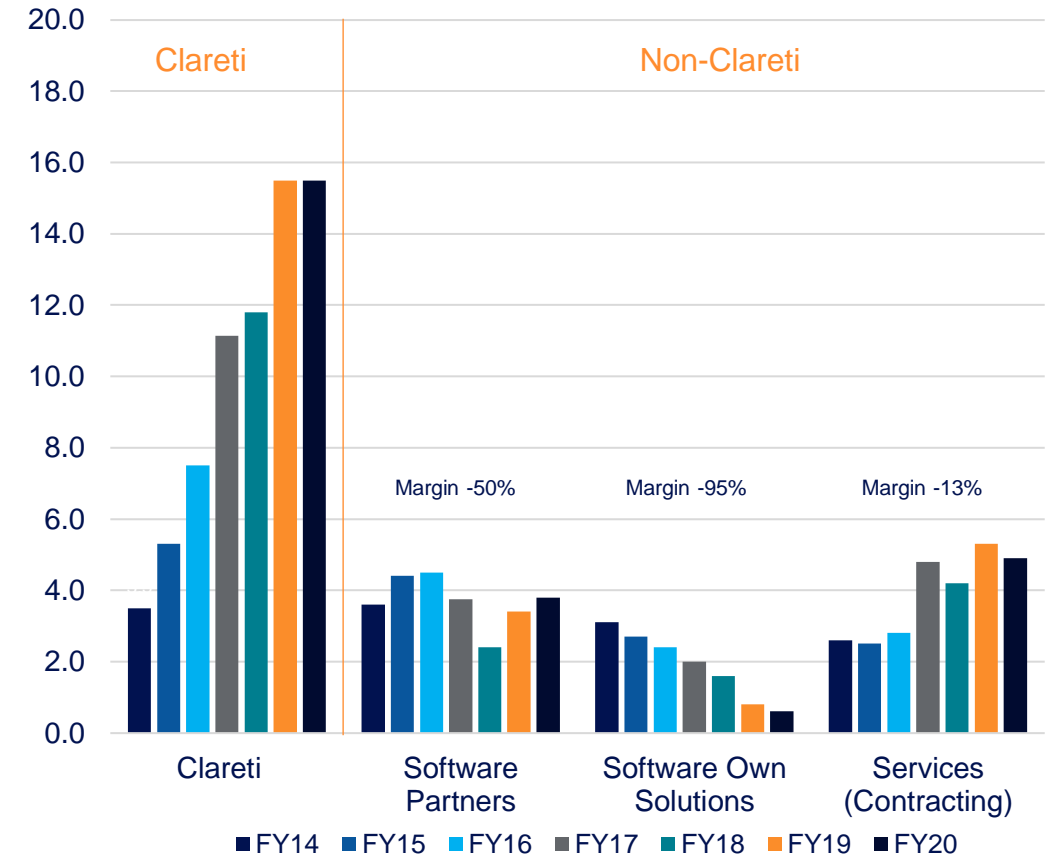
Clareti

- **Software:** Gresham IPR licensed on-premise or in the cloud, predominantly on a subscription basis.
- **Services:** Software related implementation services or chargeable product development services.

Non-Clareti Portfolio

- **Software Partners:** Resale of 3rd party virtual bank account software (Cashfac). Single bank customer with multiple corporate users. Expected to decline over medium term.
- **Software Own Solutions:** Gresham legacy tape storage software IPR expected to run off over ~3 years.
- **Services (Contracting):** IT contracting services for customer in Australia (ANZ). Expected to be stable at current levels over near term.

View across portfolio (£m)



