



2016 Annual Financial Results

Investor Presentation

Ian Manocha, CEO
Rob Grubb, CFO

14 March 2017



- Annual Financial Results
 - 2016 Results
 - Analysis & Trends
- Other Achievements in 2016
 - Industry recognition
 - C24 integration
- Outlook
 - 2017 progress & priorities
 - Product Roadmap
 - 2018 Guidance
- Communications



“The Group delivered an **extremely confident performance** in 2016 underpinned by strong organic revenue growth from Clareti solutions. We grew licence revenues from our existing Clareti base, won eleven new CTC customers, and brought another thirty-five customers into the Group through our acquisition of C24 Technologies Ltd. As a result our **recurring revenue from Clareti has grown 53%** year on year.

2017 has already started positively with three new CTC customer wins.”



“In a world awash with real-time streaming data, we want to be the first company you turn to when you need to be in control.”

- Build a high-margin, **recurring, revenue stream** based on term licence sales, subscriptions and cloud services
- Create a **valuable** global **enterprise financial technology** business through Clareti-led **growth** and **carefully selected** acquisitions
- **Focus** our product investment and sales efforts **on Clareti**
- Establish Clareti as the **enterprise data integrity** platform **“category leader”** in a world awash with **real-time streaming data**
- Leverage **Clareti & Clareti-as-a-Service Platform** to bring new **“Control”** applications to market

Recap - CEO presentation at the CMD on 5th Oct 2016...

Q4 2016

- Manage legacy revenues
- Extend CTC usage in global customer base
- Close additional Tier 1 "key customer" win(s)
- Win further Clareti-as-a-Service sales
- Break out in North America market
- Build Clareti ARM pipeline in global transaction banks
- Launch Clareti Loan Control
- Prepare ground for Clareti Data Accelerator launch
- Make a success of C24 integration
- Look for further opportunity to scale on Gresham's Group business platform in 2017



"Vision without execution is delusion"

Thomas Edison

FY 2016 – Financial Highlights



- Group revenues **up 16% to £17.2m** (2015: £14.8m)
- Clareti software revenues **up 38% to £4.7m** (2015: £3.4m)
- Clareti software recurring revenues **up 53% to £2.9m** (2015: £1.9m)
- Clareti annualised recurring revenue **up 92% to £4.6m** as at 31 December 2016 (2015: £2.4m), including £1.2m from C24
- Adjusted EBITDA* **up 41% to £3.8m** (2015: £2.7m)
- Statutory profit before tax as reported **up 38% to £2.2m** (2015: £1.6m)
- Adjusted diluted earnings per share** **up 38% to 4.67p** (2015: 3.38p)
- Cash £7.2m and no debt at 31 December 2016 (2015: £4.7m and no debt), benefitting from strong customer cash collection in the last quarter of the year

* Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation, adjusted to add back share-based payment charges and exceptional items

** Adjusted to add back share-based payment charges, exceptional items and amortisation from acquired intangible assets

Clareti Software Analysis 2016

Eleven new customer wins:



Industry

- 7 Fund Managers
- 1 Spread Better
- 1 Banking
- 1 Insurer
- 1 Commodities



Geography

- 4 US, 6 UK, 1 Australia



Deployment

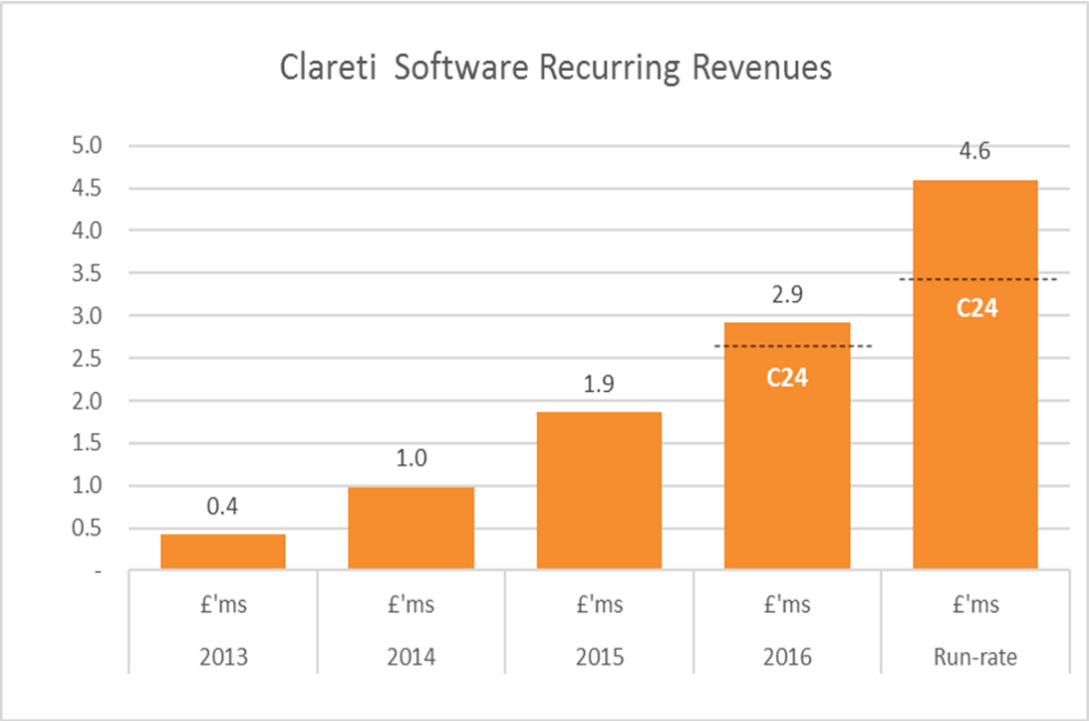
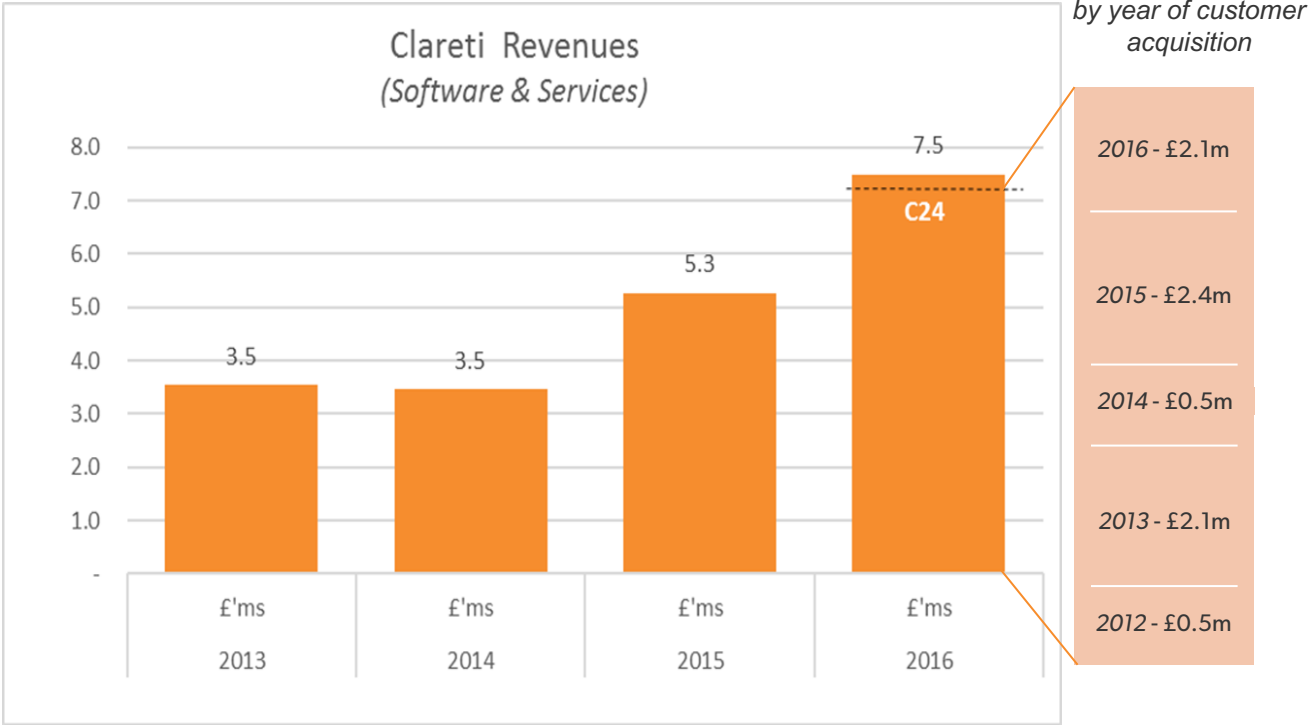
- 9 On-premise
- 2 Cloud

