

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains details of the Resolutions to be voted on (by proxy) at the General Meeting of the Company to be held at its registered office at Aldermay House, 10-15 Queen Street, London EC4N 1TX at 10:00 a.m. on 21 June 2021.** If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice as soon as possible from your stockbroker, bank, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if you are not, from another appropriately authorised independent professional adviser.

If you sell or transfer or have sold or transferred all of your Ordinary Shares in Gresham Technologies plc (the "Company" or the "Group" or "Gresham"), please send this document but not the accompanying personalised Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded, distributed to or transmitted (in whole or in part) in or into any jurisdiction other than the United Kingdom in which such an act would constitute a violation of the relevant laws in such jurisdiction. Accordingly, any person (including, without limitation, custodians, nominees, and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document into any jurisdiction outside the United Kingdom should seek appropriate advice before taking such action. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document which comprises, in relation to Gresham, a circular prepared in compliance with Chapter 13 of the Listing Rules and which has been approved by the Financial Conduct Authority is being sent to Shareholders solely in connection with the Placing, the PrimaryBid Offer and the Acquisition. It has not been approved for the purposes of section 21 of FSMA and has been prepared for the purposes of complying only with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside England. The total consideration under the PrimaryBid Offer will be less than €8 million (or an equivalent amount in sterling) and the Placing Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Accordingly, this document is not a prospectus for the purposes of the Prospectus Rules, and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of an offer to sell, dispose of, purchase, acquire or subscribe for, any security.

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# Gresham

## GRESHAM TECHNOLOGIES PLC

*(Incorporated and registered in England and Wales with registered number 1072032)*

### **Proposed acquisition of Electra Proposed Placing and PrimaryBid Offer and Notice of General Meeting**

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**You should read the whole of this document and any documents incorporated herein by reference and, in light of that, consider whether to vote in favour of the Resolutions. Your attention, in particular, is drawn to the risk factors set out in Part 2 (Risk Factors) of this document and the letter from the Chair of Gresham set out in Part 1 (Letter from the Chair of Gresham) of this document which contains the unanimous recommendation from the Directors that you vote (by proxy) in favour of the Resolutions to be proposed at the General Meeting.**

**Notice of a General Meeting of Gresham to be held at the Company's registered office at Aldermay House, 10-15 Queen Street, London EC4N 1TX at 10:00 a.m. on 21 June 2021 is set out in Part 9 (Notice of General Meeting) of this document. A summary of the actions to be taken in respect of the General Meeting are set out in paragraph 13 of Part 1 (Letter from the Chair of Gresham) of this document. The Board's preference had been to welcome Shareholders in person to the General Meeting, particularly given the constraints faced in 2020 and again this year due to the COVID-19 pandemic. However at present, under the UK Government's four-step roadmap to lifting lockdown restrictions, there can be no certainty as to the number of people who will be able to attend and it is accordingly proposed to hold the General Meeting as a combined physical and electronic meeting. Shareholders are requested not to attend the Company's offices for the General Meeting in person but are instead encouraged to participate using the online Investor Meet Company ("IMC") platform. Shareholders who are not already registered to the IMC platform will need to register with IMC, for which there is no charge, and add "to meet" Gresham Technologies plc to register attendance, using the link: <https://investormeetcompany.com/gresham-technologies-plc/register-investor>. Advance registration to attend the meeting is required. Shareholders who have already registered to the IMC platform will be able to add to meet the Company to register attendance at the General Meeting.**

Questions can be submitted ahead of the General Meeting via the IMC dashboard or at any time during the meeting via the "Ask a Question" function or may otherwise be submitted to the Chair via an email sent to [investorrelations@greshamtech.com](mailto:investorrelations@greshamtech.com) at least 48 hours prior to the meeting. Although the Company may not be in a position to answer every question it receives, it will endeavour to address the most prominent within the confines of information already disclosed via a RIS. Responses will be published at the earliest opportunity on the IMC platform and on the Company's website at <https://www.greshamtech.com/invest-in-us>. Shareholder feedback can also be submitted directly to Gresham after the General Meeting to ensure the Company can understand the views of all Shareholders.

The Company is taking these precautionary measures to safeguard Shareholders' and its employees' health and to enable the General Meeting to comply with current law and UK Government guidelines. The Company is keeping the practicalities of the location, date and format of the General Meeting under close review and it is possible these may change at short notice. Any such changes will be announced via a RIS and on the Company's website. You are accordingly strongly recommended to monitor all Company announcements carefully. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Votes will be taken at the General Meeting on a poll but the online IMC platform will not include a facility for attendees to vote live. Accordingly, Shareholders are strongly encouraged to appoint the Chair of the General Meeting (rather than their own choice of person) as their proxy with their voting instructions. This will ensure that your votes are counted on the poll vote taken at the meeting if, as requested, you (and any other proxy you might otherwise appoint) do not attend the meeting in person (or are not permitted to attend due to lockdown restrictions or health and safety precautions). Please complete

and sign the Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received by no later than 10:00 a.m. on 17 June 2021 or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

As an alternative to completing the hard copy Form of Proxy, Shareholders may appoint the Chair of the General Meeting as their proxy electronically by sending their completed Form of Proxy as an attachment to an authenticated e-mail (as referred to in note 28 to the Notice of General Meeting) sent to proxyvotes@equiniti.com and stating "Gresham GM" in the subject line of the e-mail. Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www.sharevote.co.uk using the series of numbers printed under the headings Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy. Alternatively, Shareholders who have already registered with the Registrars' online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and using their usual user ID and password. Once logged in, simply click "view" on the "My Investments" page, click on the link to vote and then follow the on-screen instructions. Full details and instructions on these electronic proxy facilities are given on the respective websites. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 10:00 a.m. on 17 June 2021 (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

Shareholders who hold their Ordinary Shares in the CREST system (including CREST personal members) may use the CREST electronic proxy appointment service. Further details of the CREST electronic proxy appointment method (including the timeframes for electronic appointment) are set out in Part 9 (*Notice of General Meeting*).

**Shareholders should bear in mind that if they or any alternative proxy do, nonetheless, travel to attend the General Meeting in person, they may be denied entry based on the prevailing circumstances. For these reasons, business at the General Meeting will be curtailed to the formal business, with no wider presentations on business performance and with a Q&A facility on the IMC platform only. If the current lockdown restrictions are lifted or otherwise eased, the completion and return of a Form of Proxy or electronic appointment of a proxy will not prevent you from attending the General Meeting and voting in person if you wish to do so, but the Company reserves the right to put in place appropriate COVID-19 security measures, including maintaining social distancing, the wearing of face coverings where appropriate, mandatory temperature checks as a condition of admission or requiring attendees to produce a recent, valid COVID-19 negative test result, and asking attendees to confirm that they (or members of their household, support bubble or childcare bubble etc) have not recently developed symptoms or been exposed to someone who has tested positive or is displaying symptoms.**

If you have any questions about this document, the General Meeting or regarding the appointment of the Chair of the General Meeting as your proxy, please call the shareholder helpline on 0371 384 2208. If you are outside the United Kingdom, please call +44 (0)121 415 7047. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8:30 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or any advice on the merits of the Transaction.

Nplus1 Singer Advisory LLP ("**N+1 Advisory**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Gresham and for no one else in connection with the matters described in this document and is not, and will not be, responsible to anyone other than Gresham for providing the protections afforded to its clients nor for providing advice in connection with the matters set out or referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon N+1 Advisory under FSMA or the regulatory regime established thereunder, N+1 Advisory does not accept any responsibility whatsoever or make any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Transaction, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. N+1 Advisory accordingly disclaims, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of this document or any such statement.

To the extent that any document or information incorporated by reference or included in this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where any such information or document is stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. Without prejudice to the documents incorporated by reference into this document, the contents of the website of Gresham and any website directly or indirectly linked to that website do not form part of this document and should not be relied upon.

Certain terms used herein have the meanings ascribed to them in Part 8 (*Definitions*) of this document.

## **INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

This document contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of a date in the future or forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims" or "projects" or words or terms of similar substance or the negative of those terms, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations or events that are beyond Gresham's control.

Forward-looking statements include statements regarding the intentions, beliefs or current expectations of Gresham concerning, without limitation: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, foreign currency rate fluctuations, profits and losses and future prospects; (ii) business and management strategies and the expansion and growth of the Group's operations, acquisitions or disposals of businesses or assets and any competition and other trends in its principal markets; and (iii) the effects of United Kingdom and global economic conditions and business cycles on the Group's businesses as well as the macroeconomic and other impacts of COVID-19.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Group or the Enlarged Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could cause the actual results, performance or achievements of the Group or the Enlarged Group to differ materially from its expectations include, amongst other things, general business and economic conditions in the United Kingdom and globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety, public health, taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, the outcome of any litigation, the impact of any acquisitions or similar transactions, IT system and technology failures, political and economic uncertainty and other factors discussed in Part 2 (*Risk Factors*) of this document. Such forward-looking statements should therefore be construed in light of such factors.

Neither Gresham nor any of its Directors, officers or advisers provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements contained in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which apply and speak only as of the date of this document.

Whilst the Directors consider these statements to be reasonable based upon the information currently available to them, they may prove to be incorrect and, other than in accordance with its legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules), Gresham is not under any obligation (and Gresham expressly disclaims any intention, undertaking or obligation) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the working capital statement that can be found at paragraph 11 of Part 6 (*Additional Information*) of this document.

## **NO PROFIT FORECAST**

Unless otherwise expressly stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that the earnings, earnings per share or income, cash flow from operations or free cash flow of the Group or the Enlarged Group, for the current or future financial years, would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow of the Group.

## **NOTICE TO OVERSEAS SHAREHOLDERS**

The release, publication or distribution of this document in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws and regulations of other jurisdictions should inform themselves of, and should observe, any applicable requirements. Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, all companies and persons involved in the Transaction expressly disclaim any responsibility or liability for the violation of such requirements by any person.

This document does not represent an offer of securities for sale in the United States and there will be no public offer of securities by the Company in the United States. Those securities the subject of this document have not been and will not be registered under the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

## **SOURCES AND PRESENTATION OF FINANCIAL INFORMATION**

### **Sources and presentation of financial information relating to Gresham**

Unless specified otherwise, financial information relating to Gresham as at and for the years ended 31 December 2018, 2019 and 2020 has been extracted without material adjustment from the published audited consolidated financial statements relating to Gresham as at and for the years ended 31 December 2018, 2019 and 2020.

### **Sources and presentation of financial information relating to Electra**

Unless specified otherwise, financial information relating to Electra as at and for the years ended 31 December 2018, 2019 and 2020 has been extracted without material adjustment from the historical financial information included in Section B of Part 3 (*Historical Consolidated Financial Information on Electra*) of this document.

### **Enlarged Group financial information**

Following Completion, Electra will be an indirect subsidiary undertaking of Gresham and the accounting policies applied to Electra will be the same as those applied to Gresham.

### **Pro forma financial information**

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part 4 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this document. The pro forma financial information is for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of Gresham, Electra or the Enlarged Group. Future results of operations may differ materially from those presented in the pro forma financial information due to various factors.

References to "£", "GBP", "pounds", "pounds sterling", "sterling", "p" and "pence" and to "\$", "US\$", "USD", "dollars", "US dollars" and "cents" are to the lawful currencies of the United Kingdom and the United States respectively. On 27 May 2021 (being the latest practicable date prior to announcement of the Transaction, the exchange rate of U.S. dollars to pounds sterling was US\$1.419 = £1.00.

References to "m" are to "million".

Percentages appearing in the tables contained in this document may have been rounded and accordingly, may not add up to 100 per cent. or to the precise sum of the totals expressed in such tables. Certain financial data has also been rounded and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

This document is dated 1 June 2021.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS <sup>(1)</sup>

2021

Announcements of the Fundraising and Acquisition	28 May
Publication and posting of this document, the Notice of General Meeting and the Form of Proxy to Shareholders	1 June
Latest time and date for receipt of proxy votes and CREST Proxy Instructions	10:00 a.m. on 17 June
General Meeting	10:00 a.m. on 21 June
Expected date of completion of the Acquisition (subject to the Conditions being satisfied or (where permitted) waived)	22 June
Expected date of Admission and commencement of dealings in the New Ordinary Shares	8:00 a.m. on 22 June
CREST accounts credited with New Ordinary Shares	22 June
Expected date by which any definitive share certificates for the New Ordinary Shares are to be despatched	29 June

- (1) Each of the dates and times set out in the timetable above and mentioned throughout this document are London times, unless otherwise stated. They are based on current expectations, provided by way of indicative guidance and are subject to change. If any of those dates and/or times changes, the revised dates and/or times will be notified to Shareholders by announcement through a RIS. All events in the above timetable following the General Meeting are conditional on approval, by the requisite majorities of Shareholders, of the Resolutions set out in the Notice of General Meeting which appears at the end of this document.

## INDICATIVE STATISTICS

Number of Ordinary Shares in issue as at the date of this document	70,201,458
Issue Price	160 pence
Number of Placing Shares to be issued pursuant to the Placing	12,500,000
Number of PrimaryBid Shares to be issued pursuant to the PrimaryBid Offer	625,000
Number of Ordinary Shares in issue immediately following completion of the Fundraising and Acquisition	83,326,458 <sup>(2)</sup>
New Ordinary Shares as a percentage of the enlarged issued share capital of the Company immediately following completion of the Fundraising and Acquisition	18.7%
Gross proceeds of the Fundraising	£21 million
Net proceeds of the Fundraising	£18.5 million
Approximate market capitalisation of the Company at Admission at the Issue Price	£133.3 million

(2) This assumes that, other than the Placing Shares and the PrimaryBid Shares, no further Ordinary Shares are issued between the date of this document and Admission.

## CORPORATE DETAILS AND ADVISERS

Directors	Peter Simmonds ( <i>Non-Executive Chair</i> ) Ian Manocha ( <i>Chief Executive Officer</i> ) Tom Mullan ( <i>Chief Financial Officer</i> ) Andy Balchin ( <i>Senior Independent Non-Executive Director</i> ) Jenny Knott ( <i>Non-Executive Director</i> ) Ruth Wandhöfer ( <i>Non-Executive Director</i> )
Company Secretary	Jonathan Cathie
Registered Office	Aldermay House 10-15 Queen Street London EC4N 1TX
Sponsor and Financial Adviser	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
Broker and Placing Agent	Nplus1 Singer Capital Markets Limited One Bartholomew Lane London EC2N 2AX
UK Legal Advisers	Blake Morgan LLP New Kings Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3LG
US Legal Advisers	Loeb & Loeb LLP 34 Park Avenue New York NY 10154 USA
Reporting Accountants and Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## PART 1

### LETTER FROM THE CHAIR OF GRESHAM



# GRESHAM TECHNOLOGIES PLC

*(Incorporated and registered in England and Wales with registered number 1072032)*

#### **Registered Office:**

Aldermary House  
10-15 Queen Street  
London  
EC4N 1TX

#### **Directors:**

Peter Simmonds (Non-Executive Chair)  
Ian Manocha (Chief Executive Officer)  
Tom Mullan (Chief Financial Officer)  
Andy Balchin (Senior Independent Non-Executive Director)  
Jenny Knott (Non-Executive Director)  
Ruth Wandhöfer (Non-Executive Director)

1 June 2021

*To holders of Ordinary Shares and, for information purposes only, to persons with information rights*

Dear Shareholder,

### **Proposed acquisition of Electra, proposed Placing and PrimaryBid offer to raise gross proceeds of £21 million and Notice of General Meeting**

#### **1 INTRODUCTION**

On 28 May 2021, the Company announced that Gresham and its wholly-owned U.S.-based subsidiary, Gresham Enterprise Storage, Inc., had entered into an agreement to acquire Electra Information Systems, Inc. ("**Electra**"), a provider of post-trade processing software solutions and services, predominantly to the United States financial services industry, from the Vendors for a total consideration, to be satisfied entirely in cash, of up to US\$38.6 million, comprising US\$28.95 million in upfront consideration, payable to the Vendors and the Option Holders, and up to US\$9.65 million in deferred consideration, payable to the Vendors (subject to the achievement of performance criteria) after the first and second anniversaries of Completion, on a debt free, cash free basis.

For over 20 years, Electra has been providing the financial services industry with innovative solutions and services to improve efficiency and mitigate risk in post-trade processing, including reconciliation, data aggregation and transformation, trade settlement and client fee billing. Electra is headquartered in New York, USA and has over 150 customers, the majority of which are U.S.-based buy-side financial services firms.

In order to finance the Acquisition, the Company also announced the conditional placing of the 12,500,000 Placing Shares and the offer for subscription of the 625,000 PrimaryBid Shares at 160 pence per share to raise £21 million, before expenses, from certain new and existing institutional and other investors, including all of the Directors.

The Company and Gresham International have each also entered into a new US\$15 million multicurrency revolving credit and US\$10 million accordion loan facility with Bank of Ireland. The net proceeds of the



Fundraising, together with the Company's existing cash resources, will be used by Gresham Enterprise to fund the initial consideration payable to the Vendors and the Option Holders in respect of the Acquisition. In the event that any deferred consideration falls due to the Vendors under the Stock Purchase Agreement, drawdowns may (as required) be made under the New Loan Facility to satisfy this.

The Board believes the Acquisition represents a transformative opportunity to combine two complementary and high-quality businesses, to drive meaningful earnings accretion and accelerate Gresham's earnings growth and quality of revenues. The Acquisition will also help secure a leading position in the buy-side market segment and strengthen Gresham's U.S. market presence. Whilst the Directors do not expect the Acquisition to deliver significant near-term net cost synergies, longer term synergies are expected to be achieved as investments are made on a combined basis using pooled resources. The Board believes the Acquisition will be immediately significantly earnings accretive.

In view of its size, the Acquisition constitutes a Class 1 transaction for Gresham under Chapter 10 of the Listing Rules. Completion is therefore conditional upon, amongst other things, the passing by Shareholders at the General Meeting of an ordinary resolution approving the Acquisition.

Accordingly, a General Meeting is being convened at which approval for the Acquisition Resolution, as well as the Fundraising Resolutions (which are being proposed to allow the Directors the necessary authorities under the Companies Act required to allot the New Ordinary Shares for cash without first offering them to existing Shareholders), will be sought from Shareholders and will be held at 10:00 a.m. on 21 June 2021. The Notice of General Meeting is set out in Part 9 (*Notice of General Meeting*) of this document. The Resolutions are inter-conditional and, if either of Resolutions 1 and 2 is not approved by Shareholders, neither the Acquisition nor the Placing will proceed. The PrimaryBid Offer is itself conditional both upon the approval of Resolutions 1 and 2 and Placing Shares Admission. Further details on the Shareholder approvals required are set out in paragraph 6 of this Part 1 below and in the Notice of General Meeting.

Completion of the Acquisition is also conditional upon, among other things: (i) the representations and warranties of the Vendors and Electra contained in the Stock Purchase Agreement continuing, subject to certain exceptions, to be true and correct as of the Completion Date; (ii) no Material Adverse Effect having occurred; and (iii) Placing Shares Admission. The terms of the Acquisition are described in more detail in paragraph 5 of this Part 1 below and in Part 5 (*Summary of the Principal Terms of the Acquisition*) of this document.

In addition to obtaining approval of the applicable Resolutions by Shareholders, the Acquisition will not proceed if the other Conditions are not satisfied, or waived (if applicable). The Board expects that, subject to the satisfaction and/or waiver (where applicable) of all conditions precedent to the Acquisition, Completion will occur on or about 22 June 2021.

The purpose of this document is to: (i) provide you with information relating to the Transaction; (ii) explain the background to and reasons for the Transaction and why the Board considers the Transaction to be in the best interests of Shareholders as a whole; and (iii) recommend that you vote (by proxy) in favour of the Resolutions set out in the Notice of General Meeting which appears at the end of this document.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter. Shareholders will find definitions for certain terms used in this letter and in the rest of this document in Part 8 (*Definitions*) of this document.

## **2 BACKGROUND TO AND REASONS FOR THE ACQUISITION**

### **2.1 Information on Gresham**

Gresham is a leading software and services company that specialises in providing real-time solutions for reconciliation, data integrity and control, regulatory reporting and cash management and payments. Listed on the Main Market of the London Stock Exchange (GHT.L) and headquartered in the City of London, its customers include some of the world's largest financial institutions and corporates, all of whom are served locally from offices located in the UK, Europe, North America and Asia Pacific.

Gresham has over 120 customers and over 150 employees worldwide. In the last five years, Gresham has completed three acquisitions comprising C24 Technologies in 2016, B2 Group in 2018 and

Inforalgo in 2020, all of which have been successfully integrated and absorbed into Gresham's global technology and operating model.

The Group is organised for internal management purposes into the three following reporting segments:

- Clareti Solutions – this addresses the supply of solutions predominantly to the finance and banking markets across Asia Pacific, Europe, the Middle East and Africa and North America and includes both software and services that can be accessed in the cloud, on-premise or deployed into hybrid environments. The primary offerings within this segment comprise:
  - Clareti Control products
    - A leading enterprise-grade business self-service platform for the reconciliation and control of “any and all” transaction data in financial markets.
    - With these products, Gresham seeks to disrupt markets typically dominated by legacy vendors whose inflexible technology often fails to achieve more granular and real-time data control and to replace in-house systems and manual processes.
    - These products are sold to customers as applications for specific use cases and include Clareti Transaction Control, Clareti Cash Control, Clareti Securities Control and Clareti Regulatory Control.
  - Clareti Connect products
    - This is an innovative service that enables customers to participate in the complex inter-connected global financial system without needing to be concerned with integration risk, cost and time to market.
    - These products enable institutions to seamlessly connect their banking, payments, trading, accounting and regulatory systems and their external partners with intelligent straight-through-processing in a way that is reliable and cost effective.
    - Products are sold primarily as a cloud service bringing together tools and software libraries built or acquired by Gresham into a rich menu of industry connectivity and data transformation services.
- Other Solutions – this segment comprises the supply and/or support and maintenance of a range of well-established solutions to large or enterprise-level customers in a variety of end markets.
- Contracting Services – this segment involves the supply of IT contracting services to just one banking customer, ANZ.

## 2.2 Strategy

Gresham's strategy is to develop and sell innovative software solutions to address data problems endemic in the financial services industry in order to drive profitable growth and create long-term Shareholder value. To achieve this, Gresham has adopted the following specific strategies:

- *Build a high-margin, recurring revenue stream based on Clareti software and cloud services:*

In 2020, Gresham increased Clareti annualised recurring revenues by 29 per cent. despite the challenging prevailing conditions, and completed its transition of all new Clareti customers to subscription-based licensing.
- *Create a valuable financial technology business through Clareti-led growth and complementary acquisitions:*

Gresham also added several key accounts, delivered important customer implementations that increased its addressable market and completed the acquisition of Inforalgo which added valuable cloud connectivity technology to the Clareti portfolio.
- *Establish Clareti as the enterprise data integrity platform “category leader”:*

Gresham won the Waters Technology award for Best Buy-Side Reconciliation Platform in 2020 and ran several successful marketing campaigns to promote Gresham's brand and offerings to its target market.

- *Focus product investment on innovative Clareti solutions for chosen markets:*  
Gresham delivered new, market-differentiating features and capabilities in 2020 to solve well-defined market problems. It also adopted new technologies to increase the re-usability of IP assets across solutions.
- *Retain strategic non-Clareti revenues to support Clareti-led growth:*  
Non-Clareti revenues are operated at high-margin and support the Group's profitability despite high levels of investment in Clareti. In 2020, non-Clareti revenues were ahead of the Board's original expectations.

Further details on Gresham's strategy and business model can be found in the 2020 Annual Financial Report which is hereby incorporated by reference into this document. Gresham's strategy and business model are described on pages 14-17 of the 2020 Annual Financial Report.

## 2.3 Rationale for the Acquisition

### ***Compelling and immediate financial impact***

The Acquisition is expected to be immediately significantly accretive to earnings, on an adjusted<sup>(3)</sup> basis, in the first part financial year of ownership (year ending 31 December 2021), and further accretive to earnings, on an adjusted<sup>(3)</sup> basis, in the first full year of ownership (year ending 31 December 2022). The Board estimates that, following Completion, the Enlarged Group will be able to achieve synergies through reductions in senior leadership costs. However, the Board notes that in the short term, these cost savings will be predominantly offset by a higher annual operating cost base of the Enlarged Group resulting from investments to be made into central functions in order to align Electra with Gresham's global operating platform, corporate governance procedures and reporting requirements.

In the medium to longer term, it is anticipated that further benefits will be achieved, through efficiencies in product development (including access for the Enlarged Group to a greater range of re-usable IP assets) and customer support as future investments are made on a combined basis, utilising an enlarged and more global resource pool, and by centralising core functions. These longer-term benefits have not been modelled in Gresham's baseline investment case.

### ***Acceleration of earnings growth and earnings quality***

Electra is a profitable and growing business. Since inception, Electra has had the strategic advantage of being able to secure growth primarily in its large, homogeneous local U.S. market. As a result, it has achieved deep penetration and now benefits from a higher level of cash profitability compared to the Gresham Group's more internationally distributed Clareti business.

In each of the financial years ended 31 December 2019 and 31 December 2020, Electra delivered approximately 4 per cent. of revenue growth and 13 per cent. and 9 per cent. of recurring revenue growth respectively. As with many other comparable businesses, Electra experienced a slowdown in recurring revenue growth in FY2020 as a result of COVID-19, but growth rates are expected to increase in FY2021. Whilst Electra experienced a slight drop in margins in FY2019 as its migration from a perpetual to a subscription-based licensing business was completed, FY2020 saw a strong improvement and was well-ahead of FY2018, with a 15 per cent. and 24 per cent. adjusted EBITDA margin and a 3 per cent. and 9 per cent. adjusted cash EBITDA margin being achieved in FY2019 and FY2020 respectively. On a standalone basis, as previously reported, Gresham's Clareti business is tracking towards cash EBITDA profitability being achieved on a full-year basis during FY2022. The acquisition of Electra will accelerate the combined cash EBITDA break-even point which is now expected to be achieved in the first 12 months post-Acquisition.