* FY18 and prior Includes discontinued operations



Clareti Revenues

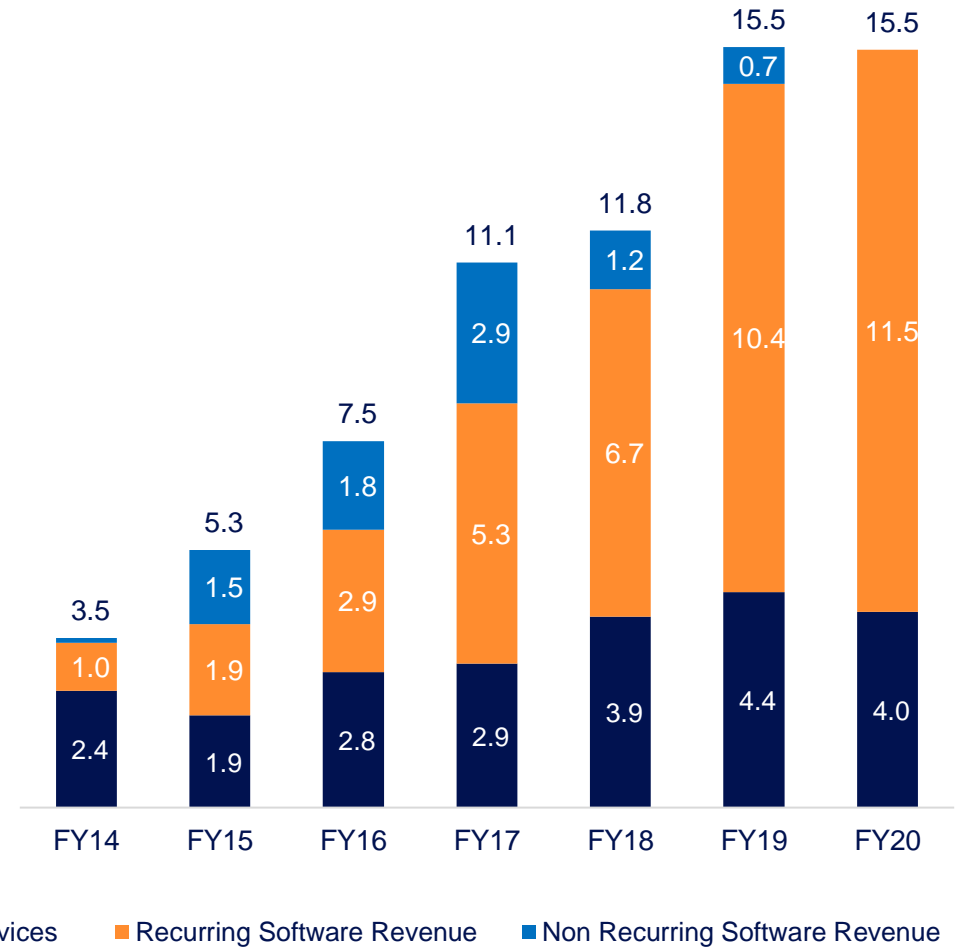
by Type (£m)

Software

- Strong recurring subscription growth
- No “one-off” software fees recognised or booked in year
- Full year impact of subscription deals won in year and Inforalgo acquisition will benefit FY21

