



Gresham

Full Year Financial Results

FY 2021 Investor Presentation

8 March 2022

Ian Manocha, CEO

Tom Mullan, CFO

www.greshamtech.com

2021 Full Year Financial Results

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Agenda

- Gresham at glance
- The market opportunity
- Our platform & competitive differentiation
- Group financial model
- FY21 financial results
- Growth strategy
- H1 FY22 priorities

“

A year of significant strategic, operational and financial progress.

The Group delivered revenue, profits and cash ahead of expectations whilst completing its largest acquisition to date, cementing its leadership position as a trusted software partner in financial markets.

”



Gresham at a glance

SaaS solutions for **control & automation** in financial services

Our Purpose

To enable financial institutions to **digitise their operations** and have complete **confidence** in their **data** in order to improve their **competitiveness** and manage **risk** and **reputation**

Our Solutions

Built with **Clareti** - an enterprise-grade **SaaS platform** and application suite to **connect, reconcile** and **control** 'any and all' **data** and **processes**.



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Financial services is being **re-imagined** & **transformed**

- Digital partnerships and value chains driving innovation
- Industry platforms & everything 'as-a-service' via API's
- Data-driven, real-time, automated decision making
- Digital processes at the heart of operations
- More data, more connectivity, more complexity

Whilst firms are being **held back** by their legacy operations



...firms desperately need **smarter automation** and **better control** over their **data & processes**

Digital Agility



Digital Integrity



Digital Confidence



Gresham

Competitive Differentiation



Proven & enterprise grade

Across a multitude of demanding use cases in banking, investment management and other industries



Flexible & Intuitive

Data and format agnostic, open extensible architecture, highly configurable features and user interfaces



Intelligent & functionally rich

Machine learning, heuristics matching, smart workflows & industry-specific functionality



Scalable & 'end-to-end'

Combinations of capabilities provide complete digital solutions. Platform can scale horizontally and vertically for any customer, or any problem



Faster time to value

Fast to deploy new connections, new reconciliations or controls through self-service, low-code or managed service.



Lower cost of ownership

Highly performant platform, easy to change, proven cost take out.

CLARETI PLATFORM

Competitive Landscape:

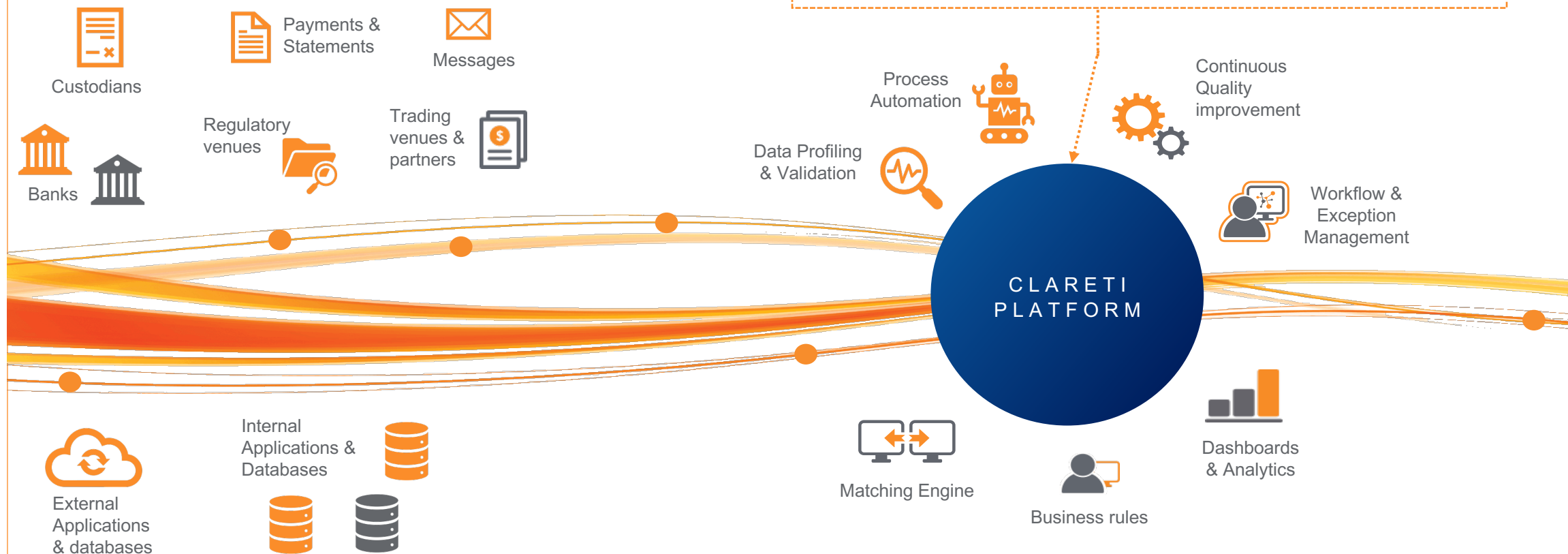
- Spreadsheets & other user developed apps
- In-house IT developed solutions
- Legacy vendor products
- Bundled “modules” from core systems vendors
- Outsourced service providers
- Highly generic data engineering tools
- Point solutions

