



Gresham

# Full Year Financial Results

## **FY 2022** Investor Presentation

14 March 2023

Ian Manocha, CEO  
Tom Mullan, CFO

[www.greshamtech.com](http://www.greshamtech.com)

# 2022 Full Year Financial Results

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# FY22 - Year of strong growth & strategic execution

## Financial performance

Results well ahead of initial expectations

## Strategic progress

Clareti breakeven milestone

## Foundations to scale

Exited 2022 as a stronger company

2023



# Technology solutions for **control & automation** in financial services

## Vision

Every action and decision based on data and processes which can be trusted

## Clareti

An enterprise-grade **SaaS platform** to **connect**, **reconcile** and **control** 'any and all' data and processes

## Risk & Compliance

**Cost**

**Service Quality**

**Reputation**

## Agility

**Growth**

**Certainty**

**Confidence**



Land & Expand

Cross-sell

International

Cross-industry



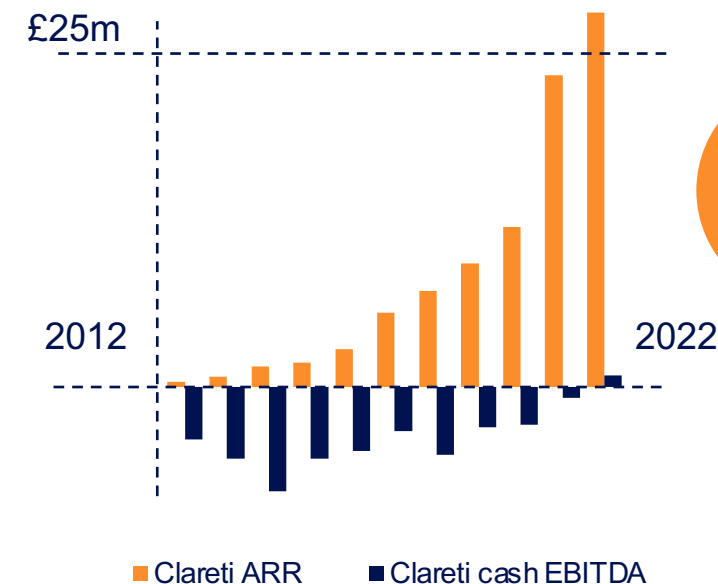
**275+**  
customers

in 30  
countries



**38%**  
5 year ARR  
CAGR

**102%**  
Net ARR  
Retention



Driving  
FCF



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# Compelling market opportunity

Risk & Compliance  
Cost  
Service Quality  
Reputation

Agility  
Growth  
Certainty  
Confidence

## Board level issues to manage...



Profitability and cash management



Driving out costs & improving resilience



Growing risk & regulatory challenges



Adapting to structural market changes



Increasing compliance and data protection issues



Improving customer experience & value



Brand protection



Competing on digital propositions



More data, more connectivity, more complexity



Need for data-driven decision making



# Problem landscape



Inaccurate, incomplete, **poor quality**, unavailable data



**Frequent breakages**, lack of automation, dumb robotic automation



Dependency on IT, domain expertise required, backlog of requirements, **business left waiting**



**Manual workarounds**, quick fixes and 'black boxes' built by individuals or third-party service providers



**Poor match rates**, inefficient exception handling, no continuous quality improvement



Technology **can't cope with volumes and speed**, need for multiple environments, batch not real-time



Human errors, lack of audit trail, **inadequate reporting, lack of oversight, audit and control**



# Failed solutions



Spreadsheets & other user developed apps



In-house IT developed solutions



Legacy vendor products



Highly generic data engineering tools



Outsourced service providers



Bundled "modules" from core systems vendors



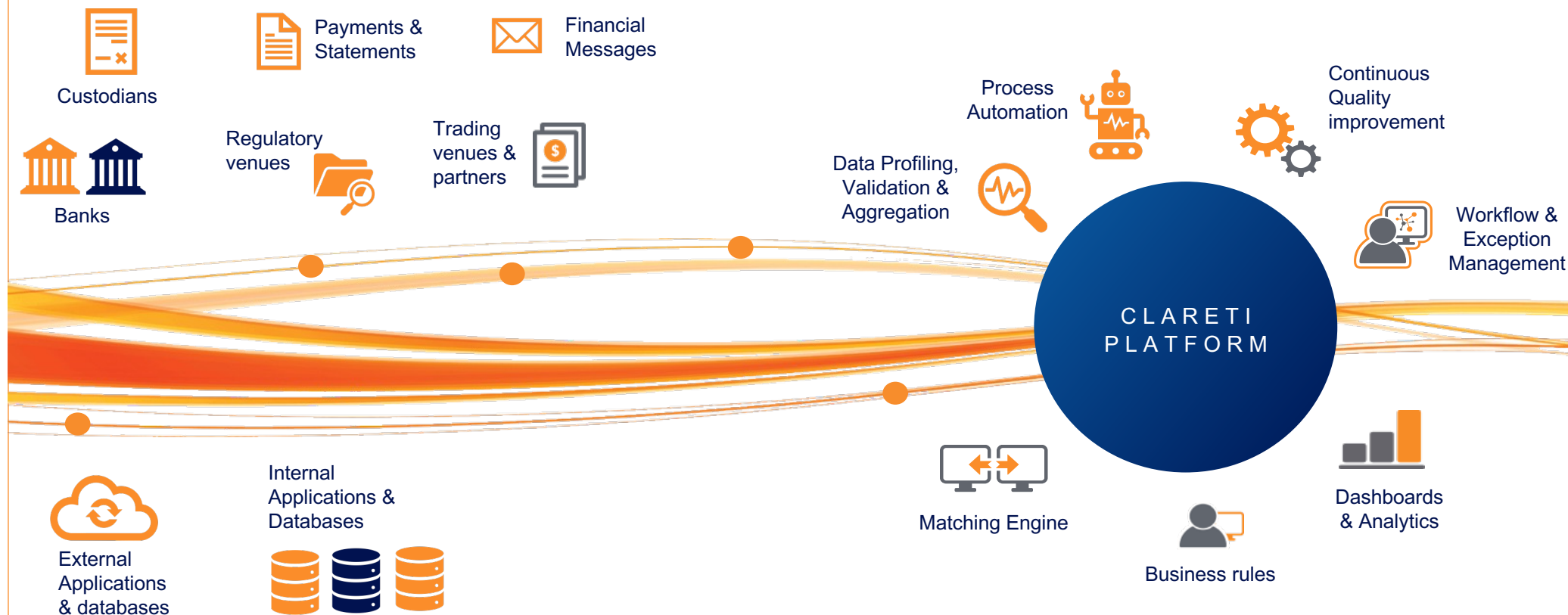
Point solutions

# Our Platform

The data landscape and flow within financial services is highly complex



Functionality packaged into  
**Data, Connect & Control**  
subscription solutions





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# FY22 Financial Results

# Highlights

## Operational Highlights

- Standalone Clareti business cash profitable for the first time
- 12 new-name wins, including several Tier 1 financial institutions
- Electra business integration completed and delivering initial cross-sells and operating synergies
- Strong growth in cloud and other recurring revenues
- Continued growth and development of key accounts
- Excellent economic returns being realised by Tier 1 firms replacing legacy reconciliation software with Control
- Digital corporate banking product developed with ANZ Bank now deployed into production use