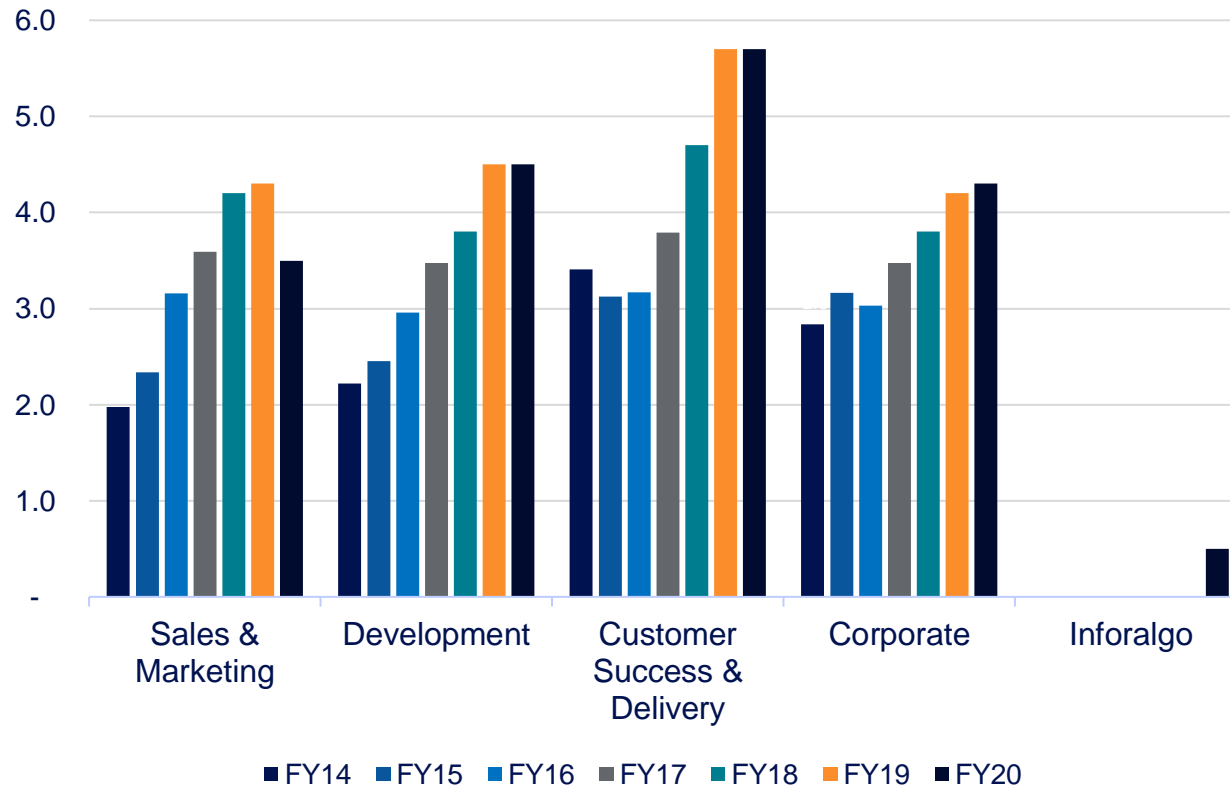
Services

- 9% lower Clareti services recognised revenue
- Strong performance in Asia Pacific driven by ANZ
- Slightly lower ad-hoc services during COVID-19
- EMEA & US impacted by investment into first Tier 1 bank cash & securities implementations



Clareti Operating Costs & Investments

Gross Cash Spend (£m) by Function



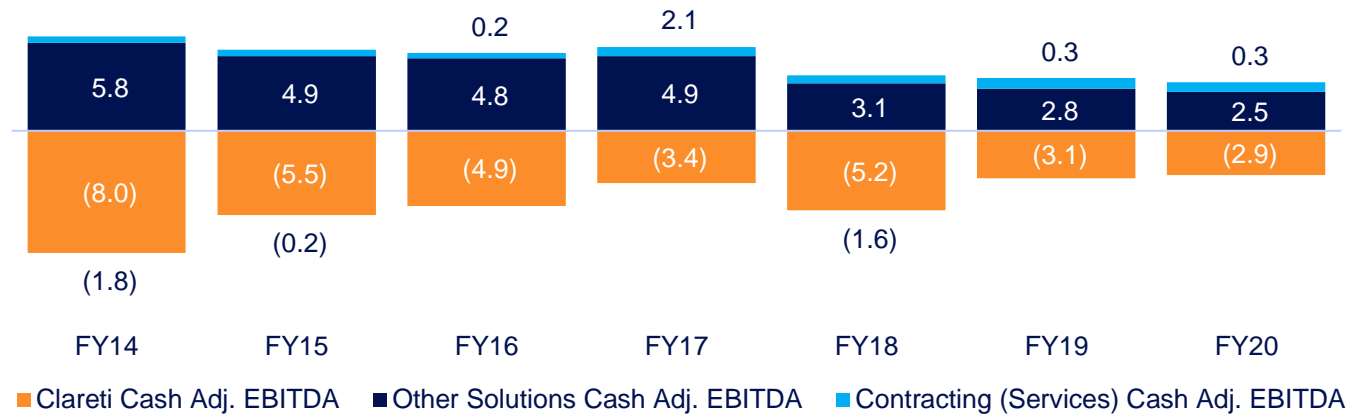
- Cost management during COVID-19
- Savings in T&E, lower than planned commissions and deferrals in replacement hiring
- Synergy savings post B2 earn out period
- Deferral of planned hires into sales function for six month period
- Sales investment stepped up from Q4 2020
- Inforalgo costs to be allocated in future years

*Includes capitalised development spend and rental charges recorded as depreciation and interest in income statement