Based purely on an aggregation of Gresham's and Electra's respective businesses, forward looking annual recurring revenues ("**ARR**") totalled £24.6 million as at 31 December 2020. For FY2020, on a standalone basis, Gresham's high growth, strategically important Clareti business represented 63 per cent. of Group revenues of £24.8 million. On an aggregated basis, revenues from the combined Clareti and Electra businesses represented 73 per cent. of total Gresham Group and Electra revenues

(3) Adjusted for one-off exceptional charges, acquired amortisation, IFRS 16 lease charges and share-based payments.

of £35.0 million. This transformation will completely remove the Group's long-standing dependency on its legacy businesses which have been in structural decline for the last decade.

In recent years, Electra has successfully made the transition to a subscription-based licensing model and benefits from high levels of customer retention. Electra also targets the attractive capital markets industry segment that has been the primary engine of growth for Gresham. The Acquisition will more than double the Enlarged Group's customer numbers, thereby improving the likely resilience of its revenues and reducing customer concentration risk. Based upon an aggregation of the FY2020 combined Clareti and Electra results, the Acquisition will also increase Clareti recurring revenues by 85 per cent. and further improve the Enlarged Group's quality of earnings.

### ***Strengthening position in the United States***

The United States is the largest homogeneous market for capital markets technology in the world, with North America accounting for approximately 50 per cent. of the global asset management industry. Success in the U.S. market is, therefore, believed by the Board to be key to the Company's long-term aspirations.

Since winning its first Clareti sale in the U.S. in 2015, Gresham's customer base in North America has grown steadily through organic direct sales and acquisitions, most recently of Inforalgo and, prior to that in 2016, C24 Technologies. As at 31 December 2020, 29 per cent. of Clareti ARR came from customers in North America; combined with Electra, this becomes 57 per cent. Gresham's current physical presence there is limited to eight staff and further investment is required into sales, delivery, cloud and customer support to take advantage of the market opportunity.

Combining Gresham's and Electra's respective U.S. customer-facing operations is expected to extend sales reach and deliver economies of scale in other functions. Furthermore, there is anticipated to be substantial opportunity for growth within the Enlarged Group's customer base through product cross-sell.

Notwithstanding the competitive nature of the businesses' respective reconciliation solutions, there is pleasingly only a limited overlap in the customer bases of Gresham and Electra. As a result, the combined Clareti and Electra customer base of the Enlarged Group will comprise over 190 organisations in North America upon Completion and a total combined customer count in excess of 270. In terms of market share, Gresham will become a leading independent provider of reconciliation software to the U.S. buy-side community. The Acquisition represents an exciting opportunity to underpin Gresham's beachhead operation in the U.S. and secure a market leadership position which would otherwise be likely to take several years to establish.

### ***Increase share of wallet with buy-side customers***

Investment management firms are increasingly seeking to reduce their operating costs and gain greater automation, transparency and control over their operations. Buy-side firms see robust core reconciliations of cash, positions, transactions and NAV calculations as a fundamental business need and are prepared to invest to remove manual dependencies from the process. They are also seeking to achieve integration across front, middle and back offices, driving a need for inter-systems controls. In parallel, they are seeking to simplify and integrate their technology and data estate by consolidating their technology partners and accelerating their move to cloud. Firms are increasingly open to working with partners to provide outsourced services in specialist areas such as data management, reconciliations, compliance and reporting.

Electra's primary product strengths are in core reconciliation software and data aggregation services. By contrast, Gresham's competitive advantage is in more complex inter-systems reconciliations, regulatory reporting and control, payments integration and other connectivity solutions. Both organisations also have relatively new cloud hosting and managed services capabilities. Bringing these products and services together will enable Gresham to provide more complete, higher value, automation solutions thereby competing more effectively against platform providers and providing strong differentiation against point solution providers.

### ***Provides global operating scale***

Despite steady rates of year-on-year organic recurring revenue growth, both Gresham and Electra remain relatively small players competing in the global enterprise financial technology market. It is Gresham's aspiration to build a global company of substantial scale and to become a significant next generation player in the market and a known and respected brand.

Whilst the success of the Clareti-led growth strategy over the last few years has enabled the Gresham Group to become cash generative, the Clareti business itself is not yet standalone cash profitable. The business has matured from the pioneering days of the Clareti start-up; by the end of 2020, Clareti annualised recurring revenue had grown to £12.3 million and the Group had over 120 Clareti customers. The Company has invested to build out global distribution, service delivery and customer support platforms, as well as investing into the product innovations, cloud infrastructure and managed services solutions required by the market.

Whilst no longer a start-up, as a small scale-up business, Gresham has yet to achieve the target levels of operational gearing and cash generation expected of a mature enterprise software company. In acquiring Electra, a company with a similar business model, target market and strategic purpose, Gresham will significantly increase its recurring software revenues. The Enlarged Group will have approximately 200 employees servicing over 270 customers in over 15 countries around the world. This revenue and platform scale will take the Enlarged Group into a new stage in its growth journey. Gresham will become a larger small company with its sights firmly set on becoming a smaller large company within the next five years.

In the Board's view, the Acquisition is aligned with Gresham's strategic plan and seeks to maximise value for Shareholders, with the Company being well placed to pursue its strategy of profitable growth.

## **3 FINANCIAL EFFECTS OF THE ACQUISITION**

Electra is being acquired for a total consideration, to be satisfied entirely in cash, of up to US\$38.6 million, comprising US\$28.95 million in upfront consideration and up to US\$9.65 million in deferred consideration payable in two instalments (of up to US\$4.825 million respectively) to be made (subject to the achievement of performance criteria) after the first and second anniversaries of Completion on a debt free, cash free basis.

For the year ended 31 December 2020, Electra delivered audited revenue of £10.1 million, audited adjusted EBITDA of £2.4 million, audited adjusted cash EBITDA of £0.9 million and an audited profit before tax of £0.4 million.

The Board remains confident in the structural growth opportunities of Electra's target markets as well as, in the short term, the ability to maintain the recurring revenue growth demonstrated by Electra over the historical period reported in Section B of Part 3 (*Historical Consolidated Financial Information on Electra*) of this document and to at least maintain its existing margins. As a result, in the mid to long-term following completion of the Acquisition, the Directors expect there to be the potential to further enhance Electra's growth rates and margins. Further details are provided in paragraph 8 (*Synergies*) of this Part 1 below.

The Company and Gresham International have entered into a new US\$15 million multicurrency revolving credit and US\$10 million accordion loan facility with Bank of Ireland. It is not anticipated that the New Loan Facility will be used to fund any of the initial consideration payable in respect of the Acquisition but drawdowns may be made under the facility in respect of any further payments by Gresham Enterprise of the deferred consideration which may become due to the Vendors under the Stock Purchase Agreement.

## **4 INFORMATION ON ELECTRA**

Electra is a leading, innovative provider of software solutions and services for post-trade processing including reconciliation, data collection and transformation, trade settlement and client fee billing for the financial services industry, primarily targeted at buy-side firms. Electra was founded in 1998 by John Landry, amongst others, who holds the controlling interest in its issued and outstanding shares of common stock and currently operates as its Chief Executive Officer. Electra is headquartered in New York, USA and has approximately 50 employees. With over 150 customers globally, Electra has a low customer concentration with its largest customer comprising approximately 6 per cent. of its annualised recurring revenue of £8.8 million as at 31



December 2020. Electra's customer base includes institutional investment managers, hedge funds, insurance companies, fund administrators and plan sponsors.

Electra's strategy is to deliver best-in-class solutions that mitigate risk, cost and inefficiencies prevalent across the post-trade process, selling primarily to buy-side firms and service providers who have relatively standardised requirements. Electra's business model seeks to deliver solutions to its customers primarily in a Software-as-a-Service (SaaS) environment, which Electra hosts in third-party cloud platforms with revenue based on number of seats and/or data volumes. Revenues are also derived from licensed software with respect to on-premise deployments that the customer manages themselves, and its offerings are augmented with managed services.

Electra's products are comprised as follows:

- *Electra Reconciliation* is a solution designed specifically for the asset management industry, helping buy-side firms and service providers mitigate risk, cost and inefficiencies across reconciliation, exception management and the post-trade process, and eliminate labour processes. The product, which contains patented technology, integrates and compares data across departments, in order to expedite exceptions management and allow customers to review exceptions activity, understand the causes and impact of exceptions and enable immediate exception resolutions.
- *Electra Data* provides customers with a fully outsourced data collection, validation and aggregation service. The product includes a data dashboard to allow for summarised viewing and detailed status information in real time. It consolidates securities, cash position, transaction and research information from third parties and then reformats the data so it can be integrated with a customer's system specifications and its business applications.
- *Electra Settlements* is an application that allows the post-trade settlement process to be fully automated by consolidating post-trade processing into a single system and dashboard for automating wire instructions. Data is automatically sent to counterparties and can be customised to eliminate manual workflows. It mitigates settlement risk by accelerating trade affirmations.
- *Electra Billing* allows investment firms to calculate fees and invoice clients based on criteria such as assets under management and performance fees. It allows for complex approval workflows and audit trails for these core processes.
- *Electra Managed Services* provides an add-on outsourcing service for specific reconciliation and data collection processes which can be tailored to a customer's requirements.
- *Electra FailSafe* is a risk management system designed to aggregate and display pending trades, highlight trades at risk of failing, expose failed trades and present the information on a secure web interface. The system enables the creation of alerts and provides an audit trail for specific trades.

Electra Reconciliation and Electra Data are considered to be the lead offerings and together accounted for approximately 96 per cent. of Electra's recurring revenues as at 31 December 2020.

### Summary financial information on Electra Information Systems, Inc.

	<i>Year ended</i> <i>31 December</i> <i>2018</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2019</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2020</i> <i>£'000</i>
Revenue	9,257	9,732	10,121
Gross profit	6,879	7,226	7,505
Operating profit	873	336	503
Profit before tax	810	280	443
Gross Assets	5,135	5,493	6,407
Net Assets	2,728	3,075	3,353

The financial information presented above has been extracted without adjustment from the information contained in Section B of Part 3 (*Historical Consolidated Financial information on Electra*) of this document. However, Shareholders should read the whole of this document and not just rely on the summarised financial information set out above.

Over the historical reporting period, Electra's sales increased from approximately £9.3 million in FY2018 to approximately £10.1 million<sup>(4)</sup> in FY2020, a CAGR of 4 per cent. This increase was predominantly driven by a growth in recurring revenues which experienced a CAGR of 10 per cent. over the reporting period. In FY2020, 97 per cent. of revenue was recurring and the gross revenue retention rate was in excess of 92 per cent. Gross margin was stable at approximately 74 per cent. throughout the reporting period. Adjusted EBITDA and adjusted cash EBITDA respectively increased from approximately £1.7 million and £0.4 million in FY2018 to approximately £2.4 million and £0.9 million in FY2020. This resulted in an adjusted EBITDA CAGR of 19 per cent. and a cash EBITDA CAGR of 50 per cent. over the historical reporting period to FY2020. As at 31 December 2020, the gross assets of Electra totalled £6.4 million and forward looking ARR totalled £8.8 million<sup>(5)</sup>. Of this sum, Electra Reconciliation and Electra Data represented annualised recurring revenues of approximately £5.0 million and £3.6 million respectively.

## 5 SUMMARY OF THE TERMS OF THE ACQUISITION

The Acquisition is being made pursuant to the terms of the Stock Purchase Agreement. Under the Stock Purchase Agreement, Gresham Enterprise has agreed, subject to certain conditions, to purchase all of the issued and outstanding shares of common stock of Electra for a consideration of up to US\$38.6 million on a debt free, cash free basis, of which US\$28.95 million will be payable in cash on Completion, subject to customary adjustments based on the working capital levels of Electra as at that date. Further cash consideration of up to US\$9.65 million will then be payable to the Vendors by reference to the levels of recurring revenue achieved by Electra in the first two years of its ownership by Gresham, such sum being paid in two separate instalments (of up to US\$4.825 million respectively, subject to downwards adjustment in proportion to the extent to which target recurring revenues are not achieved) to be made after the first and second anniversaries of Completion.

Pursuant to the Stock Purchase Agreement, the Vendors have each given customary representations, warranties, covenants and indemnities to Gresham Enterprise with regard to Electra as well as regarding the conduct of Electra's business during the period up to Completion.

Completion of the Acquisition is conditional upon the satisfaction (or waiver, where applicable) of the following conditions (among others):

- approval by Shareholders at the General Meeting of the Acquisition (as a Class 1 transaction under the Listing Rules pursuant to Resolution 1) and of Resolution 2, required under the Companies Act to allow the Directors to allot and issue the Placing Shares without first offering them to existing Shareholders;
- the representations and warranties of Electra and the Vendors contained in the Stock Purchase Agreement continuing, subject to certain exceptions, to be true and correct as of the Completion Date;
- consummation of the transactions contemplated by the Stock Purchase Agreement being permitted by applicable law and there being no order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition limiting or restricting the consummation of the transactions contemplated by the agreement or Gresham Enterprise's ownership, conduct or operation of Electra's business following Completion;
- no Material Adverse Effect having occurred; and
- immediately after the passing of the applicable Resolutions, the Placing Shares having been unconditionally allotted and issued by the Company, the Placing Agreement not having been terminated and having become and remaining unconditional in all respects and, immediately following Completion having taken place, Placing Shares Admission then occurring.

(4) In alignment with IFRS, all of Electra's income statement transactions have been translated from USD, the significant base currency, to GBP using average rates across the relevant reporting periods and all of its balance sheet transactions have been translated as at the closing rates prevailing in respect of each such period.

(5) Forward looking ARR is not an IFRS measure, but has been translated as at the closing rates prevailing in respect of that period.

The Stock Purchase Agreement contains various termination rights, including in the event that the applicable Resolutions are not approved by Shareholders at the General Meeting or if there is a material breach of any of the representations, warranties, covenants or agreements given by the parties in the Stock Purchase Agreement which would give rise to the failure of any of the conditions to Completion.

The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the Conditions, Completion will occur on or around 22 June 2021.

Further details of the terms of the Acquisition, including the principal terms of the Stock Purchase Agreement, are set out in Part 5 (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

## **6 FINANCING OF THE ACQUISITION**

The cash consideration payable for the Acquisition on the Completion Date is US\$28.95 million. The Group proposes to finance this amount using the net proceeds of the Fundraising (after taking into account expenses related to the Placing, the PrimaryBid Offer and the Acquisition) with the remainder being funded from the Group's existing cash resources.

### **Details of the Fundraising**

The Company is proposing to raise £20 million pursuant to the Placing and £1.0 million pursuant to the PrimaryBid Offer (in each case, before expenses) to fund part of the upfront consideration due in respect of the Acquisition, together with associated transaction and acquisition costs.

The Issue Price of 160 pence per New Ordinary Share does not represent any discount to the closing mid-market price of an Existing Ordinary Share of 160 pence on 27 May 2021 (being the latest practicable date prior to announcement of the Transaction).

Prior to launch of the Fundraising, the Company consulted with a number of its institutional Shareholders to gauge their feedback as to the terms of the Transaction. Feedback from this consultation was supportive and, as a result, the Board has chosen to proceed with the Placing and the PrimaryBid Offer to finance the initial consideration payable in respect of the Acquisition through an equity raise and using its existing cash resources without first offering the New Ordinary Shares to existing Shareholders. The Directors believe that the additional costs that would have been incurred, both financially and in terms of management time, if the Company were to have offered all Shareholders the opportunity to acquire Ordinary Shares (for example, via an open offer or a rights issue), are such that a non-pre-emptive share issue to a limited number of institutional and other investors via the Fundraising is a more appropriate method of raising finance for the purposes of the Acquisition. The Placing was therefore structured as an accelerated bookbuild to minimise execution and market risk and neither that nor the PrimaryBid Offer have been underwritten.

The Placing is to be effected pursuant to the Placing Agreement, further details of which are described in paragraph 7.1(b) of Part 6 (*Additional Information*) of this document. The Placing will result in the issue of 12,500,000 New Ordinary Shares, representing approximately 17.8 per cent. of the Existing Ordinary Shares.

### **PrimaryBid Offer**

The PrimaryBid Offer, which closed on the morning of 28 May 2021, was open to private and other investors subscribing via PrimaryBid.com and conditionally raised £1.0 million (before fees and expenses) through the issue of the PrimaryBid Shares. A total of 625,000 New Ordinary Shares are to be issued under the PrimaryBid Offer at the Issue Price.

### **General**

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after their date of issue and will carry the same voting rights as the Existing Ordinary Shares. The New Ordinary Shares will be in registered form and will be capable of being held either in certificated form or in uncertificated form in CREST. The New Ordinary Shares will be admitted to the Official List with a premium listing and admitted to trading on the London Stock Exchange's Main Market for listed securities.



It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8:00 a.m. on 22 June 2021.

### **Dilution**

It is proposed that 13,125,000 New Ordinary Shares will be issued in connection with the Fundraising. This will result in the Company's issued share capital increasing by approximately 18.7 per cent. in aggregate. For illustrative purposes, immediately following Completion, those existing Shareholders as at the latest practicable date prior to the publication of this document will, together, own approximately 84.2 per cent. of the issued share capital of the Company as enlarged by the Fundraising.

### **Details of the New Loan Facility**

The New Loan Facility comprises a US\$15 million multicurrency revolving credit facility ("**Facility A**") and (at the lender's discretion) a separate option for a US\$10 million accordion loan facility. Amounts borrowed under Facility A may be used, among others, to fund the consideration payable under the Acquisition, for any associated fees, costs, taxes and expenses, for the refinancing of certain financial indebtedness incurred in relation to acquisitions permitted under the terms of the facility and for the general corporate and working capital purposes of the Enlarged Group.

The rate of interest payable on each loan made under Facility A is the margin (defined therein) plus (as applicable, depending on the currency denomination of each loan) the sterling overnight index average reference rate or secured overnight financing rate. The margin payable on any Facility A loans is also subject to a margin ratchet, pinned to an adjusted leverage covenant contained in the New Loan Facility, where the highest margin payable is 2.75 per cent. per annum and the lowest is 2 per cent. per annum. The maturity date of the New Loan Facility is its third anniversary but the facility agreement also contains two extension options whereby the Company may (subject to obtaining the lender's consent) give notice to Bank of Ireland that it wishes to extend the maturity date of the New Loan Facility by additional periods, each of one year.

Further information regarding the terms of the New Loan Facility is set out in paragraph 7.1(d) of Part 6 (*Additional Information*) of this document.

## **7 INFORMATION ON GRESHAM AND FUTURE STRATEGY**

Following Completion, Gresham intends to continue pursuing its successful stated strategy of developing and selling innovative software solutions and cloud services to address data problems endemic in the financial services industry in order to drive profitable growth and create long-term Shareholder value.

Over the last ten years or so, the global shift to digital has driven dramatic change in society and business, with entire industries being reimagined and transformed by data and inter-connected real-time processes. In financial services, these technology advances and competitive pressures are compounded by increasing regulatory, risk and compliance demands. Firms are striving to achieve full front-to-back and end-to-end control and digitisation of their businesses. They are replacing archaic, inflexible systems and manual processes and investing in automation to improve the speed, accuracy and efficiency of their data processing. Executives need to have complete confidence in their data and processes to make good decisions, ensure optimal outcomes and protect their reputations.

The acquisition of Electra is aligned with Gresham's mission to bring digital integrity, agility and confidence to financial markets. Gresham expects to fully integrate the Electra business into its global, functional, operating model over the course of the first year of ownership. Integration will commence immediately with HQ functions, systems and processes, followed by sales, product, delivery and customer support. Priority will be given to the successful execution of the FY2021 sales plans of Electra and Gresham, and the rapid implementation of the go-to-market strategy for the Enlarged Group, including the cross-sell of products and services. The Electra name will be retained as a product level brand for the U.S. buy-side for a transitional period. The Enlarged Group will continue to invest in its sales and marketing resource to drive organic ARR growth through the acquisition of new customers as well as growth in existing accounts in the industry and geographic segments currently targeted by both businesses.

In summary, Gresham will be in a stronger position to build on its existing operations and will seek to win a greater share of its target addressable market. The Board will update Shareholders on the Enlarged Group's strategic progress in its half-year results expected to be announced in July 2021.

## **8 SYNERGIES**

Following Completion, immediate cost savings are expected to be realised through the removal of duplicate senior leadership costs. However, the Board notes that in the short term these savings will be predominantly offset by a higher annual operating cost base of the Enlarged Group resulting from investments to be made into central functions in order to align Electra with Gresham's global operating platform, corporate governance procedures and reporting requirements. Accordingly, the Board does not expect to achieve any material cost synergies in the short term.

However, based on the due diligence process undertaken in advance of the Acquisition and its experience of integrating the Inforalgo acquisition, the Board has identified certain cost and efficiency synergies that are expected to materialise in the medium to longer term. In particular, the Board anticipates that the Enlarged Group will benefit from having a single corporate overhead structure, centralised functions and investments, and shared infrastructure and systems. The Enlarged Group will be able to share existing resources across geographic regions. Gresham's strong presence in Europe and Australia combined with Electra's significant U.S. footprint will create a better balanced global operation. The expected synergies identified above reflect both the beneficial elements and the relevant costs, are contingent upon completion of the Acquisition and would not be achieved independently.

Similarly, in respect of potential revenue synergies, whilst the Board does not anticipate significant enhancements to independent Electra and Clareti growth rates in the short term, enhancements are expected in the mid to long term. Over the mid to long-term, the Board anticipates being able to increase Electra's recurring revenue growth rates to at least the levels achieved in respect of the Group's Clareti products as cross-sell and upsell opportunities are realised and both the increased size and significantly increased North American sales and marketing presence of the Enlarged Group begins to deliver.

## **9 CURRENT TRADING, TRENDS AND FUTURE PROSPECTS**

### **Gresham Technologies plc**

On 9 March 2021, the Company published its full year results for the year ended 31 December 2020. Gresham Group's overall performance was described in the Chief Executive Officer's statement. The Company reported that in challenging circumstances, the team grew Clareti ARR by almost 30 per cent. High levels of investment into product innovation and customer services were sustained, whilst also increasing earnings. The Inforalgo acquisition, completed in the second half of 2020, was swiftly integrated and is already delivering returns. Investment into sales and marketing has been stepped up for the first half of FY2021 with a strong field team in place.

Gresham entered 2021 with an installed base of over 120 Clareti customers generating annualised recurring revenue of £12.3 million, which was £2.8 million and 29 per cent. higher than at the beginning of 2020. The Group already has good visibility on its legacy non-Clareti businesses. As a result, the Company is now much more resilient than it has been for many years. Gresham's pipeline has strengthened considerably in the last nine months and our financial services clients are investing into intelligent automation solutions to remove manual processes and save costs. We also expect to see ongoing spend on regulatory reporting infrastructure. Gresham will focus its sales efforts on these growth areas where the Board believes its technology has significant benefits over legacy vendors and newer competitors. The Company will also seek to identify further earnings-enhancing acquisitions in these same core markets.

FY2021 has started positively with several new customer wins in Europe and the United States and multiple upgrades have been signed with existing customers. Customer retention rates remain high. Subject to sustaining the Group's new business win rate, incremental investment in sales and distribution is planned for the second half of the year in order to further strengthen the pipeline into 2022.

## **Electra Information Systems, Inc.**

Electra's performance for the first quarter of FY2021 was aligned with the Board's expectations. Recurring revenues increased by 5 per cent. against those achieved in the first-quarter of FY2020. Customer retention remains high and Gresham anticipates full year FY2021 growth similar to that achieved by Electra during the period reported in the historical financial information included in Part 3 (*Historical Consolidated Financial Information on Electra*) of this document.

## **10 RISK FACTORS**

For an overview of the likely risks and uncertainties associated with the Transaction, Gresham and the Enlarged Group which you should take into account when considering whether to vote in favour of the Resolutions, please refer to Part 2 (*Risk Factors*) of this document.

## **11 GENERAL MEETING**

Set out at the end of this document is the Notice convening the General Meeting which is being held at the registered office of the Company at Aldermary House, 10-15 Queen Street, London EC4N 1TX at 10:00 a.m. on 21 June 2021 for the purpose of seeking the approval of Shareholders for the Resolutions.

The Acquisition Resolution will be proposed as an ordinary resolution requiring a majority of votes cast in favour for the Resolution to be carried and will be effective to approve the Acquisition and to authorise the Directors to implement it.

The Fundraising Resolutions will each be proposed as special resolutions requiring a majority of at least 75 per cent. of votes cast in favour for those Resolutions to be carried and will authorise the Directors to allot and issue respectively the Placing Shares pursuant to the Placing and the PrimaryBid Shares pursuant to the PrimaryBid Offer and to disapply the statutory pre-emption rights arising in respect of those allotments. While the PrimaryBid Shares could (and if necessary, may) be allotted pursuant to the authorities already conferred on the Directors by the resolutions passed by Shareholders at the Annual General Meeting of the Company held on 10 May 2021, the Board believes the granting of the further specific authority sought at the General Meeting in respect of the PrimaryBid Offer will preserve its flexibility to take advantage of further opportunities if and when they arise).

If the Resolutions are each passed by the requisite majorities, they will be binding on all Shareholders, irrespective of how (or whether) they voted.

The Acquisition is conditional on, amongst other things, Resolutions 1 and 2 each being passed.

## **12 ACTION TO BE TAKEN**

Shareholders will find enclosed with this document a reply-paid Form of Proxy which will enable you to vote at the General Meeting in respect of your holding of Ordinary Shares. Shareholders are reminded that, if their Ordinary Shares are held in the name of a nominee, only that nominee may submit a proxy vote.

**The Board's preference had been to welcome Shareholders in person to the General Meeting, particularly given the constraints faced in 2020 and again this year due to the COVID-19 pandemic. However at present, under the UK Government's four-step roadmap to lifting lockdown restrictions, there can be no certainty as to the number of people who will be able to attend and it is accordingly proposed to hold the General Meeting as a combined physical and electronic meeting.**

**Shareholders are requested not to attend the Company's offices for the General Meeting in person but are instead encouraged to participate using the online Investor Meet Company ("IMC") platform. Shareholders who are not already registered to the IMC platform will need to register with IMC, for which there is no charge, and add "to meet" Gresham Technologies plc to register attendance, using the link: <https://investormeetcompany.com/gresham-technologies-plc/register-investor>. Advance registration to attend the meeting is required. Shareholders who have already registered to the IMC platform will be able to add to meet the Company to register attendance at the General Meeting.**

Questions can be submitted ahead of the General Meeting via the IMC dashboard or at any time during the meeting via the “Ask a Question” function or may otherwise be submitted to the Chair via an email sent to [investorrelations@greshamtech.com](mailto:investorrelations@greshamtech.com) at least 48 hours prior to the meeting. Although the Company may not be in a position to answer every question it receives, it will endeavour to address the most prominent within the confines of information already disclosed via a RIS. Responses will be published at the earliest opportunity on the IMC platform and on the Company’s website at <https://www.greshamtech.com/invest-in-us>. Shareholder feedback can also be submitted directly to Gresham after the General Meeting to ensure the Company can understand the views of all Shareholders.

