



# 2018 Half Year Financial Results

July 2018

Ian Manocha, CEO

Tom Mullan, CFO



# 2018 Half Year Financial Results – July 2018

This presentation (the “**Presentation**”) has been prepared by and is the sole responsibility of Gresham Technologies plc (the “**Company**”).

The information in this Presentation does not comprise an admission document, listing particulars or a prospectus relating to the Company or any subsidiary of the Company (together the “**Group**”), does not constitute an offer or invitation to purchase or subscribe for any securities of the Company, does not constitute or form part of a prospectus or admission document and should not be relied on in connection with a decision to purchase or subscribe for any such securities. The Presentation and the accompanying verbal presentation do not constitute a recommendation regarding any decision to sell or purchase securities in the Company.

The Presentation and the accompanying verbal presentation are confidential and the Presentation is being supplied to you solely for your information and may not be reproduced, distributed or otherwise disclosed to any other person or published, in whole or in part, for any purpose without the Company’s consent. No reliance may be placed for any purpose whatsoever on the information contained in the Presentation and the accompanying verbal presentation or the completeness or accuracy of such information. No representation or warranty, express or implied, is given by or on behalf of the Company its respective shareholders, directors, officers or employees or any other person as to the accuracy or completeness of the information or opinions contained in the Presentation and the accompanying verbal presentation, and no liability is accepted for any such information or opinions (including in the case of negligence, but excluding any liability for fraud). Recipients of this Presentation who are considering the subscription of securities are reminded that any subscription should be made solely on the basis of the information contained in public announcements released by the Company via a Regulatory Information Service. The information set out herein and given at the verbal presentation is subject to updating, completion, revision, verification and amendment, and such information may change materially.

The Presentation contain forward-looking statements, which relate, inter alia, to the Group’s proposed strategy, plans and objectives. Forward-looking statements are sometimes identified by the use of terminology such as “believes”, “expects”, “may”, “will”, “could”, “should” “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positions” or “anticipates” or the negatives thereof, other variations thereon or comparable terminology. By its very nature, such forward looking information requires the Group to make assumptions that may or may not materialise. Such forward-looking statements may be price sensitive and involve known and unknown risks, uncertainties and other important factors beyond the control of the Group that could cause the actual performance or achievements of the Company to be materially different from such forward-looking statements. Past performance of the Group cannot be relied upon as a guide to future performance. Accordingly, you should not rely on any forward-looking statements and the Group accepts no obligation to disseminate any updates or revisions to such forward-looking statements. No statement in this Presentation or accompanying verbal presentation is intended as a profit forecast or a profit estimate and no statement in this Presentation or accompanying verbal presentation should be interpreted as to mean that earnings per share for the current or future financial periods would necessarily match or exceed historical published earnings per share. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

# Proposed Agenda

- H1 Financial Results
- H2 Priorities
- B2 Acquisition



“We won **six new Clareti contracts** in the first half of 2018 and have just completed the **acquisition of the B2 Group** bringing a **further 15 customers** into the Group.

Our recent investments in direct sales, marketing and alliances have contributed to a **strengthening Clareti pipeline**. We are expecting a **strong second half** of the year, and we have made a positive start with **three new Clareti wins** so far in July.”

Ian Manocha  
CEO

# Achieved in H1



## Customer facing

- **6 new Clareti clients**
  - Insurance broker
  - Europe cash services provider on CaaS\*
  - Global investment bank – new “key customer”
  - Asian asset manager
  - UK hedge fund
  - US investment bank
- **6 Clareti upgrades**
  - Insurance broker on CaaS\*
  - Clareti Analytics & Clareti Adaptor sales
  - Two enterprise framework “draw downs”
- **New Clareti go-lives**
  - Europe, US, Canada, Singapore and Australia
- **Clareti Partner Network**
  - Boot camp training programme

## Other

- **Product investment**
  - Cash & stock enhancements
  - Regulatory control functionality
  - Innovation as per Cap Markets Day
- **Infrastructure investment**
  - Global HR & PSA system
  - Digital marketing
- **People**
  - CFO transition
  - CMO hire
  - EMEA sales director
  - Graduate scheme
  - Management development
- **Corporate**
  - Queen’s Award
  - B2 Acquisition (4<sup>th</sup> July)

\*CaaS = Clareti-as-a-Service, Gresham’s managed cloud service based on AWS



# H1 2018 - Financial Highlights

## Group revenues

£9.4m



## Group annualised recurring revenues

£9.9m



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

\* Revenues stated include revenue share from joint venture

## Clareti revenues

£5.5m



## Clareti annualised recurring revenues

£6.2m



## Adjusted EBITDA

£0.4m



## Statutory (loss)/profit before tax

£(0.8)m



- Group revenues **down 5%** to £9.36m (H1 17: £9.87m).
- Clareti revenues **up 13%** to £5.46m (H1 17: £4.83m).
- Clareti software revenues consistent at £3.66m (H1 17: £3.72m).
- Clareti annualised recurring revenues **up 15%** to £6.20m (H1 17: £5.41m).
- Adjusted EBITDA **down 80%** to £0.44m (H1 17: £2.15m).

