



Gresham

Half Year Financial Results

HY 2022 Investor Presentation

July 2022

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Tom Mullan, CFO

www.greshamtech.com

2022 Half Year Financial Results

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Gresham – the Clareti business at a glance

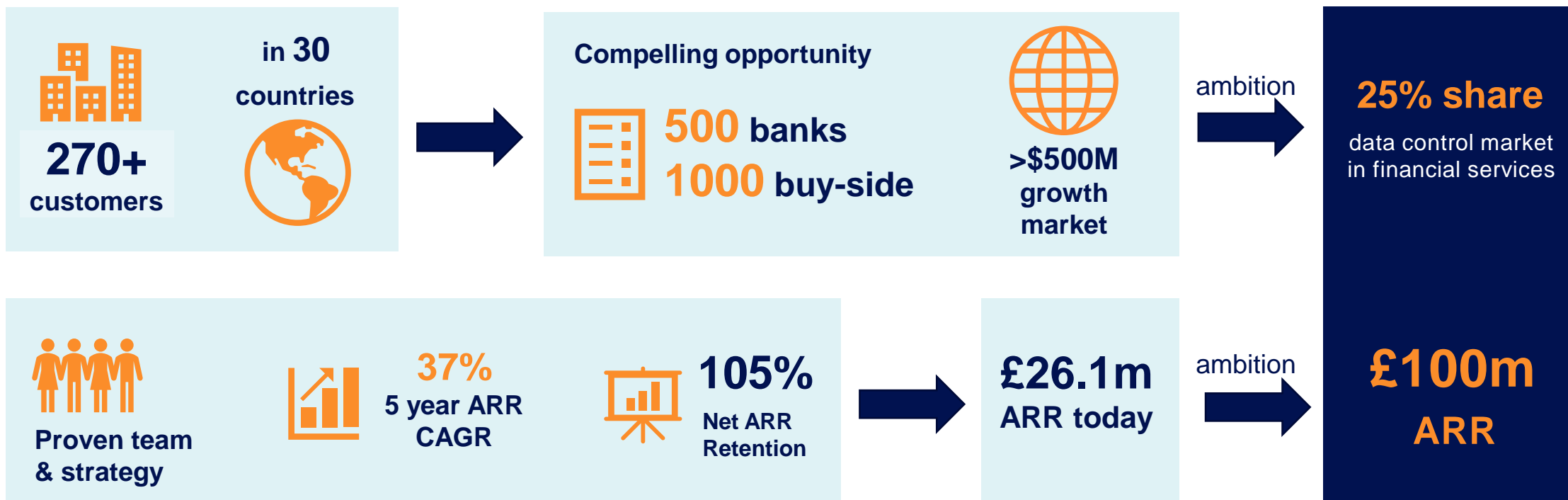
SaaS solutions for **control & automation** in financial services

Our Purpose

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

Our Solutions

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



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Strong H1 performance

“ We now have excellent visibility into full year revenues and are focused on continuing the significant progress made building recurring revenues, in line with our aspirations to create a global financial technology company of substantial scale. ”

- Six new name wins (seventh signed in early July)
- Excellent progress with key accounts
- Electra integration driving new opportunities
- Improving organic growth
- Growing Clareti ARR in line with subscription strategy
- Robust demand and good momentum
- On track to comfortably meet market expectations



The Clareti business

Celebrating **10** years

1st July 2012

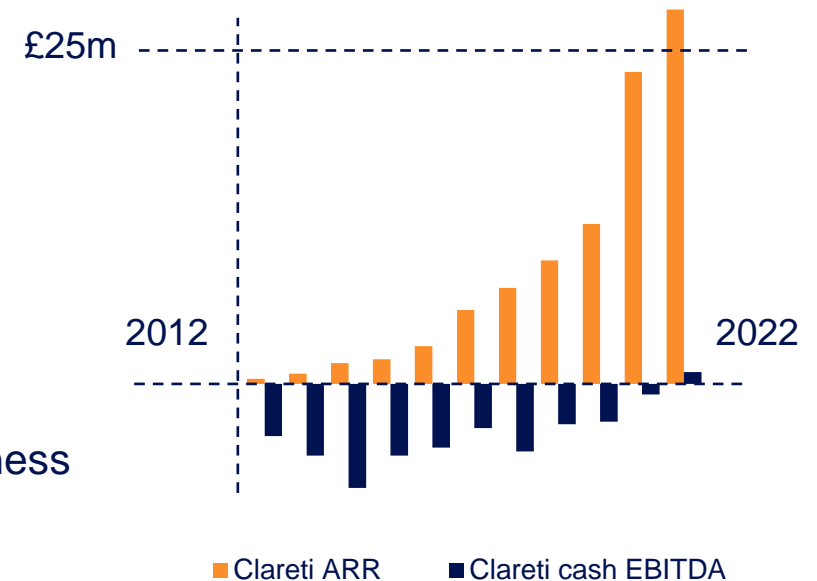
V1.0 release of innovative matching engine went live with our very first customer