The Company is taking these precautionary measures to safeguard Shareholders’ and its employees’ health and to enable the General Meeting to comply with current law and UK Government guidelines. The Company is keeping the practicalities of the location, date and format of the General Meeting under close review and it is possible these may change at short notice. Any such changes will be announced via a RIS and on the Company’s website. You are accordingly strongly recommended to monitor all Company announcements carefully.

Votes will be taken at the General Meeting on a poll but the online IMC platform will not include a facility for attendees to vote live. Shareholders are accordingly strongly encouraged to appoint the Chair of the General Meeting (rather than their own choice of person) as their proxy with their voting instructions. This will ensure that your votes are counted on the poll vote taken at the meeting if, as requested, you (and any other proxy you might otherwise appoint) do not attend the meeting in person (or are not permitted to attend due to lockdown restrictions or health and safety precautions). Please complete and sign the accompanying Form of Proxy in accordance with the instructions printed on it and return it to the Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received by no later than 10:00 a.m. on 17 June 2021 or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

As an alternative to completing the hard copy Form of Proxy, Shareholders may appoint the Chair of the General Meeting as their proxy electronically by sending their completed Form of Proxy as an attachment to an authenticated e-mail (as referred to in note 28 to the Notice of General Meeting) sent to [proxyvotes@equiniti.com](mailto:proxyvotes@equiniti.com) and stating “Gresham GM” in the subject line of the e-mail. Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, [www.sharevote.co.uk](http://www.sharevote.co.uk) using the series of numbers printed under the headings Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy. Alternatively, Shareholders who have already registered with the Registrars’ online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and using their usual user ID and password. Once logged in, simply click “view” on the “My Investments” page, click on the link to vote and then follow the on-screen instructions. Full details and instructions on these electronic proxy facilities are given on the respective websites.

For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 10:00 a.m. on 17 June 2021 (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting). Shareholders who hold their Ordinary Shares in the CREST system (including CREST personal members) may use the CREST electronic proxy appointment service. Further details of the CREST electronic proxy appointment method (including the timeframes for electronic appointment) are set out in Part 9 (*Notice of General Meeting*).

Unless your proxy appointment is received by the dates and times specified above, it will be invalid and your votes will not be counted.

**Shareholders should bear in mind that if they or any alternative proxy do, nonetheless, travel to attend the General Meeting in person, they may be denied entry based on the prevailing circumstances. For these reasons, business at the General Meeting will be curtailed to the formal business, with no wider presentations on business performance and with a Q&A facility on the IMC platform only. If the current lockdown restrictions are lifted or otherwise eased, the completion and return of a Form of Proxy or electronic appointment of a proxy will not prevent you from attending the General Meeting and voting in person if you wish to do so, but the**

**Company reserves the right to put in place appropriate COVID-19 security measures, including maintaining social distancing, the wearing of face coverings where appropriate, mandatory temperature checks as a condition of admission or requiring attendees to produce a recent, valid COVID-19 negative test result, and asking attendees to confirm that they (or members of their household, support bubble or childcare bubble etc) have not recently developed symptoms or been exposed to someone who has tested positive or is displaying symptoms.**

Further details regarding your right to appoint a proxy are set out in the Notice of General Meeting contained in Part 9 (*Notice of General Meeting*) at the end of this document.

**The contents of this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice as soon as possible from your stockbroker, bank, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA if you are in the United Kingdom or, if you are not, from another appropriately authorised independent professional adviser.**

### **13 FURTHER INFORMATION**

The expected timetable of principal events for the Acquisition and the Fundraising is set out on page 5 of this document. Further information regarding the terms of the Acquisition is set out in Part 5 (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document. Shareholders are advised to read the whole of this document and not merely to rely on the summarised information set out in this letter.

### **14 FINANCIAL ADVICE**

The Board has received financial advice from Nplus1 Singer Advisory LLP in relation to the Acquisition and the Placing. In providing its financial advice to the Board, Nplus1 Singer Advisory LLP has relied upon the Board's commercial assessment of the Transaction.

### **15 RECOMMENDATION TO SHAREHOLDERS**

The Board considers the Transaction to be in the best interests of the Company and Shareholders as a whole, and most likely to promote the success of the Company for the benefit of those Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote (by proxy) in favour of the Resolutions to be proposed at the General Meeting, as those Directors who are Shareholders intend to do in respect of their own beneficial holdings of Ordinary Shares representing, in aggregate, approximately 0.27 per cent. of the Company's issued share capital as at the date of this document.

Yours faithfully

Peter Simmonds  
*Non-Executive Chair*  
**Gresham Technologies plc**



## PART 2

### RISK FACTORS

*This Part 2 (Risk Factors) addresses those risks known to the Gresham Group and the Directors as at the date of this document which, if they occur, are material risk factors to the Acquisition, will be material risk factors to the Enlarged Group as a result of the Acquisition or will be material risk factors to the Fundraising and the Ordinary Shares. The risk factors do not seek to cover all the material risks which generally affect the Group.*

*The risk factors included in this document are risks which could materially and adversely affect the business, prospects, results of operations, cash flow, financial condition, turnover, profits, capital resources and/or assets of the Group and/or the Enlarged Group, as appropriate. If certain risks materialise, the market price of the Ordinary Shares could decline and Shareholders may lose some or all of their investment in the Company.*

*Prior to voting (by proxy) on the Resolutions at the General Meeting, Shareholders should carefully consider, together with all other information contained in, or incorporated by reference into, this document, the specific risks and uncertainties described below.*

*The risk factors set out below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that do not currently exist or that are currently unknown to Gresham and the Directors, or which Gresham and the Directors currently deem immaterial, or which Gresham and the Directors consider to be material but which are not related to or will not be impacted by the Transaction, may also have an adverse effect on Gresham's operating results, financial condition, profits, capital resources and/or prospects if they materialise.*

*The risks described are set out in what the Board assesses to be their order of materiality within each section. The information is given as at the date of this document and, except as requested by the FCA or required by the Listing Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under the heading, "Information regarding forward-looking statements" on page 2 of this document.*

#### **1 RISKS RELATED TO THE ACQUISITION**

The following risks and uncertainties relate to the Acquisition:

##### **Conditions in Stock Purchase Agreement**

Completion of the Stock Purchase Agreement is conditional upon, among others, the satisfaction (or waiver, if applicable) of the following Conditions:

- the approval of Resolutions 1 and 2 by Shareholders at the General Meeting;
- the representations and warranties of Electra and the Vendors contained in the Stock Purchase Agreement continuing, subject to certain exceptions, to be true and correct as of the Completion Date;
- consummation of the transactions contemplated by the Stock Purchase Agreement being permitted by applicable law and there being no order issued by any court of competent jurisdiction or other restraint or prohibition limiting or restricting the consummation of the transactions contemplated by the agreement or Gresham Enterprise's ownership, conduct or operation of Electra's business following Completion;
- no Material Adverse Effect having occurred; and
- immediately after the passing of the applicable Resolutions, the Placing Shares having been unconditionally allotted and issued by the Company, the Placing Agreement not having been terminated and having become and remaining unconditional in all respects and, immediately following Completion having taken place, Placing Shares Admission then occurring.

There can be no assurance that the outstanding Conditions will be satisfied (or waived, if applicable) in the necessary timeframe and, accordingly, that Completion will take place. The Conditions are set out in further detail in paragraph 5 of Part 5 (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.

Satisfying the Conditions may also take longer than Gresham and the Vendors expect and could impact expected costs. Any delay in completing the Acquisition may also adversely affect any synergies and other benefits that the Company may achieve if the Acquisition is not completed within the expected timeframe. In addition, Gresham's and Electra's management would have spent significant time in connection with the Acquisition, which could otherwise have been spent in connection with the other activities of the Gresham Group and Electra, as applicable.

Therefore, the aggregate consequences of a material delay in completing or failing to complete the Acquisition may have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Gresham Group and Electra and, in the case of a delay only, the Enlarged Group.

If the Acquisition does not proceed to Completion, there may also be an adverse impact on the reputation and brand of the Group and, given market perceptions, a negative impact on the price of the Ordinary Shares, for example, as a result of negative media scrutiny arising in connection with the failure to complete.

### **Warranties, indemnities and undertakings in the Stock Purchase Agreement**

The Stock Purchase Agreement contains customary warranties, indemnities and other representations (including in relation to tax) given by the Vendors and Electra in favour of Gresham Enterprise. The Company has, through the due diligence procedures it deemed reasonable and appropriate, and in negotiating the terms of the Stock Purchase Agreement, taken steps to minimise the risk of a liability arising under these provisions. However, there can be no assurance that this due diligence exercise revealed or highlighted all relevant facts that may be necessary or helpful in evaluating the Acquisition and the Stock Purchase Agreement may not provide for Gresham to recover all types of losses which it could suffer following Completion, whether because those losses are not covered by appropriate provisions of the Stock Purchase Agreement or are otherwise excluded by its provisions, in particular by the application of any time limitations on claims or financial limitations on the Vendors' liability. Any failure to bring a successful claim arising from a breach of any such warranties, indemnities or representations could have a material adverse effect on the Enlarged Group's financial condition and on its reputation and brand.

### **The due diligence conducted by the Group in connection with the Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues**

The due diligence conducted by the Gresham Group on Electra in connection with the Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues in relation to the Acquisition, including the existence of facts that may otherwise have impacted on the decision to proceed with the Acquisition, the determination of the consideration payable respectively to the Vendors and the Option Holders or the formulation of a business strategy for the Gresham Group, Electra or, following Completion, the Enlarged Group.

In addition, information provided during the due diligence process may have been incomplete, inadequate or inaccurate. The Gresham Group and, following Completion, the Enlarged Group may also be subject to legacy conduct and other exposures with respect to Electra which were not identified through due diligence. If any of the aforementioned occurs, the Gresham Group could suffer reputational damage and may also be liable for losses suffered by an affected party, each of which could have a material adverse effect on the business, reputation and brand, prospects, financial condition and/or results of operations of the Gresham Group and, following Completion, the Enlarged Group.

### **Change of control**

A number of Electra's customer contracts (including its largest by annual revenues) include provisions that give the customer a right (but not the obligation) to terminate the contract upon a change of control of Electra unless prior consent is obtained from the customer. While neither Electra nor Gresham has any reason to believe these arrangements will not continue following Completion, none of Electra's customers was aware of the Acquisition prior to the date it was announced to Shareholders and their views have not, given confidentiality concerns, been sought. The Acquisition is an event giving rise to a change of control of Electra and, accordingly, there is a risk that customers who enjoy such a right may seek to terminate their contract with Electra either immediately or upon shorter notice than would otherwise be required had the change of control event not occurred. Whilst any termination of customer agreements arising from the fact of Completion

would reduce the amount of the deferred consideration payable by Gresham Enterprise to the Vendors, if any such contract is terminated, Electra would cease to derive revenues from the customer contract, which would reduce the net benefits of the Acquisition and impact the Enlarged Group's business and financial position. To mitigate this risk, Electra will be expected to seek consents to the change of control from affected customers prior to Completion, but there can be no assurance it will be successful in securing these consents.

Further, Electra's lease agreement relating to its premises in New York City also includes a change of control provision that, upon Acquisition, would entitle the landlord to terminate the lease with immediate effect or with shorter notice than would otherwise be required had the change of control event not occurred, unless the landlord's prior consent is obtained. If the lease were to be terminated, Electra would no longer have access to its premises in New York City, which could negatively impact its ability to conduct its business operations and which, in turn, may impact the Enlarged Group's business, prospects, financial condition and/or results of operations. To mitigate this further risk, Electra will also be expected to seek consent to the change of control from its landlord prior to Completion, but there can be no assurance that it will be successful in securing this consent either.

**The Acquisition may have a disruptive effect on the Gresham business, impact relationships with strategic partners of the Gresham Group and Electra and could have a material adverse effect on the Group, Electra and, following Completion, the Enlarged Group**

Notwithstanding the Gresham Group's and Electra's longstanding relationships with many of their respective strategic partners, uncertainty about the effects of the Acquisition on the future business relationships with those strategic partners (including customers, distributors, resellers and suppliers), may have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Gresham Group, Electra and, following Completion, the Enlarged Group.

These uncertainties could cause parties that have business or other relationships with the Gresham Group, Electra and, following Completion, the Enlarged Group, either to cease or seek to cease doing business or to change their terms of business or take other decisions concerning the business of the Gresham Group, Electra and, following Completion, the Enlarged Group. This could result in the loss of strategic partners who may no longer choose to do business with the Gresham Group, Electra and, following Completion, the Enlarged Group which may have a material adverse effect on the Enlarged Group's operations, revenues and results.

**The Enlarged Group may not realise, or it may take longer to realise, the expected synergies or other benefits of the Acquisition**

Acquisitions are, by their nature, inherently risky undertakings and, while strategic investments such as acquisitions present opportunities for accelerated growth and the Gresham Group has successfully undertaken and implemented a number of acquisitions previously, this is its first acquisition made outside the UK and Europe, is significantly larger in scale than previous deals and, as such, no assurance can be given that the Acquisition will be successful.

The Enlarged Group may fail to achieve certain, or all of, the anticipated synergies or other benefits that Gresham expects to realise as a result of the Acquisition, they may be materially lower than have been estimated or it may take longer or cost more than expected to realise those synergies or other benefits. If the anticipated synergies or other benefits are not achieved, or take longer than expected to be realised, this could hinder Gresham's strategic growth plan, potentially jeopardise its position in the market and have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Enlarged Group.

**Technology modernisation**

Gresham's due diligence has identified certain technology modernisation requirements with respect to Electra's products. Whilst Electra has initiated these modernisations, which are expected to deliver certain benefits, the extent and duration of the modernisation activities required are not currently quantified or quantifiable. There is a risk either that investments exceeding those currently provided for may be required to complete these modernisations, or that the modernisations may not be successful or deliver the benefits expected, which could negatively affect the Enlarged Group's business, prospects, financial condition and/or results of operations.



To mitigate such risks, Gresham intends to carry out a full review of Electra's modernisation plans as part of a comprehensive post-Completion integration process, as referred to below. In particular, Gresham will examine how the Enlarged Group's other IP assets may be used to accelerate the modernisation requirements and gradually work towards a combined technology stack and/or services capable of satisfying multiple product requirements. However, there can be no assurance that this will be feasible.

### **Pre-Completion changes in Electra's business**

During the period from the signing of the Stock Purchase Agreement to Completion, events or developments may occur, including changes in the trading, operations or outlook of Gresham or Electra, or external market factors, which could make the terms of the Acquisition less attractive for the Company. Gresham Enterprise would be obliged to complete the Acquisition notwithstanding such events or developments. This may have an adverse effect on Gresham's business, prospects, financial condition and/or results of operations.

### **Potential future tax liabilities**

Electra is subject to the corporate and other tax rules of the United States where it principally operates. The correct interpretation and application of any changes in applicable tax rates, reliefs and tax laws can be challenging in practice. Any failure to identify and manage this risk could lead to additional taxes, penalties and interest being imposed on the Enlarged Group.

There are also certain tax liabilities to which Electra may be subject in the future in relation to the historic financial period. Whilst these liabilities are largely indemnified against under the Stock Purchase Agreement, there is one specifically identified and quantified contingent tax claim which Gresham has agreed, in part, to share liability for with the Vendors, up to a maximum US\$300,000 of which would be payable by Gresham. The eventual final sum payable in respect of this claim may be higher or lower and/or other additional but presently unidentified tax liabilities may also fall due. This may have an adverse effect on the Enlarged Group's financial condition and/or results of operations.

### **Integration risks**

The success of the Acquisition will depend, in part, on the ability of the Directors and the Enlarged Group's management to successfully integrate Electra's operations, technologies and personnel into those of the Gresham Group's existing business. The Group's management team have reasonable experience of implementing an integration plan of the scale proposed but, if the Enlarged Group fails to successfully integrate the two businesses, or such integration is delayed or costs more than expected, this could negatively impact on the business, prospects, financial condition and/or results of operations of the Enlarged Group. The integration of these operations may also result in unanticipated operational problems, expenses and other liabilities, and the diversion of management's attention.

The challenges involved in this integration are anticipated to include the following:

- co-ordinating communications with, and/or the provision of products, services and solutions by the Enlarged Group to, customers of both the Gresham Group and Electra;
- consolidating the technologies used in the Enlarged Group's products and services, taking into account the modernisation requirements of certain Electra products noted above;
- the consolidation of certain systems, procedures, accounting functions, other facilities and technologies;
- additional capital or other expenditure requirements;
- ensuring that management systems and administrative and financial controls are adequate for the effective management of the Enlarged Group;
- the alignment of financial accounting and reporting policies and practices;
- achieving continuity of service and a compelling product roadmap to ensure the retention of acquired customers;

- resolving any outstanding or unforeseen legal, regulatory, contractual, employee or other issues arising from the Acquisition; and
- assimilating the personnel and business cultures of the Gresham Group's existing businesses with those of Electra and continuing to incentivise key employees.

Integration of the cultures and philosophies of the Gresham Group and Electra is also likely to be made more challenging to the extent that the current operational disruption resulting from the COVID-19 pandemic and the restrictions put in place by governments in the U.S., the UK and elsewhere are continuing at the time of Completion, particularly if employees are still required to work from home.

There can be no assurances that the Enlarged Group will be successful in meeting all of these challenges.

### **The value of Electra may be less than the consideration payable under the Stock Purchase Agreement**

Notwithstanding a fairly assessed price, and the fact that a significant amount of the consideration payable to the Vendors under the Stock Purchase Agreement is contingent on Electra's performance during the two years following Completion, the amount payable under the Stock Purchase Agreement may turn out to exceed the value to the Enlarged Group of acquiring Electra.

Notably in this regard, Electra's top ten customers by number account for approximately 24 per cent. of its total recurring billings. In addition, certain of Electra's recurring revenues are based on the level of usage made by certain of its customers of the software which is licensed to them. These arrangements do not provide for a minimum term or amount to be paid by those customers and a decline in their usage of Electra's products could result in a decline in its revenues and may have a material adverse effect on its business, prospects, financial condition and/or results of operations and, following Completion, on those of the Enlarged Group.

### **Acquisition related costs may exceed expectations**

The Enlarged Group may incur higher than expected integration, transaction and Acquisition-related costs. In addition, the Gresham Group has incurred legal, accounting and transaction fees and other costs related to the Acquisition. Some of these costs are payable regardless of whether the Acquisition is completed (in which case, they may not be recovered from the Vendors or Electra), and such costs may also be higher than anticipated, which may reduce the net benefits of the Acquisition and impact the Gresham Group's or, following Completion, the Enlarged Group's business, prospects, financial condition and/or results of operations.

## **2 RISKS RELATED TO THE ENLARGED GROUP**

### **Electra may not perform in line with expectations**

The historical operating results of Electra may not necessarily be indicative of future performance. Furthermore, Electra's future ability to contribute fully to the Enlarged Group's cash flows and operating profitability will be dependent upon a number of factors, including certain risks described in this section of the document.

### **The Enlarged Group's success will depend on retaining and attracting key personnel**

Following Completion, the Enlarged Group may not be able to retain key personnel as there can be no assurance that individuals employed by Electra or the Gresham Group will remain employed by the Enlarged Group.

Electra's senior management team is led by Founder and Chief Executive Officer, John Landry who is responsible for managing the operations of Electra. Mr Landry has agreed to provide on an ad hoc basis certain transitional support to Gresham with regard to Electra for a period of up to 12 months following Completion.

The Directors believe that Electra's senior management team are responsible for creating a strong culture which has helped Electra attract high-quality personnel, maintain a high retention rate of key staff and create a workforce that is dedicated to delivering high-quality products, services and solutions. Although Electra has a track record of long-service amongst most of its senior management, there is no guarantee that these individuals, including its COO, CFO, CTO, Chief Revenue Officer and key Product Managers, will remain with the Enlarged Group. The failure to retain key management and staff could have a material adverse effect on Electra and, following Completion, the Enlarged Group's business, prospects, financial condition and/or results of operations.

The success of the Enlarged Group will also depend on its future ability to recruit further key personnel. The inability to attract employees, or any delay in replacing a departed employee, may result in business disruption, intellectual property leakage, the loss of local market knowledge and longstanding relationships with customers and other strategic partners which may have a material adverse effect on the Enlarged Group's business, prospects, financial condition and/or results of operations.

### **Future strategy and external market competition**

The future success of the Acquisition and of the Enlarged Group will depend on the successful implementation of its business strategy. The implementation of this business strategy will be subject to certain risks and factors outside the Board or the Company's control, including changes in the markets in which Gresham currently operates.

In addition, the markets in which the Gresham Group and Electra currently operate and, following Completion, the Enlarged Group will operate are competitive and are characterised to varying degrees by rapid technological change, evolving industry standards, evolving business models and consolidation within the software industry. The Enlarged Group will continue to face competition from a number of sources in the market for its software solutions, including significantly larger organisations, and could be adversely affected through declining product sales if market dynamics change rapidly and the Company fails or is unable to identify and address competitor threats as they emerge.

The Enlarged Group's competitors may also establish strategic or commercial relationships among themselves or with existing or potential customers or other third parties, which may have the effect of reducing the Enlarged Group's ability to promote and sell its products successfully.

In addition, the software industry is currently undergoing consolidation as software companies seek to offer more extensive suites and broader arrays of products, services and solutions. The COVID-19 pandemic has created further uncertainty in the technology market due to its global impact, which could lead to increased consolidation from potential opportunistic acquisitions by competitors or competitors reassessing or realigning their strategies. In doing so, these competitors may be able to reduce prices on software that competes with the Gresham Group's, Electra's and, following Completion, the Enlarged Group's products, services and solutions, in part by leveraging their larger economies of scale.

Consolidation may also permit competitors to offer a broader suite of products and more comprehensive bundled solutions, including software and services. This industry consolidation may result in increased pricing pressure and/or loss of business to these larger competitors. Competitor threats may also emerge from smaller organisations who, due to their size, may be in a better position to adopt newer technologies and/or rapidly develop and release new, competitive products to the Enlarged Group's current or target markets, particularly if they are funded by venture capital or private equity, resulting in additional competitive pressure on the Enlarged Group.

Any of these factors may have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Gresham Group, Electra and, following Completion, the Enlarged Group.

### **The Enlarged Group's financial performance and prospects may be adversely affected by COVID-19, the long-term impact of which is still unknown**

On 11 March 2020, the World Health Organisation announced that the outbreak of COVID-19 (commonly referred to as the Coronavirus) had been declared a global pandemic. This widespread health crisis has adversely affected the global economy, periodically resulting in volatility in financial markets. The full, long-term impacts of the pandemic are still evolving and, as yet, still remain to some extent unknown.

Whilst COVID-19 has not had a material impact on the Gresham Group and Electra to date other than a period of reduced sales during 2020 as customers attended to their own COVID-19-related internal operational priorities, the future development of the pandemic still remains relatively uncertain and there is no assurance this will not have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Gresham Group, Electra and, following Completion, the Enlarged Group. Such effects could include disruptions or restrictions on the ability of employees to work effectively, as well as further temporary closures of facilities or the facilities of customers or suppliers, which could affect the Gresham Group, Electra and, following Completion, the Enlarged Group's ability to perform its contracts or purchase orders. Resulting cost increases may not be fully recoverable under those contracts or purchase orders or adequately covered by insurance which, in turn, could impact the Gresham Group, Electra and, following Completion, the Enlarged Group's profitability.

The full extent of this impact will depend on the continued geographical range of the virus, infection rates, the severity and related mortality rates of the virus, the timing and efficacy of vaccine roll-outs, the evolution and administration of further vaccines and the further, ongoing steps taken nationally and globally to limit the further spread, variance and proliferation of the virus.

Gresham Group and Electra are, in some cases, deemed to be critical suppliers to the financial markets and customers that they serve (for example, banks and other financial institutions) and, as such, have been required to continue to provide critical services to their respective customers during the COVID-19 pandemic. Additionally, demand for their products has remained robust to date, other than a period of reduced sales during 2020. Accordingly, neither the Gresham Group nor Electra has experienced a material detrimental impact to its respective business from 31 December 2020 to 28 May 2021 (being the latest practicable date prior to the publication of this document).

In light of COVID-19, many organisations have made changes to their standard operating procedures and have reviewed their own cost bases. Whilst Gresham's and Electra's customer retention rates have remained high since the pandemic began, there can be no assurance that customers will not seek to reduce their costs either by re-negotiating contract terms or migrating to lower-cost competitors. Furthermore, ongoing remote working and a lack of (or further limitations on) physical meetings restricts collaboration opportunities with colleagues and customers alike. This may impact productivity and sales and marketing activities, which in turn could impact the business and prospects of the Gresham Group, Electra and, following Completion, the Enlarged Group.

As COVID-19 has not had a material impact on the Gresham Group and Electra to date, the Company is unable to provide any additional information (other than that set out above) on its potential impact on the Gresham Group, Electra and, following Completion, the Enlarged Group.

### **Customer privacy, data protection and online security**

Although the Gresham Group and Electra each seek to implement adequate cybersecurity programmes, the continually increasing sophistication of hackers and the prevalence of other cybersecurity threats means there is an ongoing risk of breaches of the Gresham Group's, Electra's and, following Completion, the Enlarged Group's IT and security systems resulting in unauthorised access to data centres (which may lead to business disruption or a loss of source code or other confidential information) or other parts of its IT environments containing confidential information. The Enlarged Group may be subject to other security breaches of its information technology systems, including sophisticated schemes, collusion to defraud or other illegal activities. A party that is able to circumvent the Enlarged Group's security systems, either by physical means or electronically, could access or steal personal data, financial data, customer data and other sensitive information held by it.