Group revenues  
up 32%



Clareti revenues  
up 39%



Clareti recurring  
revenues up 46%



Clareti ARR up 17%



Adj. EBITDA  
up 43%



Cash Adj. EBITDA  
up 76%



# Clareti becomes cash EBITDA positive

FY22 Clareti  
recurring revenue  
growth

**46%**

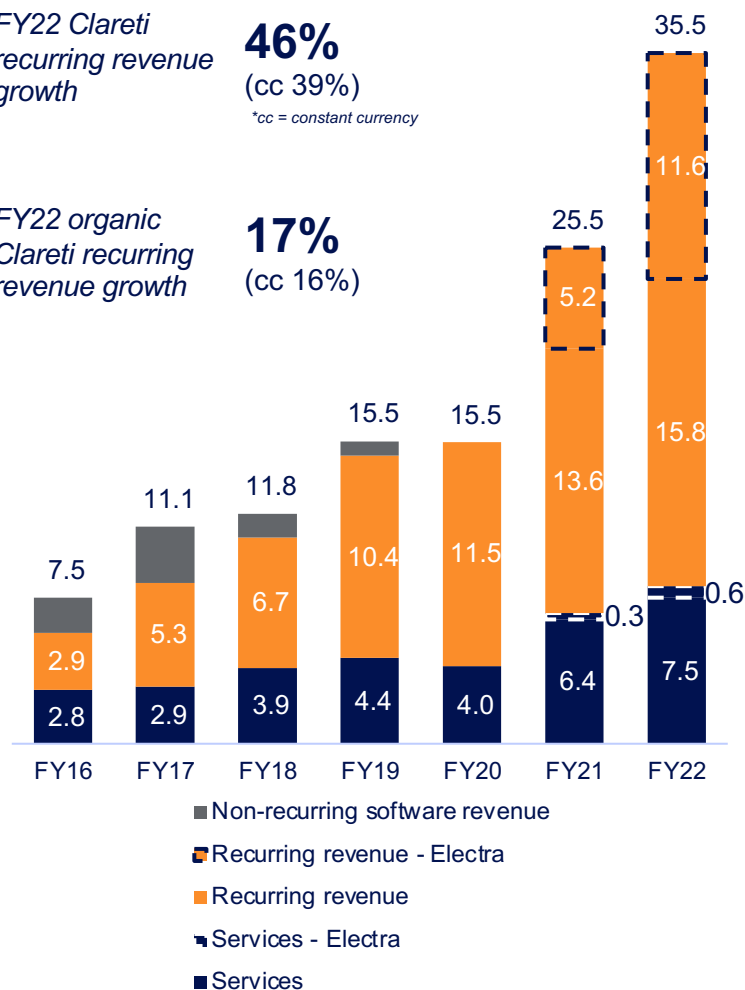
(cc 39%)

\*cc = constant currency

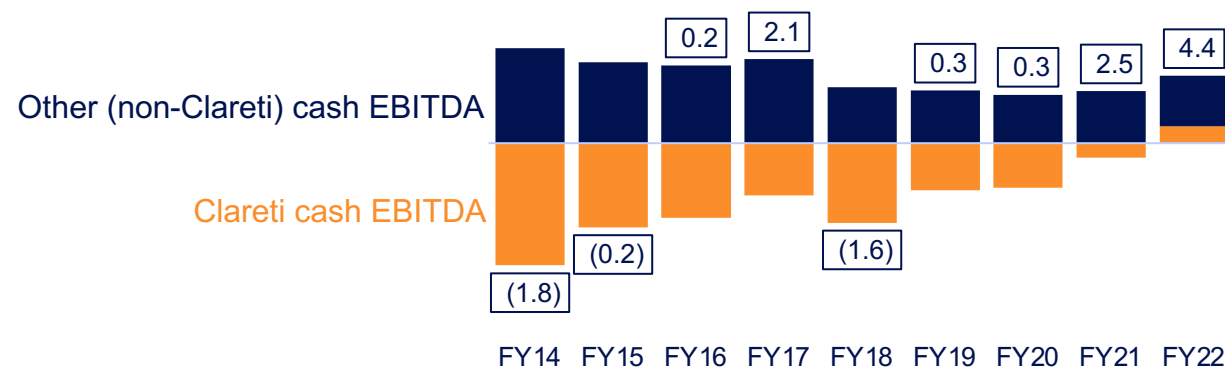
FY22 organic  
Clareti recurring  
revenue growth

**17%**

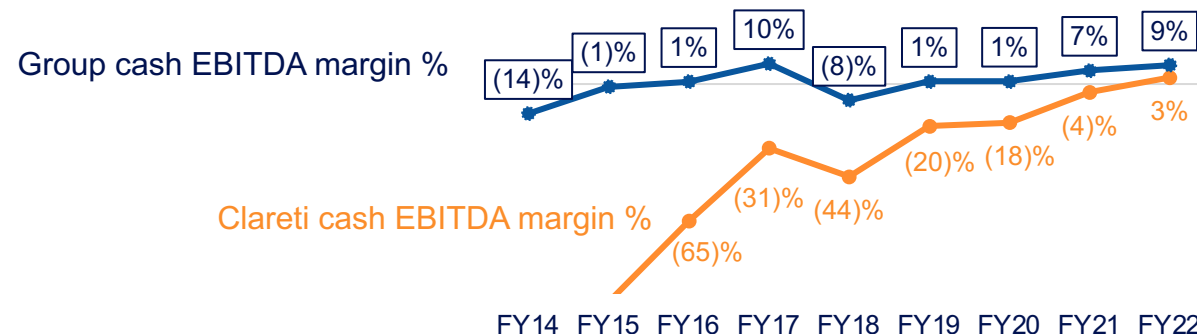
(cc 16%)



Cash EBITDA (£m)



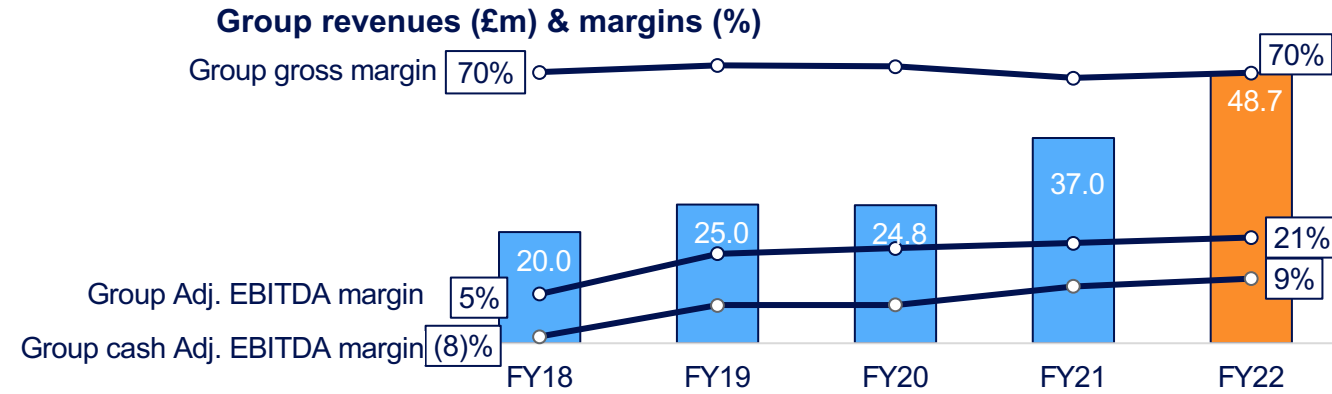
Cash EBITDA margin (%)