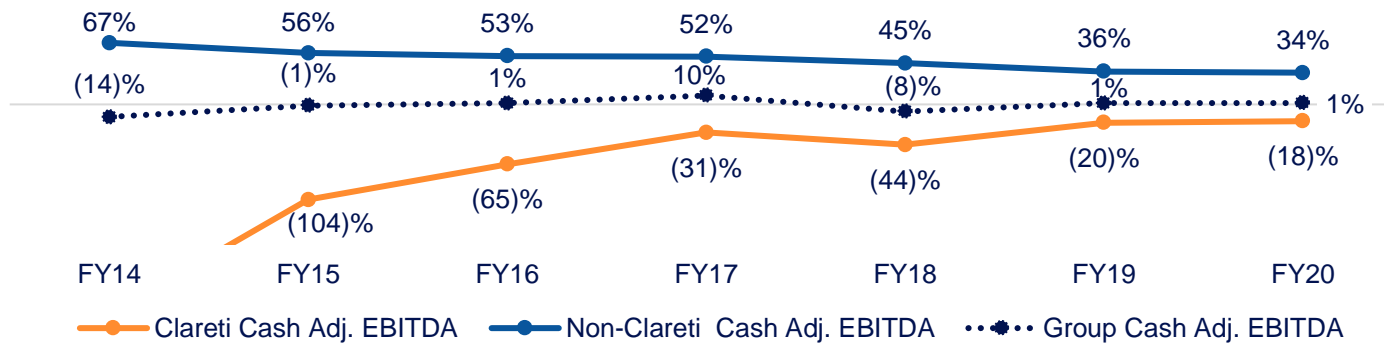


Group Earnings & Profitability

Cash EBITDA by business unit (£m)



Cash EBITDA margin by business unit (%)



- Clareti tracking towards cash profitability on a full year basis for 2022
- Clareti progress towards standalone cash profitability slower than planned due to sales delays in year
- Non-Clareti margins going forward have now stabilized following sale of VME in 2019 and end of multi-year run-off of Cashfac customer contract

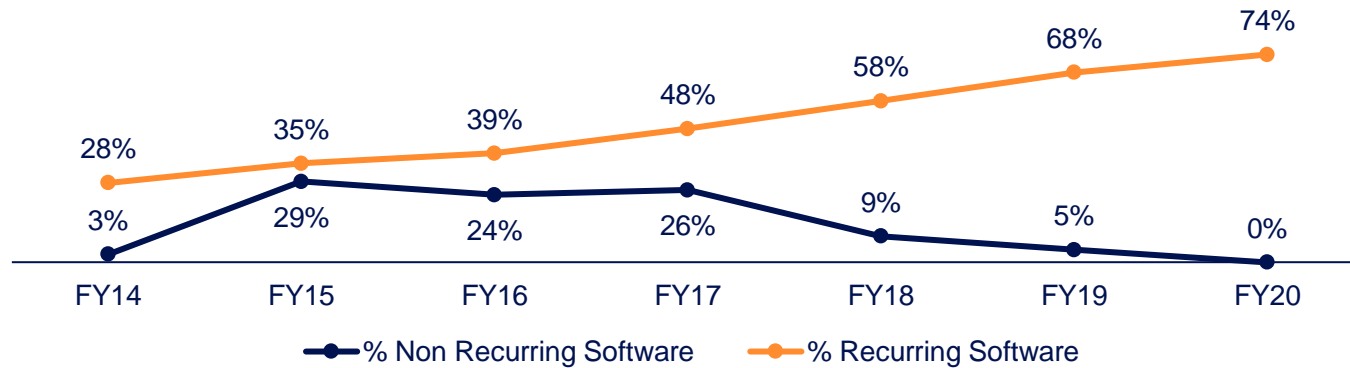
*Cash EBITDA refers to earnings before interest, tax, depreciation, impairment and amortisation, less capitalised development spend and IFRS 16 property charges recorded as interest and amortisation adjusted to add back share-based payment charges and exceptional items.

These charts include discontinued operations for FY18 and prior.



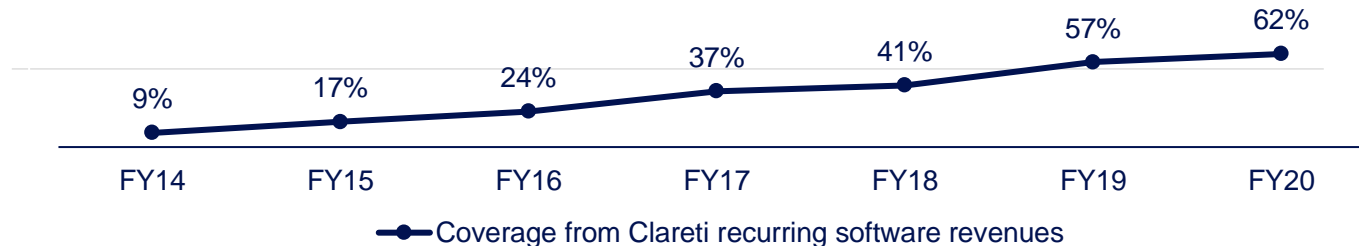
Clareti Quality Of Earnings

An increasing percentage of Clareti revenues is from recurring software licences



- Very good progress building recurring revenues
- Year on year improvement in quality of earnings
- Business now significantly more resilient
- Clareti an attractive stand-alone business