The attractiveness of the Enlarged Group's products and services to its customers depends, materially, on those customers trusting that their (or their own customers' and clients') identities, confidential data and the details of the transactions made by them (or on their behalf) on the Enlarged Group's products and systems will not be disclosed by the Enlarged Group to unauthorised third parties, other than in permitted circumstances.

Security breaches could also expose the Enlarged Group to litigation, possible liability and considerable reputational risk. If the Enlarged Group or any of the third party services on which it relies fails to process and manage customer data online in a secure manner, or if they otherwise fail to protect customer privacy

and confidentiality in online transactions, there is a risk that the Enlarged Group's customers and potential customers would be deterred from using its services. While the Enlarged Group will continue to make significant efforts to protect itself and its customers from the occurrence of such activities, there can be no assurance that such measures will be successful.

### **Protection of intellectual property rights**

The Gresham Group and Electra each currently rely and, following Completion, the Enlarged Group will rely, on patents, registered and unregistered trademarks, copyright, trade secrets and proprietary know-how and concepts. The Enlarged Group will continue to seek to protect the ownership and intellectual property rights in its current and future software products, in the UK, the United States and elsewhere, through a combination of patents, trademarks, copyrights and trade secret laws, as well as appropriate confidentiality agreements.

Although the Gresham Group is not currently aware of any potential or ongoing material breach of its intellectual property by any third party, including its competitors, nor any breach by Gresham of its competitors' intellectual property, any failure to obtain or maintain adequate protection of intellectual property rights for any reason could have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Gresham Group, Electra and, following Completion, the Enlarged Group.

While the protection afforded by patent, trademark, copyright and trade secret laws may provide some advantages, the competitive position of participants in their industry is often principally determined by other factors, such as the technical and creative skills of its personnel, the frequency of new product developments and the ability to anticipate and rapidly respond to evolving market requirements. To the extent that a competitor effectively uses its intellectual property portfolio, including patents, to prevent the Gresham Group, Electra and, following Completion, the Enlarged Group from selling products that allegedly infringe such competitor's products, their results of operations could be materially adversely affected.

The Gresham Group and Electra also rely and, following Completion, the Enlarged Group will continue to place material reliance on unpatented and unregistered proprietary software, technology and products. It is possible that others will independently develop the same or similar software, technology or products, obtain access to such unpatented unregistered technology or otherwise, reverse engineer or decompile the Gresham Group's and, following Completion, the Enlarged Group's software products.

In common with other companies in the software industry, the Gresham Group, Electra and, following Completion, the Enlarged Group may continue to use or decide from time to time to extend its use of open source software in certain of its products. Despite rigorous processes to select only open source software that should not compromise the Group's, Electra's and, following Completion, the Enlarged Group's intellectual property, there may be uncertainty about the legal effect of some open source software licences. By using open source software, the Gresham Group, Electra and, following Completion, the Enlarged Group may become obliged to disclose parts of its own source code or may unknowingly be infringing the intellectual property rights of a third party.

To protect trade secrets and other proprietary information, employees, consultants, advisers and collaborators are typically required to enter into confidentiality agreements with the Gresham Group and Electra. However, it can never be assured that agreements of this sort will provide meaningful protection for trade secrets, know-how or other proprietary information in the event of any unauthorised use, misappropriation or disclosure. If the Gresham Group, Electra and, following Completion, the Enlarged Group are unable to maintain the proprietary nature of their technologies or to detect and take appropriate steps to enforce their rights against any third party infringing on those rights, sales could decrease and this could have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Enlarged Group.

### **Following Completion the indebtedness of the Enlarged Group may materially increase, which could affect the Enlarged Group's business flexibility in the longer term**

Gresham may finance any future deferred consideration payable to the Vendors in respect of the Acquisition through the New Loan Facility, further details of which are set out in paragraph 7.1(d) of Part 6 (*Additional Information*) of this document. As such, completion of the Acquisition may result in the Enlarged Group substantially increasing its levels of debt in the future compared to its historical position given that, while all existing indebtedness of Electra will be discharged on Completion, Gresham currently has no borrowings.



An increased level of debt could have the effect, among other things, of reducing the Enlarged Group's flexibility to respond to changing business and economic conditions. The amount of cash required to service any increased debt levels, and thus the demands on the Enlarged Group's cash resources, will be greater than the amount of the cash flows which were required to service the Group's debt and to pay dividends prior to the Acquisition.

Increased levels of debt could, in the longer term, also reduce funds available for the Enlarged Group's investments in capital expenditures, other acquisitions, share repurchases and/or other activities and may potentially create competitive disadvantages for the Enlarged Group relative to other companies with lower debt levels.

### **Exchange rate fluctuations**

Gresham's reporting currency is, and will following Completion remain, pounds sterling. To that extent, one of its principal foreign currency exposures will, due to its enlarged U.S. operations, relate to movements in the U.S. dollar and pounds sterling exchange rate and U.S. dollar denominated costs in the U.S. This exposure may adversely affect its reported pounds sterling profits, cash flows and balance sheet positions, such as net debt. While Gresham already earns significant U.S. dollar and other non-sterling denominated revenues and implements policies appropriate to manage these exposures on an ongoing basis, the Acquisition will significantly increase the amount of its U.S. dollar earnings, cash flows and balance sheet values.

While policies will be adjusted appropriately to take account of these increased exposures in the Enlarged Group, there can be no assurance that the financial performance and condition of the Enlarged Group as reported in pounds sterling will not be adversely affected by future movements in the U.S. dollar/pounds sterling exchange rate.

## **3 RISKS RELATED TO THE FUNDRAISING AND ORDINARY SHARES**

### **The risk of executing the Acquisition could cause Gresham's share price to decline**

The market price of the Ordinary Shares may decline as a result of the Acquisition if, among other reasons, the integration of Electra's business with that of Gresham is delayed or is unsuccessful, Gresham does not achieve the expected benefits of the Acquisition as rapidly or to the extent anticipated or at all, the effect of the Acquisition on Gresham's financial results is not consistent with the expectations of investors, or Shareholders sell a significant number of their Ordinary Shares after Completion.

### **The Company's share price may be subject to volatility and may not reflect the underlying value of the Group and, following Completion, the Enlarged Group**

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them). Such risks depend on the market's perception of the likelihood of completion of the Fundraising, and/or in response to various facts and events, including any regulatory changes affecting the Gresham Group's and, following Completion, the Enlarged Group's operations, variations in its operating results and any future business developments of the Gresham Group and, following Completion, the Enlarged Group and/or its competitors. Stock markets have from time to time experienced (and may in the future also experience) significant price and volume fluctuations that have affected (and may in the future affect) the market prices for securities which may be unrelated to the operating performance or prospects of the Gresham Group and, following Completion, the Enlarged Group. Furthermore, the operating results and prospects of the Gresham Group and, following Completion, the Enlarged Group may from time to time fall below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares.

### **Shareholders will experience a dilution of their existing percentage ownership of Ordinary Shares and will have a reduced voting interest in Gresham**

In light of the decision taken by the Directors to undertake the Fundraising on a non-pre-emptive basis, rather than *pro rata* to existing Shareholders, the percentage ownership of the Ordinary Shares by the Company's existing Shareholders will be reduced. Gresham intends to issue 13,125,000 New Ordinary Shares in connection with the Acquisition which will represent, in aggregate, approximately 18.7 per cent.

of the Existing Ordinary Shares. This will result in Gresham's issued share capital increasing by approximately 18.7 per cent. As a consequence, the number of voting rights which can be exercised and the influence which may be exerted by existing Shareholders in respect of the Enlarged Group will be reduced.

### **The market price of Ordinary Shares may go down as well as up**

Shareholders should be aware that shares are risk investments and the value of an investment in Ordinary Shares, and any income received from them, may go down as well as up and can be highly volatile and subject to wide fluctuations in response to a variety of factors, potentially leading to losses for Shareholders. The price at which the Ordinary Shares may be quoted may not always reflect the underlying value or prospects of the Group or, following Completion, the Enlarged Group and the price which Shareholders may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to Gresham and its operations (including, but not limited to, variations in the operating results of the Group or the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, market appraisals of the Group's or the Enlarged Group's strategy, any additions or departures of key personnel, litigation, and press, newspaper and/or other media reports) and some which may, as a result of general economic conditions, legislative changes or in the Group's or the Enlarged Group's sector, affect the industry as a whole, other comparable companies or publicly traded companies generally.

### **Dividends**

The ongoing ability of the Company to make further dividend payments to Shareholders will depend on a number of factors, including its financial condition and results of operations, any contractual restrictions (in particular those which have been imposed by Bank of Ireland pursuant to the New Loan Facility) and other factors considered relevant by the Directors. Under English law, any payment of dividends is subject to the Companies Act. All final dividends to be distributed by the Company must also be recommended by the Directors and approved by Shareholders.

Moreover, under English law, the Company may pay dividends on the Ordinary Shares only out of profits available for distribution in accordance with the Companies Act. Although the Directors intend, where permitted, to continue to pay dividends to Shareholders in the future, there can be no assurance either that the Company will declare and pay, or have the ability to declare and pay, any further dividends on the Ordinary Shares, or as to the amount of such dividends, if any.

### **An investment in the Ordinary Shares may not be suitable for all recipients of this circular**

The Ordinary Shares may not be a suitable investment for all recipients of this document. Before making any investment decision, prospective investors are advised to consult an appropriate independent financial adviser authorised under FSMA (if in the UK) or from another appropriately authorised independent financial adviser who specialises in advising on the acquisition of securities.

## **PART 3**

### **HISTORICAL CONSOLIDATED FINANCIAL INFORMATION ON ELECTRA**

#### **Historical Consolidated Financial Information on Electra**

The following Part 3 contains the historical consolidated financial information on Electra.

The historical consolidated financial information on Electra presented in Section B of this Part 3 of this document has been prepared for the purpose of the Listing Rules and in accordance with the IFRS accounting policies of the Company.

The following historical consolidated financial information of Electra is presented in Section B of this Part 3 of this document:

- Historical consolidated financial information for the year ended 31 December 2018.
- Historical consolidated financial information for the year ended 31 December 2019.
- Historical consolidated financial information for the year ended 31 December 2020.

Shareholders should read the whole of this document and not rely solely on the financial information contained in this Part 3 (*Historical Consolidated Financial Information on Electra*).



**SECTION A – ACCOUNTANT’S REPORT IN RELATION TO THE  
HISTORICAL CONSOLIDATED FINANCIAL INFORMATION ON ELECTRA**



BDO LLP  
55 Baker Street  
London  
W1U 7EU

1 June 2021

The Directors  
Gresham Technologies plc  
Aldermary House  
10 – 15 Queen Street  
London  
EC4N 1TX

Nplus1 Singer Advisory LLP  
One Bartholomew Lane  
London  
EC2N 2AX

Dear Sir or Madam

**Electra Information Systems, Inc. and its subsidiary undertakings (together, the “Target Group”)**

**Introduction**

We report on the financial information set out in Section B of Part 3 of the class 1 circular dated 1 June 2021 of Gresham Technologies plc (the “**Company**”) (the “**Circular**”).

**Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of the Target Group as at 31 December 2018, 31 December 2019 and 31 December 2020 and of its results, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union and has been prepared in a form that is consistent with the accounting policies adopted in the Company’s latest annual accounts.

**Responsibilities**

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the listing rules made by the Financial Conduct Authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the “**Listing Rules**”), consenting to its inclusion in the Circular.

### **Basis of preparation**

This financial information has been prepared for inclusion in the Circular on the basis of the accounting policies set out in note 2 to the financial information. This report is required by item 13.5.21R of the Listing Rules and is given for the purpose of complying with that item and for no other purpose.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and the Target Group in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Conclusions relating to going concern**

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Target Group to continue as a going concern for a period of at least twelve months from the date of the Circular. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Yours faithfully

### **BDO LLP**

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## SECTION B – HISTORICAL CONSOLIDATED FINANCIAL INFORMATION ON ELECTRA

### Consolidated Income Statement

	Notes	Year ended 31 December		
		2018 £'000	2019 £'000	2020 £'000
Continuing operations				
Revenue	5	9,257.3	9,731.9	10,120.5
Cost of sales		(2,378.2)	(2,505.8)	(2,615.5)
Gross Profit		6,879.1	7,226.1	7,505.0
Administrative expenses		(6,006.0)	(6,890.5)	(7,037.4)
Other operating income		–	–	34.9
Operating profit from continuing operations	6	873.1	335.6	502.5
Finance income		3.7	2.2	–
Finance costs	8	(66.4)	(58.2)	(59.3)
Profit before taxation from continuing operations		810.4	279.6	443.2
Income tax charge	10	(2.6)	(3.4)	(4.2)
Profit for the year from continuing operations attributable to equity holders of the parent		807.8	276.2	439.0

## Consolidated statement of comprehensive income

	Notes	Year ended 31 December		
		2018	2019	2020
		£'000	£'000	£'000
Profit attributable to the parent		807.8	276.2	439.0
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating to presentation currency		134.1	(99.9)	(113.8)
Total comprehensive income for the year		<u>941.9</u>	<u>176.3</u>	<u>325.2</u>

## Consolidated Statement of Financial Position

		<i>As at 31 December</i>			
	<i>At 1 January</i>				
	<i>Notes</i>	<i>2018</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Non-current assets</b>					
Property, plant and equipment	12	55.5	46.3	40.9	40.3
Right-of-use assets	14	418.8	286.8	126.2	352.3
Intangible assets	13	2,290.3	3,031.6	3,228.9	3,324.4
Other receivables	15	62.2	36.6	–	–
<b>Total non-current assets</b>		<u>2,826.8</u>	<u>3,401.3</u>	<u>3,396.0</u>	<u>3,717.0</u>
<b>Current assets</b>					
Trade and other receivables	15	1,676.2	1,616.7	2,066.6	1,685.0
Cash and cash equivalents		97.5	116.9	30.1	1,005.2
<b>Total current assets</b>		<u>1,773.7</u>	<u>1,733.6</u>	<u>2,096.7</u>	<u>2,690.2</u>
<b>TOTAL ASSETS</b>		<u>4,600.5</u>	<u>5,134.9</u>	<u>5,492.7</u>	<u>6,407.2</u>
<b>Equity and Liabilities</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	17	0.4	0.4	0.4	0.4
Share-based payment reserve		31.9	213.2	477.3	687.9
Foreign currency translation reserve		–	134.1	34.2	(79.6)
Retained earnings		1,790.5	2,380.4	2,562.6	2,744.5
<b>Total equity</b>		<u>1,822.8</u>	<u>2,728.1</u>	<u>3,074.5</u>	<u>3,353.2</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	18	80.6	31.7	–	–
Lease liabilities	14	384.4	173.8	–	245.9
<b>Total non-current liabilities</b>		<u>465.0</u>	<u>205.5</u>	<u>–</u>	<u>245.9</u>
<b>Current liabilities</b>					
Trade and other payables	16	364.0	540.4	567.3	865.9
Contract liabilities – deferred income	5	1,120.3	957.8	809.0	800.1
Borrowings	18	655.2	491.8	870.5	1,028.9
Lease liabilities	14	170.7	208.7	168.0	109.1
Tax liabilities		2.5	2.6	3.4	4.1
<b>Total current liabilities</b>		<u>2,312.7</u>	<u>2,201.3</u>	<u>2,418.2</u>	<u>2,808.1</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,600.5</u>	<u>5,134.9</u>	<u>5,492.7</u>	<u>6,407.2</u>

## Consolidated Statement of Changes in Equity

	<i>Share capital £'000</i>	<i>Share- based payment reserve £'000</i>	<i>Foreign currency translation reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
<b>Balance at 1 January 2018</b>	0.4	31.9	–	1,790.5	1,822.8
Profit for the year	–	–	–	807.8	807.8
Other comprehensive income for the year	–	–	134.1	–	134.1
Total comprehensive income for the year	–	–	134.1	807.8	941.9
Share-based payment transactions	–	181.3	–	–	181.3
Distributions to shareholders	–	–	–	(217.9)	(217.9)
<b>Balance at 31 December 2018</b>	0.4	213.2	134.1	2,380.4	2,728.1
Profit for the year	–	–	–	276.2	276.2
Other comprehensive expense	–	–	(99.9)	–	(99.9)
Total comprehensive (expense)/ income for the year	–	–	(99.9)	276.2	176.3
Share-based payment transactions	–	264.1	–	–	264.1
Distributions to shareholders	–	–	–	(94.0)	(94.0)
<b>Balance at 31 December 2019</b>	0.4	477.3	34.2	2,562.6	3,074.5
Profit for the year	–	–	–	439.0	439.0
Other comprehensive expense	–	–	(113.8)	–	(113.8)
Total comprehensive (expense)/ income for the year	–	–	(113.8)	439.0	325.2
Share-based payment transactions	–	210.6	–	–	210.6
Distributions to shareholders	–	–	–	(257.1)	(257.1)
<b>Balance at 31 December 2020</b>	0.4	687.9	(79.6)	2,744.5	3,353.2

## Consolidated Statement of Cash Flows

	Notes	Year ended 31 December		
		2018 £'000	2019 £'000	2020 £'000
<b>Cash flows from operating activities</b>				
Profit after tax		807.8	276.2	439.0
Finance income and expense		62.7	56.0	59.3
Depreciation and impairment of property, plant and equipment		16.7	18.7	19.5
Amortisation of intangible assets		469.6	760.0	1,108.9
Amortisation of right-of-use assets		149.4	156.3	150.3
Other operating income		–	–	(34.9)
Share-based payment charges		181.3	264.1	649.6
Income tax expense		2.6	3.4	4.2
Decrease/(increase) in trade and other receivables		173.9	(479.4)	387.1
Decrease in trade and other payables		(71.4)	(72.3)	(127.3)
<b>Cash generated from total operations</b>		<u>1,792.6</u>	<u>983.0</u>	<u>2,655.7</u>
Net interest paid		(62.7)	(56.9)	(18.7)
Tax paid		(2.5)	(2.7)	(3.5)
<b>Net cash inflow from operating activities</b>		<u>1,727.4</u>	<u>923.4</u>	<u>2,633.5</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	12	(4.8)	(14.8)	(20.2)
Payments to acquire intangible fixed assets	13	(1,051.5)	(1,068.9)	(1,320.9)
<b>Net cash outflow from investing activities</b>		<u>(1,056.3)</u>	<u>(1,083.7)</u>	<u>(1,341.1)</u>
<b>Net cash inflow/(outflow) before financing activities</b>		<u>671.1</u>	<u>(160.3)</u>	<u>1,292.4</u>
<b>Cash flows from financing activities</b>				
Principal paid on lease liabilities	14	(195.9)	(208.8)	(190.4)
Bank borrowing advances		–	633.3	50.9
Government supported loan		–	–	803.8
Bank borrowing repayments		(423.0)	(52.9)	(662.1)
Loans from related parties		179.2	–	–
Repayment of loans to related parties		–	(203.4)	–
Distributions to shareholders		(217.9)	(94.0)	(257.1)
<b>Net cash (outflow)/inflow from financing activities</b>		<u>(657.6)</u>	<u>74.2</u>	<u>(254.9)</u>
Net increase/(decrease) in cash and cash equivalents in the year		13.5	(86.1)	1,037.5
Cash and cash equivalents at the beginning of the year		97.5	116.9	30.1
Exchange adjustments		5.9	(0.7)	(62.4)
Cash and cash equivalents at the end of the year		<u>116.9</u>	<u>30.1</u>	<u>1,005.2</u>

## Notes to the consolidated financial information

### 1. General information

Electra Information Systems, Inc. (“**Electra**”) is a corporation incorporated in New York and domiciled in the United States. The principal activity of Electra and its subsidiary undertakings (together, the “**Electra Group**”) is the development of software applications for the financial services industry.

### 2. Principal Accounting Policies

The principal accounting policies applied in the preparation of this historical consolidated financial information on Electra (the “**Historical Financial Information**”) are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### ***Basis of Preparation of Historical Financial Information Statements***

The directors of Gresham Technologies plc (“**Gresham**”) are solely responsible for preparation of this Historical Financial Information.

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS as they apply for the year ended 31 December 2020. The Historical Financial Information has also been prepared under the historical cost convention.

For all periods up to and including the year ended 31 December 2020, Electra did not prepare statutory financial statements. This Historical Financial Information for the three years ended 31 December 2020 is the first financial information Electra has prepared in accordance with IFRS and the date of transition was 1 January 2018. Reconciliations from previously reported financial statements to IFRS are presented in note 25.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Electra Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed later in these accounting policies.

The Historical Financial Information is presented in sterling (£), rounded to the nearest thousand (£’000) except where otherwise indicated.

#### ***Going Concern***

The directors of Electra have assessed the current financial position of the Electra Group, along with future cash flow requirements to determine if it has the financial resources to continue as a going concern for the foreseeable future. The directors of Electra have concluded that it is appropriate that the Electra Group be considered a going concern. For this reason, they have adopted the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

#### ***Basis of consolidation***

Subsidiaries are all entities over which Electra has control. All subsidiaries have the same reporting date and use accounting policies consistent with those of the parent company. The Electra controls an entity when the Electra Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Electra Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, unrealised gains and losses on intra-group transactions and balances between group companies are eliminated on consolidation.



### **First time adoption of IFRS**

The Historical Financial Information has been prepared in accordance and in conformity with the requirements of the Companies Act 2006 for the first time for the year ended 31 December 2020. The impact of adoption of IFRS for the first time has been assessed and the additional disclosures required under IFRS have been included within the notes to this financial information. The accounting policies set out in note 2 are those applicable for the year following the issue of this Historical Financial Information.

The accounting policies set out in notes 2 and 3 have been applied in preparing these Historical Financial Information Statements. The retrospective application of IFRS to the comparative information and the opening IFRS balance sheet was required, with certain limited exceptions, by IFRS 1 'First time adoption of IFRS'.

### **New and revised standards**

The following relevant standards and interpretations have been adopted in the Historical Financial Information as they are mandatory for the year ended 31 December 2020:

- i. Amendments to IAS 1 – 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': "Definition of Material"
- ii. Interest rate Benchmark Reform (Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures')

Other standards and interpretations have been issued which will be effective for future reporting periods but have not been adopted in this financial information as set out below.

The following IFRS and IFRIC interpretations that are potentially relevant to the Electra Group have been issued but have not been applied by Gresham Technologies plc in preparing the Historical Financial Information of Electra as they are not yet effective. Gresham Technologies plc intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- Amendment to IFRS 16 'Leases', "Covid-19 related rent concessions": effective date 1 June 2020

This amendment to existing standards is yet to be subject to a detailed review. The amendment to IFRS 16 for Covid-19 related rent concessions allows a practical expedient to exempt a lessee from assessing whether such concessions are modifications to the lease. Beyond this, it is not practicable to provide a reasonable estimate of the effect of the amendment until a detailed review has been completed.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Electra Group's activities and which have not therefore been adopted in preparing this Historical Financial Information.

### **Revenue recognition**

IFRS 15 has been applied retrospectively in the preparation of the Historical Financial Information, as required for those adopting IFRS for the first time.

Revenue, comprising sales of products and services to third parties, is recognised to the extent that satisfaction of contractual performance obligations has occurred and it is probable that the economic benefits will flow to the Electra Group and the revenue can be reliably measured. Revenue is measured at the stand-alone selling price of the performance obligation delivered, excluding discounts, rebates and other sales taxes.

There is no material impact of variable consideration or financing components across all revenue streams.

The following criteria must also be met before revenue is recognised:

### *Software licences*

Revenue on software licences is recognised when all of the following criteria are met:

- persuasive evidence of an arrangement exists, such as a signed contract or purchase order;
- satisfaction of the contracted performance obligations has been met, which in the case of software licences typically means delivery has occurred and no future elements to be delivered are essential to the functionality of the delivered element;
- a stand-alone selling price of the performance obligation can be measured; and
- collectability is probable.

### *Data collection services*

Services are billed and recognised over time as the service is provided. Levels of billings are dependent on volumes of data collected.

### *Provision of services*

Revenue and profits from the provision of professional services, such as implementation, development, training and consultancy, are delivered under a time and materials type contract and are therefore recognised over time and based upon number of hours worked.

On occasion fixed price services contracts are entered into, upon which revenue is recognised on a percentage-of-completion basis, as costs incurred relate to total costs for the contract, when the outcome of a contract can be estimated reliably. Determining whether a contract's outcome can be estimated reliably requires management to exercise judgement, whilst calculation of the contract's profit requires estimates of the total contract costs to completion. Cost estimates and judgements are continually reviewed and updated as determined by events or circumstances.

Revenue from this revenue stream creates contract assets through yet to be billed time input and expenses at the reporting date.

### *Support and maintenance*

Revenue from support and maintenance services is recognised rateably over the period of the contract. Revenue is recognised when the provision of support and maintenance and completion of the performance obligations are carried out which is deemed to be evenly throughout the term of the contract. The customer simultaneously receives and consumes the benefits provided by the Electra Group's performance as the Electra Group performs.

Revenue from this revenue stream creates contract liabilities through the invoicing of services prior to performance obligations being performed.

### *Software as a service (SaaS)*

Software as a service conveys a right to the Electra Group's SaaS customers to use software functionality in a cloud-based infrastructure hosted by the Electra Group. The customer does not have the right to terminate the hosting contract and take possession of the software to either run on its own IT infrastructure or to engage a third party to host and manage the software. Revenue is recognised over time as the services are performed. Where the performance obligation is the grant of a continual right to access and use the cloud offering for a certain term, revenue is recognised based on time elapsed and this varies rateably over the term. Where SaaS services include multiple elements that cannot objectively be unbundled, revenue is recognised over the period of the contractual service.

### *Solution sales*

Contracts for the delivery of solutions with multiple elements, typically involving software licences, rendering of services, support, maintenance and infrastructure are unbundled where possible and revenue is recognised based on the accounting policy applicable to each constituent part, for example the stand-alone selling price of the software licence is recognised at a point in time, upon satisfaction of the performance obligations associated with that licence, and the stand-alone selling price of software maintenance and

support is recognised over the period over which the service is provided. A typical example of such a scenario is where a subscription licence is sold but there is no contractual obligation to provide the hosted infrastructure to deploy the software upon – the customer deploys the software on its own premises or in a cloud environment for which the Electra Group is not responsible.