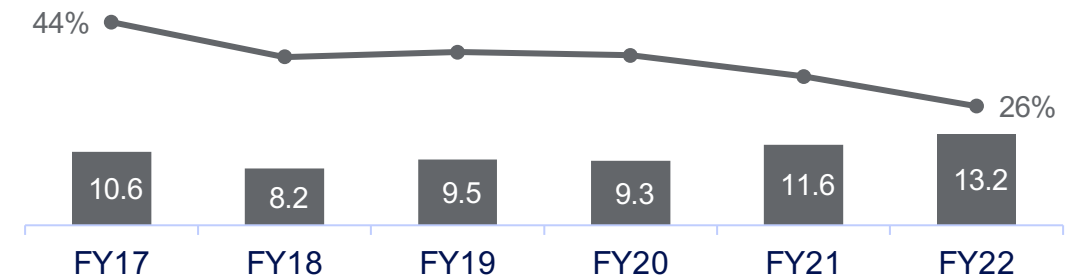
# Clareti growth driving positive Group trends

- Continued progress in Group margins and cash flow generation
- FY22 Group performance assisted by favourable FX movements:
  - Group revenue +£2.2m\*
  - Group gross profit +£1.6m\*
  - Group cash EBITDA +£0.2m\*
- Non-Clareti business mix continues to move towards lower margin contracting business as expected
- Twelve month contractual visibility, plus high levels of operational visibility thereafter, gives continued confidence in non-Clareti expectations

*\*In comparison to FY22 actual results being converted at FY21 average FX rates*



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

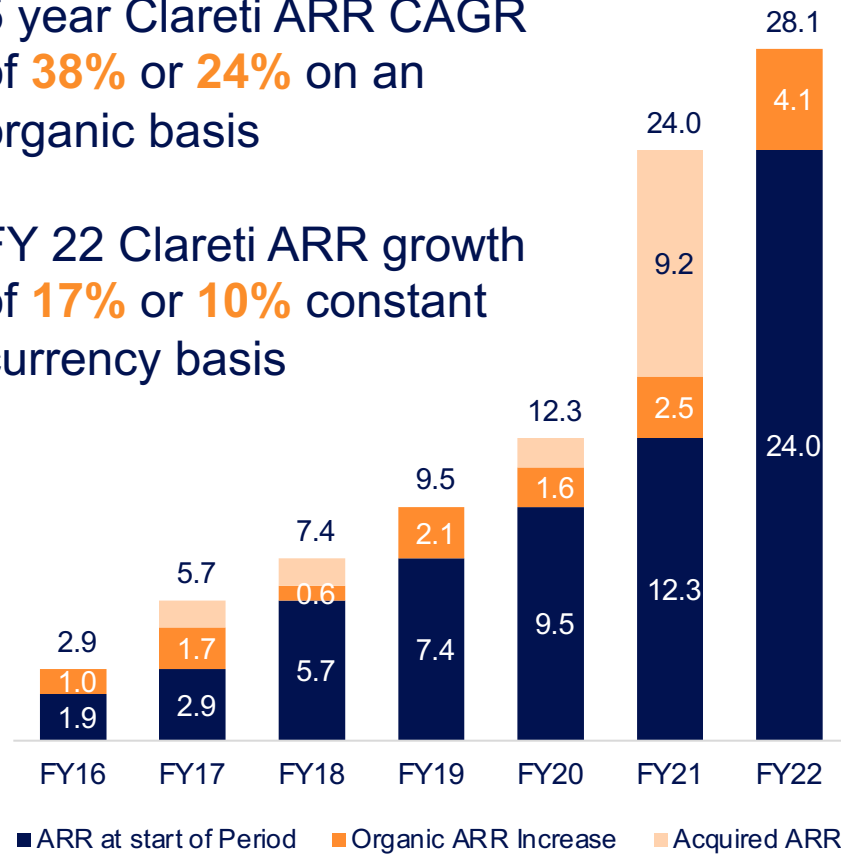


# Clareti forward looking ARR

*confidence into FY23*

5 year Clareti ARR CAGR  
of **38%** or **24%** on an  
organic basis

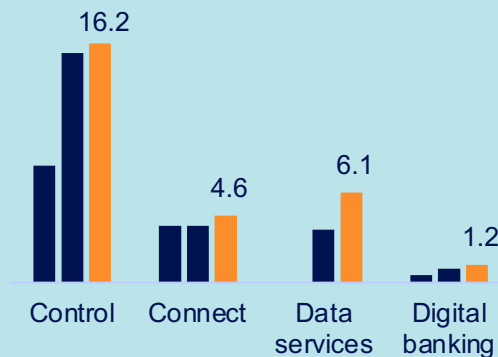
FY 22 Clareti ARR growth  
of **17%** or **10%** constant  
currency basis



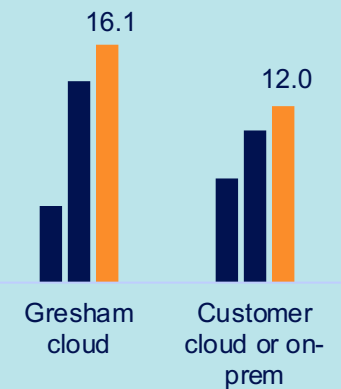
- Consistent ARR growth across all Clareti product lines
- Recurring revenues driving high 90%+ gross margins across all Clareti product lines
- Opportunity to significantly improve net ARR retention from 102% experienced in FY22