>\$500M
growth
market



Our Platform

The data landscape and flow within financial services is highly complex



Example Use Case: Regulatory Reporting

How a global fixed income broker-dealer brought its FINRA TRACE reporting back on track

The situation:

Previously relying on 3rd party regulatory reporting software which was not fit for purpose

- Unable to identify failures or patterns
- Reporting statistics were not able to be reviewed, escalated and corrected robustly
- Incurred fines totalling almost USD \$500,000 from the regulator due to late or inaccurate reporting

Our solution:

We provided full end-to-end visibility in one solution, increasing control and simplifying reporting

- Flexibility to use their own business rules for reporting
- Validation and reconciliation of all securities accuracy and timeliness
- Reconciliation and identification of late trades and patterns
- Visible in real-time with automated matching
- Improved supervisory procedures and controls
- Happy regulator, operational cost savings and no fines

Highlights:

86% reduction
in late reporting rates

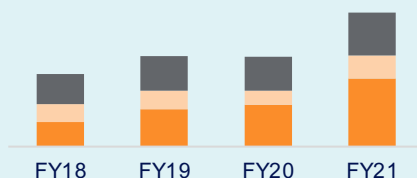
Clear visibility
of source and reported data in one solution

Reduced error rates



Financial model

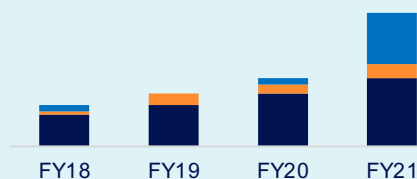
High growth, high margin, recurring revenues



Clareti revenues have grown to be **73% of Group revenues** (using proforma full year Electra revenues)

Driving a Clareti gross Margin of

84%



Clareti ARR 5 year organic CAGR of 31%, or 53% including M&A

With a sticky Clareti ARR net retention rate of

106%



Clareti ARR growth driving **Group cash EBITDA** and improved margins

After consistent cash investment in Clareti R&D of

20%

of Group revenues





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FY21 Financial Results

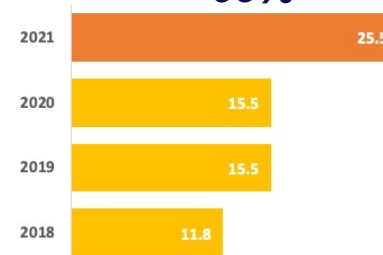
FY21 financial highlights

Strong Clareti
organic growth and
accretive acquisitions
driving positive
trends across all
financial metrics

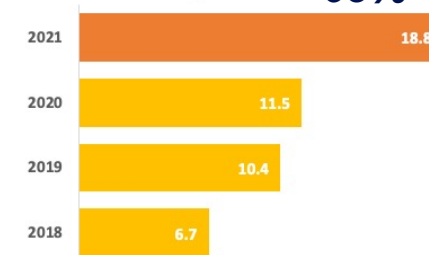
Group revenue **+49%**



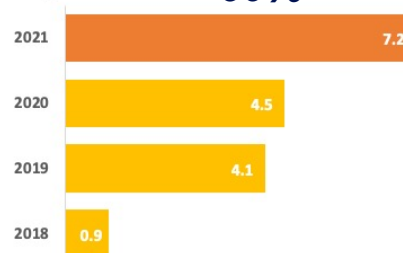
Clareti revenue **+65%**



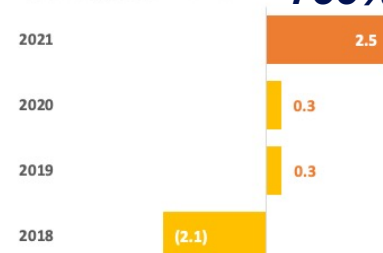
Clareti recurring revenue **+63%**



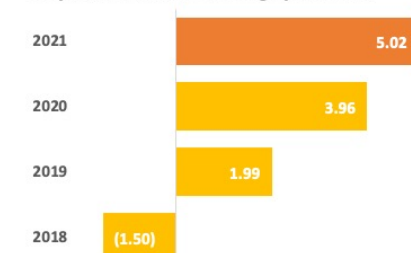
Adjusted EBITDA **+60%**



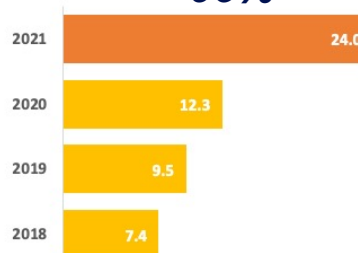
Cash adjusted EBITDA **+733%**



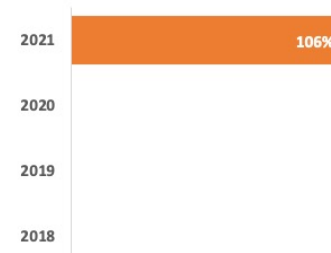
Adjusted diluted earnings per share **+27%**