- Clear & focused strategic investment & growth plan
- Clareti is now an attractive cash-profitable standalone business

“ No one should expect building a new high-growth, software-powered company in an established industry to be easy. It's brutally difficult. ”

Marc Andreessen



Target market – compelling opportunity

Financial services firms are being **held back** by their legacy operations

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

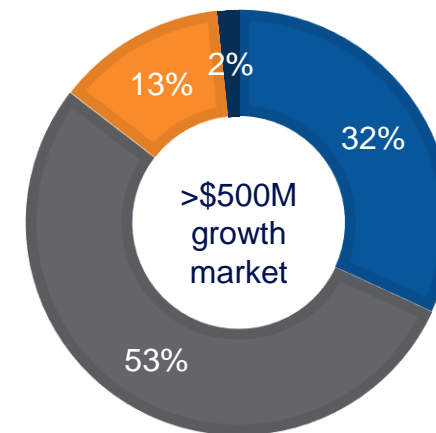
 **500** banks
1000 buy-side

compliance errors
inflexible compromised
workarounds scrutiny audit
reporting transaction data backlog complexity
manual regulatory quality
control cost reputation exceptions
risk customer inaccurate experience
processing incomplete

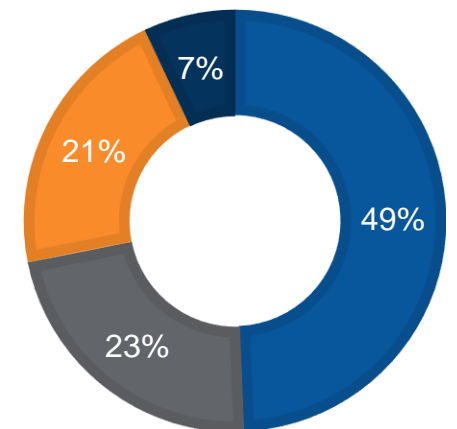
Whilst their industry is being **re-imagined** through **digital transformation**

Near-term opportunity

■ Europe ■ North America ■ AP ■ RoW



Capital Markets



Banking



Proven differentiation



Technology platform

- Software to rapidly connect disparate applications and financial data sources, transform data & control real-time flows
- Extensive library of supported services
- E.g. banking, payments, trading STP, accounting, regulatory reporting and common industry applications, messaging formats and other data types

Connect

Data

- Industry platform
- Cloud service for data collection & aggregation
- Used by investment managers and market service providers
- 4500 data feeds



Data Ingestion & Transformation



Data Profiling & Validation



Business rules & NLP



Matching Engine



Process Automation

Control

- Enterprise-grade platform for matching, enrichment, reconciliation, exception management and control of 'any & all' transaction data and processes



Continuous Quality improvement



Dashboards & Analytics



Workflow & Exception Management

- "Single platform for all rec types"
- Highly flexible & customisable, data agnostic and proven at massive scale
- Extensive in-built automations (AI)
- Specialised subscription solutions for cash, securities, inter-systems transactions, regulatory control and digital assets
- Applicable to many industries and uses cases

Cloud or On-Premise

Managed Services



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Compelling value for customers

Business Case	Gresham
The R's - Risk, Resilience, Regs & Reputation	✓
Customer service & assurance	✓
Cost & efficiency	✓
Employee experience	✓
Strategic value - digital agility, integrity & confidence Future competitiveness	✓

Vision

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

“Clareti Control & Connect have enabled the bank to change outdated and cumbersome processes, ditch legacy solutions that were preventing us from achieving our business and customer growth goals, and ensuring we remain on the right side of the regulators.

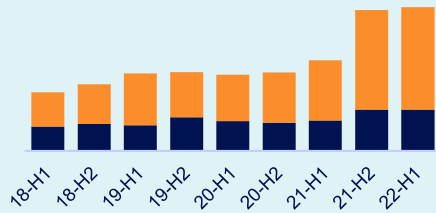
Across the bank we have introduced a level of data automation and integrity that we didn't think existed from any vendor out there.”