## Clareti ARR three-year history

*By product:*



*By deployment:*



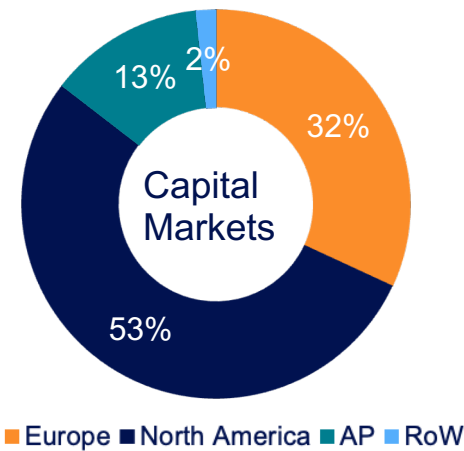
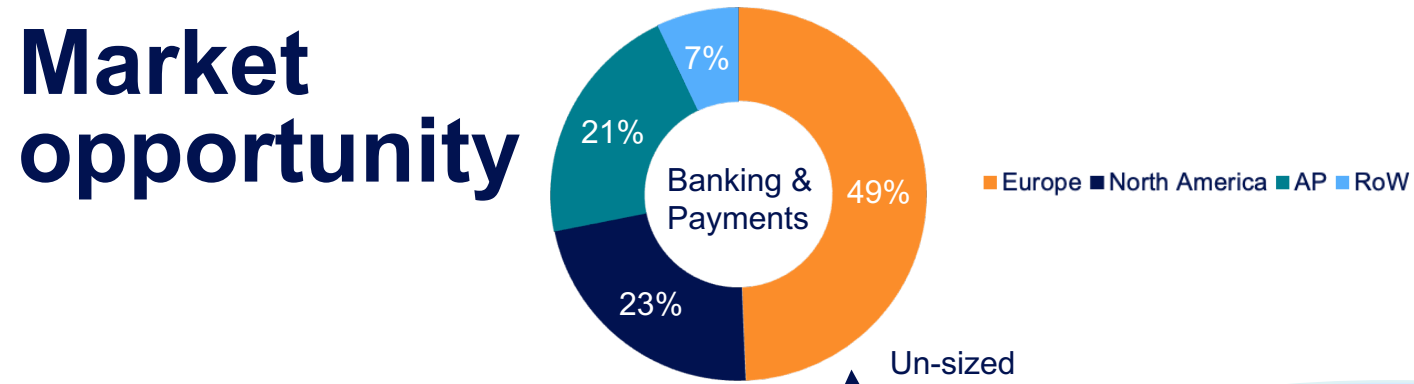


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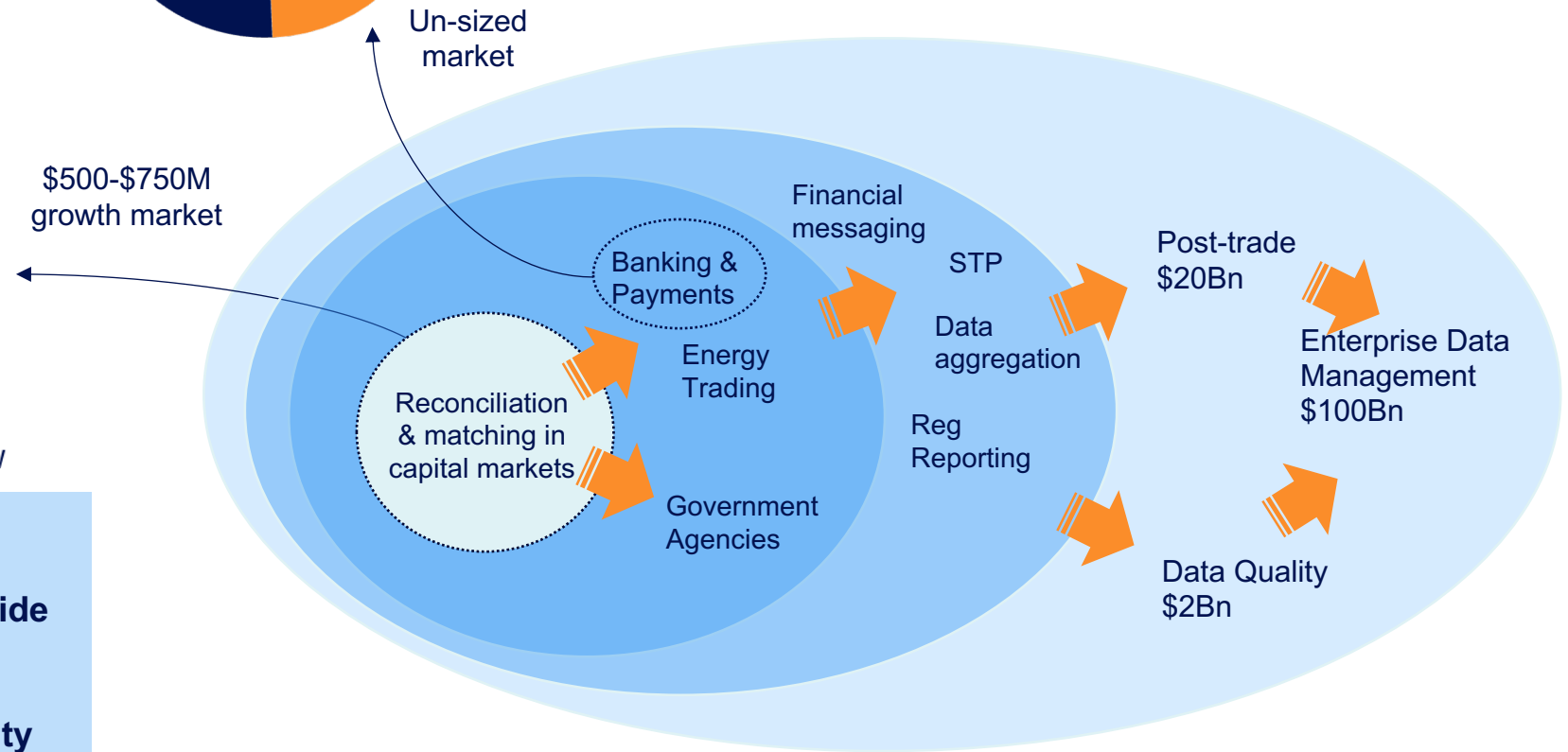
**Opportunity moving forward**