# H1 2018 – Financial Highlights – Cash & Earnings

Cashflow	H1 2018	H1 2017	Variance	
	£'m	£'m	£'m	%
Operating cashflow excluding working capital	0.20	1.68	(1.48)	(88%)
Movement in working capital	0.28	0.54	(0.26)	(48%)
Capital expenditure - development costs	(1.22)	(1.75)	0.53	30%
Capital expenditure - other	(0.07)	(0.10)	0.03	30%
Investing activities - C24 acquisition deferred payment	(0.36)	-	(0.36)	n/a
Financing activities - dividend paid	(0.34)	-	(0.34)	n/a
Other	0.22	0.24	(0.02)	(8%)
Closing cash	6.99	7.81	(0.82)	(11%)
Cash & cash equivalents	6.99	7.21	(0.22)	(3%)
Cash deposits	-	0.60	(0.60)	n/a

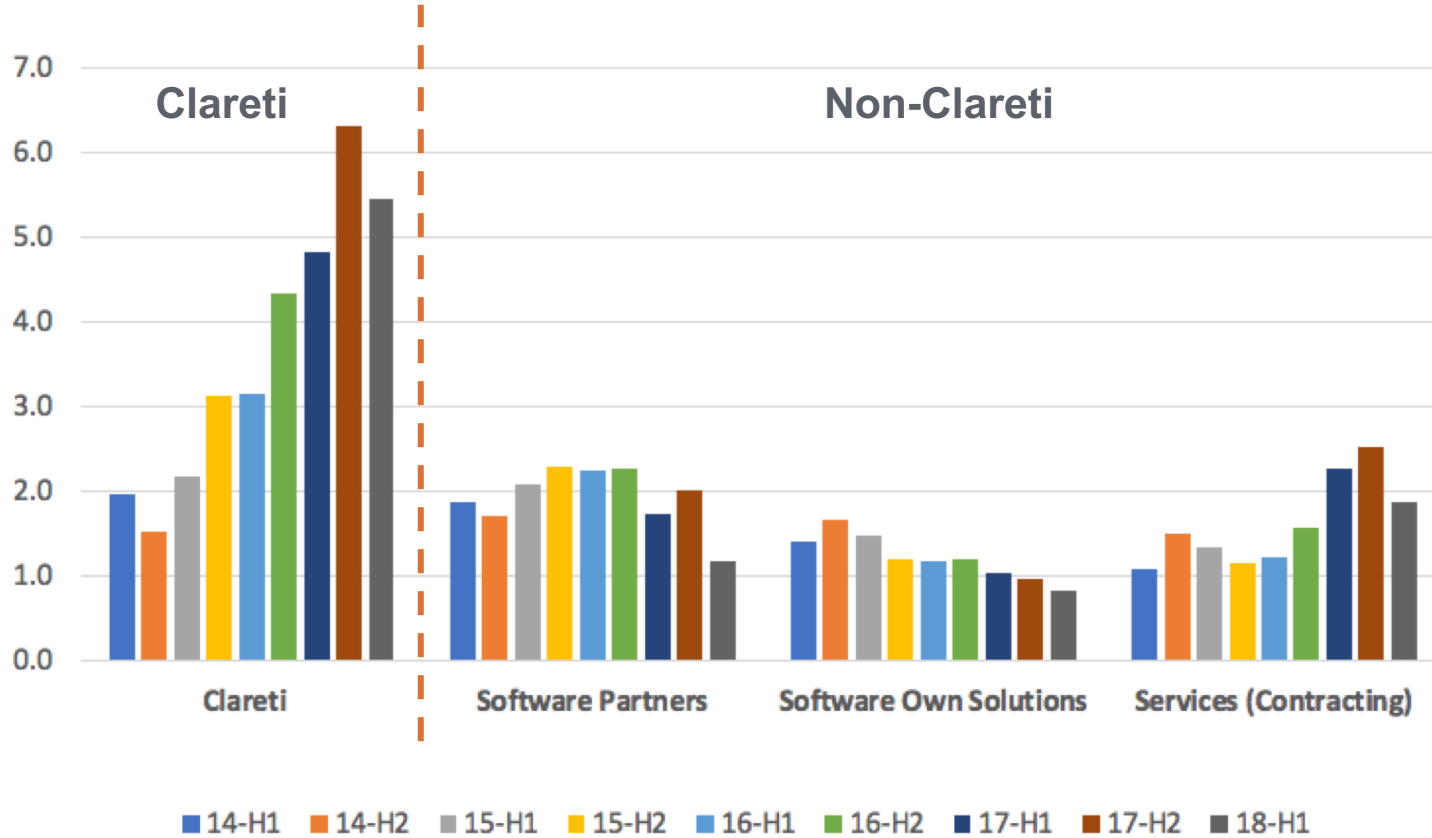
- Cash from operating activities reduced as a result of lower ILF's sold in the period and planned investment
- Lower proportion of development activities qualifying to be capitalized
- Second of two deferred acquisition payments made for C24
- 'Maiden' dividend paid