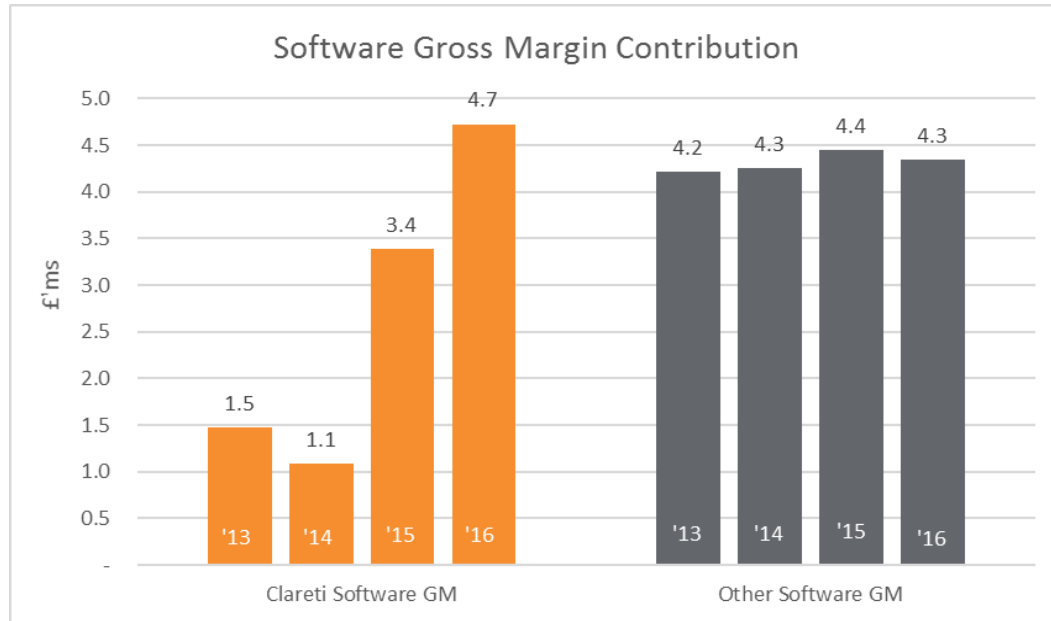


Licence Model

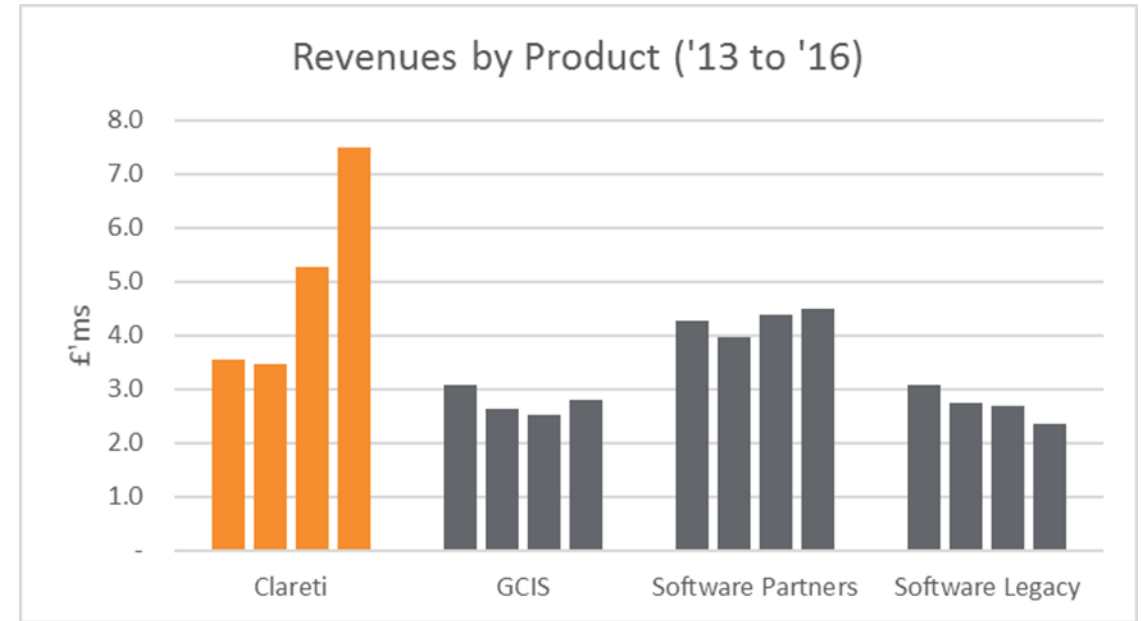
- 6 Subscription
- 3 Term with Initial Fee plus Annual Fee
- 2 Perpetual plus Annual Support and Maintenance (Q1 2016, no longer offered to clients from Q2 2016)

Clareti Revenue Trends

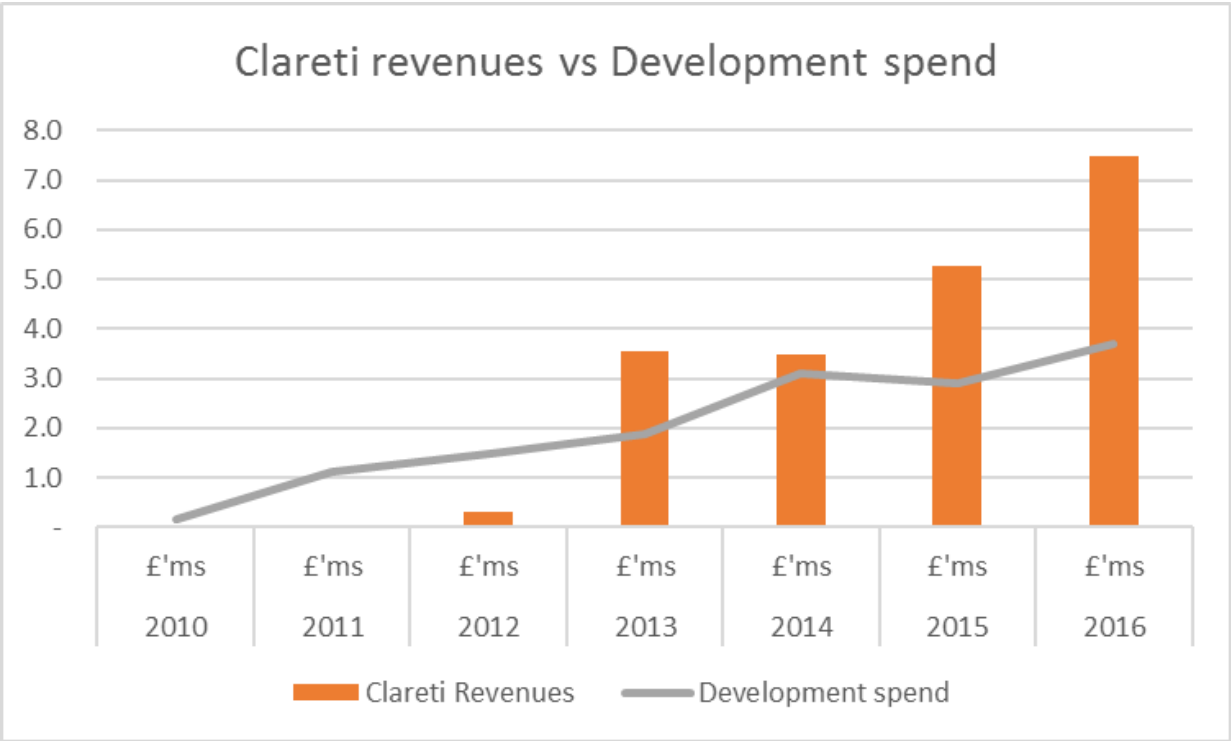
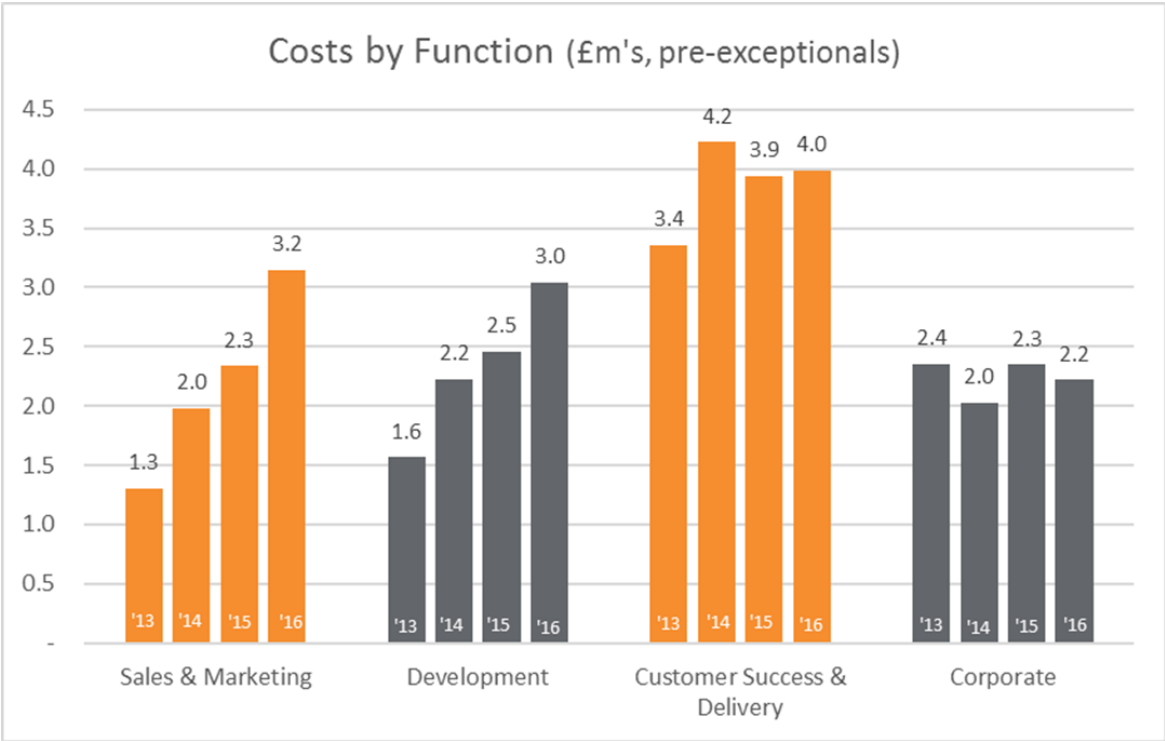




- Clareti – largest absolute contribution to gross margin for first time
- Clareti – highest revenue product line (2015 milestone)