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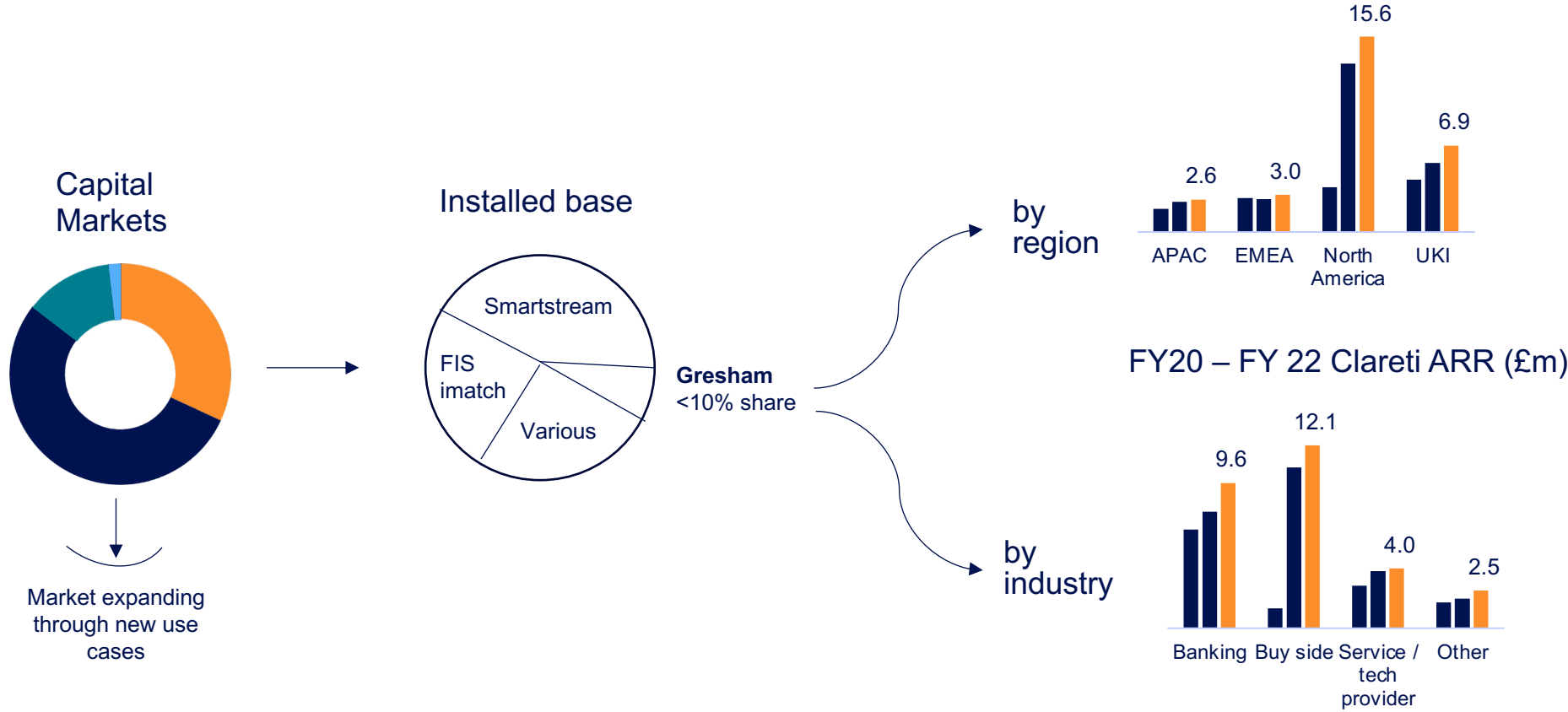
# Market opportunity




**500 banks**  
**1000 buy-side**  
**50 energy**  
**Compelling opportunity**



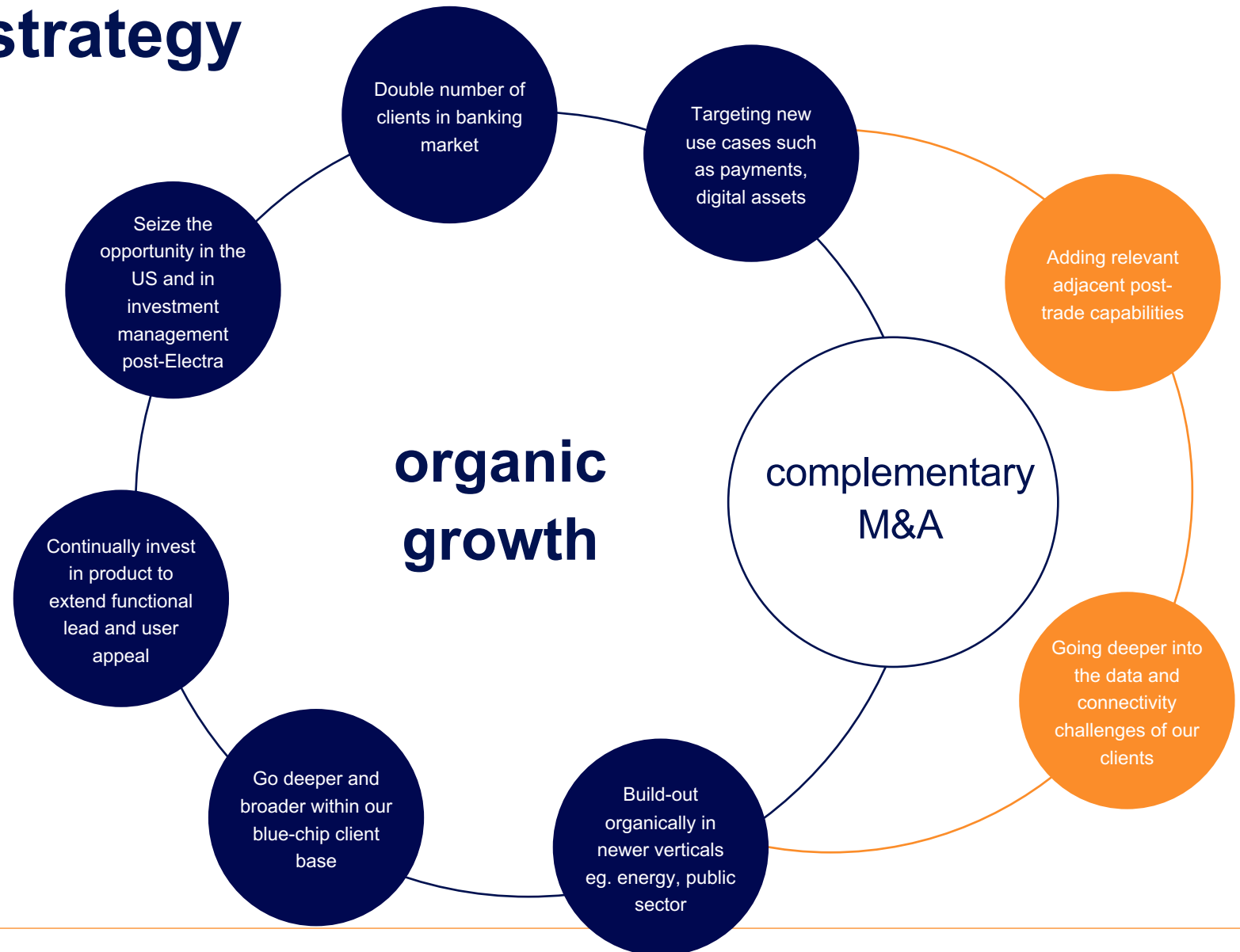
# Progress against market opportunity



Sources:  
Gresham Management Estimates  
Gresham FY22 Results  
Gartner, Data Quality Tools, 2017  
Adox, Reconciliations Survey 2018  
Technavio, EDM market, 2018