Cost base is increasingly covered by recurring Clareti software revenue



Cash & Dividends

Strong closing cash balances with normal operating inflows being aided by:

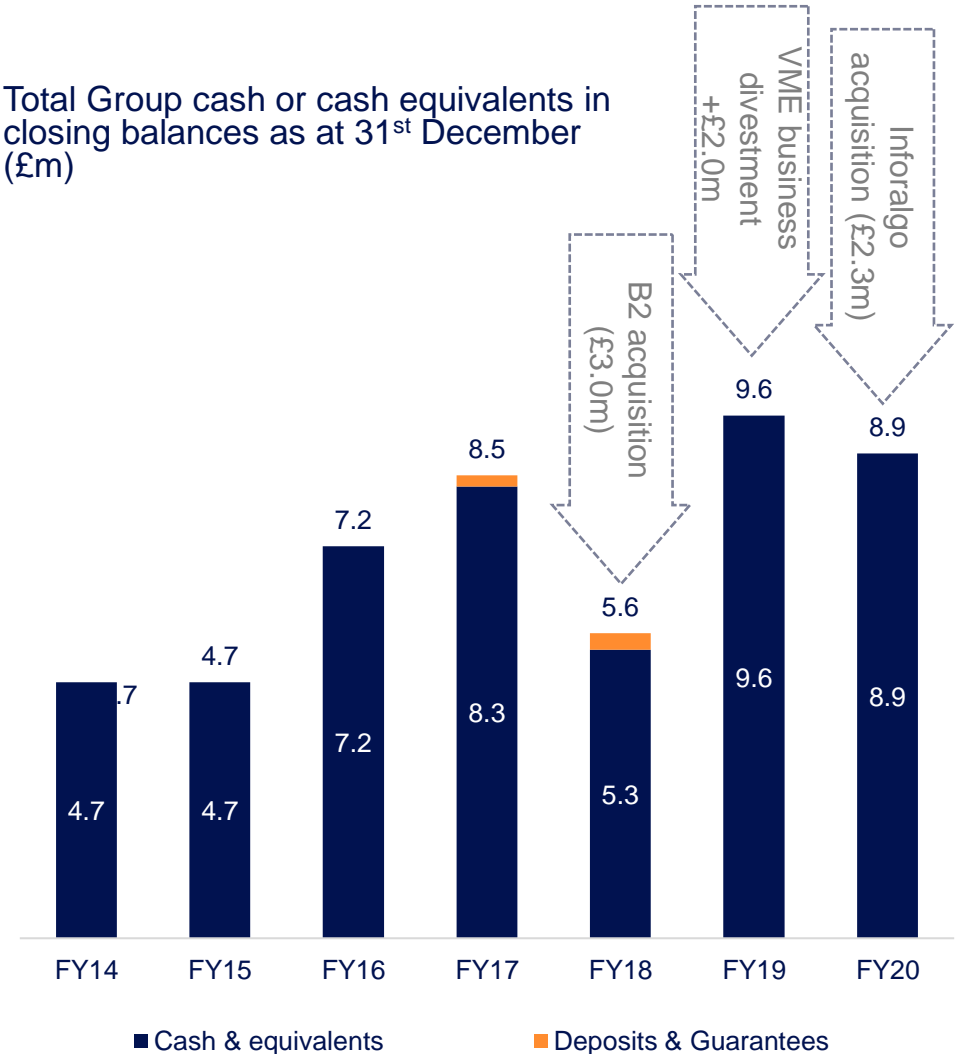
- Net tax receipts of £0.8m (FY19: £1.3m)

And offset by outflows of:

- £2.3m Inforalgo acquisition initial gross consideration
- £0.5m dividend payment in respect of FY20 (FY19: £0.3m)

Dividend of 0.75 pence per share recommended for FY20 (FY19: 0.75 pps, FY18: 0.5 pps)

Total Group cash or cash equivalents in closing balances as at 31st December (£m)