Head of Change, Tier 1 bank



Financial model

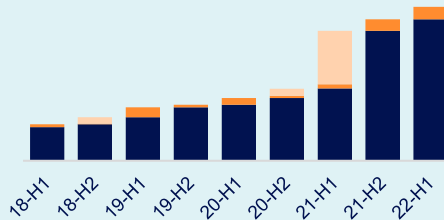
High growth, high margin, sticky recurring revenues



Clareti revenues have grown to 71% of **Group revenues**

With a Clareti gross margin of

85%

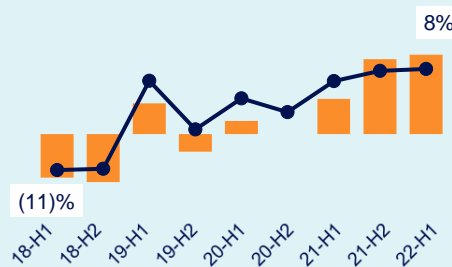


Clareti ARR 5 year organic CAGR of 22%, or 37% including M&A

With Clareti ARR net retention rate of

105%

NRR stated on a constant currency basis. 22-H1 negatively impacted by cancellation of two sanctioned Russian owned businesses.



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

Driving improvements to

FCF





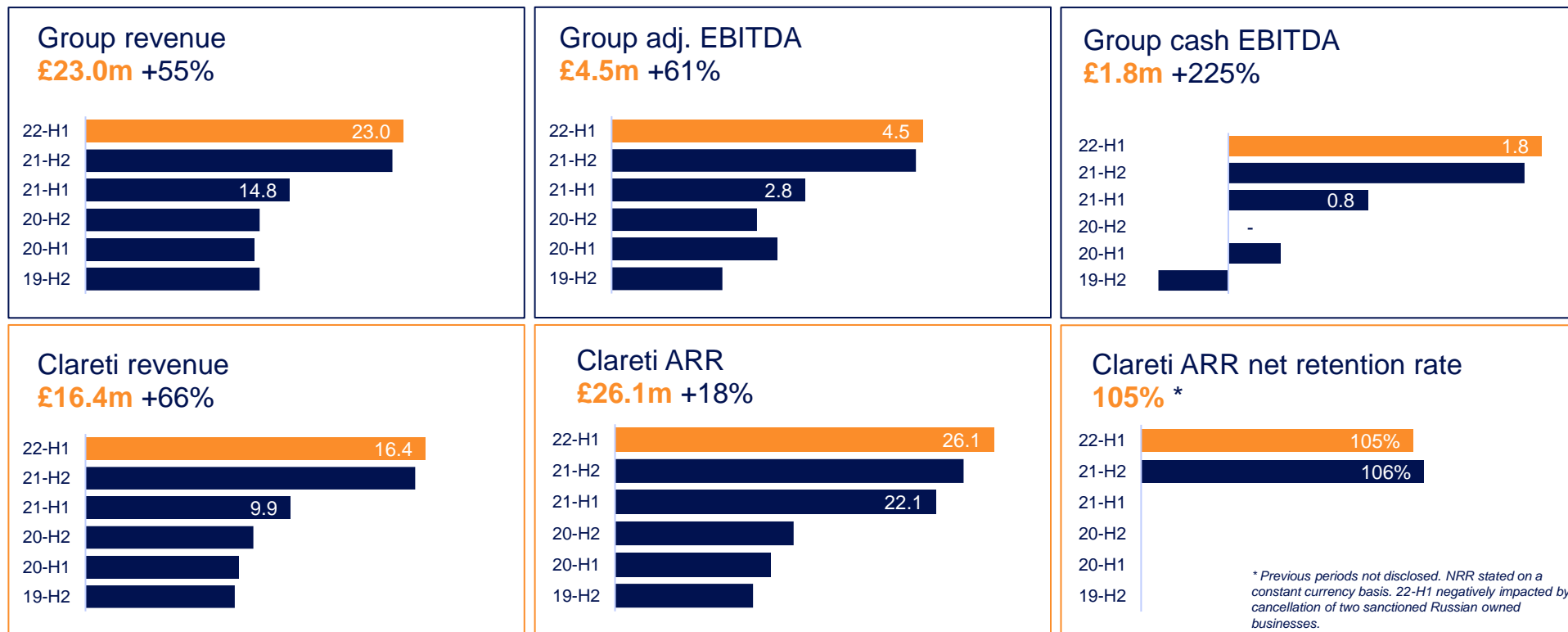
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H1 22 Financial Results

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H1 22 financial highlights

Continued **growth** in **high margin Clareti** business driving positive performance across all financial metrics