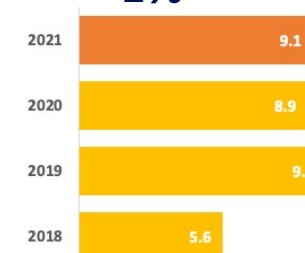
Clareti ARR **+95%**



Clareti ARR net retention rate **n/a**



Cash **+2%**

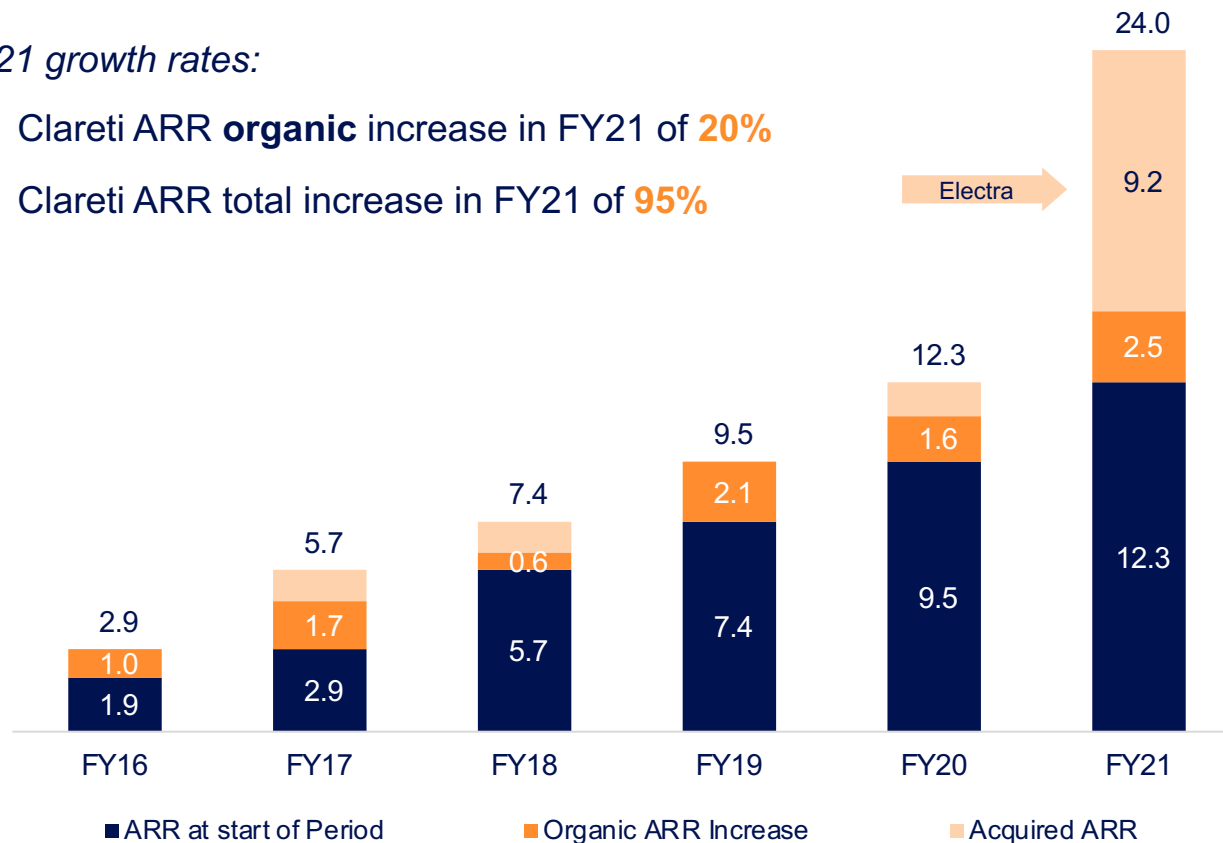


Clareti forward looking ARR

Consistently strong organic growth supported by successful acquisition strategy

FY21 growth rates:

- Clareti ARR **organic** increase in FY21 of **20%**
- Clareti ARR total increase in FY21 of **95%**