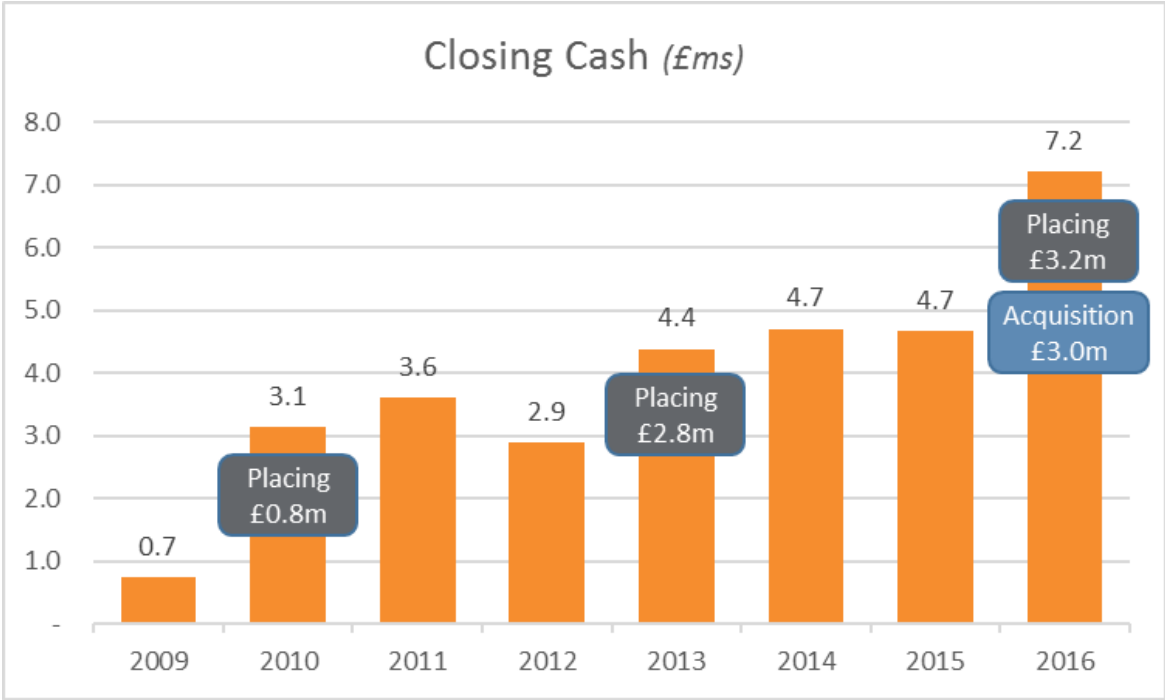
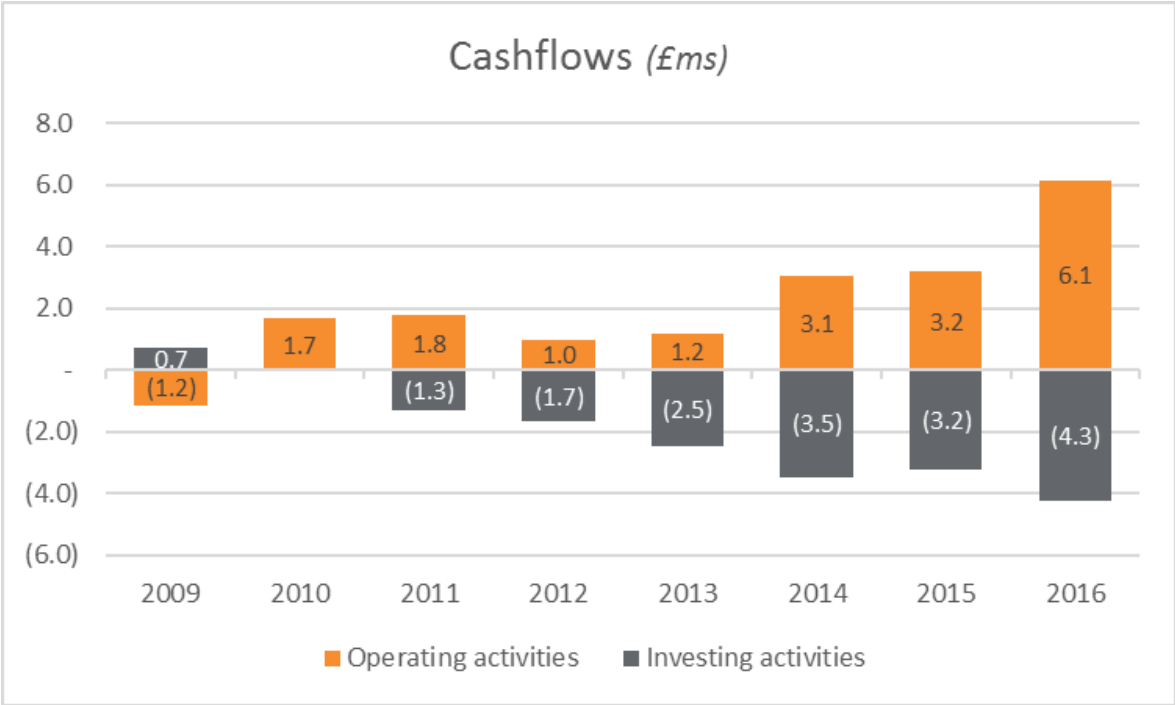


- GCIS contracting services for banking partner ~ 15% gross margin
- VBT & WSS partner products ~50% gross margin
- VME & CI, EDT & Other Gresham IPR along with Clareti ~98% gross margin

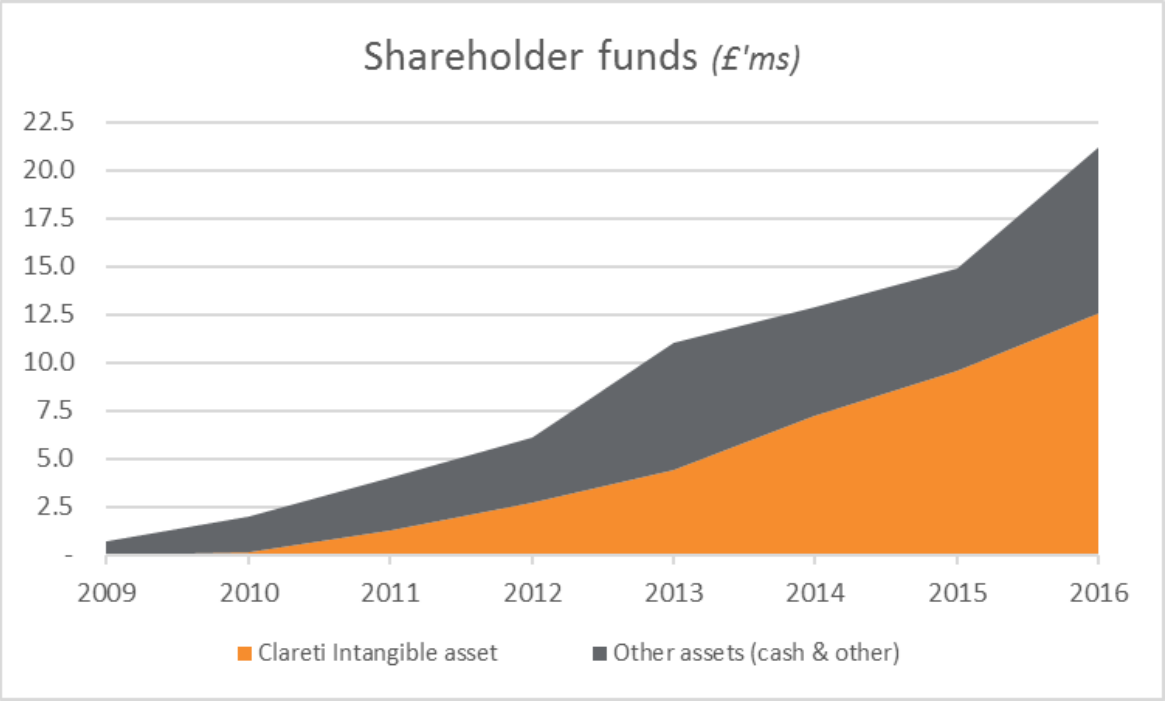
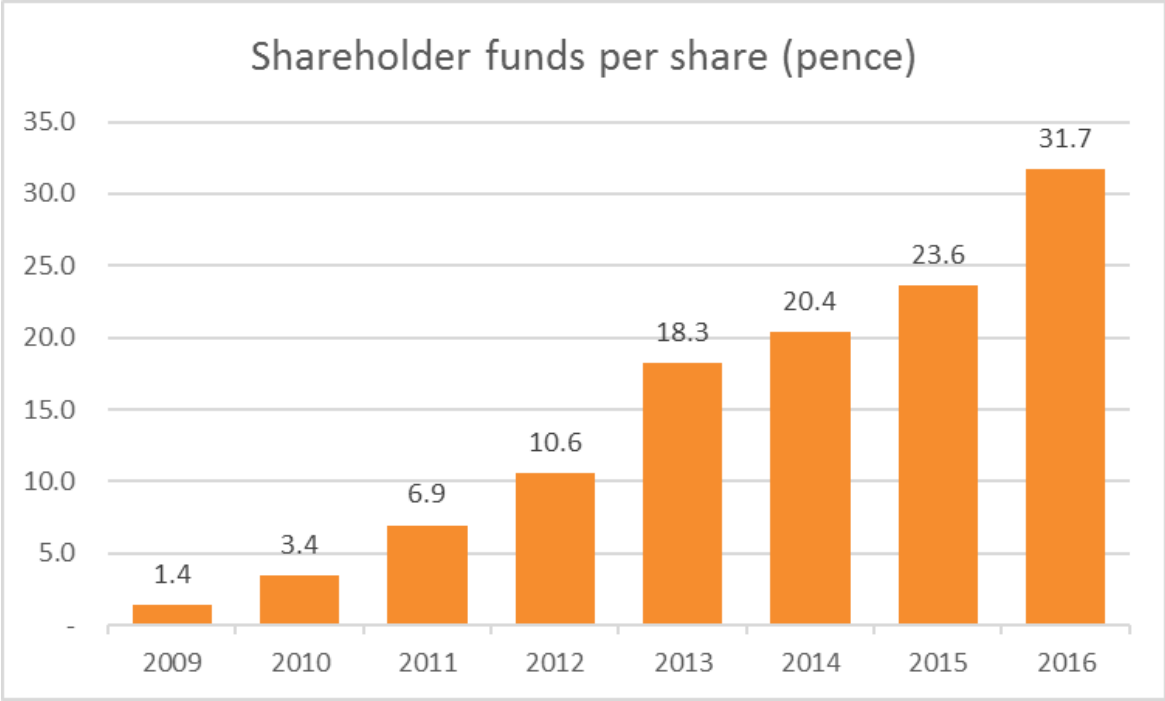