There may be instances where unbundling is not possible; this is where a bundled element cannot technically or operationally be provided without another. The typical example of this is when the customer contracts the Electra Group's hosted software offering, under which the customer cannot gain benefit from the software without the Electra Group also providing, and continuing to provide, the hosted infrastructure upon which software is deployed. Where objective unbundling of a solution is not possible, revenue is recognised over the period of the contractual service.

### **Segment reporting**

The Electra Group has only one reportable operating segment under IFRS 8. The Electra Group's operating segments are organised geographically, but those of operations outside the US are too small to warrant separate reporting.

### **Income tax**

Electra is a pass-through entity for US state and federal income taxes. It is therefore not subject to US income taxes at an entity level. Instead, taxes are assessed on the parent company shareholders. It is therefore outside the scope of IAS 12.

Current tax assets and liabilities in other jurisdictions are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Electra Group to make a single net payment or there is an intention to realise the asset and settle the liability simultaneously.

Income tax is charged or credited to other comprehensive income or directly to equity if it relates to items that are credited or charged to other comprehensive income or directly to equity. Otherwise, income tax is recognised in the income statement.

### **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment over its expected useful life as follows:

- Fixtures and fittings – over seven years on a reducing balance basis
- Motor vehicles – over five years on a reducing balance basis
- Computer equipment – over five years on a reducing balance basis
- Leasehold improvements – over the life of the lease

Depreciation is provided to write down the assets to their residual value based on current prices for an asset of the age the plant and equipment is expected to be at the end of its useful life.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

### ***Intangible assets***

#### *Acquired intangibles*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are subject to the same recognition tests as development costs, and if met, they are capitalised.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

The useful economic lives of separately acquired software is deemed to be between three and five years; the charge in the income statement is made within the amortisation for acquired intangibles.

### ***Research and development costs***

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Electra Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. Development expenditure is amortised on a straight-line basis over a period of between two and ten years.

### ***Impairment of non-financial assets***

The Electra Group assesses at each reporting date whether there is an indication that any non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Electra Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their

present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used incorporating industry standard valuation multiples or other available fair value indicators. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. Impairment charges on goodwill are considered permanent and cannot be reversed. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### **Leases**

IFRS 16 has been applied retrospectively in the preparation of the Historical Financial Information, as required for those adopting IFRS for the first time. In this respect the policy applied differs from that applied by Gresham Technologies plc in its own financial statements, where the modified retrospective approach was adopted at 1 January 2019, without full restatement of comparative figures for the year ended 31 December 2018.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Electra Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Electra Group if it is reasonably certain that option will be exercised; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Electra Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Electra Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the Electra Group's incremental borrowing rate at the date of reassessment. The carrying value of lease liabilities is revised when the variable element of future lease payments dependent on a rate or index is revised. In this case the discount rate applied is the original rate at origination of the lease. In both cases an equivalent

adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Electra Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Electra Group to use an identified asset and require services to be provided to the Electra Group by the lessor, the Electra Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

### **Employee entitlements and benefits**

Provision is made for the Electra Group's liability for employee entitlements arising from services rendered by employees to the balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount.

Payments to defined contribution personal pension schemes for employees are charged against profits in the year in which they are incurred.

### **Share-based payments**

#### *Equity-settled transactions*

Full retrospective application of IFRS 2 is not required where the equity instruments are vested at the date of transition. Advantage has been taken of this exemption.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value of awards with a market condition-based performance target is determined by an external valuer using a Monte Carlo simulation pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Electra (market conditions).

Fair value of awards with a financial result-based performance target is determined by management using the Black Scholes pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other vesting conditions are satisfied.

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as



described above. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The share-based payment expense is recognised as a staff cost and the associated credit entry is made against equity.

#### *Cash-settled transactions*

Cash-settled transactions are re-measured at each reporting date, taking account of non-vesting conditions. Where such transactions carry no service conditions they are expensed in full. Liabilities under cash-settled transactions are included in creditors.

### **Financial instruments**

#### *Financial assets*

The Electra Group's financial assets are all classified within the amortised cost category. The Electra Group's accounting policy for this category is as follows:

#### *Assets carried at amortised cost*

These assets arise principally from the provision of sales and services of software and support and maintenance to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Impairment provisions from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest



income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Electra Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

#### *Cash and cash equivalents*

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### *Financial liabilities*

The Electra Group generally classifies its financial liabilities as at amortised cost.

Certain financial liabilities (which include trade payables and other short-term monetary liabilities) are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

#### *Derecognition of financial assets and liabilities*

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

#### *Equity instruments*

Equity instruments, those that entitle holders to residual interests in the Electra Group's net assets, issued by the Electra Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Electra Group.

#### **Foreign currencies**

Electra's functional currency is US dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying an approximation of the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

The financial information has been presented in sterling, as that is the presentation currency adopted by Gresham Technologies plc. In presenting the financial information in sterling, items in profit and loss and other comprehensive income are translated from the functional currency at average rates of exchange ruling during each period, and statement of financial position items are translated from the functional currency at year end exchange rates. Consequent exchange gains and losses are recognised in other comprehensive

income. In accordance with an exemption provided for first time adopters, cumulative translation differences at the date of adoption are deemed to be zero.

### **Government grants**

Where loans are made to the Electra Group as part of government Covid-19 related initiatives at below market interest rates, the cashflows under those loans are discounted at market rates of interest and the excess of the loan principal over the discounted value is recognised as grant revenue in other operating income. The unwinding of the discount is then recorded as interest payable.

### **Provisions**

A provision is recognised when the Electra Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Electra Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

## **3. Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the Historical Financial Information, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Those having the greatest potential impact on the Historical Financial Information are as follows:

### **Capitalised development costs**

Development costs are accounted for in accordance with IAS 38 “Intangible Assets” and costs that meet the qualifying criteria are capitalised and systematically amortised over the useful economic life of the intangible asset.

Determining whether internally generated intangible assets from development qualify for recognition requires significant judgement, particularly in the following areas:

- whether activities should be considered research activities or development activities;
- whether the conditions for recognizing an intangible asset are met requires assumptions about future market conditions, customer demand, and other developments;
- the term “technical feasibility” is not defined in IFRS, and therefore whether the completion of an asset is technically feasible requires judgment and a company-specific approach;
- the future ability to use or sell the intangible asset arising from the development and the determination of the probability of future benefits from sale or use;
- whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development;
- the useful life of an intangible asset, as this is based on estimates regarding the period over which the intangible asset is expected to produce economic benefits; and
- the amortisation method, as IFRS requires the straight-line method to be used unless the pattern in which the asset’s future economic benefits are expected to be consumed can be determined reliably.

These judgments impact the total amount of intangible assets presented in the statement of financial position as well as the timing of recognising development expenses in profit or loss. The capitalised development costs are disclosed in note 13.

## *Revenue and profit recognition*

### Identification of performance obligations

Customer contracts often include various products and services. Typically, the products and services discussed in the accounting policy for revenue above qualify as separate performance obligations and the portion of the contractual fee allocated to them is recognised separately. Judgment is required, however, in determining whether a good or service is considered a separate performance obligation. In particular for professional services and implementation activities, judgment is required to evaluate whether such services significantly integrate, customize, or modify the on-premise software or cloud service to which they relate. In this context, the nature of the services and their volume relative to the volume of the on-premise software or cloud service to which they relate are considered. In general, the implementation services for cloud services go beyond pure setup activities and qualify as separate performance obligations. Similarly, on-premise implementation services and custom development services typically qualify as separate performance obligations. Non-distinct goods and services are combined into one distinct bundle of goods and services (combined performance obligation).

### Determination of transaction price

Judgment is required in determining the amount to which the Electra Group expects to be entitled in exchange for transferring promised goods or services to a customer. This includes estimates as to whether and to what extent subsequent concessions may be granted to customers and whether the customer is expected to pay the contractual fees. In this judgment, the Electra Group considers its history with the respective customer or on a portfolio basis. Typical cloud services do not provide the customer with a software license because the customer does not have the right to terminate the hosting contract and take possession of the software. Consequently, cloud fees that are based on transaction volumes are considered in the transaction price based on estimates rather than being accounted for as sales-based license royalties. Only very rarely do contracts include significant financing components. Financing components are not recognised if the period between the transfer of the promised goods or services to the customer and when the customer pays for those goods or services is one year or less.

### Allocation of transaction price

Judgement is required in determining standalone selling price (SSP), particularly where such prices are not directly observable or highly variable across customers, and generally will involve estimation techniques.

### Satisfaction of performance obligations

Judgment is also required to determine whether revenue is to be recognised at a point in time or over time. For performance obligations satisfied over time, Electra needs to measure progress using the method that best reflects performance. When using cost incurred as a measure of progress for recognising revenue over time, judgment is needed in estimating the total cost to satisfy the performance obligation.

### Share-based payments

Share-based payment charges depend on estimates and judgments concerning:

- likelihood of service conditions being fulfilled;
- probability of non-vesting conditions being met;
- volatility of the share price; and
- value of the Electra Group's equity shares at date of grant.

## **4. Segment reporting**

The Electra Group operates principally in the US, with a small and non-reportable marketing operation in the UK. The Electra Group's size is such that its activities are not further segmented in the information provided to its chief operating decision maker and strategic decisions are made on the basis of the Electra Group's operations as a whole. As a consequence, no segmental information is provided. Disaggregated information is provided concerning revenues from contracts with customers in note 5. There is no separate monitoring of segment assets and liabilities.

## 5. Revenue from contracts with customers

All revenue derives from the US. An analysis of revenue by service line is given below:

	2018 £'000	2019 £'000	2020 £'000
Data collection services	3,623.0	3,697.3	3,951.9
Professional services	876.7	741.2	326.4
Software as a service	2,946.5	3,797.4	4,408.3
Licence fees	357.0	–	44.7
Support and maintenance	1,454.1	1,496.0	1,389.2
	<u>9,257.3</u>	<u>9,731.9</u>	<u>10,120.5</u>
Impairment losses recognised on contracts with customers were as follows:	<u>–</u>	<u>1.8</u>	<u>3.4</u>
Timing of revenue recognition:			
Services transferred over time	8,900.3	9,731.9	10,075.8
Services transferred at a point in time	357.0	–	44.7
	<u>9,257.3</u>	<u>9,731.9</u>	<u>10,120.5</u>

### Contract balances

Contract balances are analysed as follows:

	<i>Contract assets £'000</i>	<i>Contract liabilities £'000</i>
At 1 January 2018	1,606.2	(1,120.3)
Amounts recognised as revenue during the period	–	1,120.3
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	(108.0)	–
Cash received in advance of performance and not recognised as revenue during the period	–	(957.8)
At 31 December 2018	1,498.2	(957.8)
Amounts recognised as revenue during the period	–	957.8
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	525.3	–
Cash received in advance of performance and not recognised as revenue during the period	–	(809.0)
At 31 December 2019	2,023.5	(809.0)
Amounts recognised as revenue during the period	–	809.0
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	(418.3)	–
Cash received in advance of performance and not recognised as revenue during the period	–	(800.1)
At 31 December 2020	<u>1,605.2</u>	<u>(800.1)</u>

The Electra Group receives payments from customers based on a billing schedule, as established in its contracts. Trade receivables are recognised when the right to consideration becomes unconditional. Contract liabilities arise when payments are received in advance of performance under the contract. Such liabilities are recognised as revenue when the Electra Group performs under the contract.

Details of how the Electra Group identifies, satisfies and recognises its performance obligations associated with its contracts with customers are given in note 1.

## 6. Operating profit from continuing operations

	<i>Year ended 31 December</i>		
	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
After charging/(crediting):			
Research and development costs written off	626.9	666.9	709.6
Amortisation of deferred development costs	460.2	756.2	1,106.3
Depreciation and other amounts written off	16.7	18.7	19.5
Amortisation of right-of-use assets	149.4	156.3	150.3
Amortisation of other intangible assets	9.4	3.8	2.6
Foreign exchange (gains) and losses	5.8	(2.6)	37.4
Government grants	–	–	(34.9)
	<u>626.9</u>	<u>666.9</u>	<u>709.6</u>

## 7. Adjusted EBITDA

	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit before taxation	810.4	279.6	443.2
Adjusting items:			
Amortisation of deferred development costs	460.2	756.2	1,106.3
Depreciation and other amounts written off	16.7	18.7	19.5
Amortisation of right-of-use assets	149.4	156.3	150.3
Amortisation of other intangible assets	9.4	3.8	2.6
Finance income	(3.7)	(2.2)	–
Finance costs	66.4	58.2	59.3
EBITDA	<u>1,508.8</u>	<u>1,270.6</u>	<u>1,781.2</u>
Share-based payments	181.3	264.1	649.6
Adjusted EBITDA	1,690.1	1,534.7	2,430.8
Principal paid on finance leases	(195.9)	(208.8)	(190.4)
Development costs capitalised	(1,051.5)	(1,068.9)	(1,320.9)
Adjusted cash EBITDA	<u>442.7</u>	<u>257.0</u>	<u>919.5</u>

Adjusted EBITDA and adjusted cash EBITDA are disclosed to show the underlying performance of the Electra Group on a consistent basis and to aid understanding of financial performance. Adjusted EBITDA and Adjusted cash EBITDA are not IFRS measures and are not considered to be a substitute for or superior to any IFRS measures. They are not directly comparable to other companies.

## 8. Finance costs

	<i>Year ended 31 December</i>		
	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interest on loans measured at amortised cost	<u>66.4</u>	<u>58.2</u>	<u>59.3</u>

## 9. Employee benefits expense

The average number of persons employed by the Electra Group (including directors) during the period and the aggregate payroll costs of these persons were as follows:

	<i>Year ended 31 December</i>		
	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries	5,421.7	5,614.4	5,896.2
Social security costs	291.0	268.9	276.5
Other pension costs-defined contribution plans	3.5	1.9	2.5
	<u>5,716.2</u>	<u>5,885.2</u>	<u>6,175.2</u>
Numbers	<u>48</u>	<u>49</u>	<u>50</u>

## 10. Income tax expense

	<i>Year ended 31 December</i>		
	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current tax charge	<u>2.6</u>	<u>3.4</u>	<u>4.2</u>

Income tax is calculated at 19 per cent. (2019: 19 per cent.; 2018: 19 per cent.) of the estimated assessable profit for the year.

The tax income/(expense) for the year can be reconciled to the profit per the income statement as follows:

	<i>Year ended 31 December</i>		
	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Accounting profit	<u>810.4</u>	<u>279.6</u>	<u>443.2</u>
Tax at the applicable tax rate	154.0	53.1	84.2
Effects of: Income/gains not taxable	<u>(151.4)</u>	<u>(49.7)</u>	<u>(80.0)</u>
Income tax expense for year	<u>2.6</u>	<u>3.4</u>	<u>4.2</u>

## 11. Transactions with key management personnel

Key management of the Electra Group are members of its executive board. Key management personnel remuneration includes the following expenses:

	<i>Year ended 31 December</i>		
	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries, including bonuses	1,921.5	1,764.1	1,748.8
Share-based payment costs	<u>135.0</u>	<u>157.0</u>	<u>499.3</u>
	<u>2,056.5</u>	<u>1,921.1</u>	<u>2,248.1</u>

## 12. Property, plant and equipment

	<i>Motor vehicles £'000</i>	<i>Computer equipment £'000</i>	<i>Fixtures &amp; fittings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Total £'000</i>
<b>Cost</b>					
At 31 December 2017	55.0	147.8	1.7	10.0	214.5
Additions	–	4.8	–	–	4.8
Translation differences	3.2	8.7	0.1	0.6	12.6
At 31 December 2018	58.2	161.3	1.8	10.6	231.9
Additions	–	13.8	1.0	–	14.8
Translation differences	(2.0)	(5.9)	–	(0.4)	(8.3)
At 31 December 2019	56.2	169.2	2.8	10.2	238.4
Additions	–	19.4	0.8	–	20.2
Translation differences	(1.7)	(6.3)	(0.3)	(0.3)	(8.6)
At 31 December 2020	54.5	182.3	3.3	9.9	250.0
	£'000	£'000	£'000	£'000	£'000
<b>Depreciation</b>					
At 31 December 2017	38.8	115.7	1.6	2.9	159.0
Charge for year	2.7	13.7	0.1	0.2	16.7
Translation differences	2.3	7.3	0.1	0.2	9.9
At 31 December 2018	43.8	136.7	1.8	3.3	185.6
Charge for year	2.8	15.6	–	0.3	18.7
Translation differences	(1.6)	(5.1)	–	(0.1)	(6.8)
At 31 December 2019	45.0	147.2	1.8	3.5	197.5
Charge for year	2.8	16.2	0.2	0.3	19.5
Translation differences	(1.4)	(5.6)	(0.1)	(0.2)	(7.3)
At 31 December 2020	46.4	157.8	1.9	3.6	209.7
Net book value					
At 31 December 2020	8.1	24.5	1.4	6.3	40.3
At 31 December 2019	11.2	22.0	1.0	6.7	40.9
At 31 December 2018	14.4	24.6	–	7.3	46.3
At 31 December 2017	16.2	32.1	0.1	7.1	55.5

The Electra Group's property, plant and equipment assets are provided as security under a debenture to the Electra Group's bankers.



### 13. Intangible assets

	<i>Development costs £'000</i>	<i>Software £'000</i>	<i>Total £'000</i>
<i>Cost</i>			
At 31 December 2017	2,868.0	53.5	2,921.5
Additions	1,051.5	–	1,051.5
Translation differences	214.3	3.1	217.4
At 31 December 2018	4,133.8	56.6	4,190.4
Additions	1,068.9	–	1,068.9
Translation differences	(173.9)	(1.9)	(175.8)
At 31 December 2019	5,028.8	54.7	5,083.5
Additions	1,320.9	–	1,320.9
Translation differences	(240.3)	(1.7)	(242.0)
At 31 December 2020	<u>6,109.4</u>	<u>53.0</u>	<u>6,162.4</u>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Amortisation</i>			
At 31 December 2017	594.1	37.1	631.2
Charge for year	460.2	9.4	469.6
Translation differences	55.5	2.5	58.0
At 31 December 2018	1,109.8	49.0	1,158.8
Charge for year	756.2	3.8	760.0
Translation differences	(62.5)	(1.7)	(64.2)
At 31 December 2019	1,803.5	51.1	1,854.6
Charge for year	1,106.3	2.6	1,108.9
Translation differences	(123.7)	(1.8)	(125.5)
At 31 December 2020	<u>2,786.1</u>	<u>51.9</u>	<u>2,838.0</u>
<i>Net book value</i>			
At 31 December 2020	<u>3,323.3</u>	<u>1.1</u>	<u>3,324.4</u>
At 31 December 2019	<u>3,225.3</u>	<u>3.6</u>	<u>3,228.9</u>
At 31 December 2018	<u>3,024.0</u>	<u>7.6</u>	<u>3,031.6</u>
At 31 December 2017	<u>2,273.9</u>	<u>16.4</u>	<u>2,290.3</u>

### 14. Leases

Right-of-use assets are initially measured at the amount of lease liability reduced for any lease incentives received and increased for initial direct costs incurred and any provision contractually required. Right-of-use assets are amortised on a straight-line basis over the period of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Electra Group's incremental external borrowing rate, 5.04 per cent. Subsequent to the initial measurement lease liabilities are increased as a result of interest charged and reduced for lease payments made.

The Electra Group leases an office building where payments are fixed until the contract expires. A modification of the lease was made in 2020 to extend the lease term. The modification was measured using a new borrowing rate of 2.96 per cent.

**Right of use assets- leasehold office property**

	<i>£'000</i>
Cost	
At 31 December 2017	1,058.4
Translation differences	61.4
At 31 December 2018	1,119.8
Translation differences	(37.4)
At 31 December 2019	1,082.4
Additions-lease modification	395.0
Translation differences	(58.3)
At 31 December 2020	<u>1,419.1</u>
	<i>£'000</i>
Amortisation	
At 31 December 2017	639.6
Charge for year	149.4
Translation differences	44.0
At 31 December 2018	833.0
Charge for year	156.3
Translation differences	(33.1)
At 31 December 2019	956.2
Charge for year	150.3
Translation differences	(39.7)
At 31 December 2020	<u>1,066.8</u>
Net book value	
At 31 December 2020	352.3
At 31 December 2019	126.2
At 31 December 2018	286.8
At 31 December 2017	<u>418.8</u>

**Lease liabilities**

	<i>£'000</i>
At 31 December 2017	555.1
Cash items: lease payments	(195.9)
Non-cash items:	
Interest expense	21.3
Translation differences	2.0
At 31 December 2018	382.5
Cash items: lease payments	(208.8)
Non-cash items:	
Interest expense	13.0
Translation differences	(18.7)
At 31 December 2019	168.0
Cash items: lease payments	(190.4)
Non-cash items:	
Lease modification	395.0
Interest expense	5.9
Translation differences	(23.5)
At 31 December 2020	<u>355.0</u>

## 15. Trade and other receivables

### *Due after one year*

	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Trade receivables	62.2	36.6	–	–

### *Due within one year*

	<i>At 31 December</i>			
	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Trade receivables	1,606.4	1,495.7	2,023.4	1,654.3
Prepayments and accrued income	69.8	121.0	43.2	30.7
	<u>1,676.2</u>	<u>1,616.7</u>	<u>2,066.6</u>	<u>1,685.0</u>

Trade receivables are non-interest bearing and are generally on 30 – 60 day terms and are shown net of a provision for impairment. They include uninvoiced but performed services, where the Electra Group has unconditional entitlement to revenue as follows:

	2017 £'000	2018 £'000	2019 £'000	2020 £'000
	<u>646.2</u>	<u>603.5</u>	<u>723.1</u>	<u>716.1</u>

## 16. Trade and other payables-current

	<i>At 31 December</i>			
	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Trade and other payables	246.5	323.4	405.5	830.7
Accruals	117.5	217.0	161.9	35.2
	<u>364.0</u>	<u>540.4</u>	<u>567.4</u>	<u>865.9</u>

All trade and other payables are short-term. Their net carrying value is a reasonable approximation of their fair value.

## 17. Share capital

	<i>At 31 December</i>			
	2017 Number	2018 Number	2019 Number	2020 Number
<i>Issued capital Number</i>				
Ordinary shares of \$0.0001 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
	2017 £'000	2018 £'000	2019 £'000	2020 £'000
<i>Amount</i>				
Ordinary shares of \$0.0001 each	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>

The ordinary shares carry one vote per share and participate in profits available for dividend *pro rata*.

### Capital risk management

The Electra Group aims to manage its overall capital structure to ensure it continues to operate as a going concern and provides a return to shareholders. The Electra Group's capital structure represents the equity attributable to the shareholders of the Electra Group together with borrowings and cash equivalents. Its directors review the current and projected capital position of the Electra Group and are therefore in a position to address issues that may arise in a timely manner.

The Electra Group's objective is to maintain an efficient capital structure without excessive gearing.

The amounts managed as capital by the Electra Group for the period under review are as follows:

	<i>At 31 December</i>			
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Total equity	1,822.8	2,728.1	3,074.5	3,353.1
Capital	1,822.8	2,728.1	3,074.5	3,353.1
Total equity	1,822.8	2,728.1	3,074.5	3,353.1
Borrowings, net of cash and cash equivalents	1,193.4	789.1	1,008.4	378.7
Overall financing	3,016.2	3,517.2	4,082.9	3,731.8
Capital to overall financing ratio	60.4%	78.6%	75.3%	89.8%

### 18. Financial instruments

The Electra Group has the following categories of financial instruments at the balance sheet date:

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Financial assets held at amortised cost				
Trade receivables-non-current	62.2	36.6	–	–
Trade receivables – current	1,606.4	1,495.7	2,023.4	1,654.3
Other receivables – current	0.6	0.7	–	–
	1,669.2	1,533.0	2,023.4	1,654.3
Cash and cash equivalents	97.5	116.9	30.1	1,005.2
Total financial assets	1,766.7	1,649.9	2,053.5	2,659.5

The above sums represent the maximum exposure of the Electra Group to credit losses.

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Financial liabilities held at amortised cost				
Trade payables – current	215.4	272.5	350.7	92.9
Loans payable – current	655.2	491.8	870.5	1,028.9
Loans payable – non-current	80.6	31.7	–	–
Accruals	117.5	217.0	161.9	35.2
Total financial liabilities	1,068.7	1,013.0	1,383.1	1,157.0

### Risk management objectives

The board of directors of Electra (the “**Electra Board**”) has overall responsibility for establishing and monitoring the Electra Group's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the Electra Group. The Electra Group does not enter into or trade financial instruments for speculative purposes.

The main risks that the Electra Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

The principal risks arising from financial instruments are described below.

(a) *Credit risk*

The Electra Group monitors exposure to credit risk on an ongoing basis. The risk of financial loss due to a counterparty failure to honour its obligations arises principally in relation to transactions where the Electra Group provides solutions and services on deferred terms and where it invests or deposits surplus cash.

Electra Group policies are aimed at minimising such losses and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the Electra Group's exposure to provisions for bad debts is not significant. Solutions and services may be sold on a cash-with-order basis to mitigate credit risk. Bad debt provision insurance is not carried.

Performance of individual businesses is monitored at both operating unit and Electra Group level allowing the early identification of major risks and reducing the likelihood of an unmanaged concentration of credit risk.

Cash investments are only allowed in liquid securities with major financial institutions that satisfy specific criteria. The maximum credit risk exposure at the statement of financial position date is represented by the carrying value of financial assets. There are no significant concentrations of credit risk.

Cash and cash equivalents consist of cash in hand and balances with banks. To reduce the risk of counterparty default the Electra Group deposits its funds in approved high quality banks.