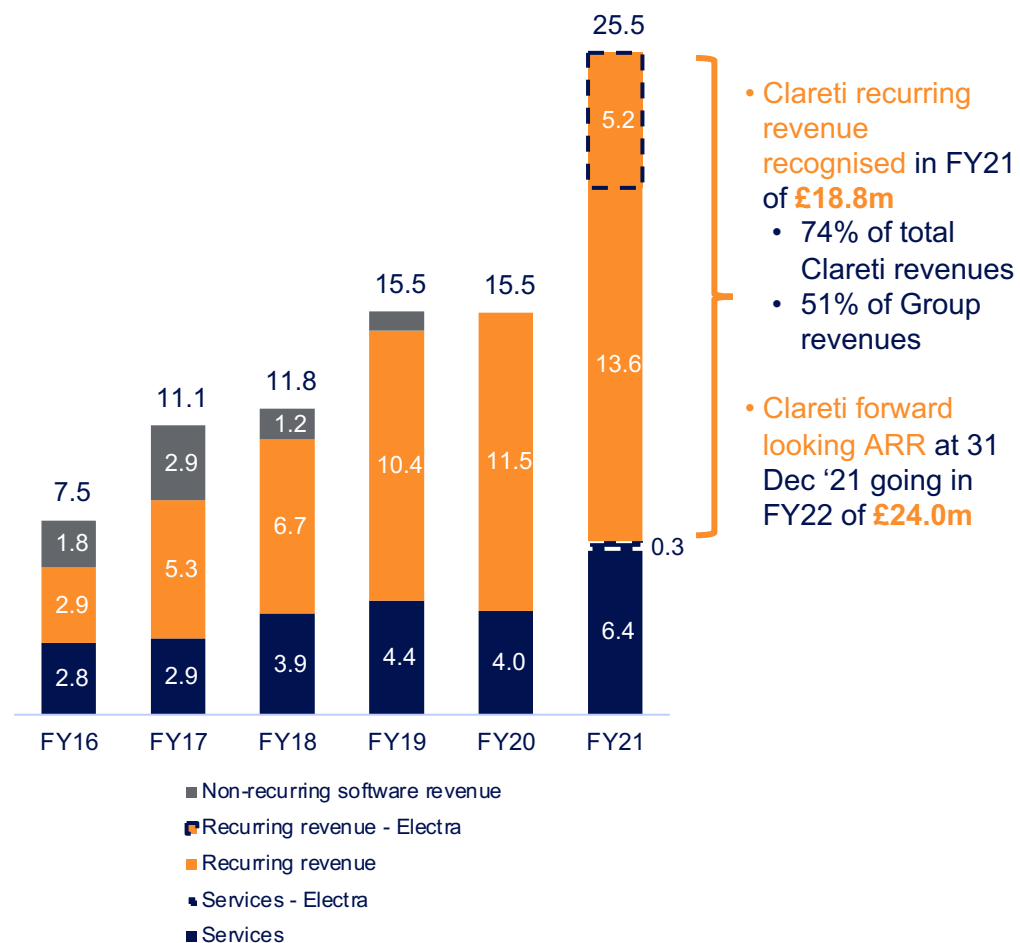


High levels of predictability now underpin quality of future earnings:

- **£24.0m** forward looking Clareti ARR
- Sticky ARR with **net retention rates** of **106%** for FY21 (Electra annualized since acquisition)
- At December '21 contracts in place providing near certainty of **£37m+ FY22 revenues** (Clareti ARR, plus 'other' non Clareti ARR, plus non-recurring contracts)

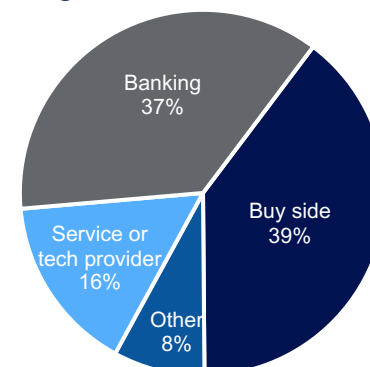


Strong growth in total Clareti revenues

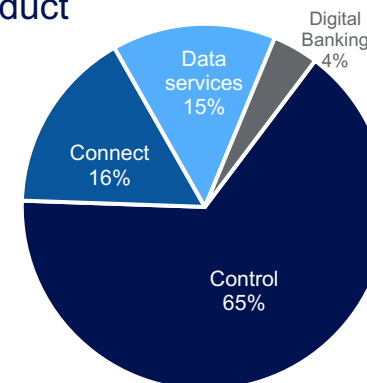


£24.0m Clareti ARR, split by:

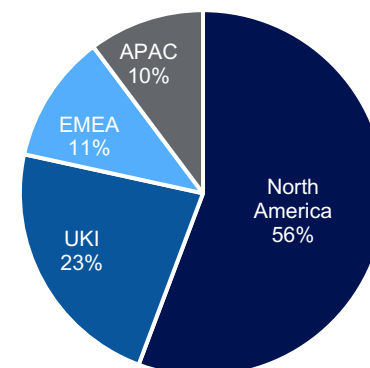
Industry segment



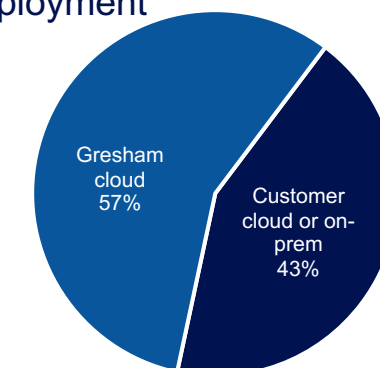
Product



Region



Deployment



Positive Group trends

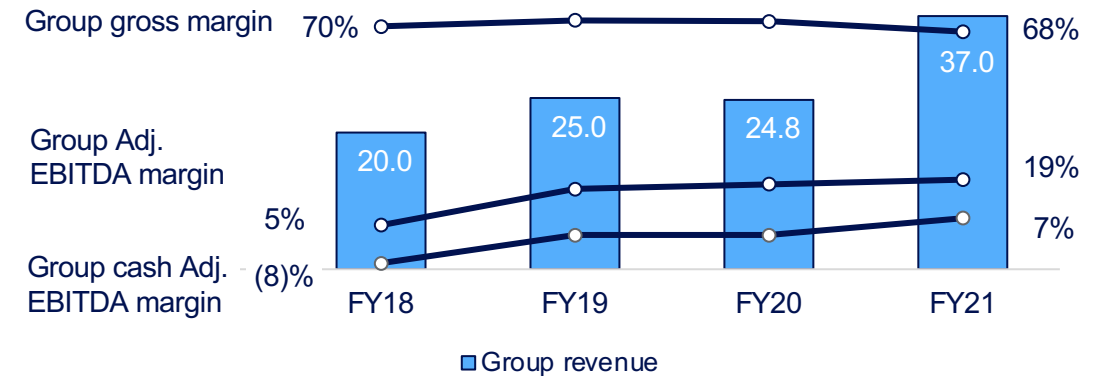
- Group gross margins consistent
- Group adj. EBITDA and cash adj EBITDA margins continue to improve year on year due to Clareti growth
- Other (non-Clareti) revenues relatively stable although margins continue to reduce due to change in mix
- 'Other' non-Clareti business lines become increasingly less important as Clareti scales up
- Positive Group trends expected to continue as Clareti scales up

Notes to graphs:

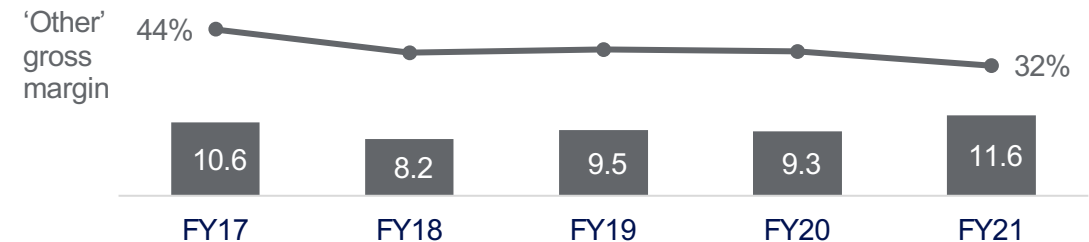
Group margins not shown for 2017 due to different business model being in place prior to the move to subscription licensing which involved the sale of significant, highly profitable, one-time licenses.

Gross margins for FY20 and prior years are adjusted to be shown on a like for like basis, reflecting FY21 change in accounting classification

Group revenues (£m) & margins (%)

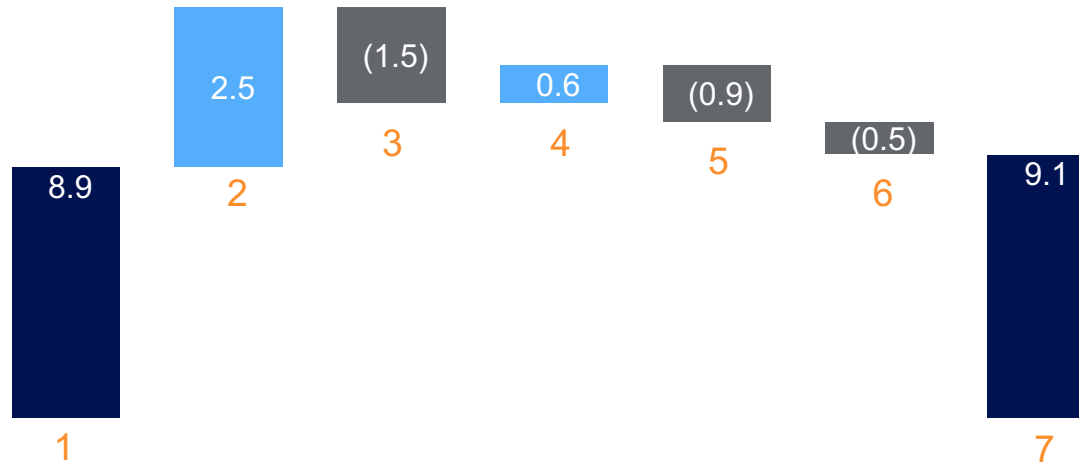


Other (non-Clareti) revenues (£m) & gross margin (%)