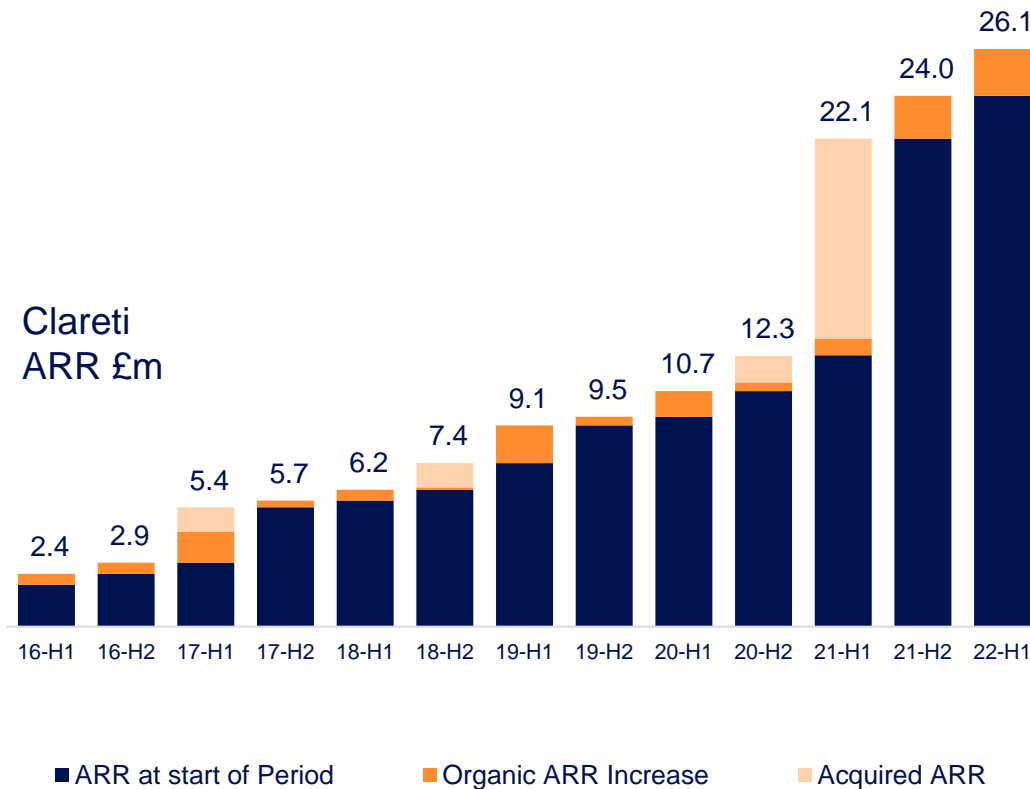


Actual FX performance presented above. Presenting H1-22 on a constant currency basis (at the same average FX rates as H1-21), would result in a Group revenues of £22.5m; Group adjusted EBITDA of £4.4m; Group cash EBITDA of £1.7m; and Clareti ARR of £24.8m.



Clareti forward looking ARR

Consistently strong organic growth supported by successful acquisition strategy



High levels of predictability now underpin quality of future earnings:

- **£26.1m** forward looking Clareti ARR
- Sticky ARR with **net retention rates** of **105%** for FY21
on a constant currency basis and including a 1% reduction for cancelled customer contracts with entities impacted by Russia sanctions

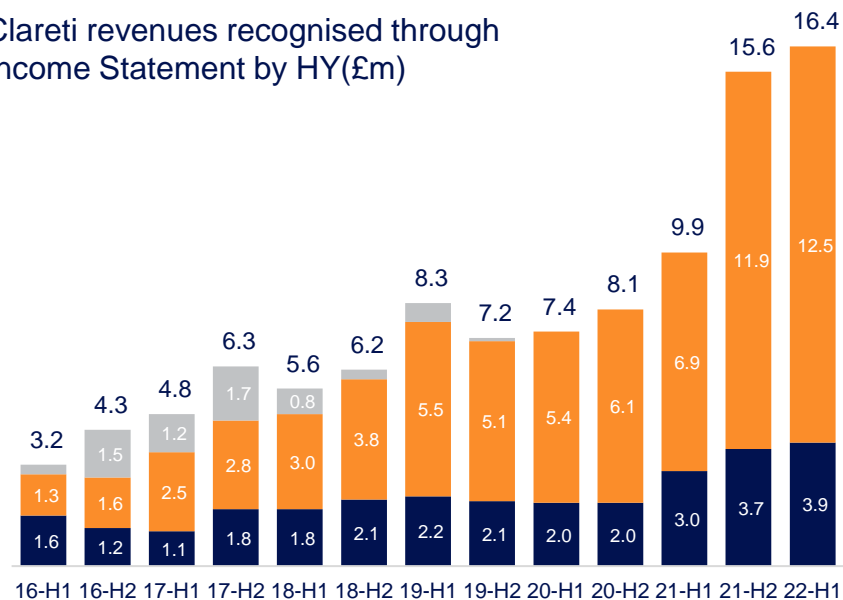
H1 metrics:

- Clareti ARR YOY increase to HY22 of **18%**
- Clareti ARR 5-year total CAGR to HY22 of **37%**
- Clareti ARR 5-year organic CAGR to HY22 of **22%**



Strong growth in total Clareti revenues

Clareti revenues recognised through Income Statement by HY (£m)

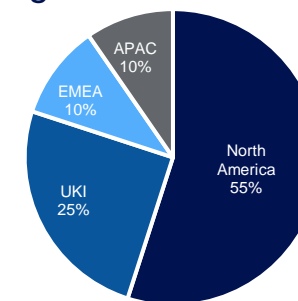


■ Clareti services & contracting revenue ■ Clareti non-recurring software ■ Total

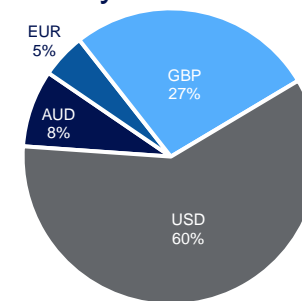
£13.2m of Clareti forward looking ARR of £26.1m contracted to be recognised in H2-22

£26.1m Clareti ARR split by:

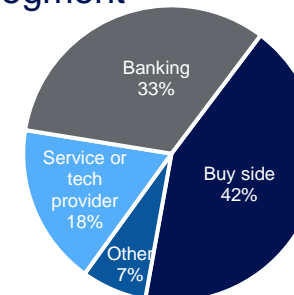
Region*



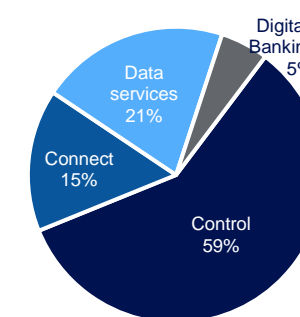
Currency**



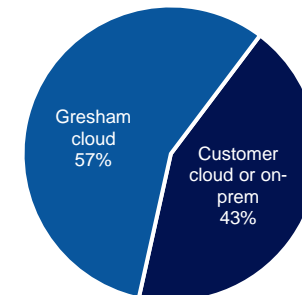
Industry Segment***



Product



Deployment



* Global deals typically included in country where prime contract sits

** Not all currency contracted/ invoiced through entities denominated in the same currency, therefore FX +/- not all accounted for in the same manner

*** Other includes: energy, insurance, property & non-financial corporates



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Installed base & key accounts



Installed base opportunity:

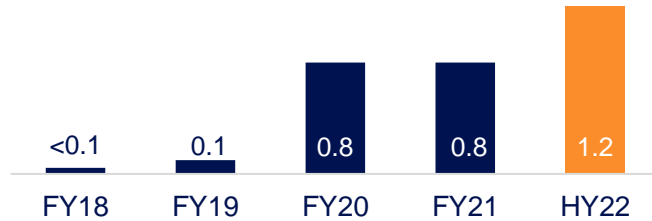
- Customer Success function focused on customer value and relationship growth
- Strategic portfolio management
- More than 20 contract uplifts in H1
- We are systematically targeting largest global banks & investment managers with our strategic business team & regional resources
- 18 accounts with ARR greater than £0.25m at 30 June 2022 with net retention rate of 126% (121% constant currency basis)

Key accounts:

- 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
- Top 6 Key Accounts with ARR greater than £0.5m with net retention of 123% up from 121% (both on a constant currency basis)

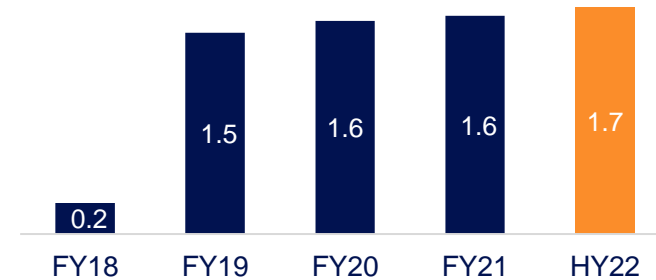


Key account journeys – land & expand ARR



Tier 1 global retail & commercial bank

- July 2018 – Initial Connect agreement
- July 2019 – Incremental subscription for Control for digital bank
- July 2020 – Incremental subscription for controls within core UK retail bank and commercial bank
- May 2022 – Enterprise subscription agreement covering UK wide control operations immediately raising ARR by £0.5m (with a further £0.25m expected subject to delivery milestones)