*2016 includes one-off of £0.3m relating to contractor resourcing to accelerate CLC development project

Increasing Cashflow

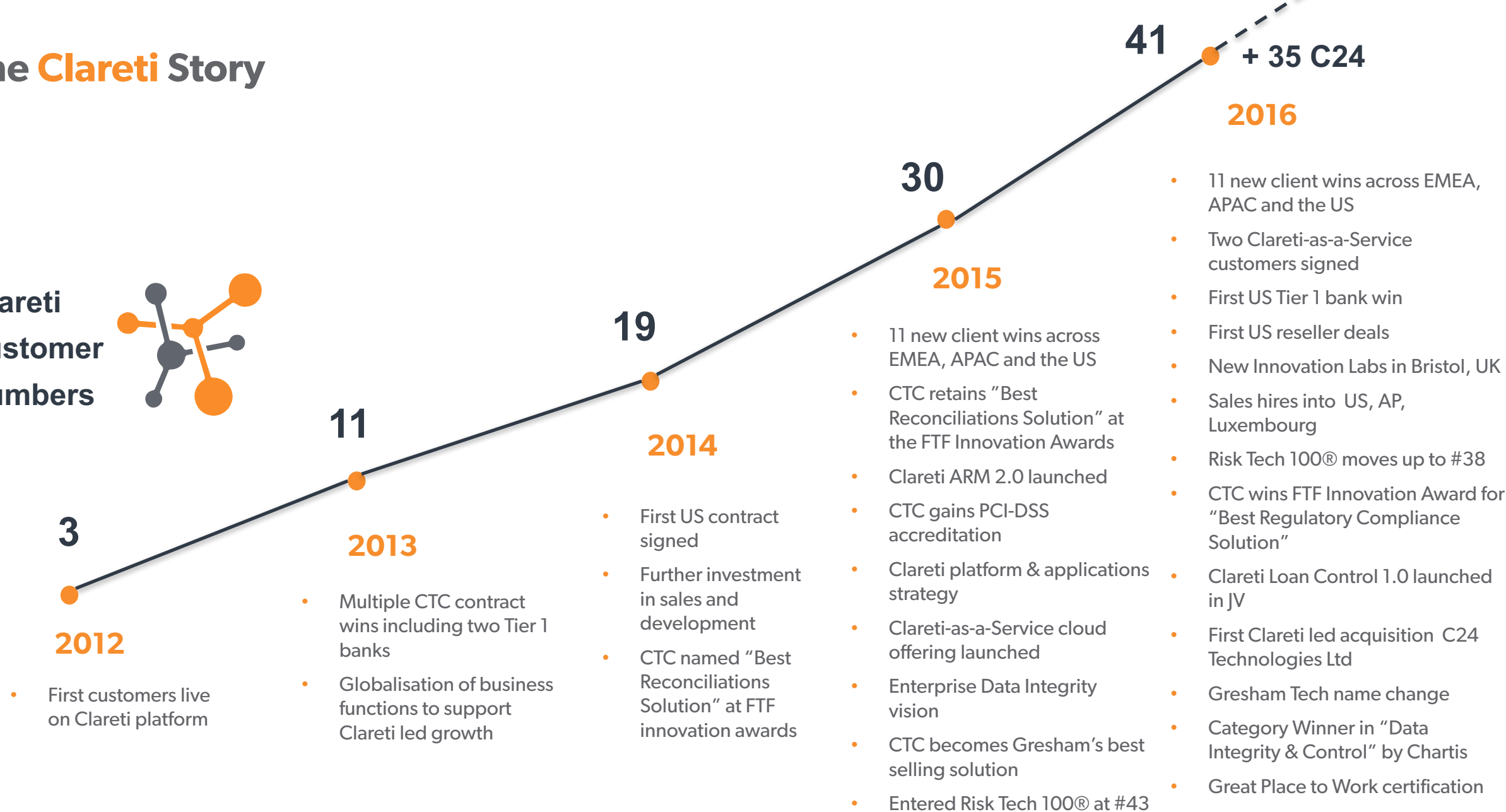


Strong Balance Sheet



The Clareti Story

Clareti
customer
numbers



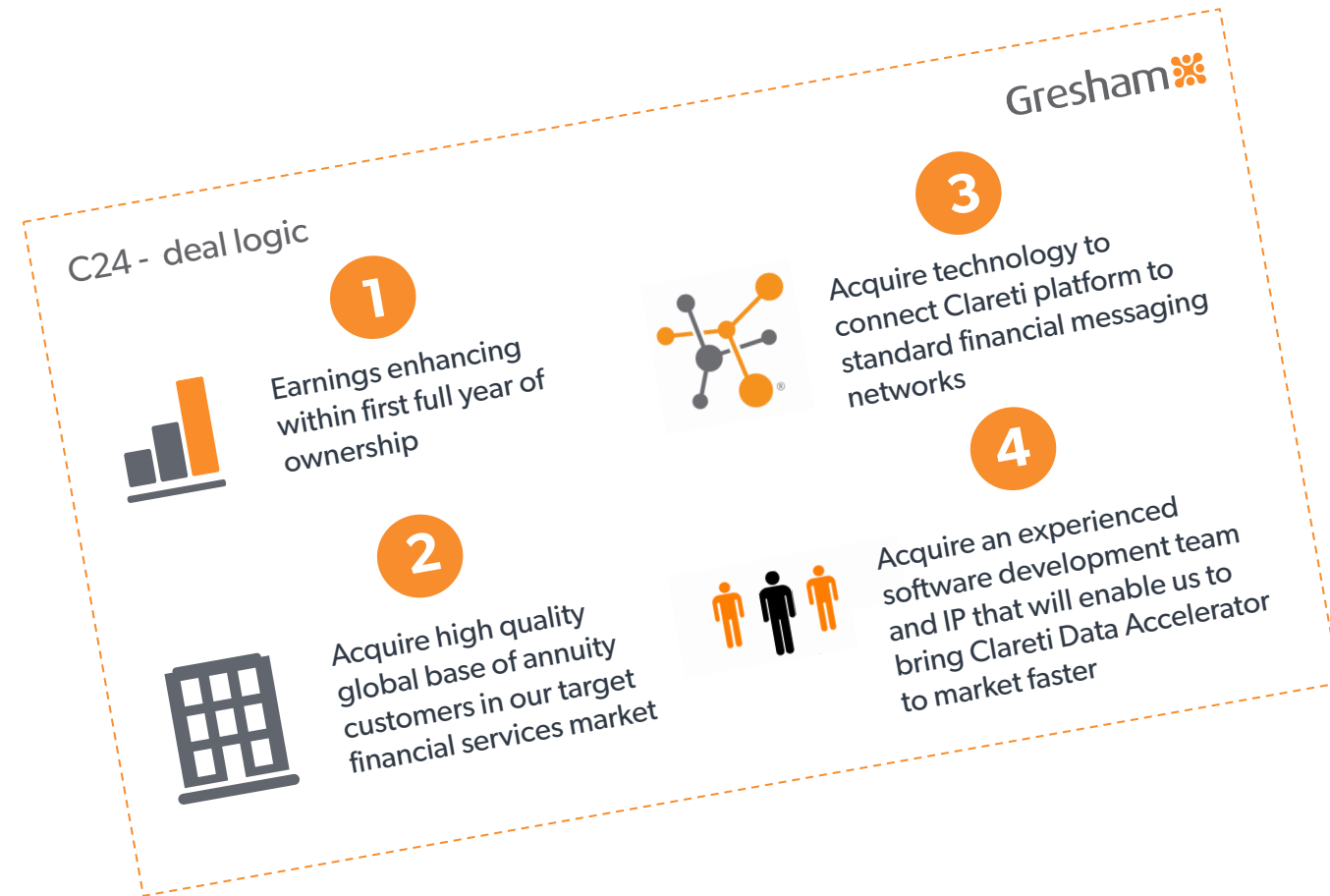
Category Winner 'Data Integrity and Control'

- Category winner in Chartis RiskTech100® Awards 2017 for Data Integrity and Control
 - High scores in automation, audit, governance, statistical integrity, control and reconciliation
- No 38 in the Chartis RiskTech100® global companies, rising 5 places in the year
 - High scores in strategy, customer satisfaction, innovation and core technology