Trade receivables past due but not impaired are analysed as follows:

	<i>Total</i>	<i>Less than</i>	<i>Less than</i>	<i>More than</i>
	<i>£'000</i>	<i>1 month</i>	<i>2 months</i>	<i>2 months</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>2020</i>				
Not impaired:				
Neither past due nor impaired	577.3	577.3	–	–
Past due but not impaired	258.5	–	71.4	187.1
	<u>835.8</u>	<u>577.3</u>	<u>71.4</u>	<u>187.1</u>
Impaired assets	–	–	–	–
Impairment provision	–	–	–	–
Total	<u><u>835.8</u></u>	<u><u>577.3</u></u>	<u><u>71.4</u></u>	<u><u>187.1</u></u>
<i>2019</i>				
Not impaired:				
Neither past due nor impaired	1,056.2	1,056.2	–	–
Past due but not impaired	202.3	–	37.0	165.3
	<u>1,258.5</u>	<u>1,056.2</u>	<u>37.0</u>	<u>165.3</u>
Impaired assets	–	–	–	–
Impairment provision	–	–	–	–
Total	<u><u>1,258.5</u></u>	<u><u>1,056.2</u></u>	<u><u>37.0</u></u>	<u><u>165.3</u></u>

2018	Total £'000	Less than 1 month £'000	Less than 2 months £'000	More than 2 months £'000
Not impaired: Neither past due nor impaired	753.8	753.8	–	–
Past due but not impaired	141.0	–	54.8	86.2
	<u>894.8</u>	<u>753.8</u>	<u>54.8</u>	<u>86.2</u>
Impaired assets	–	–	–	–
Impairment provision	–	–	–	–
Total	<u>894.8</u>	<u>753.8</u>	<u>54.8</u>	<u>86.2</u>

The Electra Group's customers primarily comprise national and international banks, Government bodies and substantial private and public companies.

As a result, the credit quality of trade receivables that are neither past due nor impaired has been assessed by the Electra directors to be relatively high, taking account of a low historical experience of bad debts and relatively good ageing profiles.

The Electra Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Electra Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Electra Group's customers; such factors include but are not limited to gross domestic product (GDP), unemployment rate and inflation rates. The Electra Group does not anticipate any material expected losses and therefore has not provided for any impairment.

(b) *Liquidity risk*

The Electra Group's liquidity risk falls within the following major categories:

- Trade receivables – a significant element of the Electra Group's liquidity is tied up in working capital, which primarily comprises trade receivables. The settlement risk associated with these assets comprises both credit risk (the risk that the counterparty will not settle at all) and liquidity risk (the risk that the counterparty will not settle on time).
- Currency risk – this risk is discussed below.
- The Electra Group monitors and controls liquidity through the following key controls:
  - weekly cash and overdue trade receivables are reported to the Board;
  - cash forecasts are maintained;
  - foreign exchange risks are hedged where significant; and
  - credit control is operated locally with Electra Group oversight.

Where appropriate, discounts are offered for early payment by customers and finance lease and deferred payment arrangements are considered to retain or improve liquidity.

The table below analyses the Electra Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the expected maturity date.

	<i>Less than 1 year £'000</i>	<i>Between 1 and 2 years £'000</i>	<i>Between 2 and 5 years £'000</i>
<i>As at 31 December 2018</i>			
Trade payables	272.5	–	–
Accruals	217.0	–	–
Loans payable	491.8	31.7	–
Lease liabilities	208.7	173.8	–
	<u>1,190.0</u>	<u>205.5</u>	<u>–</u>
<i>As at 31 December 2019</i>			
Trade payables	350.7	–	–
Accruals	161.9	–	–
Loans payable	870.5	–	–
Lease liabilities	168.0	–	–
	<u>1,551.1</u>	<u>–</u>	<u>–</u>
<i>As at 31 December 2020</i>			
Trade payables	92.9	–	–
Accruals	35.2	–	–
Loans payable	1,028.9	–	–
Lease liabilities	109.1	130.9	115.0
	<u>1,266.1</u>	<u>130.9</u>	<u>115.0</u>

(c) *Market risk*

Market risk for the Electra Group is limited to interest rate risk, which is the risk that interest rates on borrowings will fluctuate. In the main, the Electra Group borrows at variable rates. A 1 per cent. change in interest rates would have the following effect on reported profits:

	<i>Year ended 31 December</i>		
	<i>2018 £'000</i>	<i>2019 £'000</i>	<i>2020 £'000</i>
Change in profit – increase or decrease	–	6.3	–

(d) *Borrowings at amortised cost*

Bank borrowings are secured by a debenture over the Electra Group's assets. Interest rates are variable. Bank loans bear interest at a rate of 1 per cent. over the bank's prime rate.

(e) *Currency risk*

The Electra Group has exposures to the following currencies: sterling and US dollar.

Currency exposure arises through intra-group loans and trading balances throughout all Electra Group locations. Natural hedging is employed, to the extent possible, to minimise net exposures.

At 31 December 2020, the Electra Group had no foreign currency forward contracts (2019; 2018; 2017: none).

Currency exposures comprise the monetary assets and monetary liabilities of the Electra Group that are not denominated in the functional currency of the operating unit involved. Currency exposure also arises from the presentation in sterling of results and transactions arising in a functional currency of US dollars.



An analysis of trade receivables by currency is as follows:

	<i>At 31 December</i>			
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
US Dollars	<u>960.2</u>	<u>894.8</u>	<u>1,258.5</u>	<u>835.8</u>

#### *Sensitivities*

The Electra Group has no significant exposure to currencies other than the US dollar.

### **19. Share based payment transactions**

The Board grants options pursuant to the 2014 stock incentive plan. The exercise price of options awarded under the plan is at least the fair market value of the shares, as determined by the Board.

Options typically have a maximum period to exercise of 10 years. Vesting typically occurs over 4 years in equal instalments of 25 per cent. of the award per annum. A service condition is required for vesting.

The options granted and weighted average exercise prices were as follows:

	<i>Number</i>	<i>Weighted average exercise price</i>	<i>Average remaining life (years)</i>
Outstanding at 31 December 2017	1,090,000	\$0.84	7.1
Granted during the year	73,000	\$0.98	
Forfeited during the year	(37,000)	\$0.58	
Outstanding at 31 December 2018	<u>1,126,000</u>	<u>\$0.86</u>	<u>6.5</u>
Granted during the year	129,000	\$0.99	
Forfeited during the year	–		
Outstanding at 31 December 2019	<u>1,255,000</u>	<u>\$0.87</u>	<u>5.9</u>
Granted during the year	–		
Forfeited during the year	–		
Outstanding at 31 December 2020	<u><u>1,255,000</u></u>	<u><u>\$0.87</u></u>	<u><u>4.9</u></u>

The fair value of equity-settled share options is estimated at the date of grant using a Black Scholes model taking account of the terms and conditions on which the options were granted. The following inputs were made to the model:

	<i>31 December 2017</i>	<i>31 December 2018</i>	<i>31 December 2019</i>
Expected life (years)	10	10	10
Exercise price	\$0.9	\$0.98	\$0.99
Share price at valuation	\$0.9	\$0.98	\$0.99
Volatility	30%	30%	30%
Dividend yield	0%	0%	0%
Risk-free rate	<u>1%</u>	<u>1%</u>	<u>1%</u>

The expense recognised in each period is as follows:

	<i>2018</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
	<u>181.3</u>	<u>264.1</u>	<u>210.1</u>

## 20. Related party transactions

John Landry is the controller of the Electra Group.

### **Compensation for key management personnel**

Compensation is disclosed at note 12.

### **Transactions with key management personnel**

	Year ended 31 December		
	2018 £'000	2019 £'000	2020 £'000
(a) Distributions	217.9	94.0	257.1
(b) Loans from key management personnel	438.2	227.1	236.9
(c) Interest charged on loans	29.3	14.3	18.1

## 21. First-time adoption of IFRS

### **Exemption from full retrospective application of IFRS**

Areas where exemption from full retrospective application from IFRS has been taken are as follows:

- (a) *Share-based payment*  
IFRS 2 has not been applied retrospectively to equity instruments that had vested by 1 January 2018.
- (b) *Foreign currency translation reserve*  
Cumulative translation differences between the functional and presentational currencies at 1 January 2018 have been set to nil.

Reconciliations of equity and net income from original reporting to IFRS

	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Reconciliation of equity				
As originally reported	686.2	867.6	38.9	485.2
<i>Measurement and recognition differences</i>				
(a) Effects of IFRS 16: Leases	(100.4)	(81.9)	(41.8)	(2.7)
(b) Effects of IFRS 15: Revenue from contracts with customers	134.3	151.9	–	–
(c) Recognition of intangible assets under IAS 38	1,123.6	1,827.2	3,140.2	3,278.0
(d) Effects of IFRS 2: Share-based payment	–	–	–	(407.4)
(e) Effects of IAS 20: Government grants	–	–	–	11.7
As reported under IFRS, before other adjustments	1,843.7	2,764.8	3,137.3	3,364.8
Other adjustments:				
(a) Impairment of property, plant and equipment	(7.6)	(25.3)	–	–
(b) Other	(13.3)	(11.4)	(62.8)	(11.6)
As reported	1,822.8	2,728.1	3,074.5	3,353.2

## Reconciliation of total comprehensive income

	2018 £'000	2019 £'000	2020 £'000
As originally reported	353.8	415.4	732.9
<i>Measurement and recognition differences:</i>			
(a) Effects of IFRS 16: Leases	23.3	38.7	40.0
(b) Effects of IFRS 15: Revenue from contracts with customers	9.4	(152.0)	–
(c) Recognition of intangible assets under IAS 38	594.0	352.4	253.9
(d) Effects of IFRS 2: Share based payment	(176.4)	(268.4)	(649.6)
(e) Effects of IAS 20: Government grants	–	–	12.5
(f) Effects of IAS 21: Foreign currencies	134.1	(99.9)	(113.9)
(g) Other adjustments	4.5	(109.9)	49.4
As reported under IFRS	<u>941.9</u>	<u>176.3</u>	<u>325.2</u>

## 22. Post balance sheet events

There were no post balance sheet events.

## 23. Interests in subsidiaries

The subsidiaries held by Electra at 31 December 2020 (both wholly owned) were as follows:

<i>Company</i>	<i>Principal activity</i>
Electra Solutions Inc. (US entity)	Software related services
Electra Information Systems Limited (UK entity)	Sales and marketing

## 24. Movements in borrowings

	<i>Bank Borrowings</i> £'000	<i>Lease liabilities</i> £'000	<i>Government grants</i> £'000	<i>Related party loans</i> £'000	<i>Total</i> £'000	<i>Non-current borrowings</i> £'000	<i>Current borrowings</i> £'000	<i>Total</i> £'000
At 1 January 2018	498.6	555.1	–	237.2	1,290.9	465.0	825.9	1,290.9
Cash items:								
Repayments	(423.0)	(195.9)	–	–	(618.9)	–	(618.9)	(618.9)
Advances	–	–	–	179.2	179.2	–	179.2	179.2
Non-cash items:								
Loans and borrowings reclassified from non-current to current	–	–	–	–	–	(272.7)	272.7	–
Interest accrued	–	21.3	–	–	21.3	11.2	10.1	21.3
Translation differences	9.7	2.0	–	21.8	33.5	2.0	31.5	33.5
At 31 December 2018	<u>85.3</u>	<u>382.5</u>	<u>–</u>	<u>438.2</u>	<u>906.0</u>	<u>205.5</u>	<u>700.5</u>	<u>906.0</u>
Cash items:								
Repayments	(52.9)	(208.8)	–	(203.4)	(465.1)	–	(465.1)	(465.1)
Advances	633.3	–	–	–	633.3	–	633.3	633.3
Non-cash items:								
Loans and borrowings reclassified from non-current to current	–	–	–	–	–	(205.5)	205.5	–
Interest accrued	–	13.0	–	–	13.0	–	13.0	13.0
Translation differences	(22.3)	(18.7)	–	(7.7)	(48.7)	–	(48.7)	(48.7)
At 31 December 2019	<u>643.4</u>	<u>168.0</u>	<u>–</u>	<u>227.1</u>	<u>1,038.5</u>	<u>–</u>	<u>1,038.5</u>	<u>1,038.5</u>
Cash items:								
Repayments	(662.1)	(190.4)	–	–	(852.5)	–	(852.5)	(852.5)
Advances	50.9	–	803.8	–	854.7	–	854.7	854.7

	<i>Bank</i>	<i>Lease</i>	<i>Government</i>	<i>Related</i>	<i>Non-current</i>	<i>Current</i>	<i>Total</i>
	<i>Borrowings</i>	<i>liabilities</i>	<i>grants</i>	<i>party</i>	<i>Total</i>	<i>borrowings</i>	<i>borrowings</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-cash items:							
Loans and borrowings reclassified from non-current to current	-	-	-	-	-	-	-
Interest accrued	-	5.9	-	-	5.9	-	5.9
Lease modification	-	395.0	-	-	395.0	245.9	395.0
Translation differences	(32.2)	(23.5)	-	(2.0)	(57.7)	-	(57.7)
At 31 December 2020	<u>-</u>	<u>355.0</u>	<u>803.8</u>	<u>225.1</u>	<u>1,383.9</u>	<u>245.9</u>	<u>1,383.9</u>

## 25. Contingent liabilities

Electra is subject to the corporate and other tax rules of the United States where it principally operates. The correct interpretation and application of any changes in applicable tax rates, reliefs and tax laws can be challenging in practice. Any failure to identify and manage this risk could lead to additional taxes, penalties and interest being imposed on the Electra Group which could materially and adversely affect its financial results.

Electra has, in conjunction with Gresham, identified various areas of potential exposure which will require further investigation following Completion. Once a conclusion is reached in this regard, Electra and Gresham will co-operate with the relevant tax authorities with a view to ensuring the Electra Group is fully compliant and applying best practice so as to properly manage any tax risks retrospectively and on a forward-looking basis. Electra is not currently in a position to know what the final outcome of its enquiries may be and is therefore unable to quantify the likely eventual outcome for the Electra Group.

## 26. Non-statutory financial information

This financial information does not constitute statutory accounts. The financial information has been extracted from Electra's management accounts.

## PART 4

### UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE ENLARGED GROUP



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
Gresham Technologies plc  
Aldermary House  
10 – 15 Queen Street  
London  
EC4N 1TX

1 June 2021

Nplus1 Singer Advisory LLP  
One Bartholomew Lane  
London  
EC2N 2AX

Dear Sir or Madam

#### **Gresham Technologies plc (the “Company”)**

#### **Pro forma financial information**

We report on the unaudited pro forma net assets statement and unaudited pro forma income statement (the “**Pro Forma Financial Information**”) set out in Part 4 of the class 1 circular dated 1 June 2021 (the “**Circular**”).

#### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the listing rules made by the Financial Conduct Authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the “**Listing Rules**”).

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules consenting to its inclusion in the Circular.

### **Basis of preparation**

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the acquisition of Electra Information Systems, Inc. and the Fundraising described in the Circular might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2020.

This report is required by paragraph 13.3.3R of the Listing Rules and is given for the purpose of complying with that item and for no other purpose.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom. We are independent in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

### **BDO LLP**

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Unaudited Pro Forma Financial Information

### Pro forma statement of net assets

Set out below is an unaudited pro forma statement of net assets, for illustrative purposes only, for the Enlarged Group based on the statement of financial position for Gresham Technologies plc as at 31 December 2020 and for Electra as at 31 December 2020 together with other adjustments described in the notes below. It has been prepared on the basis set out in the notes to illustrate the impact of the Acquisition and the Fundraising, as if they had occurred at 31 December 2020. The unaudited consolidated pro forma statement of net assets is compiled on the basis set out in this Part 4 of this document from:

- (i) the audited balance sheet of Gresham Technologies plc at 31 December 2020; and
- (ii) the audited balance sheet of Electra at 31 December 2020, as set out in the historical financial information on Electra contained in Section B of Part 3 (*Historical Consolidated Financial Information on Electra*) of this document. The unaudited consolidated pro forma statement of net assets takes no account of trading activity or other transactions since that date. The hypothetical financial position illustrated by the pro forma statement of net assets may differ from the Enlarged Group's actual financial position.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 4.

	<i>Gresham Technologies as at 31 December 2020 £'000 Note 1</i>	<i>Electra as at 31 December 2020 £'000 Note 2</i>	<i>Fundraising £'000 Note 3</i>	<i>Acquisition of Electra £'000 Note 4</i>	<i>Pro forma net assets of the Enlarged Group £'000 Note 5</i>
<b>Non-current assets</b>					
Goodwill	5,375	–		24,927	30,302
Property, plant and equipment	243	40		–	283
Right-of-use assets	1,646	352		–	1,998
Other intangible assets	25,733	3,325		–	29,058
Deferred tax assets	552	–		–	552
	<u>33,549</u>	<u>3,717</u>		<u>24,927</u>	<u>62,193</u>
<b>Current assets</b>					
Trade and other receivables	3,497	1,685		–	5,182
Contract assets	923	–		–	923
Cash and cash equivalents	8,876	1,005	18,500	(21,210)	7,171
Total assets	<u>46,845</u>	<u>6,407</u>	<u>18,500</u>	<u>3,717</u>	<u>75,469</u>
<b>Non-current liabilities</b>					
Contract liabilities	66	–		–	66
Lease liabilities	1,004	246		–	1,250
Deferred tax liability	1,289	–		–	1,289
Provisions	146	–		–	146
Contingent consideration	349	–		7,070	7,419
	<u>2,854</u>	<u>246</u>		<u>7,070</u>	<u>10,170</u>
<b>Current liabilities</b>					
Trade and other payable	15,303	866		–	16,169
Contract liabilities	–	800		–	800
Lease liabilities	535	109		–	644
Borrowings	–	1,029		–	1,029
Income tax payable	378	4		–	382
Contingent consideration	909	–		–	909
Total liabilities	<u>19,979</u>	<u>3,054</u>		<u>7,070</u>	<u>30,103</u>
<b>Net assets</b>	<u>26,866</u>	<u>3,353</u>	<u>18,500</u>	<u>(3,353)</u>	<u>45,366</u>



## Notes

1. The net assets of Gresham Technologies plc have been extracted without material adjustment from its audited financial statements for the year ended 31 December 2020.
2. The net assets of Electra as at 31 December 2020 have been extracted without adjustment from the historical financial information contained in Section B of Part 3 (*Historical Consolidated Financial Information on Electra*) of this document.
3. The Placing and PrimaryBid Offer are together estimated to raise net proceeds of £18.5m (gross proceeds of £21m less estimated expenses of £2.5m in relation to the Transaction).
4. The Acquisition will be accounted for under the acquisition method of accounting. An adjustment has been made to reflect the estimated intangible assets arising on the acquisition of Electra. The unaudited pro forma statement of net assets does not include any fair value adjustments which would be identified prior to preparing the first set of financial statements for the Enlarged Group under the acquisition method. Actual intangible assets included in the Enlarged Group's next published financial statements may therefore be materially different from that included in the pro forma statement of net assets. It is assumed for the purposes of illustration that the maximum amount of contingent consideration under the terms of the Acquisition is payable. Consideration has been translated into sterling at spot rates at 31 December 2020.

The estimated intangible assets have been calculated as follows:

	£000
Consideration payable in cash on Completion	21,210
Contingent consideration payable in cash	7,070
<b>Total consideration</b>	<b>28,280</b>
Book value of the net assets of Electra as at 31 December 2020	(3,353)
Estimated intangible assets arising on the Acquisition	24,927

5. This column comprises the sum of the preceding columns and represents the pro forma net assets of the Enlarged Group as at 31 December 2020 assuming the Fundraising and the Acquisition had occurred on that date.
6. Apart from the items described above, no other adjustments have been made for Gresham Technologies plc or Electra to reflect any issues of equity, trading, expenditure, changes in working capital, changes in debt or other movements subsequent to the balance sheet date set out above.
7. The pro forma net asset statement does not constitute statutory accounts within the meaning of section 435 of the Companies Act.

## Pro forma income statement

The unaudited pro forma income statement has been prepared on the basis of the notes set out below to illustrate the impact of the Acquisition and the Fundraising as if they had taken place on 1 January 2020.

The unaudited pro forma income statement has been prepared for illustrative purposes only and illustrates the impact of the Acquisition and the Fundraising as if they had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the unaudited pro forma financial information may differ from the Enlarged Group's actual financial position or results.

The unaudited pro forma income statement is based on the consolidated income statement set out in the audited financial statements of the Group for the year ended 31 December 2020, on which an audit report has been published.

The unaudited pro forma income statement has been prepared on a basis consistent with the accounting policies adopted by the Group in preparing such information, in accordance with Annex 20 of the Prospectus Regulation and on the basis set out in the notes below.

	<i>Gresham Technologies Note 1 £'000</i>	<i>Electra Note 2 £'000</i>	<i>Other acquisition related adjustments Notes 3, 4 £000</i>	<i>Pro forma income of the Enlarged Group £'000</i>
Revenue	24,752	10,120	–	34,872
Cost of sales	(3,860)	(2,615)	–	(6,475)
Gross profit	20,892	7,505	–	28,397
Administrative expenses	(20,567)	(7,037)	(2,500)	(30,104)
Other operating income	–	35	–	35
Operating profit/(loss)	325	503	(2,500)	(1,672)
Finance income	37	–	–	37
Finance costs	(54)	(59)	–	(113)
Profit/(loss) before tax	308	444	(2,500)	(1,748)
Income tax charge/(credit)	953	(4)	–	949
Profit/(loss) for the year attributable to equity holders of the parent	1,261	440	(2,500)	(799)

*Notes:*

1. The income statement of the Group for the year ended 31 December 2020 has been extracted without material adjustment from the audited financial statements of the Group for the year then ended.

*Adjustments:*

2. The income statement of Electra has been extracted without material adjustment from the historical financial information on Electra for the year ended 31 December 2020 set out in Section B of Part 3 (*Historical Consolidated Financial Information on Electra*) of this document.
3. A fair value exercise of the assets and liabilities acquired, including a valuation of the intangible assets, has not yet been performed, but will be undertaken following Completion to enable the Directors to identify individual intangible assets and make any fair value adjustments required. On this basis, no amortisation charge has been made in the pro forma income statement.
4. An adjustment of £2,500,000 has been made to administrative expenses to reflect the estimated costs payable in respect of the Transaction. These costs shall be classified as exceptional costs in the Enlarged Group's financial statements for the year ending 31 December 2021.
5. The adjustments set out above are all expected to have a continuing impact on the Enlarged Group, save for the estimated costs payable in respect of the Transaction.
6. No adjustments have been made in relation to the financial performance of the Group or the financial performance of Electra since 31 December 2020 or in respect of any other events save as disclosed above.

## PART 5

### SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION

#### 1. Introduction

On 28 May 2021, Gresham Enterprise, the Company and the Vendors entered into the Stock Purchase Agreement, which sets out the terms upon which Gresham Enterprise is expected to purchase all of the issued and outstanding shares of common stock of Electra (the “**Shares**”) from the Vendors. Upon Completion, Gresham Enterprise will directly hold all the Shares.

The Company has agreed to guarantee to the Vendors the performance by Gresham Enterprise of, and its compliance with the terms of, certain provisions of the Stock Purchase Agreement, including its payment of any deferred consideration that becomes owed.

The Stock Purchase Agreement is governed by the laws of the State of New York and, in the event of any dispute, each of the parties submits to the exclusive jurisdiction and venue of the United States Federal District Court for the Southern District of New York sitting in New York County, New York.

#### 2. Consideration

The cash consideration payable by Gresham Enterprise for the sale and purchase of the Shares, including payments to be made to the Option Holders, is up to US\$38.6 million, of which US\$28.95 million will be payable on the Completion Date, subject to a deduction to be made in relation to the discharge of certain existing indebtedness of Electra, and a further possible adjustment upwards or downwards, as applicable, following Completion for any working capital variations against an agreed target.

To the extent that Electra’s defined agreed or determined, recurring software-based revenues recognised during the period commencing on the first day of the calendar month following Completion and ending on the first anniversary thereof and generated from its defined closing customer contracts equal or exceed an agreed target, the Vendors will be entitled to receive a further payment of US\$4.825 million, subject to a downwards adjustment in proportion to the extent to which the required target is not achieved.

If those agreed or determined revenues recognised during the period commencing immediately after the end of the first deferred period and ending 12 months later equal or exceed the agreed target, the Vendors will be entitled to receive a final payment of US\$4.825 million, again subject to a downwards adjustment in proportion to the extent to which the target is not achieved.

Gresham Enterprise has agreed during the first and second deferred periods to act in good faith with respect to the maintenance of Electra’s current or prospective customer contracts, to use its commercially reasonable efforts to maintain each such contract, not, without reasonable cause, to take any steps primarily intended to result in the loss of any such material contract and, specifically also to:

- (a) maintain separate records relating to Electra’s customer contracts and provide the Vendors’ representative with reasonable access; and
- (b) provide to the Vendors’ representative quarterly statements regarding Gresham’s then-current assessment of Electra’s recurring revenues for each such quarter.

#### 3. Representations, warranties, indemnities and liability

Under the Stock Purchase Agreement, the Vendors and Electra have made customary representations and warranties to Gresham Enterprise, and the Company and Gresham Enterprise have each made limited customary representations and warranties to, and also indemnified the Vendors in respect of, their respective due organisation, good standing, power and authorisation.

The Vendors have, jointly and severally, agreed to indemnify Gresham Enterprise and its officers, directors, employees, agents and affiliates in respect of, among others: (i) any breach of any representation, warranty or certification given or made by the Vendors or Electra under the Stock Purchase Agreement not being true and correct as of the date of the Stock Purchase Agreement and as of the Completion Date (other than

those representations and warranties given as of a specific date, which must be true as of such date); (ii) any breach of any covenant or other obligation contained in the Stock Purchase Agreement; (iii) any and all tax liabilities of Electra arising prior to Completion; (iv) any transaction expenses and outstanding debt incurred by Electra that remains unpaid at the Completion Date and which is not deducted or otherwise held back from the upfront consideration paid by Gresham Enterprise; and (v) certain disputes which might arise out of the transactions contemplated by the Stock Purchase Agreement.

The business-related representations and warranties of the Vendors and Electra contained in the Stock Purchase Agreement will, other than in the case of fraud or in respect of the breach of certain fundamental representations (which have an indefinite duration), survive for a period of 24 months from the Completion Date and those representations and warranties given in respect of taxes will generally survive for various periods of up to 7 years.

The aggregate liability of the Vendors for an indemnification claim brought in respect of:

- (i) any breach by the Vendors or Electra of any representation, warranty or certification given in respect of general business matters will generally be limited to 35 per cent. of the gross amount of the consideration actually received by them (or to which they would otherwise be entitled); or
- (ii) any other matters for which the Vendors are required to indemnify Gresham Enterprise arising prior to Completion (save in respect of one specifically identified and quantified contingent tax claim where the parties have each agreed, in part, to share any costs arising, in the case of Gresham Enterprise up to a maximum of US\$300,000) will be limited to the entirety of the consideration actually received by them (or to which they would otherwise be entitled),

in each case, other than in the case of fraud.