Tier 1 global investment bank

- May 2018 - Initial agreement for Control covering G20 regulatory reporting in Europe and Asia
- March 2019 – Incremental Control agreement covering global cash & securities controls, and to replace legacy vendor system
- September 2019 – Further subscription agreement for Control covering US regulatory reporting to FINRA
- December 2020 – incremental usage of Control & cross-sell of Connect into regulatory area

Further significant growth anticipated over time



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Electra – excellent progress

One year in:

- Excellent customer retention
- Improved organic growth
- New client wins in US, Canada & Europe
- Products re-branded & teams cross-trained
- First cross-sells now coming through
- Fantastic combined **Control** and **Connect** and **Data** opportunities in pipeline
- Single global organization working well
- Product development plans aligned



Transaction summary:

- Purchase price - maximum USD \$38.6m equating to approx. 3 X acquired ARR
- First deferred consideration payment of up to US\$4.8m in Q3 22 linked to renewal retention.
- Second deferred consideration payment up to US\$4.8m in Q3 23 linked to renewal retention
- Business has tracked broadly to forecast on a constant currency basis
- Synergies largely on track with benefits during H2 22



Cash

H1 position

- £6.5m at end June 22 – entirely as expected
- FCF steadily improving on YOY basis, albeit significantly H2 weighted
- On annual basis, FCF increasingly similar to cash EBITDA measure
- No debt in Group

Looking forward

- Annual cash in-flow remains heavily weighted to Q4
- Continued growth in FCF is expected
- \$15m revolving credit facility available

Electra:

- Excellent financial performance means first deferred consideration payment of US\$4.8m, equal to £4.0m, will be paid in full in Q3
- Second deferred consideration payment of up to US\$4.8m is due in Q3 FY23 and is expected to be covered by FCF