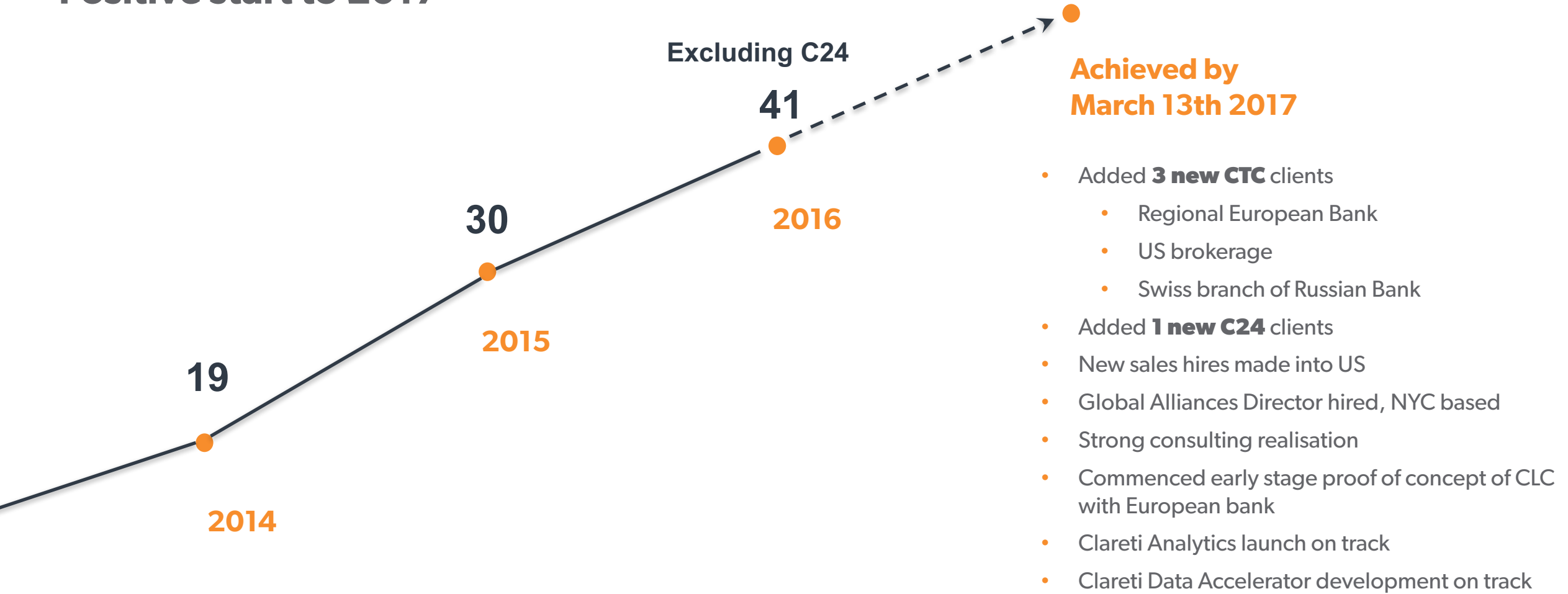
Source: Chartis Research

Integration Progress - C24 Technologies Ltd



- Integration now substantially complete and benefits being realized as expected
- No licence cancellations since acquisition
- High customer satisfaction
- 2 new OEM contracts signed in Q4 2016
- 1 new standalone sales of C24 in Q1 2017
- 1 bundled sale of CTC with C24 to new customer in Q1 2017
- ex C24 Developers now working on Clareti Data Accelerator

Positive start to 2017





The Clareti Portfolio

Gresham 



Clareti Transaction Control



Clareti Accounts Receivable Mgmt

Launch Q4 2016



Clareti Loan Control

Acquired Q4 2016



Clareti 24 Integration Objects

Launch Q3 2017



Clareti Data Accelerator

Clareti Solutions

Clareti Analytics



Clareti Analytics
Launch April 2017

Clareti Platform



Onboarding Accelerator

Flexible workflow & business rules



Matching Engine



Cloud Native

In-memory data grid
Machine Learning
Embedded Analytics
Integration adapters & API's



Clareti Adapters
Q1 2017



White Label

Upgrade
Q1 2017



Clareti-as-a-Service



Clareti-as-a-Managed-Service



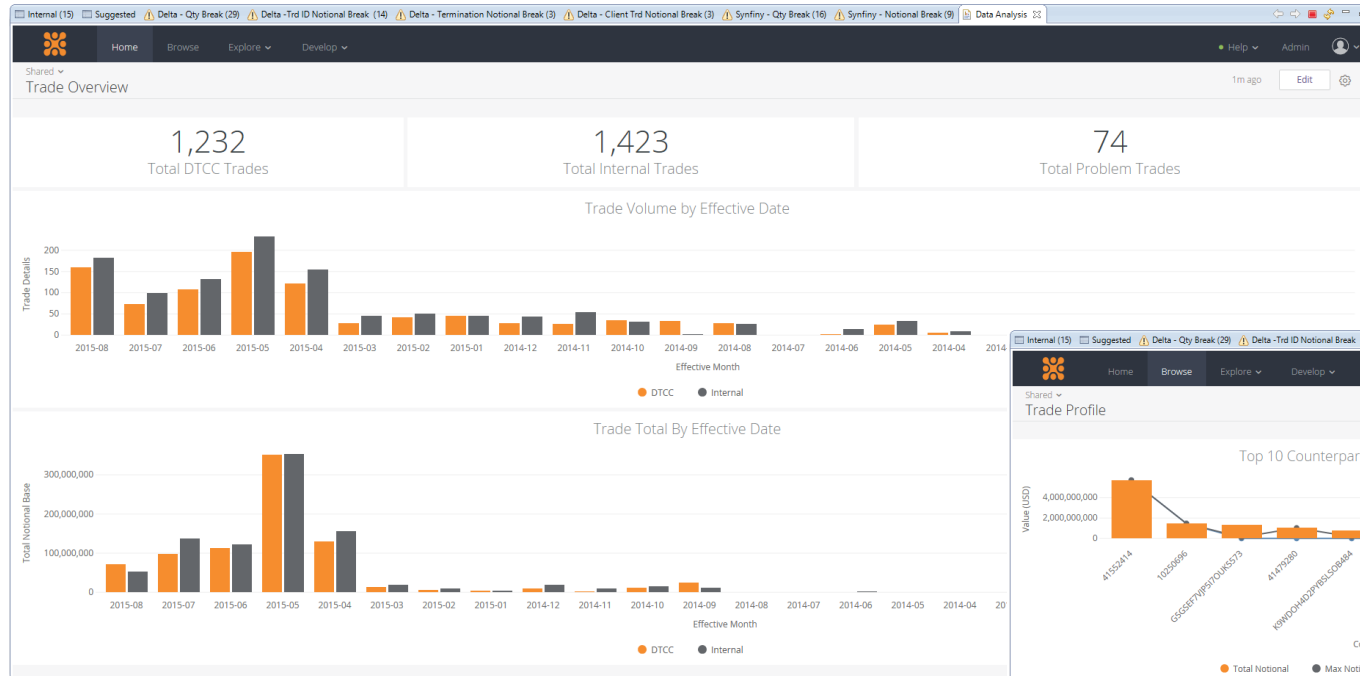
Consulting, Implementation & Custom Product Development



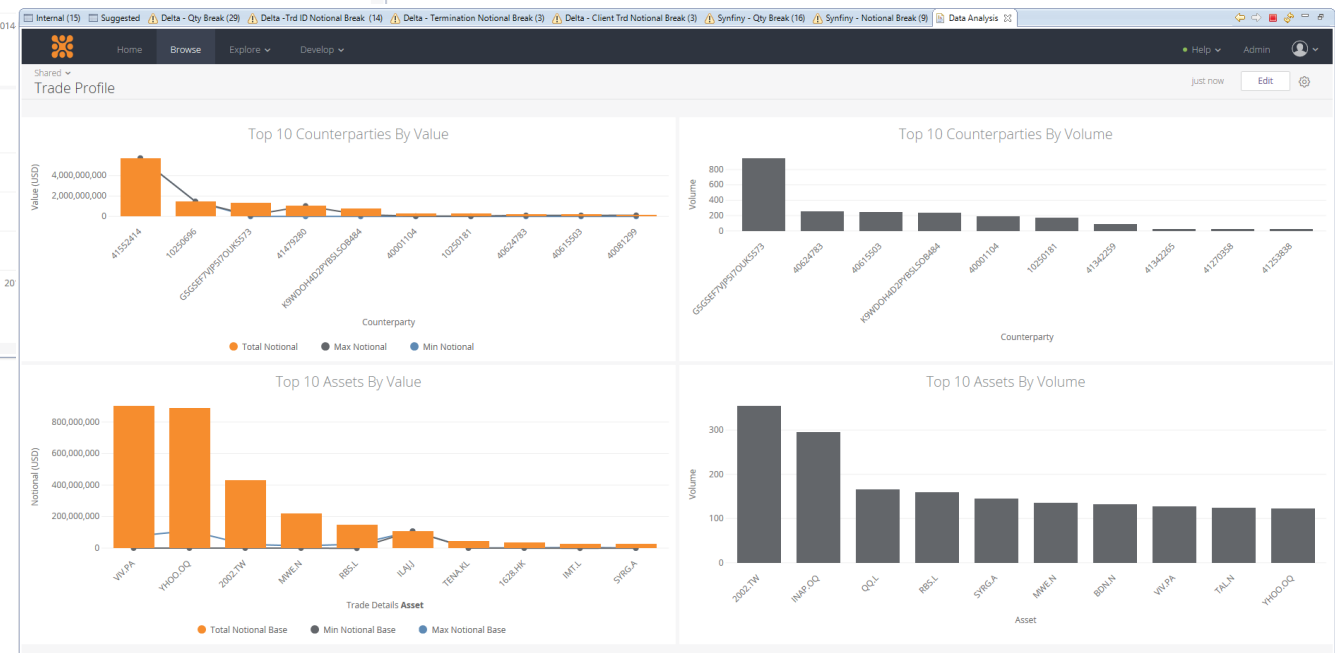
'Bank Grade' global support 365/24/7

Clareti Services

- Initial contract late 2015, JV signed Dec 2016 – GMS Loan Solutions Ltd
- CLC 1.0 now live in Mount Street, CLC 1.1-1.4 deliveries scheduled to Q4 2017 under commercial agreement. Future R&D funded 50:50
- Building a new business, not just a new product to disrupt asset servicing technology market
- Longer term replacement for 'standardised' lending solutions eg. SAP CML, Misys Loan IQ, Cassiopeia
- Front-to-back business support for all types of credit (simple loans to complex assets)
- Clareti & AWS based scalable technical architecture & proven bank-grade platform & integrations
- 2017 growth is largely expected via serviced business from Mount Street
- In early stage proof of concept with first bank for a direct, non-serviced, sale