Earnings		H1 2018	H1 2017	Variance	
					%
Gross margin	£m	7.91	8.36	(0.45)	(5%)
Gross margin	%	85	86	(1)	(1%)
Adjusted EBITDA	KPI £m	0.44	2.15	(1.71)	(80%)
Adjusted EBITDA	%	5	22	(17)	(77%)
Statutory (loss)/profit before tax	KPI £m	(0.79)	1.11	(1.90)	(171%)
Adjusted diluted EPS	pence	0.17	2.76	(2.59)	(94%)

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

\* Adjusted diluted earnings per share refers to diluted EPS, adjusted to add back share-based payment charges, exceptional items and amortisation from acquired intangible assets

# Group Revenues by Type (£M)



Financial Half Year Periods - H1 2014 to H1 2018

## Clareti Milestones

- **FY13** First Clareti software revenues
- **FY15** Clareti becomes largest software product by revenue
- **FY16** Clareti becomes > 50% of Group software revenues (excluding partner share)
- **FY17** Clareti becomes > 50% of Group revenues

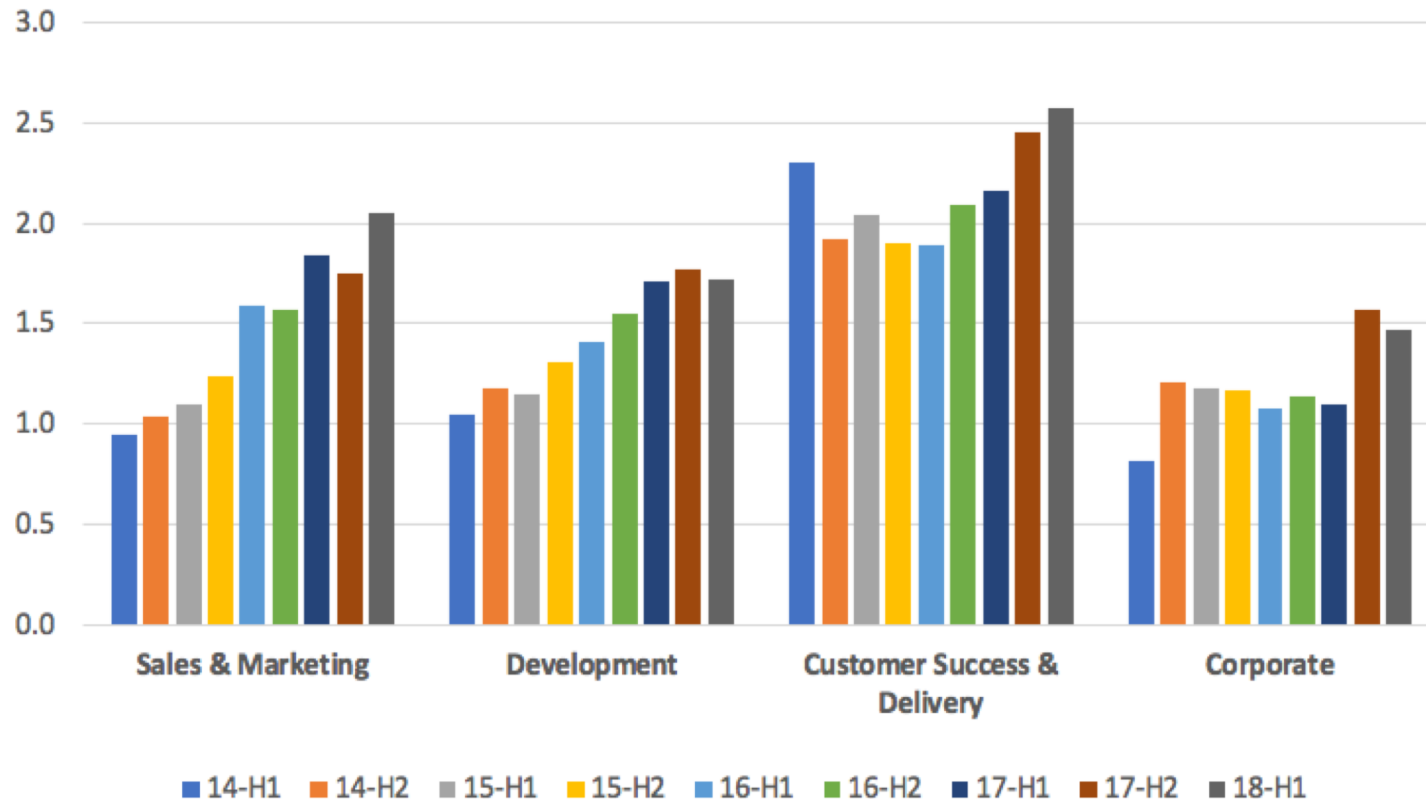
## Clareti FY18 H1

- **FY18 H1** Slippage of Initial Licence Fees into H2, confidence maintained in FY outlook

## Non-Clareti Portfolio

- **Software Partners** Resale of Virtual Banking & Treasury Management solutions
- **Software Own Solutions** Gresham legacy IPR: VME, EDT, & Other
- **Services (Contracting)** IT contracting services for Clareti banking partner in Australia

# Group Operating Costs & Investments (£M)



Financial Half Year Periods - H1 2014 to H1 2018

## Continuing to invest in the business

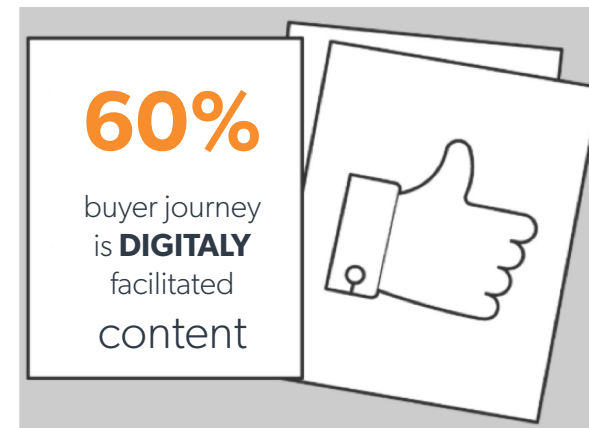
- Sales & Marketing - direct sales, partner channels and global marketing
- Software Development total cash spend aligned to customer & market led opportunities
- Customer Success & Delivery investment to support Europe and North American customer wins, supported by consulting revenue growth
- Corporate investments in people and global systems in last 12 months



# Digital Marketing Platform Investment



- Fresh and engaging
- Stronger thought leadership stories
- Puts more personality into the brand
- Punchier value-based messaging
- Focused on solving customer problems rather than explaining product features
- Simpler navigation & more dynamic content
- Launch Q3 2018



## Summary - H2 2018 Priorities

- Close significant opportunities in pipeline
- Progress important account relationship in AP
- Implement new customer wins signed in H1 2018
- Launch new digital marketing platform
- Continue work on pipeline and on partners programme
- Drive adoption, cross sell & up sell into CTC installed base
- Bed-in B2 acquisition and deliver contribution
- Careful management of investments in order to prioritize revenue-generating requirements



## 4<sup>th</sup> July - Gresham Technologies plc announces the acquisition of B2 Group



“This exciting combination creates an **industry leader in multi-bank** integration and control solutions for corporates and asset managers, it **strengthens our cloud capabilities**, and gives us a platform to further **accelerate our growth in continental Europe.**”