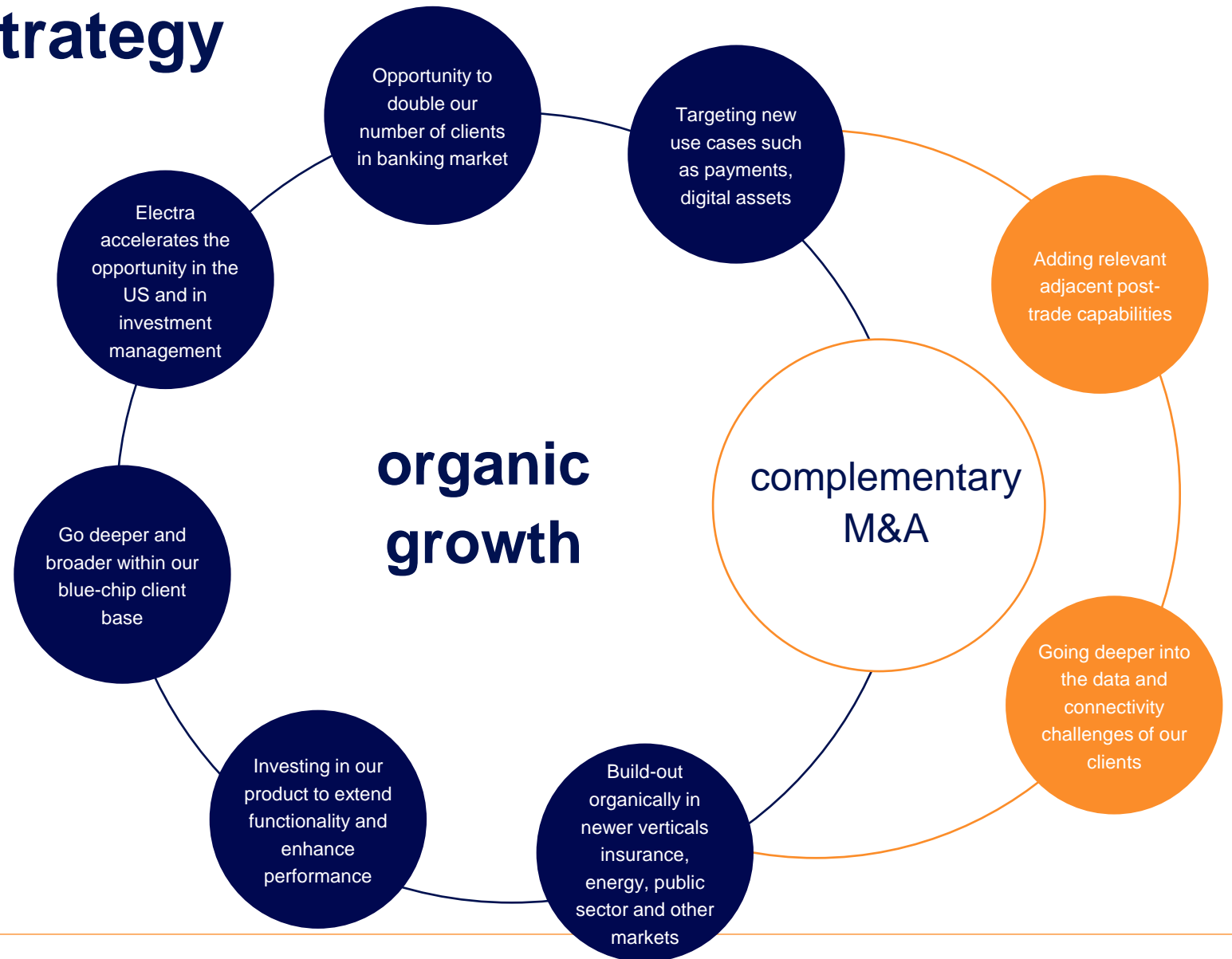




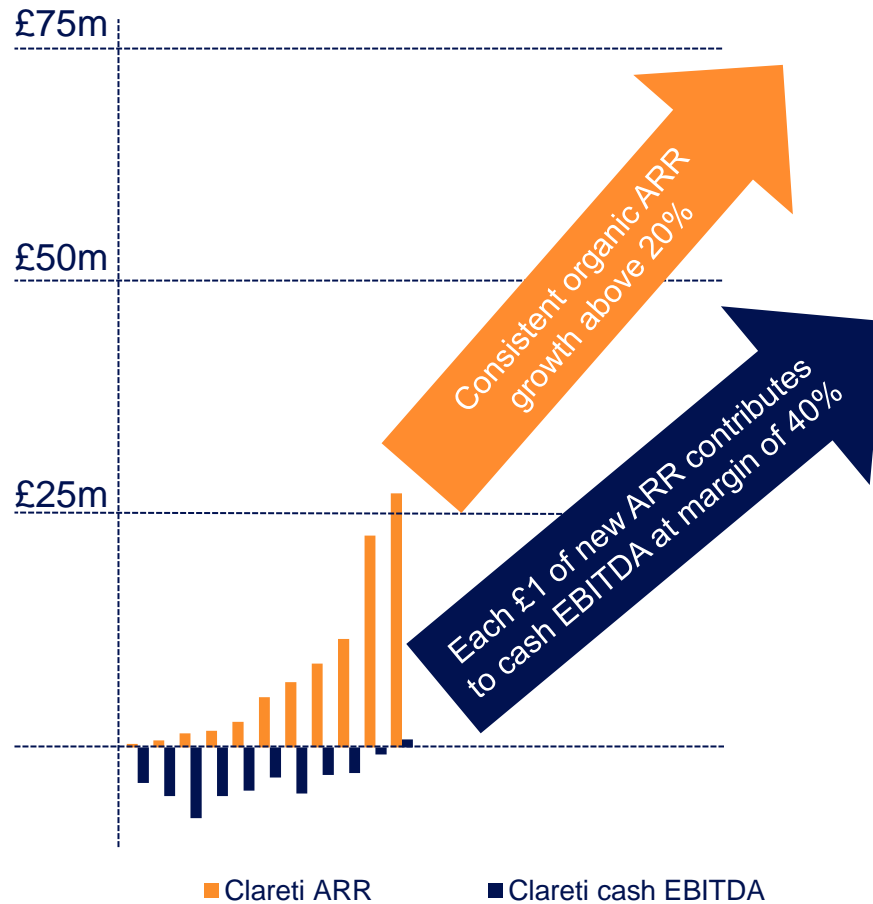
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Looking ahead

Global growth strategy



Long term strategic model – organic basis



- Taken from current point of Clareti becoming cash EBITDA breakeven
- Model assumes continuing balanced investment into growth (~85% gross margin and ~40% cash EBITDA margin after investment for continued growth)
- 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
- On-going M&A has potential to further enhance growth rate and margins
- Clareti now an attractive cash-profitable standalone business



Beyond the financials

Building a great company

Culture



86%
'teamwork'
score

82%
'customer'
score

Values



We Create Together



We Embrace Difference



We Champion Success

ESG framework



Recent initiatives

- Considered approach to navigating inflation and competing in war for talent
- Flexible hybrid-working from key hubs
- Programme of well-being initiatives
- Business ethics programme
- Investment into leadership development, graduate and “early careers” programmes
- ESG champions appointed
- Increasing governance & disclosure including TCFD underway



FY22 H2 priorities & outlook

Build ARR into
FY23

Win & grow
Key Accounts

Scale up sales &
marketing

Deliver upside
from Electra

Technology
innovation

Prepare digital
banking launch

- Robust market demand
- Good momentum & pipeline
- Excellent visibility of full year revenues
- Full confidence in comfortably meeting full year forecast