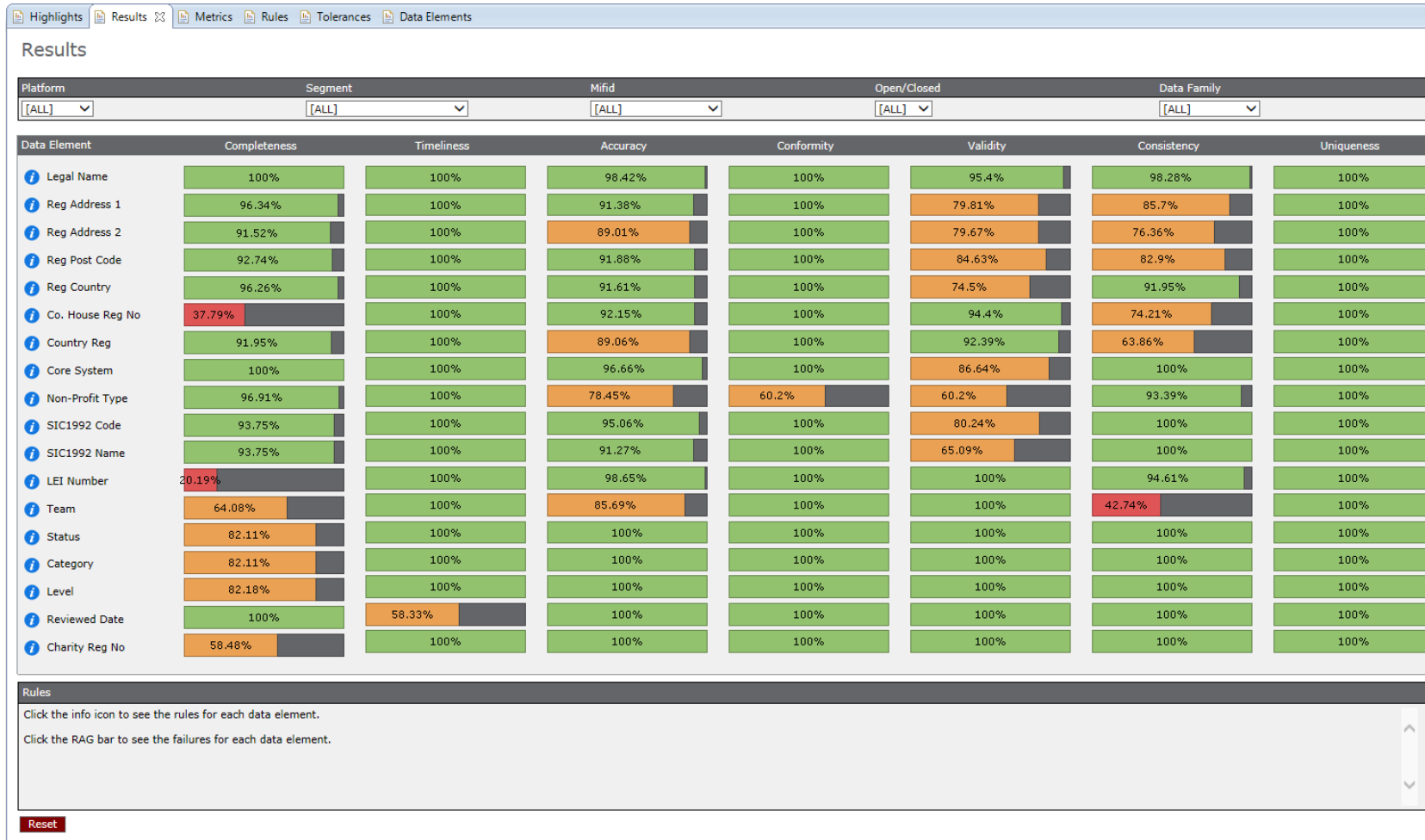


- Q2 launch
- Chargeable up sell into CTC installed base
- Increase deal value & competitiveness
- Also include in new products (CLC, CDA)



Clareti Data Accelerator

Holistic view of quality across all enterprise data assets



- Launch Q3
- Extends our Enterprise Data Integrity vision
- Cross sell & new customers
- Multiple configurable quality dimensions applied & monitored in real time across any data population
 - Completeness
 - Timeliness
 - Accuracy
 - Conformity
 - Validity
 - Consistency
 - Uniqueness
- Regulatory drivers
 - MIFID, GDPR etc

H1 2017 Priorities



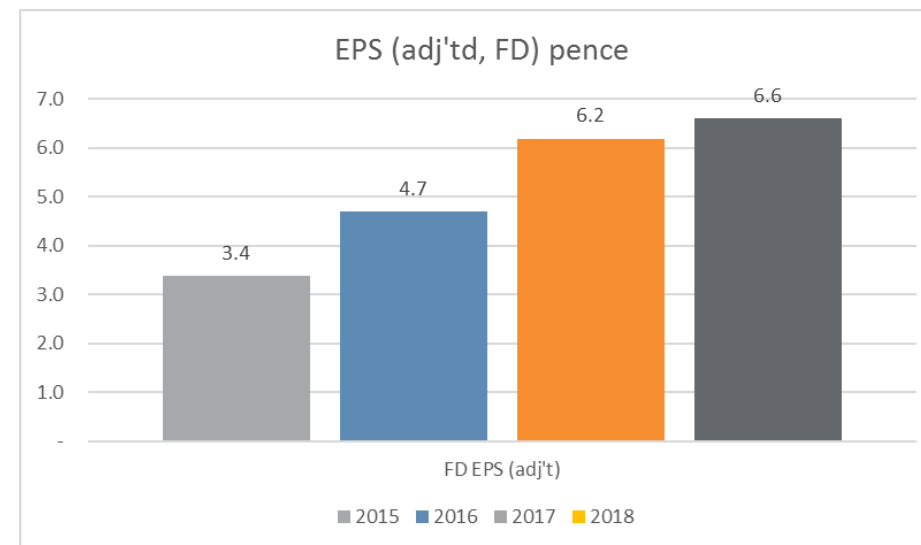
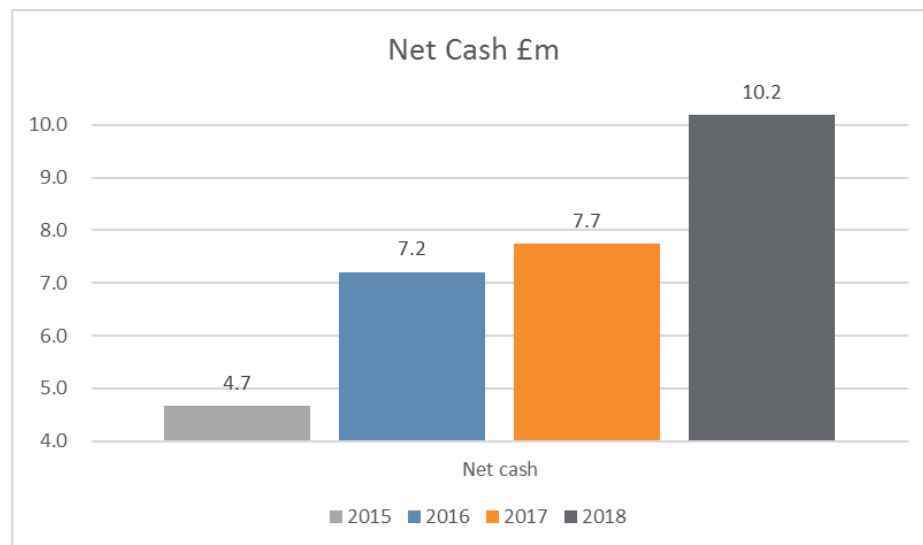
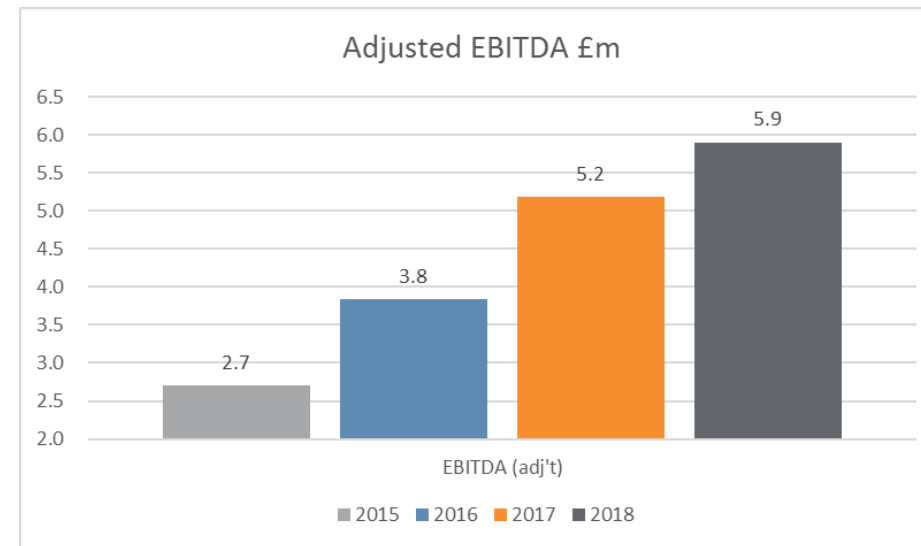
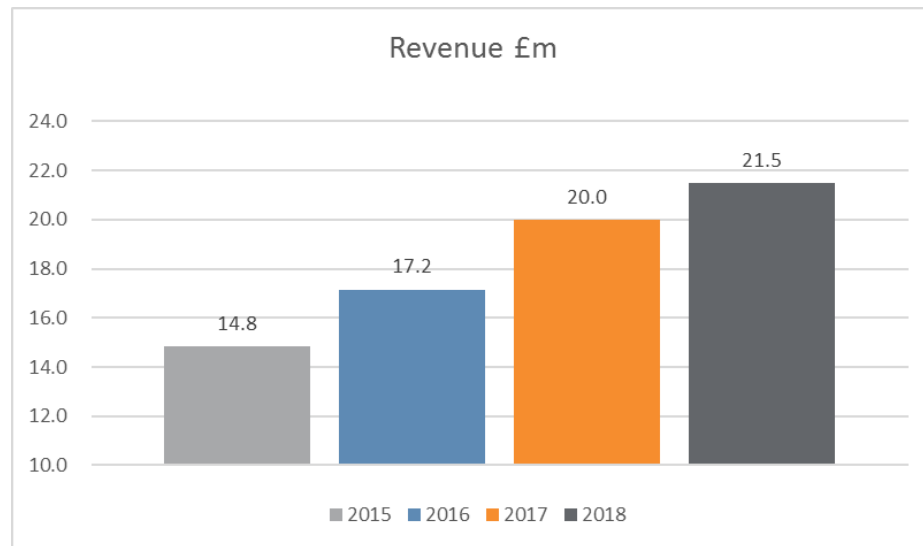
2017