Key Accounts

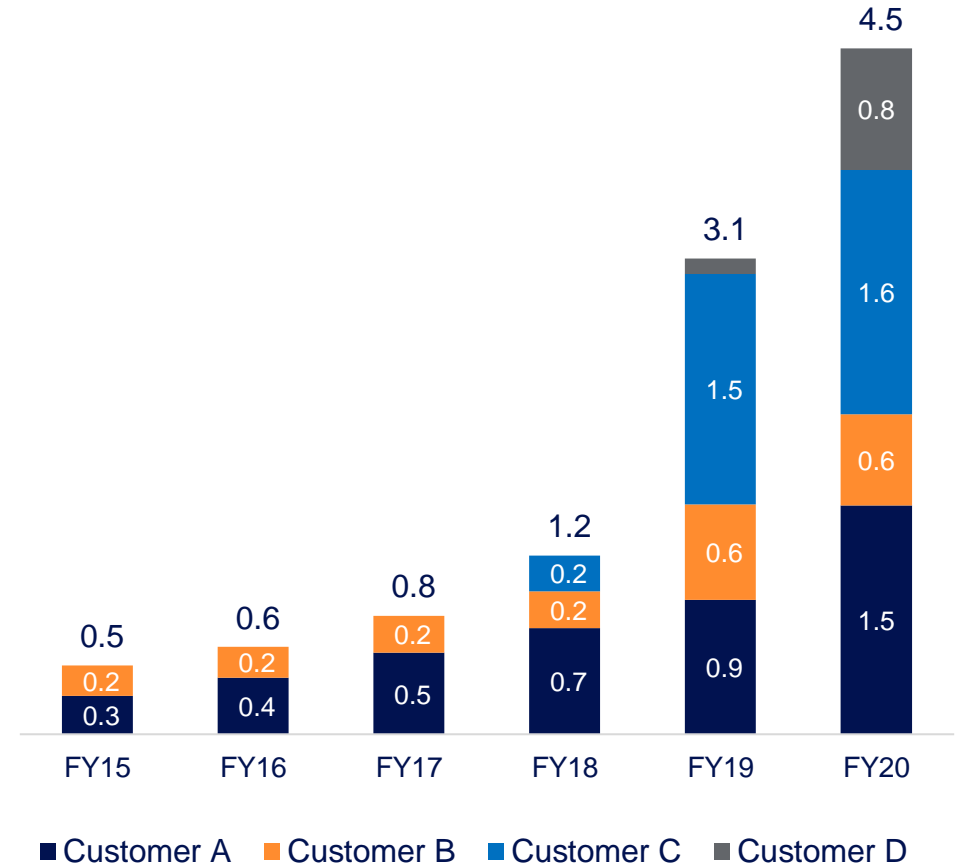
Clareti ARR (£m) for sample set of 4 key accounts

Key Accounts:

- Typically global or regional banks, global investment managers, large corporates
- Any account that has the potential to deliver £0.5m Clareti ARR within 3 years
- Potential for additional consulting services, managed services, hosting and one-time fees
- Likely to be influencers of market trends and product strategy

Licence growth comes from:

- Framework agreement
- Expansion of use cases
- Additional software instances
- Geographic / subsidiary growth
- Product cross-sell
- Inflation





Bringing **digital integrity, agility & confidence** to financial markets

Clareti

The control platform for the post-digital era

Data and digital process are driving your business and re-imagining your entire industry. Decisions, outcomes and reputations are all dependent on doing digital right – and that means you need complete confidence in your data.