Ian Manocha

CEO, Gresham Technologies plc

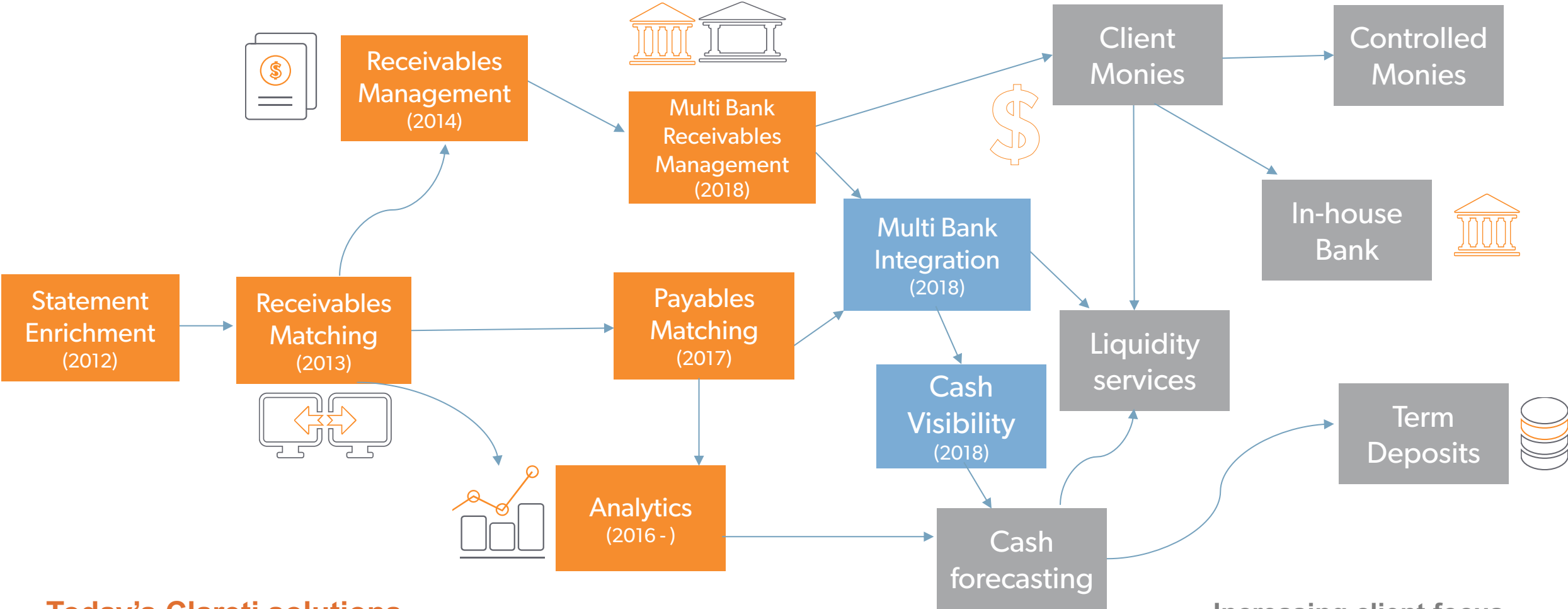
“Joining with Gresham will enable us to take our **innovative multi-bank solutions** to a **global market.**”

“Gresham shares our **passion for customers** and understands how to **support the growth** of a successful and **talented financial technology team.**”

Phil Boland & Marc Binck

Co-founders B2 Group

# Gresham's corporate cash management journey – with B2



Today's Clareti solutions

Increasing client focus

B2 technology provides a bridge to next generation of solutions



# Who are the B2 Group ?

Specialists in “*bank to corporate integration & cash management solutions*”

- Formed in 2009 by a respected team of financial technologists
- Privately owned by 2 founders (50%) and a private investor group (50%)
- Offices in Luxembourg & City of London
- Cloud business focused on growing multi-bank cash management market



14  
permanent  
staff



~15 cloud  
customers

€1.8M  
revenues



Greater than  
66% recurring

# What does Gresham see in B2?

## 1 Growth



- Enhances recurring revenue base
- Adds an incremental growth opportunity to Clareti portfolio
- Opens up larger cash management & payments solutions market



## 2 Technology

- Multi-bank securities & payments integration & connectivity solutions with sector expertise
- Complements Clareti ARM & CTC
- Extends family of Clareti Adapters and Clareti Integration tools

## 3 Europe



- Significantly increases our customer base on continent
- Established operating company
- Secure, accredited, data centre in heart of Europe

## 4 Cloud



- Private cloud facility alongside current AWS public cloud option
- Experienced cloud “dev ops” team to accelerate Clareti-as-a-Service business
- Experienced security practitioners

# 1

## Growth



Enhances recurring revenue base and adds high growth subscriptions opportunity.