January							February							March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7	29	30	31	1	2	3	4	28	27	26	1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25
29	30	31	1	2	3	4	26	27	28	1	2	3	4	26	27	28	29	30	31	1
5	6	7	8	9	10	11	5	6	7	8	9	10	11	2	3	4	5	6	7	8
April							May							June						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
26	27	28	29	30	31	1	30	1	2	3	4	5	6	28	29	30	31	1	2	3
2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10
9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24
23	24	25	26	27	28	29	28	29	30	31	1	2	3	25	26	27	28	29	30	1
30	1	2	3	4	5	6	4	5	6	7	8	9	10	2	3	4	5	6	7	8
July							August							September						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
25	26	27	28	29	30	1	30	31	1	2	3	4	5	27	28	29	30	31	1	2
2	3	4	5	6	7	8	6	7	8	9	10	11	12	3	4	5	6	7	8	9
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16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21	22	23
23	24	25	26	27	28	29	27	28	29	30	31	1	2	24	25	26	27	28	29	30
30	31	1	2	3	4	5	3	4	5	6	7	8	9	1	2	3	4	5	6	7
October							November							December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7	29	30	31	1	2	3	4	26	27	28	29	30	1	2
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9
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22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23
29	30	31	1	2	3	4	26	27	28	29	30	1	2	24	25	26	27	28	29	30
5	6	7	8	9	10	11	3	4	5	6	7	8	9	31	1	2	3	4	5	6

- Sustain new win 'beat rate' in UK & Europe
- Scale US business faster
- Drive adoption, cross sell & up sell into installed base
- Build early adopter pipeline for CLC & CDA
- Deliver product roadmap
- Build pipeline for 2018

CHALLENGER TO
Champion
2017

2018 NPlus1 forecasts



Group business platform

- Competent management team & robust scalable business processes
- Established Innovation engine & product development approach
- Global Systems (Finance, HR, CRM, Customer Support, PS, Compliance, etc)
- Global Sales & Marketing
- Global Service Delivery Model
 - Global Project Resourcing
 - Global Cloud model
 - 24/7 Global Customer Support
- First acquisition success



Appendix – Income Statement

	Notes	31 December 2016 £'000	31 December 2015 £'000
Revenue	3,4	17,156	14,842
Cost of sales		(2,984)	(2,822)
Gross profit		14,172	12,020
Adjusted administrative expenses		(11,488)	(10,200)
Adjusted operating profit		2,684	1,820
Adjusting administrative items:			
Exceptional items	4	(275)	(149)
Amortisation on acquired intangibles	13	(108)	-
Share based payments	22	(117)	(110)
		(500)	(259)
Total administrative expenses		(11,988)	(10,459)
Statutory operating profit	5	2,184	1,561
Finance revenue	3,8	22	21
Finance costs	8	-	-
Profit before taxation		2,206	1,582
Taxation	9	399	368
Attributable to owners of the parent	2	2,605	1,950
<i>Earnings per share</i>			
<i>Statutory</i>			
Basic earnings per share – pence	10	4.06	3.08
Diluted earnings per share – pence	10	3.92	2.98
<i>Adjusted</i>			
Basic earnings per share – pence	10	4.83	3.49
Diluted earnings per share – pence	10	4.67	3.38

Revenue				2016	2015	Variance	%
<u>Clareti solutions</u>	Recurring	£m		2.9	1.9	1.0	53%
	Non-recurring	£m		1.8	1.5	0.3	20%
	Software	£m		4.7	3.4	1.3	38%
	Services	£m		2.8	1.9	0.9	47%
	Total	KPI	£m	7.5	5.3	2.2	42%
<u>Other solutions</u>	Software	£m		6.3	6.3	-	n/a
	Services	£m		3.4	3.2	0.2	6%
	Total		£m	9.7	9.5	0.2	2%
Total		KPI		17.2	14.8	2.4	16%
<u>Annualised recurring revenue as at 31 December 2016</u>	Clareti	KPI	£m	4.6	2.4	2.2	92%
	Other		£m	6.3	6.5	(0.2)	(3%)
	Total	KPI	£m	10.9	8.9	2.0	22%

Earnings				2016	2015	Variance	%
Gross Margin		£m		14.2	12.0	2.2	18%
Gross Margin		%		83%	81%	1%	2%
Adjusted EBITDA	KPI	£m		3.8	2.7	1.1	41%
Adjusted EBITDA	KPI	%		22%	18%	4%	21%
Statutory profit after tax		£m		2.6	2.0	0.6	30%
Adjusted Diluted EPS	KPI	pence		4.67	3.38	1.29	38%

Source: 2016 Annual Financial Report

Appendix – Balance Sheet

	Notes	31 December 2016 £'000	31 December 2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	656	499
Intangible assets	13	18,794	10,648
Deferred tax assets	9	1,151	239
		20,601	11,386
Current assets			
Trade and other receivables	16	4,759	3,472
Income tax receivable	16	2	892
Cash and cash equivalents	17	7,206	4,666
		11,967	9,030
Total assets		32,568	20,416
Equity and liabilities			
Equity attributable to owners of the parent			
Called up equity share capital	21	3,340	3,164
Share premium account	23	3,242	9
Other reserves	23	313	313
Foreign currency translation reserve	23	21	(65)
Retained earnings	23	14,235	11,513
Total equity attributable to owners of the parent	23	21,151	14,934
Non-current liabilities			
Deferred income	18	267	53
Provisions	18	44	24
Deferred tax liability	9	680	-
Contingent consideration	27	378	-
		1,369	77
Current liabilities			
Trade and other payables	18	9,060	5,294
Financial liabilities	18	71	3
Income tax payable	18	139	89
Provisions	18	20	19
Contingent consideration	27	758	-
		10,048	5,405
Total liabilities		11,417	5,482
Total equity and liabilities		32,568	20,416

Intangible assets						
31 December 2016						
	Development costs £'000	Patents and licences £'000	Separately identified intangibles on acquisition		Goodwill	Total
			Software £'000	Customer Relationships £'000	£'000	£'000
<i>Cost</i>						
At 1 January	15,112	1,673	-	-	876	17,661
Additions	3,690	89	-	-	-	3,779
Additions acquired as part of business combination	-	-	3,067	866	1,376	5,309
Disposals	-	(31)	-	-	-	(31)
Exchange adjustment	41	14	-	-	77	132
At 31 December	18,843	1,745	3,067	866	2,329	26,850
<i>Amortisation and impairment</i>						
At 1 January	(5,506)	(1,257)	-	-	(250)	(7,013)
Charge for year	(741)	(155)	(79)	(29)	-	(1,004)
Eliminated on disposal	-	12	-	-	-	12
Exchange adjustment	(41)	(10)	-	-	-	(51)
At 31 December	(6,288)	(1,410)	(79)	(29)	(250)	(8,056)
<i>Net carrying amount</i>						
At 31 December	12,555	335	2,988	837	2,079	18,794
At 1 January	9,606	416	-	-	626	10,648

C24 Technologies Acquisition		Book Value £'000	Adjustment £'000	Fair Value £'000
Intangible assets				
Software	13	-	3,067	3,067
Customer relationships	13	-	866	866
Property, plant and equipment		-	-	-
Current assets		630	-	630
Assumed liabilities		(914)	-	(914)
Deferred tax		200		200
Total identifiable assets		(84)		4,024
Deferred tax on differences between fair values and tax bases			(680)	(680)
Goodwill	13	-	1,376	1,376
Total net assets/consideration		(84)	4,629	4,545
Satisfied as follows:				
Cash				3,409
Contingent consideration				1,136
Total purchase consideration				4,545
Analysis of cashflows on acquisitions:				
Net cash acquired with subsidiary				395
Cash paid				(3,409)
Net cash outflow				(3,014)
Fair value of consideration paid				
Cash				3,409
Contingent consideration due < 1 year				758
Contingent consideration due >1 year				378
Total consideration				4,545

Appendix – Cashflow

	Notes	31 December 2016 £'000	31 December 2015 £'000
Cashflows from operating activities			
Profit after taxation		2,605	1,582
Depreciation, amortisation and impairment	5	1,355	976
Share-based payment expense	22	117	110
(Increase) in trade and other receivables		(737)	(217)
Increase/(decrease) in trade and other payables		2,551	(277)
Movement in deferred tax provisions	9	1	-
Movement in provisions		21	7
Loss on disposal of property, plant and equipment		32	-
Net finance income	8	(22)	(21)
Cash inflow from operations		5,923	2,160
Net income taxes received		216	1,035
Net cash inflow from operating activities		6,139	3,195
Cash flows from investing activities			
Interest received	8	22	21
Purchase of property, plant and equipment	12	(508)	(217)
Disposal of property, plant and equipment		13	-
Net payments to acquire subsidiary undertaking	27	(3,014)	-
Payments to acquire intangible fixed assets	13	(3,779)	(3,014)
Net cash used in investing activities		(7,266)	(3,210)
Cash flows from financing activities			
Interest paid		-	-
Share issue proceeds	21	3,510	-
Share issue transaction costs	21	(101)	11
Net cash generated from financing activities		3,409	11
Net increase/(decrease) in cash and cash equivalents		2,282	(4)
Cash and cash equivalents at beginning of year		4,666	4,707
Exchange adjustments		258	(37)
Cash and cash equivalents at end of year	17	7,206	4,666

Cashflow		2016	2015	Variance	%
Operating cashflow excluding working capital	£m	4.3	3.7	0.6	16%
Movement in working capital	£m	1.8	(0.5)	2.3	(460%)
Capital expenditure - development costs	£m	(3.8)	(3.0)	(0.8)	27%
Capital expenditure - other	£m	(0.5)	(0.3)	(0.2)	67%
Placing & acquisition	£m	0.4	-	0.4	n/a
Other	£m	0.3	0.1	0.2	223%
Closing cash	KPI £m	7.2	4.7	2.5	53%