No amount will (absent fraud) be generally payable in relation to any individual loss or group of related losses for claims under the Stock Purchase Agreement unless the amount claimed is at least US\$200,000, in which case the Vendors will be liable only for the amount of any losses in excess of that sum.

Other customary limitations apply to the warranties and indemnities given by the Vendors and Electra.

#### **4. Pre-Completion covenants**

##### **4.1 Conduct of Electra's business and access**

The Vendors have agreed that, pending Completion and as otherwise agreed by Gresham Enterprise, the business of Electra will be conducted in the ordinary course, consistent with past practice, and Electra shall be required to use commercially reasonable efforts to preserve intact its business organisation, to keep available, in all material respects, the services of its current service providers, and to preserve Electra's goodwill and current relationships with suppliers and other persons with which it has significant business relations.

Electra has agreed that, prior to Completion, it shall, and shall cause its service providers to, afford Gresham Enterprise and its representatives access, at all reasonable times and in a manner that does not materially disrupt Electra's business or operations, to the properties, offices and other facilities, books, and records of Electra, to furnish Gresham Enterprise with all financial, operating, and other data and information it may reasonably request and otherwise, to use commercially reasonable efforts to facilitate planning for the integration of Electra's business with that of Gresham following Completion.

In addition, unless Gresham Enterprise otherwise agrees in writing or as expressly contemplated by the Stock Purchase Agreement, Electra has agreed to use commercially reasonable efforts not to take or permit to be taken a number of further customary specified actions with regard to its business.

##### **4.2 Satisfaction of Conditions**

The Vendors and Electra have agreed to use their commercially reasonable efforts to obtain, prior to the Completion Date and in a form reasonably satisfactory to Gresham Enterprise, all consents or waivers of third parties (including certain customers) required for the Acquisition.

Gresham Enterprise and the Company have each also agreed to certain customary undertakings in relation to the preparation and despatch of this document, and Electra and the Vendors have each agreed to provide all such further assistance as Gresham may reasonably require in that regard.

Gresham has also agreed to procure that, to the extent consistent with their fiduciary duties, the Directors (i) unanimously recommend to Shareholders that they vote in favour of the applicable Resolutions and (ii) similarly, will vote any Ordinary Shares beneficially held by them in favour thereof. Gresham further agreed not, in a manner adverse to the Vendors, to authorise or permit the Directors to fail to make, withdraw or modify their recommendation of the Transaction to Shareholders, unless the Board determines, in good faith after consultation with outside legal counsel, that the failure to take such action would reasonably be expected to be inconsistent with their fiduciary duties under applicable law.

Gresham also agreed to procure that the General Meeting is convened and held as soon as practicable and certain other customary obligations with respect to the General Meeting, the satisfaction of all conditions set out in the Placing Agreement and the enforcement of its rights thereunder and to keep the Vendors reasonably informed in relation thereto.

## **5. Conditions**

Completion of the Acquisition is conditional principally upon the satisfaction or waiver of the following Conditions:

- (a) the passing of Resolutions 1 and 2;
- (b) the representations and warranties of Electra and the Vendors contained in the Stock Purchase Agreement continuing, subject to certain exceptions, to be true and correct as of the Completion Date;
- (c) Electra and the Vendors having performed in all material respects all obligations and agreements and complied in all material respects with all covenants contained in the Stock Purchase Agreement to be performed and/or complied with by them at or prior to Completion;
- (d) consummation of the transactions contemplated by the Stock Purchase Agreement being permitted by applicable law and there being no order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition limiting or restricting the consummation of the transactions contemplated by the agreement or Gresham Enterprise's ownership, conduct or operation of Electra's business following Completion;
- (e) no Material Adverse Effect having occurred; and
- (f) immediately after the passing of the applicable Resolutions, the Placing Shares having been unconditionally allotted and issued by the Company, the Placing Agreement not having been terminated and having become and remaining unconditional in all respects and, immediately following Completion having taken place, Placing Shares Admission then occurring.

## **6. Termination**

The Stock Purchase Agreement may be terminated in writing at any time prior to the Completion Date:

- (a) by the written consent of Gresham Enterprise and Electra;
- (b) by Gresham Enterprise or Electra if the conditions to Completion have not (other than by reason of a breach by the terminating party) been satisfied or otherwise waived by the applicable party on or before the Long Stop Date;
- (c) by Gresham Enterprise in the event of a material breach by Electra or a Vendor of any representation, warranty, covenant or agreement contained in the Stock Purchase Agreement that would give rise to the failure of any of the conditions to Completion that has not been cured or is not curable by Electra or such Vendor within 15 days after Gresham Enterprise delivers notice to Electra regarding such breach; and
- (d) by Electra in the event of a material breach by Gresham Enterprise of any representation, warranty, covenant or agreement contained in the Stock Purchase Agreement that would give rise to the failure of any of the conditions to Completion that has not been cured or is not curable by Gresham Enterprise within 15 days after Electra delivers notice to it regarding such breach, in which event, the Stock

Purchase Agreement shall thereupon (without prejudice to any liability for fraud or any wilful breach occurring prior thereto) terminate and become void and have no further force or effect, and the transactions contemplated by it shall be abandoned without further action by the parties.

Each party will pay its own costs and expenses incurred in connection with the Acquisition, provided that Gresham Enterprise will be required to pay, or promptly reimburse Electra and the Vendors for, the costs and expenses incurred by them up to an aggregate amount of US\$100,000 if Completion does not occur prior to the Long Stop Date in the event, *inter alia*, that (i) the applicable Resolutions are not approved by Shareholders; (ii) Gresham Enterprise or the Company breaches any of their representations and warranties or breaches any of the undertakings given by them and described in paragraph 4.2 above; or (iii) the Placing becomes unavailable, is not consummated or is otherwise abandoned and thereafter, Gresham Enterprise and the Company fail to achieve Completion prior to the Long Stop Date.

## **7. Vendors' restrictive covenants and other obligations**

The Vendors have agreed that, for a period of 3 years following Completion, they and their respective affiliates will not, subject to certain customary exceptions:

- (a) be employed by, consult with or otherwise perform services for or own, manage, operate or control, or otherwise directly or indirectly participate in the same with regard to, any competitor of Electra, unless released from such obligation in writing by Gresham Enterprise; or
- (b) employ or engage, or directly or indirectly solicit, coerce or entice any director, officer, employee, consultant or third-party contractor employed or engaged by Gresham Enterprise, Electra or any of their respective affiliates to cease his, her or its relationship with Gresham Enterprise, Electra or any of their respective affiliates or solicit, influence, entice, or in any way divert any customer, partner, distributor, supplier, or joint venturer of Gresham Enterprise from continuing to do business with it, Electra or any of their respective affiliates at historic or previously planned or intended levels.

In addition, the parties have agreed that, as a condition to their continued employment, certain designated key employees of Electra will be required to execute and deliver on Completion an agreed form agreement addressing ownership of intellectual property, confidentiality and non-competition. Electra and the Vendors are also required to use commercially reasonable efforts to cause each other employee of Electra who remains an employee as of the Completion Date to execute and deliver an agreement in like form.

Each of John Landry and (if and as may be required) Robert Danic have also agreed, pursuant to the Stock Purchase Agreement and for no additional remuneration, to provide on an ad hoc basis certain ongoing support and advice to Gresham with regard to Electra for a period of up to 12 months following Completion with a view to ensuring an orderly and complete handover and transition of knowledge and services on their departure from the business, such support expected principally to be focused on people, employment and management matters, business strategy, products and services, customer relationships and sales and marketing.

## PART 6

### ADDITIONAL INFORMATION

#### 1 RESPONSIBILITY

The Company and the Directors, whose names appear in paragraph 3 of this Part 6 (*Additional Information*), accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2 COMPANY INFORMATION

The Company was incorporated and registered in England on 14 September 1972 as a private limited company under the Companies Act 1948 with the name Pencarn Limited and with certificate number 1072032. On 31 December 1980, the Company re-registered as a public limited company under the name Telecomputing (Holdings) plc. On 14 October 1983, the Company changed its name to Telecomputing plc and on 17 April 1991, it changed its name to Gresham Telecomputing plc. On 27 February 1995, the Ordinary Shares were admitted to the Official List and to trading on the London Stock Exchange's Main Market for listed securities. The Company changed its name to Gresham Computing plc on 14 March 1995 and finally, to Gresham Technologies plc on 17 November 2016.

The Company's registered and head office is at Aldermay House, 10-15 Queen Street, London EC4N 1TX. Contact by telephone is via the Company's registered office on +44 (0) 207 653 0222. The principal laws and legislation under which the Company operates is the Companies Act and the regulations made thereunder. BDO LLP were the auditors of the Company throughout the period covered by the financial information in this document.

#### 3 DIRECTORS

The Directors and their respective functions are as follows:

Peter Simmonds	<i>(Non-Executive Chair)</i>
Ian Manocha	<i>(Chief Executive Officer)</i>
Tom Mullan	<i>(Chief Financial Officer)</i>
Andy Balchin	<i>(Senior Independent Non-Executive Director)</i>
Jenny Knott	<i>(Non-Executive Director)</i>
Ruth Wandhöfer	<i>(Non-Executive Director)</i>

#### 4 DIRECTORS' INTERESTS IN THE COMPANY

As at the close of business on 28 May 2021 (being the latest practicable date prior to the publication of this document), the interests of the Directors and any of their connected persons (within the meaning of sections 252 to 255 of the Companies Act) in Ordinary Shares were as follows:

	<i>Number of Ordinary Shares (Beneficial interest)</i>	<i>Number of Ordinary Shares (Non- beneficial interest)</i>	<i>Percentage of voting rights in respect of the Resolutions as at close of business on 28 May 2021</i>
<i>Directors</i>			
Ian Manocha	106,834	–	0.15%
Tom Mullan	30,938	–	0.04%
Peter Simmonds	30,000	–	0.04%
Ruth Wandhöfer	13,403	–	0.02%
Andy Balchin	8,233	–	0.01%
Jenny Knott	–	–	–



In addition to their interests in Ordinary Shares as detailed above, as at the close of business on 28 May 2021 (being the latest practicable date prior to the publication of this document), the Directors held the following options in respect of Ordinary Shares under the terms of the Company's 2010 Enterprise Management Incentive Plan (the "EMI Plan") and its 2017 Deferred Share Bonus Plan (the "Deferred Share Plan"), each as amended:

<i>Director</i>	<i>Scheme</i>	<i>No. of Ordinary Shares under option</i>	<i>Date of Grant</i>	<i>Exercisable from</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Share price as at date of grant</i>
Ian Manocha	EMI Plan	1,500,000	1 June 2015	1 June 2018	1 June 2025	111p	103p
Ian Manocha	Deferred Share Plan	104,008 (max)	20 March 2020	20 March 2023	20 March 2030	Nil	115p
Ian Manocha	Deferred Share Plan	137,937 (max)	31 March 2021	31 March 2024	31 March 2031	Nil	161p
Tom Mullan	EMI Plan	200,000	14 March 2018	14 March 2021	14 March 2028	227p	203p
Tom Mullan	EMI Plan	100,000	28 March 2019	28 March 2022	28 March 2029	97p	89.5p
Tom Mullan	Deferred Share Plan	67,532 (max)	20 March 2020	20 March 2023	20 March 2030	Nil	115p
Tom Mullan	Deferred Share Plan	84,456 (max)	31 March 2021	31 March 2024	31 March 2031	Nil	161p

No awards have yet been made under the Performance Share Plan adopted by the Company on 30 December 2020.

## 5 DIRECTORS' SERVICE AGREEMENTS AND ARRANGEMENTS

Save as set out in this paragraph 5, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

### Executive Directors: Service Contracts

Details of the terms of engagement of the Executive Directors are shown in the table below.

<i>Executive Director</i>	<i>Position</i>	<i>Effective date of contract</i>	<i>Current annual remuneration (including other benefits)</i>	<i>Notice period</i>	<i>Compensation on early termination</i>
Ian Manocha	Chief Executive Officer	1 June 2015	£420,377	12 months	None other than basic salary payable in lieu of notice
Tom Mullan	Chief Financial Officer	1 March 2018	£285,828	6 months	None other than basic salary payable in lieu of notice

## Non-executive Directors: Letters of Appointment

Details of the terms on which the Non-executive Directors are appointed are shown in the table below.

<i>Non-executive Director</i>	<i>Position</i>	<i>Effective date of contract</i>	<i>Current annual remuneration (including other benefits)</i>	<i>Notice period</i>	<i>Specific compensation on early termination</i>
Peter Simmonds	Non-executive Chair	1 August 2020	£80,000	3 months	None
Andy Balchin	Senior Independent Non-executive Director	15 May 2017	£45,000	3 months	None
Jenny Knott	Non-executive Director	12 October 2020	£45,000	3 months	None
Ruth Wandhöfer	Non-executive Director	12 October 2020	£40,000	3 months	None

## 6 SIGNIFICANT SHAREHOLDERS

As at the close of business on 28 May 2021 (being the latest practicable date prior to the publication of this document), so far as the Company is aware, and based solely on information provided to the Company by its Shareholders, no person other than those listed in the table below was interested, directly or indirectly, in three per cent. or more of the issued share capital of Gresham:

<i>Name of Shareholder</i>	<i>Number of Ordinary Shares as at the date the Company was notified in accordance with the DTRs</i>	<i>Percentage of voting rights in respect of the Resolutions as at close of business on 28 May 2021</i>
Kestrel Investment Partners	13,433,693	19.14%
Schroder Investment Management	8,790,694	12.52%
Tellworth Investments	7,222,664	10.29%
Jupiter Asset Management	4,206,000	5.99%
JO Hambro Capital Management	4,200,000	5.98%
Herald Investment Management	3,158,774	4.50%
Mrs M A Green	3,073,290	4.38%
Hargreaves Lansdown Asset Management	2,326,013	3.31%
Rimmer Worldwide Limited	2,178,091	3.10%
Canaccord Genuity Wealth Management	2,150,000	3.06%

Save as disclosed above, the Directors are not aware of any interest which will represent an interest in Gresham's share capital or voting rights which is notifiable under the Disclosure Guidance and Transparency Rules.

## 7 MATERIAL CONTRACTS

### 7.1 Gresham

No contracts have been entered into (other than in the ordinary course of business) by any member of the Gresham Group, either: (i) within the two years immediately preceding the date of this document which are or may be material to Gresham; or (ii) at any time, which contain any provision under which any member of the Gresham Group has any obligation or entitlement which is or may be material to Gresham as at the date of this document, save as disclosed below:

- (a) A description of the principal terms of the Stock Purchase Agreement is set out in Part 5 (*Summary of the Principal Terms and Conditions of the Acquisition*) of this document.
- (b) On 28 May 2021, the Company and each of N+1 Advisory and N+1 Capital Markets entered into the Placing Agreement pursuant to which N+1 Advisory has, as required by the Listing Rules, agreed to act as the Company's sponsor in respect of the Acquisition and this document and N+1 Capital Markets has agreed, as the Company's broker and agent, to use its reasonable endeavours, to procure subscribers for the Placing Shares at the Issue Price.

The obligations of N+1 Advisory and N+1 Capital Markets (together, "**N+1 Singer**") under the Placing Agreement are conditional, *inter alia*, upon:

- (i) Resolutions 1 and 2 having been duly passed without amendment (other than those amendments approved by N+1 Singer in advance) at the General Meeting;
- (ii) the Stock Purchase Agreement not lapsing, being withdrawn or otherwise terminating prior to Placing Shares Admission and the Acquisition being unconditional save for Placing Shares Admission;
- (iii) each of those warranties contained in the Placing Agreement being and remaining true and accurate and not misleading (i) on and as of the date of this document; and on (ii) the date of the General Meeting; and (iii) Placing Shares Admission;
- (iv) the Placing Shares and the PrimaryBid Shares having been conditionally allotted and enabled to be admitted as participating securities within CREST upon or immediately following Placing Shares Admission; and
- (v) Placing Shares Admission becoming effective by not later than 8:00 a.m. on 22 June 2021, or such later time and/or date, being no later than 8:00 a.m. on 22 July 2021, as the Company may agree with N+1 Singer.

Subject to Placing Shares Admission, the Company shall pay to N+1 Singer:

- (a) an agreed corporate finance fee; and
- (b) commission calculated by reference to the gross aggregate value of the Placing Shares issued pursuant to the Placing.

The Company shall also pay all the costs and expenses (including any applicable VAT) of or incidental to the Placing, including the fees and costs of legal advisers incurred by N+1 Singer and all printing, filing and distribution charges.

The Company has given various customary warranties in favour of N+1 Singer. In addition, the Company has given N+1 Singer, its affiliates and their respective directors, officers and employees an indemnity (subject to certain qualifications) relating, *inter alia*, to any losses and liabilities which may be incurred by such persons (i) in the performance by N+1 Singer of its obligations and services rendered pursuant to the Placing and Admission; (ii) arising out of any breach, or alleged breach, by the Company of the Placing Agreement or the Stock Purchase Agreement; or (iii) arising out of any failure or alleged failure by the Company to comply with any legal, statutory or regulatory requirement.

N+1 Singer also has the right to terminate the Placing Agreement prior to Placing Shares Admission in certain circumstances, including if:

- (i) the Stock Purchase Agreement lapses, is withdrawn or is terminated;
- (ii) the Company fails to comply with any of its obligations under the Placing Agreement or the Stock Purchase Agreement or under the Companies Act, FSMA, the Listing Rules or any other law or regulation applicable to the Placing and/or the Acquisition which, in any such case, N+1 Singer considers to be material;
- (iii) any of the warranties given by the Company is untrue and inaccurate in any material respect or a matter arises that might reasonably be expected to give rise to a claim under the indemnity given by the Company to N+1 Singer;
- (iv) any statement contained in this document or otherwise made in connection with the Placing and/or the Acquisition is or has become untrue, incorrect or misleading in any material respect; or
- (v) certain force majeure or other events arise, the effect of which is such as to make it, in the judgment of N+1 Singer, impracticable or inadvisable to proceed with the Placing or which may materially and adversely affect its success.

The Company has also given certain customary undertakings to N+1 Singer, including in relation to the exercise of its rights and obligations under the Stock Purchase Agreement and also with regard to the content and timing of any announcement concerning the financial position or affairs of the Group and the Enlarged Group or its entry into any material commitment or agreement which apply for various agreed periods following the date of the Placing Agreement.

- (c) On 28 May 2021, the Company and PrimaryBid entered into an engagement letter pursuant to which (among other things) PrimaryBid (a) agreed to be the arranger (concurrently with the Placing) of a separate retail offer of the PrimaryBid Shares to be undertaken by it at the Issue Price to registered users of its online hosted PrimaryBid.com platform (the “**Retail Offer**”); (b) agreed that it would consult and agree with the Company the basis upon which it would allocate New Ordinary Shares among subscribers (the “**PrimaryBid Subscribers**”) in respect of the Retail Offer; (c) in respect thereof, and subject to the satisfactory completion of any necessary work, agreed to approve (with the Company’s assistance) the announcement of the Retail Offer also made by the Company on 28 May 2021 for the purposes of section 21 of FSMA; and (d) represented, warranted and undertook to the Company that it would comply with all laws, regulations, requirements, practices and guidelines relevant to the Retail Offer and not cause the Company to make an offer of Ordinary Shares to the public in any Member State of the European Economic Area or the United Kingdom, other than an offer to the public in the UK under the exemption contained in section 86(1)(e) of FSMA.

The Company also gave certain confirmations to PrimaryBid in respect of the New Ordinary Shares to be issued by it pursuant to the Retail Offer.

Subject to Admission and receipt by PrimaryBid of the proceeds of the Retail Offer, the Company shall pay to PrimaryBid an agreed broker fee (plus any applicable VAT).

PrimaryBid (in respect of the Retail Offer) and the Company (in respect of the Placing) have given various warranties in favour of the other in respect of their compliance with applicable securities laws in the United States.

In addition, PrimaryBid has given the Company an indemnity relating to any losses and liabilities which may be incurred by the Company in connection with any breach by PrimaryBid of certain of its obligations arising out of its engagement. Under the terms of a separate subscription letter of the same date sent by it to the Company, PrimaryBid, acting in its capacity as nominee for the PrimaryBid Subscribers, has agreed (among other things) to subscribe, conditional upon Placing Shares Admission, for New Ordinary Shares having an aggregate maximum value at the Issue Price of up to £1,000,000.

- (d) On 28 May 2021 the Company, as parent, and Gresham International, as original borrowers, and each of the Company and Gresham International, among others, as original guarantors, entered into the New Loan Facility with Bank of Ireland, as original lender (the “**Lender**”).

The New Loan Facility comprises a US\$15 million multicurrency revolving credit loan facility (“**Facility A**”) and a separate revolving accordion loan facility (the “**Accordion Facility**”). Drawdown of advances under the New Loan Facility is subject to the satisfaction of certain conditions precedent which are standard for an acquisition facility but include (among others) the provision of constitutional documents and corporate authorisations, executed copies of certain documents relating to the Acquisition and certain financial information in relation to both the Gresham Group and the Acquisition, the entry into certain security documents described below and confirmation that the Company has received, or is contractually entitled to receive, net proceeds of at least £18 million from the Placing.

Facility A is available for drawing in U.S. dollars or sterling and amounts borrowed under such facility may be used to fund the consideration payable under the Acquisition, any associated fees, costs, taxes and expenses, the refinancing of certain financial indebtedness incurred in relation to other acquisitions permitted under the terms of the facility and for the general corporate and working capital purposes of the Enlarged Group.

The New Loan Facility also contains the Accordion Facility, under which the Company may (subject to obtaining its agreement) give 20 Business Days’ notice to the Lender that it wishes to increase the total commitments under the New Loan Facility by up to US\$10 million in aggregate. Amounts borrowed under the Accordion Facility feature may be used for the purpose(s) specified in the notice establishing any such facility.

The rate of interest payable on each loan made under Facility A is the margin (defined therein) plus (as applicable depending on the currency denomination of each loan) the sterling overnight index average reference rate or secured overnight financing rate. The margin payable on any Facility A loans is also subject to a margin ratchet, pinned to the adjusted leverage covenant described below, where the highest margin payable is 2.75 per cent. per annum and the lowest is 2 per cent. per annum.

The interest rate payable on any drawdown under the Accordion Facility will be that specified in the relevant notice under which the facility is to be made.

Any permitted borrower may select interest periods for each loan of up to six months. Each such loan must be repaid in full, together with the interest accrued thereon, on the last day of each interest period. The New Loan Facility may be prepaid without premium or penalty, subject to breakage costs (if applicable).

Certain fees and expenses are also payable, including an arrangement fee and a separate commitment fee. Subject to its terms, amounts repaid under the New Loan Facility may be re-borrowed. A borrower may voluntarily prepay utilisations and/or permanently cancel all or part of the New Loan Facility by giving prior notice to the Lender.

In addition, the New Loan Facility can be cancelled by the Lender if it becomes illegal for it to perform any of its obligations thereunder. The Lender may also require that the New Loan Facility be prepaid and/or cancelled in full upon a change of control of the Company or on the sale of all or substantially all of the assets of the Enlarged Group. Certain amounts received by the Enlarged Group in relation to any claim made pursuant to the Stock Purchase Agreement, any proceeds received from disposals which are not permitted by the terms of the New Loan Facility and any insurance proceeds not used to (i) meet a third party claim; (ii) cover operating losses in respect of which the insurance claim was made; or (iii) fund the replacement, reinstatement or repair of those assets in respect of which the claim was made, are required to be used in prepayment or cancellation of the New Loan Facility. The maturity date of the New Loan Facility is its third anniversary but the facility also contains two extension options whereby the Company may give notice to the Lender that it wishes (at the Lender’s discretion) to extend the maturity date of the New Loan Facility by additional periods, each of one year.

The New Loan Facility contains customary representations, undertakings and events of default with certain carve-outs, materiality thresholds and grace periods (where relevant). These undertakings include, among others, restrictions on the creation of security, the disposal of assets and acquisitions (each with permitted exceptions).

Repayment of all sums advanced under the New Loan Facility will be secured by certain transaction standard security documents including, initially, by debentures granted by each of the Company and Gresham International creating fixed and floating security over all of their assets. The Lender also requires certain further overseas security to be put in place following the Completion Date in respect of Electra.

The New Loan Facility contains the following financial covenants relating to interest cover and leverage (each tested on a quarterly basis) and an undertaking in respect of the provision of Group or (as the case may be) Enlarged Group guarantees:

(i) Interest Cover

Interest cover (generally, the ratio of the Enlarged Group's EBITDA to the aggregate amount of its finance payments (eg. interest, commission, fees etc) in respect of borrowings) in respect of any rolling 12 month period ending on the last day of each financial quarter shall not be less than the ratio of 4.0:1.

(ii) Adjusted Leverage

Adjusted leverage (generally, the ratio of the Enlarged Group's total net debt to its EBITDA, adjusted to take account of any acquisitions and disposals made during the relevant period) in respect of any rolling 12 month period ending on the last day of each financial quarter shall not exceed the ratio of 2.5:1.

(iii) Guarantor Cover and Material Company tests

The New Loan Facility also includes a guarantor coverage undertaking whereby the obligors undertake that the New Loan Facility will be guaranteed by those other members of the Enlarged Group who together have an aggregate earnings before interest and tax ("**EBIT**") and aggregate gross assets and turnover in excess of 85 per cent. of EBIT and 85 per cent. of the consolidated gross assets and consolidated aggregate turnover of the applicable group. In addition, any company within the Enlarged Group which has an EBIT of 5 per cent. or more of the applicable group's EBIT or 5 per cent. or more of its consolidated gross assets and consolidated aggregate turnover, or which holds the shares in such an entity, is required to guarantee the New Loan Facility.

The New Loan Facility is governed by English law and is subject to the exclusive jurisdiction of the English courts.

- (e) Pursuant to the terms of a share purchase agreement dated 28 July 2020 between Gresham, Astuta Ltd ("**Astuta**") and Michael Bagguley, the Company agreed to buy the entire issued share capital of Inforalgo, a specialist, Solihull-based provider of connectivity and intelligent automation solutions to financial services institutions.