Cash & Dividends

FY21 cashflow in year (£m)



Key:

- | | |
|---|---|
| 1. Cash balances at 1 January 2021 | 5. Inforalgo deferred acquisition costs |
| 2. Free cash flow (excluding exceptional outflow) | 6. Dividend paid |
| 3. Exceptional cash outflow | 7. Cash balance at 31 December 2021 |
| 4. Electra acquisition costs (£19.6m), net of capital raised (£20.2m) | |

FY21

- Improved free cash flow (excluding exceptional outflow) for year improved to £2.5m (FY20: £1.7m)

FY22 and beyond:

- Continued growth in FCF is expected to cover remaining acquisition payments
 - Inforalgo final deferred consideration of £0.4m paid in full in Q1 FY22
 - Electra deferred consideration of up to £3.5m in Q3 FY22 and £3.5m in Q3 FY23
- No debt - \$15m revolving credit facility available
- Dividend of 0.75 pence per share recommended for FY21 (FY20: 0.75 pps)





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Growth Strategy

A proven scalable global cross-industry growth play

- Cross-industry**  proven growth play
- Land & expand**  proven growth play
- International**  proven growth play
- Cross-sell & solutions**  proven growth play
- M & A**  proven growth play

CAPITAL MARKETS

Global Investment Banks	Asset Managers
Broker/dealers	Hedge Funds
Private Banks	Custodians
Market Infrastructure	Fund Admins
Clearing & Exchanges	Stockbroking & Wealth Mgmt

RETAIL BANKING & PAYMENTS

Retail Banks
Digital Neo Banks
Commercial Banks
Payment Services
Card Services

INSURANCE

ENERGY

GOVERNMENT PROPERTY AUDIT

Incremental opportunity



500 sell-side firms
1000 buy-side firms
>\$500m market



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FY2021 Annual Financial Results

Growth - land & expand

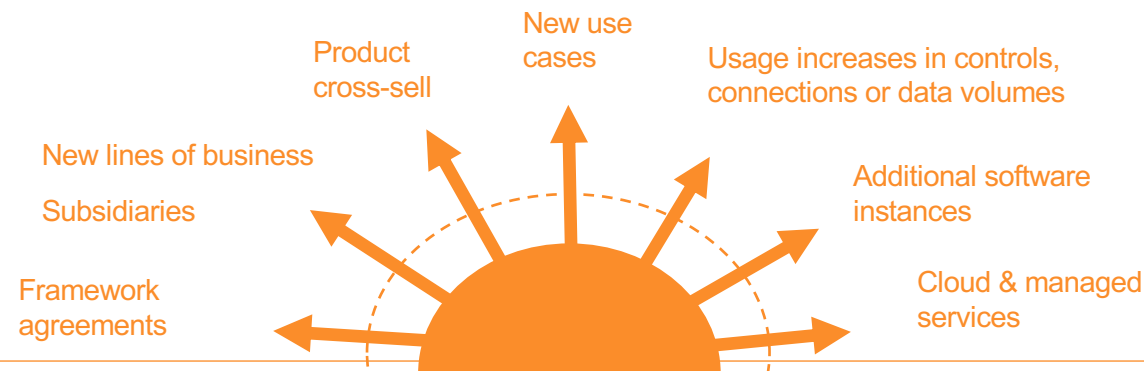
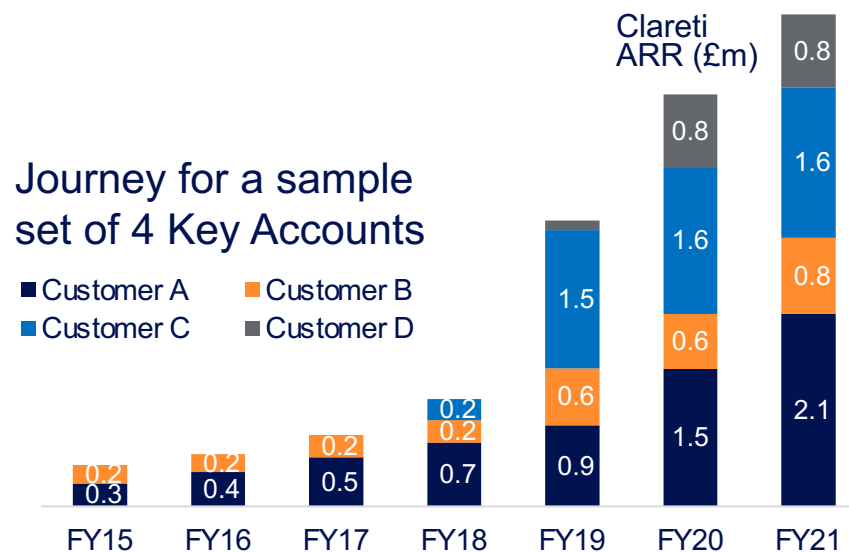
Installed Base Opportunity:

- FY21 Net Retention Revenue rate 106%
- Customer Success function focused on customer value and relationship growth
- Strategic portfolio management

Key Accounts:

- “Key Accounts” are customers that have the potential to grow to >£0.5m Clareti ARR within 3 years
- Likely to be influencers of market trends and product strategy
- We are systematically targeting largest global banks & investment managers with our strategic business team & regional resources
- Six of our Key Accounts have surpassed **£0.5m ARR**
- **FY21 Net ARR Retention in top 6 Key Accounts 121%**

Journey for a sample set of 4 Key Accounts



Growth - Investing in our Platform

R&D Investment Drivers:

- Responding to customer & industry needs
- Accelerating time to value for customers
- Staying ahead of the competition
- Reducing cost of change
- Leveraging modern software technologies
- Future proofing our customers and our own business

Data Connectivity:

Connect 2.0 brings together all acquired & built connectivity assets

Extending adapters to include full suite of ISO20022 transformations

Enhanced dashboards and monitoring

Natural language processing to enable customer to define rules and self on-board



Business Innovation:

Build further on industry leading 'market-facing' (cash & securities) functionality

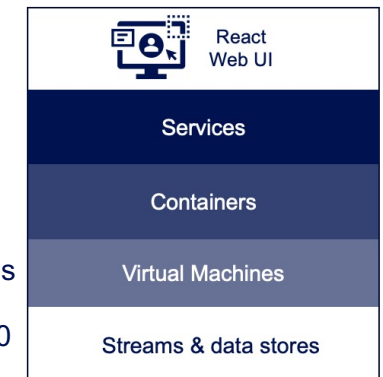
More self-service functionality to enable business to deploy solutions and manage change with reduced IT intervention

More web UI's for inter-systems and regulatory use cases

Richer NAV & intra day capabilities for investment managers

Architecture:

investments to ensure platform components are easy to reuse & maintain, highly performant, portable, fully open and the power of the platform is accessible to a next generation of SaaS 2.0 automation solutions



Growth - building on our platform: acquisitions

Bolt-ons



2016-2020

- Three small bolt-on acquisitions ~£1m ARR purchased at ~3 X ARR multiples (C24, B2 & Inforalgo)
- Additional customers and recurring revenues
- Technology and people to build out our connectivity & cloud
- Post Brexit EU presence acquired
- All now fully integrated and delivering benefits
- Further bolt-ons now less important

Electra



June 2021

- Maximum purchase price USD \$38.6m, approx. 3 X acquired ARR of £9.2m
- Current performance indicates high likelihood of deferred consideration being paid in full
- Improved growth since completion with organic growth rates moving closer to wider Clareti business
- Growth and investment synergies largely on track with benefits during FY22
- Fantastic combined **Control** and **Connect** and **Data** opportunities ahead
- Integration very well advanced, with globalized organization, systems and processes already in place

Sustained **organic growth** and **strategic acquisitions** expected on journey to £100m ARR goal



Building a great company

- Global organisation, global values and global ways of working
- Strong values and culture of team work and learning
- Leadership development programme
- Graduate and “early careers” programme
- Flexible hybrid-working from key hubs
- Programme of well-being initiatives



We Embrace Difference



We Champion Success



We Create Together



10
Hubs

220+
employees

~10%
employee
attrition

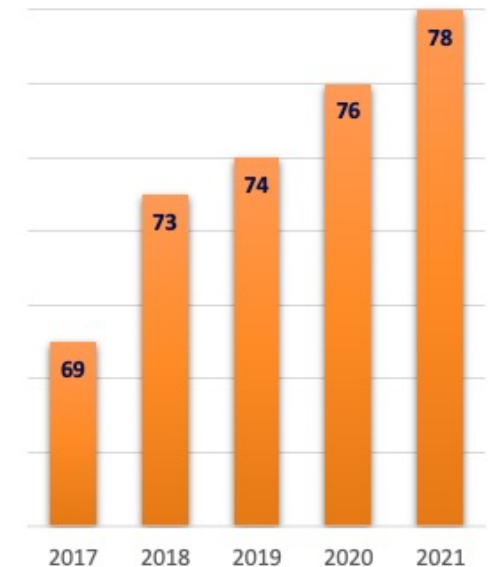
+2%
engagement
score



86%
‘teamwork’
score

82%
‘customer’
score

Employee Engagement
Total Score of 78 %
Across 58 questions in 14 categories



Scaling up responsibly

- Long term members of and regional advisory board representatives to BiTC
- Completed a third-party, expert led strategic review of ESG considerations at Gresham in FY21, including:
 - Employee, senior management, executive, non-executive and other stakeholder ESG perception audit
- Now developing long-term direction, framework and measurable targets under a **three-pillar ESG strategy**
- Swift action taken to meet our responsibilities in relation to Ukraine crisis