# Global growth strategy



# Growth – investing in our platform



# Sales plan

## Target Markets



Account  
segmentation  
& targeted  
lead  
generation



New Use  
Cases

Competitor  
replacements



**Land** big global  
"Key Accounts"

**Land** regular beat-  
rate of mid-sized  
account



Account  
Management

Cross-sell  
Up-sell

Referencing

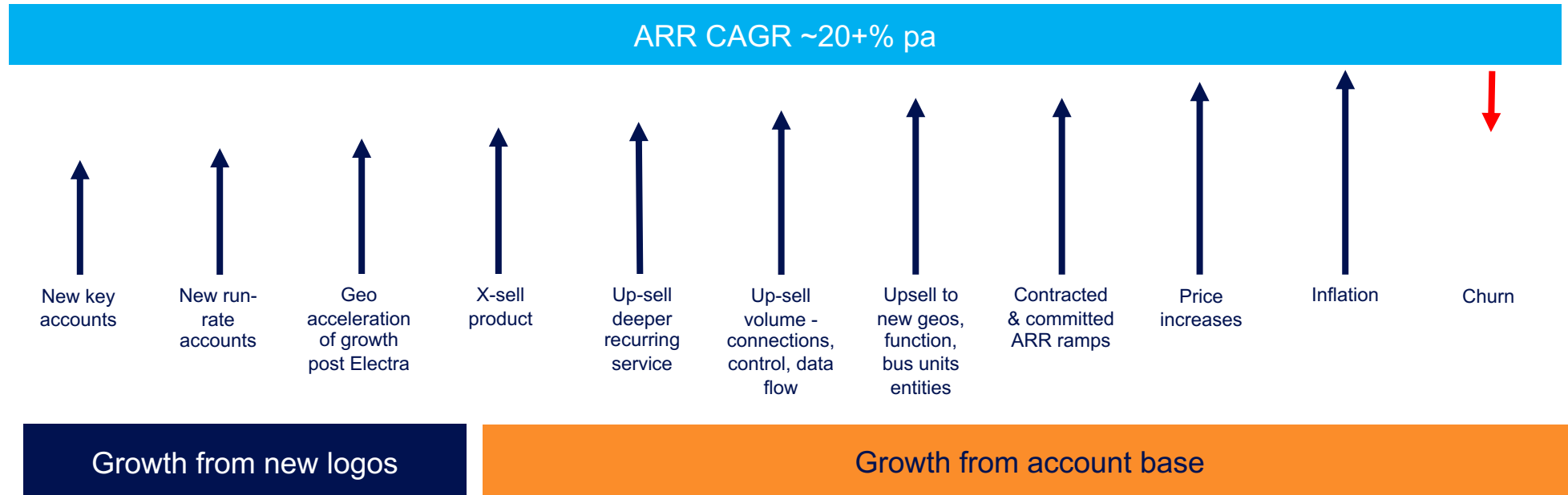
Market demand remains high

Strong Sales account coverage in key geos (London, Europe, US, AP)

Strong FY23 global marketing programme in place



# Confidence in organic ARR growth



**FY22**

**12 new name wins**

**FY22**

**> 30 subscription uplifts from incremental business**

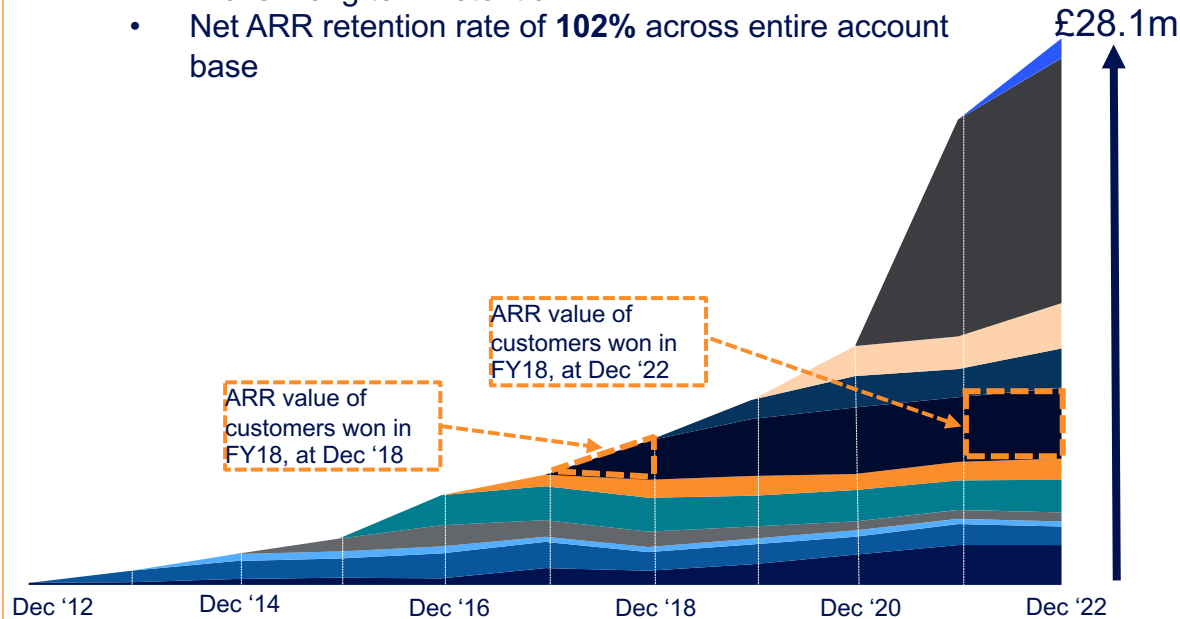


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# ARR growth - cohorts and accounts

- Clareti ARR of **£28.1m** as at end of December '22

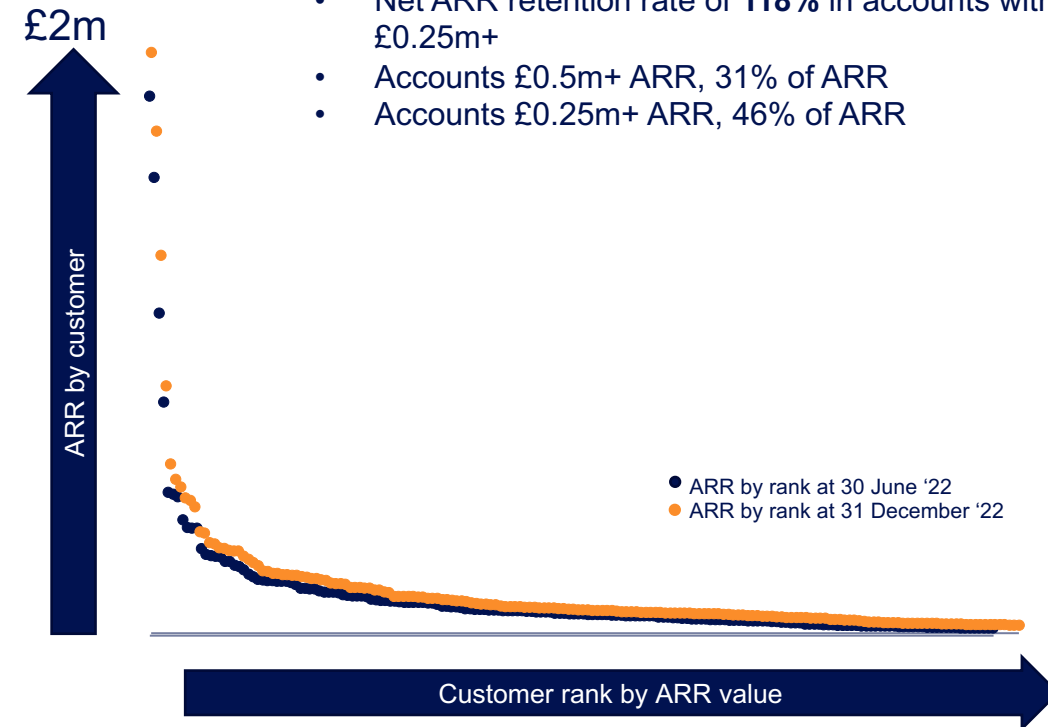
- 275+ customers
- Organic and acquisition
- Proven long term retention
- Net ARR retention rate of **102%** across entire account base