Gresham paid an initial consideration (which included certain sums due in respect of the settlement of shareholder loans and trading balances) of £2.3 million and will also be required to pay deferred consideration of up to £1.3 million in two instalments with up to £0.9 million payable after the first anniversary of completion of the acquisition and up to a further £0.4 million payable after the date falling 6 months thereafter, subject to possible adjustment at the time by reference to the achievement of certain annualised recurring revenue targets of Inforalgo during those periods.

Astuta gave certain warranties and indemnities to Gresham in respect of the business of Inforalgo customary for a transaction of this nature. The Company is able to bring claims (i) for breach of any such warranty (subject to various normal limitations, financial thresholds and relevant disclosures) for a period of up to 18 months following the completion date; and (ii) in respect of a number of specific indemnities (subject to various customary limitations) for a period of up to 2 years following the completion date.



Gresham also received the benefit of a tax covenant under which it is able to pursue claims (subject to normal limitations) for a period of up to seven years from completion.

Astuta and Mr Bagguley are subject to certain customary restrictive covenants which apply for a period of three years from completion of the Inforalgo acquisition.

## 7.2 **Electra**

No contracts have been entered into (other than in the ordinary course of business) by Electra or any of its subsidiaries, either: (i) within the two years immediately preceding the date of this document which are or may be material to Electra; or (ii) at any time, which contain any provision under which Electra or any of its subsidiaries has any obligation or entitlement which is or may be material to Electra as at the date of this document.

## 8 **LITIGATION**

### 8.1 **Gresham**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Gresham is aware) which may have, or have had, during the 12 months prior to the date of this document, a significant effect on the financial position or profitability of Gresham and the Gresham Group.

### 8.2 **Electra**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Gresham is aware) which may have, or have had, during the 12 months prior to the date of this document, a significant effect on the financial position or profitability of Electra.

## 9 **RELATED PARTY TRANSACTIONS**

Details of all those related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that Gresham has entered into during each of the three years ended on 31 December 2020 are set out below:

- (a) during the year ended 31 December 2020, such transactions are disclosed in note 26 (*Related Parties*) on page 122 of the 2020 Annual Financial Report which are hereby incorporated by reference into this document;
- (b) during the year ended 31 December 2019, such transactions are disclosed in note 26 (*Related Parties*) on pages 93 and 94 of the 2019 Annual Financial Report which are hereby incorporated by reference into this document; and
- (c) during the year ended 31 December 2018, such transactions are disclosed in note 27 (*Related Parties*) on page 90 of the 2018 Annual Financial Report which are hereby incorporated by reference into this document.

## 10 **NO SIGNIFICANT CHANGE**

### 10.1 **Gresham**

There has been no significant change in the financial performance or financial position of the Gresham Group since 31 December 2020, being the date to which the last published financial information on the Group was prepared.

### 10.2 **Electra**

There has been no significant change in the financial performance or financial position of Electra since 31 December 2020, being the date to which the historical financial information contained in Part 3 (*Historical Consolidated Financial Information on Electra*) of this document was prepared.



## **11 WORKING CAPITAL**

Gresham is of the opinion that, taking into account the cash and debt facilities available to the Enlarged Group, including the New Loan Facility, the Enlarged Group has sufficient working capital available to it for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

## **12 CONSENTS**

BDO LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its reports on the historical financial information of Electra set out in Section A of Part 3 (*Historical Consolidated Financial Information on Electra*) and on the unaudited pro forma financial information of Gresham set out in Part 4 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this document in the form and context in which they appear.

Nplus1 Singer Advisory LLP has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

## **13 INFORMATION INCORPORATED BY REFERENCE**

Information from the following documents has been incorporated into this document by reference:

- (a) 2018 Annual Financial Report;
- (b) 2019 Annual Financial Report; and
- (c) 2020 Annual Financial Report.

Part 7 (*Checklist of information incorporated by reference*) of this document sets out the location of all references to the above documents as are contained within this document.

A person who has received this document may also request a copy of those documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from Gresham's Registrars at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by calling the shareholder helpline on 0371 384 2208. If you are outside the United Kingdom, please call +44 (0)121 415 7047. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8:30 a.m. – 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Transaction. If requested, copies will be provided, free of charge, within two Business Days of request.

## **14 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on the Company's website at <https://www.greshamtech.com/invest-in-us> from the date of this document until the close of the General Meeting:

- (a) the Articles;
- (b) the 2018 Annual Financial Report, the 2019 Annual Financial Report and the 2020 Annual Financial Report;
- (c) the consent letters referred to in paragraph 12 of this Part 6 (*Additional Information*) of this document;
- (d) the report of BDO LLP set out in Section A of Part 3 (*Historical Consolidated Financial Information on Electra*) of this document;
- (e) the report of BDO LLP set out in Part 4 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this document;
- (f) this document and the Form of Proxy; and
- (g) the Stock Purchase Agreement.

## PART 7

### CHECKLIST OF INFORMATION INCORPORATED BY REFERENCE

The 2018 Annual Financial Report, the 2019 Annual Financial Report and the 2020 Annual Financial Report are incorporated by reference into this document in accordance with paragraph 13 of Part 6 (*Additional Information*) of this document and contain information which is relevant to this document. These documents are also available on the Company's website at <https://www.greshamtech.com/invest-in-us>.

The table below sets out the various sections of those documents which are incorporated by reference into this document so as to provide the information required under the Listing Rules.

No part of the 2018 Annual Financial Report, the 2019 Annual Financial Report or the 2020 Annual Financial Report is incorporated by reference into this document except as expressly stated below.

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Document page reference</i>	<i>Page number(s) in this document</i>
2018 Annual Financial Report	Related party transactions	90	83
2019 Annual Financial Report	Related party transactions	93, 94	83
2020 Annual Financial Report	Related party transactions	122	83
	Business Strategy and Business Model	14-17	10-11

Information that is itself incorporated by reference in the above documents is not also incorporated by reference into this document. It should be noted that, except as set forth above, no other portions of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for Shareholders or the relevant information is included elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purposes of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

## PART 8

### DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>“2018 Annual Financial Report”</b>	the annual report and audited consolidated financial statements of the Group for the financial year ended 31 December 2018.
<b>“2019 Annual Financial Report”</b>	the annual report and audited consolidated financial statements of the Group for the financial year ended 31 December 2019.
<b>“2020 Annual Financial Report”</b>	the annual report and audited consolidated financial statements of the Group for the financial year ended 31 December 2020.
<b>“Acquisition”</b>	the conditional acquisition by Gresham Enterprise of all of the issued and outstanding shares of common stock of Electra in accordance with the terms of the Stock Purchase Agreement.
<b>“Acquisition Resolution”</b>	the Resolution numbered 1 to approve the implementation by Gresham Enterprise of the Acquisition set out in the Notice of General Meeting.
<b>“Admission”</b>	approval being given for admission of the Placing Shares ( <b>“Placing Shares Admission”</b> ) and the PrimaryBid Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities.
<b>“Articles”</b>	the articles of association of the Company.
<b>“Bank of Ireland”</b>	The Governor and Company of the Bank of Ireland.
<b>“Board”</b>	the board of Directors (or any duly authorised committee thereof).
<b>“Business Day”</b>	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business.
<b>“CAGR”</b>	the compound annual growth rate.
<b>“certificated” or “in certificated form”</b>	a share or security which is not in uncertificated form (that is, not in CREST).
<b>“Chair”</b>	Peter Simmonds, the non-executive chair of the Company.
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time.
<b>“Company” or “Gresham”</b>	Gresham Technologies plc, a public limited company incorporated in England and Wales with registered number 1072032 whose registered office is at Aldermay House, 10-15 Queen Street, London EC4N 1TX.
<b>“Completion”</b>	the closing of the Acquisition in accordance with the terms of the Stock Purchase Agreement.
<b>“Completion Date”</b>	the date on which Completion occurs.
<b>“Conditions”</b>	the conditions to the implementation of the Acquisition contained in the Stock Purchase Agreement, as described in paragraph 5 of

Part 5 (*Summary of the Principal Terms of the Acquisition*) of this document.

<b>“CREST”</b>	the UK-based computerised system for the paperless settlement of trades in listed securities, of which Euroclear is the operator in accordance with the CREST Regulations and which facilitates the transfer of title to shares held in uncertificated form.
<b>“CREST Manual”</b>	the manual, as amended from time to time, produced by Euroclear describing the CREST system, and supplied by Euroclear to users and participants thereof.
<b>“CREST Proxy Instruction”</b>	a proxy appointment or instruction made using CREST, authenticated in accordance with Euroclear’s specifications and containing the information set out in the CREST Manual.
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755), as amended from time to time.
<b>“Directors”</b>	the Executive Directors and the Non-executive Directors.
<b>“Disclosure Guidance and Transparency Rules” or “DTRs”</b>	the Disclosure Guidance and Transparency Rules made by the FCA for the purposes of Part 6 of FSMA.
<b>“EBITDA”</b>	earnings before charging interest, tax, depreciation and amortisation.
<b>“Electra”</b>	Electra Information Systems, Inc. (incorporated as a corporation in the State of New York, United States) including, where the context so requires, its subsidiary undertakings.
<b>“Enlarged Group”</b>	the Gresham Group as enlarged by the Acquisition.
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited (registered number 02878738), the operator of CREST.
<b>“Executive Directors”</b>	the executive directors of the Company, currently being Ian Manocha and Tom Mullan.
<b>“Existing Ordinary Shares”</b>	the 70,201,458 Ordinary Shares in issue at the date of this document, all of which are admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities, and comprising the entire issued share capital of the Company.
<b>“FCA”</b>	the Financial Conduct Authority of the UK, its predecessors or its successors from time to time, including, as applicable, in its capacity as the competent authority for the purposes of Part VI of FSMA.
<b>“Form of Proxy”</b>	the form of proxy (which accompanies this document) for use by Shareholders in connection with the General Meeting.
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended from time to time.
<b>“Fundraising”</b>	together, the Placing and the PrimaryBid Offer.
<b>“Fundraising Resolutions”</b>	those Resolutions numbered 2 and 3 to approve the allotment and issue respectively of the Placing Shares and the PrimaryBid Shares set out in the Notice of General Meeting.

<b>“FY2018”, “FY2019”, “FY2020”, “FY2021” and “FY2022”</b>	the financial years of each of the Gresham Group and Electra ended or, as applicable, ending on 31 December respectively in each such year.
<b>“General Meeting”</b>	the general meeting of the Company to be held on a combined physical and electronic basis at its registered office at Aldermary House, 10-15 Queen Street, London EC4N 1TX at 10:00 a.m. on 21 June 2021 (or any adjournment thereof) for the purposes of seeking Shareholder approval of the Resolutions, notice of which is set out in the Notice of General Meeting.
<b>“Gresham Group” or “Group”</b>	Gresham Technologies plc and its subsidiary undertakings for the time being.
<b>“Gresham Enterprise”</b>	Gresham Enterprise Storage, Inc. (incorporated as a corporation in the State of Texas, United States) being a wholly-owned subsidiary undertaking of Gresham.
<b>“Gresham International”</b>	Gresham Technologies (International) Limited, a private limited company incorporated in England and Wales with registered number 13261704 and being a wholly-owned subsidiary undertaking of Gresham.
<b>“IFRS”</b>	International Financial Reporting Standards.
<b>“Inforalgo”</b>	Inforalgo Information Technology Limited, a private limited company incorporated in England and Wales with registered number 03471900, the entire issued share capital of which was acquired by the Company on 28 July 2020 pursuant to the agreement further details of which are set out in paragraph 7.1(e) of Part 6 ( <i>Additional Information</i> ) of this document.
<b>“Issue Price”</b>	160 pence per New Ordinary Share.
<b>“Listing Rules”</b>	the Listing Rules made by the FCA pursuant to Part VI of FSMA governing, <i>inter alia</i> , admission of securities to the Official List.
<b>“London Stock Exchange”</b>	London Stock Exchange PLC (registered number 02075721).
<b>“Long Stop Date”</b>	the date falling 4 months from the date of the Stock Purchase Agreement.
<b>“Material Adverse Effect”</b>	subject to certain customary exceptions defined in the Stock Purchase Agreement (a) any change, event, violation, inaccuracy, circumstance or effect (each, an <b>“Effect”</b> ) that, individually or taken together with all other Effects, and regardless of whether such Effect constitutes a breach of any representations or warranties made by, or a breach of the covenants, agreements, or obligations of, Electra is, or would reasonably be likely to be or become, a material adverse effect on the business, operations or financial condition of Electra or (b) any effect or circumstance that could reasonably be expected to materially impair or materially delay the ability of Electra to perform its obligations under the Stock Purchase Agreement or otherwise consummate the transactions contemplated by it.
<b>“N+1 Advisory”</b>	Nplus1 Singer Advisory LLP (registered number OC364131).
<b>“N+1 Capital Markets”</b>	Nplus1 Singer Capital Markets Limited (registered number 05792780).

<b>“New Loan Facility”</b>	a US\$15 million multicurrency revolving credit and US\$10 million accordion loan facility dated 28 May 2021 entered into by the Company and Gresham International with Bank of Ireland, further details of which are set out in paragraph 7.1(d) of Part 6 ( <i>Additional Information</i> ) of this document.
<b>“New Ordinary Shares”</b>	together, the Placing Shares and the PrimaryBid Shares.
<b>“Non-executive Directors”</b>	the non-executive directors of the Company, currently comprising the Chair, Andy Balchin, Jenny Knott and Ruth Wandhöfer.
<b>“Notice of General Meeting”</b>	the notice of the General Meeting, as set out in Part 9 ( <i>Notice of General Meeting</i> ) of this document.
<b>“Ordinary Shares”</b>	the ordinary shares of 5 pence each in the capital of the Company.
<b>“Official List”</b>	the list of securities that have been admitted to listing maintained by the FCA pursuant to Part IV of FSMA.
<b>“Option Holders”</b>	any persons who become stockholders of Electra pursuant to the exercise, prior to the Completion Date, of any options held by them under the stock incentive plan operated by it.
<b>“Placing”</b>	the conditional placing of the Placing Shares by N+1 Capital Markets, as agent on behalf of the Company, pursuant to the Placing Agreement.
<b>“Placing Agreement”</b>	the conditional placing and sponsor agreement dated 28 May 2021 made between N+1 Advisory, N+1 Capital Markets and the Company in relation to the Placing, further details of which are set out in paragraph 7.1(b) of Part 6 ( <i>Additional Information</i> ) of this document.
<b>“Placing Shares”</b>	the 12,500,000 New Ordinary Shares proposed to be issued pursuant to the Placing.
<b>“PrimaryBid”</b>	PrimaryBid Limited (registered number 08092575), which is authorised and regulated by the FCA with register number 779021.
<b>“PrimaryBid Offer”</b>	the conditional offer for subscription at the Issue Price of the PrimaryBid Shares conducted by PrimaryBid pursuant to those agreements, further details of which are set out in paragraph 7.1(c) of Part 6 ( <i>Additional Information</i> ) of this document.
<b>“PrimaryBid Shares”</b>	the 625,000 New Ordinary Shares proposed to be issued in connection with the PrimaryBid Offer.
<b>“Prospectus Rules”</b>	the Prospectus Regulation Rules made by the FCA pursuant to section 73A of FSMA.
<b>“Register”</b>	the register of members of the Company.
<b>“Registrars”</b>	the Company’s registrars, Equiniti Limited (registered number 06226088) of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.
<b>“Resolutions”</b>	the Acquisition Resolution and the Fundraising Resolutions.
<b>“RIS”</b>	any of the services set out in Appendix I to the Listing Rules.

<b>“Shareholders”</b>	the holders of Ordinary Shares from time to time and the expression <b>“Shareholder”</b> shall be construed accordingly.
<b>“Stock Purchase Agreement”</b>	the conditional stock purchase agreement dated 28 May 2021 entered into between Gresham Enterprise, the Company, Electra and the Vendors in connection with the Acquisition, as described in Part 5 ( <i>Summary of the Principal Terms of the Acquisition</i> ) of this document.
<b>“Transaction”</b>	the Acquisition, the Placing and the PrimaryBid Offer.
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>“U.S.”, “US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof.
<b>“uncertificated” or “in uncertificated form”</b>	Existing Ordinary Shares recorded on the Register as being held in uncertificated form in CREST, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.
<b>“Vendors”</b>	John Landry, Robert Danic, Scott Rhodes and Alexander Feigeles, being the present sole common stockholders of Electra.
<b>“VAT”</b>	value-added tax or any similar sales or turnover tax.
<b>“£”</b>	pounds sterling, the lawful currency of the United Kingdom and references to <b>“pence”</b> , <b>“penny”</b> and <b>“p”</b> shall be construed accordingly.
<b>“US\$” or “US dollar”</b>	United States dollars, the lawful currency of the United States.

All references to any statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and to all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.



## PART 9

### NOTICE OF GENERAL MEETING



**Gresham Technologies plc**  
(the "**Company**")

*(Incorporated and registered in England and Wales under the Companies Act 1948 with registered number 1072032)*

**Notice is hereby given** that a General Meeting of the Company will be held at its registered office at Aldermary House, 10-15 Queen Street, London EC4N 1TX at 10:00 a.m. on 21 June 2021 for the purposes of considering and, if thought fit, passing the resolutions set out below (the "**Resolutions**") required in connection with the Acquisition, the Placing and the PrimaryBid Offer, each as is described in the circular to the Company's shareholders dated 1 June 2021 of which this Notice forms part (the "**Circular**"), of which the Resolution numbered 1 will be proposed as an ordinary resolution and the Resolutions numbered 2 and 3 will each be proposed as special resolutions.

For the purposes of this Notice, capitalised terms used but not defined herein shall (unless the context otherwise requires) have the meanings respectively ascribed to them in the Circular.

#### **Ordinary Resolution**

1. **THAT** the proposed acquisition by Gresham Enterprise Storage, Inc., a subsidiary undertaking of the Company, of all of the issued and outstanding shares of common stock of Electra Information Systems, Inc. pursuant to the terms of and subject to the conditions contained in the Stock Purchase Agreement (particulars of which are summarised in the Circular), be and is hereby approved and that the directors of each of the Company and Gresham Enterprise (or any duly authorised committee thereof) be and are hereby authorised to make any non-material amendments, variations, waivers or extensions to the terms of the Acquisition or the Stock Purchase Agreement and to take all such steps and to do all such things which, in each case they, in their absolute discretion, consider necessary, appropriate or desirable to implement, or in connection with, the Acquisition including, without limitation, the waiver of any conditions to the Stock Purchase Agreement and to carry the same into effect.

#### **Special Resolutions**

2. **THAT**, subject to and conditional upon the passing of Resolution 1, in accordance with section 570 of the Companies Act, the Directors be generally empowered to allot equity securities (as defined in section 560(1) of the Companies Act) which are the subject of the authority conferred by resolution 12 passed by shareholders at the Annual General Meeting of the Company held on 10 May 2021 (the "**AGM Resolution**"), as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £625,000, being approximately 18 per cent. of the current issued share capital of the Company, pursuant to the terms of the Placing announced by the Company on 28 May 2021 and, unless previously renewed, extended, varied or revoked by the Company, shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months from the passing of this resolution.
3. **THAT**, subject to and conditional upon the passing of Resolutions 1 and 2, in accordance with section 570 of the Companies Act, the Directors be generally empowered to allot equity securities (as defined in section 560(1) of the Companies Act) which are the subject of the authority conferred by the AGM Resolution, as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £31,250, being approximately 0.90 per cent. of the current issued share capital of the Company, pursuant to the terms of the PrimaryBid Offer also announced by the Company on 28 May 2021 and,

unless previously renewed, extended, varied or revoked by the Company, shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months from the passing of this resolution.

By order of the Board

**Jonathan Cathie**

Company Secretary  
1 June 2021

**Registered Office:**  
Aldermay House  
10-15 Queen Street  
London  
EC4N 1TX

## Notes to the Notice of General Meeting

### Entitlement to attend and vote

- 1 The only persons entitled to vote on the Resolutions at the General Meeting are those Shareholders who are entered on the Register at 6:30 p.m. on 17 June 2021 or, if the General Meeting is adjourned, at 6:30 p.m. on the day which is two days prior to the adjourned meeting.

### Website giving information regarding the General Meeting

- 2 Information regarding the General Meeting, including the information required by section 311A of the Companies Act, can be found at <https://www.greshamtech.com/invest-in-us> under the Shareholder Documents section of that page.

### Appointment of proxies

- 3 Ordinarily, if you wished your proxy to speak on your behalf at the meeting you would need to appoint your own choice of proxy and give your instructions directly to them. **However, due to the ongoing COVID-19 pandemic, the General Meeting will be held as a combined physical and electronic meeting and Shareholders are requested not to attend in person but are instead encouraged to participate using the online Investor Meet Company (“IMC”) platform in the manner described in the Circular.**
- 4 **Votes will be taken at the General Meeting on a poll but the online IMC platform will not include a facility for attendees to vote live. If you are a Shareholder at the time set out in note 1 above, you are accordingly strongly encouraged to appoint the Chair of the meeting (rather than your own choice of person) as your proxy to exercise all or any of your rights to attend, participate and vote at the General Meeting. This will ensure that your votes are counted on the poll vote taken at the meeting if, as requested, you (and any other proxy you might otherwise appoint) do not attend the meeting in person.** You should have received a Form of Proxy with this Notice of General Meeting. You can only appoint a proxy using the procedures set out in these notes and in the notes to the Form of Proxy.
- 5 If you are not a Shareholder as set out in note 1 above but have been nominated by a Shareholder to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this “**Appointment of proxies**” section. Please read note 23 “**Nominated persons**” below.
- 6 A proxy does not need to be a Shareholder but must attend the General Meeting to represent you. Details of how to appoint the Chair of the meeting as your proxy are set out in the notes to the Form of Proxy.
- 7 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of the votes for or against a Resolution. If you either select the “**Discretionary**” option or if no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.

### Appointment of proxy using the hard copy Form of Proxy

- 8 The notes to the Form of Proxy explain how to direct the Chair of the General Meeting to vote on the Resolutions, as permitted, or to withhold their vote. To appoint a proxy using the Form of Proxy, it must be completed and signed, sent or delivered (or, as explained in note 10 “**Electronic appointment of proxies**” below, electronically submitted) to the Registrars Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by the Registrars no later than 10:00 a.m. on 17 June 2021 being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day that is not a working day) (or, in the case of an adjournment, not later than 48 hours (also excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).
- 9 In the case of a Shareholder that is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

### Electronic appointment of proxies

- 10 As an alternative to completing the hard copy Form of Proxy, you may appoint the Chair of the General Meeting as your proxy electronically by sending your completed Form of Proxy as an attachment to an authenticated e-mail (as referred to in note 28 “**Electronic addresses in this Notice**” below) sent to [proxyvotes@equiniti.com](mailto:proxyvotes@equiniti.com) and stating “*Gresham GM*” in the subject line of the e-mail. Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, [www.sharevote.co.uk](http://www.sharevote.co.uk) using the series of numbers printed under the headings Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy. Alternatively, Shareholders who have already registered with the Registrars’ online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and using their usual user ID and password. Once logged in, simply click “*view*” on the “*My Investments*” page, click on the link to vote and then follow the on-screen instructions. Full details and instructions on these electronic proxy facilities are given on the respective websites. For an electronic appointment to be valid, the appointment must be received by Equiniti no later than 10:00 a.m. on 17 June 2021 (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

### **Appointment of proxies using CREST**

- 11 Shareholders who are users of the CREST system (including CREST personal members) may appoint and give an instruction to the Chair of the General Meeting as their proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to that proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Registrars (ID number: RA 19) by no later than 10:00 a.m. on 17 June 2021, being 48 hours before the time appointed for the holding of the General Meeting (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrars are able to retrieve the message in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means.
- 12 CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing a proxy via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual.
- 13 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that its CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

### **Appointment of proxy by joint Shareholders**

- 14 In the case of joint Shareholders, where more than one of the joint Shareholders purports to appoint the Chair of the General Meeting as their proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Register) will be accepted.

### **Changing proxy instructions**

- 15 To change your proxy instructions simply submit a new proxy appointment using the methods set out in notes 3 to 14 above. Note that the cut-off time for receipt of proxy appointments specified in those notes also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut-off time will be disregarded.
- 16 Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact the Registrars, as indicated in note 8 above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointment**

- 17 In order to revoke a proxy instruction, you will need to send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 18 The revocation notice must be received by the Company no later than 10:00 a.m. on 17 June 2021 being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting (or, in the case of an adjournment, not later than 48 hours (also excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).
- 19 If you attempt to revoke your proxy appointment but the revocation notice is received after the time specified then your proxy appointment will remain valid.

### **Issued shares and total voting rights**

- 20 As at 28 May 2021 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital comprised 70,201,458 ordinary shares of 5 pence each. No Ordinary Shares are held by the Company in treasury.
- 21 Each Ordinary Share carries one vote in respect of the Resolutions and the total voting rights in the Company as at 28 May 2021 are, therefore, 70,201,458. As soon as practicable following the General Meeting, the voting results will be announced via a RIS and also placed on the Company's website at <https://www.greshamtech.com/invest-in-us>.

### Questions at the meeting

- 22 Questions can be submitted ahead of the General Meeting via the IMC dashboard or at any time during the meeting via the “Ask a Question” function or may otherwise be submitted to the Chair via an email sent to [investorrelations@greshamtech.com](mailto:investorrelations@greshamtech.com) at least 48 hours prior to the meeting.

### Nominated persons

- 23 If you are a person who has been nominated under section 146 of the Companies Act to enjoy information rights, you may have a right under an agreement between you and the Shareholder who has nominated you (the “**Relevant Shareholder**”) to have information rights, to be appointed (subject as set out above) or to have someone else appointed as a proxy for the General Meeting.
- 24 If you either do not have such a right or, if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.
- 25 Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

### Documents on display

- 26 The documents listed in paragraph 14 of Part 6 (*Additional Information*) of the Circular will be available for inspection on the Company’s website at <https://www.greshamtech.com/invest-in-us> from the date of this Notice until the close of the General Meeting.

### Electronic addresses in this Notice

- 27 You may not use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- 28 A reference to “*authenticated*” in note 10 “**Electronic appointment of proxies**” above in relation to emailing any Form of Proxy to the Registrars is a requirement that such form is signed by the person(s) purporting to send it and that states or includes the identity of the sender(s) and which the Company has no reason to doubt the truth of.