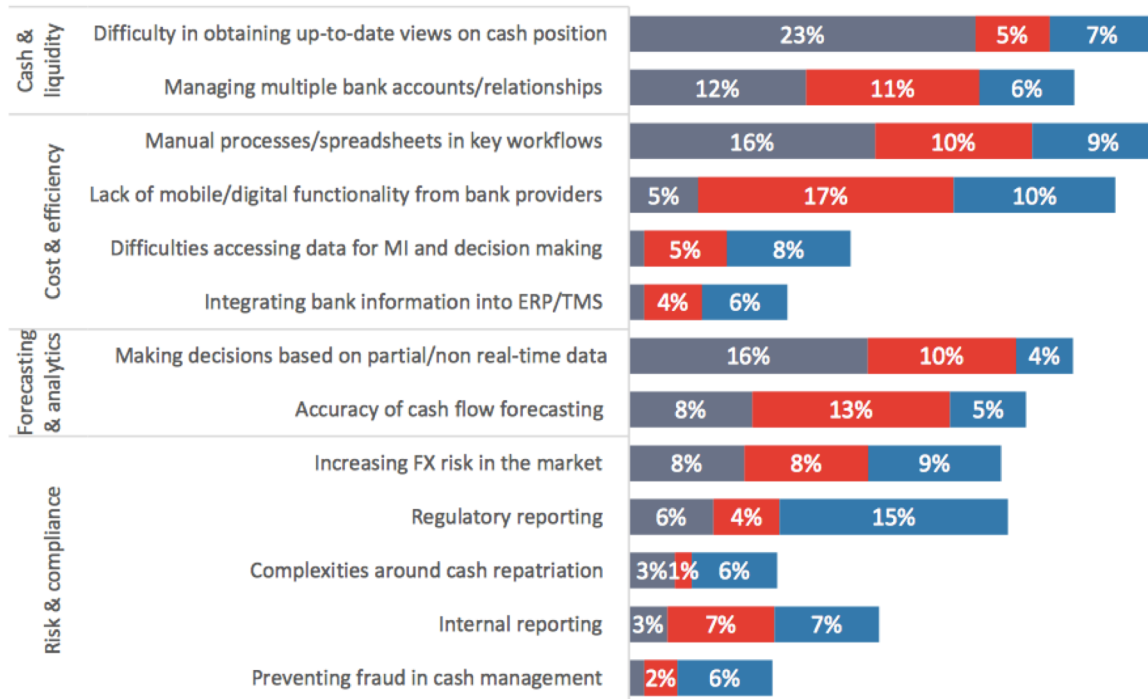
- Future contribution to Group to be segmented as “Clareti Revenues”
- Expected to add ~ £1.1M to Group H2 2018 revenues
- Adds ~ £1.2M of annualized recurring revenues
- Value proposition targets key pain points for corporate treasurers (see next slide)
- Pipeline of opportunities in the growing multi-bank cash management market
- Opportunity to sell both CTC and Multi-Bank Integration to asset / fund managers
- Future opportunity to sell Accounts Receivable Management & Clareti Analytics to Multi-Bank corporates

# 1

## Growth – opportunity in corporate cash management

Which of the following are the biggest challenges facing your treasury department today?

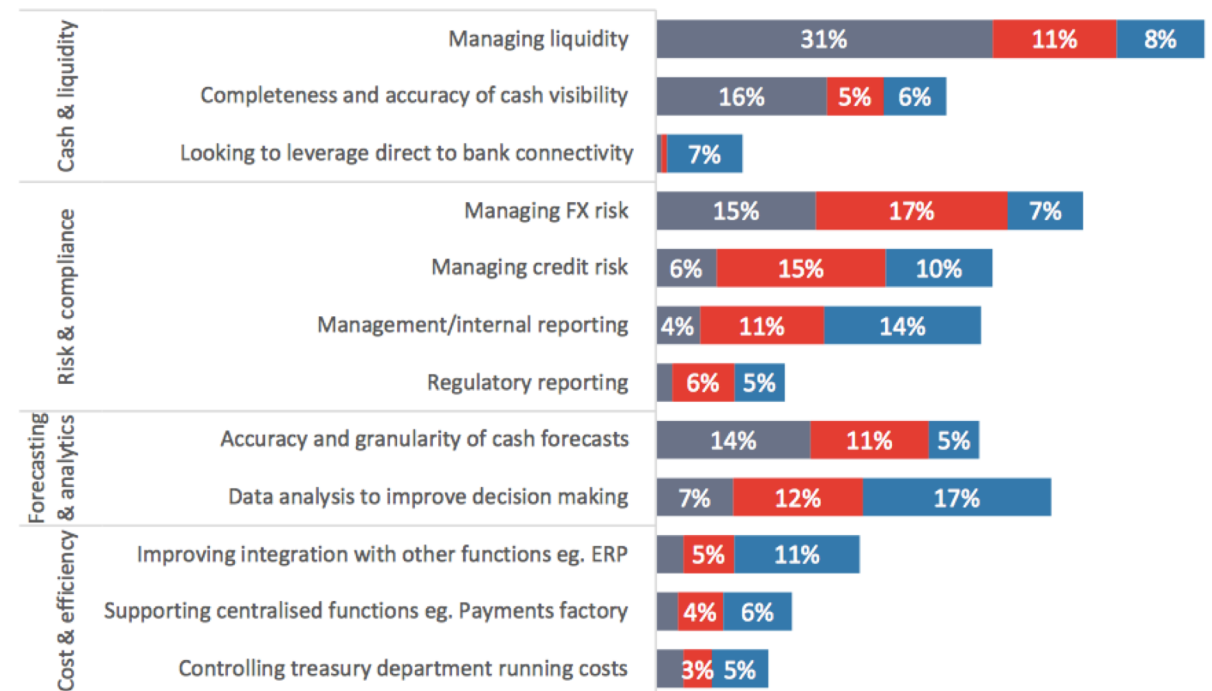
■ Top challenge ■ Second challenge ■ Third challenge



Source: Ovum Corporate Treasurer survey

Please indicate which of the following will be your most important areas of focus over the coming 18 months