Clareti

An attractive standalone business with an exciting future

Celebrating **10** years

10 Takeaways

- Differentiated software
- Highly proven at scale
- Incredible references
- Sticky recurring revenues
- Growing market
- Global operating platform
- Organic & acquisitive growth
- Strong innovation agenda
- Predictable profitable financial model
- Proven team with a plan





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Appendix

Positive group trends

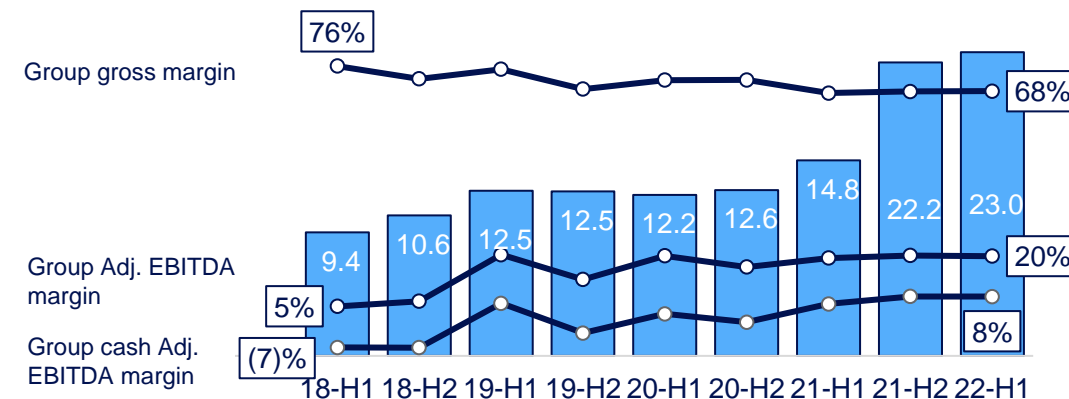
- Group gross margins consistent, expected to gradually increase as Clareti continues to grow
- Group adj. EBITDA and cash adj EBITDA margins continue to improve over time due to Clareti growth
- Other (non-Clareti) revenues relatively stable although margins continue to reduce due to expected change 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:

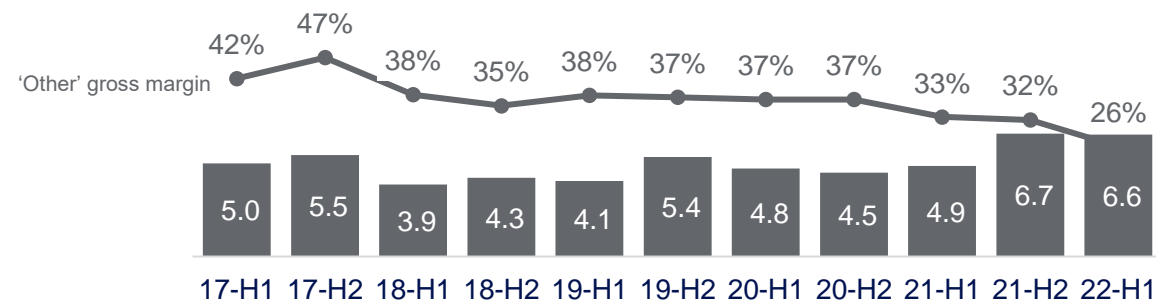
Group margins not shown for 2017 due to different business model being in place prior to the move to subscription licensing which involved the sale of significant, highly profitable, one-time licenses.

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 (%)



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

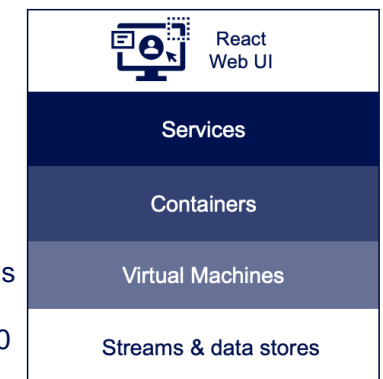
More self-service functionality to enable business to deploy solutions and manage change with reduced IT intervention

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



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



Share information at 27 May 2022

Share price (pence)	155.50
Market	LSE
Ticket	GHT.L
Market cap (£m)	129.63
Ord. shares in issue (vol)	83,364,458
Share awards outstanding (vol)	3,455,500

Significant (above 4%) & directors shareholdings	% holding
Kestrel Investment Partners	20.08%
Canaccord Genuity Wealth Management	9.07%
Tellworth Investments	8.69%
Schroder Investment Management	8.50%
JO Hambro Capital Management	6.75%
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	62.84%



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 Fadatat, 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