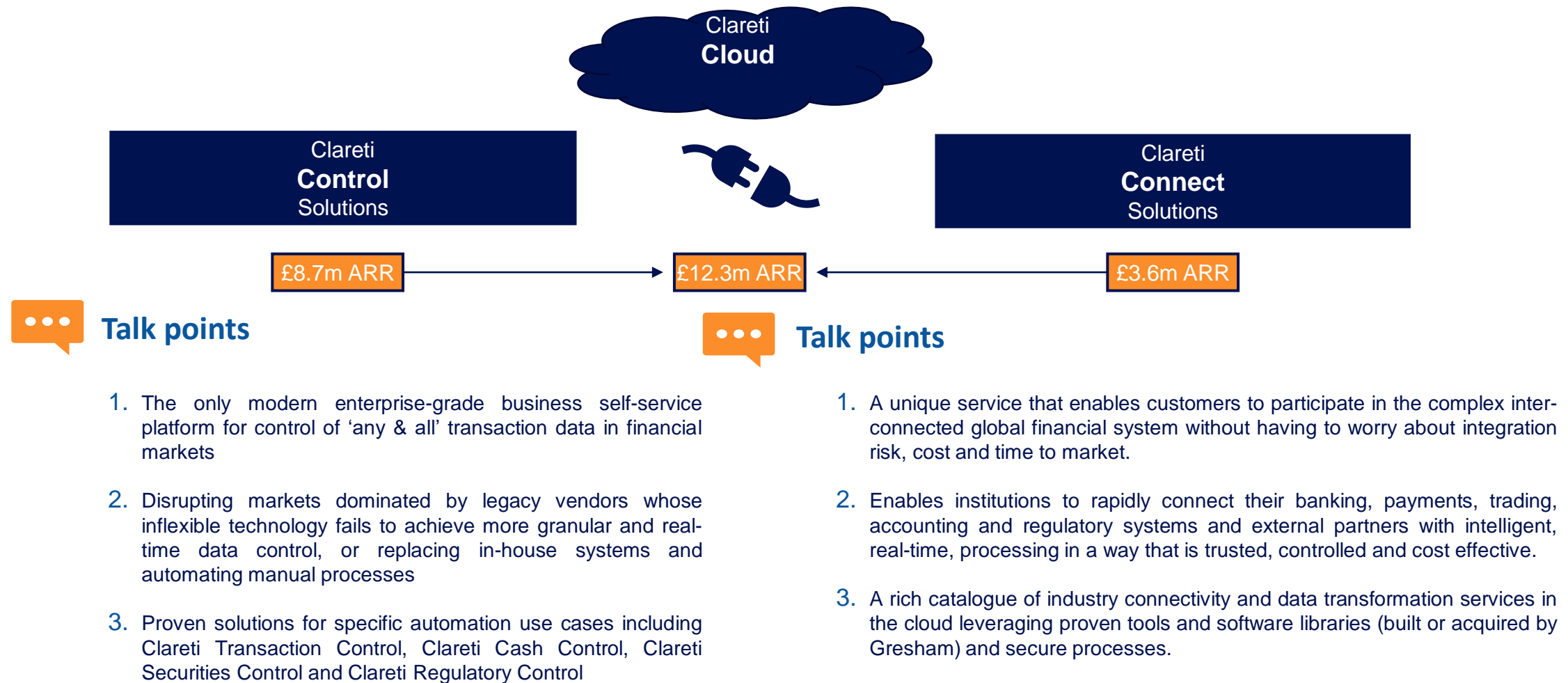
In a post-digital world, your investment in technology must create the operating fabric of a new reality. Your digital platforms must be holistic, flexible and agile, and bring together artificial and human intelligence to go beyond automation. You need to move faster, be smarter, and always be in control.

This is what Clareti gives you.

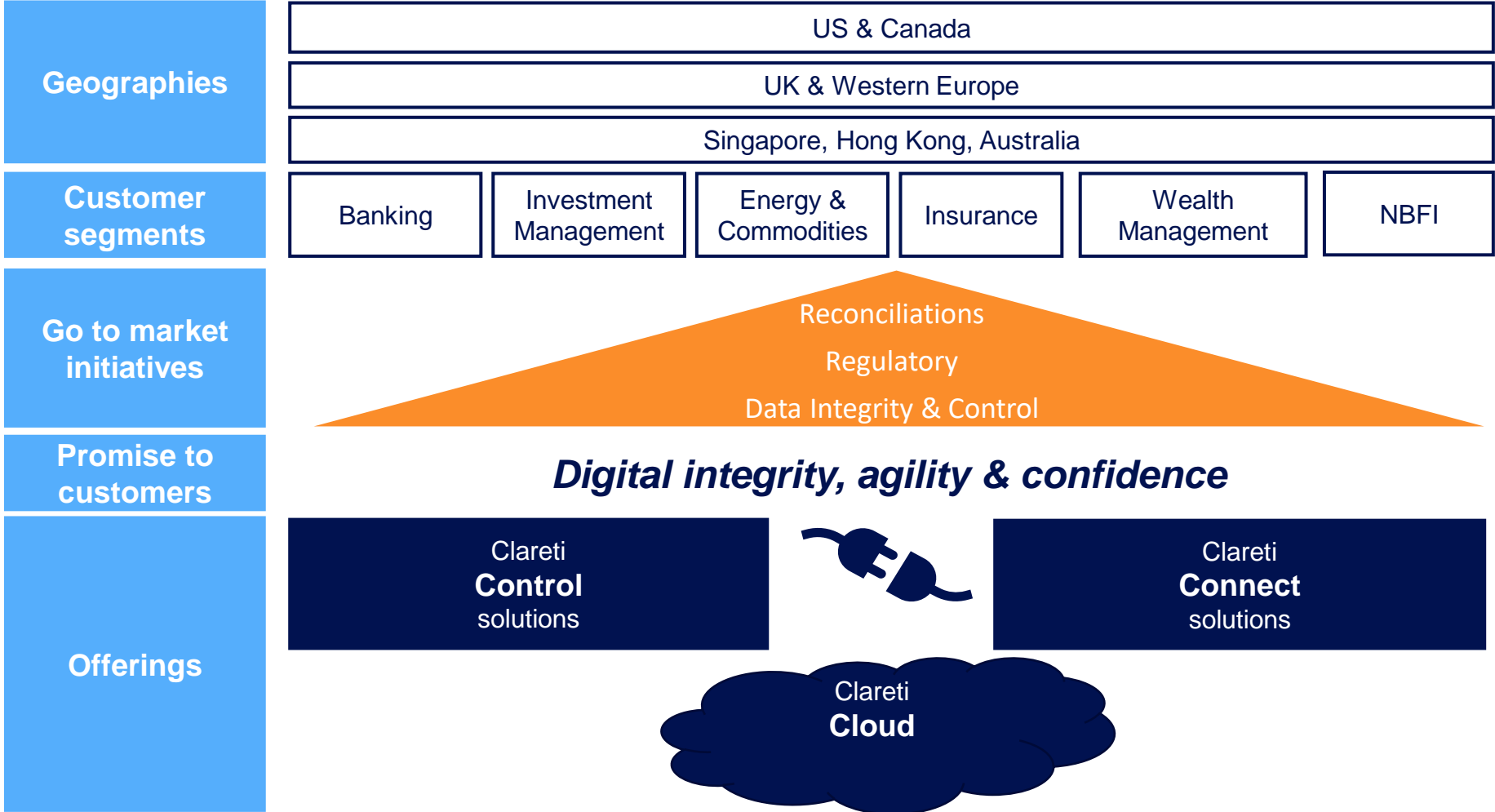
The ability to connect, reconcile, and control all your data and digital processes at the speed of now.