■ Top priority ■ Second priority ■ Third priority



Source: Ovum Corporate Treasurer survey



## 2

## Technology

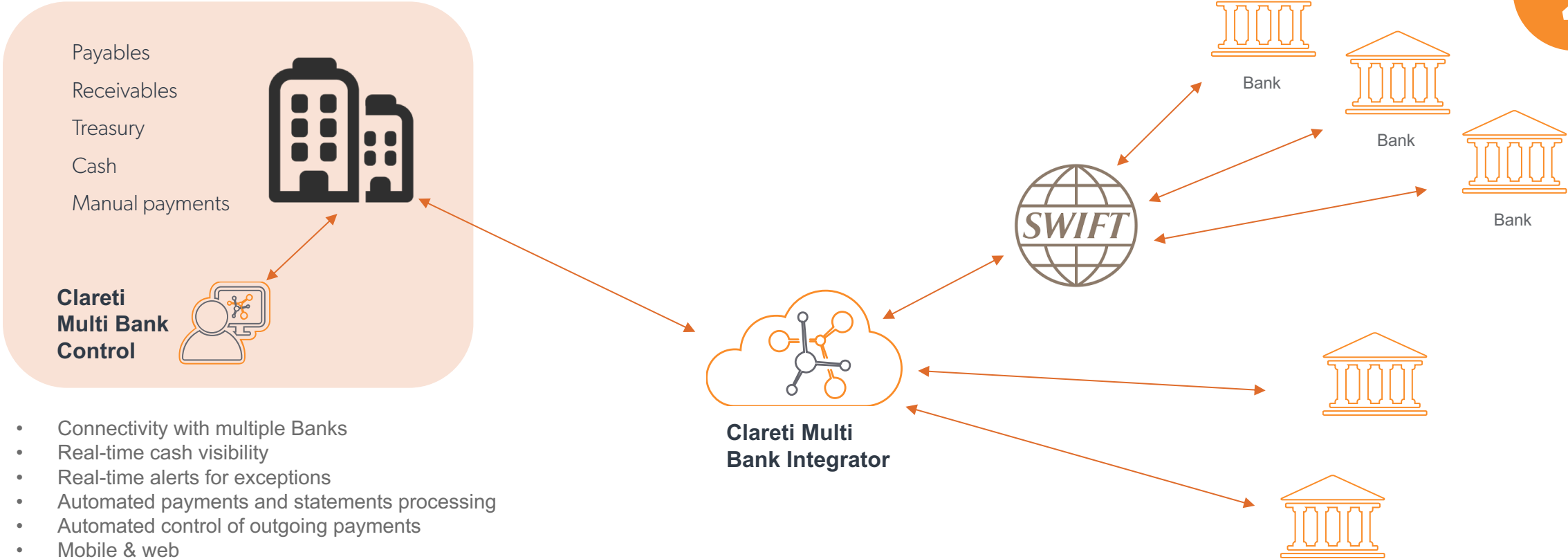


Multi-bank integration  
and payment connectivity  
and management

- B2 products share a similar java-based development stack to current Clareti solutions
- B2 products will be rebranded under Clareti naming conventions
- B2 will adopting C24 to reduce their project implementation costs
- *B2 Multi-Bank Integrator* to be renamed **Clareti Multi Bank Integrator**
- *B2* integration libraries will be combined with Gresham's existing library of Clareti 24 Adaptors to become the **Clareti Adaptor** suite :
  - **Clareti Message Adaptors** - financial messaging standards including SWIFT, largely from existing C24 acquired assets
  - **Clareti Bank Adaptors** – interfaces to a growing community of partner banks
  - **Clareti Application Adaptors** – connectivity to many standard ERP, core banking and treasury management systems
  - **Clareti Media Adaptors** – the means to read various multi-media and portable document formats

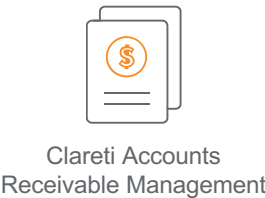
# Corporate Customers

2



- Connectivity with multiple Banks
- Real-time cash visibility
- Real-time alerts for exceptions
- Automated payments and statements processing
- Automated control of outgoing payments
- Mobile & web