Thank you

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2016 Annual Financial Results

Additional Materials

Ian Manocha, CEO
Rob Grubb, CFO

14 March 2017



GHT.L



Gresham

Reg Tech



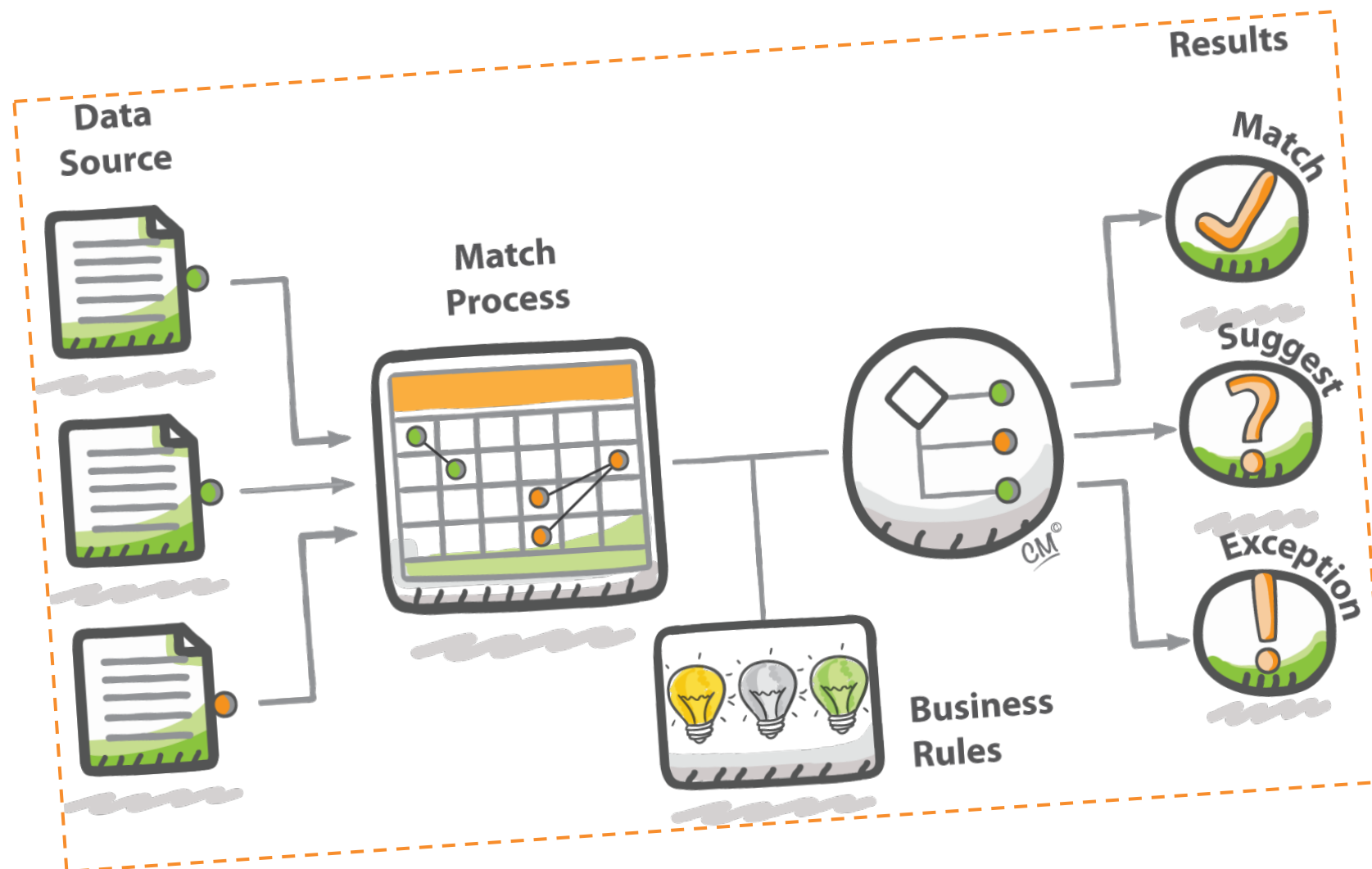
Fin Tech



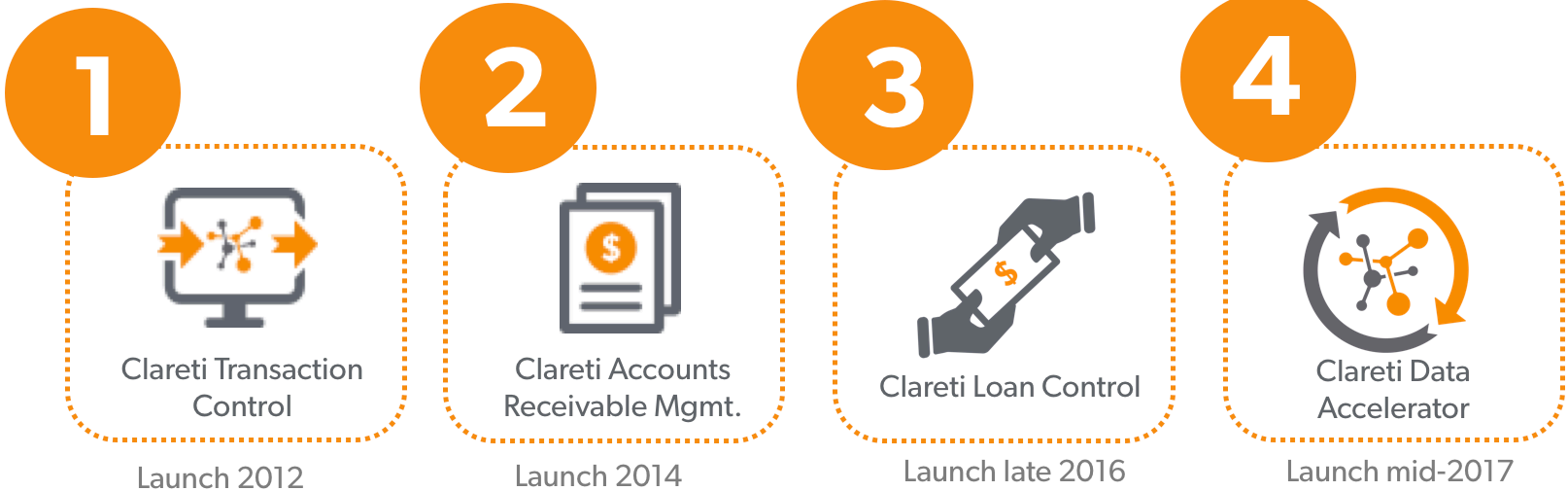
Risk Tech



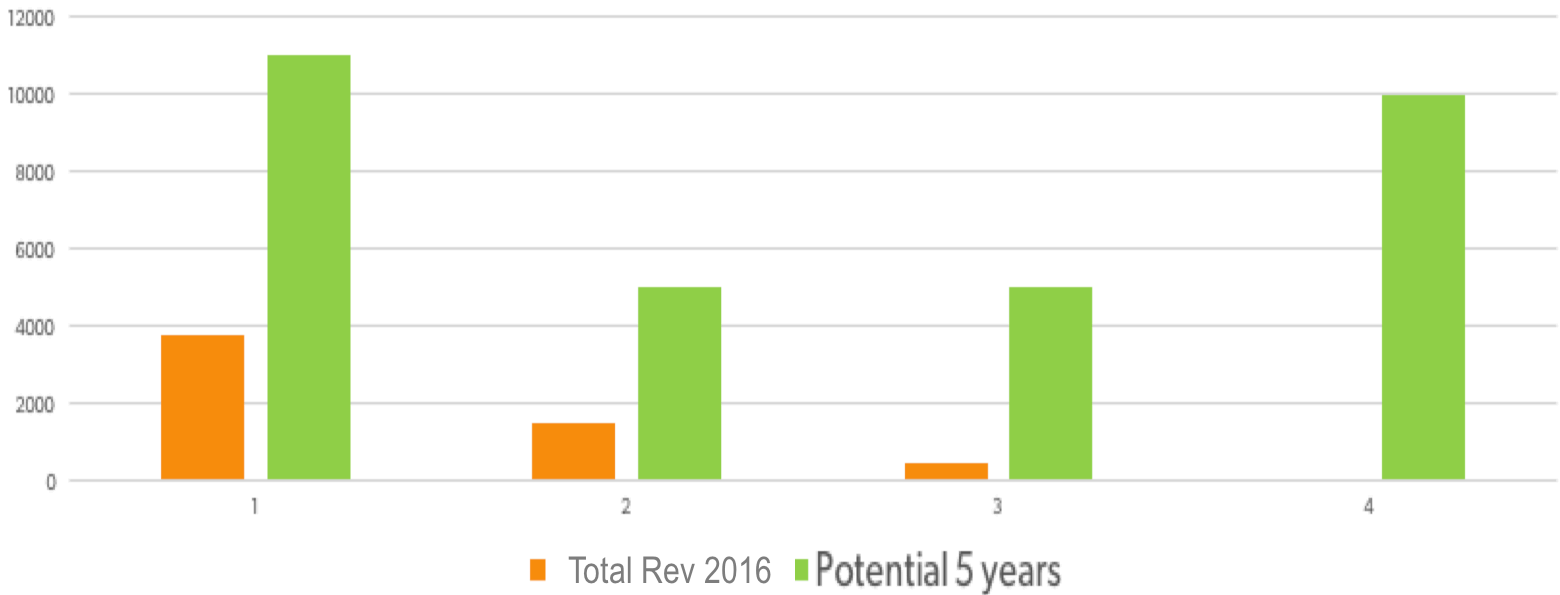
2011 - Investment into a next generation “Reconciliation & Matching” product



Clareti
Licence
Revenue
Streams
Growth
Potential



Clareti
Solutions



Management planning estimates, not a forecast
Capital Markets Day – October 2016

Clareti Loan Control – functional overview