Cohort ARR Growth

- Consistent track record of customer growth

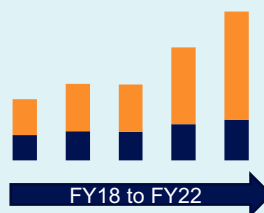
- Net ARR retention rate of **118%** in accounts with £0.25m+
- Accounts £0.5m+ ARR, 31% of ARR
- Accounts £0.25m+ ARR, 46% of ARR



Account ARR growth & concentration



# Where we are today & the long term financial strategy



**Clareti revenues** continuing to grow as portion of **Group revenues**

With a Clareti gross margin of

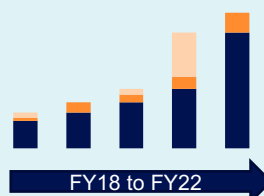
86%

*Organic strategic growth plan from today:*

Consistent organic ARR growth above 20%

Each £1 of ARR growth to contribute to gross profit at a margin of ~86%

Each £1 of ARR growth to contribute to cash EBITDA at a margin of ~40%



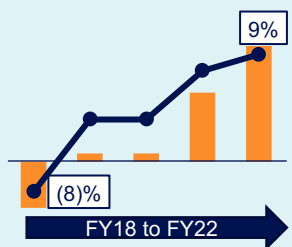
**Clareti ARR** 5 year organic CAGR of 24%, or 38% including M&A

With Clareti ARR net retention rate of  
NRR stated on a constant currency basis.

102%

Driving improvements to

FCF

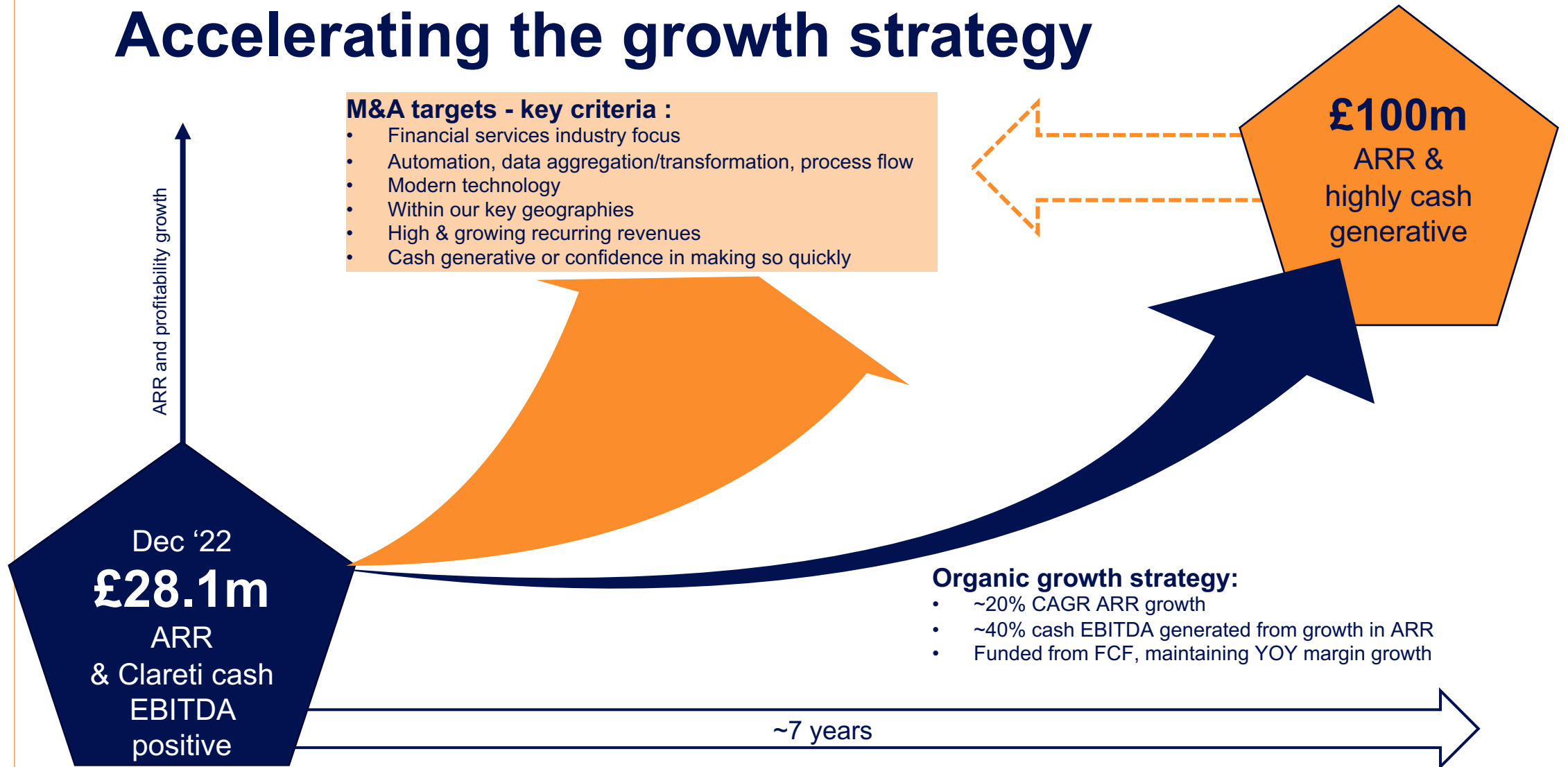


Clareti ARR growth driving **Group cash EBITDA** and improved margins

- Model assumes continuing balanced investment into growth with investment weighted towards sales & marketing
- Progressive annual improvement in Cash EBITDA expected as business moves towards industry best practice margins
- Model does not consider Clareti services or Other (non-Clareti) businesses



# Accelerating the growth strategy



# Scaling up responsibly

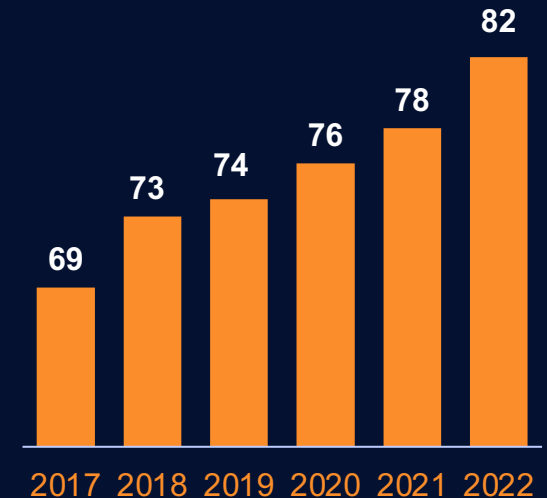
- Employee, senior management, executive, non-executive and other stakeholder engagement in key programmes
- Implementation of our Climate Change Programme Roadmap, in alignment with TCFD recommendations
- Hybrid workplace model working well
- Appointment of ESG champions
- Appointment of Mental Health “first aider”
- Annual engagement survey and action plan continues to delivery year on year improvement