Clareti USPs



Go To Market Plan



2021 Plan

Achievement	Priority	2021 plans
<p>~45% 5 year CAGR in Clareti ARR, despite limitations in sales capacity & FY20 macro challenges</p> <p>Experienced and senior global field operations team in place</p>	<p>Invest in sales & marketing in order to return to 'pre COVID-19' levels of organic ARR growth</p>	<ul style="list-style-type: none"> Refine go-to-market strategy, sales discipline, domain business development, lead gen & inside sales model, product marketing, and partnering to boost sales account coverage and sales effectiveness Opportunity for further investment to expand team and capture material white space as well as grow Tier 1 accounts. Prioritise solutions to accelerate in the US, open up Asia and partners
<p>Scalable enterprise-level software platform</p> <p>Established leadership in complex "non-core" use cases</p> <p>First "core" recs use cases wins</p> <p>Multiple intelligent automation references</p>	<p>Accelerate product development & improve productivity</p>	<ul style="list-style-type: none"> Accelerate 'self service' offerings & modern UI across "Control" offerings Simplify our integration offerings and package as "Connect" in the cloud Improve productivity of dev/delivery groups & drive repeatability Invest in AI to build self learning / self optimising automation solutions
<p>Name recognition in US & European investment banking markets & with major SI's</p> <p>Seen as innovative challenger</p>	<p>Capitalise on industry trends & build stronger brand</p>	<ul style="list-style-type: none"> Product re-branding and packaging to align with current industry challenges Ramp up brand work, in-bound marketing activities & customer forums Focus on solutions to meet regulatory requirements, automation and AI, and digital integrity Accelerate partnerships with industry specialists Accelerate shift to Cloud solutions and managed services
<p>Proven success of buy-and-build capability through acquisition & integration of C24, B2, Inforalgo</p>	<p>Shift M&A focus to target scale</p>	<ul style="list-style-type: none"> No further bolt-ons envisaged for near term – continue to drive synergies, sales repeatability and scale. Consider transformative M&A to significantly accelerate product, distribution and account penetration ambitions in current verticals and geographies



Strategic Opportunity

£100m

ARR

Global fintech champion of substantial scale

25+%

Data Integrity & Control

25% share of global \$500m recs and controls market = No 1

25+%

Regulatory Reporting

25% of top 100 banks using Clareti in the regulatory processes
OEM platform of choice for market infrastructure providers

Thought Leadership

“Digital Integrity”





Gresham

Thank you

www.greshamtech.com