FY22 H1 Priorities



25% share

data control market
in financial markets

£100m

ARR





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Thank you

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Appendix

Share information at 25 February 2022

Share price (pence)	161.50
Market	LSE
Ticket	GHT.L
Market cap (£m)	134.63
Ord. shares in issue (vol)	83,364,458
Share awards outstanding (vol)	3,455,500

Significant (above 4%) & directors shareholdings	% holding
Kestrel Investment Partners	19.29%
Tellworth Investments	9.96%
Canaccord Genuity Wealth Management	9.03%
Schroder Investment Management	8.51%
JO Hambro Capital Management	6.71%
Amati Global Investors	5.41%
Herald Investment Management	4.16%
Executive directors (exc. outstanding share awards)	0.18%
Total holding of significant holders & executive directors	63.25%



Board of directors

Committee membership

- A Audit committee
- N Nomination committee
- R Remuneration committee
- Committee chair



Peter Simmonds
NON-EXECUTIVE CHAIRMAN

Appointed

Peter was appointed to the Board as a Non-Executive Director in August 2020 and became Non-Executive Chairman in September 2020.

Experience

Peter was previously CEO of dotDigital Group plc for eight years until his retirement in 2015, he then remained on the board as a non-executive director until 2018. Peter has been Non-Executive Chairman of D4T4 Solutions plc since 2015 and, until January 2022, of Cloudcall plc. Peter has more than 35 years of senior management and board-level experience, principally in software, banking, insurance, finance and outsourcing. Peter has also been a volunteer board member of the Quoted Companies Alliance since 2016.

Committee membership

N R



Ian Manocha
CHIEF EXECUTIVE OFFICER

Appointed

Ian was appointed to the Board in June 2015.

Experience

Ian has extensive experience in the business technology sector. He joined Gresham from SAS where he worked for nearly 20 years, most recently as vice president of the EMEA and AP business units. Ian has worked extensively with many of the world's leading financial institutions and has been successful in growing companies to significant scale through securing and delivering high-value enterprise software deals.



Tom Mullan
CHIEF FINANCIAL OFFICER

Appointed

Tom joined Gresham on 1 March 2018 and was appointed to the Board on 13 March 2018.

Experience

Tom is a Chartered Accountant having trained and qualified at Ernst & Young. Prior to joining Gresham, Tom was most recently chief financial officer at Fadata, a PE backed software business, and before that was divisional finance director for Guidewire in EMEA.



Jenny Knott
NON-EXECUTIVE DIRECTOR

Appointed

Jenny was appointed to the Board in October 2020.

Experience

Jenny brings unparalleled experience from an executive career in financial services including CEO of Standard Bank Intl, and, prior to that, senior roles at Nomura Securities and UBS, and was named one of the top 100 influencers by Financial Technologist in 2018. Jenny is a non-executive director for Simply Health and the British Business Bank, and a trustee for Ovarian Cancer Action. As well as being a fellow for Be-The-Business, Jenny is an adviser to many leaders, Fintechs and other young businesses.

Committee membership

A N R



Andy Balchin
SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed

Andy was appointed to the Board as a Non-Executive Director in May 2017 and became Senior Independent Non-Executive Director in October 2020.

Experience

He has over 30 years of financial experience in high-growth software companies, including Smartstream, SeeBeyond, Documentum and Clearswift. Until December 2018, he was chief financial officer of the cyber division of RUAG Holding AG, a major Swiss organisation. Andy is a Chartered Accountant and has experience working in a private equity environment, in M&A and IPO transactions, as well as in external audit during his early career. As well as being a Non-Executive Director, he also mentors a number of CFOs and prospective CFOs.

Committee membership

A N R



Ruth Wandhöfer
NON-EXECUTIVE DIRECTOR

Appointed

Ruth was appointed to the Board in October 2020.

Experience

Ruth is a Global Fintech 50 Influencer and is currently chair of the Payment Systems Regulator Panel and a partner at Gauss Ventures, as well as holding non-executive director positions at Permanent TSB (Ireland) and Digital Identity Net. Her prior roles have included spearheading regulatory and market strategy for treasury and trade solutions at Citi, advising the European Banking Federation on policy making for securities services and payments and serving as a NED of the London Stock Exchange Group.

Committee membership

A N