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**82%**  
**Engagement**  
**score**



# What does success look like in FY23

Focus incremental investment into Sales

Drive innovation agenda faster

Stay aligned to industry trends

Refresh and build-out brand

Create stronger partner eco-system

Land additional 'key accounts' with enterprise Control platform

Stronger account management

Drive deal volume & market share with specific industry offerings & cross-sell

Leverage added USP's of Connect & Data to drive solution sales

2024



# Clareti investment case summary

An attractive business with an exciting future



1. Differentiated software
2. Highly proven at scale
3. Incredible references
4. Sticky recurring revenues
5. Growing market
6. Global operating platform
7. Organic & acquisitive growth
8. Strong innovation agenda
9. Predictable, profitable & cash generative
10. Proven team with a plan





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# Appendix

# A global platform for growth

Building a global fintech champion



**10**

Offices



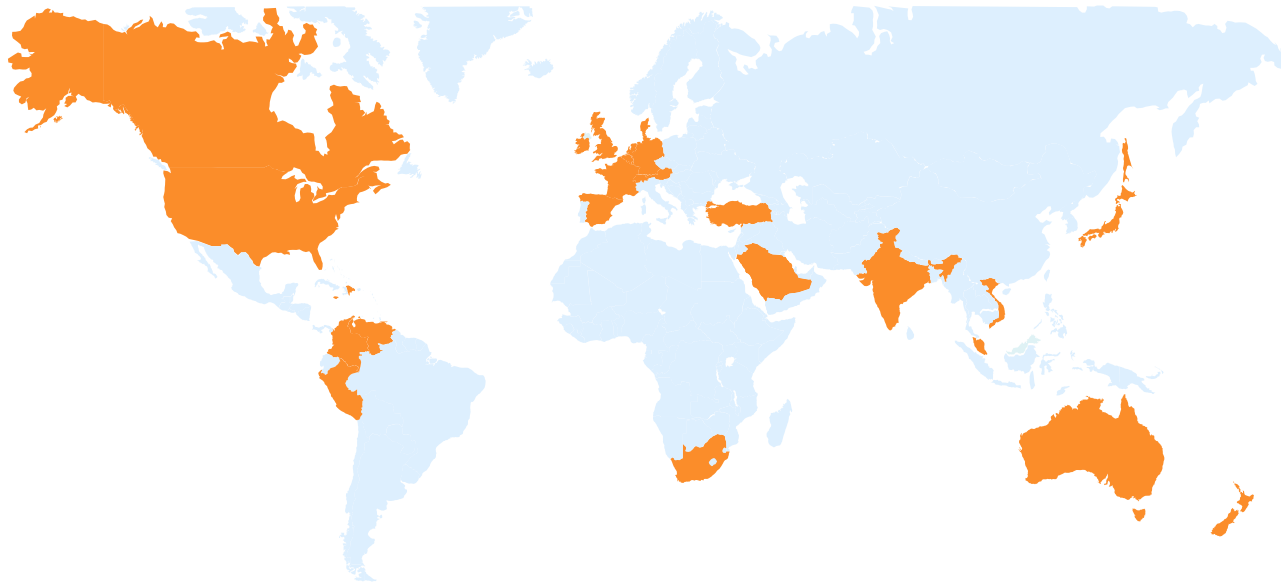
**215+**

employees



**275+**

Customers in  
30 countries



## EMEA

### Bristol

- Innovation Lab
- 24/7 Customer Support Hub

### London

- HQ
- Sales & Service Delivery

## Americas

### New York

- Innovation Hub
- 24/7 Customer Support Hub
- Sales & Service Delivery

### Florida

- Service Delivery

## Southampton

- Internal Services

## Solihull

- Innovation Hub
- 24/7 Customer Support Hub

## Luxembourg

- Innovation Hub
- Cloud Delivery & Sales

## Asia Pacific

### Singapore

### Malaysia

- Service Delivery & Sales

## Australia

- 24/7 Customer Support Hub
- Service Delivery

## New Zealand

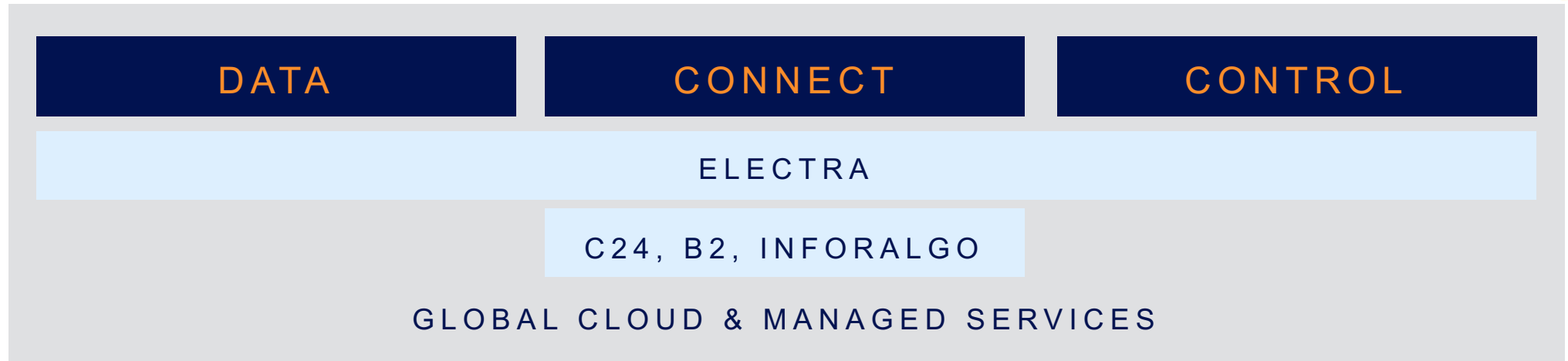
- Service Delivery



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# Complementing the platform with M&A



## Bolt-ons 2016-2020

- Three small bolt-on acquisitions each ~£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

## Electra June 2021

- Transformational acquisition, approx. maximum 3 X acquired ARR of £9.2m
- Almost 2X Clareti ARR and 3.4X Clareti ARR in US
- Significantly enhanced buy-side specific & data acquisition capabilities
- Increased US headcount from ~10 to ~60

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



# 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 Fadatec, 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



# Share information at 24 February 2023

Share price (pence)	163.50
Market	LSE
Ticker	GHT.L
Market cap (£m)	136.44
Ord. shares in issue (vol)	83,449,458
Share awards outstanding (vol)	5,210,432

Significant (above 4%) & directors shareholdings	% holding
Kestrel Investment Partners	22.71%
Canaccord Genuity Wealth Management	9.06%
Schroder Investment Management	8.49%
Amati Global Investors	6.94%
JO Hambro Capital Management	5.36%
Tellworth Investments	5.10%
Blackrock Investment Management	4.85%
Herald Investment Management	4.16%
Executive directors (exc. outstanding share awards)	0.22%
<b>Total holding of significant holders &amp; executive directors</b>	<b>66.89%</b>