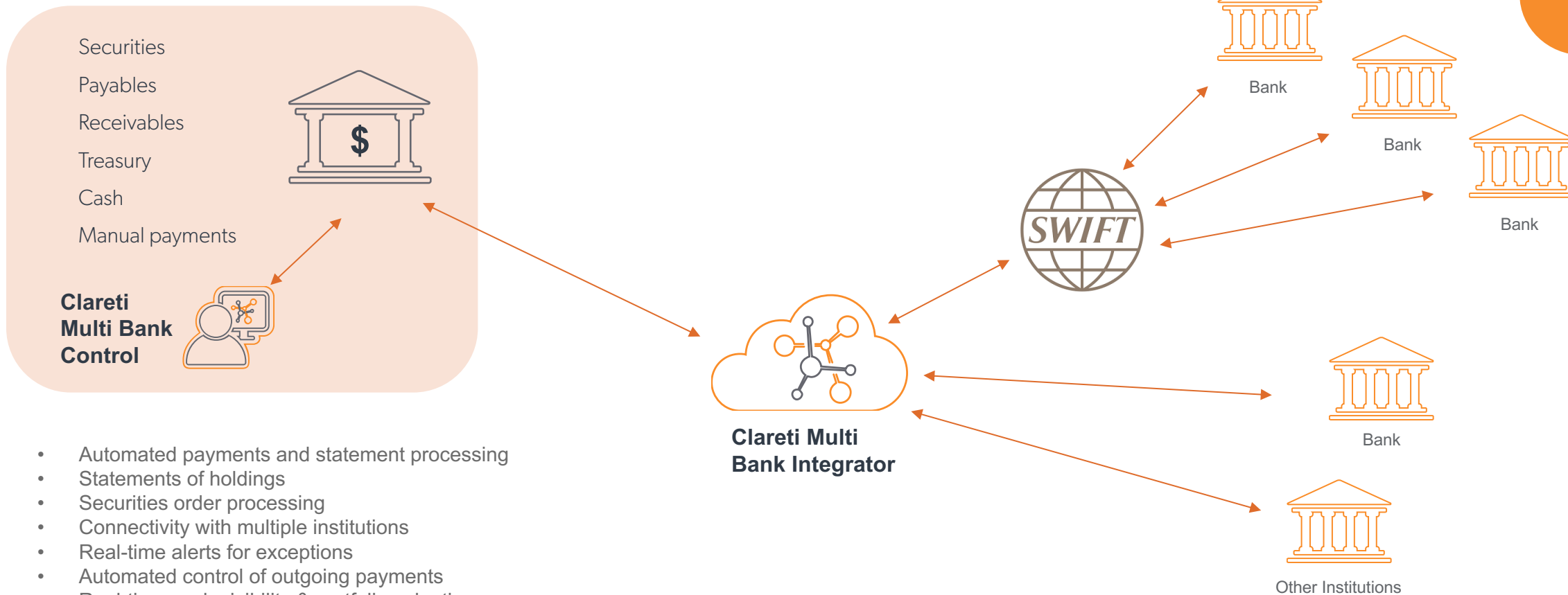
## Integration with:



- Managed service from secure high-availability data centres
- Mature infrastructure and & procedures
- Banking integration via numerous off the shelf Adaptors - e.g. SWIFT, Host-to-Host, secure document exchange (e.g. PDF), FIX etc.
- Flexible integration with client systems (internal and third-party)

# Asset Management & Wealth Customers

2



- Automated payments and statement processing
- Statements of holdings
- Securities order processing
- Connectivity with multiple institutions
- Real-time alerts for exceptions
- Automated control of outgoing payments
- Real-time cash visibility & portfolio valuation
- Integration to fund order processing & reporting
- Complex reporting

## Integration with:



Clareti Transaction Control



Clareti Analytics



Clareti Adaptors

# 3

## Europe

- Full operating company established in Luxembourg
- Office in European Business & Banking Centre next to airport
- Approx 70% of revenues from eurozone customers
- Multi-lingual customer support operation
- Strong local market in fund management, private banking and post-trade services
- Access to neighbouring European financial markets
- Established Cloud facility
- Gresham's hub for continental Europe with multiple possibilities post-Brexit



**Platform to accelerate Clareti  
business in continental Europe**



# 4

## Cloud

- Respected cloud software development team
- Aligned with Gresham's agile development philosophy, processes and development toolset
- Experienced in building real-time financial solutions
- Experienced security practitioners and PWC accredited processes
- Trusted Secure Cloud service operated from EBRC's Tier IV dual-active data centres (99.995%)
- Complementary to Gresham's AWS based public cloud offering (CaaS)
- Opportunity to combine Cloud infrastructure and operations over time



**Experienced cloud team and technical operating platform to strengthen Clareti-as-a-Service business**

# B2 Integration Status



- Very positive response from customers, partners and staff
- Business plan to 2020 agreed by both management teams
- Integration plan agreed and underway
- Building on successful C24 experience & Gresham's business platform
- Management confident in ability to execute and realize benefits
- Opens up incremental growth opportunity

UK +44 (0)20 7653 0222

Europe +352 691 358 277

North America +1 646 943 5955

Asia Pacific – Singapore +65 6832 5166

Asia Pacific – Sydney +61 (0)2 8514 7007